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Second Economic Summit

MAYORS, BUSINESS LEADERS PROMOTE METRO INVESTMENT



Left to right, Columbus (OH) Mayor Michael B. Coleman; Conference Vice President Long Beach Mayor Beverly O'Neill; Conference President Akron Mayor Donald L. Plusquellic; Boston Community Capital CEO Elyse Cherry; Redondo Beach (CA) Mayor Greg Hill; Advisory Board Chair Dearborn Mayor Michael Guido; Jonathan Philips, Cherokee Investment Partners; and Gary Mayor Scott L. King.

By Dave Gatton and Carolyn Merryweather

Mayors and top national business leaders gathered in Washington (DC) December 9 for The United States Conference of Mayors Council for the New American City's Second Annual Economic Summit. The group discussed ways to promote investment and spur growth in the nation's 318 metro areas.

The Summit also focused on the need for a national alliance with the business community to ensure that metro economies are protected in the upcoming national debates on economic policy, federal tax reform, and budgetary priorities. President George W. Bush has indicated that he intends to tackle both Social Security reform and tax

reform in his second term, both topics to be discussed at a White House economic conference next week.

"U.S. metro areas are the engines that drive the national economy," said Conference President Akron Mayor Donald L. Plusquellic. "To keep metro areas globally competitive, we must continue to invest in them through a strong Federal partnership and public/private partnerships," he added.

Summit participants debated how certain tax reform proposals could have a deleterious effect on the global competitiveness and growth of metro economies. According to Global Insight Inc, economic advisors to the Conference, metro economies will play an increasingly important role in the

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Massive Omnibus Funding Bill Cuts CDBG, COPS

By Conference Staff

Congress has adopted a conference agreement on an omnibus spending package for Fiscal Year 2005 that includes funding for nine unfinished appropriations bills (funding for homeland security had been previously approved by Congress).

The bill includes a number of cuts in key city programs including CDBG and COPS, and an additional across the board cut of 0.83 percent will be applied to all discretionary programs (the numbers below do not reflect this

additional cut). A complete budget chart is available at usmayors.org.

Community Development and Housing

The Community Development Block Grant (CDBG) and HOME Investment Partnership programs were cut, as were most other housing programs. CDBG formula grants were cut by \$200 million - from \$4.35 billion to \$4.15 billion. The HOME program was cut by \$100 million to \$1.9 billion, which includes \$50 million for ADDI and \$42 million for

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**THE UNITED STATES
CONFERENCE OF MAYORS
73RD WINTER MEETING**

**CAPITAL HILTON
HOTEL
WASHINGTON, DC
JANUARY 17-19,
2005**



Economic Summit

from Front Page

national economy, growing to 87 percent of the nation's Gross Domestic Product over the next two decades.

The group also discussed the importance of expanded investment incentives in redeveloping the nation's 600,000 brownfield sites, the need for a 21st Century Transportation system, and how to ensure the strength of the nation's housing sector.

"Our continuing investment helps keep metro areas strong and competitive," said Mortgage Bankers Association Chair, Michael F. Petrie. The National Association of Realtors' chief economist David Lereah told the group that housing kept the economy afloat during the last recession and is key metro economic growth in the future.

Ruben S. Barrales, Deputy Assistant to the President for Intergovernmental Affairs, addressed the Summit to review President Bush's domestic priorities for the Second Administration. Barrales told the group that Social Security reform, tax reform, completing the reauthorization of TEA-21 are top priorities for the President, as are creating new Opportunity Zones to help cities that have suffered job losses from busi-

ness closings.

Plusquellic was joined at the Summit by Conference Vice President Long Beach Mayor Beverly O'Neill, Advisory Board Chairman Dearborn Mayor Michael Guido, Trustee Gary Mayor Scott King, Housing and Community Development Chair Columbus Mayor Michael Coleman, and Redondo Beach (CA) Mayor Greg Hill.

Business leaders attending the summit included representatives from the Mortgage Bankers Association, the National Association of Realtors, Countrywide Financial, the International Council of Shopping Centers, the National Urban League, Fannie Mae, Merrill Lynch, the Real Estate Roundtable, Veolia Water, and the Initiative for a Competitive Inner City among others. They made presentations on private investment in emerging markets, housing production and FHA reform, new markets and brownfield tax credits, public/private partnerships for water and wastewater facilities, brownfields, transportation development, and competitive cities.

