

THE State of the City

MARCH 1, 2007 PRESIDENTIAL VISIT



Biloxi is poised to make history again

Dear member of the Presidential entourage:

Thank you for being in Biloxi today. We're honored that you have taken time to be here and we're proud to give you a quick overview of the progress we're making in our recovery from Hurricane Katrina.

One of my consistent messages since Katrina has been that we get this recovery right, that we make smart decisions and that we made responsible decisions.

We're at the point now where the decisions we're making are going to be with us for a long time. They'll be here for our grandchildren's children. We owe it to them.

We owe it to the thousands of volunteers who came, are still here and are still coming. May God bless them.

We owe it to the rest of the country to do it right. And most importantly we owe it to ourselves.

About this report

Information in this report is designed to give you a real-time overview of the Biloxi recovery – a snapshot of how far we've progressed and how we plan to meet ongoing challenges. Inside, you'll find a four-page insert showing key economic indicators and other relevant statistics.

For more detailed information – on our recovery effort as well as photographs and video from before, during and after the storm – I encourage you to visit the City of Biloxi's web site at biloxi.ms.us.

A handwritten signature in black ink that reads "A.J. Holloway".



President Bush made his first visit to post-Katrina Biloxi four days after the storm. While walking a storm-ravaged neighborhood in east Biloxi, Mayor A.J. Holloway, left, describes the storm surge to the President, who was joined by Sen. Thad Cochran of Mississippi and Mississippi Gov. Haley Barbour.

Highlights of the Biloxi recovery

- 95 percent of the debris has been removed. More than 2.8 million cubic yards, enough to cover a football field and stand more than 133 stories high.
- 19 days after the storm, half of the 6,100 pre-Katrina students were back in classrooms at Biloxi public schools. Today, 78 percent of the student body has returned, and we expect that number to continue to increase as more and more issues of the recovery – housing and insurance, namely – are resolved.
- The mainstays of Biloxi's economy – the casino resort industry and Keesler Air Force Base – are excelling.
- The casino industry, with seven of the nine resorts back in operation, with nearly 15,000 people back at work in that industry, is at pre-Katrina levels, in employment and revenue.
- Keesler, the Air Force's electronics training headquarters and home to its second largest medical center, graduated more than 26,000 students in 2006, and in September embarked on the largest military housing construction program in the history of the Air Force.
- 6,000 of 25,000 homes and businesses were destroyed as a result of the storm. Today, more than 8,400 residences are in the works. The city also has issued nearly 8,500 storm repair permits in the 18 months since Katrina.
- The city has \$148.5 million in requests pending with FEMA. Of those requests, \$112.5 million has been obligated (which includes a \$2 million state contribution and a \$2 million local match). A total of \$52.1 million in federal reimbursements has been received.

Why Biloxi is such a compelling story

In the decade before Katrina, we were enjoying the most prosperous and productive time in our 300-plus year history.

We oversaw \$6 billion worth of development in Biloxi. Nine casino resorts helped create 15,000 new jobs. We saw the number of hotel rooms on the Coast grow from 6,000 to nearly 20,000. We went from a million visitors a year to between 8 and 10 million a year.

We invested tens of millions of dollars in public education, public safety and recreation, we invested in our heritage and culture and preserved historic neighborhoods, and we cut our tax rate in half while we were providing our residents a much-deserved and enhanced quality of life.

We were doubling the size of our airport and were getting ready to start on a project to double the size of our convention center.

Then Hurricane Katrina came along.

Katrina destroyed 6,000 homes and businesses in Biloxi. Hundreds of historic homes and landmarks.

Entire blocks of neighborhoods were reduced to debris fields. Huge casino barges broke from their moorings and were pushed down the road as far as three-quarters of a mile.

Our infrastructure was decimated. And, let's not forget, 53 people lost their lives in Biloxi.

But months after Katrina, even as we were dealing with day-to-day issues of recovery, we came to realize something.

The decade of prosperity we were enjoying before the storm was only a glimpse of what our potential is today. We stand poised to reach even greater plateaus of prosperity and opportunity.

Population, city finances

One of the yardsticks that we use on population is our public schools here in Biloxi. Right now, school enrollment is 22 percent off its pre-Katrina level of 6,100 students.

Today, employment in our casino resort industry is at pre-Katrina levels. Nearly 70 percent of the Biloxi casino resort hotel rooms are back up and running. Overall, 55 percent of our hotels and motels in Biloxi are open.

