

Remarks of Mayor Paul D. Fraim
Norfolk State of the City of Norfolk
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12 Noon
Norfolk Waterside Marriott Hotel

It's always an honor to have this annual opportunity to talk with our city's leadership about the City of Norfolk. So thank you for being here. Thanks, too, to Mike Fowler, chairman of the Norfolk Chamber and to the Hampton Roads Chamber of Commerce for organizing today's event.

At this moment, it is fitting to recognize two people who are not here with us today. Police recruit, John Kohn, died following a tragic training accident on December 9. The thoughts and prayers of the council have been with his wife and family ever since.

And sadly, just yesterday longtime public works employee - Jerry Holton - was killed in a work related accident. Our thoughts and prayers are with his family as well, and at this time I ask you to join me in a moment of silence in both their memories.

I would also like to recognize someone who is familiar to many of us, but who just this past Tuesday began a new career with Norfolk as our new city manager.

Marcus Jones is a 17 year veteran of public service that includes 10 years at the state level - rising to the position of Deputy Chief Administrative Officer for Finance and Administration for the Commonwealth, and seven years at the local level. From 2004 to 2009 he was our budget director and then assistant city manager. Marcus returns from the City of Richmond where he served as chief administrative officer for finance and administration. He is here with his wife, Jillian. Please make them welcome.

Obviously, Mr. Jones is assuming the role of manager at a difficult moment for the City. He needs time to do his work and he needs your help and patience. The first 100 days of his administration will be challenging, but he is up to the task. He will be forward-thinking and aggressive as he works with the City Council, our outstanding city employees and you to move Norfolk forward. Welcome home Marcus.

We are honored to have representatives from the armed forces with us today. Joining those previously mentioned is Commander Doug Jordan - - commanding officer of the nuclear powered Los Angeles class fast attack submarine *USS Norfolk*. Commander Jordan, I want to thank you and your crew for your service to our country, as well as for the volunteer work in the City.

Each passing year and each global crisis gives us a deeper appreciation for the great job our men and women in uniform do, and the sacrifices they make to keep us safe in a dangerous world, so we thank you for being here and for all you do.

It is fitting to note last April's transfer of the Battleship *Wisconsin* from the Navy to the City. The battleship is a symbol of our historic ties with the Navy and national defense. Portions of the ship's interior were opened to Nauticus visitors in October after being closed for more than 20 years. And an on-board exhibit has been designed to recognize Senator John Warner, who played an instrumental role in bringing *Wisconsin* to Norfolk.

For more than 50 years, Norfolk has enjoyed steady economic growth while successfully responding to the serious challenges of suburban growth and a critical shortage of land. A new century, however, has brought new challenges to the economic future of Norfolk and the entire Hampton Roads region. Chief among them is our slow suffocation from traffic congestion.

Other challenges are a stagnant economy, declining local revenues, State funding reductions, and shrinking federal assistance. Localities across the nation, Commonwealth and region are forced to accept the fact that lean is the new normal.

Experts have identified these challenges multiple times. We know what they are. What we **need** to do is to work on solutions.

First, transportation. Today, Hampton Roads' gross domestic product is second only to Northern Virginia. Future economic growth depends on the ability to move goods and people into and out of the region efficiently. Today, that future is threatened by a highway network that crashes too often. Regional leaders recognize this, and have endorsed a transportation vision that, if implemented, will fuel economic growth well into the future.

The key project in that vision is a third Hampton Roads harbor crossing. Unanimously endorsed by the region 15 years ago, it still remains the best project designed to improve mobility throughout the region. It will do the most to ease congestion - particularly at the Hampton Roads Bridge Tunnel. It best supports our main economic drivers - the Port and the Navy. It opens up new areas for economic development, and does less damage to our environment. A modified version of the third crossing - now called Patriots Crossing - would accomplish each objective for about half the cost of widening the HRBT, and without incurring years of construction delays.

The effectiveness of the third crossing has never been disputed. The wisdom for the modified version was recently validated by a study performed by ODU's Modeling and Simulation Center. As an editorial in the *Daily Press* stated, the region's leadership must get together behind the third crossing. This approach was also endorsed recently by *The Virginian-Pilot*.

For the immediate present, the most important transportation project is the second Midtown Tunnel and MLK Freeway extension linking it with the Downtown Tunnel. It is the most heavily traveled two-lane road in Virginia and needs our immediate and full-time attention. This project is moving forward, and has been selected to receive a portion

of the Governor's transportation plan funds. If the project stays on track – and the tolls kept at a reasonable level– construction could begin as early as the end of the year.

