

Remarks of Mayor Paul D. Fraim

Norfolk State of the City February 19, 2010

Good afternoon.

Let me first of all thank the Chamber of Commerce for providing this opportunity to report on progress made and challenges faced during a year that tested our resourcefulness like none in recent memory.

2009 will long be remembered for the deepest economic downturn since the Great Depression. Locally it will also be remembered for the hijacking of Norfolk-based Maersk *Alabama* by Somali pirates and the rescue of its captain by Norfolk-based *USS Bainbridge* and Navy SEALs. And who can forget the powerful Veterans Day Northeaster that pounded the region for three days with winds, heavy rains and a destructive storm surge. Property damage exceeded \$31.5 million, and flooding equaled that of Hurricane Isabel - many will tell you it was worse.

Throughout that period city staff worked around the clock evacuating residents, blocking flooded streets, manning shelters and the emergency operations center. These employees turned in an outstanding performance, and I take this opportunity to extend them our thanks on a job well done.

On a more solemn note, we were all saddened last year by the loss of two of our finest citizens. Former city council member and long-time pastor of Shiloh Baptist Church, Dr. John H. Foster, passed away in August. His death was followed less than a month later in September by the passing of Frank Batten, Sr., beloved leader of Landmark Communications and Norfolk's most generous patron. His \$11 million gift to the Zoo and \$20 million gift for the Slover Library are just two examples of his generosity. Frank and his family's positive influence on this community have been part of our past, and will be a part of our future for generations to come.

As home to the U.S. Navy, and as the North American headquarters for NATO, Norfolk appreciates more than most the consistently excellent performance of our men and women in uniform, and the importance of a strong military.

So I am pleased that we are joined by the command representatives from the U. S. Navy, the Coast Guard and Supreme Allied Commander Transformation. We are grateful to you, and to the women and men under your command, for all you are doing to keep us safe. Thank you for your many sacrifices.

It may be true the worst of the Great Recession is behind us, but swirling in its wake is high unemployment, a weak housing market, slumping auto sales, sharply lower retail sales and a \$3.5 billion hole in the State budget. Projections for the new State budget are for an additional \$4 billion gap, and this time there are no federal stimulus funds to offset the shortfall.

Local revenues are also down, led by lower retail sales and real estate values. At year's end Norfolk's unemployment rate was 8.6% - the highest level in at least 20 years. Still, with more than 226,000 jobs, Norfolk has nearly as many jobs as people, and we are thankful for that.

The recession's harshest effects are being felt by our most vulnerable citizens - the homeless, and those one paycheck away from homelessness. Last year we ended or prevented homelessness for over 600 families and 100 single adults. According to results from this month's point-in-time analysis, overall homelessness decreased last year in Norfolk. This was achieved with help from a generous \$250,000 grant from the Dragas Family Fund. Norfolk is a recognized leader in creating opportunities for ending homelessness, and we continue to work on new and improved solutions to this social dilemma.

Today's economic climate is also affecting non-profit organizations. That includes the arts, and they are struggling to adjust to reductions in memberships, in box office receipts, and in contributions.

The Norfolk Arts Commission works with nearly 40 cultural groups guided by more than 700 community and business leaders - including many of you. Even in the face of their own economic difficulties, these organizations and their Boards continue to give back to the community.

There's no better example than the Chrysler Museum of Art, which began offering free admission in September. The response: Attendance has more than doubled, and voluntary donations at the door have more than tripled.

Through the Great Depression and World War II, storms and floods, name changes and mergers, the Virginia Symphony has been one of our great cultural institutions. This year it is celebrating its 90th anniversary. Under the baton of Conductor Joanne Faletta, the Symphony has played to rave reviews at Carnegie Hall and the Kennedy Center. Its upcoming performance of Bernstein's Mass will be a Virginia premier.

The Virginia Stage Company and Virginia Opera continue to bring premier productions to the region and state, and this fall the Virginia Arts Festival moves into its new building - the Clay and Jay Barr Education Center. Next door, children will take acting classes and perform in the new home of the Hurrah Players, which will celebrate a grand opening in April.

I am proud to say Norfolk remains the cultural capital of the Commonwealth, and the council joins me in commending our arts groups and their Boards for all they do in the community. They deserve our continued support.

