

INTRODUCTION

Good afternoon, Ladies and Gentlemen. I want to thank the Pleasanton Chamber of Commerce for hosting this event, and all of you for attending today.

First, let me introduce the rest of the Pleasanton City Council, a dedicated group of individuals that works diligently on behalf for our community and who, with the community's support, are responsible for the many successes that we have achieved.

Each of them brings a unique background and perspective to the City on behalf of the people of Pleasanton, and I am so honored to work beside them all. Please join me in giving **Vice-Mayor Jerry Pentin** and **Councilmembers Karla Brown, Cheryl Cook-Kallio** and **Kathy Narum** a big round of applause.

I would also like to recognize the many commissioners and committee members who serve as advisors to your City Council, all of whom devote countless hours to the people of Pleasanton and provide guidance on so many critical issues, as well as our wonderful **city staff** and **City Manager Nelson Fialho** for their many important contributions.

Introduce all other elected officials.

And...while we are here to celebrate what we achieved in the past year, 2013 was not without its losses. Late last year we sadly said goodbye to former Councilmember **Karin Mohr**, the first woman elected to the Pleasanton City Council, who devoted many years to the people of Pleasanton.

And shockingly, just last month, we lost another of her contemporaries, our first elected and three-term Mayor--- **Ken Mercer**. So many of the projects that I will be

discussing today had Ken Mercer's hand on them in one way or another, and Karin Mohr's as well.

The people and business community of Pleasanton owe them a great deal of gratitude and perhaps the best way for us to honor their legacy is by continuing to build upon the great foundation that they left us with. I have followed up on the suggestion of several people in the community to consider re-naming our much-loved and much-used Pleasanton Sports Park, the **Ken Mercer Sports Park**. I advanced that concept to the Parks and Recreation Commission and we'll keep you posted on the final results.

2013 ACCOMPLISHMENTS

One of the accomplishments we can be most proud of in 2013 is that we paid down the construction debt on **Callippe Preserve Municipal Golf Course** to the tune of \$20-point-7 million.

By paying off the Certificates of Participation in advance of their maturity in 2032, we saved *10-point-7 million dollars* in interest for the taxpayers of Pleasanton. In addition to that incredible savings, I am pleased to report that the City of Pleasanton is now completely **FREE** of construction debt for the first time in 45 years!!

Lee Iacocca...one of the great C-E-O's of our time...expressed our position beautifully when he once said: "We at Chrysler borrow money the old-fashioned way..... we pay it back!"

I agree completely! Happily, unlike Chrysler, the City of Pleasanton will never have to worry about being owned by Fiat!

2013 was a very busy year for Pleasanton, and our long-term strategy of fiscal prudence allowed us to log several impressive achievements in the past 12 months. For point of reference, we need to look at some of the other economic outlooks for the coming year to see where Pleasanton fits in.

Nationally, unemployment has been bouncing around a bit, but is expected to level off to about 6-and-a-half percent by the end of 2014. The California unemployment rate is also expected to decrease in the coming year to 8-point-3 percent.

As of last November, Pleasanton's unemployment rate was 3-point-4 percent, so we are doing much better than the State and the Nation on the employment front.

Pleasanton's commercial office market vacancy rate was 11-point-8 percent at the end of 2013. That compares to 16-point-3 percent at the same time a year ago, and 17-point-9 percent two years ago.

We have a steadily improving market that included some new Class A transactions at the California Center, including Farmers Insurance, Gap Incorporated, and Zenith. In Class B office space, we're also seeing an increase in rent and absorption. Spigit Innovation

Management relocated from downtown Pleasanton to Hacienda in its recent expansion. Meanwhile, T and V Holdings Incorporated acquired 43,000 square feet at Diablo Center West on Hacienda Drive.

We also saw strong demand in Pleasanton's retail marketplace with the vacancy rate at below 7%, down nearly 2% from the end of 2012. Last year we welcomed New Leaf Community Market to the Vintage Hills Shopping Center. The Pleasanton Gateway Shopping Center at Bernal Avenue and I-680 was fully leased in 2013. Stoneridge Shopping Center also added seven new stores to its large roster. Meanwhile, the Simon Property Group and the City executed a five-year renewal of the development agreement extending the mall's approval for an additional 360,000 square feet of expansion!

The vacancy rate in our treasured downtown hovered around 6% in 2013 and welcomed True Value Hardware to the former Domus site, Farmhouse Restaurant, Tara's,

Mangia Mi, and several other new merchants to our family of businesses.

