

Center for American Progress

**Innovation at the Local Level:
The Chicago Infrastructure Trust and New Job Growth**

**Introduction by:
Secretary Ray LaHood,
U.S. Department of Transportation**

**Speaker:
Chicago Mayor Rahm Emanuel**

**Moderator:
Neera Tanden,
President,
Center for American Progress;
Counselor,
Center for American Progress Action Fund**

**Location:
Center for American Progress Action Fund
1333 H St. NW, 10th Floor
Washington, DC 20005**

**Time: 10:15 a.m. EDT
Date: Friday, July 20, 2012**

*Transcript by
Federal News Service
Washington, D.C.*

NEERA TANDEN: We are very excited to have with us today Mayor Rahm Emanuel and Secretary Ray LaHood. We are here today to discuss an incredibly important topic for America's competitiveness and for economic growth, the issue of infrastructure. We have talked about infrastructure a lot at the national level, and we're excited that Secretary LaHood was able to work with his colleagues in the House – former colleagues in the House and in the Senate – to ensure that we have a two-year extension of the transportation bill.

But there is so much more to do on infrastructure. And as we – as we grapple with issues at the national level around economic growth and competitiveness and what we can do to get America back to work, we wanted to highlight the work of Mayor Emanuel to demonstrate at the local level you can break through the partisan gridlock sometimes and bring the private sector and the public sector together to ensure that we make progress. And that's we're – why we're so excited to have him here today.

The event today will have a Q-and-A. I do need to mention that we'll have questions written out, so please write legibly. And I will gather your questions, and Mayor Emanuel and I will have a discussion. But first I'm excited to have Secretary LaHood here to speak on the topic and to introduce the mayor.

SECRETARY RAY LAHOOD: Thank you. (Applause.)

Well, I don't want to take any time away from what the mayor will want to talk about. And so I'm going to get right to my introduction of him. And if some of you afterwards want to talk for a minute or two, I'd be happy to do that.

A few days before the last presidential election, I got a phone call from Rahm Emanuel. And he said to me, Barack wants me to be his chief of staff. And I said, do you think we ought to have the election first, before you start thinking about what your next job is? (Laughter.) And he called me a few days after the election and said, I'm going to take it, in – notwithstanding what I told him, which was, I think this is a very bad idea. You got a great job; you're a great congressman. You're going to be the first Jewish speaker of the House. You're from Illinois; it'd be great for our state. And he ignored all of that good advice. And I said, by the way, it'll be terrible for your family because you'll never see them.

And then we talked for a minute or two about whether I was a good enough Republican to join the administration. And he said to me, what do you think you'd be interested in? And I said, agriculture. And he said, no, you won't. You're interested in transportation. (Laughter.) You know, always thinking long-term – (laughter) – about what his ideas and his goals are. See? I mean, look it, this guy is very, very smart – (laughter) – politically and policywise. And so I owe this job that I have, the privilege that I have to serve as the secretary of transportation, to two people: obviously the president, but to my friend Rahm Emanuel.

And he and I became friends while we were in Congress. He called me after he was elected to Congress and said, look it, I want to work in this delegation in a bipartisan way for Illinois – not just for Chicago, not just for my district, for Illinois. And from that time on, we became dear friends, and we are dear friends, and – because we care about getting things done

and solving problems, but because I think we're both in these government jobs for the right reasons, to get things done and to solve problems.

And he and I co-hosted some bipartisan dinners while we were in Congress. We'd go over to the Monaco. He'd invite seven or eight Democrats; I'd invite seven or eight Republicans. And these bipartisan dinners helped us forge relationships with members of Congress that lasted – have lasted well beyond our congressional careers.

And for those of you who don't know, when Rahm ran for mayor, he knew that he wanted to transform the city in a way that it had not been transformed. And what I mean by that is he went to every 'L' site, every 'L' station, every transit station in the city of Chicago to introduce himself to the citizens of Chicago. And I think there's 125, correct?

MAYOR RAHM EMANUEL: One forty seven.

SEC. LAHOOD: One forty seven. (Laughter.) He went to every one because it's a good place to introduce yourself to people and to talk to people. But also, the message was we're going to transform transportation in Chicago. A lot of people in Chicago don't own cars, but a lot of people use the train and the buses. And this is the way that people live their lives in a city like Chicago. And obviously Rahm was smart enough to know it's a good place to meet people, but it's also a good place to really tell people what your agenda is.

And you know that he recently announced a 7 billion (dollar) infrastructure plan for the city of Chicago – not just trains, not just buses. He brought with him to Chicago a guy named Gabe Klein, who transformed this city that we live in into the most livable, sustainable community in America, with one of the largest bike-share programs, with – a community that will have streetcars, that has a very good metro system. And Gabe, under the mayor's leadership, has as their goal – one of their goals to make Chicago have the largest bike-share program in the country. And that is a terrific goal, particular for all of these young people that want to live in Chicago and work in Chicago.

But his plan is more about transit, it's more about buses, it's about the whole infrastructure of the city. It's about roads and bridges. It's about sewer and water. It's about aging infrastructure. But it's also about a vision, good policy to transform the city. Because when you have good infrastructure, what you're able to do is attract people for business, for jobs, and young people who want to live in the city. So that means more housing. It means more jobs. It means more businesses. That's what this plan is about.

