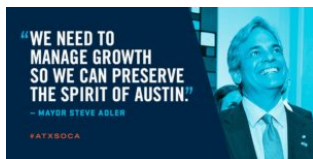


The Spirit of Austin – Mayor Steve Adler



Mayor Pro Tem, Council Members, City Manager, Distinguished Guests, my fellow Austinites.

There is something magical about this place, our people, our culture and our spirit.

We know that diversity makes us stronger, that taking care of our environment is to our credit and not to our detriment. We're laid back and focused. We're willing to fail so long as we learn quickly and keep trying. The character of Austin is important to us for a reason. It's about a quality of life where we don't thrive despite our weird, diverse, and inclusive values – *we thrive because of them!*

The State of our City is as wonderfully unique and special as it has ever been.

But that's not quite the story we always tell ourselves about Austin, is it? There is something else we often tell ourselves about this city, and we say it as if it were a knowing, painful joke:

The best time to be in Austin, we say, was five years before you got here.

I confess: I'm as guilty as anyone about making that joke. I moved here in 1978 because UT was the cheapest law school I could find. I never intended to stay here, but once I had immersed myself in Barton Springs, live music, Shiner Bock, barbecue, and Tex-Mex, I couldn't imagine ever leaving. And, I not too infrequently say, "The folks that got here in 1979 starting messing up the place."

Don't we all say this? Even people who moved here just three years ago will tell you how incredible Austin was when they got here, and then they'll complain about the new people that moved in two years ago and started messing up the place.

Why do we all, always say this?

I've got friends who've been here longer than I have who say that Austin was really great five years before I got here – and at some level *they* have a basis to complain – that's when Willie Nelson moved to Austin and reinvented country music. His audiences here were made of up hippies and country fans. He didn't just reinvent country music, he reinvented who listened to country music.

Isn't that classic Austin? Some things never change.

But, some things always do.

Tonight, I want to begin by talking about change.

You can say two things about Austin: (1) doing things differently is how we've always done things, and (2) the only constant in Austin is change.

Pieces that don't fit anywhere else solve puzzles in Austin.

Samsung Austin Semiconductor, Alamo Drafthouse, and Dell didn't start in Austin by accident. Neither did [Chi'lantro](#) or Bees Lemonade.

Willie Nelson didn't succeed in Austin by accident. Neither did Richard Linklater who came up with a new way to put the passage of time on a screen. Nor Robert Rodriguez and his "Mariachi-style" of filmmaking.

All of these are not just local success stories. They're examples of how Austin is good at fostering creativity and innovation.

Over the years, we've seen a lot of things come and go in Austin, but we are still recognizably the same city. Truth is, it wasn't all good back then. And, all that is new is not bad. But we're still Austin. That we can change so radically in ways that find new expressions of Austin's soul is the result of Austin's core character being so strong and, importantly, our city *being so good at change*.

The country and the world may change in ways that baffle us utterly, but even as we change in Austin, we continue to see the character of Austin expressed. We change in ways that reflect what's important to us, and we see this all around us, in ways both old and new.

It's the indelible character of this city, the quality of being unapologetically Austin, that we're so proud of and it is that essence that we worry and fret about losing.

I feel it, too. I also still miss Liberty Lunch and the Longbranch Inn. I wish I could still meet friends for migas at Las Manitas. We all love Franklin's, but a lot of us miss [Ben's Long Branch Bar-B-Q](#). Whistler's is a great bar, but so was Rabbit's. Everyone that lives in Austin loved something that is now gone, even if it became something else wonderfully new.

Yet, through all the change, the soul of Austin remains strong. The whole world marvels at our capacity to change in a way that reflects our character. When people come here, they don't just have a good time. When people visit Austin, they feel at home.

We know this and feel this at some level, right?

Yet, sometimes, too, we get so caught up in what we've lost that we fail to cherish, much less recognize, our enduring strength. We still swim in Barton Springs. We still go out and hear a band trying to find their sound. We still march in the streets. The Tex-Mex is still good. The beer's still cold. And blue jeans are still acceptable business attire.

And if you've got a good idea, there is not a better city in Texas, the country, and perhaps the world where you can make it real.

The spirit and soul of Austin endures not in spite of all the change we see – *but as an integral part of that change*.

Austin is uncommonly good at changing in a way that renews our unique character. In fact, if we did not have this incredible capacity to change, with all the growth and change we've seen, we probably have already lost our spirit and our soul long ago.

It is our capacity for change that is exactly why we've been able to find so many new ways to express our enduring and unique character.

