

**STATE OF THE CITY**

**FEBRUARY 24, 2016**

**“CELEBRATE PLEASANTON”**

Good afternoon! Thank you all for coming out today to discuss the state of our fair city this fine afternoon. Before we get started, I'd like to thank the Pleasanton Chamber of Commerce for hosting each year's State of the City.

I just got back from attending the U.S. Conference of Mayors in Washington D.C., where we had an opportunity to have an intimate meeting with the President, along with about 100 other Mayors. After the President made his opening remarks, he threw the press out of the room, and we had a very candid conversation; BUT, one of the comments that he did make was that he just delivered the State of the Union, which is STRONG, primarily because the state of our CITIES is strong.

We're here today to celebrate the strength of our union and the cities that contribute to the future of this great nation.

And here in Pleasanton, ours is a future BRIGHT WITH POSSIBILITY.

Also, allow me to introduce you to our Police and Fire Chiefs. **Dave Spiller**, our Chief of Police and **Ruben Torres**, our Fire Chief. Gentlemen, can I please ask you and all of the men and women here today who protect and serve us to stand so we can give you the thanks you so richly deserve? Let's give them all a hand!

Since I was in the military during the Vietnam era, you won't hear me quote LBJ very often, BUT when he was President and was having a bad day, when his burdens seemed unusually heavy, he always reminded himself that things

could always be worse. He could be Mayor! If I ever have days like that, I remind myself I could always be a Planning Commissioner! I'm just kidding; you know, we couldn't do without the "eyes and ears and insight" of our commissioners, committee members and task force representatives.

Speaking of them, I'd like to acknowledge all of the commissioners and committee members here today—

- who serve on our various boards and commissions
- who give us their time and talent to make this city great
- and who offer recommendations to see that it stays that way.

Allow me to also introduce you to the man responsible for the management of our city, **Nelson Fialho**, our City Manager, who has been guiding us for 20 years. We simply could not do what we do without a strong staff. In addition to

Nelson, I'd also like to thank all of the **City Staff** for their role in making Pleasanton the great city that it is.

And I would be remiss if I didn't mention the loss of **Mike Fulford**, the City's Landscape Designer and Architect of 30 years, who lost his battle after a long illness and we mourn his passing. But we remember him every day whenever we see the flowers in spring bloom or the native grasses blow. His legacy is lasting in Pleasanton.

In addition, we also enjoy a strong partnership with the Pleasanton Unified School District, and I would like to welcome the Trustees who are here, along with the interim Superintendent, **Jim Hansen**. Please also join me in welcoming **Valerie Arkin** from the PUSD; also, **Nate Miley** is here, our 4<sup>th</sup> District Alameda County Supervisor; **John McPartland** from SF Bay Area Rapid Transit, and **Angela Ramirez-Holmes**, from Zone 7.

Every year, the Mayor honors an outstanding individual for their contributions to our community. John Sensiba received the 2015 Mayor's Award for his service to our community and particularly for his participation in the merger of ValleyCare Health with Stanford Health, which will bring tremendous healthcare benefits to the entire Tri-Valley region. On behalf of all of us, thank you John.

I was first elected Mayor in November of 2012, and I've been doing this job for almost four years now. Before that, I served as a member of the City Council for 7 years, and before that, I was a Parks and Recreation Commissioner for 10 years. Also, I was in the private sector for 40 years; 26 of those years were in Senior Management. And I've got to tell you, being Mayor is the best job of them all. Coming here today to share the state of our City and celebrate our successes and opportunities is one of my favorite things.

As you'll hear, this past year was a time of change and progress. Unfortunately, we sometimes use the word "change" as a buzzword for challenges or as a politically correct way to refer to cutbacks or retrenchments.

But change can also refer to moving our City forward in purposeful, powerful and prosperous ways. That's the kind of change I'm talking about; that's the kind of change we're celebrating today.