And now, the other thing that I think is a little bit surprising to people about Rahm's leadership is the way that he has been able to work with a 50-member city council. I don't know of any other time in the history of Chicago, but the 50-member city council unanimously passed his budget. That, I believe, is a record in the city of Chicago – to get 50 aldermen to do anything unanimously – let alone pass the city budget – that talks about, I believe, Rahm's ability to work with people in a way that I think is a great illustration of his very, very strong leadership.

Now, obviously I could go on, but you all have done your homework and you've been reading the stories about how he's transforming education as well as transforming transportation and transforming housing. And I know he's going to talk about all these things. The reason that we've had some success over the last three and a half years in our work at transportation is because we have good partners – in governors and in mayors. We have a great partner in the mayor of Chicago for what he's done, for what he wants to do, for his vision.

And it's not about him: It's about the people, and it's about what you do to serve the people to continue to make Chicago the great city that it really is and will continue to be. So I'm delighted to say to all of you, we have great leadership all over America and we have extraordinary leadership, I think. And Rahm is off to a great start. Please welcome the mayor of Chicago, Rahm Emanuel. (Applause.)

MS. TANDEN: Thank you again, Secretary LaHood, for your remarks –

MAYOR EMANUEL: I'd just like the record to show I paid for all those dinners he talked about. (Laughter.)

MS. TANDEN: I'll get right to the questions, and I know people are gathering, but we'll start off with some questions from the moderator. Recently the University of Chicago put out a report – I have it here and I believe we have copies in the back, if not we will get some – that talks about Chicago's economic growth. First and foremost it talks about how Chicago has the fastest growth and talks a lot about the opportunities, but also discusses some of the most significant challenges. Chicago last year was near the bottom in job performance, and discussed in detail some of the opportunities – health care, professional services, manufacturing and also transportation. And so I thought perhaps that could provide the context for you describing what the Chicago Infrastructure Trust is really about, how it will work.

MAYOR EMANUEL: I think the report notes in the last year we had the largest job creation and the biggest drop in unemployment of any major city in the country. I mean, there's a lot that goes into that.

But on the infrastructure, it deals with both the airport, mass transit system, community colleges, schools, roads, water and parks. That's kind of – I mean, it's an integrated plan. And just – if you took the mass transit, by way of example, we have more riders in the city of Chicago on our mass transit in a month than all of Amtrak in an entire year. About 60 percent of the people take mass transit to get from home to work. And I see it as a key strategic economic advantage for the city. That's just taking that one piece.

And on our parks, when we're done with everything we're doing from soccer fields, basketball courts, every child will live within a 10 block – 10-minute walk of a park facility, 10 blocks – 10 minutes, rather.

But on the mass transit, we basically – and I see it as a key strategic economic advantage for a city. Now look, companies are now leaving the suburbs to come to the city because of our workforce, our density, our culture, our night life, the quality of our life, and we have an advantage that we can move people quickly from home to work.

United Airlines opened their operation center in the city of Chicago – 1,300 jobs. So I did a town hall with them – a lot of people from Houston, other parts of the country all coming, who now move to Chicago. And one of the things they talked about that they love was, unlike other cities where they drive for an hour and a half or an hour and 20 minutes to get to work, they can either bike or get on mass transit, work and be at work in 20 minutes. I take the mass transit system, the CTA, twice a week. Just took it yesterday. And I get to work using it and walk – you know, go two blocks from my house to the train, I take the train downtown.

And it's an incredibly important investment. So we're replacing two-thirds of our entire trains, two-thirds of our buses; out of the stations, 140 – a hundred of them will be either refurbished, rebuilt or totally new construction. By way of example, near McCormick Place, our convention center, you can either get there by bus or taxi – we've been talking about it for 40 years – from a hotel downtown. So we're now – within the next three years, we're going to have a new station. It's going to help the community on Motor Row build (the ?) residential, and it's going to help the McCormick Place get international shows that are limited to us. So, it's a huge economic advantage for us.

And we have launched a two – little over \$2 billion infrastructure investment in that mass transit system, with the fundamental view you cannot have a 21st-century economy operating on a 20th-century foundation. It's unsustainable. It just can't happen. And our mass transit system is one of the things this company has looked to relocate and looked to a city – your workforce is your most important investment. After that, if you have a very effective mass transit system, it is one of the calling cards – like a bike-sharing or a bike – protected bike lanes, it's one of the calling cards to get the type of workforce that companies want today. And so I see it as a huge piece of our economic strategy.

MS. TANDEN: And is the Chicago Infrastructure Trust part of that or separate from the mass transit part?

MAYOR EMANUEL: I should – totally separate. So the – you know, the CTA, our mass transit system, we're doing it state, federal, different system. The community colleges, we're building – we have six colleges. We're building two new campuses. We cut \$120 million out of the central office and probably get into a new Malcolm X Campus, which will be only for health care – the airport, federal, local, working with the airlines, et cetera.

The trust is for – only transformative. The first project, this Wednesday the board will be – hopefully be approved by the city council – and I have all the confidence it will. But the first project they're going to look at is, we're retrofitting about \$200 million worth of work, the cultural center, which we lose about a hundred thousand dollars in utility costs: our streetlights, our traffic lights. We're aggregating a series of things throughout the city, about \$220 million worth of work. That will be its first project. And then the board will look at other things as people recommend them.

MS. TANDEN: And do you have a sense of how many jobs were created from just that retrofitting project?

