



OFFICE OF MAYOR VIRG BERNERO
124 W. MICHIGAN AVENUE – NINTH FLOOR
LANSING, MI 48933

Mayor Virg Bernero's

2016 State of the City Address

Niowave ION Facility

March 22, 2016

“Accelerate Lansing!”

Welcome and thank you for joining me tonight for my eleventh State of the City Address.

Before we go any further, let us remember our brothers and sisters in Brussels, who perished as a result of another senseless act of terrorism. Our hearts and prayers go out to the victims and their families.

With a decade working as your mayor now in the rear view mirror, I remain deeply grateful to the people of Lansing for the privilege of serving and leading this amazing city.

Even more, I'm grateful for the love and support of my family: Lansing's First Lady and my only -- Teri. One of our beautiful and brilliant daughters, Virginia, is here, and though Kelly couldn't join us, I'm delighted to have my father here, Giulio, who will celebrate his 91st birthday in May.

I am blessed, indeed.

I am grateful, too, for the absolute privilege of living in Lansing. This is an extraordinary community in so many ways: our creativity and innovation, our indomitable spirit, and our amazing diversity.

I wouldn't trade places with any mayor in America.

I'm grateful for a tremendous team at City Hall and a city workforce that is second-to-none. Our employees work hard and care deeply about providing the best possible public services to the citizens of Lansing. Please join me in thanking them.

I want to say a special thanks to our hosts tonight.

Dr. Terry Grimm, Jerry Hollister, Mark Sinila and the entire Niowave team, thank you for having us here tonight. Thank you for believing in and investing in Lansing, for delivering world class innovation, and for helping us build a strong foundation for the future of metro Lansing. More on Niowave later.

My friends, we've been together for 10 years, and it's a good time to look back, to see how far we have come, and to look forward, to see where we want to go -- and how we will get there.

First, a snapshot of where we are right now.

As we begin 2016, the state of our city is strong and getting stronger. We've come a long way together over the past decade, despite facing the most challenging economic times in a generation.

Are we better off today than we were 10 -- and even twenty years ago? In countless ways, the answer is a resounding yes.

- Employment is at its highest level since 2007.
- GDP is up -- growing 3.6% over the previous year.
- Foreclosure filings are down -- 41% year-over-year, and the median sale price of homes is up 11%.
- We have reversed the 40-year trend of population losses and turned them into gains for three years running. And that trend is accelerating.

You couldn't tell from the media coverage, but Lansing has become a safer city.

According to the FBI's Uniform Crime Reports, over the last twenty years, violent crime is down 21% and property crime is down a whopping 59%. The fact is Lansing residents are safer, and credit for that goes to the men and women of our police department, who work hard every day to keep us safe. Please join me in thanking them, and all of our first responders, for their good and brave work.

I also thank our Neighborhood, Business and School Watch leaders, and the dedicated, caring citizens across this city who partner with our police department every day to keep our residents, neighborhoods and commercial corridors safe.

We'll have a chance to thank our first responders again in November when Lansing voters will be asked to renew our special millage for police, fire and roads.

Some of the millage proceeds are dedicated to fixing roads, and let me say this about that.

I'm disappointed in the Legislature's road funding solution. It's a half-measure that delivers minimal funding to local communities in the first few years. We will have about \$4 million more this year, and don't get me wrong -- we'll put it to good use patching up some of the worst stretches of streets and sidewalks.

But it's nowhere near enough to get the job done. City engineers estimate it will cost more than \$150 million to fix city streets. The state's failure to come up with a real, long-term solution means we will be living with potholes, and expensive car repairs, for years yet to come.

And let's not forget the broken promise of state revenue sharing. Over the past decade, revenue sharing cuts have cost our city over \$80 million. That just so happens to be the same amount we were forced to cut from the city budget over the last decade, thanks to the Great Recession.

It is a testament to the difficult decisions we made along the way, through the toughest of times, to create a leaner, more efficient organization, that city finances are now back on solid ground.

Our expenses no longer systematically exceed our revenues, and that means we've effectively eliminated Lansing's structural deficit. Next week, my administration's track record of prudent fiscal management will continue: I will announce my third straight city budget that begins with a surplus rather than a deficit.

My proposed budget will reflect three key priorities:

Delivering and improving core city services -- especially public safety -- that are vital to our quality of life;

Making strategic investments that move Lansing forward; and

Protecting against future economic downturns by growing our rainy day fund.