2015 was an outstanding year— not that it wasn't without its challenges mind you, but how we face those challenges together is what makes us PLEASANTON PROUD.

Pleasanton proud is being prepared to maintain a solid footing after a period of a significant economic downturn.

You'll hear me use this term a lot going forward, and I hope you will use it too.

Pleasanton proud is accepting that we are not an island unto ourselves, that we are a part of this great state of California and that we can make gradual changes—

- in the size of our community, our revenue base and the amenities we offer
- and we can do it ALL without promising more than we can deliver, and we can do it without ignoring state laws and subjecting our community to expensive lawsuits by housing advocates and the Attorney General.

Pleasanton proud is also embracing how we've changed and who we've become as a result of those changes.

You may or may not know this, but 30% of Pleasanton residents speak a language other than English at home and

25% of Pleasanton residents were born outside of the United States.

Pleasanton proud is celebrating this diversity and working to ensure that everyone's voice is heard.

Pleasanton proud is also recognizing that “different from” does not mean “less than” and that everyone has a place here, regardless of ability.

Yes, 2015 was a year to celebrate. It was also a year of accolades and awards.

To accompany Pleasanton's ranking as 31<sup>st</sup> in Money magazine's “*America's Top 50 Best Cities to Live*” —

- Pleasanton ranked 9<sup>th</sup> as one of the Top Earning Towns, with a median family income of just over \$144,000
- Nerdwallet.com, the San Francisco consumer/finance web company, included Pleasanton in its “Top 20 Best Cities for Young Families in Northern California”
- “Apartmentlist.com” ranked Pleasanton as the second best city in California for raising kids and number 27 on its national list.
- And in a survey of Pleasanton’s commercial business owners and operators, 91% of the respondents rated Pleasanton as an “excellent or good” place to do business
- Just more good reasons to be PLEASANTON PROUD.

Speaking of our community satisfaction survey—which we conduct every few years to assess our strengths and areas

for improvement—residents continue to express incredibly high levels of satisfaction with our quality of life, city services and sense of public safety.

While the drought and the pace of growth emerged as concerns

- 97% of those surveyed said that Pleasanton is a “good to excellent” place to live
- 99% of residents “continue to feel safer” living in Pleasanton
- and our quality of life ratings are among the highest in the State.

By and large, we’re hearing that Pleasanton is an exceptional place to call home and these numbers back that up.

The community survey results were so good that you may be wondering how we can improve on numbers like that? We have to continuously improve our performance because resident expectations continue to increase.

A big part of what matters to us and gives us another reason to be PLEASANTON PROUD is the amenities we provide, and in 2015, we celebrated some milestones for some important community amenities. We celebrated the 10<sup>th</sup> anniversary of the Callippe Preserve Golf Course (which is paid for). And we celebrated the Firehouse Arts Center turning 5 (which is paid for).

We also celebrated our ongoing commitment to our veterans by initiating the design process of our very own Veterans' Memorial, which will be located in the Pioneer Cemetery. I have to tell you that this memorial will be a beautiful addition

to this cemetery and gives us a VERY, VERY good reason  
to be PLEASANTON PROUD.

And I celebrated becoming a grandpa for the first time, which  
come to think of it, may be the best job of all—Mayor 2<sup>nd</sup>,  
Grandpa 1<sup>st</sup>. GRANDPA PROUD.

## 2015 ACCOMPLISHMENTS

As I was considering my remarks for today, I was reflecting on what makes Pleasanton so unique.

Well first, there's our reputation: yes, as I have learned by interacting with other city officials at the national and state level, I can tell you that we do we have a reputation. We have a reputation for:

- some of the safest streets and neighborhoods
- a highly-educated workforce
- a strong business community
- outstanding schools
- exceptional parks and other recreational facilities
- and a historic downtown with a hometown feel.

If you're going to have a reputation, trust me, this is the one you want! Given this, it's no wonder that we remain one of

the most desirable cities in which to live and work and raise a family.