MAYOR EMANUEL: The early estimates are about 1,200 to 1,500 on the CTA. Our water project, by way of example – I want to do two things, if I can. We have the largest water

investment we're going to do in the country. Nine hundred miles of water – of pipes will be replaced, everything a hundred years or older; 750 miles of sewer relined or replaced; 160,000 catch basins; two of the largest water filtration plants in the world will be rebuilt. OK? It's a decade-long work. And of the sewers, two-thirds of that – everything is – two-thirds of everything that's a hundred years or older, and on the water, everything that's a hundred years or older will be replaced in the decade. It's the largest project. And then 2,000 miles of road will be repaved. And then we're laying – we're laying broadband when we rip up the road. So while we – we save – (inaudible) – we're repairing our past, we're preparing for the future.

This summer, we renegotiated something with the laborers' union: 75 jobs. And we renegotiated the starting salary, et cetera, very good. Because we gave them certainty and work, they came down in wages, et cetera.

MS. TANDEN: Saves money.

MAYOR EMANUEL: Save money.

How many people do you think applied for the laborers' jobs, 75? How much? Go ahead.

MS. TANDEN: Ten thousand?

MAYOR EMANUEL: Ten thousand people for 75 jobs. So I could – I mean, we're doing 30,000 people in three years, airport, roads, parks, schools. I could clearly, if I could find other ways to do it, do more. And we need it. I mean, I'm very proud of our capital investment, but there's more work to be done than what we can actually do. But the workers waiting to do this – the carpenters, the operating engineers, the electric workers, the laborers, the bricklayers – 10,000 people applied for 75 laborer jobs at the Water Department. That's a telling sign.

And I think – by the way, when we're done, we've done our studies, two years' worth of residential water use will be saved that we lose now through leakage. And I give you – we have everything mapped out by year. This spring they – part of the west side of the city, they pulled up a tree trunk with a water pipe, and they put it out – you know, put it on a little thing for me and put it on my desk, because on the weekly report the water department guy wrote: We are on track to get 69 miles. And I wrote – because the goal for this year is 70, so (it's not a goal?); we'll get it done. If it takes us to midnight December 31st, we're getting 70 miles done.

So I wrote on the side of the weekly: Sixty-nine is not 70. Remember your goal.

MS. TANDEN: (Laughs.)

MAYOR EMANUEL: So we're – so that's – that they pulled up a tree trunk in the city of Chicago which is our water pipe. And I have it in my office on my desk. But that exists in parts of – Chicago's not alone. I mean, that's all over the country.

MS. TANDEN: Right.

MAYOR EMANUEL: But when we're done, two years' worth of water – residential water use will be saved that we now lose to leakage. And last year, a car driving in Milwaukee – it didn't fall into – well, it did kind of tip over. It fell down. There literally was a picture in the

newspaper of a guy climbing out of a huge 14-foot hole just from a pipe that had busted. So that's all over the city.

MS. TANDEN: So I think this raises a really interesting question about where we are politically both here and in – at the local level, which is – water is a perfect example, right? This is – water infrastructure, hundred years old, you can save money by doing it; you can put people to work right now. People want those jobs, 10,000 to 75. There's a big demand for jobs. We know over the long term we save money when we make these investments, retrofitting as an example, the water savings. Same is true on roads, et cetera. They make us competitive over the long term.

Why has there been such a challenge to make these arguments? And also – but if you want to skip over the politics of Washington, is one of the reasons why – one of the reasons why I think the Chicago Infrastructure Trust is so attractive is it's a way for mayors to make progress when Washington has slowed down.

MAYOR RAHM: Well, look –

MS. TANDEN: You've seen that argument resonate.

MAYOR RAHM: Yeah, I mean, let me say this. The water thing, to the city council's credit, that was part of the 50-to-0. And I said then: We could sell the water utility, but I think we know what we do when that happens – like the parking meter. I'm against that. We fixed 3,900 pipe busts a year, so we're Band-Aiding our way there. It will get done, the plan we're doing, if we just did it by fixing by Band-Aid: 2057. Or we can decide the status quo is unacceptable, and we then put together the resources – we're going to own our own water utility, but we're going to fix it. We're not going to Band-Aid our way or hope this problem goes away. That's one.

Second is, the state has its own financial situation. They're making cuts. Now, when we passed our infrastructure trust, the federal government had not passed a highway bill, although it was on – I think – its 10th extension at that point, 90-day extension. And I will give credit – and I mean this to be sincerely on my friendship – to Ray. He has been a great proponent of the TFIA. It got a major infusion. While I'm not happy about a two-year, not if some – (inaudible) – the TFIA is one of the most innovative pieces of this legislation and it's a – kind of a cousin of what we're doing on the infrastructure trust. It's a different model, but it's the same kind of – not just one lump sum; you pay it out over a period of time, which is a smarter capital investment.

MS. TANDEN: Right.

MAYOR EMANUEL: But I said to the city of Chicago, we're going to do like we do in community colleges. We'll cut the central office. We'll invest it here. We'll do the water. So we'll – but we have to take our own destiny into our own hands as best as we can.

MS. TANDEN: Right.

