

Thank you for that warm welcome. It is truly an honor to join you this morning to present my "Business State of the City" to the Irvine Chamber of Commerce and guests.

I am pleased to be joined by a number of our civic leaders. Please join me in recognizing my City Council colleagues, Mayor Pro Tem Larry Agran, Councilwoman Christina Shea, Councilmember Steven Choi and Councilmember Beth Krom.

I would also ask our City Manager, Sean Joyce, our Chief of Police, Dave Maggard, and our Assistant City Managers, Sharon Landers and Wally Kreuzten; as well as the CEO of the Orange County Great Park Corporation, Mike Ellzey; and Directors and staff in attendance to please stand and be recognized.

This is also a time to extend the City of Irvine's as well as my personal thank you to Jacquie Warren, who is retiring after 25 years of distinguished service to the Irvine Chamber of Commerce. Through her dedication and leadership, she has helped define a vibrant business community with 1,000 member companies representing 63,000 employees in Irvine. What a great accomplishment. Would you please join me in thanking Jacquie for her outstanding contributions to our community?

I am delighted to welcome the Chamber's new President and CEO, Tallia Hart. Tallia comes to the Irvine Chamber from San Rafael, where she has been President and CEO of the San Rafael Chamber of Commerce since July 2005. Welcome aboard Tallia; we are looking forward to continuing the relationship in the years to come.

I come before you today as a Mayor who has extensive business experience and who strongly believes that economic vitality is the core value of the City's success. Irvine's success story is reflected in our neighborhood villages, our parks and open space, our exceptional educational resources, and our diverse and integrated culture of almost 215,000 residents. What we recognize at City Hall is that the strength of our business community provides the economic engine that keeps our City moving forward.

Let me start with what the City of Irvine is doing, and then talk about what we must do as partners during these challenging times.

And we are well aware that this is the most difficult economic time in our City's history. Many people out there are struggling – I am guessing some in this room included.

The Irvine City Council has planned carefully over the past several years so we can weather this recession while ensuring that all essential services remain in place. I firmly believe that a strong City creates the structure and confidence for a

stronger business climate. By providing the tools for economic competitiveness that Irvine is known for – infrastructure, workforce housing, support for our public schools, environmental stewardship, and public safety – we help drive economic development.

And we have seen new jobs created in recent months as well.

For example, when the FDIC selected one of The Irvine Company's new office towers in the Spectrum as a regional base of operations, 600 new jobs came to our City. Hyundai Motor America will move into three floors of new office space today in the IBC. 120 of its executives, HR, planning and business sector groups are ready to experience the value of doing business in Irvine. In August 2010, Hoag Hospital Irvine will open with between 800 and 1,000 employees. And just a few blocks from the Irvine Civic Center, Diamond Jamboree, a restaurant and retail center with a strong Asian and international presence, has quickly blossomed into a thriving business destination drawing customers from throughout Irvine...and beyond.

So, business attraction and business retention are keys to our long-term success.

What do we have, right now, that defines Irvine? We have the brainpower to hire the talented worker; we have the school system to prepare that workforce; we have, with UC Irvine, one of America's great public universities.

Irvine remains a uniquely compelling model for collaboration that brings together the best of business, education and government to create a setting for our mutual success. We can attract, we can train, we can retain.

We set high standards.

The foundation of funding Irvine's many important and successful activities/ is built upon/ three major revenue sources.

Projections for fiscal year 2009-2010 show that 69% of general fund revenues will be generated from sales tax, property tax, and hotel tax. Sales tax brings in \$49 million a year; property tax is more than \$43 million; and hotel tax is nearly \$9 million.

This is why one of our many partnerships with the Chamber of Commerce – the annual Shop Irvine effort – is so critical to us. Through this program, we encourage residents and visitors to shop and dine at one of the nearly 50 shopping centers located in Irvine. Their decisions support our businesses, they benefit as consumers, and they pay for the vital services that make us strong.

That is why new residential and commercial development is so important to us. Property tax has proven to be one of the City's more stable revenue sources: Irvine is perfectly located within the center of a dynamic Orange County.

That is why we turn to the Chamber in our partnership to attract and retain businesses, because our hotel tax is highly dependent on business travel. Businesspeople come here for a purpose, and we need to continue giving them that reason.

