

2014 STATE OF THE CITY

MAYOR STEPHEN CASSIDY

March 24, 2014

Good evening. With the City Council and our entire organization, it is a pleasure to welcome you to this year's State of the City Address.

Before I get started I want to thank our sponsors, Kaiser Permanente, Wells Fargo, AC Transit, McDermott Costa, Kindred Hospital and the Chamber of Commerce.

I also want to thank: other elected officials, businesses, community members, boards commissions volunteers, city staff and most of all San Leandro residents and my family.

I welcome my City Council colleagues – Vice Mayor Jim Prola, Council members Pauline Cutter, Michael Gregory, Benny Lee, Ursula Reed, and Diana Souza – to tonight's speech and thank them for their hard work and efforts throughout the year to keep San Leandro moving forward.

I also wish to recognize other elected officials that represent San Leandro and thank them for their service to our community, including:

Supervisor Wilma Chan

Our Congress woman Barbara Lee and state representatives – Senators Ellen Corbett and Loni Hancock and Assembly member Rob Bonta

BART Directors Rebecca Saltzman and Robert Raburn

AC Transit Directors Elsa Ortiz and Mark Williams

East Bay Municipal Utility District Director Frank Mellon

East Bay Parks Director Doug Siden

City Manager Chris Zapata and city staff

The state of San Leandro is strong. **2013 was a year of tremendous progress for San Leandro.**

One gauge of the progress of a city is property values. Over the past two years only two cities in Alameda County have seen the assessed value of their properties increase by over 10 percent. I am pleased to report that San Leandro is amongst these top two performers, with values increasing by 11.45 percent during this period of time. Today, the assessed value of all properties in San Leandro stands at all-time high for our city – at 10.8 billion dollars.

What does this mean in practical terms for San Leandrans? Far less homeowners are under water on their mortgages than they were 3 years ago. More San Leandrans can qualify for refinancing, reducing their monthly mortgage payments and putting more money in their pockets to buy goods and services from San Leandro merchants.

But there are other ways we can measure the progress of San Leandro, and I will highlight many of them tonight.

Taken together, I believe that every person here this evening will conclude that

San Leandro is a City on the Move. We have made tremendous progress. But that's not all.

The work the City Council and all members of the City organization have undertaken over the past three years, combined with your efforts and that of our other elected representatives and regional bodies, has set the stage for

### **2014 being a Transformative year for San Leandro.**

Imagine our city as a kettle of water. We put the kettle on the stove and lit the flame. This year the water temperature will reach the boiling point. It's coming. In a matter of months, the kettle will be whistling loudly.

How did this occur? It all starts with a vision that is linked to specific goals that when achieved bring the vision to life.

Our vision is for San Leandro to be one of the best places in the Bay Area to live, work and raise a family. Included in this vision is a city that is safe, tolerant, vibrant, innovative, celebrates its brilliant diversity, and cares for the most vulnerable – our children, our seniors, and the needy.

Working with my Council colleagues we have created specific goals that guide the entire city organization. These goals are linked to our assets of **location, innovation, jobs, safety, civic pride and commitment to education.**

San Leandro has a world class location in the San Francisco Bay Area right in the middle of America's and the World's Innovation Engines – Silicon Valley and San Francisco.

Yet is San Leandro truly part of the San Francisco Bay Area innovation economy? In one word, yes, absolutely. We have a remarkable collection of companies in our city across a wide range of industries all working to enhance their performance by embracing new technologies and processes.

But when one focuses solely on venture capital funding it's a different answer. Across America, 29 billion dollars in venture capital funding was invested in companies last year, with a staggering 11 and a half billion dollars, or 40 percent, of this sum invested in Bay Area companies.

How much of this money came to San Leandro in 2013? I don't know the answer but it may be close to zero.

That's the past. The future will be different. At City Hall we are determined to assist both long standing and new San Leandro businesses divert for themselves a portion of the pipeline of venture capital and other investment dollars flowing into San Francisco and Silicon Valley so that our local businesses can thrive and grow in a highly competitive environment.

LIT San Leandro, our high speed fiber network that was launched in partnership with Dr. Patrick Kennedy, has been the high-octane gas fueling the acceleration of San Leandro's innovation engine.