MAYOR EMANUEL: And we can't leave our destiny to Washington's dysfunction or Springfield's budget-cutting exercise. You can't call for fiscal discipline but not me. I understand what Springfield is going to do, but I'm not going to let Chicago to become hostage to this dysfunction. And no city can survive with an aging infrastructure. But Chicago – second-busiest airport in the country; a quarter of all cargo runs through the city on rail, as well as on our roads, not counting our mass transit, our parks, our community colleges. If it's railroads or runways, it's coming through Chicago. And it's part of our economic self-interest.

So given that – and then I have a sustainable view based on bikes and mass transit, what we're also doing on other things – I believe we have to set up another tool in the toolbox. It's a tool, it's not – the infrastructure trust is a tool you use. It doesn't mean you don't cut the central office at the community colleges and invest a new campus at Malcolm X.

MS. TANDEN: Right.

MAYOR EMANUEL: It doesn't mean when it comes to water you don't do what you need to do. Or as it relates to our airport – our airport, we're building the equivalent of another Midway Airport at O'Hare, with that many runways.

So it doesn't mean you don't do those things, but it means that you – I say, look, what other tools can I get to achieve the economic objectives of our city? And the trust is another tool. It brings in pension money. The labor – the union pension money is coming in. It brings in foundation money. And it brings in, in fact, also financial entities. They take the risk, we own the asset. We get the use of it and we own it. It's a direct rejection of what I think is a – in my view, the wrong model, which is privatization.

MS. TANDEN: Right.

MAYOR EMANUEL: We still own it. We just finance it a different way. And it's only a tool and it only works, you know, when you evaluate it from a, you know, hard economic perspective. And here's another thing. If there's a – doing the old thing, if there's a cost overrun, the taxpayers bear it. On the infrastructure projects, if there's a cost overrun, the investors bear it.

I always say this – can I give one kind of –

MS. TANDEN: Yeah.

MAYOR EMANUEL: Would you agree that we're the most free enterprise economic system in the country – the world? OK.

MS. TANDEN: We agree. For sure. (Chuckles.)

MAYOR EMANUEL: OK. Here it is. We are the most free-market country in the world, yet we do our infrastructure in the most socialist way in the world. All these other countries that aren't exactly as free-market, they do infrastructure trust-type things, bring

different types of financing to finance infrastructure. It's just a tool. The Transportation Department exists, and yet TFIA is another tool in their toolbox. And it helps you achieve the goals you've got to do and it has to make economic sense.

MS. TANDEN: And has there been any resistance from the private sector because you still own the assets? Is there – are there –

MAYOR EMANUEL: No.

MS. TANDEN: Or are they like – (inaudible).

MAYOR EMANUEL: Well, the first thing we're looking at is retrofit, but the first person or the first entity to say they were excited was the union pensions. The second was some of the foundations that wanted to see something like this as an approach. And then, obviously, the third, some – a lot of people have had traditional resources and monies available for infrastructure want to be involved.

Now, since this time, I think Washington, Oregon and California are thinking of, for their region, an infrastructure bank. They're analyzing it now. It's going to be something people look at because our economy is growing like this, and our foundation is, like, moving at this pace.

MS. TANDEN: Right. Or falling behind. (Chuckles.)

MAYOR EMANUEL: Or falling behind. Well, it's clearly not keeping up.

MS. TANDEN: Right.

MAYOR EMANUEL: I can't – think of it this way. Can you imagine Chicago without O'Hare, economically? We just this week announced four weekly flights to Beijing, direct, with the only private air carrier out of China. You can't imagine Chicago, OK?

MS. TANDEN: Right.

MAYOR EMANUEL: GE Transportation just moved their headquarters out of Erie, Pennsylvania, after 130 years to Chicago. Why? They can get anywhere in the world to any customer directly. You can't even think of us that way. And if we don't invest in O'Hare's modernization, I'm not going to recruit companies to headquarter in Chicago. It's a direct correlation. And I'm putting people to work while I'm recruiting companies whose headquarters is Chicago. It's a win-win. It's great for the city.

MS. TANDEN: You mentioned other localities taking it up. Is this something you think that could be more universally applied? In a sense, are mayors – it could be something – a mechanism for mayors – large-city mayors, smaller-city mayors – or can they only do it regionally, do you think?

MAYOR EMANUEL: Well, we're doing it for Chicago. I'm only interested in Chicago. (Laughter.) Other people can look at it what they want to do. I don't think it's – it can't replace something. I want people to understand that. It's not like I'm not going to force my community colleges not to figure out how to cut the central office and build a new campus.

MS. TANDEN: Right.

MAYOR EMANUEL: I'm going to – we're going to apply for TFIA-type ideas. We're going to apply the traditional model that we have for the airport. We're going to use the infrastructure trust where it makes sense for us. We're going to do what we need to do on the water on our own. It's a tool, and where the tool works, you'll apply it. Where it doesn't work, don't apply it. But it – you have to have that tool available. And the notion that you're not going to make something available to yourself when your critical economic needs and the vitality of the city require it –

MS. TANDEN: Right.

MAYOR EMANUEL: And I don't think that this is one piece of it. I don't think we could have the type of job growth and drop in unemployment. It's not like I'm sitting next to Google and they're just hiring-crazy. I mean, San Jose had some great numbers. (Laughter.) We have a diverse economy, and part of the job growth we got and the drop in unemployment was what we're doing on our infrastructure and our investment.

MS. TANDEN: Right.

MAYOR EMANUEL: A piece of it, a piece of it.

MS. TANDEN: The connections to manufacturing are really strong, especially.