And that is why our partnership with the Chamber is so important in our securing the livable community that I have described and that you know.

We must continue to strongly encourage businesses to locate here, and provide affordable workforce housing through a wide array of options that appeal to everyone – apartment living, master planned villages, and executive homes.

Sometimes that partnership is a give and take. By using our website, the City has recently launched iConnect, to match citizens looking for work with employers looking to hire. We have posted the information on our website and the Chamber has helped reach out to its members for maximum exposure.

The City has a long partnership with the business community. For example, last July the City Council voted to defer development impact fees until the time of occupancy to reduce startup construction costs. This option will be a bonus for future development in the City. And, as I hope you all know, our business license fee remains the same – just \$50, one of the lowest in the entire country.

Sometimes the partnership can be quickly expanded, to react to economic needs. In five days, on April 29, the Chamber will sponsor and the City will host a Business Workshop for Professionals. For those City residents and businesses looking for help in preparing for the next step – a new job, a new business enterprise – this workshop will include tips for job interviews, marketing your new business, and creating a new personal business plan. Flyers to this event are available at your table.

What we can promise is a committed City dedicated to progress and economic success. We can, and will, provide the best service with the highest ideals – to be the safest, smartest, greenest, and, let me add, fairest City in America.

My pledge to you, as it has been to the community, is to listen. But I have a request – to work quickly and aggressively, so that we do better than just survive these times, and that we indeed thrive.

Today I am proposing that the City and Chamber focus more keenly on business attraction, retention, and expansion. We must better define what our RESPECTIVE strengths are, as well as our PARTNERED strengths.

City Manager Sean Joyce is developing a plan to consider what would bolster economic development in Irvine. How we market the City of Irvine and how we support our business community is so important in these times.

To support that economic development agenda, I present four goals today:

One: Attract businesses with increased recognition of the City's assets and aspirations

Two: Retain our existing business base

Three: Stimulate IBC development, and,

Four: Increase weekend tourism and hotel stays.

Being innovative, being creative will help us accomplish more together, than apart. Being Irvine is our enduring advantage.

Irvine continues to explore ways to improve: We are actively seeking economic stimulus funding and other federal appropriations for the City and the Orange County Great Park. And we have received \$470,000, thanks to our U.S. Senator Barbara Boxer, to help refurbish an iconic hangar at the former base.

We continue to support the state's finest public school district through an annual \$500,000 City contribution as part of our Educational Partnership with Irvine Unified School District as well as Tustin Unified School District.

We are carefully monitoring the social services employee cutbacks by the county so that we are ready to address potential gaps.

We are exploring expanded preschool opportunities throughout the City, knowing full well that a child, who begins his or her education on the right foot, has a greater chance of becoming a model citizen.

Just as aggressively, we continue to expand our Irvine Community Land Trust, to assist the City in providing affordable workforce housing for this generation and the next. The Trust a few months ago bought its first three homes. Through cooperative agreements with nonprofits, the Trust has set a goal to increase the inventory of affordable housing to about 9,700, or 10% of the City's total, by buildout in 2025.

Consider this: In 2025, that preschooler will be in college and thinking about where to live, to work and to grow a family.

We have more than 15,000 businesses in Irvine, employing more than 200,000 people. Each of them is our collective priority.

We also value the high educational attainment in our community – which benefits our businesses and is fueled by our fine schools and universities. We have a

population in which 64% of our citizens, age 25 and older, has a bachelor's degree or higher. This is important not only for businesses looking to EXPAND in Irvine, but those looking to MOVE to Irvine.

There is no question that our outstanding employees are one of our most important assets...this is true for our businesses and it is true for the City. So I ask all businesses in Irvine to follow the City's lead and do everything in your power to hold the line on employee layoffs as we navigate through these challenging times. Retention of our most valuable resource in Irvine – our people – will prove invaluable in the long run.

My friend, UCI Chancellor Michael Drake, understands the importance of his campus – the economic impact of the City's largest employer of 10,300 people on its main campus, with a student enrollment of 22,000 undergraduates and 5,400 graduate students. They are our future.

When you consider that one student brings more spending, more jobs, more housing and ... perhaps ... represents the next Irvine business leader ... you can begin to understand this particular model of efficiency and potential.

