



STATE OF THE CITY
By Mayor Sam Kathryn Campana
February 24, 1999

Good morning everyone and thanks for coming on this beautiful morning.

I am pleased to report that the state of the city is excellent. And in the next 20 minutes, I will tell you some of the reasons why.

Then, I will outline four goals I believe must be achieved if Scottsdale is to remain the crown jewel of the Valley.

The mission of city government is to protect the public, provide essential services and keep taxes as low as possible. Scottsdale is doing extremely well in these areas and others, and here's proof:

- we remain one of the safest communities in the country
- our economy is booming
- our unemployment rate is only 1.9 percent
- the values of our homes and businesses are increasing
- our property taxes remain among the lowest in the state
- and our parks system is still the finest in Arizona.

These accomplishments are the result of excellent police and fire departments; the most creative city staff in Arizona and, most important, because of the enduring belief of Scottsdale's citizens that only the best is acceptable.

That belief leads me to spell out several goals crucial to ensuring that our city remains the Most Livable City in America. I have four main goals for the coming year:

- reinvent Los Arcos
- replace the Galleria with a Smithsonian
- accelerate construction of the Pima Freeway
- reverse projected growth

I know these challenges will hearten some people, provoke others and give everyone a thoughtful list of goals to consider. I believe these challenges will engage you and compel you to think about our shared vision.

I have made Scottsdale my home for 30 years and I have been involved in city public policy for more than two decades. I know Scottsdale is at its best when we act boldly. Others who came before us had the guts to fight for the Indian Bend Wash, the vision to ban billboards, the determination to require design review of new buildings, the fortitude to limit building heights and the audacity to suggest that we could save the McDowell Mountains.

Today, it is our turn to demonstrate the same courage and conviction. It is our time to breathe life into a new Los Arcos. It is our time to replace a white elephant with a Smithsonian-affiliate museum. It is our time to speed up construction of a new freeway being threatened by a vocal few. It is our time not just to slow growth or stop growth, but reverse growth.

Let me start with the first initiative, the city's southern gateway, Los Arcos.

Visitors and residents are greeted with a dying mall. It is possible that the McDowell Road auto dealers may leave, also, taking with them millions in sales tax revenues for essential city services – like police and fire protection and parks.

We cannot afford a dying commercial core. We don't need more going-out-of-business signs. We don't want deserted furniture and grocery stores and we don't want the family owned businesses next to them struggling to stay afloat. And we certainly don't want or need more strip bars and pawnshops.

We must not allow the situation at Los Arcos to threaten the quality of life in Scottsdale's first – and in many ways, our finest – neighborhoods.

That's why we must take advantage of an opportunity to reinvent Los Arcos in ways that will serve our community and preserve the neighborhoods for generations.

Our nationwide call for a redevelopment plan for Los Arcos resulted in only one response. But what a bold and visionary plan it is! A new Los Arcos with movie theaters, restaurants, stores, a home improvement center, a public ice skating facility, shopping and an arena that would host not only the Phoenix Coyotes, but other community events, such as graduations, public seminars and arts events. And, unlike Bank One Ballpark or the proposed Rio Salado Crossing in Mesa, this goal -- a new Los Arcos -- would be accomplished without a tax increase of any kind.

Yes, this is an ambitious plan. And ambitious plans raise questions. But the answers yield more good news. Over \$400 million will come from the private sector. Fourteen thousand free parking spaces. And the formation of the stadium district itself (the Los Arcos Multipurpose Facilities District) means superb financial news for our city and our state.

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Here's how: Last year, all of us in Scottsdale gave \$250 million to Arizona in state sales tax revenue, money that helped Arizonans from Page to Patagonia. How much did Scottsdale itself get back from the State of Arizona? About \$12 million. With only 4 percent of the state's population, Scottsdalians provided 10 percent of the state's sales tax revenues.

Why? Because the city of Scottsdale has stepped up to the plate and invested nearly \$90 million in redevelopment, retail and employment projects. What's the payoff? We estimate the return to the city will be about \$340 million in new tax revenues, meaning the return to the state will be even greater than in years past.