So when we tell that old joke, about how perfect Austin was five years ago, what are we saying? Are we really saying that Austin is getting worse? If we were, the joke wouldn't be funny. It'd be serious and tragic. Instead, the joke makes us smile because we know that the folks who get here five years from now will still be saying the same thing.

Yet, there are those among us who focus only on what's changed and ignore the magic that remains around us.

If we focus only on the loss side of the change equation, it leads us to a false narrative. It means we'd be telling ourselves that the city that reinvents everything it touches is bad at change. Those that insist on this false narrative, end up blaming and arguing with each other.

This false narrative leads us to question everyone else's motives. And that leads to more false narratives. False narratives like neighborhoods want to stop all growth and limit housing opportunities for others – *"They're really not motivated by a love of their neighborhood character."* Or, developers are motivated solely by greed – *"They really don't care about Austin and building what this city needs."*

When we talk about each other in such absolutes, we get absolutely nowhere. We convince ourselves the only way to get anywhere is to run over the other guy, and then we look up from the council dais at 3 am and ask, "How did we get here?" Well, we get here because we can't expect a zero sum game to add up to a win.

But let's go back to the joke. What's amusing about that joke is that it lets us see that every day in Austin is someone's best day ever here. Today is someone's perfect idea of Austin, and you're part of the reason why. In a city that is changing as rapidly as we are, we keep reinventing ourselves in ways that continually preserve the spirit of Austin.

Taking the right lesson from this joke is important. In that lesson is the reassurance that we can, in fact, manage growth in a way that can preserve the soul of this city.

Yes, this city is experiencing extreme growth. And yes, if we don't manage that growth, it will manage us.

But change – even in the form of growth – is not our enemy. In fact, I want you to consider that Austin has proven over the decades to be really good at change and that we are uniquely positioned to harness change to preserve the character of our city.

Let me be clear: I know we're not having zoning fights just because we like fighting. I am not saying that these things aren't worth serious consideration. We all care deeply about preserving the character of Austin. I'm not asking you not to stick up for what you believe in.

What I am asking is for you to consider that when it comes to managing growth responsibly in Austin, the other side doesn't have to lose for each of us to win. In fact, if we're truly going to meet our challenges, then everyone has to win together.

This is Austin. We all want to preserve and renew the spirit and soul of this city.

We all want to manage growth in a way that is consistent with our distinct character.

So, let's join and start figuring this out together. It's time, at long last, for Austin to get real results managing growth. And it begins with us being willing to admit to each other and ourselves, that we're really pretty good doing change.

In fact, we must change in order to continue being the city we all love.

The great prosperity in Austin is not being shared equally by all. While the city-wide unemployment rate is amazingly low at near 3%, the unemployment rate in the Austin African American community is nearly 10%. The uninsured rate for Latinos is over 30%. Most students in Austin's public schools qualify for free or reduced-price lunches, and one out of every four kids in this boomtown doesn't have reliable access to enough food. Most of the jobs created in recent years do not pay a living wage, and our middle class is shrinking.

We don't have enough places to live, and too many can't afford the places that exist. And while things are getting more and more expensive, too many people are falling further and further behind. And without question, communities of color are feeling this impact the hardest.

Longstanding families in East Austin are already being priced out of their neighborhoods. And if do nothing about the status quo, and don't change, it's just a question of time before more and more families will be forced to move and they'll be joined by more and more being priced out of Barton Hills, Travis Heights, Allendale, Crestview and beyond.

If we don't change, we will only see higher rents, higher taxes, more sprawl, worse traffic, and less diversity.

If we stay on the path we're on, we'll end up like San Francisco where the average house price is \$1,150,000 and only the well-to-do and those being subsidized can live. Nothing in-between. No middle class, no working class, no creatives and artists.

The status quo in Austin is not working too well for too many of us.

So let's all celebrate the prospect of change and the beginning of the days when we focus on doing what's necessary to manage growth in material ways.

This is just not optimism. That's our record. Just look at what we did this past year, embracing solutions that meet the scale of our challenges. This past year, we've seen and set into motion change that reflects us at our best.

We passed the biggest mobility bond in Austin history. This was a big first step to making our streets safer, less congested, and more mobile for everyone. This is the best thing we could have done to further our Vision Zero goals and to get traffic moving again, all in one package. And we did it in a new way, by pulling together a coalition that included everyone from bike activists to business interests, from the environmentalists to the tech community. This was change, the Austin way.