A year ago, the Chairman of the Federal Communications Commission came to San Leandro and hailed Lit San Leandro as model for the cities nationwide that wanted to develop their own broadband networks.

Today, over 100 local businesses occupying three million square feet of buildings including our two major malls are connected to fast fiber giving them efficiency and a competitive business edge. We will complete an additional 7 miles of the fiber loop with our \$2.1 million dollar grant from Federal Economic Development Administration later this year.

This 18 mile fiber loop will help San Leandro businesses become industry leaders, revitalizing our industrial core and creating hundreds and eventually thousands of new quality jobs. And the loop is not just for businesses. Our libraries are connected and we will soon be connecting the Boys & Girls Club of San Leandro as well as our public schools. We also intend to bring high speed, free public wifi to our downtown.

Also last year, Governor Jerry Brown came to San Leandro and proclaimed the Net Zero Energy building and training center as "the wave of the future." He said it is a model for how economic progress can work for businesses, workers and the environment, not just one at the expense of other two.

I fully agree. The facility offers a blueprint for San Leandro's future: A partnership between business and labor utilizing the latest technology, the renovation and repurposing of a largely vacant industrial site into a thriving new property, and a recognition of the need to conserve energy— all in a building that is visually striking.

Coming this year is one of the most exciting projects of all – The WESTLAKE TECHNOLOGY CAMPUS next to the San Leandro BART station. This project marries location, innovation, investment and smart growth. Three, six story buildings with Class A office space are planned, with first slated for completion in early 2016.

This project will be significant job generator for city and the region. In the short term scores of construction jobs will be created. In the long term there will be hundreds, if not thousands, of new employees working in San Leandro. And these will not be just new employees. They will also be new customers for our downtown shops and restaurants and dealerships along auto row.

Combined with the existing Creekside, Wells Fargo and OSISOFT buildings, San Leandro for the first time ever will have a high rise, commercial office district – all within an easy walk of public transportation.

San Leandro is in the center of it all – just ask 21<sup>st</sup> Amendment - a renowned craft brewer that is bringing its beer production back to California by investing over \$20 million in the old Kellogg's facility here in San Leandro. When complete 21<sup>st</sup> Amendment will be one of the largest breweries in the Bay Area, create 100 new jobs and include a full-service restaurant.

And with Drake's Brewery and the Cleophus Quealy brewing company, which will open in San Leandro in a few months, San Leandro will be center of high quality craft beer production in the Bay Area. This will give us a regional draw and local pizzazz. Such business clusters accelerate investment and draw visitors.

And let us not forget Type A Machines, who moved to San Leandro from their space in San Francisco to build their 3D printers in the new GATE development. The GATE is the top floor of the old Chrysler Manufacturing facility, above the Home Depot and Sports Authority in the Westgate center. By repurposing 350,000 thousand square feet for designers, artists, entrepreneurs and makers – the GATE is becoming its own tech ecosystem offering an alternative for businesses that would otherwise look to grow and expand in Silicon Valley and San Francisco start ups.

Because of our premium location and tremendous transportation infrastructure, Preferred Freezer is also moving to San Leandro on the long vacant Hudson Pencil site. They will finish their 240,000 square foot building this summer – a major investment that will create 60 jobs and a stronger tax base for our schools and city.

The San Francisco Bay shoreline that San Leandro boasts an extremely attractive location for a once in a generation type of development. The federal government no longer provides funds for the dredging of recreational harbors, making the cost of dredging the Marina boat harbor by the city itself cost prohibitive. As a result, we must look for new alternatives and partnerships.

For the past 7 years we have done that and are fortunate to have CAL COAST as a committed partner. The environmental review of the project has commenced and will be completed later this year. There will be ample opportunities for public input as we review and modify if necessary the draft plan. All of this public outreach is designed for one purpose: to ensure that the final project reflects the views of our community and is a environmentally sustainable development.

The San Leandro Boulevard project which connects our downtown to the San Leandro BART station in a pedestrian inspired manner will be finished soon. Downtown property owners have also banded together with the city to form a Community Benefit District that will harness downtown investment in the form of security, marketing, events and maintenance.