## ECONOMY

While it's true that our economy is currently thriving, it WASN'T that long ago, so I can say now, with "cautious optimism," that we are out of the Recession. Now I know that Pleasanton didn't fall as far as some of our neighboring communities, but like everything else, it all comes down to perspective.

So how are we thriving? Let me share some key indicators of our local economy.

Well, in 2011, the City Council established a goal of reducing the City's pension liability by 10% over 5 years. In June of 2015, we used \$15.2 million to prefund the city's pension

related liability, which resulted in the city reducing its liabilities by 13% instead of 10% over a 5 year period. We also have \$10 million more in the bank this year, which is more in revenues than the highest year prior to 2008.

We experienced a decrease in unemployment. The unemployment rate as of December, 2015 is 3.4%, down from almost 9% at the peak of the recession in 2010.

We had a decrease in office vacancies, which are at 9%, down from almost 19% in 2011.

We saw a decrease in the industrial vacancy rate, now at 3%, down 5 full percentage points from 2012.

And with an overall inventory of more than 2 million square feet of retail space, the retail vacancy rate is at 6%, down from 8% a year earlier.

But we also saw some things increase, like new and expanding businesses.

- We celebrated the grand opening of Veeva Systems, which offers cloud-based business solutions for the life sciences industry and is an example of how companies can grow and stay in Pleasanton.
- St. Jude Medical brought its global medical device company to town through its acquisition of Thoratec.
- We also welcomed John Muir Health to the community and take great pride in the previously mentioned partnership between Stanford Health Care and ValleyCare Health Systems, both of which will deliver topnotch services to our residents.
- We saw the construction of 2 major auto dealerships, CarMax and Chrysler Jeep Dodge, on the Staples Ranch property.

- The GAP purchased a 180,000 square foot building in the upgraded Rosewood Commons commercial campus.
- Pacific Pearl, a new 112,000 square foot community shopping center, was approved in 2015. We'll be looking forward to the new restaurants and retail stores they'll showcase over the next year or so.

Some current corporate citizens expanded their presence here, like Workday, ServiceMax, SmartZip Analytics and Ellie Mae, to name a few and downtown Pleasanton is enjoying the brand new Pastime Plaza, with Starbucks Evening and Sabio's on Main restaurant. We also have other new restaurants and retailers to welcome to Main Street—the Tri-Valley Bistro, Frontier Spice and McKay's Taphouse, along with clothing stores Drift, and Prim POP for kids. And stay tuned for several more additions to the downtown scene.

All of that business activity alone in 2015 is something worth celebrating! More reasons to be PLEASANTON PROUD.

Not only do we reap the benefits of being able to patronize these new business and retail outlets, we're able to invest those new revenues into new and improved City services and amenities to benefit the entire community, perhaps like a new library and civic center.

## HOUSING

The housing issue is probably the most complex and controversial issue that we deal with. With such a robust economy, it's no wonder that the housing market is also taking off. We all know that finding housing, let alone housing that is affordable, is getting harder and harder, particularly in this region.

Towards that end, in 2015, the City Council adopted an updated Housing Element, which serves as a blueprint for the type and quantity of housing allowed within City limits

In keeping with state law and past City Council approvals, construction began on 5 sites for multi-family housing to offer additional housing in an area where housing is at a premium.

When construction is complete on all of these units,

Pleasanton will have added a little over 1,200 new housing

opportunities for people who want what we have—a safe place to call home, with great schools and other outstanding amenities.

Our new Housing Element, combined with our Growth Management Ordinance, will allow us to remain in compliance with State law AND carefully meter future growth; for example, in 2015, the City only approved 140 new residential units.

Not only are we providing more housing opportunities for individuals and young families, we're very excited to be adding new housing for seniors. Some of you may not be aware of this, but seniors were sometimes put on waiting lists for up to 5 years to obtain affordable housing in Pleasanton.

After years of planning, the City Council adopted the recommendations of a dedicated task force, which called for a doubling of the amount of housing for seniors we currently provide.