U.S. Metro Jobs Update

To kick off the discussion, the mayors heard a presentation on the challenges facing U.S. Metro areas by Phil Hopkins from economic forecasting firm Global



National Association of Realtors Chief Economist David Lereah addresses the mayors on the importance of housing to the national economy.



Left to right, National Urban League President and CEO Marc Morial, Real Estate Roundtable Senior Vice President and Counsel Roger Platt, Columbus, OH Mayor Michael B. Coleman, Mortgage Bankers Association Chairman Michael Petrie, Conference Vice President Long Beach Mayor Beverly O'Neill, Conference President Akron Mayor Donald L. Plusquellic, Redondo Beach Mayor Greg Hill, and Advisory Board Chair Dearborn Mayor Michael Guido.



At left, Deputy Assistant to the President and Director of Intergovernmental Relations Ruben S. Barrales with Conference Vice President Long Beach Mayor Beverly O'Neill and Conference President Akron Mayor Donald L. Plusquellic.

Insight. According to the updated jobs report presented by Hopkins, during the year ending in October 2004, 259 of the nation's 318 metro economies had registered some job growth, while 59 metros experienced job declines. Among the metro areas with positive job growth during the last year, 125 had an employment growth rate fast

enough to absorb new people into the workforce.

The report also showed that 145 metros have not regained all the jobs lost during the last recession, and 77 of those metros will not regain jobs until

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House Economic Summit next week.

During the coming weeks, we will monitor any tax reform proposals that affect us so that you can be up-to-date in the event we might have to call on you to be active on this issue.

Washington Winter Meeting - January 17-19, 2005

It is clear that our Investment Summit has brought out a whole new set of issues that Conference President Plusquellic will bring before you next month at our Washington Winter Meeting. It is most important we have you here during this transition period when so much is at stake for our cities.

Please register now by contacting

Carol Edwards in Convention and Meeting Services at 202-293-7330 for information and registration.

A Gift: Jonah Jason Cochran

The greatest gift, the birth of a child, my seventh grandson arrived December 5. His name is Jonah Jason Cochran and his father is my oldest son, Tom, born 42 years ago. Jonah's mother, Donna Jason and Jonah are sound and

healthy and happy in their home in Calabasas, California. Jonah weighed in at 8 pounds, 1 ounce and measured 21 inches long.

Carlotta and I are blessed with nine grandchildren, 7 boys and 2 girls.

WELCOME MR. JONAH JASON COCHRAN.

As we approach the Holiday Season, I wish all of you a joyous and happy holiday season.

Economic Summit

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2008 or later. Fifty metros will not reach pre-recession levels until 2010 or later.

Following the jobs report, Dierdre Coyle of the Initiative for a Competitive Inner City, and Lamont Blackstone from DLC UrbanCore, representing the International Council of Shopping Centers, spoke on the importance of attracting investment to U.S. cities. Coyle spoke about a new study called "The State of the Inner City Economies" which found that strong inner cities and strong Metro Statistical Areas (MSAs) go together, however most inner cities under-perform their MSAs. The study also found that there is unrealized market potential, particularly for retail, in inner cities. "Competitive advantage will flow to those who understand these customers," Coyle told the mayors.

Blackstone agreed, remarking that, "Conventional business opportunity measurements tend to underestimate true market demand in the inner city, and as a result many businesses overlook economically viable urban locations." Both

Blackstone and Coyle urged the mayors to work with developers to help them better understand the specific needs and opportunities in their cities.

In the Housing session, Michael Petrie, Chairman of the Mortgage Bankers Association, told the mayors that, "As mortgage bankers we understand that cities and suburbs, which make up metropolitan areas, really function as one economy." He addressed the need for FHA reform to strengthen FHA's ability to invest in new technologies, create new products, and to better serve renters and potential homeowners, called for joint support of an FHA zero downpayment program to help first-time homebuyers and to close the minority homeownership gap.

Jimmie Williams, First Vice President for Legislative/Regulatory Affairs for Countrywide, agreed that FHA reform is needed, and urged the mayors to work with the private sector to develop policy recommendations for the 109th Congress and the second Bush Administration.