Next month the city transportation staff will bring a plan to the Council about how they will begin this work. If we're going to get this work done in eight years, we need to start smartly, and work quickly.

I expect this year we'll see a lot of sidewalks built all around the city, providing safe routes to schools, while we complete the final designs and prepare for work on our major corridors.

And now that we're bringing bond money to the table, we're getting more help to do the big projects. TxDOT has responded to our passing the mobility bond by setting into motion the kicking in of more than \$200 million in state dollars to match \$50 million of our local bond money to make it possible for you to drive on Loop 360 without ever having to stop at a light.

Last year we also effectively ended veteran homelessness in Austin. For the first time, we put the people looking for housing in the same room with the people who had housing, business together non-profits, and found that we could accomplish so much more when we all worked together. And in the process, we created a new system in Austin that we can scale to help tackle chronic homelessness downtown. This, too, was change, the Austin way.

We continued to bend the cost curve on city taxes and fees and we set up a brand new process that we're going to use this year, beginning next week, to make building our city budget more accountable and transparent. We not only increased the homestead exemption and the senior and disabled property tax exemption for the second year in a row, but we settled the Austin Energy rate case, saving rate payers \$42.5 million.

To make it less expensive to build and remodel, the Council funded the beginning of true reform in the permitting process and set into motion an expedited permitting process to shorten lines for everyone coming to the city for permits.

We know that we didn't end up in Austin with inequality and inequities by accident. So we made progress on equity and justice with the Spirit of East Austin.

our community effort to address historical inequities in our Eastern Crescent and to set up a process to prioritize sending attention and resources to a part of our city where potential is being wasted.

We're making progress by promoting change with My Brother's Keeper, part of a national effort to address the unique challenges that young men of color face, being led in Austin by Mark Madrid of the Hispanic Chamber and Dr. Greg Vincent of the University of Texas.

We see real progress with our new Equity Office, which is applying an equity lens to what we do at the city for the first time. We convened the Community Schools initiative to maximize the role of our neighborhood schools as a resource in community building.

And we're seeking progress with our Task Force on Institutional Racism and Systemic Inequities, which acknowledges that people of good will can find themselves in social constructs they didn't create and that produce results they don't like.

We are tasked with dismantling vestiges of racism and discrimination. This is how we are accountable to the past and responsible for the future.

This task force, led by Huston Tillotson President Dr. Colette Burnette and AISD Superintendent Dr. Paul Cruz, will report its recommendations to the community and the Council by the end of March. I expect that its conclusions and recommendations may not make us uncomfortable. But they will hopefully point a way to make us better.

And because we won't be the Live Music Capital of the World for much longer if we keep losing musicians and live music venues, we passed the Live Music and Creative Arts Omnibus Resolution. The home of Austin City Limits, of SXSW, of Ballet Austin and of Laguna Gloria must continue to be a city where culture is created and not simply consumed.

This past year, we adopted some of the strongest ethics and campaign rules in the country, the most protective Fair Chance Hiring ordinance anywhere in the south, we've increased our investment in social and human services, parks, and dramatically increased our renewable energy portfolio. We've provided for relocation assistance for displaced tenants. We finally moved forward with a Sobriety Center and we funded body cameras for our police.

In fact, we could spend all night talking about everything the City Council and I got done in this building in 2016. If you want to see the whole list, please go to mayoradler.com.

I'm proud to serve with my council colleagues and I'd like them to stand, and remain standing.

Next, please stand if you served on one of our boards and commissions.

Stand if you're one of our first responders, police, fire or EMS.

Nothing works without dedicated staff... City staff? Council staff?

Please stand if you ever attended a council meeting? Went to a neighborhood meeting? Helped us craft the bond package? Offered your expertise? Sent an email? Called your council member? I want you all to stand up.

If you're outside this room and in the boards and commission room, or in the atrium, and you're among any these groups, make sure you're standing, too!

Thank you, all. It takes us all. Please join me with applause. We could not have done this without all of you!

By working together, we accomplished big things last year in 2016.

And we're just getting started. This year, in 2017, we will continue to show how good we are at the change necessary to preserve who we are.

Here's an example, this could be the year where we initiate significant changes in the east downtown core. This part of town could end up looking a lot different. You all may well be someday saying, to a disbelieving crowd, that you remember when it looked like it looks like today.