At the end of our last fiscal year, we added more than 2 million dollars to city reserves. We'll add even more at the end of this budget year.

We're also intensely focused on tackling our long-term obligations for pensions and retiree health care. We've made major progress at the bargaining table to reduce our unfunded liabilities, saving taxpayers more than \$200 million.

Now, with matching funds from the Michigan Department of Treasury and guidance from my Financial Health Team, led by former Mayor David Hollister, we are moving forward to find long-term solutions to the legacy cost challenges that plague so many American cities.

Let me take a moment to recognize and thank former Mayor Hollister for helping Lansing stay on firm financial footing, when he might be on a beach somewhere reading a good book. Thank you, Mayor Hollister -- a true public servant!

The over-arching goal is to keep the promises made to retirees in a way that today's taxpayers can afford. A healthy retirement system is in the best interest of all of our employees and retirees.

One thing we know helps our legacy costs and our quality of life is growing the economic foundation that creates jobs and generates new tax revenues to support city services. That's why I will continue to keep my foot on the accelerator to attract new investment and new jobs to our city.

Our hosts here at Niowave are a prime example.

Between these four rather spartan walls is some of the most advanced nuclear technology on the planet. Combined with Michigan State's F-RIB accelerator, this is the core, the nucleus, of a growing accelerator INDUSTRY -- a cluster of public and private enterprises with a high-wage workforce, whose employees will live in neighborhoods across metro Lansing.

Accelerating Lansing, indeed!

My friends, this didn't happen by accident. It happened purposefully and strategically. It wouldn't have happened at all, but for the ingenuity and belief of Terry Grimm.

And, it wouldn't have happened without the power of the economic incentives that allowed Niowave, in their early years, to transform an empty, dilapidated neighborhood school into a state-of-the-art nuclear physics lab, creating dozens of good-paying jobs right here in Lansing.

Incentives also played a critical role in launching Niowave's \$80 million expansion here at Lansing's international airport.

The other vital ingredient in this success story was regional cooperation. Niowave's expansion was built on the foundation of a groundbreaking collaboration between Lansing and DeWitt Township. Together, we forged a tax-sharing agreement that would help both jurisdictions, while creating and sustaining an environment where innovation and entrepreneurship can thrive.

DeWitt Township Supervisor Rick Galardi was unable to join us tonight, but I want to thank him for his leadership.

Together, we also partnered with the state to establish a "Next Michigan Development Zone" that could offer incentives for redevelopment. We partnered with the airport to establish Port Lansing, and a US Customs station, so companies like Niowave could export their products quickly to the nation and the world.

The results are nothing less than spectacular. Don't you agree?

Regional cooperation could also lift the prospects for new investment and new jobs on the old GM plant sites, now owned by the RACER Trust, and on the former Waverly golf course. I continue to believe the RACER property has enormous potential for redevelopment, and I believe Bob Trezise will find a way to make something great happen on that site.

And I'm very pleased to welcome new Lansing Township Supervisor Diontrae Hayes, who is with us tonight. Like me, she is ready to forge a new spirit of collaboration between our communities that leads to mutual benefits for all metro Lansing residents.

Niowave is a great success story, but I've got even more good news to share on the economic front.

In 2015 we broke the \$2 billion mark in new private investment over the last decade.

This is proof positive that metro Lansing is fast becoming a national and even global destination for new, job-creating investments. I am pleased my administration could play a vital role, with the able assistance of Bob Trezise and his talented band of LEAPsters, and every dollar of it was made possible through the power of economic incentives.

So the next time you hear someone oppose the incentives that attract new investment and create jobs by BUILDING THINGS, tell them about our hometown car company, General Motors.

In case you haven't heard, GM and the new, Lansing-built Motor Trend Car of the Year -- the 2016 Chevy Camaro -- are blowing away the competition. GM has invested a billion dollars in Lansing over the past decade and we are deeply grateful for their long-standing partnership with the City of Lansing. Thanks GM, for all you do.

Jackson National Life is growing like gangbusters, thanks to yet another regional partnership between Lansing and Alaiedon Township. Jackson's \$100 million investment and hundreds of new jobs could have gone to Tennessee. Instead, they are right here in Lansing.

And let me tell you, Jackson gives back. Last year they invested \$600,000 to build a new Teen Zone for the Boys and Girls Club of Lansing. One of many great corporate citizens who generously invest in Lansing's human capital! John Brown and the entire Jackson team, thanks for all you do.