Tax incentives for projects such as brownfields clean-up efforts, attracting new business investment, and encour-

aging homeownership were also addressed as ways to stimulate metro economies. Thomas S. Darden, CEO of Cherokee Investments, spoke about ways that his company has worked with cities to clean up brownfield sites, and how important tax incentives are in that process.

Elyse Cherry, CEO of Boston Community Capital, spoke about the New Markets Tax Credit, and how cities and businesses can benefit from it. The NMTC allows taxable investors to make equity investment in Community Development Entities (CDEs) and receive a tax credit covering a portion of their investment. It also requires that 85 percent of the qualified equity investments in CDEs must be used by the CDE to provide investments in low-income communities. Proceeds must be used to make loans and investments in qualified businesses, to purchase "qualified" loans from CDEs, for financial counseling in low-income areas, and to make loans and investments in CDEs.

Chris Hodgkins, General Manager and Vice President of Veolia Water North America, spoke to the mayors about the value of public/private part-

nerships in infrastructure. Hodgkins cited the need for over \$500 billion of water and wastewater infrastructure investment and how the private sector could bring both operational and capital efficiencies to systems in need of investment.

Mike Walton, Chair of the American Society of Civil Engineers Report Card Committee, underscored the deteriorating state of the nation's infrastructure by giving the mayors a preview of ASCE's 2005 report card, which will include evaluations of the nation's rail system, public parks, and security. In their 2001 report card, the average grade of the 11 graded infrastructure categories was a D+. Walton encouraged the mayors to look at the report when it is released in March and to promote it in their cities.

The meeting closed with a commitment from the mayors and the private sector representatives to hold another meeting at the Conference of Mayors Winter Meeting from January 17-19 in Washington (DC). They pledged to work together to create a Mayors 2005 Metro Agenda and to encourage investment in America's cities and metro areas.

Border Issues Raised by Flores in Federal Agency Discussions in Washington

By Justin O'Brien

Laredo Mayor Betty Flores, a Conference Trustee and Co-chair of the Conference's Borders Task Force spent December 3 in Washington (DC) visiting numerous Federal agencies. She began the day with meetings at the Department of Defense's National War College at Fort McNair, and the U.S. State Department where discussions centered on security and other issues related to U.S.-Mexico border crossings. Flores followed with a lengthy meeting with the Department of Homeland Security (DHS) and Under-Secretary for Border and Transportation Security Asa Hutchinson regarding the US VISIT border and international security program.

US-VISIT Program Director at DHS Jim Williams and Audrey Adams, a 13-year veteran of Laredo as head of U.S. Customs operations there, joined with Flores and the Secretary. The mayor also congratulated Secretary Hutchinson on his birthday, which coincided with her visit.

Following their meeting Secretary Hutchinson described Flores as "A public leader that leads. There are many that



At right, Laredo Mayor Betty Flores, Conference Trustee and Co-chair of the Conference's Cities and Borders Task Force, met with DHS Under Secretary for Border and Transportation Security Asa Hutchinson to discuss the US-Mexico border and the US VISIT program on December 3rd at his office in Washington.

have the name 'public leader' that simply follow or criticize. That is not what

Mayor Flores has done with US VISIT. She held our [DHS'] feet to the fire to

ensure that the program would work, but has been just as steadfast in her fair appraisal of the program's success."

"This trip is an example of my commitment to continue to work very hard, diligently and steadfast on border issues, so that the border is secure and economically viable. The border will continue to be the focus of my agenda," said Flores.

At a 2001 emergency security summit of mayors in the wake of the 9-11 terror attacks, in recognition of the key role that border cities play in national and international commerce, the Conference of Mayors called for a series of border security measures. These included implementation of programs to expedite the entry of low-risk, pre-approved cross-border travelers, such as those commuting to jobs daily or who cross the border in the ordinary course of their work. At the same time, borders would be secured against would-be immigrants and cross-border travelers that represent terror and public safety threats. Included were recommendations for both the reform of the visa-granting process and procedures and the incorporation of biometrics in the monitoring of legal non-citizen visitors and temporary workers. The US-VISIT program significantly responds to the intent of these and other Conference border security recommendations through many of its features.