But the future of transportation is about more than building bridges and tunnels. It means embracing a new mindset of mobility.

Norfolk's newest mode of mass transit comes with the opening of The Tide light rail later in the year. To say this has been a trying project would be an understatement. Painful and expensive mistakes were made. But the hiring of former VDOT commissioner Phil Shucet has put light rail back on track. Its past problems – while significant – are being addressed vigorously and are not cause to abandon the goals of light rail.

All of the good that can be accomplished by lacing the region together with the light rail system – the congestion relief, economic development and quality of life improvements – have made this effort more than worthwhile. Major metropolitan areas all across the country are pursuing light rail.

We are, in fact, the smallest city in the country to achieve this goal. And when all is said and done, and all the bills paid, it is important to realize that the Tide is still one of the least expensive light rail systems built on a per mile basis in recent times. It is also a fact that the decision to build the inter-city passenger rail terminal at Harbor Park was influenced by its intersection with light rail at that location. A poet once wrote, "A cynic knows the price of everything and the value of nothing." I urge you not to lose sight of the value of light rail.

Thanks to the General Assembly and to Thelma Drake, director of Virginia Department of Rail and Public Transportation, \$93 million in State funding will allow for improvements to accommodate a commuter train using Norfolk Southern track. This means we will have round-trip passenger rail operating from Norfolk to Richmond, to Washington and points north in less than 3 years. Last February, the Commonwealth Transportation Board endorsed the Southside route to Norfolk as the preferred alternative for high-speed rail. We expect passenger rail to be a game changer for Norfolk, and secure our historic position as the business and financial hub of a region with 1.7 million people.

Efforts to establish passenger rail service to Richmond would not have succeeded without support from our friends at Norfolk Southern Railway, the nation's best managed, best run transportation company. Last year saw Norfolk Southern make a strong recovery from the recession, and win the E. H. Harriman Safety Award for the 21st consecutive time – a distinction unmatched among other major railroads. To cap off a great year, President and CEO Wick Moorman was selected by *Railway Age* magazine as 2011 Railroader of the Year - one of the most prestigious awards in the industry. This recognized Wick's leadership in environmental responsibility and for completing the Heartland Corridor, so I ask you to join me in thanking and congratulating Wick Moorman and Norfolk Southern for those achievements. Wick is with us today.

With the Heartland Corridor now operational, a full day has been shaved from transporting containers from the Port to the Midwest. This is a powerful competitive advantage. Coupled with the Port's lease of the APM Terminal, the expansion of Craney Island – where work on Phase I began in December – and our harbor's ability to accept the world's largest cargo ships, the Port is well positioned to take advantage of the Panama Canal's widening scheduled for completion in 2014.

The widening will allow larger ships from Asia to transit the Canal and offload closer to Midwestern and Eastern markets. As cargo shifts away from the West Coast, the number of vessel calls on the Gulf and East Coast ports is expected to increase significantly. The Port of Virginia has been identified as best positioned to become an East Coast hub in 2014. Ours is the only east coast port with deep enough channels to accept those larger vessels.

Reflecting a strengthening economy, container volume increased 8.5% last year and ship calls by nearly 5%. And coal volumes at Norfolk Southern's Lambert's Point docks were at near record levels.

Air travel is also essential for economic growth. Business and visitor travelers alike demand both good connections and low ticket prices. Southwest's pending acquisition of AirTran is expected to add 37 new cities to Southwest's route structure. This offers a real opportunity for future expansion of service here, and the Airport Authority and administration are working hard to make sure Southwest not only remains here but adds new routes.

Delta's merger with Northwest led to reinstatement of service to Minneapolis, and new non-stop service to Boston will begin April 1. This commitment of growth is a positive sign in a year where airline expansion is forecast to be conservative.

Although the recession officially ended in June 2009, recovery has been slow. Fortunately, Hampton Roads has fared much better than other parts of the country.

A recent Brookings Institution report ranked us number 2 in the nation for economic performance and in the top quarter of regions worldwide. This was attributed to our high concentration of military and defense spending which comprises approximately 45% of the local economy. According to *The Virginian-Pilot*, the payroll for military and civilian Defense department employees in Hampton Roads was nearly \$5 billion. That amount doubles when housing allowances and other benefits are included.