Reflecting a lower revenue outlook, the city's 2010 operating budget is \$2.3 million less than last year's. A \$35 million gap was closed by reducing expenditures, freezing salaries, extending the hiring freeze, eliminating positions and making targeted reductions to departmental budgets. Even more will be needed for the upcoming budget.

The Capital Improvement Budget meets our internal affordability measures in all five years of the Plan. Still, even projects that are planned need to receive new scrutiny. In past budgets the council has appropriated over \$57 million for the construction of a new consolidated courthouse. \$14 million has already been spent on design and construction drawings. Over \$45 million has been programmed for fiscal year 2011. Without in any way wavering on our commitment to the new courthouse, I have advised the city manager and the chief judge that I cannot support moving this important project to construction this fall as planned. Instead, I am urging my colleagues on the council to defer construction until fiscal year 2012. This will help alleviate pressure on both the capital and operating budgets, and signal to our bond rating agencies that we are serious about spending curbs.

As tough as this budget was, the 2011 budget will be even tougher. Next year's gap is currently projected at \$54 million and could grow wider if deeper cuts are made in State aid to localities as seems certain to be the case. Cuts have consequences, and as we learned yesterday they will be felt across the

city and in the schools. Just as there are no free lunches, there are no free school books and no free potholes. If enacted as proposed, the State budget will be balanced by shifting an unprecedented amount of the fiscal burden to the local level. The city budget will feel the pressure, and we will live with it for years. Included are drastic funding reductions for constitutional officers; damaging even unfair - reductions in education funding; and a range of spending reductions in public safety, human services and economic development.

Let's be clear . . . this is NOT business as usual. Revenues are simply not going to meet the expenditure demands of our current operating environment. To balance the 2011 budget the City will have to reduce or eliminate programs and services - and probably positions. From all appearances, Virginia and her counties and cities seem well on the way to the smaller government some have wanted for so long. However, it will be a less compassionate government and a weaker force for good in the lives of our people.

Still, you could count us among the fortunate. A recent Brookings Institution report ranked Hampton Roads as one of the country's 20 strongest performing economies with unemployment 3% lower than the national rate and a strong housing market in our inner core. And Forbes has ranked Norfolk in the Top 20 mid-sized cities for young professionals.

The city's stable financial condition was confirmed in December by the bond rating agencies who reaffirmed our excellent credit rating. This is attributable to sound management practices, and to military and other defense-related spending that work to stabilize our economy.

Estimates are that local defense spending will increase another 4.5% in 2010, not including a 2.5% increase in the military housing allowance. But that can change. Military and federal civilian employment has declined over the past 10 years. Just last year the number of ships home ported in Norfolk shrank from 94 to 84, with the greatest impact coming from reassignment of the carrier *USS George Washington* to Japan, a move estimated to cost the local economy \$600 million and 11,000 jobs. Together with our congressional delegation we are working to make sure this doesn't happen again.

In response, we have been growing and diversifying our tax base and housing stock. And our efforts are succeeding. Excluding the military, the City's employment base is diverse, with no single sector accounting for more than 15% of total employment, and we've reduced the amount of tax-exempt property from 42% to 32%.

In the last four years, over half-a-billion dollars of public and private money was invested in nearly 4000 new housing units. Over the same four year period the assessed value of all real estate increased nearly 60% from roughly \$12 billion to \$19 billion, and since the last census our population has grown by nearly 3400 folks - a 2.5% increase. We are a city showing determined progress.

We've lowered the real estate tax rate 29 cents - from \$1.40 to \$1.11 . . . that's nearly 21%. Among Hampton Roads local governments, only Virginia Beach - with twice our population and 4 times our size - has lowered its real estate tax more. As one of Virginia's most fiscally stressed localities, this is an unprecedented accomplishment.

In summary, the tax base has grown and diversified, the tax rate is lower, our population has grown, investments in redevelopment and revitalization have been very successful, and the city's financial condition remains solid. We continue to maintain a structurally balanced budget, and among the region's six major cities, we have the second lowest cost of government administration and a lower per capita tax burden than Chesapeake, Virginia Beach and Newport News. All of which leads us to believe that we are as well positioned as possible to weather the present economic downturn.

