

# Kiwanis Club Speech

2.6.2013

## INTRODUCTION

Good afternoon. Let me first start off by thanking you for asking me to speak to you on the State of the County. I won't sugar coat things, we have serious issues that are facing our county. Issues that require aggressive leadership and collaboration—issues like education, crime, blight, access to healthcare, juvenile court reform, government inefficiencies, and lack of job growth. If we bring the right people to the table, have candid discussions, and educate the public, I believe we can overcome these challenges.

We are in a unique position in history. That doesn't mean that it's all an uphill battle though. Our administration has made some serious headway, and we have some incredibly exciting things in store.

## ECONOMIC DEVELOPMENT

In terms of economic development, we all know that Shelby County has experienced a great loss of private sector jobs over the last 5 years. We have also seen the outmigration of people every year and with that, we lose net income and dollars that would be spent in our local economy. That said, we are driven to address these issues and have achieved some significant accomplishments.

Of course, you know about the Economic Development Growth Engine, also known as EDGE. EDGE functionally consolidated the Port Commission, Depot Redevelopment Corp., Industrial Development Board, and Foreign-Trade Zone program, and was the first step in our plan to create a strong, unified, public-sector development agency. These efforts have made it easier than ever for businesses to grow in Shelby County. EDGE is now fully staffed and operational. So far, it has assisted 11 companies in communities across Shelby County with growth plans totaling 2,470 jobs, \$301 million in associated payroll and \$653 million in new taxable investment.

In addition to the revitalization of the Memphis Fast Forward plan, the Workforce Investment Network has experienced one of their most productive years in recent history. Shelby County also has a thriving entrepreneurial community, with organizations like Seed Hatchery, Launch Your City and Emerge Memphis that put applicants through entrepreneurial boot camp then connect them with venture funders. Word is getting out and the outlook is good. On February 10th, The Memphis Cook Convention Center will host the largest ever start-up conference where start-up companies and venture funders from around the country will conglomerate. This means revenue for downtown hotels, restaurants, and hopefully funding for our 6 start-ups from Seed Hatchery.

On the ground level, government, EDGE, and chamber officials are continuing to recruit more businesses like Mitsubishi Electric and Electrolux. I try never to pass up the opportunity to build relationships with local and international business representatives. Electrolux alone is guaranteeing 1200 factory jobs—in addition to the distribution and supplier positions that will increase as an indirect result of having their offices here locally. In county government, the citizens of Shelby County are our bottom line. We can't afford to neglect even a small niche of the market. We need all the jobs we can get. That's why we continue to support small, minority and women-owned businesses by ensuring they have access and opportunities to compete for contracts on some of our most significant projects. EDGE recently launched an Impact Fund, the first of several new initiatives to help small businesses gain access to the capital they need to grow in Shelby County. This program is soon to be joined by other financing and technical assistance programs that will continue to support the area's growth-oriented firms.

Bringing jobs to Shelby County is not the solution to all problems though. Across the county, we are finding that applicants are not meeting the minimum employment requirements. This has caused a great deal of discussion surrounding job readiness initiatives. We have brought higher education to the table and asked that institutions like Southwest Community College and The University of Memphis develop industry specific curriculum. We continue to work with the Medical Device Industry and the Bartlett Area Chamber of Commerce to develop a medical device training center.

In an effort to create a single voice on the state level, we successfully managed to have every single municipal chamber sign a Memorandum of Understanding so that our individual visions' can be aligned for the greater good of Shelby County. So far, we have had overwhelming support for Nashville. Governor Haslam and his administration have placed an added emphasis on workforce investment. We intend to leverage that emphasis by cultivating collaboration and engagement between industry, government, and the citizens that they serve.

### **FISCAL RESPONSIBILITY**

Citizens rely on government to be sustainable, to be efficient. I can tell you with absolute confidence that the financial management of the County is solid. However, the demands upon County Government are increasingly complicated. As we enter fiscal year 2014, I can no longer tout the \$1,058,821 saved in the first year through streamlining services. We can no longer spend our time talking about the \$37 million that was saved through strategic refinancing. The events of the past year dictate that we MUST DO MORE. As the City of Memphis continues to trim services and budget burdens, we too must look at services that no longer need to be under the umbrella of county government.