You see, one place where it seems we need to apply Austin's special talent for change is downtown between Congress Ave and I-35, where our challenges and opportunities are literally connected to each other. Look at the map: the future Waller Creek linear park (which will serve the entire city and may someday be the most known man-made element of the entire city), is touching the historic Palm School (which, led by Mayor Pro Tem Tovo, Council Member Renteria, and Commissioner Gomez, many of us are trying to preserve)...

...which is connected to the Mexican American Cultural Center (which has funding for future plans but currently no funding to actually execute the plan). They're all connected to the ARCH, being worked on by the Mayor Pro Tem and Council

Member Houston, which is the oversubscribed homeless shelter facility on 7th Street trying to do too much with too many folks, where the spill-over of people and related issues negatively impacts surrounding properties, including the East 6th Street entertainment district, which could with long awaited attention achieve a special historical status helping it to earn the return of families...

...and all of these properties and facilities are nearly adjacent to and impact the convention center which, if the State doesn't pass any silly bathroom bills, may well need a significant expansion.

It's like that old song, Dem Bones. I think if we work together to tackle these issues as interlocking parts, we can get downtown working better the Austin way.

This year, we're going to see if we can house the homeless in permanent supportive housing, ease the burden on the ARCH, create a world-class park for all of Austin, preserve our heritage, fund the Mexican American Cultural Center, restore 6th Street to an entertainment district for everyone including families, and strengthen the economic foundation of our city by giving due consideration to a convention center expansion. Some of my colleagues have been working on these issues for a long time and I look forward to joining them in that work. Together, we'll see if addressing these issues and facilities all at the same time gives us the best chance to maximize change in a way that will make the city proud.

But a key part of any change agenda this year has to focus on affordability. We must make Austin affordable for people who live in Austin, and we need to build ladders of opportunity for communities that historically have been cut off.

If we're going to change in a way that promotes affordability the Austin way, first we're going to have to have a clear-eyed talk about housing and housing supply. Where we build it, where we preserve it, where we keep it affordable, and how we make it easier to remodel and to build the housing stock we need.

The cost of housing is what takes the greatest chunk out of most family budgets in Austin, and it is this cost that is primarily responsible for driving people out of Austin.

For too long we've treated housing like a game of musical chairs. When the music stops, too many people are vying for too few houses and apartments. Some people lose their place, while others bid up prices. We cannot sit by while Austinites are priced out of Austin and when young people have to leave Austin to start their families. That's not right.

The biggest problem with housing is that there's just not enough of it to go around. I'm here to tell you that the law of supply and demand, and its relationship to prices, applies even in Austin. We simply don't have enough housing supply now to keep up with demand. And by not creating enough housing in Austin, we're pushing people out of town to cheaper housing in surrounding communities, adding to their commute, our congestion, and everyone's expenses.

As a consequence, home prices have hit a record high in Austin. The median-priced home in Austin is now **\$284,000**. They say that our housing market is **cooling off a little**, but that only means prices will rise less quickly if we do nothing but maintain the status quo. Experts tell us that **95,000 people** are going to move to the Austin area by 2020. The experts also tell us, we will continue to grow **by** about **110** people every day.

To stabilize housing prices, we need to build at least 135,000 new housing units over the next decade so supply more closely meets demand. To do this, we're going to have to change the way we do things in Austin. In a few weeks, I hope this Council adopts the Strategic Housing Plan as a good start.

Part of our problem is that our laws that tell where and how we can build housing – our land-development code – are convoluted, confusing, and lack the tools we need to manage growth. Actually, over the last 30 years, our development code has been amended and written over so many times that it's a wonder anything gets built at all. When it comes to our current land development code, the only thing you can consistently predict is that there is insufficient predictability and inconsistent application.

There's no rule that says we have to keep having the same planning and zoning fights over and over again.

(Actually, for all we know, there really might be such a rule in the land development code. I mean no one can be completely sure what's in it.)

This year, we will rewrite our land development code. There are going to be few things, if any, that are as important as this project.

It is also critical that we change the land use code in the Austin way.

CodeNEXT, the name we've given to the land development code re-write process, is a huge opportunity for our community. On Wednesday, just four days from now and after a two year wait, everyone is invited to see the first draft of the new land use code at the Palmer Events Center.

What happens on Wednesday is important.

And so is how we as a community react and engage. Will our community use this wonderful opportunity to pull together to get this right? Or will we listen to those voices that try to avoid consensus by talking up and even creating conflicts? There will be some people who will raise objections about anything, even the number of pages or the color of the cover.

I want to propose a different way – one that embraces the opportunity to do change as well as Austin has ever done it – and to do it together, aiming for a resolution where we all win.