With historically low interest rates, is the CIT – can it take advantage of those, in particular? Is it – is that something that other mayors should really look at, to think about a CIT because you have that opportunity right now?

MAYOR EMANUEL: Well, let me say one clarifying thing. The trust is not for basic maintenance and upkeep. It is for transformative deals for the city that you can't do – or transformative investments you can't do any other way. In the audience is Gabe Klein, the head of our mass transit force, Clay Poole (ph), you also have to have good people running the system. I don't see Rose Hughes (sp) at the airport – Rosie's here also – (laughter) – there she is. Those – I mean, those are kind of the core – Tom Powers runs water – that would be the four people that really do the infrastructure for the city.

It is, in my view – it's right for cities or regions or states that have things of scale. And you obviously have got to have a revenue stream that pays it back, and that's got to be the economic sense of it.

MS. TANDEN: And I'll get the questions. But my last question is, is there – obviously, which – we've discussed TFIA. But are there – is there other ways in which the federal government can use this as a model? Is there something we should be thinking about?

MAYOR EMANUEL: The TFIA is slightly different because it's the federal government. There obviously – I know from the first budget, I have a – (inaudible) – some battle scars to show, but the president did create an infrastructure bank, but it never got – on the federal level, it never got funded.

MS. TANDEN: Right.

MAYOR EMANUEL: But there – like, think of this. There are big national projects. It would be a perfect tool from a national project basis to look at that had a revenue stream to pay it, that are beyond city or beyond state or beyond – but you probably make sense for a regional type thing, that kind of sense of transformative for the economics of the – of a region, a city or a state.

I think the TFIA is a great thing in this bill. I have other questions about the bill that I'm, you know – questions, for me, is a – is a generous way of my describing how I feel. That said, the TIFIA's great. I think – I'm not going to – other mayors will make their own decision, OK? I wanted to make sure the city of Chicago was not held hostage to what happens in Springfield, Illinois, or Washington, D.C. And even now that Washington passed the transportation bill, it's only 18 months. I mean, I can't plan the city of Chicago's future on an 18-month basis. It's crazy. Therefore, I have to have a tool available that I call a breakout strategy for the city's economic and job creation.

MS. TANDEN: This question comes from James Burgin (sp), George Mason University. Since the times of Rome, infrastructure has built the backbone of great societies. How can we convince the country that infrastructure investments is crucial and necessary?

MAYOR EMANUEL: Well, that – first of all, I call it rebuilding the city of – I call it – you know, we have a – our signs are, building a new Chicago. I hate this word infrastructure, and I'm a user of it, so that's one, James. Two, I actually think one of the things that gets lost – and I will say this – in the '50s and '60s and '70s, when we invested 4 percent of our GDP in infrastructure, and our roads, our bridges, we grew at 4 percent. Not exactly A equals A, but it is what happened, because in '80s when we downshifted to 2 percent, we have grown on average 2 percent. It's the foundation that allows the economy to move.

And the other way, since a lot of people talk high tech – and words do matter – infrastructure is a platform. Everybody else then goes and builds their apps and everything else off of that platform. And if you have the right roads, you have the right airport, you have the right water, you have the right schools, you have the right broadband, you have the right mass transit, then all the other platforms that take off of that can go.

And I will say one thing, I've never had a company or a CEO come in to me and not want to talk about some pieces of the – you know, one of – even while it's marginal, whether it's our

mass transit, our airport. I've actually had a company move their offices and we moved a flight schedule because of where their other offices were. So don't tell me infrastructure doesn't matter to their economic decision. And again, I want to say, their number one decision? We have the best workforce in the country in the city of Chicago. You have that workforce and you can get them to and from work efficiently, they'll pick this city every time.

MS. TANDEN: The next question comes from Stacey Wagner at the Department of Commerce Manufacturing Extension Program. Can you –

MAYOR EMANUEL: (Chuckles.) Stacey, what are you doing out of the office? (Laughter.) Get back to work.

MS. TANDEN: I think that's her former role.

MAYOR EMANUEL: OK. Yeah, OK. (Laughter.)

MS. TANDEN: Can you talk about your plans for engaging American manufacturers in Chicago – you just referenced this – and Chicago's transportation renewal? Are you considering a buy-American manufacturing initiative? How will these issues interact?

MAYOR EMANUEL: Well, the only thing I can think of that's – we have a big auto plant – Ford auto plant down in the South Side of Chicago. And in fact, we're fixing – by way of example – the workers have to park across the street, so we built a bridge. We've improved the rail and road access to this plant – major investment. They just added a third shift. So the infrastructure mattered. It's their best-exporting plant of all Ford plants in the country – 67 countries out of that plant.

They added a third shift, 1,200 workers. Now, they also make their police car, their Intrepid, there. So we were going to be ordering some cars anyway for the police department. And we made – you get 2 points – I forgot what the point is – we gave like 2 points advantage if it's made locally manufacturing. And the Ford plant won. They were going to win anyway, but they won – you know, it didn't help – it didn't hurt that it's got – we had a local preference to that plan.

And – but I want also to go back. We're – I think that when you tally it up it's close to about \$200 million of different investments we're making to improve the efficiency of that plant. And the efficiency comes – (inaudible) – it's the best exporter in the Ford family of factories. They've added a third shift, 1,200 jobs and a stamping facility with another 700 jobs. And I'm going to tell you how busy they are. To organize a trip to go announce it, I had to come in a 10-minute window during lunch because they didn't want me to disrupt the operation. I mean, that's how unbelievably precise they are to the – to literally the minute at the – at the facility.