And UCI's model reminds me of a Korean proverb. A single kernel of dirt grows into a green, bold, powerful mountain. All it needs is opportunity. Irvine is the land of opportunity – a thoroughly integrated City in which people prosper and thrive together.

Equally important, the University – along with our other higher education leaders, Irvine Valley College and Concordia University and Cal State Fullerton Irvine Campus – is helping to shape our future by providing the knowledge and skills we will need to help advance our future as a nation.

I firmly believe that the City of Irvine is paving the way for continued economic vitality throughout our region:

Last month, Great Park Corporation CEO Mike Ellzey unveiled a conceptual, capital campaign to begin construction at the Orange County Great Park. And yesterday, the Board approved the fiscal portion to support this first phase of development. This action will lead to infrastructure improvements, sports fields, and agricultural uses. This 500-acre plan is an exciting step forward for the Great Park. When the City of Irvine was deeded this land less than 4 years ago, in July 2005, the planning process began. Now, in the midst of a recession, one of Orange County's biggest projects is about to get underway, fully planned, and fully paid for, for this first phase. Hundreds of jobs will be created over the next 12 months and thousands of jobs will be needed over the next several years. It is an economic stimulus package on its own.

There are a number of other areas where the City is focusing special attention as we move forward this year.

Our Vision Plan for the Irvine Business Complex is nearing completion. The IBC employs more than 4,500 businesses and has more than 90,000 jobs. The Vision Plan calls for a mixed-use community that will allow people to not only work there, but to also live, shop and enjoy their leisure time. The Vision Plan comes before the City Council this summer.

It is quite a vision.

The IBC is where we have focused our public transportation. The *i* Shuttle provides a link from the Tustin Metrolink Station to the IBC, John Wayne Airport and UCI.

The *i* Shuttle is just one component of a master plan – I like to call it a masterful plan – of transforming the Irvine Business Complex into a true mixed-use community.

The City Council has been working closely with The Irvine Company and the Orange County Transportation Authority to plan for a city-wide transit system. Through creative leveraging of the financial resources from Proposition 116, we will create a comprehensive mix of resources to serve the people who live and work in our City. It will also be a model for transporting future visitors to the Great Park, where our motto will be: “park once and enjoy the entire day.”

We are also encouraging businesses to “go green.” In all of our projects, we are promoting sustainable building methods. This only makes sense.

Irvine encourages LEED construction, the certification standard that is the highest in energy efficiency. We have been promoting these standards since our City Council adopted the Irvine Build Green program in 2005.

There are nine LEED-certified projects in Irvine. Forty more Irvine projects are registered to be LEED certified. 2211 Michelson, Hines Building is a good example of the Green Building standards. Also, the recent unveiling of Main Street village showcases some of the highlights in sustainable design construction: energy efficient, minimized carbon output.

These efforts fit nicely into our Energy Plan, a 20-year plan that sets out four major goals: reduce carbon emissions; reduce energy usage; adopt and partner for renewable sources; and encourage the entire community to play a role in energy reduction and energy efficiency.

I am proud of the groundbreaking vision that Irvine has demonstrated by creating sound environmental policy because I believe that “a livable community is a desirable community.”

Being safe is one of our community’s highest priorities. To that end for four straight years, we have been named the Safest City in America. And we are well positioned to earn the “America’s Safest City” distinction again this year. The record of four straight years reflects a diverse City that works together and a City Council that places public safety as its highest priority.

I believe that a safe City is a successful City. Irvine’s philosophy is built on the ideal that a community’s perception of safety and security is critical to a high quality of life.

Although we are proud of the highest standard for public safety for which we are known, it is the unparalleled quality of life that we offer in Irvine that defines us.

As Mayor, I am committed to doing all I can to build consensus and continually seek ways to create a business-friendly environment where business can thrive. So, please join me in a collaborative effort to leverage every idea, every opportunity and every resource to maintain and enhance the strength of our business community during these difficult times. Let us work together to achieve that goal!

Irvine is a wonderful place – well-planned, well-educated and filled with people who genuinely believe in partnership. As we move forward together, let me, once again, thank you, the Irvine Chamber of Commerce, for hosting the Business Breakfast and giving me a precious opportunity to address you on key business issues.

I look forward to partnering with the Chamber of Commerce and the business community in the coming years to demonstrate what can be accomplished when we share a common aspiration for the success of our community today, tomorrow and for generations to come.

Thank you.

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