Now, with the creation of the Los Arcos Multipurpose Facilities District, the state will finally step up to the plate with us. We will use state sales tax incentives to create statewide benefits. We will get to keep 50 percent of all state tax revenue generated by Los Arcos, at Los Arcos, for the improvement of Los Arcos – 50 percent of a thriving new project, rather than 100 percent of nothing.

What's the risk to taxpayers, either city or state? Absolutely none. Not now, not ever. These private-sector taxes generated by the project pay for the publicly-owned facilities at the project. Here is the rare opportunity to ensure the private sector and users pay for the redevelopment, not citizens through new taxes.

What about the concerns of the neighborhoods? We will allow this project to go forward only when traffic issues are resolved, neighbors are adequately buffered and a solid business plan is presented to the City Council. Our first priority will always be the Los Arcos neighborhoods.

Achieve this first goal – the reinvention of Los Arcos Mall – and we have a golden opportunity to keep the family-owned businesses thriving, keep the auto dealerships, add new restaurants and movie theaters, bring in that long-awaited home improvement center and keep the neighborhoods vibrant.

Unfortunately, some still say “Don't do it.”

I say we can't afford not to. What is their alternative? Even if there was another plan -- and there is not -- it's hard to conceive it could be more imaginative, or more beneficial, than the tremendous neighborhood asset the current proposal would be.

Critics will label this plan “senseless spending” and “corporate welfare.” Just as they did during the McDowell Mountain debate. Just as they did during the Indian Bend Wash debate. Just as they did when we were attempting to bring Nordstrom to town.

And such cries might resonate if our taxes were increasing, services weren't being delivered or if the past accomplishments I just mentioned had not worked. But they have

worked. It's because of our ability to be inventive that our taxes stay low, that services continue to be excellent and that Los Arcos will be saved.

Change is never an easy course. It takes courage, vision and resolve. Our citizens will decide on May 18th if this plan will improve the Los Arcos neighborhood, and thus our entire community. I am confident it will.

Now, let's move up Scottsdale Road from Los Arcos to a mall that is already closed, the Galleria. We have debated what to do with it for years. But who would have thought that, one day, this source of frustration could become a 400,000-square-foot Smithsonian-affiliate museum?

Achieving that transition is my second goal for Scottsdale. We know it can be done, for we saw that transformation take place 18 months ago, when a temporary Smithsonian exhibit attracted 160,000 people, including 60,000 school children. It showed us what dreams may come.

I watched as children from across the state gazed at Abraham Lincoln's hat, Lewis and Clark's compass and a Wright brothers' plane. Children who won't have a chance in their young lives to see Washington, D.C., or even Los Angeles. Some of them had never been on an escalator, and they marveled at it, jumping on and off, riding up and down.

Such children are the key reason Governor Jane Hull and State Superintendent of Public Instruction Lisa Keegan supported Scottsdale's application for a Cultural Theme Park along the Arizona Canal. We have a chance to bring an incredible cultural and educational asset to Arizona and the Southwest. Once again, we can make a statewide investment in Scottsdale and reap statewide benefits.

Over the next few months, "The Canals of Scottsdale," the development plan that includes the Smithsonian affiliate, will again come to the forefront as the project's backers seek various approvals. I am an enthusiastic supporter of this vision, a fact that now compels me to direct this challenge to the private parties behind the museum proposal:

I am requesting a final, detailed plan no later than May 1, explaining to me, this City Council and the community how you intend to build and run the Downtown Cultural Campus. You have had plenty of time to study and plan your project. I will not support any more time, any more delays. Further delay is not fair to Downtown merchants and property owners. Their hopes rest on this plan. Now is the time to deliver.

I also want the developers to meet a second deadline:

I want the "hole" in Scottsdale Road repaired by August 1. I realize the repair is only a first step. Much more work is necessary before we can straighten the road. But I know its symbolism will be deeply appreciated by all.

The "hole" in Scottsdale Road is a constant reminder of the frustrations so many of us feel about another key concern: traffic.

We've tried so many things to address congestion. Bike paths. Telecommuting. Larger roads. Bus pullouts. And the Transit Plus initiative.

Some ideas have improved traffic more than others.

What we know for certain is that a Pima Freeway spanning our city will take pressure off other roadways, which leads me to a third key initiative.