MS. TANDEN: We also have a question from Cheryl Kaplan (sp). How did you get 50 council members to unanimously pass your budget? It's a little off the topic of infrastructure, but I think we're all interested how to do that.

MAYOR EMANUEL: The Chicago way. (Laughter.) They saw a bright future for themselves – no. First, look, we had a healthy debate. (Laughter.) Don't laugh too hard. Look, it was my first budget. We had a healthy debate. We did a number of things in there that we have been discussing for a long time.

Let me give you one example. We collect – we – our garbage collection is like – I think it's 220 (dollars) a ton. Our nearest competitor is 140 (dollars) a ton – 140 bucks a ton. I was like, we got good garbage; I never knew it was that good. (Laughter.) We've implemented what is a grid. In the past, garbage got picked by ward; we have 50 wards. So we put it on a FedEx, UPS model – efficiency. We're implementing it now. We're going to save 15 (million dollars) to \$20 million just being efficient. We set up – and we debated this 20 years, this budget does it.

Second item, half our city does recycling; half does not, because we never had the money. We have – (inaudible). So we set up a competition: One sector, streets and sanitation workers; one sector, waste management – both union – both same union. Streets and sanitation said, you know, we're going to go win that work. Before it was, hey that's our work. No, you got to win it. We have enough savings in the system for the same dollars we're taking in city-wide. That (wasn't passed?). Debated it, debated it, debated it – done.

Third example of a reform, we have seven community health care clinics – big supporter of community health care. We took two pilots, one in Englewood, one in Uptown. We showed we could get better health care and save the taxpayers a hundred bucks per visit. So now all seven clinics are going to – with federally qualified – federally qualified community clinic operators – they will get better health care and the taxpayers will save money.

And it's things like that we've done through innovation that I think achieve – and we were honest with people. I mean, you can't continue to do the same thing and hope for a different result. You just can't do it. And the aldermen also gave us ideas where they improved on original ideas I had. And we implemented them.

And we also – we used to do this in the past: Major nonprofits got free water – free. It's costing the city about \$20 million a year – Northwestern Hospital, Shedd Aquarium, downtown – we ended it – done. And that's saving the city – now, for the smaller nonprofits, we phase it out over time. But for the big institutions, we ended it. So I made sure everybody got affected. I think the city council looked at it. Obviously their vote was – and this was also where the water investment came from. So –

MS. TANDEN: That's great. We have another question, which references, I think, something you said earlier, from William Klein (sp). Would it be useful to conceptually add education and health care to infrastructure – roads, bridges, et cetera – but should we be thinking more expansively about the quality of life and things that, you know, we all need?

MAYOR EMANUEL: You mean beyond the building of a school?

MS. TANDEN: I think, if I'm going to interpret this question, I think – you know, if you think about infrastructure as the kinds of things we all need to – you know, for the economy to

grow, et cetera – health care, education, they're – you know, we think of them as human issues, but maybe we should think of them more broadly?

MAYOR EMANUEL: No. I mean, I do think this – let me use this question to – how about – Henry Kissinger used to have a great quote: Does anybody have any questions from my answers? (Laughter.) So I'm not sure I understand it, but let me now answer what I would like to. (Laughter.)

We have six community colleges in the city. The mayor runs them, in a sense. I appoint the board, I appoint the CEO. We're transforming our community colleges to career based. Malcolm X will only do health care. Olive-Harvey will only do transportation, distribution, logistics. Harold Washington will soon become professional services. We'll do culinary at – and hospitality industry, IT, advanced manufacturing. We've had the industry leaders in each of those fields to come in and do the curriculum and do the training of the professors. And the reason is we picked our six growth fields that we wanted to train a workforce.

The only thing I will say about the education is your workforce is your most important thing. I mean, I love what I'm talking about here on the physical side. Nobody would come if we didn't have Booth Business School at University of Chicago and Kellogg School at Northwestern. We have graduates from the big 10 states. We have the largest alumni of any city in the country – city of Chicago. Our workforce is incredibly hardworking. The national average for four-year institutions, graduation degree in a population is 27 percent. In Chicago, it's 34 percent.

But I wanted to make sure that the community college level – that those kids and those adults have as much a chance at a future as the kids coming out of Booth School business school. I'm glad we have Booth and Kellogg. And I'm glad I have DePaul, Loyola, University of Illinois, University of Michigan, South Bend – they come from all the schools – the University of Wisconsin, Madison – all of them – they come to Chicago. Come this time of year it's like a caravan just coming to Chicago.

But I have 127,000 kids going to community colleges, and returning adults. I owe them an education that gives them a career and opportunity. So that's the biggest investment we're going to make on our kind of post-high school education. And the – (inaudible) – I'm fascinated by this. I have never seen corporate America as excited about an educational thing that we're doing like – (inaudible) – community colleges. And I've never seen something work on the street as exciting. Coming together – usually –

MS. TANDEN: Right. (Inaudible) – a big complaint that they can't get the workforce they need.

MR. EMANUEL: Right. I'll give you – we – I just made an announcement at IIT's opening – Illinois Institute of Technology – its first academic investment in 40 years in the city of Chicago, a new innovation both for design and software development. Crain's in Chicago wrote – right now, today, on the website – there's 4,000-plus computer analyst job openings and

3,800 Web designers. That's on an average every month in the city of Chicago. And that's going to be in New York, you know, any city.