Clearly we have benefited from increased defense spending. However, with Congress under pressure to reduce the deficit, change is coming. This was signaled by Secretary Gates' announced intention to close the Joint Forces Command. It now appears half, or roughly 2000, of JFCOMS's military jobs will remain, mostly in its modeling and simulation operations. This softens the blow, but a 1.4% military pay raise - the smallest

since 1962 - and a two-year freeze on federal civilian pay will be felt locally. So, too, will the plan to rely less on contractors and more on federal civilian workers.

In response, regional leaders have called for greater efforts to diversify the economy and reduce dependence on the defense industry. We agree with that strategy. In fact, Norfolk's been moving in that direction for some time. As a result, when the military is excluded, no single sector of the economy accounts for more than 15% of Norfolk's total employment. Still, we need to sharpen efforts to grow the tax base, attract new businesses and support and retain existing businesses. Job growth is a top priority. Our efforts will be strengthened by the Governor's announcement this week that Norfolk has been designated a Virginia Enterprise Zone.

Old Dominion University's visionary development of Innovation Research Park is diversifying the economy from another direction. Located in University Village, IRP now has two, 100,000 square foot buildings with tenants that include LifeNet Health – a global leader in regenerative health . . . the U. S. headquarters of the MASA Group – a developer of software products focusing on simulation and gaming for defense, security, corporate and entertainment markets . . . and, ipConfigure – a leading video surveillance company founded in Houston by ODU graduate Chris Uiterwuk. Chris says he moved the company to Norfolk last year to take advantage of ODU's resources and Norfolk's ideal location on the East Coast. Chris is with us today, so please join me in welcoming him back to Norfolk.

The businesses at IRP are exactly the kinds of businesses we need more of. They reflect the new economy . . . they constitute an emerging market segment . . . they attract bright young people . . . and they pay good salaries.

The recession and slow recovery have noticeably affected state and city budgets here and across the country. Consider that in FY 2007 only one state had a budget deficit. In FY 2010, 48 states had budget deficits.

For two years in a row Norfolk spent less money in our budget than the year before. Last year, our operating budget was 5% less than the year before. With revenues continuing to fall short of expenditure demands we will once again be examining programs, services and positions for reduction or elimination.

In spite of last year's very difficult budget, Norfolk was the only city in the region to significantly increase its local contribution to public schools – by \$3.5 million. And we have not stepped back from our commitment to keep upgrading the city's infrastructure. This year's Capital Improvement budget includes \$20 million for school construction. It also includes \$46.5 million for water utility projects, \$17 million for wastewater utility improvements and \$14.5 million for transportation projects. These are investments that directly benefit our neighborhoods.

And we should all be encouraged by a December report showing that in 2009 compensation-per-job grew in Norfolk by 4.6%. This is significantly greater than the

1.2% growth nationwide. It's the best in Hampton Roads, and confirms our position as the region's center for business, finance, education, medicine and culture.

It is also worth pointing out that the average compensation-per-job in Norfolk for 2009 – that is wages, salary and benefits – amounted to \$70,397. . . . better than the Virginia Beach average compensation-per-job of \$52,232. Total compensation for workers in Norfolk was \$13.9 billion followed in the region by Virginia Beach at \$10.4 billion. We can all take pride in these numbers - the best paying jobs in the region are in Norfolk.

Downtown is at the heart of our economy. It will continue to play a critical role in our economic strategy. The downtown we are so proud of was achieved through years of investment by the city and its private sector partners who shared a vision of what our old seaport town could become. With its variety of shopping, arts and dining opportunities, it's a popular destination for residents and visitors, and is among the most desirable places to live in Hampton Roads . . . even if you're a Zombie. Enjoyed by thousands from across the region, this exuberant event made national news. Organizer and "head Zombie" Whitney Metzger, is here with us today. Whitney, a little heads up next time would certainly help.

Last year South Carolina-based U. S. Development announced it would acquire and renovate the Union Mission building into The Rockefeller Apartments. Even with the headwinds of an unfavorable economy, U. S. Development's president, David Bryant, says architectural and engineering drawings are being finalized to proceed to closing and that construction may begin as early as the second quarter. He said work may begin even sooner on renovating the old Savoy Hotel into apartments.