Most residents are not aware that our plan to advance the construction of the freeway -- the freeway each of us already paid for -- is about to die because of the unfortunate actions of an organized few. They may stop our plan to finish the freeway two years ahead of schedule, which will save construction costs and avoid an ugly, elevated freeway. We face two more years without the relief of a freeway we've already paid for.

How could this happen?

Because the Army Corps of Engineers has a job to do, and they are hearing only one side of the story. The Corps has received fewer than 100 letters of opposition asking them to delay our long-planned Desert Greenbelt. The Desert Greenbelt is designed to alleviate flooding in the northern reaches of our city, provide recreational amenities like hiking trails and natural open space, and allow the accelerated construction of a critical stretch of the Pima Freeway. Let me make this very clear: It would not allow one more house or one more business to be built.

The Desert Greenbelt can't be built without environmental permits from the Army Corps of Engineers. We respect the Corps, we have worked with them for years on the Desert Greenbelt concept, and we are committed -- as they are -- to an environmentally sound plan.

Without the Desert Greenbelt, the state will be forced to spend \$8 million more for a drainage alternative that requires elevating the road. You might hear that it can still be completed "on schedule," but that schedule is 2003. That has never been acceptable to the city, and we have planned for years to advance that section of the freeway. Why?

If we do not accelerate this section of the Pima corridor, the freeway will be completed all the way from the Black Canyon Freeway across north Phoenix and all the way from Tempe to north Scottsdale. But there will be a two-mile gap between Scottsdale and

Pima Roads. A freeway to nowhere, unconnected. A real transportation crisis. Not just a traffic emergency – but a transportation nightmare.

If the opponents of the Desert Greenbelt are not fully aware their actions will create such a nightmare for Scottsdale, let me be very specific today. I believe they are wrong and their actions will hurt every resident in our community. I believe the significant and substantial environmental concerns are more traffic congestion, the resultant air pollution, and an elevated freeway.

Again, the Army Corps of Engineers now has fewer than 100 letters about the Desert Greenbelt. They will soon be accepting formal public comments on the project. They deserve to hear from the rest of Scottsdale and I intend to make sure they do.

We know accelerating the Pima Freeway will help alleviate traffic congestion. Other major steps are also needed. The Transportation Commission warned last month that we must start working now to give Scottsdale residents more transportation choices in the next decade. We must face the fact that we cannot pave our way out of congestion and we cannot accept sound-bite solutions to complex and long-range problems. We must start asking the hard questions now: Can we offer alternatives – such as telecommuting and quality transit – that will entice drivers to leave their cars at home? Can we plan our new neighborhoods so jobs and services are close by? Can we make sure our transportation system suits our long-range needs?

This leads me to my fourth and final initiative of the year: Not just slowing or stopping growth, but reversing our projected growth.

How in the world do we reverse growth? Isn't growth inevitable? Allow me to explain. We can, and with your support, we will go beyond slowing growth and actually reduce Scottsdale's total growth in the following ways.

The first is preservation. Your willingness to pay for preservation with your two-tenths-of-a-cent sales tax has already eliminated 16,000 acres in and around the McDowell Mountains from future development. Last month, we applied to the State Land Department to declare another 16,000 acres north of the McDowells as suitable for conservation. We also intend to acquire the 800-acre Brown's Ranch and we have identified another 2,000 acres of virgin Sonoran Desert for preservation. That's about one-third of our big city of 185 square miles.

When we accomplish our preservation objectives, 60 square miles will never be developed, will never see a red-tile roof, will not generate traffic.

We had projected, just a few years ago, that more than 20,000 people would someday live on those lands. Our achievable goal now is to keep that desert untouched forever.

The second way we will tackle growth is by going beyond the state's Growing Smarter initiative and reviewing our entire General Plan by 2001 to determine where and how we can reduce residential densities in undeveloped areas. Scottsdale voters in November already approved the first element of the Growing Smarter requirements two years ahead of schedule. We now require a two-thirds vote of the Council to approve General Plan amendments.