Since Katrina, the city of Biloxi took in less tax revenue than **at any other time in the past 15 years**. And at the same time, we **spent more money** than at any other time in our **history**.

The city's three largest revenue sources – gaming, sales and property taxes – were down 24 percent overall from pre-Katrina levels.

Today, we're seeing record levels of gaming revenue. Sales tax is at 85 percent of pre-Katrina levels, and it will continue to grow as more and more amenities open.

Replacing the housing stock, providing affordable housing

I know we have a ways to go. I see the barren blocks of land on Point Cadet, on

Back Bay, in Eagle Point and Sunkist and the empty lots on front beach.

I know that on Point Cadet – an area on the eastern tip of the Biloxi peninsula and the oldest section of our city – we face the prospect of having to build affordable housing in an area where property is **unaffordable...**

This is an area where 45 percent of the households had an income of less than \$24,000... and a significant number were renting.

We need to face the fact that Point Cadet will never look the way it did before. FEMA is going to declare the majority of Point Cadet to be in a flood zone.

This means new home construction will have to be elevated, driving up the cost of construction even more.

How we're reviving the renaissance in Biloxi

In January of last year, six months after Katrina, I announced the Reviving the Renaissance initiative.

We were going to look at our past, what was working and let that be the guide for our future. I asked for a **realistic** plan, with a **realistic** timetable and a **realistic** price tag. More than 200 Biloxians answered the

call to serve on this important project. They served on a dozen committees that focused on such quality-of-life issues as affordable housing, land use and zoning, public education, transportation, historic preservation, health and human services and others.

We had input from a world-renowned panel of urban planners and architects who served on Governor's Commission on Recovery, Rebuilding and Renewal.

And the RTR effort included the work of the national planning consortium Living Cities, which focused on east Biloxi.

So when people ask about a plan, **yes**, we **have** a plan.

Let me tell you about it.

More housing units than pre-Katrina

The Biloxi Housing Authority is well on the way to restoring its Hope VI project. In fact, tenants will start moving in next month.

This project that we were so proud of before the storm – where families had only just moved in before Katrina came along – is going to once again be the crown jewel of affordable housing initiatives across the country.

It's going to be better than it was before Katrina and it's going to be **sooner** rather than **later**.

When all is said and done, the housing authority will be building or restoring more than 1,500 homes.

In September, Keesler Air Force Base embarked on the largest residential housing project in the history of the Air Force. This \$288 million undertaking will see 1,067 new housing units in all.

Work on the first quarter of the units will be underway next month and more than half of all of the homes will be under construction by the end of this year.

Since the storm, our Community Development Department has issued more than 8,500 permits involving storm repairs, and new residential and commercial construction.

We've saved residents nearly \$160,000 by waiving fees on storm repairs.

That saves Biloxi residents anywhere from \$25 to \$250 **or more** in permit fees.

Right now, we have 19 residential subdivisions under review, which will

account for more than 350 new lots for new homes.

And in addition to that, we are currently reviewing Belle La Vie, a mixed-use development that straddles the current northern boundary of the city. The 1,400 acres of this project has a total of 5,500 residences.

Katrina claimed 6,000 homes and businesses in Biloxi, and those projects account for nearly 8,500 homes.

An unprecedented level of public improvements

Over the past 10 years, we've spent an average of \$16 million a year on capital projects. Today, that budget is \$53 million, with another \$60 million working its way through the FEMA pipeline.

We're investing as much as \$10 million in repairs and improvements at Point Cadet Marina and the Biloxi Small Craft Harbor.

Our work is going to make these facilities better than they were before the storm.

We have four contracts totaling \$3 million underway right now, bringing new street signs, traffic signals, school crossings, sidewalks and curbing to 680 streets throughout our city. That's work on more than **three-quarters** of the streets in our city.

The Mississippi Department of Transportation plans to have the first two lanes of the Biloxi Bay Bridge open 8 months and three weeks from today.

You'll see more lighting on U.S. 90 in Biloxi. Now we're embarking on a project that will see ALL of this scenic highway lit. It's going to be better than it was before Hurricane Katrina.

Caillavet Street, an urban renewal project that was running several months ahead of schedule before Katrina, is expected to be completed within 90 days, ahead of schedule and under budget.

This project is in line with all of the recommendations from the RTR effort. It employs smart growth, with mixed uses of land along a boulevard that is well-designed, well-landscaped and pedestrian-friendly.

By the end of this year we will have a refurbished Community Center on Howard Avenue for use as a temporary community center.