Kottinger Gardens will offer 185 units of affordable senior housing; it'll be built on the existing footprint at Kottinger Place off of Vineyard Avenue and will offer a choice between a cottage unit or an apartment in a 3-story building, all at below market rates to make it affordable for seniors living within modest means. This \$60 million dollar development will be funded primarily by federal dollars.

And I'm sure many of you have seen the Stoneridge Creek Retirement Community. Well, they're in the process of building Phase II, which includes an additional 150 new units for seniors as well.

## ECONOMIC DEVELOPMENT ZONE

So far, we've covered our thriving economy and new housing opportunities, but we all know that rainy days come, figuratively speaking. I know we wish they would come literally. But what are we doing to maintain a solid economic footing in the event of a future rainy day?

Well, I think we all know that Pleasanton is the City of Planned Progress, and success like ours doesn't happen by accident. It requires planning and resources. We may be thriving as a hub for new business and retail activity, but there are parts of Pleasanton where new opportunities can and should be explored, which is where Economic Development Zones come in.

In April 2014, the City Council initiated a process for the creation of a pilot program, the Johnson Drive Economic Development Zone. Located along Johnson Drive near I-680

and Stoneridge Drive, it's intended to spur investment in 40 acres of mostly underutilized or now vacant land.

The goal of this Economic Development Zone is to encourage investment to create a thriving corridor that will bring new commercial opportunities and generate new tax revenue to support existing programs and provide new ones, such as a new library.

In 2015, we held a number of community outreach meetings and got input on a DRAFT Environment Impact Report, and in the near future, the Planning Commission and City Council will hold a joint workshop to review the information and community input to date and offer further direction on the project.

## PARKS

But we are also known for our planning of parks and open space and recreational facilities. Pleasanton has an amazing array of such amenities—1,400 acres of developed parkland and open space, 44 parks, numerous recreational facilities, and 24 miles of trails.

From soccer to swimming, baseball and lacrosse, just about every weekend, there is some big sporting event that draws families from around the state.

And pretty soon, there will be even more reason to come.

The Bernal Community Park, a grand park with a green footprint, is the culmination of a community vision that began more than a decade ago to preserve one of the largest parcels of land for generations to come.

When Phase II of the Park is complete, sometime later this year, there will be a 16-acre community park and 40 acres of Oak woodlands. The park will include 3 state-of-the-art, synthetic multi-purpose sports fields with lighting for evening and year-round play, stadium seating for the main event, and walking trails and picnic areas.

I am very glad that our staff had the foresight not to use a synthetic turf base made from ground up tires, as it is currently under investigation as a health hazard for young children, so we actually decided to invest more money to avoid this potential health risk.

We incorporated “green building” practices into the design and construction, so all of the plants will be native and not very thirsty, and the 1,100 Oak woodland trees that you see out there now are being watered with recycled water.

And it is amenities like these that have gained us the national reputation we have and allows us to remain PLEASANTON PROUD.

### RECYCLED WATER

And beyond the Grand Park with the “green footprint,” 2015 was quite a big year for going “green” here in Pleasanton. But in order to be “green,” we had to use a bit of “purple.” I’m talking about purple pipes.

The City secured almost \$17 million in low-interest loans and incentive grants from the State to build the needed purple pipes infrastructure to deliver more recycled water in Pleasanton.

This project, the largest retrofitting of its kind in the Bay Area, will deliver approximately 450 million gallons of recycled water a year to commercial water users in

Hacienda, Ken Mercer Sports Park and the Tennis and Community Park. When the project is complete later this year, Pleasanton will reduce its overall consumption of potable water by roughly 10%.

Also, in response to the drought and in an effort to be more environmentally friendly, the City, along with the State, instituted mandatory water conservation measures. Our residents and businesses exceeded the mandatory 25% water savings by reducing overall water consumption by almost 38%—more than 2 billion gallons of water have been saved—as compared to 2013.