All of these efforts align with our welcoming business climate and world class transportation infrastructure – including our two BART Stations, freeways, rail, and proximity to three major airports. We also boast shuttle service that will soon be expanded. The LINKS shuttle is now working with Kaiser Permanente to

bring workers, visitors and patients from BART and through our city. Our business friendly approach to investment – from Business Tax Holidays for new business until 2015 to our plans for the Next Generation Workplace District adjacent to the world class Kaiser Permanente facility are generating investment and more momentum – as well as media coverage. Let’s watch a recent news report on San Leandro.

NEWS VIDEO BREAK: <http://www.ktvu.com/videos/news/san-leandro-city-puts-hold-on-business-license/vCRrp4/>

Bayfair Mall too has made major improvements including a renovated Macy’s. Our retail sector is thriving with the addition of BEV MO’s and beautifully renovated Orchard Supply Hardware Store. Tax revenue from growing sales at our auto dealers is contributing greatly to the city budget and we are grateful for and proud of the success of our auto dealers.

As San Leandro moves forward we are constantly mindful of community safety and public health.

This year the City Council and I voted to support the continued funding of 90 police officers in our budget. This includes allocating funds for 5 police officer positions that were previously paid through a federal grant that expired.

Our police department continues to refine its analysis of crime patterns to deploy officers to focus on most likely areas of crime for each day and time period. Last year, Chief Sandra Spagnoli created a crime suppression task force that has been effective in reducing neighborhood crime. For the past seven months, both robberies and burglaries have been lower each month than compared to the same month of the previous year. The recent progress in reducing burglaries has been dramatic. Burglaries are down over 40 percent in January and February this year compared to January and February of 2013.

The use of new technology is also a critical component of modern policing. Fortunately, our Police Department has embraced this trend through implementation of various cutting-edge tools, including a new smart phone app, license plate reader cameras, and the Nixle notification system. Community members now even have the ability to communicate with the Police through text messaging via our Text-A-Tip program.

The Police Department also continues to expand its outreach to the community through its United 4 Safety Campaign and programs like the annual Open House, National Night Out, and teen and adult academies, helping educate San Leandrans on crime prevention and obtaining feedback on its performance and responsiveness. The Department also places a high priority on ensuring that the community is prepared for emergencies through frequent trainings and simulations.

On March 18<sup>th</sup>, our Police Department also hosted a Youth Town Hall meeting at the Library, at which local youth got together to share ideas with the Police about how the Police Department can better serve the community. Looking ahead, the San Leandro Police Department will continue to hold similar meetings and we encourage community members and their children to join us in these discussions.

In an urban and diverse city such as San Leandro, it is vital that the police proactively engage and listen to the entire community. Our police department excels in this work which is fundamental to maintaining and reinforcing the trust between the community and police.

Without such trust, crime thrives. We all need to act as the eyes and ears of our police department. This is ultimately how we keep San Leandro safe.

Just as important as our efforts in the realm of public safety are our efforts to enhance public health. These efforts will be further advanced with the opening of the new Kaiser hospital in June, as well as maintaining our valuable partnership with San Leandro Hospital.

Thanks to the leadership of Supervisor Wilma Chan and the support of my City Council colleagues, we have kept San Leandro Hospital open and assisted in its transfer to the Alameda Health System.

Civic pride has many forms – it is enhanced by our wonderful parks and best in class library system. We may also be proud of the fact that San Leandro is noted as one of the most diverse communities in California. We honor this diversity through a number of programs including our BIG READ programs, cultural events, and educational partnerships. Our civic pride is also showcased by many programs and special events that occur throughout the year, including the Farmer's Market, Sausage and Suds, Martin Luther King Jr. Oratory, Cinco De Mayo and our Lunar Moon Festival.

One missing event in recent years has been the Cherry Festival. I am proud to say that with real community support, including over \$50,000 from businesses and non-profits, that come this May 31<sup>st</sup>, rain or shine we will have the 105<sup>th</sup> Cherry Festival. This that includes everything from Radio Disney, a parade, and entertainment like Rhythm and Blues stars Tony! Toni! Toné! to a Cherry Pie making contest

Historic preservation is also an indicator of civic pride. This year we are proud to be partners with the Alta Mira Club in their ongoing effort to preserve their magnificent property. After being temporarily halted, tours are now running through the San Leandro History Museum following its reopening this past fall.