We can also lead the way with our General Plan update. We're already seeing density reductions in northern Scottsdale. That's right. The developers of McDowell Mountain Ranch, Greyhawk and DC Ranch are building about 7,600 fewer homes than their zoning allows. Let me say that again. 7,600 fewer homes. That's about 20,000 fewer people than expected. Why is this happening?

As a result of our resolve, these developments reflect the great value we all place on open space. It is time to explode the myth that development and preservation cannot coexist. It is time to stop talking about false choices and look at our future with an open mind. It's time for us, as a community, to look at the underlying values we share and incorporate them in the General Plan. Let's learn from one another, from civil discourse. We can produce a revised General Plan that reflects common sense and consensus, not division and dead ends.

Until that process is complete, I am putting the development community on notice that I will not support General Plan Amendments that increase residential densities in undeveloped areas. Today, I am also asking the city staff to spell out our options under state law to slow or stop residential density increases in these areas until our General Plan has been revised.

Based on our last General Plan update in 1992, before Scottsdale residents voted to save the McDowells, we were projecting an ultimate population of more than 350,000 people in our city. We already have about 200,000 residents. That's 150,000 more residents before we reach full development – without any amendments to the General Plan. I challenge this community in two years to craft a new General Plan that reverses our future population growth by one-third, or 50,000 people.

In these aggressive ways, we can work together to reverse our expected growth and preserve our beautiful Sonoran Desert. I am committed to doing everything I can to reach this goal, but I will need you to do your part, too.

Los Arcos revitalized. A Smithsonian-affiliate museum. Completing the freeway. Preserving a third of our city and reversing our future growth by a third. These are plans that will improve our community.

The pioneering spirit that is emblematic of Scottsdale is alive and well. We must have spirited public discussion and policy debates. They have accompanied nearly every major achievement in our history.

What is not part of that history are the personal animosities that now pervade our political discourse. An “us versus them” atmosphere poisons relationships, stifles creativity and puts at risk the collaborative efforts that have marked so many of our achievements

I wonder what would happen today if someone wanted to build a cowboy theme park called Rawhide. Or recruit the Phoenix Open? Lay down a railroad track next to a neighborhood in McCormick Ranch? Initiate such a close partnership with the arts? Or undertake the ambitious planning and financing efforts needed to complete the Indian Bend Wash?

Clearly, they would be opposed today, and perhaps defeated, no matter the merits we all know them to have, no matter the special Scottsdale Places we now know them to be.

I appeal now to the pioneering spirit upon which this unique community has been built, fostered by Scottsdale’s sometimes silent but always progressive majority.

You are the people I answer to, and I want to give you real, substantive choices. Urban decay at Los Arcos versus urban renewal. A white elephant in our downtown or an incomparable cultural resource. Speeding up the freeway we’ve all paid for or letting a vocal few deny us traffic relief. Not simply stopping or slowing growth, but finding a way to reverse future growth dramatically.

These are the ideas I will passionately pursue on your behalf. These are the steps we can and must take to elevate our quality of life.

Imagine, three short years from now – a city that boasts the following: Continued low crime, continued low taxes. More great parks. A Los Arcos with skating, shopping and movie going – a vibrant community centerpiece generating tax dollars to buy desert lands -- rather than broken windows and vacant stores. No more hole in Scottsdale Road. The world’s largest Smithsonian-affiliate museum. Growth that’s permanently stopped by the boundaries of a huge Sonoran desert preserve. And a Loop 101 freeway that runs, uninterrupted, from McKellips Road to our northern border with the City of Phoenix, finally linking Scottsdale with the rest of the Valley.

I am confident that Scottsdale’s citizens will continue to choose the more optimistic path, the one with the greatest opportunities and the one with the greatest rewards for us, our children and our neighbors.

The great poet T.S. Elliot once said, “Only those who risk going too far can possibly find out how far they can go.”

Scottsdale has always taken risks, always pushed the envelope, always been on the cutting edge. Look at the results. It’s not easy and it requires imagination, cooperation and courage. Let’s work together, with and for one another, for the good of our city.

We can thank those who have worked so hard in the past for making Scottsdale such a wonderful place. I want to thank you for coming this morning to hear about our future.

Let's continue to create a place of enduring excellence. Let's see how far we can go.