In rewriting our land development code, I'd like to propose we treat each other like we're on the same team. We can all win if we achieve two goals: (1) protect our neighborhoods, and (2) deliver the increased housing supply we need to make Austin more affordable.

How do we do both? Maybe it makes sense to agree on a compromise up front. Let's call it the "Austin Bargain," an agreement that protects all of us from our worst fears so the community as a whole can achieve the best possible outcome.

For starters, let's agree we will not force density in the middle of neighborhoods. There's no sense in shoving density where it would ruin the character of the city we're trying to save in the first place, where it's not wanted by its neighbors, and where we would never get enough of the additional housing supply we need anyway.

And in exchange, let's also agree that we will adopt a code rewrite that will give us the housing supply we need by focusing along our major corridors like Lamar, Burnet, and Airport Boulevard and our major activity centers like the area around the Domain, Mueller, and downtown.

That will enable the mixed-income housing supply that creates opportunities for more Austinites to stay in Austin, and also to give us the concentration we need to make transit work.

Sure, we'll need to make hard decisions in the transition areas between corridors, centers, and our neighborhoods, but an Austin Bargain would mean that we would begin the code revision process with agreement on as many as 95% of all properties in the city. What a great way to start.

I would also urge that neighborhoods be given significant influence in deciding how these transition areas are done in those neighborhoods, so long as each accommodates an appropriate share of the city's needed housing supply.

A land use code that makes sense for everyone could mean we won't have to hash out practically every tough zoning case in this room, some until three in the morning. To me and my family, that alone would make this worth the trouble.

A land use code that makes sense for everyone means that we begin to learn that managing growth depends upon cooperation instead of mutually assured distraction.

If we can make the new land use code a reflection of our values, in 20 years when our regional population has doubled yet again, as it is predicted to do and has always done, someone can return here and still find the character of Austin. Now *that* would be change the Austin way.

Wednesday's just a starting point. And we get to choose if we're going to engage each other constructively or waste our time making pot shots from political bunkers.

We know what happens if we spend our time fighting. We'll end up with more traffic, higher rents and taxes, endangered neighborhoods, and turbo-charged gentrification. The Do Nothing forces will destroy us. If we insist upon the fallacy that we can stand in the way of change, we are guaranteed to lose our city to increased displacement and inequality, higher prices and worse traffic.

But here's the payoff: If we work together, we can reach a consensus on how to manage growth. We'll have agreement on where we want to add housing – and where we don't – on what kind of housing is appropriate in different places. If we do this right, the code re-write will help us increase mobility, hold down housing prices, protect the character of our neighborhoods and address gentrification in an equitable manner. That's the kind of change Austin will take any way, any time, any day.

But as important as they are, land use rules that make sense and benefit everyone will only get us so far.

We also need to harness the power of the current real estate market to prevent the loss of affordable, middle-income apartments. Last year, I said we were going to join in the work being done in the community to create a strike fund to buy and preserve and protect some of our existing workforce housing before we lost it to gentrification. This year, I gathered a group of real estate investment and housing experts to create a socially responsible investment fund to preserve that portion of the workforce housing in our city. This was to be done as a market driven

investment — neither subsidized nor philanthropic and not at taxpayer cost.

Tonight, I'm happy to announce for the first time that the group we convened has created a non-profit called the "Affordable Central Texas." This will be the operating company that will administer the private investment fund to be called the "Austin Affordable Fund" that will purchase and preserve middle-income housing.

We are working with investors now, and before the end of the year, I fully expect that the Austin Affordable Fund will make its first purchase and begin to protect long-term affordability in Austin.

The focus on affordability, part of this coming year's change agenda, must take a comprehensive approach. We can make our city more affordable only in two ways: reduce the cost of living (like with housing as just discussed) or help people make more money, and we're going to do the latter, too.

Helping people make more money is all about jobs and job training. To reduce income inequality and to create opportunities more broadly and equitably so more people can afford to stay in Austin, we need to restructure how we attract new jobs and new job training opportunities to Austin. One element of this effort will be to fundamentally reform our economic incentive programs in Austin.

We've got tens of thousands of people in this city living in zip codes that weren't zoned for opportunity. Most of those zip codes are located in the Eastern Crescent of our city. This is one reason why America's favorite boomtown ends up as the most economically segregated city in the country.

These people — our neighbors, fellow Austinites — need middle-income jobs, and the training and experience needed to qualify for those jobs. I want to target economic incentives Right. At. Them.