After a year that saw a 16% drop in cargo volume, the Port expects a 6.3% increase in business this year, and predictions are for container traffic to triple over the next 20 years.

As the only East Coast harbor with channels deep enough to accept super-container ships, the Port continues to plan for growth. Work on the Craney Island Expansion Terminal - a \$2.2 billion project - got underway last fall after receiving its first federal appropriation. This qualifies it for federal stimulus construction funding and for future funding.

For Norfolk Southern, 2010 will mark the opening of the Heartland Corridor, a new gateway for double-stack container traffic moving between Virginia ports and the Midwest. In what was the biggest engineering project taken on by any railroad in modern times, NS raised the height of 25 tunnels and 28 overhead obstructions in Virginia and West Virginia. The Heartland Corridor will slice 230 miles from current routes, improving transit time between Norfolk and Chicago by up to a day. Completion of the final tunnel is expected in September and benefits begin immediately, making our Port more competitive and giving localities along the corridor access to world markets.

Recent newspaper articles have reported on Ford Motor Company discussions with the Jacoby Group, an Atlanta company, for redevelopment of the Norfolk Assembly Plant site. The Jacoby Group is exploring reuse of the property as an "Alternative Energy Park" designed to attract wind, solar and other cutting edge energy businesses. Today, I am extremely pleased to report a contract has been entered into between Ford and Jacoby for purchase of the entire 100-plus acre site, with a closing expected as early as this September. Joining us today from the Jacoby Group are its chairman and CEO, Jim Jacoby and John Borden, the firm's general counsel, so please join me in giving them a warm Norfolk welcome. This is great news for the city, and could not be more timely.

Much has been written in recent weeks about The Tide light rail project. Obviously, the financial implications for the city are the council's primary concern. Once the full extent of the recent cost overruns was known, the city moved forward to: first, stop the financial bleeding and reestablish credibility at HRT in this project; and, second, negate or minimize any financial impact on the city's budget.

With the hiring of Phil Shucet, the highly regarded former VDOT commissioner, as interim CEO, we have moved quickly in the direction of reestablishing credibility at HRT, and he is already at work trimming the cost to complete the project. In large measure the budget gap will be filled by State and federal funds. There should also be money at HRT to address some costs. Please take note, as was reported in this morning's *Virginian Pilot*, "Even with the latest overruns, the project remains the cheapest among recent rail projects in the country." All of this is to say that, to date, the city's cost has not increased since the amended light rail budget was presented in December of 2008. Mr. Shucet's stated goal is to hold the city harmless.

In the meantime, keep in mind the Tide was never envisioned as a Norfolk-only project. It has always been intended as a starter line for a regional light rail network extending from Williamsburg to the oceanfront.

As incredible as it seems, the transportation picture is even bleaker than it was last year. VDOT's six-year highway improvement plan was axed by over \$4 billion. \$3.1 billion in highway and transit improvements were cancelled, and 1,000 full and 450 part-time positions eliminated. VDOT is a shadow of its former self. Practically speaking, this means more congestion, more delays, more lost business, less road maintenance and little prospect for improvement.

The situation is particularly acute for the south side of Hampton Roads where geography impedes the free flow of traffic. We continue to work with VDOT on a second Midtown Tunnel, the most congested two-lane road east of the Mississippi. Last month, an interim agreement was signed to advance preliminary work on the project. If a comprehensive agreement is reached, a new tunnel and MLK extension could be completed by 2015.

In the absence of road construction funding, rail - both light and high speed - offers a real and achievable opportunity to transform transportation in Hampton Roads - and we should embrace that. With each passing year, with each increase in the price of oil, and with every new EPA clean air regulation, the advantages of rail become clearer. Efforts by Virginia Beach to extend light rail to the east, and the decision by the Chesapeake City Council to apply for federal funding to study extending light rail to its residents, are both welcome developments. Funding is also being sought to begin studies for connecting light rail in Norfolk to the Naval Base.

November's vote by the Hampton Roads Transportation Planning Organization to bring a high speed passenger rail connection to South Hampton Roads was a major step forward in regional cooperation. Just as important was the unified support a Southside connection received from more than 1000 attendees from across the region at last month's public hearings, and I certainly want to thank leaders and citizens from the Peninsula who supported us.