Progress on the Red Cedar Renaissance is accelerating and this transformational project is finally ready for liftoff, in partnership with Joel Ferguson, Frank Kass and Drain Commissioner Pat Lindemann. The project partners are bringing more than \$200 million in private and public investment, two hotels, 126 multifamily units, and over 300 units for MSU students.

The icing on the cake is Pat's stormwater improvements that will transform the landscape of Red Cedar and Ranney Parks, while protecting our rivers from toxic runoff. Joel and Pat, thanks for being with us tonight and for helping us accelerate Lansing's progress.

SkyVue is rising on Michigan Avenue, thanks to RISE, our partners from Atlanta, Georgia. Why is RISE investing nearly \$100 million in Lansing? Because we are a national and global target for new investment.

Sparrow's new facilities are also rising on Michigan Avenue, accelerating the redevelopment of one of our key corridors while expanding their capacity as a world-class healthcare organization.

Michigan Avenue - our Miracle Mile - is coming to life right before our eyes!

Pat Gillespie keeps hitting home runs, with construction of the The Outfield at Cooley Stadium, the successful launch of the Lansing Brewing Company, and of course the invention of a delicious, new microbrew called Angry Mayor IPA. I'm told it has a bold flavor, with just a hint of bitterness. Pat, thanks for all you do.

Pat's brother, Scott Gillespie, is breathing new life into the East Side, with his East Town Flats project in the 2000 block of Michigan Avenue, and Kris Elliott is partnering with Arcadia Brewing Company to open a brewpub and restaurant right across the street. Look out, Grand Rapids, the craft beer industry is accelerating in Lansing!

And our friends at Hope Sports Complex are accelerating metro Lansing's sports economy with some incredibly exciting new developments on the South Side. I recently joined Chill Soccer owner Julie Mullin to announce that a new Women's Premier Soccer League team will soon call Hope their home field. Michigan Chill SC will attract national, international and top collegiate players and competition, right here in Lansing.

With the Lansing United men's team in East Lansing, and with the our new crowd-sourced, Beacon Field soccer facility, we're creating even more enthusiasm -- not to mention a talent pipeline -- for one of the most popular sports in America and the world.

We're accelerating small business incubation and entrepreneurship at The Runway, our fashion industry incubator, through a new partnership with LCC. And we're partnering with LEAP to develop strategies that will help accelerate new investment and new jobs on Lansing's South side.

We are hitting on all cylinders here in Lansing, and it's something we should all be proud of.

As we look forward into the next decade, we have to keep growing metro Lansing -- adding people, creating jobs, attracting new investment. To grow is to thrive. We have to keep adapting to the new technologies that are becoming part of everything we do in our daily lives, how we communicate and how we work. We have to accelerate progress on regional cooperation, especially regional fire services. It will save money and save lives.

And we must get everyone rowing in the same direction on truly regionalizing the River Trail. We need a comprehensive and robust county plan that focuses residents' new millage money on major maintenance, connectivity and public safety, rather than bureaucracy and divisive competition.

When it comes to the River Trail, the whole is greater than the sum of its parts and the Trail is only as good as its weakest link. We are all in it together, so we cannot accept a plan that pits one community against another.

Every time voters have been asked, they said YES to regionalism -- for Potter Park Zoo, at the start of my Administration, and most recently for a regional network of trails. It is the politicians, not the people, who get in the way. I want to thank County Commission Chair Kara Hope, who had to be at her meeting tonight, for her strong leadership on a truly regional trails plan that will stand the test of time.

The River Trail is part of creating a healthier community, and each one of us can take steps to lead a healthier lifestyle. Last year, in partnership with Lettuce Live Well, I launched the Lansing Loses A Million campaign, and in one year's time we have made incredible progress.

More than 2,100 members have collectively lost over 11,000 pounds and logged more than 412,000 miles of healthy activity. That's 16 times around the world! I'm working on it myself, and you can join me at lansing-loses-a-million-dot-com to get started on your own healthy lifestyle.

Here at the city, we also have to think long-term about the facilities that house our city government, and here, too, there are opportunities for regional collaboration.

In last year's State of the City, I said it's time to make some big decisions, 50-year decisions. City Hall is now more than 50 years old. If we want to keep the building as the home of our city government, it will cost 50 to 60 million dollars or more to bring it up to modern standards.