Simply put, we should co-invest with or offer incentives to companies to create jobs in Austin if they're willing to:

1. bring good middle class jobs for the people who already live here
2. train and provide paid internships for local folks to get those jobs,
3. create those jobs in the parts of town where it provides the greatest access to those most in need, and
4. generally, follow our rules.

If we're going to focus our efforts at bringing the right jobs to town, we need to do more to make sure people who live here and need these jobs are qualified to take them. That's where the Community Workforce Master Plan comes in.

Last year County Judge Sarah Eckhardt and I ordered the first regional workforce master plan central Texas has ever had. We know who needs the jobs in our community. We know the kinds of jobs that employers most need to fill (which, by the way, are information technology, healthcare, and skilled trades). And now, with the regional master plan about to be unveiled, we know how to get them to match up.

Tonight I am pleased to announce, with Judge Eckhardt, the workforce community's goal that over the next five years we will move 10,000 Austinites out of poverty by getting them qualified for good jobs in those targeted industries.

We now need to align city investments in workforce development with the regional plan, once it's approved by our Council.

Part of this will be to align our procurement and contracting policies, including how we spend the \$720 Million of the Mobility Bond, to incentivize job training, paid internships and apprenticeships.

And I'm counting on local employers to help us achieve our workforce goals. Later this year I will issue a very public challenge to local employers to join in providing that training and those internships and apprenticeships.

Importantly, to achieve our workforce goals, we must support the strengthening of our academic and training partners. I want to join with Council Member Casar and our colleagues on the Council to support the Austin Community College and its Highland Mall development, including potentially creating a partnership for childcare and wellness center to remove barriers to student success so more in our community can get the skills they need to take advantage of the opportunities they deserve. Our academic and training partners are more than just institutions of higher learning. They are factories for American dreams.

And while we lower economic barriers to opportunity, we recognize that barriers to opportunity are not always economic.

I want to thank those who live and work in our Eastern Crescent who have been the

focus of and the force behind the Spirit of East Austin Initiative.

Just this morning, the City Manager and I, with support and input from Council Members Pool, Troxclair, Houston and Renteria, and our colleagues on the Council, together with city staff, officially launched a Spirit of East Austin website that captures and shares nearly 2,000 community suggestions, letting residents know about nearly 200 city projects already under way in the Eastern Crescent, and featuring additional categories of ideas to improve the quality of life in that part of our City where potential is most left untapped.

Go to the website ([Spirit of East Austin.org](http://SpiritofEastAustin.org)) and let us know on which priorities you would have the City Council focus its efforts.

There are some pretty cool projects on this list including some relating to mobility, jobs, housing, public safety, health and wellness, research hubs, , collaborations with Huston Tillotson University, the Dell Medical School, AISD, furthering neighborhood plans, and comprehensive parks among many other ideas.

Also just this morning, there was an announcement on the property recently purchased by HEB in Del Valle. Inspired by the Spirit of East Austin Initiative and informed by Council Member Garza's strong leadership on the food desert issue, HEB's land purchase is not just another extension of their many investments in Austin.

As H-E-B continues to evaluate the location as a potential site, the grocer announced just this morning a private/public partnership to farm on that land. H-E-B also plans to support a mobile food pantry program serving Del Valle students. In addition, H-E-B has offered the land for use by the City of Austin and partner nonprofits for services and events such as SNAP registration.

Since this is Austin, the change agenda's focus on affordability must also deal with challenges in our local music industry and with our creative arts. SXSW and ACL are booming, but we're losing creatives as we lose creative opportunities in an ever more expensive city.

We must manage growth to help live music in the Live Music Capital of the World. If we fail, Austin will never produce another Willie Nelson, Stevie Ray Vaughn or Manuel Donley. Affordable music venues are incubators that allowed Grupo Fantasma, Spoon, and Gary Clark Jr. to develop their craft before launching on the world. This is equally true for the visual and performing arts.

This is why this week the Council approved a resolution to activate key components of the omnibus, including a trial period to extend the hours for live music on Red River. I look forward to working with the Mayor Pro Tem and Council Members Casar, Renteria, Troxclair and our Council colleagues on making more progress to help the local music and creative industries while protecting the residential quality of life.

These industries are in a crisis, but I hope we can realize what I think is a remarkable opportunity. Austin, as a tech center, has an opportunity to leverage this capacity to develop new ways for the music industry to make money in uniquely Austin ways. If we can come up with new ways to play entire genres of music, if we can reinvent entire audiences for music, then why can't we come up with an Austin way for musicians to make more money?