The result is that this past Wednesday the Commonwealth Transportation Board voted unanimously to endorse a high speed passenger rail route between Norfolk and Richmond. This is enormous good news for us. By the way, our case for high speed was greatly strengthened by its connection to light rail at Harbor Park. The State will now apply for federal stimulus funds to pay for the route. Give yourselves a round of applause.

Last year, as other cities across the country saw projects abandoned and development activity grind to a halt, Norfolk had over \$1.1 billion of construction underway, much of that occurring downtown.

As we prepare for the opening of the Wells Fargo Center this summer, it is encouraging that Class A vacancy rate is only 8.7%. This is a strong indicator of downtown's desirability as a place for business and investment.

Another very positive indicator was the December announcement that South Carolina-based U.S. Development had purchased the Union Mission building. Over the next 18 months they will invest \$22 million converting it into apartments priced to attract young workers.

U. S. Development's Norfolk debut is a grand slam. We have a major new investment, that's bringing middle income housing to downtown, preserving a registered historic landmark and improving services for the homeless. With us today is David Bryant, president of US Development, so please join me in welcoming him back to Norfolk. I understand U. S. Development is in final discussion for the purchase of 161 Granby Street at the corner of City Hall Avenue. This rehabilitation of the old Savoy Hotel will be a major step forward for all of downtown.

We're also pleased to welcome the advertising agency Grow Interactive back downtown. In commenting on the move, Grow president Drew Ungvarsky said it's important for his business to be in a vibrant urban setting to attract the talent and workforce he employs. Grow will move its operations to the

historic Altschul's building on Granby Street this June following its restoration. Drew is also here today, so please join me in welcoming him and Grow Interactive back downtown.

Over a beautiful weekend last July 4th, Town Point Park reopened to rave reviews following a total makeover that was completed on-time, on-budget and in a record construction period. The result: average daily attendance more than tripled, and even with a shortened season, more than 250,000 people flocked to programs and festivals. So congratulations to all the folks at Festevents and the city on a job well done, and special thanks to everyone who contributed financially to the project.

The symbol of downtown's revitalization is The Waterside Festival Marketplace. It is a facility in transition. As part of a process for reinventing Waterside, we have developed a survey for gathering input from the community. It has been placed on the city's and Waterside's web sites, mailed to as many civic organizations as we could identify and will be published in the media. Charettes and open forums will follow in the hope of seeking as much public input as possible about the future of Waterside. A copy of the survey was placed at each seat in the room today, and I urge everyone to complete and return it as soon as you can.

Last year Nauticus and the Half Moone Cruise and Celebration Center welcomed Hank Lynch as their new director. and he hit the ground running with critically acclaimed exhibitions and by an inspirational patriotic event honoring *Maersk Alabama* Captain Richard Phillips.

Keynoted by Chief of Naval Operations Admiral Gary Roughead, the event received national coverage, and was made possible in large part with help from Norfolk-based Maersk Line Ltd. and its president and CEO, John Reinhart. John is here today so please join me in thanking him.

Nauticus' busy and successful year was capped off in December when the City took ownership of the Battleship *Wisconsin* from the Navy. Plans are now underway to open more of the ship to the public.

Our other major attractions - The Botanical Garden and Virginia Zoo continue to perform well. Last spring the Garden dedicated a sculpture honoring the 220 African Americans who built the Garden, while the Zoo welcomed the birth of 4 lion cubs, 3 bongos and a giraffe. Construction on the Trail of the Tiger exhibit remains on schedule for an October opening.

While cities around the country experienced major reductions in hotel occupancy, Norfolk was one of the few cities that did NOT experience reductions greater than 10%. This is due in large part to the efforts of the Convention and Visitors Bureau, which ended the fiscal year by achieving 106% of its booking goals, so thanks to Tony DiFillipo, his board and staff for a great effort.

One of the city's most valuable assets is the quality and performance of the public school system. It has a powerful influence on where families decide to live, where businesses decide to locate and on key quality of life indicators.

The performance of Norfolk Public Schools has been and remains one of city council's top priorities. We believe our school system offers a challenging curriculum. We believe its teachers, principals and administrators are dedicated to providing students with an education equal to the best in the country. And we have demonstrated our commitment to the education of our children where it counts the most - in the classroom. According to the most recent information available, among the region's major cities, Norfolk is second only to Virginia Beach in per pupil expenditures. And our teacher salaries are regionally very competitive.