I have a better idea. Working with our terrific partners at Lake Trust Credit Union, we have a plan to reuse their former headquarters on South Capitol as the new City Hall, at about half the cost of fixing the old complex. The new City Hall would be a refurbished model, a lightly-worn but perfectly useable building in a location that's much more accessible to our customers -- the citizens of Lansing.

We would sell the existing City Hall site -- a VERY marketable location with vast potential for reuse. Located directly across from the State Capitol, it's one of the most desirable parcels in the city. The proceeds from the sale can be put toward the construction costs.

The new City Hall will also be the linchpin -- the anchor presence -- that will spark the redevelopment of an entire city block at a key location between the downtown core and REO Town. The commercial redevelopment of the block will be led by Lake Trust, and it will include a Lake Trust branch office that will continue to serve the needs of Lansing customers for years to come.

I'm pleased that Brian McVeigh, Senior Vice President of Lake Trust, is with us tonight. Brian, thank you for your partnership in creating a new vision and a new future for the Lake Trust block.

We are also moving ahead on planning for the future facilities of our police department, courts and detention center. LPD is currently housed at the Hill Center in a temporary arrangement.

There is enormous potential for a regional partnership between Ingham County, the City of Lansing and maybe even the Michigan State Police to create a Regional Justice Center that could include police, courts and detention. It makes so much sense that it probably won't happen, but I say we should muster the political will and break down the siloes to get it done right for our mutual customers.

I also want to talk about the future of our hometown power company, the Lansing Board of Water and Light. I am so proud of General Manager Dick Peffley and the entire BWL team for turning things around and making smart moves to secure clean, reliable and affordable energy for metro Lansing.

BWL is accelerating progress on numerous fronts, expanding their portfolio of renewable energy to include a new 20-megawatt solar array in Delta Township, which will generate enough to power 3,500 homes. The Board's "Lansing Energy Tomorrow" plan will help secure reliable, affordable power for decades to come.

A critical component of that plan is the new, 26 million dollar Central Substation. Building this substation is vital to decommissioning the coal-fired Eckert Power Plant. It must be built, and the selected site at the entrance to REO Town is the optimal location. I fully support moving the house at Scott Park to a different location and allowing qualified private investors to renovate it if they wish.

One more thing about the BWL. I want to say thank you for working with me to replace nearly all of the lead pipes in Lansing over the past decade. And thank you for helping our sister city, Flint, to do the same, as they try to recover from one of the worst environmental and public health disasters in Michigan history.

When I refer to Flint as our sister city, I mean it, and tonight we're going to make it official. For the first time in the history of our Sister Cities program, we are going to declare a Michigan city as one of our Sister Cities. The agreement formalizes a new partnership that will involve a number of organizations and individuals, including those in education, business, health care, the arts and other endeavors.

I'm so pleased that Mayor Karen Weaver and Council President Kerry Nelson are with us tonight. Karen inherited this mess and she's worked tirelessly every hour of every day to fix it. She has been an amazing leader for Flint.

We are also joined by Barbara Roberts Mason, chair of the Lansing Regional Sister Cities Commission; Dr. Yvonne Camaal Canul, Superintendent of the Lansing School District; Stella Cash, Senior Vice President at Sparrow Health System; and Tim Daman, CEO of the Lansing Regional Chamber. Will all of you please join me here at the podium to sign this historic agreement?

Here at home, we will also accelerate our efforts to get the lead out of Lansing. With the lead pipes nearly gone, now we can focus on the lead paint that continues to threaten the health of children who live in older homes across the city.

My budget will call for new city funding to test for lead paint in high-risk homes across the city. Then we will work together with our partners at the Ingham County Health Department to leverage state and federal resources to remediate the lead paint, one house at a time.

I want to commend Fourth Ward Council member and Vice President Jessica Yorke for her passion and diligence on this issue. Let's keep working together to get the lead out for Lansing kids.

Over the last year the Administration and Council have both worked to improve housing quality, strengthen code compliance, address landlord-tenant issues, and put a stop to abusive land contracts. Our most challenging issues are in the city's rental housing stock. Ensuring safe living conditions for all of our residents is paramount.

Yet tenants are often hesitant to report problems for fear of retaliation or eviction. While there are many responsible landlords in Lansing, there are too many absentee landlords who simply don't care about their tenant's living conditions.

Our code compliance officers have a major job to do inspecting thousands of properties each year. Yet they spend an inordinate amount of time acting as housing counselors. They encounter some of the most abusive situations you can imagine, including unethical landlords who take advantage of people with predatory land contracts for often substandard housing.