Another sign of a stable economy, business license revenue was up last year by 10% over the previous year. Our growing corporate base impacted the hotel/motel tax, which was up 13% over the previous year to nearly \$4 million dollars.

Residential home values continued to climb in 2013 in the San Francisco Bay Area, which is the hottest real estate market in the nation right now according to the National Association of Realtors. Pleasanton's real estate market is also feeling the heat! Last year, the median sale for a single family home was up by 9% to \$900,000!

In 2013, the combined assessed value of our commercial and residential properties was just over \$17 billion dollars, the third highest in Alameda County after Oakland and

Fremont, which are both much larger cities. Property tax revenues in fiscal 2013 were approximately \$50 million.

Another big accomplishment of 2013 was the completion of the **Stoneridge Drive extension**, a project that has absorbed more than 20 years of our time and resources. Stoneridge Drive now connects Livermore and Pleasanton at a junction where the elegant Stoneridge Creek Retirement Community is located, and a wonderful 5-acre neighborhood park. The project also features a trail extension that connects the Arroyo Mocho Trail to the Livermore Trail system.

After seven years, it was time to update Pleasanton's **Economic Development Strategic Plan**. With your help we were able to determine the city's strengths and opportunities and use it as a basis for the plan update. The new strategic plan will focus on three priority areas for us to consider over the next three to five years: business development and communications, built environment and

workforce, and economic health and resilience. The purpose? To sustain and grow Pleasanton's robust business economy and we look forward to working with all of you in the coming years to make that goal a reality!

For example, I recently received unanimous Council support for research into incentives for partnerships with local businesses for City projects. This is an exciting opportunity for the City to support local industry while insuring we stay competitive. Stay tuned!

Also on our long list of accomplishments was the implementation of the city's **Housing Element**. Last year we invested a lot of energy toward meeting our state-mandated responsibility for affordable housing, and it was done with a lot of thought and debate over what was best for the residents of Pleasanton and the housing needs of our local workforce. I think you'll be pleased with the results, which include approval of the following development projects:

- The South Bay Development Corporation proposal for 210 apartment units and 97 single family homes, near the new Pleasanton Gateway Shopping Center.
- The E.S. Ring Corporation's plan for 345 apartment-style units and approximately 38,000 square feet of neighborhood retail space at the corner of the Valley/Bernal/Stanley Intersection.
- The Nearon Company and Saint Anton Partners plan for an upscale 168-unit multi-family project in the Hacienda Business Park.
- Also in the Business Park, the California Center received approval for a 205-unit transit-oriented development and approximately 7,500 square feet of neighborhood retail.

On the horizon we have the **East Pleasanton Specific Plan**, where a task force has been exploring possible development of the East Side of town, which formerly served as industrial quarry and gravel areas. The panel is

considering infrastructure, housing, and open space needs to devise a final mix of residential, commercial, office and industrial uses for the property. Stay tuned!

One of the things that Pleasanton is most notable for is its history. Preserving that history is paramount because that is **who we are**.

The **Historic Preservation Task Force** worked diligently last year to evaluate current policies, programs, and regulations with the intention of preserving historic **residential** resources in the downtown, while developing a more predictable and efficient review process for **residential** property owners. These changes will **expedite** the reconstruction or remodeling of historic **residential** structures in our downtown to keep our **residential** buildings beautiful...and structurally sound.

Speaking of history, one of our biggest challenges as we move forward will be to maintain the small town character of Pleasanton. One of the side effects of growth is traffic congestion, and we have already taken steps to address some of the problem areas.

We've implemented an improved signal technology, re-striped areas to accommodate improved circulation, continued to implement a neighborhood traffic-calming program, and promoted the Ride-to-School program in partnership with the Pleasanton Unified School District and the use of our Wheels Bus system in partnership with the Livermore Amador Valley Transit Agency.

Improving congestion on the regional roadways also provides significant benefit to the internal circulation within Pleasanton streets. To this end, the City continues to work on securing funding for the environmental documentation necessary to widen State Route 84 to a four-lane roadway between Pigeon Pass and I-680.

As a member of the Alameda County Transportation Commission, I've been working very hard to advance "*the son of Measure B*" which would support regional transportation projects such as Route 84 improvements. As you know, Measure B failed by a slim margin of Alameda County voters because it lacked a sunset clause. This time **it will** include one that will get the measure passed. The federal government funds portions of transportation projects all over the country, and their preference is to fund projects that will be completed, with other funding sources from within the respective regions, that have the support of the people who live near them.