It will eventually be used as a senior citizens center.

That's because across the street we're going to build a state-of-the-art facility on Howard Avenue.

It will house a new and larger community center on its first two floors, and on third floor, visitors will find the Biloxi Library, along with research and multi-media rooms.

The same architect working on the restoration of Beauvoir, will help us restore the Old Brick House, one of our surviving landmarks.

We're also going to take steps to restore our signature landmark, the Biloxi Lighthouse, which has stood so proudly since Katrina.

All of these ideas are not things I dreamed up. The ideas come from pages of the Reviving the Renaissance report.

Challenges of growth are nothing new for us

Now, some have worried about all of the talk of casinos and condominiums.

I've said in the past that we could see as many as 20 casinos in 10 years here in Biloxi, and right now, we have proposals for more than 12,000 condo units.

Some say we could see as many as 30,000 hotel rooms in our community and as many as 30,000 people working in the casino industry.

One thing it would do us all well to remember is that it was not too long ago when this city was in dire straights. I'm not talking about Hurricane Katrina. I'm talking about the '70s, the '80s, and pretty much anytime before August 1, 1992.

I remember when we had to borrow money from water deposits to meet payroll...

And when city employees took pay cuts... and when they had to park the trucks at Public Works because they couldn't afford to buy gas.

Businesspeople remember those days when the city was six to nine months behind on paying its bills.

People need to remember what the hospitality industry has meant to this city and our way of life.

We use this money to keep taxes low and to provide the services that residents expect and deserve.

Along the way, we've taken steps to protect, preserve and even **enhance** our quality of life.

Our role in city government is to set the table for economic development.

By that I don't mean **casinos** or **condos**, per se. I mean providing good schools, safe neighborhoods, quality parks and recreation programs, and a low cost of living.

When we talk about economic development, those are the things we're talking about. But don't get the idea that casinos and condos are dirty words.

Today, I say this to Biloxi residents: Do not be afraid of the future. Be a part of it.

Thank you and God bless you.



March 1, 2007

Mayor A.J. Holloway and the Biloxi City Council

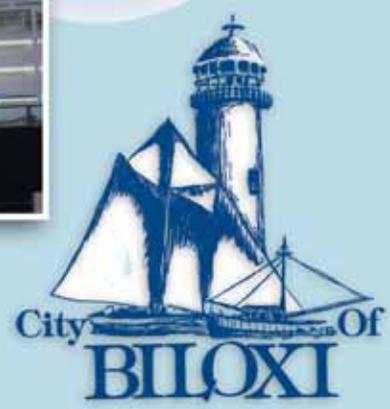
George Lawrence • William "Bill" Stallworth • Charles T. Harrison Jr.
Edward "Ed" Gemmill • Mike Fitzpatrick • Tom Wall • David Fayard



The Biloxi recovery by the numbers

*A four-page spread of key indicators, showing
annual and monthly trends, pre- and post-Katrina*

March 1, 2007



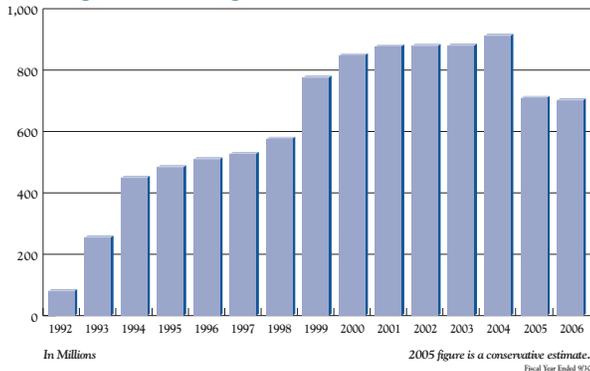
biloxi.ms.us

Biloxi by the numbers

Yearly trends (where available)