Getting people trained up is our responsibility. And I want to make sure we have the workforce – (inaudible). So I don't kind of – I can't see the trust doing that. I don't see us paying off student loans that way, so let me take that off the list. (Laughter.) So – but in general that's – you know, and other cities may not control their community colleges, but we do in the city. I'm going to make sure that that community college graduate has a chance at a future.

MS. TANDEN: And I think we have time for just a few more questions. So Brooks Hays, who writes for Understanding Government: Given that TA money can now be spent on anything a state wants, how do mayors work around the – mayors around the country convince governors and state leadership that bike/pedestrian programs warrant investment?

MR. EMANUEL: You know, let me – I would – if I – let me say – (laughter) – I'm trying to figure out a clean way to say this. (Laughter.) I'm – (inaudible) – say it wrong, but here it is. A lot of times the federal government's designed to go through the states. And I used to – (inaudible) – as a congressman everybody would – they'd come in and say that. (Inaudible) – of all the things I got to solve, direct funding is not, like, you know, top of my list.

MS. TANDEN: Right.

MR. EMANUEL: Well, as a mayor I've become a convert. I would love to see more federal government – first of all – and I can tell you a telling analysis of that capacity to stop saying, well, let's try a pilot project; we'll directly fund X in X city. And it's not just that we're closer. But why add another layer to merely transfer and have another box checked and another analysis gone on – because the truth is, around transportation there's Ray LaHood; there's state of Illinois; there's us. We're all close and – et cetera.

But I will tell you, getting another approval process? That's about nine months to a year, not because they're intending to do it; it just does. And not everybody is working with the same sense of urgency. And I think you can walk away – I kind of exude sense of urgency – that we – that a mayor would have. So I would love to see more direct funding, because I think –

MS. TANDEN: Right. (Inaudible) –

MR. EMANUEL: Can I take – can I go two backs? Two examples – live examples?

MS. TANDEN: Sure.

MR. EMANUEL: Why the community college stage is essential? We just recruited Aerotrom (ph) to open up the largest air cargo at a gateway airport in the country in the city of Chicago. It's going to create 11,000 jobs for air cargo. And why? Because they said, what you're doing at Olive-Harvey community colleges, guaranteeing a workforce – skilled workforce, truck driving and other skills – will give us a certainty that we can put this down here. So it's creating a facility; when it's fully up, 11,000 jobs.

Two, to this example of direct funding. We were trying to – we’re not trying; we’re going to build a facility near McCormick Place. And I’m – as you can – I want to get it done in short order. There’s nothing there. But to get that facility built, they were talking about this – requirements with the check box with the feds and the state, mainly in the state level. We were talking about getting it done in 2016, 2017. And Gabe knows this. And I wrote Gabe. I said, what are you talking about? There’s nothing there. Well, there was a year for an environmental study. Well, there’s nothing there. What’s there environmental to study? (Laughter.)

And we finally got the state to wait – you know, get – let us move it forward, because I was – poor Gabe, man. I was like, there is nothing there for an – but it’s like that layer of bureaucracy. And it’s not because they don’t – maybe they don’t want to see it happen, but it’s not because they don’t. It’s just why do I have to answer the same questions at the state level that I got to answer to the fed level? And Ray’s ready to partner with us. And it’s not like the state doesn’t have a self-interest in McCormick Place’s expansion.

But it’s just somebody – (laughter) – checking a box that I’ve already checked. I’d like to say – send them the fed application and say, look at it. If there’s another question you have, let me know, but I’d like to get going. So if – I will tell you this. Direct funding to cities in particular places, as long as the standards are what the feds want, I don’t need really another layer to see if they’re happy.

MS. TANDEN: And as long as you have accountability mechanisms, which you’re happy to own up to.

MR. EMANUEL: Again, my governor is as interested in us doing these things. He has the same interest; we’re aligned. And yet there were times added just because I had to go through another bureaucratic loop or – to get it done.

MS. TANDEN: What cities outside the U.S. do you see as a model for innovative, creative infrastructure (availment?) (Inaudible) – question from a person behind – (inaudible).

MR. EMANUEL: What cities? You know what, you don’t have to go far. There’s like 127 projects in Canada. (Inaudible) – I mean, the Canadian consulate general came to visit me, and they said – they were – they have an office in Chicago. They said, we’re a little shocked at all the screaming and yelling about this infrastructure. We – (inaudible) – in Canada have 127 if you want to come visit. I said, no, I want to send some people to go visit; I’m sold. But that – you know, Canada has a pretty interesting model. They do. (Inaudible) – go very far. And in case you want to see it, we have, like, a lot of daily flights out of Chicago. You – (inaudible).

MS. TANDEN: (Chuckles.) I think actually I am going to close with a question. I will say before I close that the Web address for this Chicago report is on actually the American Progress. We have – American Progress Web – we have a link. And there are reports at the back.

I think this conversation has demonstrated a mastery of transportation issues, but a lot of the ways in which you as mayor are trying to address people's problems. When you were in – when you were the chief of staff, and I'm sure in your entire career here in Washington, there's been a lot of discussion about the role of government and how to make it more effective, et cetera.