The Savoy is situated on the corner of City Hall Avenue and Granby Street. Granby Street is a place with a great urban vibe and an authenticity so attractive to today's generation of young professionals. It is an urban village where hundreds of people live in unique spaces above store fronts, and where office workers, students, shoppers, arts patrons and diners share the sidewalk. The concentration of chef-inspired restaurants is unmatched in Hampton Roads, and a true theatre district has developed along with a higher education presence offered by Tidewater Community College, which will soon open its new student center that will serve the more than 14,000 students who attend TCC's downtown campus. Thank you Dr. DiCroce.

We want to build on that, and are now seeking to diversify street level uses by adding unique retail offerings that will complement MacArthur Center where, I am pleased to report, sales grew approximately 10% last year with more new stores on the way.

On the strength of a \$20 million challenge grant from the Batten Foundation, last week we announced an expansion to the planned Col. Samuel L. Slover Memorial Library – our new central library. This is in addition to the \$20 million previously donated by Frank Batten, Sr., and permits us to build a facility 30% larger than originally

planned. Col. Slover was Mr. Batten's uncle and guardian, and a former mayor of Norfolk. We deeply appreciate the Batten family's love for this city and its people.

Our goal is to have the finest central library in the country - a library that contains the most advanced technology, and a library that makes an architectural statement about our city. We intend to deliver on this goal. We will break ground later this year. Thanks again to the Batten family.

Last summer we celebrated the opening of the magnificent Wells Fargo Tower. Developed on the light rail line and next door to MacArthur Center, it's one of the most desirable locations in the region. The Tower is presently 75% leased. 50,000 square feet of retail and 120 apartments are now under construction and will be ready for occupancy this Spring.

Next year marks the 200th anniversary of the War of 1812 – a conflict with Great Britain some call the second American Revolution. And we are extremely proud the downtown waterfront will host Virginia's signature commemorative event – OpSail 2012. Organized by Festevents, this will be a nationally significant event.

Let me also recognize Festevents on being one of only three U. S. events organizations to receive the first World Festival and Event City award presented by the International World Festival and Event Association. So please join me in congratulating Karen Scherberger and everyone at Festevents on bringing this global recognition to Norfolk.

All great cities have strong, dynamic creative communities, and many cities larger than Norfolk would love to have our cultural assets. Norfolk's commitment to the arts has enabled groups like the Virginia Symphony, Virginia Stage, and Virginia Opera to mature into arts organizations with national reputations for excellence.

This year marks Joann Falletta's 20th anniversary as the Symphony's music director. In that time, Joann has led the Symphony to national recognition while becoming our own cultural treasure.

The Virginia Arts Festival moved into its permanent home – the Clay and Jay Barr Education Center – just in time to celebrate its 15th anniversary this spring with another season of world class performances for audiences across the Mid-Atlantic.

Next door to the Arts Festival, the new Hurrah Players Performing Arts Center opened in the historic Norfolk Academy building, doubling performance opportunities for young students of Virginia's foremost children's theatre program.

Next fall, the Chrysler Museum's new \$7.5 million Glass Studio opens, and thanks again to the generosity of Jane Batten, the Chrysler's art collection was enhanced by her donation of nine important paintings by American artists. Together, these are a major step forward for the Chrysler.

Norfolk supports the arts because they enrich the community and because it's good business. The arts contribute to our quality of life, and they attract visitors and businesses to the City. Indeed, over the past year, the arts have drawn an audience of well over a half a million people. Norfolk is the cultural capital of the Commonwealth.

The graph now displayed on the monitors compares educational attainment with unemployment rates for the City of Norfolk. It depicts how important an education is to leading a productive life. You see the unemployment rate for Norfolk residents without a high school diploma exceeds 16%. The rate for those with a college degree is just over 3%. These rates parallel national figures compiled by the Bureau of Labor Statistics.

The message is clear. More of our students need to graduate from high school – to graduate on time – and to go on to college or another form of higher education. The benefit to individuals is obvious. But higher graduation rates will also benefit the city by improving our ability to grow and attract new businesses, and to provide more and better paying jobs. It would make us a more desirable place to live, and contribute to a lower crime rate. So it really is no exaggeration to say much of the city's future rests on the success of our public school system.

Our teachers, our principals and administrators are dedicated professionals who provide students with an education equal to the best anywhere. An outstanding example of the quality of leadership in our school system is Norview High School principal Marge Stealy. Marge was selected as Virginia's High School Principal of the Year for 2010, and was runner up for the national award. Appointed principal in 1992, her insistence on academic rigor has resulted in higher achievement scores and greater numbers of Norview seniors entering college.