The good news is that County Government is currently in very good financial condition. Our bond rating is AA+. We have balanced the budget and actual revenue has slightly exceeded expenditures for several years. We remain focused on making County government more efficient and effective. In effect, we have been shrinking County Government. From FY 10 to FY 13, we reduced general 188 full-time general fund positions, which equates to a spending reduction of \$11.7 million.

We have some looming challenges though, and our biggest one is education. The two school districts are combining this fiscal year and we stand to lose about \$68 million in funding from the City of Memphis. Combined, the schools systems budgeted expenditures are expected to exceed revenue in fiscal 2013 by \$36 million.

The issue of school funding doesn't end with the City's \$68 million reduction either. The City of Memphis has indicated they do not intend to continue providing any in-kind school security after the merger. The County Sheriff has determined that the impact to his budget will be \$4.2 million.

The County School System has committed to providing a proposal or first draft of their budget in February. I hope they are able find additional efficiencies. Realistically though, we have to expect the school budget to reflect a deficit. The County will have to consider funding that deficit.

It is important to emphasize that the County is not required to provide increased funding to schools. We need to require the schools to try to be as efficient as possible. However, we must put the children first. There is not a single child out there that asked to be born into a failing school district. There is nothing more important than educating all children in Shelby County—regardless of age, race, or socio-economic status. If we don't, we will regret it 18 years later, for sure.

Our fiscal challenges may start with the schools, but they do not end there. As you may know, there has been an agreement with the Department of Justice to reinstitute public defenders in Shelby County Juvenile Courts. The overarching agreement will cost the County an estimated \$4.5 - \$6.5 million annually.

In addition to these extra financial burdens, a main source of revenue for County Government stands to change in the coming fiscal year. Starting in 1991, every four years all property in the County are reappraised. Until this year, property values have always increased between reappraisals. However, we expect property values to decline 5% - 10% in this reappraisal.

Property taxes for the current year are expected to be just under \$700 million which is 60% of total County revenue. 90% of County property taxes are spent on education, criminal justice and debt service. We cannot legally reduce funding to education and debt service must be funded. We will need to look at every opportunity to increase revenue and reduce costs.

Overall, the budget for fiscal 2014 will be very challenging.

### **CULTURE**

Of course, assuming the responsibility of our past mistakes and our future responsibilities will take a shift in culture. Instead of supporting initiatives reactively, we need to move towards investing in the community preemptively.

That is why we created the Office of Sustainability, which is funded—not by tax dollars—but by an energy efficiency conservation block grant awarded to Shelby County. Since its establishment, the office has secured an additional \$2.6 million in grant funding. These grant dollars will be used to increase resources for recycling, provide energy efficient upgrades on buildings, and build a network of greenways, parks and open spaces.

In January of last year, we celebrated the groundbreaking of the first solar charging station at Shelby Farms. The office is aggressive and proceeding at a rapid pace. That's the way we like it.

We are also working hard to create a culture of healthiness in Shelby County. It's no secret here that we like our fried fish and barbeque, but something must be done. At the employer level, we are working to encourage a healthier work staff. It promotes longevity, lower healthcare costs and premiums, increases productivity and boosts morale.

Shelby County Government is engaging senior level leadership to be champions for healthier lifestyles and make employees aware of their personal health issues. We are in the process of establishing a Wellness Committee to oversee the implementation and set performance measurements for our new wellness program called "Total Health." It will encourage employee awareness of their own personal health status by offering premium credit incentives for taking health assessments and biometric screenings. Health assessment campaigns are not new but rather we are trying to be innovative to engage those employees that need help managing their healthcare. So we will be offering credit incentives to individuals and families that participate. Additionally, we will be working on incorporating policy that impacts physical activities and exercising good nutrition habits while at work.

Last year, I issued an executive order to implement a healthy vending policy, requiring that 50% of all vending machines options be healthy. We are in the process of applying for the American Heart Association "Fit & Friendly" designation.

Don't assume though that I'm narrowly focusing on the health of County employees. We've seen some major success in the community as well. You might already be familiar with our Healthy Shelby initiative, which is a countywide initiative focused on addressing infant mortality, acute illnesses, and end of life care. For the first time in a long time, we've made significant progress in our infant mortality rate. We still have a lot of work to do because every life is worth saving—but it eases my heart to know that it can be done.