This is a perfect example of what I'm talking about when I talk about how Austin is good at change. Austin became a tech center in the first place because George Kozmetsky – the late UT business school dean – focused Austin on the intersection of business, government, and academia. This created the critical mass of collaboration that made us one of the world's leading tech cities. It's why the chip factories were built here in the first place, and it's why today we have the infrastructure to foster new innovations.

I think we are at a "Kozmetsky" moment now for Austin's local music industry. I am not persuaded that the international music industry has things so figured out that there isn't room for Austin to rank alongside London, Los Angeles, and Nashville as one of the world capitals of the music industry. But if we're going to succeed, it could well be that we'll need to do things the Austin way by maximizing our strengths as a tech city.

If we can begin to figure out the future new Austin music product, do something about affordability generally, and, work with folks in the community, especially our champion Gary Keller, to help save some iconic music venues, we may finally find the formula to sustain our music industry. To this end, this spring we should announce the beginning steps to a crowd sourced mini-bond program that would allow thousands of us to invest together in a community effort to preserve those iconic music venues.

And since this is Austin, there will be more innovations and new ideas to help drive the change we'll someday celebrate. In fact, tonight I'm pleased to highlight just one more example of how the tech community is creating new opportunities for the local music industry. It's an app created right here in Austin called "TipCow."

One of the inventors came up with the idea when he was out listening to live music and wanted to tip the band but didn't have any cash on him. He looked at his

phone and thought, *If I can order a pizza with this, why can't I tip the band?*

Now, if you download TipCow, you can look the band up on the app and give them some money regardless of whether you're at the show. Anyone with a phone can stream a show with a link to TipCow, and that means the band's audience – and customer base – is now anywhere in the world.

It's easy, it's creative, and it's a perfectly Austin way to pay musicians. You can't expect someone to make it as a working musician in Austin if you're not willing to pay them for their work. It's the "give honor to whom honor is due" principal. So I want to set an expectation in Austin that we tip live musicians. Just because sometimes there's no cover charge doesn't make the musicians volunteers.

That's why I think TipCow is change the Austin way. It's exactly the kind of idea that marries Austin's soul with our skillset and helps Austin meet a challenge in a way that reflects our values. And I'm especially pleased, because TipCow has created a feature on their app called the Mayor's Tip Jar.

The Tip Jar is not for you to hurry-up my speech. After we're done here, a couple of bands are going to be providing entertainment. I'm sure they'll take cash, but if you want to use the Mayor's Tip Jar, that would be pretty cool, too. I've posted the link on my Facebook and Twitter pages. They'll be posting live video of the bands playing later, so even if you're not here you can enjoy the show and throw some money their way.

Rene De La Mora and Chris Bush, who invented Tip Cow, are here tonight. Guys, stand up and let us thank you.

I wish we could focus on nothing but celebrating change that preserves Austin's soul and helps make Austin more affordable, equitable, innovative, and sustainable, but we all know the reality is different. Some issues, like dealing with the possible repeal of the Affordable Care Act and the many of our neighbors that could be left without insurance, will not be of our choosing.

Last year I warned us from getting sidetracked on the latest three-letter emergency. I'm sure most of you remember TNCs, STRs, and ADUs. Now we have the APD DNA lab. That's a lot of three-letter words there, and it's a crisis, but it's no distraction. In fact, we're going to show how we can change to promote justice and safety. Fixing this will take time and money, but we must commit to doing this right, and so far I'm encouraged that everyone is working together to do exactly that.

Austin used to be in the top few cities in job creation. In the last year we've dropped to number 25. That means there are signs Austin may becoming a little less boomy. We're still the best [city](#) in the country to start a small business and for [tech start-ups](#). We still enjoy an unemployment rate so low that economists say we essentially have full employment. But we need to be diligent and proactive when opportunities present themselves.

There are some challenges we'll face as the curtain rises on our bi-annual political theatre. Austin offers a lot to Texas, just as we receive a lot from the State. We're different than Houston, Dallas and San Antonio..., all great cities. We're not necessarily better, but certainly different. To them, we may seem weird.

But weird to some is home to creative, innovative, entrepreneurial, kind and caring folks. That why Austin, only 7% of the state population represents a third of the patents and half the state's venture capital.

I would hope that our state legislators and leaders would recognize that Austin being different is good for the state. We diversify and strengthen the state economy. Companies like Google, Apple, Facebook, IBM and many others locate in Austin because their relatively young employee base wants to live here. And they want to live here because we have progressive values that are expressed in how we live. And that includes in how we govern and in the positions our city government adopts.