So we were all concerned and disappointed by the news last fall that we again fell five schools short of reaching full accreditation. And we are deeply disturbed and troubled by testing irregularities at

now four schools and the potential this has for adversely affecting our school system. This is unacceptable.

Our expectation is for all Norfolk public schools to meet State standards for accreditation - and to do so by next year. And, we expect all testing irregularities to be eliminated immediately, and not reoccur.

We are encouraged by reports that on-time graduation increased 2% and that the dropout rate decreased by 2%. We are very pleased that Maury and Granby high schools were again ranked in the nation's top 5 percent of public high schools by Newsweek magazine. We congratulate Mary Calcott and Larchmont Elementary schools on receiving the Governor's Award for Educational Excellence. And we are proud that Oakwood Elementary was one of just 13 public and private schools from Virginia ranked as a national Blue Ribbon School. Oakwood's principal, Shelia Holas, was one of only five principals in the country to receive the Terrel H. Bell Award for outstanding school leadership. Ms. Holas is here today and I would ask her to please stand so we can recognize her and Oakwood Elementary's great performance.

We have a good school system, and these examples are representative of the commitment and dedication of its students, its teachers and its principals. But that's not enough. The goal is to have the best school system, and full accreditation next year will be a big step towards achieving that goal.

A large part of this is having the best school buildings and facilities possible. Next year we will build one new elementary school. In this coming budget I will ask the council to include planning and design funds for others, with the goal of constructing or renovating five schools in the next six years. In the last 10 years, student enrollment in Norfolk shrunk by 3400 students. This should permit the closing of at least three schools if properly planned. Of course, this will take public support as well.

Even as the operating budget was reduced in response to the recession, progress continued on neighborhood projects. \$37.5 million was invested in water and sewer upgrades across the city, and in resurfacing 83 lane miles of streets.

More than \$13 million has been invested in the Greater Wards Corner area since approval of the Comprehensive Plan. Last year, police presence and code enforcement activities were stepped up, surveillance cameras installed in Denby Park and a neighborhood watch begun with 60 residents participating. As a result, violent crime in Wards Corner dropped 35% and property crime 6%.

Three residential rehabilitation programs were begun for Denby Park, Oakdale Farms and Monticello Village to assist residents in upgrading their homes. The programs were so successful that within six months, the first \$1 million was committed to 21 homeowners. Another \$1 million was committed this fiscal year to assist 40 homeowners, and there's already a waiting list for next year.

On the commercial side, the department of development is in active discussions with major property owners in the heart of the Wards Corner business district, and we expect new development opportunities to be identified later this year.

Momentum continued in Broad Creek last year as The Villas at Broad Creek got underway. This \$5.4 million mixed-use development by Tivest Development and Construction won the national Small Business Qualified Low-Income Community Investment Award. Tivest president and CEO Dwight Etheridge is here today, so please join me in congratulating him on this recognition.

The city is also working with Tivest to develop an office building that will allow for the consolidation of the S.T.O.P. organization as well as provide space for additional tenants. A groundbreaking for the Midtown Office Tower is scheduled for February 26 - one week from today. This is an important jobs producing project that must go forward.

Other accomplishments in the Broad Creek area include major landscaping improvements, continued progress on the Kroc Center, a \$7.5 million award winning upgrade to the Mission College Apartments by NRHA and a \$60 million makeover of the 44-acre Grandy Village - including a 15,000 square foot recreation center - that also won a national award of merit. The next major enhancement for the area is demolition and redevelopment of Moton Circle, a \$44 million project.

A 5 year, \$24.5 million commitment to the Southside Neighborhood Plan has made it possible to acquire important properties for future development, to demolish 35 blighted properties, repave all the streets, upgrade the water and sewer systems and begin work on a new aquatics center. To date, this has leveraged more than \$9 million in private investment.

New residential and business developments along the historic Church Street corridor have made important contributions to its revitalization. But after 30 years it's time to finish the job. So I will be asking the council to refocus attention on Church Street in the coming year to complete its redevelopment into a vibrant, mixed-use area.