It is my intention that Shelby County Government will be a leader in promoting healthy living among employees and citizens in the community. I encourage and challenge you to seek new wellness initiatives that can be implemented in your lives.

### **INVESTING IN YOUNG PEOPLE**

Now, when we talk about changing the culture of a county, it extends well beyond health concerns. We have worked diligently over the past year to raise awareness about Memphis and Shelby County Achieves, which is an extension of Tennessee Achieves, providing last dollar scholarships for high school students. This scholarship is aimed at reducing the financial barriers that prevent first-generation college students from attending school. 2012 was the first year that this scholarship was offered, and 359 seniors were able to access it and enter college on time. This year already, there are 3,094 total applicants. The word is getting out—regardless of where you're coming from or where you're at—you are college material.

One thing we are doing right in County Government is engaging Young Professionals. We have established a Young Professionals Advisory Council which meets regularly to discuss important topics and to develop strategies for recruiting, retaining, and developing young people. Tomorrow this group will meet with the PeopleFirst Young Professional Partnership to discuss how to leverage our assets here in Shelby County to retain and recruit more talented workforce.

### **NEIGHBORHOODS**

We want Shelby County to be the kind of community that people seek out—with greenways, safe streets, and stimulating recreational activities. In other words, we need to direct our focus to the neighborhood level. Shelby County, Memphis specifically, is seriously challenged by issues of vacant properties and blight. Areas where blighted properties are abundant are a haven for criminal activity. This is why our Public Affairs Office assists citizens in establishing neighborhood associations and then holds monthly neighborhood partnership meetings to address concerns and provide training opportunities.

Involvement in neighborhoods is powerful, but money speaks louder than words. Last year we settled with Wells Fargo, which resulted in millions of dollars for citizens to apply for down payment assistance to buy a home. Shelby County decided to leverage 600,000 dollars and put it to work in the homes of the socioeconomically disadvantaged to keep people in their homes. Sometimes this meant fixing a leaky roof, other times it meant new HVAC units. We also partnered with the Memphis Area Association of Governments to direct a large portion of our elderly applicants towards a \$75,000 fund for similar purposes. This reduced application redundancies and allowed us to stretch those dollars as far as possible.

We donated funds from my Charitable Golf Tournament to Northaven Elementary, an area that we've worked hard to improve. It is not enough to cut the grass of vacant lots. You need continued engagement with the faith-based community, with the public services in the area, with the schools, and

with the citizens. We address every aspect of living to make life a little easier for these folks—and we feel good doing it.

The Mayor's Action Center is another key resource that we have tried to build upon. Since we reorganized the Mayor's Action Center under Public Affairs and developed a rapid response system for complaints, we have seen increased efficiency and responsiveness. The Mayor's Action Center receives and resolves thousands of cases a year. Right now, we are working our Information Technology department to develop a complaint system that would be accessible and easily accountable to the public. It's incredibly innovative, but I do want to save some talking points for my 2014 State of the County.

We attended hundreds of community meetings and take hundreds neighborhood tours. We maintain relationships and build confidence through letters, phone calls, news releases and electronic communications with those citizens directly—versus relying on the media alone to get messages out.

We are restoring faith in government—one citizen at a time through initiatives like Meet the Mayor, where citizens can meet with me directly, once a month, to discuss whatever is on their mind. Not only do they get face time with County leadership, we make sure that staff follow-up on their concerns or suggestions within one week of their scheduled appointment. It's not enough to meet them; we have to have action.

#### **GOING FORWARD**

We are uniquely positioned to make a difference. This could easily be a new era for Shelby County, and I for one want to be a part of that legacy. Author Shannon Alder once wrote, "Carve your name on hearts, not tombstones. A legacy is etched into the minds of others and the stories they share about you."

In order for our government to create a legacy, we have to stay engaged with the living, breathing communities within the County. We need citizens to mobilize, voice their opinions, and come to the table. We need ambassadors for County Government who are educated and can speak on the issues. Please, let us know what we are doing right—and what we can do better.

We need more groups like Kiwanis, with hearts and minds for the future. Spread your message and help spread ours. Thank you all for being here and inviting me back a second year.