There is also a renewed focus on creating a constant Art and Culture environment in San Leandro. Indeed, this past November, we held our first ever Arts & Culture Town Hall, which was well attended and provided a great forum to collect ideas from the community on ways to enhance the artistic and cultural life that is available here in San Leandro. I am also exploring the creation of an arts commission that would help guide us in these efforts.

Looking ahead to next month, the Library will also be hosting a Celebration of Cultures event on April 17<sup>th</sup>, which will showcase an array of live performances. In April, City staff will also be presenting revenue ideas to fund art and culture in San Leandro. The art and culture nourish our soul and bring cities alive.

From Food Trucks to holiday lighting to beautifying our utility boxes – we are on the road to making San Leandro a dynamic place.

Our many parks and green spaces have been upgraded significantly. The Oakland A's believe that San Leandro is a special place and provided a \$50 thousand dollar grant to improve Stenzel Park. The East Bay Regional Parks District working with Measure WW funds and the city have greatly improved Marina Park. Our partnership with the American Golf Corporation resulted in a \$500 thousand improvement to the driving range.

San Leandro is one of the most diverse communities in California and the nation. We celebrate our diversity and honor the many cultures San Leandrans hail from through a number of programs including our BIG READ programs, cultural events and educational partnerships.

Community investment is a program that the City Council adopted this year to help with neighborhoods, enhance businesses and provide assistance to non-profits that assist those struggling economically. We see the need in our community and are doing more to help our partners that work daily with programs for the needy, abused, elderly and troubled.

Affordable housing is also a priority, as demonstrated by the City Council's recent approval of the 200 unit Cornerstone project, including a \$9.1 million dollar contribution in Re-Development set-aside funds. This will be the first apartment complex in San Leandro designed to primarily serve larger families with its majority of two and three bedroom units. Once completed, this project will provide needed affordable workforce rental housing and will be the first major residential development under the City's acclaimed Downtown Transit-Oriented Development (TOD) Strategy.

Another important investment in our community comes in the form of Social Services assistance. In order to help the homeless and at-risk populations, the City continues to provide annual contributions to important local service providers such as Davis Street Family Resource Center and Building Futures with Women and Children. The City Council approved the allocation of \$150,000 in Community Investment Funds to supplement both organizations along with other vital social service providers for working families, the elderly, victims of domestic violence and the homeless.

Cities are only as strong as their public schools. We are committed partners to the San Leandro education family. I welcome and look forward to continued work with our new Superintendents of Schools – Dr. Mike McLaughlin of San Leandro and Fred Brill of San Lorenzo. With the support of Supervisor Wilma Chan, this year we will celebrate the opening of the San Leandro Health and Wellness Center in the old Girl's Inc Building. To facilitate this, the City Council supported a \$1.2 million dollar loan to the District to acquire the building. The promise of Burrell Field has been honored and is now open to the community. Our plans to assist both districts with their technology needs is progressing.

We want San Leandro students to be able to take advantage of the latest technologies and for our schools to become known as the fastest connected schools in the nation

## **CHALLENGES**

Momentum is certainly visible but we still have areas that need attention.

First, we must have a robust public discussion on Measure Z. Fiscal discipline on the part of the City Council over the past three years, with the added revenue from Measure Z, prevented cuts to vital services and has helped generate a budget surplus for the city.

While Measure Z focused on preventing cuts to services, there is a pressing need to invest in the City's infrastructure including repairing our neighborhood streets. In the coming months we will have a discussion on extending Measure Z at a ½ cent rate. All money raised by this measure would be controlled locally for local services, and cannot be taken by Sacramento.

Our ongoing conversation with the community about this issue will include a discussion of the city fiscal health, our services levels and condition of our infrastructure. Here is a brief report on these areas:

### **Continue Strengthening our Fiscal Position –**

With the support of our labor unions and our employees, we have made significant progress in setting San Leandro on a sound fiscal foundation. This past year we agreed to 5 different contracts. The contracts provide pay increase while committing all City employees to pay their share of their retirement costs.