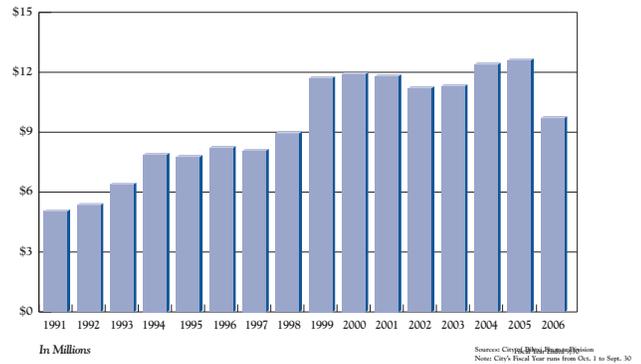
Gross gaming revenue

Annual figures show growth of Biloxi market



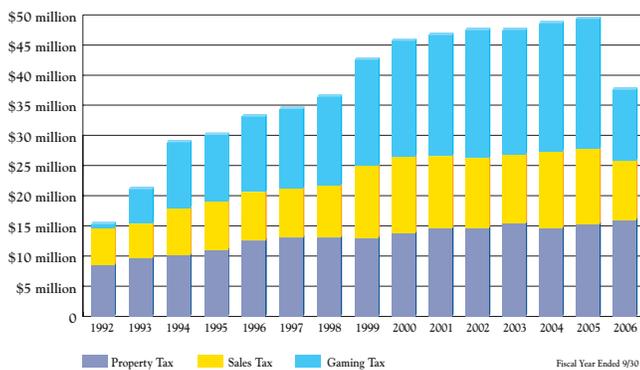
Sales tax collections

Revenue funded a quarter of city operations



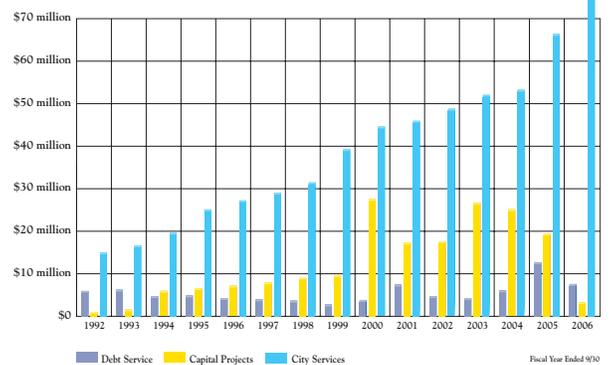
Revenues

Property, gaming and sales taxes fund city operations



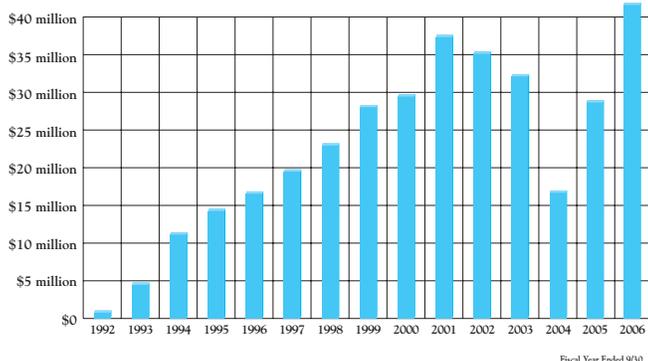
Expenditures

Capital projects, day-to-day services see growth



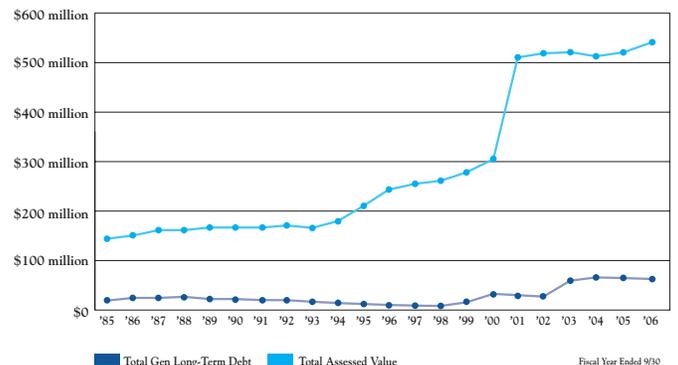
Financial health

General fund balance showing impact of major projects



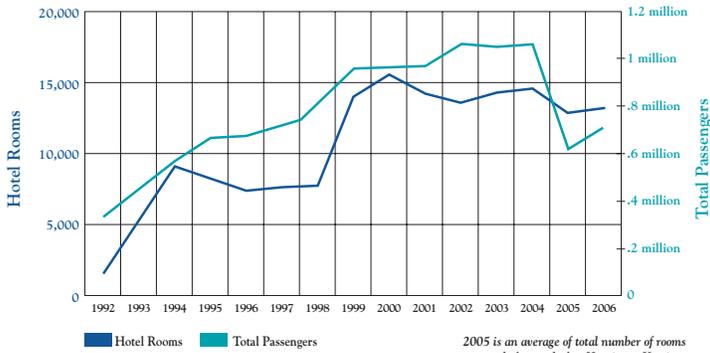
Debt and value

Assessed value of property increasing as debt kept low



Hotel and airport traffic

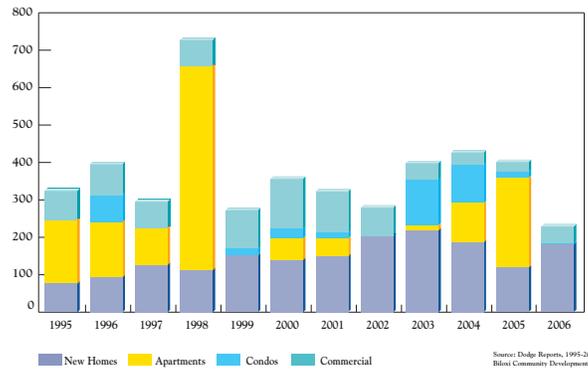
Two intertwined elements of the Biloxi economy