As many of you are aware, I did not support B1 primarily because it had an "in perpetuity" clause in it. In the new version of the measure there is a 30 year sunset clause. I realize that 30 years is "in perpetuity" for most of us, but that is how long it will take to collect the dollars required to complete all of the projects in the measure at the proposed tax rate.

You should also be aware that there are other projects in the measure that will help the situation in Pleasanton (BART to Livermore, 580, 680, etc.).

There are a number of other reasons that I am supporting this measure which include:

- ACTC is one of the few government agencies that has made an effort to streamline processes by combining two transportation agencies.
- I have a great deal of confidence in the Citizens Watchdog committee that reviews how Measure B dollars are spent. That committee is currently chaired by Pleasanton's own James Paxson.

So, I hope you will support the "Son of Measure B1" whatever they wind up naming it.

This year, the City Council implemented a new plan to measure the performance of the city and the satisfaction of its residents. The bottom line for us is: are **YOU** happy?!?!

The plan is to measure the performance of city services from year to year and to set meaningful and measurable targets in key service areas such as Public Safety, Dependable Infrastructure, Economic Development, Financial Stability, and others.

To calibrate a starting point, we used a variety of data, some from approved general plans, master plans, and other internal and external benchmarks. In this way, we get a picture of where we are today in relation to our past, and we can gauge our progress on future goals and objectives.

We also wanted resident feedback to support this effort, so we launched a community telephone survey last year to learn about the concerns of Pleasanton residents. We wanted to know what their attitudes were toward city government, city services, and about their experiences in dealing with city staff.

I'm very pleased to report that the survey found that there are very high levels of satisfaction with the quality of life in Pleasanton and city services. Seven in ten residents identified the city as an excellent place to live and gave us extremely high marks on public safety services. As a matter of fact, the survey found that the longer residents live here, the higher they rate the city. As a 38- year resident myself, I can relate to that!

A whopping 97 percent of those polled considered Pleasanton an excellent or good place to raise children, and that is one of the most important results to us because

deciding where to raise children is one of the top decisions a family will make.

So, with the combined results of the community survey and the new performance measures, we are going to take a quantifiable leap into the future. We'll be checking to see if the resources are properly allocated, and that we continue to maintain the high standard that Pleasanton residents expect.

By using both the metrics and community survey information, I believe that we have precisely the right community leadership in place, precisely the right tools, precisely the right staff and precisely the right involved community to not only **meet** the industry standards and benchmarks, but to **become** the industry standard and benchmark. This is my vision for the future of our City. We are not satisfied with just keeping the lights on. **We are keeping the lights on and moving the needle!**

As you know, one of the first things that families consider when they are looking for a place to raise their children is the quality of the local school district. And one of the things that Pleasanton is best known for is our outstanding school district. We are very proud of schools and our students!

The website *nerdwallet.com* recently ranked Pleasanton Unified School District among the **Top Ten School Districts in California**. In making that determination, they considered whether schools met the standards for excellence with an academic performance index above 900...if a quality education was available at every level from K to 12, and if the district promotes educational quality for ALL students in the district.

And....although our schools *are* an academic powerhouse, they are also known for much more than just test scores!

For example, the wind ensemble at Amador Valley High School was chosen to perform in the 2013 Midwest Clinic, among the highest honors for a high school music program.

At the recent “We the People” statewide competition, Amador came in first place and Foothill in second. Amador will go on to represent California at the national competition for the 13th time.

And **both** of our comprehensive high schools, Amador Valley High and Foothill High, were ranked among the Top 100 High Schools in California by *U.S. News and World Report*.

I have made a personal commitment to do whatever we can as a City to help maintain the high quality education that our community expects and deserves.

Please join me in showing our vast appreciation of Pleasanton Unified School District Superintendent Parvin Ahmadi and the PUSD Board of Trustees: Valerie Arkin, Jefferey Bowser, Chris Grant, Jamie Hintzke, and Joan Laurson.

Sports and recreation are also very important in Pleasanton, one reason why the very popular **Aquatic Center** got a spectacular facelift in 2013. Some of you have an emotional attachment to the place, where you spent countless hours watching **your** children learn to swim and compete---as well as waiting in the parking lot to pick them up! And, of course, I have a personal connection with the Aquatic Center after having spent 7 years lobbying the Parks and Recreation Commission and City Council for that 50 meter pool that is there today.

We now have a newly designed diving pool and both pools now have ADA access and new decking, plumbing, electrical, heating, and filtration systems. It's ready for another few years of new swimmers and future champions, perhaps even an Olympic champion! The Seahawks came close last time when Celina Li finaled at the Olympic Trials.