Although we are doing much better in the short term, the situation is threatening by the end of the decade. We project growing costs that are partially attributable to increased health care and retirement liabilities will outstrip our revenues

We must continue to work with all employees groups to make their post retirement benefits fiscally sustainable for the city. This includes the benefits in our Fire Contract. This contract with Alameda County provides excellent fire and emergency services but as I noted in my 2013 State of the City speech, the accelerating costs to provide free lifetime health care to the spouses and dependents of retired firefighters threaten our fiscal sustainability.

**Service Levels** – We are working very hard with neighborhoods, business, residents, private partners and other levels of government to make sure that our parks are maintained, libraries stay strong, public safety improves and our health and school systems are supported. Examples include constant communication and partnerships at many levels. Business support and marketing are focal points, as are being proactive in our planning. Planning that includes next generation work places, next generation facilities and next generation communication.

**Community Engagement** – We strive to create an environment of citizen inclusion in your government. To that end we are now televising City Council Meetings, we continue to host Town Halls in City Council Districts and we have adopted two new technology platforms to further community input – NEXT DOOR and VIRTUAL CITY HALL. Our annual Planning Session and Coffees with the Mayor as well as other events provide an opportunity to dialogue with elected officials and city staff. We are working to strengthen are communication with our non and limited English speaking residents. Our Boards and Commissions offer more opportunities to interact with your government.

**Infrastructure** –I am pleased to report that we are close to completing the largest public works project in the city’s history with the \$49 million dollar expansion of our Wastewater Treatment Plant. Following extensive outreach with Caltrans, we have also secured the State’s assistance in re-paving portions of East 14th Street and we continue our local efforts to underground utilities in our downtown.

Nevertheless, qualified experts rate San Leandro’s streets as the second worst in Alameda County and our Pavement Condition Index rating has dropped from “fair” to “at-risk”. If we don’t repair them now, repairs will become substantially more expensive and more intrusive. In other words, our pavement needs far exceed our resources, and without additional resources our neighborhood streets will become among the worst in the East Bay.

Bottom line, we cannot rely on anyone else, be it the federal government in Washington DC, State Government in Sacramento, or our friends in Alameda County to address our local needs. We must explore a local revenue measure to repair the worst neighborhood streets in San Leandro.

### **A LOOK FORWARD - THE FUTURE IS BRIGHT**

I wholeheartedly believe that San Leandro will have a bright future.

As I said before, 2014 will be a transformative year for our City.

A new spark of creative energy is flowing through San Leandro. Our residents and partners in business, labor and government are spearheading the transformation of San Leandro into a center of innovation in the Bay Area, creating quality jobs for San Leandrans and generating greater revenue for City Hall to invest back into our services, infrastructure, neighborhoods, non-profits, and schools that community residents rely upon.

### **SAN LEANDRO IN THE CENTER OF IT ALL**

Location, location, location, regional transportation, world class labs, world class beauty, world class higher education, world class innovation, world class projects

The Future is bright and exciting as major projects and initiatives are completed this year including:

- San Leandro Kaiser Hospital
- LIT San Leandro Expanding regionally, to our shoreline, and to our Industrial Area
- A cool craft beer cluster with Drake’s, Cleophus Quealy and 21<sup>st</sup> Amendment
- Preferred Freezer
- Next Generation Workplace District Implementation
- The Village – Downtown
- Davis and Marina/880 Construction
- General Plan Update
- Shoreline Review and Start

- Cornerstone Housing and San Leandro Boulevard renovation Projects
- Bike Master Plan Implementation with 5 new miles of bike lanes
- Tech Campus at San Leandro BART Station
- The GATE thriving with cutting-edge Tech firms on the top floor and traditional retail uses on the bottom floor

By working together, we can help achieve what I know will be bright future for all San Leandrans.

THANK YOU AGAIN TO BOARD MEMBERS & COMMISSIONERS, THE SAN LEANDRO ORGANIZATION, COMMUNITY PARTNERS, COUNCIL COLLEAGUES, AND, MOST IMPORTANTLY OUR COMMUNITY RESIDENTS FOR ALL THAT YOU DO TO MAKE SAN LEANDRO A WONDERFUL PLACE IN WHICH TO LIVE, WORK, AND RAISE A FAMILY