2005 is an average of total number of rooms before and after Hurricane Katrina.

Building permits issued

Tracking residential and commercial construction

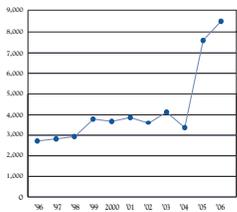


Source: Dodge Reports, 1995-2005, compiled by Biloxi Community Development

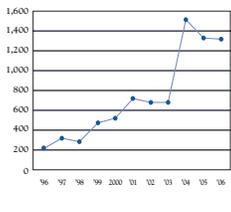
Community Development

Overseeing orderly growth and cleaning up our city

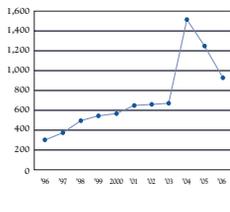
PERMITS ISSUED



CODE ENFORCEMENT NOTICES



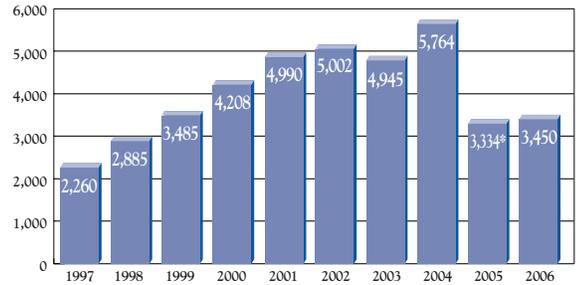
CODE ENFORCEMENT VIOLATIONS CLEARED



Youth leagues

More of our children are having a ball

PARTICIPATION IN SOCCER, BASEBALL, BASKETBALL, FOOTBALL YOUTH LEAGUES AND SUMMER PLAYGROUND PROGRAM

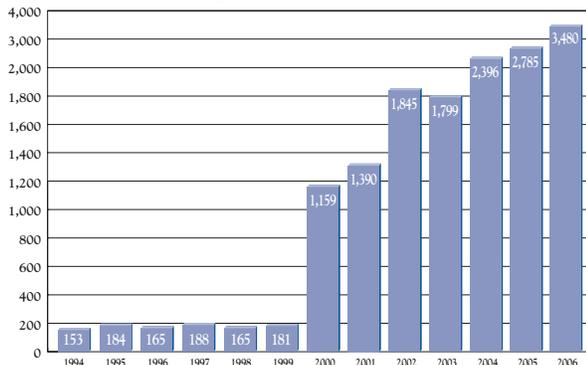


*Football season, with 650 registrants, canceled because of hurricane.