In Lambert's Point, construction began on Village Gardens, a 40-unit senior apartment complex set to open this fall. Last week, we cut the ribbon on the state-of-the-art Lambert's Point Community Center. It is an absolutely beautiful facility, and a major contribution to the ongoing revitalization of the neighborhood. This fall additional residential development begins on property located between Hampton Boulevard and Bowden's Ferry Road.

In the coming weeks the council will consider the Central Hampton Boulevard Plan prepared for portions of Lambert's Point, Kensington, University Village and Highland Park.

Even during the nation's worst housing crisis the strength of our residential market can be seen in continued development at East Beach which was selected for the second time as the site for Homearama - and in the recent agreement by Franciscus Company to buy the remaining parcels at Harbor Walk and complete the development.

The City and NRHA continue to acquire dilapidated properties in Ocean View for redevelopment. Recent examples include a 16 unit apartment on First View, a 15 unit apartment in Willoughby and the old Ramada Inn property on Ocean View Avenue.

Successful resolution for use of the property along 5th and 7th Bay Streets now makes it possible to begin thinking about preparing a development plan that includes public open space for this very desirable site.

All of us appreciate the dedicated work of our public safety employees. Last year alone Norfolk Fire Rescue responded to more than 40,000 service calls and we invested \$2.7 million in new vehicles.

Our commitment to public safety also includes facilities, and last fall ground was broken in Central Business Park on a \$12 million state-of-the-art headquarters for the 2nd Patrol Division. It is scheduled to open next spring.

We have also been invited by Old Dominion University to partner with them on a new combined police precinct that would house both ODU police and the 3rd Patrol Division and provide new synergies

between the two forces. The council is supportive, and we will work to take advantage of this opportunity.

A police officer's job can quickly turn very dangerous; a fact Officer V. E. Decker came face-to-face with last March. While on patrol, he confronted two armed suspects who had been involved in a robbery in which their victim was shot and later died. During the confrontation, one of the suspects opened fire on Officer Decker, who returned fire, killing the shooter, and then apprehended the second suspect. The bravery he exhibited took two dangerous criminals off the street, and for his actions, he was awarded the Norfolk Police Department's Medal of Valor. Officer Decker is here today, and I ask you to join me in recognizing his outstanding police work.

We were disappointed and concerned by last year's increase in the homicide rate. With that exception, overall violent crime was down 14%.

In a very positive sign, juvenile arrests dropped significantly in selective enforcement areas - 83% in Huntersville; 41% in Denby Park and 14% in the Pleasant Avenue corridor. Overall juvenile arrests were down 52%. But the problem is still severe; it affects our children and school safety. That is why I will ask the city council to establish a task force on youth and gang violence to be chaired by the vice mayor, Anthony Burfoot.

While annual statistics provide a quick, point-in-time snapshot of crime, their greatest value is in identifying trends. So we should all be encouraged that in the last 10 years overall crime has declined 14% and violent crime by 19%. This is a positive sign that criminal activity is trending down. Thanks to everyone with the Police Department which I'm pleased to say remains at full operational strength - and to their citizen partners for all you are doing to make Norfolk a safer city.

Like other local governments and the private sector, the City has adopted a policy to reduce its impact on the environment. Last year, we signed on to our State Municipal League's 'Green Government Challenge' and formed a "Green Team" task force of city employees. Its work has led to an engine idling policy for city vehicles, a "green fleet" policy, tree preservation plans, and energy audits of municipal buildings.

Green building practices are a proven way to reduce carbon emissions and we are incorporating them in our own new facilities. The Lambert's Point community center was built to LEED standards, just as our new police precinct, the courts complex and the Slover Memorial Library will be.

Grassroots efforts like the Lafayette Wetlands Partnership are also helping preserve the environment, and they deserve our support. With help from the city, the Partnership has restored a wetlands area on Knitting Mill Creek, and is actively planning additional projects.

Later this year we'll kick off a program we're calling "Celebrate Trees" as a way to encourage businesses, citizens and civic groups to plant a tree for the environment. All of you will be asked to plant a tree and improve our air quality

Now entering its 13th year of service to Norfolk, Tidewater Community College is one of our great success stories. And the campus continues to grow. Last June, ground was broken for the college's first student center, a 5-story facility scheduled to open this fall. In addition to its educational role, TCC has become a nationally recognized leader in workforce development.