So, we've got a thriving economy; we're developing more housing opportunities for young people and seniors alike; we're exploring methods to ensure financial stability in the event of another economic downturn; we're putting in the infrastructure to save water, we're building more gorgeous open space and walking trails, what else are we doing so that we can remain PLEASANTON PROUD?

### HISTORIC HOMES

In addition to planning for the future, we are preserving those parts of our past that make us who we are. I'm talking about Downtown and Main Street. Main Street is so much more than just a stretch of road that cuts through the center of town. Main Street is the pulse of Pleasanton and it represents the historic charm that we so cherish.

And the Pleasanton Downtown Association plays an important role in connecting our residents to the heart of our downtown. We choose Main Street over Market Street in San Francisco, and we choose to preserve it for future generations.

Towards that end, we had a task force look at ways we might preserve and protect the architectural integrity of homes in the downtown area. As part of that process, we commissioned a survey of all homes built prior to 1942 within the downtown area to see which ones qualified as a historic resource. By designating homes built prior to 1942, they were sure to capture the historically significant pre-World War II architecture.

Architectural experts assessed more than 200 residential structures in the survey area. They looked at things like:

- period specific design characteristics and whether the house had retained its original building materials.

They concluded that 88 homes qualified as a historic resource, which means that we now have design guidelines and a streamlined planning process for changes to historic homes. And current and future homeowners will be able to know the full story about their home and its financial and community value.

Taking steps like these helps us protect our historic downtown and preserve its charm for future generations

### LIBRARY/CIVIC CENTER

In 2015, we renewed our previous commitment to a vision for a new library and civic center— where we can re-imagine a new library and civic center, we can also re-vitalize the entire downtown in a new way that brings us together as a

community.

Now if you're like me, you may have a vision of a library—the one where you go in and get a book or two and you're “shushed” by a librarian if you speak above a whisper.

That is certainly the traditional business model of a library. But like everything else, the library has evolved. Now for some of you who may not have set foot in a library lately, you may be asking, why do we need a library in the age of the Internet and E-books, and Kindle and Nook?

Well, some say that a town's library is like a home's living room—that the library IS, in fact, the living room of the community. And if any of you have been to our library lately, you would know that to be true. Our library receives nearly 2,000 visits per day!

Built in 1988 as a branch library, the library we have is no longer the library we need, and the Civic Center, simply put, needs to be replaced. Studies show that libraries are built to serve communities for around 25 years. By that measure alone, we need a new one.

And the patchwork of buildings that comprise the Civic Center does not represent who we are as a City. Nor does it appropriately reflect the level of service and efficiency that this City organization strives to deliver and that this community has come to expect. We have some employees in buildings that are more than 30 years old and without running water.

But building a new library and civic center is more than just about inefficiencies and the aging infrastructure in which some of our employees are housed. It's about WHO WE

ARE and WHO WE WANT TO BE and WHAT WE PROVIDE to our community.

In 2015, we were able to jump-start this effort again by appointing an 11-member Civic Center/Library Task Force, which has been charged with synthesizing past efforts and making recommendations on a new Civic Center and Library sometime this year.

## CONCLUSION

We are TRULY A CITY OF PLANNED PROGRESS. And we place a high premium on PLANNING PROPERLY.

PLANNING FOR THE FUTURE. And ensuring that we meet and exceed the high standards that we set for ourselves.

Yes, 2015 was a year to celebrate many things. And as we enter 2016, we remain optimistic about our future and our ability to remain PLEASANTON PROUD.

Each year in the State of the City, we re-affirm our goals for going forward.

As I said at the beginning, OURS IS A FUTURE BRIGHT WITH POSSIBILITY.

I want to thank you all for coming here today to CELEBRATE

- the state of this great city
- the past that we created
- and the future that we plan

Pleasanton is truly one of the best places to call home.

God bless Pleasanton, our nation, and our troops who defend our way of life all over the world. Thank you!