I believe that the level of government that is closest to the people is the level of government that best represents the will of the people. We don't go to another city to govern, our local leaders just come downtown. It is this measure of self-determination that is the most direct expression of liberty in practice.

I wouldn't try to tell other cities what to do, and I respect that different communities make different choices. I think that makes our State stronger. In Austin, that means we want our formerly incarcerated residents to get a second chance when they're looking for jobs. It means we may want to raise a little more tax revenue so we can invest more in our police and first responders, in libraries and parks, and in creative solutions for addressing mobility and affordability.

Well, some state leaders have said they're going to take these choices away from your locally elected leaders, and they threaten to impose California style budget constraints so your Council can't execute what you elected them to do.

And the tax savings for this would be less than \$2/month. If the legislature really wanted to do something to help you save on property taxes, they would fix the broken school finance system.

Most of my job is not political or even very theoretical. At the municipal level, you want us to help make day-to-day government work. You want us to help make sure potholes are filled, garbage is picked up, and that we're all kept as safe as possible.

With respect to public safety you should know that Austin is one of the safest cities in the country. One of the big reasons we're safe is because the people in our community trust our public safety officers: our police and our sheriff's department. That trust is exhibited when everyone who is being victimized in our city feels comfortable seeking law enforcement protection.

...When witnesses to crimes are willing to come forward. When our law enforcement personnel are welcome and comfortable going anywhere in this city and into any neighborhood in this city. This specifically includes the people and places where crime and victimization might most likely otherwise exist.

This level of trust is earned over time.

And now, it's facing a threat.

...Here's what's really going on...

Police Chief Manley and our Sheriff have told us what we need to do keep our community as safe as possible. Their advice is the same as we got from our former police chief. And, so you don't think that this advice is just some progressive outlier, you need to know it's the same advice given to us by the national association of Big Cities Chiefs.

Importantly, our local law enforcement officers follow all federal and state law. Of course we do.

Our Sheriff turns over, everyone, to the federal government that the law requires her to turn over. She even turns over some serious criminals even when not required by law. If the federal immigration service wants someone held in our county jail because it thinks they're dangerous, all they have to do is to get a warrant. It's that easy.

But what our Sheriff doesn't do is participate in a voluntary program that would have her detain and turn over others without warrants. We don't have the resources to have our local public safety officers act as federal immigration officers, or federal environmental officers or federal tax officers.

Most importantly, our public safety officers do what they do because they believe it makes us safe.

I trust our public safety professionals because they're keeping us safe. I ask my community to trust our police and that means I trust them, too. This is not political for me. It's simple and it's about public safety.

Now, our State and Federal leaders are offering some money to us if we are willing to reject the advice of our public safety professionals and instead affirmatively choose to make ourselves less safe.

That gives us a horrible choice. The question we face as a community is simple, at what price do we sell our safety?

Now, it's the County and not the City that is being directly presented with this question because the City doesn't detain criminals. It is the County that runs our jails. But the County is now smack dab in the middle of this. And as you might expect, and for the same reasons I trust Chief Manley, I trust Sheriff Hernandez to know how best to do her job.

But I'll tell you, I sure do wish we could all talk about this without all the politics, acrimony, and emotion of national political issues.

This will be an ongoing conversation. There will be, I'm sure, new developments. But no legislature and no election can change who we are and the values we as a community hold dear.

Just as we can see our skyline rise over what used to be a sleepy college town and still recognize the spirit and soul of Austin everywhere we look, the world can completely lose its mind and we're still gonna be Austin. No matter what happens, we will resolutely, unapologetically remain Austin. Believe me.

We will never be perfect. Our focus is to work together, to create a more affordable, more equitable, more prosperous, and more perfect Austin for us all.

In fact, there is no better place to see where America has always been great than Austin, Texas. Austin is where America makes itself great again over and over because we know how to change the Austin way.

Let this be the work we do together this year, and let this be the story we tell from now on. As long as we are true to the soul of Austin, we need never fear change. We renew our attachment to this city through constant reinvention and collaboration, always changing, but always holding onto an Austin that is recognizably ours.

That is why I come to you tonight to say that the state of our city is strong. We are strong enough to name the challenges, to embrace them as opportunities, and to share opportunity and prosperity more broadly and equitably than ever before. We will show the world how we change to preserve our soul and how we make ourselves great, over and over again.

That's what this year is going to be all about. Thank you.