On September 5, Old Dominion University celebrated a milestone achievement when the roar from a sold out Foreman Field announced the return of football after a 60 year absence. The 36-21 win over the Chowan Hawks kicked off a spectacular season that saw Coach Bobby Wilder lead the Monarchs to a 9 and 2 record, the best ever by a first year Division I team. Coach Wilder is here today along with quarterback Thomas DeMarco and All American punter Jonathan Plisco - so Coach let me ask you all to stand so we can recognize a great first year. And by the way, thanks for the economic boost.

Believe it or not, there really is more going on at ODU than football and basketball. The university opened a new Student Recreation Center and the second building at Innovation Research Park.

Norfolk State University reaches an important milestone later this year when it celebrates the 75th anniversary of its founding as the Norfolk Division of Virginia Union University. Since then, NSU has grown to become a major state university in its own right. Its campus has expanded with new buildings, and more new additions are on the way. Last summer ground was broken for the Lyman Beecher Brooks Library - a \$34 million signature building that will be the information and academic hub of the campus - and last fall the ribbon was cut on an 85,000 square foot student center.

Under the leadership of head coach Pete Adrian, the Norfolk State Spartans football team returned to its winning ways with a 7 and 4 season. The Spartans' year was capped by defensive back Terrell Whitehead being named an All-American - the first Norfolk State player to earn that recognition.

Under the leadership of its president, Dr. Billy Greer, Virginia Wesleyan College is not only distinguished for its academic excellence, but also for its environmental leadership. The President's Environmental Issues Council strives to promote a strong environmental ethic and works with students to address environmental issues. With 1400 students, it offers a unique college experience. Dr. Greer is here today, so thank you, Billy, for all you are doing.

In late summer, our friends at Eastern Virginia Medical School broke ground on their \$80 million education and research building. When it opens, the region's health care system will get a boost from expanded M.D. and Physician Assistant programs, and from cutting edge research the facility will make possible.

More good news for our health care system comes from Lake Taylor Transitional Hospital, Bon Secours DePaul Medical Center and Sentara Healthcare. Lake Taylor is undergoing a \$25 million modernization and upgrade of its existing facilities, including the addition of a new building. Thanks to a terrific board and sound management, Lake Taylor has earned a well-deserved reputation for excellent patient care.

Bon Secours continues to move forward with plans to build and open a new 124 bed De Paul Hospital by 2014. Later this year they will break ground on a new medical building that will connect to the new hospital. All of this is wonderful news, especially in light of earlier reports of De Paul's demise. This turnaround has been led by the new CEO Michael Kerner.

Last month Sentara Healthcare, our largest private employer, was ranked as the most integrated healthcare system in the nation. Sentara Norfolk General was nationally ranked in the Top 50 hospitals for heart surgery, diabetes and endocrine disorders, geriatric care and kidney disorders. Sentara Leigh was ranked among the nation's top 50 hospitals for orthopedic care.

Today, even in an improving economy, State and local governments are weighing policy decisions and budget adjustments that will affect us for years to come. Potentially damaging reductions

in State aid promise to rewrite the historic relationship local government has had with the Commonwealth. Nowhere is that more worrisome than in education.

If the proposed reductions in State aid are approved, Norfolk Public Schools stands to take a nearly \$40 million hit to its budget. This is catastrophic, and begs the question: Is State funding for public education following in the footsteps of transportation funding? The city will be called upon to do everything possible to increase our own local funding for the schools. We are duty bound to do the right thing for our children.

As we look to the future, however, there is much to be thankful for. Our city has a long and proud tradition of strong and determined leadership . . . leadership that has made Norfolk the business, financial, cultural, educational and medical hub of Hampton Roads. The city is financially sound, our downtown is growing, and so is our tax base. We are building new neighborhoods and revitalizing more. Your city government is progressive, inclusive and diverse a government that values its citizens and employees.

In building a city there will always be more to do, and more that can be done better. But this should inspire us to look to the future with confidence that we are all moving forward together in a direction that enjoys broad and deep support.

Your enthusiasm and love for this old seaport town energizes me and my fellow members of city council and makes it a privilege to serve you.

Thank you for being here today. Thank you for all you are doing to build a brighter future for ourselves and our families.

God bless you, and God bless the City of Norfolk.