Marge is with us today and I would ask her to stand as we congratulate her on this achievement.

Also with us today is the State AAA Champion girl's basketball team from Lake Taylor High School. The Lady Titans are the only Norfolk girl's basketball team ever to win the state championship. The team is accompanied by Lake Taylor principal Cliff Harrison, Athletic Director Bobby Pannenbacker and Coach Sandra Sawyer – all of you please stand and be acknowledged.

A new team is also in place at Norfolk Public Schools led by School Board chair Reverend Dr. Kirk Houston, vice chair Karen Squires and Superintendent Rick Bentley. Dr. Bentley was appointed last August to lead our school system. He comes to us from El Paso, Texas with 30 years of public education experience, so please join me in welcoming him to Norfolk.

We are confident that by working together, the board and school administration will lower the drop out rate, increase on-time graduation rates and achieve full State accreditation for all our schools.

In keeping with education being a top priority, Norfolk invests \$11,034 on each pupil's education. . . . which exceeds the region's average. Even in a tough economy and with further State budget cuts, the council acknowledges the need to address aging facilities. Funding was included in this year's capital improvement budget that will allow us to push our building program forward. Last month's groundbreaking for a new Crossroads Elementary allows us to look forward to replacing that aging, outdated facility.

Our colleges and universities are a vital part of Norfolk's educational system and economy, and they continue to make important contributions in both areas.

Norfolk State University's campus will gain two buildings later this year when construction is completed on a student center and the Lyman Beecher Brooks Library. In September, the university hosted the Commonwealth's second major signature conference on the 150th anniversary of the Civil War, and brought many of the nation's top historians to the City.

Across town, Old Dominion University continues to grow, and recent estimates are that it exerts a \$1 billion economic impact in Hampton Roads. ODU's long term goal is to become an economic development leader for the region through research, and building on such assets as its Modeling and Simulation Center and Innovation Research Park.

ODU recently reached a milestone when a national research foundation reclassified the school as primarily residential on the strength of 3000 units of student housing added since 2005. This includes The District, an apartment complex housing nearly 1000 students. Owned by ODU's Real Estate Foundation, this \$53 million development generates nearly \$600,000 in tax revenue for the City.

Construction on Eastern Virginia Medical School's new \$80 million education and research building remains on track for an August completion. It will provide much needed research space and allow the school's M.D. class to grow 30% and physician's assistants class by 60%. This should help bridge a projected physician-patient gap.

More good news came when the Governor announced he will seek a State budget amendment to increase the medical school's budget by \$5 million starting next fiscal year. This will enable the school to hire additional faculty and researchers to serve a growing student body, and positively impact both our health care and our economy.

Under the leadership of its president, Dr. Billy Greer, Virginia Wesleyan College is known for academic excellence, and last year *The Princeton Review* named it one of the best colleges in the Southeast. Additionally, the college's chemistry program was one of 10 programs worldwide to receive Hewlett-Packard's Innovators Award. This year Virginia Wesleyan celebrates its 50th anniversary, so congratulations to Dr. Greer and to

everyone in the community who have helped build it into an outstanding institution of higher learning.

Now in the fifth year of our 10 year plan to end homelessness, we continue to make progress. Even in a time of economic turbulence and shrinking resources, homelessness declined in Norfolk by 4%, and we prevented or ended homelessness for 781 persons. Still, on any given night more than 500 persons experience homelessness in our city, so there's a lot of work left to do.

The well-being of our children is especially important, and there is a constant need for foster care families. One of our most endearing foster families – Mr. Cordell Dickerson and his wife, Pattie Porter - embarked on a journey of a lifetime when they opened their home and hearts to five siblings ranging in age from 4 to 10 years old. Last March, they completed the final steps necessary to adopt all 5 children. Pattie, Cordell and their children are here today, and I would ask them stand as we recognize their enormous gesture of love and compassion.

We are fortunate to have citizens concerned with the welfare of our children, and no better example of that can be found than Betty Wade Coyle. Betty Wade has dedicated her life to the well-being, growth and development of children. Last month, Betty Wade received the National Child Labor Committee's Lewis Hine Award – a national award recognizing a lifetime of exceptional work done to improve the lives of young people. Betty Wade is here and I would ask you to join me in congratulating her on this well-deserved award.