Biloxi Fire Department

We make house calls – by the thousands

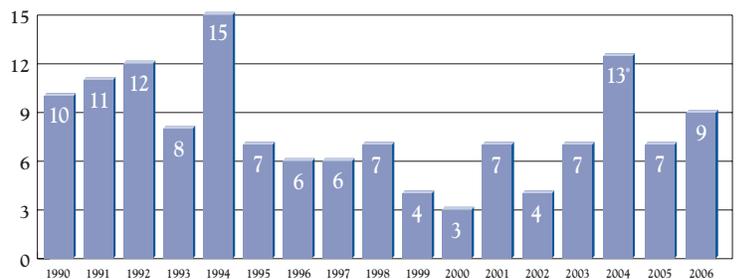
EMERGENCY MEDICAL CALLS BY YEAR



Biloxi Police Department

Making the streets safe for motorists

TRAFFIC FATALITIES BY YEAR

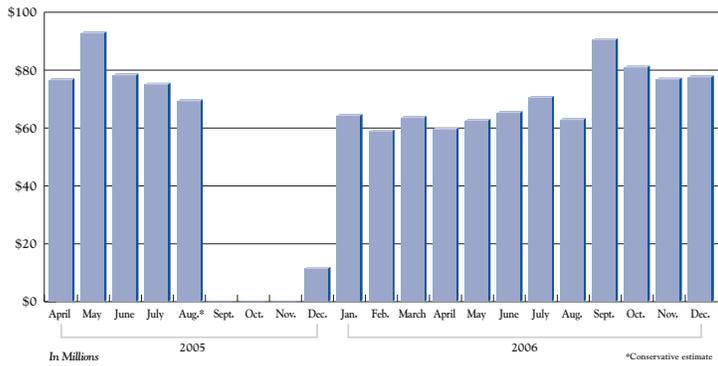


*Two traffic accidents accounted for 5 of the 2004 fatalities.

Monthly trends (where available)

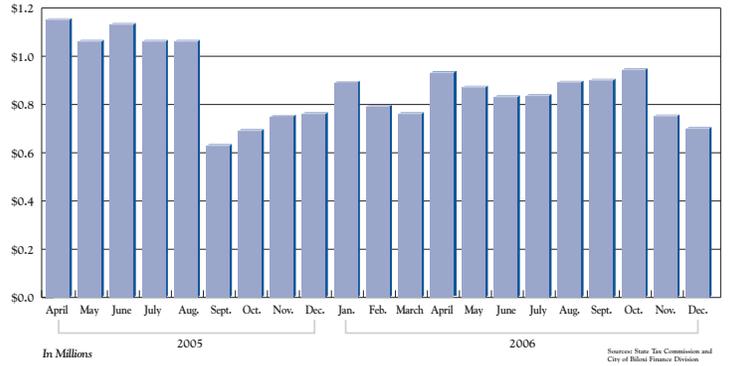
Gross gaming revenue

Monthly figures show rebound



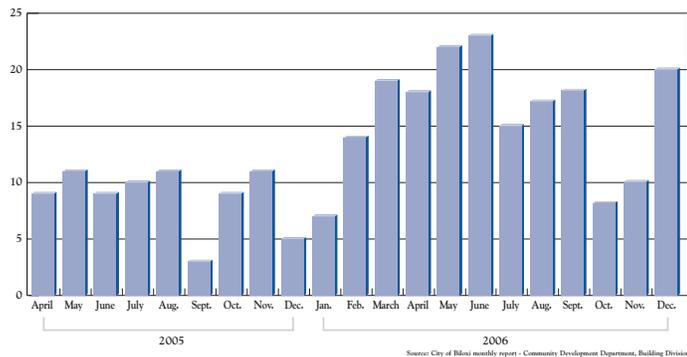
Sales tax collections

Monthly figures remain encouraging



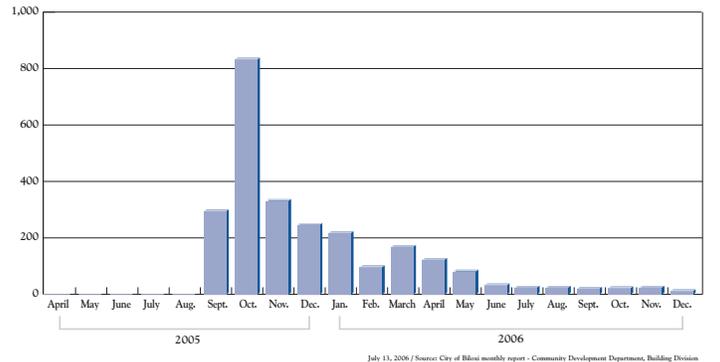
New home construction

Market showing growth trend



Temporary trailers

More than 2,300 permits since storm



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Mayor A.J. Holloway
and the Biloxi City Council

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A 24/7 story

Find timely information about the Biloxi recovery online



biloxi.ms.us

Audiences in Biloxi, across the nation and around the world are following the story of the Biloxi recovery – as it unfolds – through the city’s web site. You’ll find compelling photos and video from before, during and after the storm. Easy-to-read charts showing the numbers of building permits issued and condos in the works, the amount of debris removed, gaming and sales tax revenue, and the list goes on and on. You can even sign up to have breaking news delivered directly to you through the city’s e-news program. Just click on “Are you in the loop?” Follow the issues from the No. 1 source of All Things Biloxi.