The development of **Bernal Community Park**, now beginning Phase Two, will further enhance our city. Last year we finished up the design review process for this 16 million dollar project. It includes three full sized, multi-purpose, lighted, synthetic turf fields which can be used for soccer, football, lacrosse, rugby or any other field sport. It also includes additional parking, public restrooms, a storage building for leagues and maintenance, and development of the Oak Woodland area, with grading, paved and lighted pathways, and major tree plantings. We plan to begin construction later this year.

Another high point of 2013 was a new redevelopment plan for the aging **Kottinger Place** and **Pleasanton Gardens** senior housing facilities. Our new plan includes a complete demolition of the current buildings and an upgrade to new, modern housing for our qualified seniors.

We also assembled a new **Pioneer Cemetery Task Force** to oversee some much needed improvements to the cemetery.

We're always looking for ways to save natural resources and money, and to that end we launched a new program to convert our more than 5,400 street lights with new **L-E-D fixtures**. The new L-E-D bulbs are expected to last about 5 times longer than the high pressure sodium fixtures we have been using *and* they'll save us about \$200,000 a year in energy and maintenance costs.

I'm sure next year's State of the City will allude to water conservation in some way. We got a head start in 2013 with the adoption of a **Recycled Water Master Plan** that includes agreements for wholesale recycled water and a new distribution system for irrigation that will help offset the effects of a drought.

Are you tired of walking all around your house and yard or office, trying to find the best coverage spot for your cell phone? We understand that improved cellular coverage is important to business and residents. So last year we

began to address the issue by amending the City's wireless communications ordinance. This will allow for an increase in the areas where cell phone carriers can locate facilities.

The City of Pleasanton is financially solid. We've always been a little bit "different" in terms of financial planning, mainly because when the development dollars come in, we bank **some of** them for the future.

As a result, we are the envy of many cities in California. We are double A-plus (AA+) rated financially.

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$857.7 million in net assets. Of this amount, \$130.4 million in unrestricted net assets may be used to meet the City's ongoing obligations to its citizens, businesses, and creditors; the majority of the remaining net assets of \$671 million is invested in capital assets of the city such as parks, the Firehouse Arts Center, sewer and water utilities and infrastructure.

The General Fund unrestricted fund reserves are \$12.9 million, of which \$9.3 million is designated for economic uncertainties and \$3.6 million is undesignated.

In 2013 we were also fortunate to celebrate some milestone events as a community. The Pleasanton Friends of the Library hosted an elegant **25th Anniversary Gala Celebration of the current public library building**, our most popular public facility by the way, with 25-hundred (2,500) visits per day.

Earlier in the year we recognized the **20th anniversary of the Pleasanton Senior Center**, another popular venue and resource for our residents.

We also observed the **5th Anniversary of Alviso Adobe Community Park** in 2013 with hundreds of residents in a day-long event that celebrated the history of our region.

CONCLUSION:

In closing, as we look ahead in 2014 we will continue to focus on the basic elements that have secured our success thus far. We will maintain fiscal stability, continue to support and promote the local economy, and consider our city's future strategically to deliver our goals. Now that we have our metrics in place you will be able to measure our progress along with us.

Businesses are attracted to Pleasanton for many different reasons. Some are luck of the draw; we are blessed with an excellent central location with superb freeway access. Being within 30 miles of Silicon Valley is another plus. The highly educated workforce in Pleasanton also contributes to the appeal.

Businesses also seek safe communities where their employees will feel comfortable and secure. Our city is well groomed and clean. We can thank our stellar staff of

parks maintenance workers for the year-round maintenance they do to contribute to a beautiful city. This year they will have the added challenge of trying to irrigate all those acres to keep them green, but they are working ahead on a solution for that too.

The point here is that Pleasanton's success as a great place to live and work is the *very deliberate result* of all of us who work toward a very high standard!

Our **businesses** who support community efforts and projects, our **residents** who do their part—and are now voluntarily reducing their water usage by 20% in the face of a drought—and our **city staff** who view their work as more than just a job but a commitment to excellence and public service.

Ladies and gentlemen, take a look around you. The State of our City is strong and getting stronger. Our future is as bright as our determination is strong and your City leadership and staff are committed to that vision.

Together we have connected ourselves to a world full of possibilities and opportunities for our children, our neighborhoods, our businesses and our city. We have committed to Pleasanton's prosperity, to Pleasanton's promise.

The future begins now.

God bless our nation, our troops who defend our way of life all over the world, and this great city and its people. Thank you all so much!