From the perspective of a mayor outside of Washington, where you spent a lot of your career – but outside of Washington, are people – do you sense that people see that issue in the same way? Are – is this solutions-based approach, where you're really trying to solve people's problems at the – you know, their most basic human needs – and does that put a new view on this age-old question of –

MR. EMANUEL: Look, let's just – well, let me – I have two points to that. One is, you know, what I love – I love this job. I've had great jobs; best public job I've ever had in public life is mayor. And I've had great jobs, and I would never replace any of them in my experience. But this is the – mayor is the government that is closest – or city government, rather, not mayor – is this government closest to people. It's how they think they envision their lives.

MS. TANDEN: Right.

MR. EMANUEL: Recycling, garbage pickup, tree trimming – (inaudible) – park. It is closest and most intimate to them –

MS. TANDEN: Schools.

MR. EMANUEL: – which is why they're most passionate about all of it. That's one. And you know, you make a decision, some people are happy or some people aren't. And they'll let you know in Chicago. They don't really hide it. (Laughter.) And even before you made a decision, they'll let you know. That's one.

And you know, I used to do Congress on Your Corner – (inaudible). When I was a congressman I would stand in a grocery store. Just – nobody ever said, why did you vote on 1481 that way? Here you say, OK, I'm going to do X. And like, they – (inaudible) – so it is the most intimate form of government. (Phone rings.) Obviously they didn't hear your message about the telephone.

MS. TANDEN: Yeah. (Chuckles.)

MR. EMANUEL: The second – well, you had a second part; it was on – oh, let me also say this. We are having as a country – this is like a pet peeve, so thank you for the mental health benefit here. (Laughter.) This is ridiculous, this discussion about – that all that matters is tax rates. Look, I've cut, in our budget, our per-head tax rate by 50 percent. And by the time my term's out, we're going to eliminate it. Tax rates matter. They're not – they matter. But any businessperson will also tell you the quality of the workforce matters. Can they get their goods and service moved efficiently matters. Is government transparent?

I'll give you a – (inaudible) – example. This year we had 147 business licenses on the books. We had more business licenses than Los Angeles, Phoenix, Atlanta and Philadelphia combined. They had 92, all four cities combined. So we massively consolidated them down to 43 – 47. I don't want you focusing on city hall; I want you to focus on your customer. Now, that is where government matters.

My favorite example out of this consolidation was if you bought a dog, you needed a license, the dog seller. If you bought a – sold a collar with that dog, you needed another license. If you wanted to offer the service of washing that dog, you needed another license. I was just looking for a kid to buy the dog. (Laughter.)

So we were – so government, in the sense of its oversight matters, doesn't mean you eliminate your oversight from health and safety. But certainty – once you give business certainty –

MS. TANDEN: Right.

MAYOR EMANUEL: – once you give them the ability to move goods and services efficiently, all things they care about, and also a workforce that's trained and ready to go, they will then go create the jobs, and you'll lead the country. But this notion that the only thing that matters on economic development is your tax rate – it matters, but in a menu of things that matter. What if Chicago – and I use this to make a point, not because I'm – (inaudible) – if Chicago or the state of Illinois did not have an income tax, but we didn't have O'Hare, do you think I really, really got – would have – GE Transportation International would have moved to the city of Chicago? No. O'Hare is a critical platform for that operation, OK? We also recently – you know, Ford – they have a plant there. We made certain investments to keep it competitive. They decided what cars get produced there. They decide whether they have the workforce. We made sure that they can move those cars, once they're made, efficiently in and out. And the capacity – and we're making investments for that.

There is a partnership here through the interstate highway system, through the – (inaudible) – colleges, through the broadband development. There has – through the airport system. There has always been this partnership, and it is a good partnership. It has worked in our history. It is not one or the other. When we go over our lines – 140 business licenses; that's not necessary for the operation – nobody is less healthy in the city of Chicago because were going down from 147 to 47, nobody. We did it smartly – (inaudible) – and I've given now the small businesses, which this used to harass, certainty.

The next thing we're going to do, we have eight different inspectors. At any given time they show up. We're consolidating that and modernizing it. They're going to use – they're going to go in, check the capacity and send it up on the Internet. And somebody can go on the website and go pull it down in the other department. They don't have to go in and bother a business with an inspection. We're not doing that from a health and safety perspective, but from every other perspective. That's where government –

AUDIENCE MEMBER: (Off mic.)

MAYOR EMANUEL: Hey man, I love you. (Laughter.)

That's where government matters and can be bad. But this notion that, you know, government is bad, private sector is only good – we always had a partnership, always will have a partnership, and we should have an honest discussion about our two effective roles. I don't create jobs, the private sector does, but I can – I do create the atmosphere and the environment where they can succeed or not. And that's based on schools, workforce, airports, mass transit, water, quality of life with parks, bike lanes. That matters.

And the fact that the city of Chicago went from – last year from 10th to fifth in bike-friendly in one year, and by the time we're done we're going to have a hundred miles of protected bike lane, I'm now – it's not an accident, not cause and effect, but we have a massive improvement in startup companies and young workers doing Web design and all types of other design. Why? Because I got another means of transportation, a quality of life that they like. And they can't build a bike lane on their own. I have to do it.

MS. TANDEN: That's a great ending to a great conversation about Chicago.
(Applause.)

MAYOR EMANUEL: Thank you very much.

MS. TANDEN: And about the country. Thank you.

MAYOR EMANUEL: Thank you.

(END)