Another champion for children is Children's Hospital of the King's Daughters. Its commitment to innovative treatment and excellent care for young patients has made it a national leader and the top center in the world for correction of pediatric chest wall deformities. Children's Hospital has touched the lives of countless families here in Norfolk and beyond, and this year marks its 50th anniversary, so please join me in congratulating Children's Hospital on this milestone.

Norfolk's police and fire rescue departments are among the best in the country. We are proud of their consistently excellent performance, and on behalf of our citizens I acknowledge and thank them for all they do.

I am pleased to report violent crime dropped 14% in 2010. This follows a 14% decline in 2009. In other words, over the past two years, violent crime has dropped approximately 26%. These are significant accomplishments, especially considering statistics predict the opposite in a down economy. The police department is doing more with less, especially considering last year's budget cuts, and deserves our gratitude for a job well done.

Our commitment to public safety also includes facilities, and in just a few months, we'll cut the ribbon on a new Second Patrol Division in Central Business Park. The City has also signed a memorandum of understanding with Old Dominion University to

explore a joint police operations center for the Third Patrol Division. We are also exploring options for eventually establishing a patrol office on the Southside.

The City's neighborhood revitalization efforts continue to receive widespread recognition. *Coastal Living* magazine again selected an East Beach home as its 2011 Coastal Living Idea Home and, for the second time, East Beach hosted the Tidewater Builders Association's Homearama. Over 75,000 people visited 11 featured homes, and I am pleased to say all have sold and closed for an aggregate price of \$6 million. East Beach home sales outpaced 2009 sales by nearly 25%.

Next month, NRHA will launch another phase in the Broad Creek revitalization with demolition of the Moton Circle apartment complex. This is a \$44 million project funded by HUD that will bring a mixed-income, sustainable community to an area of the city that has already seen nearly \$300 million invested there.

I'm also pleased to report good progress is being made in raising private sector funds for the Salvation Army's Kroc Center, a recreation and education facility to be built in the Broad Creek area. The Kroc Center has the potential to transform this important part of our city. An architect has been selected and construction is scheduled to begin late this year.

In Wards Corner, our development department continues in active discussions with major property owners in the heart of the business district. Subject to an improvement in the retail sector, new development opportunities are expected to be identified later this year. City council is mindful that more needs to be done in Wards Corner. We know and share the frustration with the pace of activity. There is great potential in Wards Corner, and we are determined to see the effort through to completion.

Whether it's climate change or the health of the Chesapeake Bay, hardly a day passes without a media story on the environment. And for good reason.

The City of Norfolk is committed to doing its part to lessen the impact of its operations on the environment. In just the past year we've joined with the Lafayette Wetlands Partnership and ODU to complete three wetlands restoration projects. Four neighborhood projects were completed to eradicate invasive weeds along City-owned shoreline, including a site at Lakewood Park, where last Spring we launched a new environmental initiative called Celebrate Trees – a program designed to increase the city's tree canopy. It was awarded a River Star designation by the Elizabeth River Project for voluntary environmental stewardship.

Outdoor recreational opportunities are increasingly popular – particularly with young people. Biking, walking and jogging facilities are a priority need, and we are looking at ways to increase outdoor recreational opportunities, especially extending the Elizabeth River Trail all the way to the Naval Base.

We added two major recreation facilities this year - the Lamberts Point Community Center and the Northside Skate Park. Both have been big successes. This spring we'll break ground on an aquatics center for the Southside, and plans are underway to build a new gym at Ingleside. Also in the works is an expansion of the Therapeutic Recreation Center.

And on April 2, we will celebrate the grand opening of the Virginia Zoo's Asia "Trail of the Tiger" expansion. With eight new animal exhibits that include orangutans and Malaysian tigers, "Asia" will double the Zoo's large animal population and place the Zoo at the forefront of America's best zoos.

Before I conclude I want to return to the important issue of transportation and why an adequate system is so important to Norfolk's economy and future.

First – some background. As the red line on this graph demonstrates, in 2003 the total assessed property value in the city was \$9,357,000,000. Today it is nearly \$20 billion. It has more than doubled in seven years - quite an accomplishment – especially so when you consider the recession and understand much of the added value came through redevelopment.

This allowed us to drop the real estate property tax rate from \$1.40 to \$1.11 – that's the blue line. Since 2005, no other city in Hampton Roads has provided more tax relief than Norfolk. This is making a difference in people's lives. We work hard to expand the economy and tax base so we can relieve the tax burden on our citizens and businesses. But without an adequate transportation system, our accomplishments are at risk.