We're going to work together to change that. The budget I propose next week will include a new Lansing Housing Ombudsman so our code officers can focus on their jobs, while the Ombudsman helps address housing issues and advocates for those least able to stand up for themselves.

Tonight I also call on Lansing's legislative delegation to amend state law to allow cities to register and inspect properties that are under land contract, the same way we do for rental properties. It is a loophole that MUST be closed.

The start of a new decade is also a good time to take stock of our neighborhoods and make sure we are focused on and delivering the highest possible quality of life to our residents. To accomplish that goal, I am launching a new neighborhood initiative called Block by Block -- or B3.

Working directly with our residents, we will take stock of each neighborhood's assets and opportunities, as well as its challenges. Then we will collaboratively design a plan, whether it is focused on housing, walking and biking, crime prevention, beautification or other revitalization strategies. Together, we will create a tailor-made plan for every neighborhood in Lansing.

This effort will complement the great work we are already doing to fight blight through our partnership with the Ingham County Land Bank. Together we have leveraged more than 30 million dollars in federal funds to demolish properties that can't be saved, rehab those that can, and transform empty lots into neighborhood assets like community gardens.

Our new neighborhood coordinator and Americorps Vistas are doing remarkable work to build new partnerships across the city's neighborhoods and they will lead the way on B3.

We must also keep investing in our human capital, empowering people to succeed. When it comes to helping people succeed, few new initiatives have done more to help low-income citizens climb the economic ladder UP than our Financial Empowerment Center.

Amber Paxton and her team are accelerating Lansing's progress every day by helping people learn how to manage their finances and find new economic opportunities right here in our community. She persuaded the State of Michigan that financial empowerment works so well it needs to be replicated in other cities around the state, and there is 5.8 million dollars in the proposed state budget to do just that.

Success begets success, and the success of our Financial Empowerment Center has earned our support. That's why we will strengthen our commitment to financial empowerment in my FY17 budget.

We will also continue to invest in technology that makes city government more efficient, more cost-effective and more customer-focused. Under Lansing 3.0, we have already implemented new technology that streamlines business processes and improves customer service. Soon we will launch a new Lansing App so you can connect with your city government with just a tap on your smartphone.

We're going paperless at City Hall -- with electronic document routing for contracts -- and we're going wireless, with new tablets for our field crews to help them work more efficiently. Soon we will launch a new city website that will be even more accessible and convenient for our customers. Lansing 3.0 is alive and well, and you can find it at lansing-M-I-dot-gov.

We are also continuously improving the tools and technology our first responders need to do their job. Last year I promised that we would equip all of our police officers with a body-worn camera and they are finally here. Chief Yankowski will soon deploy them in the field to keep our citizens and officers even safer.

But technology is just part of the equation. We also need people. Good people who want to be police officers. We especially need young men and women of color so our police force continues to reflect the rich diversity of the community they serve. LPD enjoys strong support across our community and it is a great place to launch a career in law enforcement. If you are interested, please call our Human Resources Department at 483-4004.

A strong city also needs strong schools. It's a competitive world and our kids deserve to have the best we can give them. We want young people who graduate career -- or college-ready -- to live and work here in Lansing. It's the foundation of a great community.

That's why I am so excited about the Lansing Pathway Promise -- an educational roadmap for our kids in the Lansing School District that provides them with a path to career and college readiness and links them to the thriving business community in our city. And, at the end of this pathway, is the Promise Scholarship. No one else in metro Lansing has this benefit for their students.

The Lansing School District has the lowest school millage rate in Ingham County. It's time now to invest in our young people by voting YES for the Pathway Promise bond election on May 3.

Let's get out there and vote in support of our kids in Lansing -- they deserve the investment!

Creating a capital city that works for future generations -- our children and their children -- is the great moral imperative of our time. It drives me every day as mayor. And I promise you I will keep my foot on the accelerator every hour of every day to keep pushing Lansing forward -- leaving no one behind.

We will leave our children and grandchildren a strong and sustainable city that they will be proud to call home. A city that one day will be called one of the great Midwestern capital cities!

I'm deeply proud to call Lansing my home, and I know you are, too. Every time we raise the bar, Lansing residents rise to the occasion. So I invite you to once again join me in dreaming BIG dreams for Lansing.

If we dare dream it, we really can achieve it.

Thank you. I love you, Lansing. God bless you and good night.

###