Also consider this – at last count there are approximately 223,500 jobs in the city – military and civilian. But more than 111,000 of those jobs are filled by commuters who drive into Norfolk from all across the region and then return home at the end of the work day. . . half of the work force. Thousands more drive to our universities, schools and civic attractions. They all add tremendously to our economy.

Over 82% of Hampton Roads residents drive alone to work, up from nearly 73% in 1990 – many of them bound for Norfolk. As a result, out of 35 comparable metropolitan regions across the country our peak hour travel time is fourth worst – at the busiest hour of the week it is second worst.

Because of this congestion, commuters are finding it increasingly difficult to get to work or class on time. For some it has become a craps shoot.

Here is the issue - if we allow this trend to continue, if people can't get to their jobs, the jobs will go to the people somewhere outside of Norfolk at a devastating economic impact to this community.

This problem is compounded by the fact that Norfolk is the most infrastructure dependent city in the Commonwealth, with tunnels and bridges being our main gateways.

This is why we must concentrate so much on road and rail improvements. It is slow in coming, but our efforts are beginning to show the promise of success.

The mid-town tunnel expansion could be underway within 12 months.

The region is coming together behind the Patriots Crossing, which will relieve congestion across the region and do wonders for Norfolk, the port and the Navy.

A 7.4 mile light rail transit system, which is predicted to carry thousands of riders a day, will begin running in a matter of months. With this system we hope to move a portion of these “drive alone” commuters out of their cars and into our city thereby easing congestion and travel time.

The region has unanimously endorsed the Southside corridor for high-speed rail. Inter-city rail linking Norfolk with Richmond, Washington and localities north to Boston should be operable in less than three years. Both of these systems will operate out of downtown Norfolk.

We are setting the transportation table for a more prosperous future for our families and children.

All of this is not only possible, but probable if we work together towards this goal. It will require significant investments by the Commonwealth together with reasonable user fees.

Over the past several days, both the House Appropriations Committee and the Senate Finance Committee approved the Governor’s \$4 billion dollar transportation plan. Even though it involves massive borrowing, I believe it is time to move forward and come together behind this plan.

The truth is, Norfolk and Hampton Roads are starved for transportation dollars. Our economy cannot wait for the perfect plan. This effort may not meet long term needs, but it does address our immediate transportation needs. It is time to work with the Governor in a bi-partisan manner to improve and then pass his transportation plan. We need action now, in this session.

Now a high note.

Just last evening, the Census Bureau announced that the population of our city has grown by 8400 folks - to 242,803 citizens. A 3.6% increase.

This is wonderful news. It reverses a four decade long population decline. It confirms the correctness of many of our housing and economic development strategies.

And it validates the hard work and commitment of so many people in this room. It says so much about us.

This new population count allows us to access additional federal funds for economic development, transportation and social services and should strengthen our position with credit agencies.

Finally, this will be the toughest Norfolk city budget in anyone's memory. Cities feel the impact of a recession long after a recovery has begun. We ask for your understanding as we begin the difficult process of adopting a budget.

Public services will be reduced, and because cuts were so deep the last two budgets, the next wave of cuts will be the hardest yet. But we are committed to bringing forth a budget that will be fair, and move our important priorities forward - a budget that serves not just the next 12 months, but the next generation.

These are times that require leadership at all levels – business, government and citizens alike. These are times that call for collaboration, creativity and courage – locally and regionally - in responding to the challenges discussed today. And these are times that call for compassion and care as difficult decisions are made that affect people's lives and incomes.

Our city has a long tradition of strong and visionary leadership. We also have a long tradition of excellent, hard-working city employees. . . over 4600 permanent and non-permanent staff. It is my honor to work alongside them every day, and the Council is very proud of the job they do.

Our economy is on the rebound. Our population is growing. Crime continues a downward trend. New and existing neighborhoods are benefitting from long term investments. While some areas have proven more stubborn than others, we are committed to their renewal.

Truly, we have much to be thankful for. This should inspire us to look to the future with confidence that we are moving forward together in a direction that enjoys broad and deep support, and causes me to say that the state of our city is still sound. The city council joins me in thanking each of you for your enthusiasm and love for our city. Your energy and your contributions to the community make it a privilege to serve you.

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

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