



CITY OF SAN DIEGO

Mayor Jerry Sanders 2011 State of the City Address

Good evening.

Thank you, Council President Young.

I'd like to begin by saying a few words to the children of Officer Christopher Wilson. Your father was a hero. And not just because of his service and courage. He had a tough job that he handled with class and humanity, making a real difference in the lives of many. We should all aim so high. We were lucky to have him, and we are lesser for his loss.

I'm proud to share this moment with my own family -- my wife, Rana Sampson, my daughters, Lisa and Jamie, my daughter-in-law, Meaghan. Thank you for your love and support.

And we're honored by the presence of Gov. Pete Wilson, who made a huge imprint on this city and has been an inspiration to every mayor since.

And by another former governor and friend, Gov. Gene Elorduy of Baja California.

As always, we're honored to welcome the leaders of our military community, representing our men and women in uniform.

This year we celebrate the Centennial of Naval Aviation, which began with a flight on the other side of the bay. They've kept us safe ever since.

Throughout this room are members of our boards and commissions, and people who provide civic leadership when it's most needed. We all profit from your wisdom and hard work. Thank you.

And I look forward to working closely with the people on stage: City Attorney Jan Goldsmith, our new Council President Tony Young, and a City Council that's off to a strong start. I congratulate the two new council members and look forward to our working together.

The year ahead

Thinking about the past five years, and the progress we've made, it's clear that all of our accomplishments begin with the faith and dedication of the people of San Diego.

All of us chose this city as the place to build our dreams, and raise our families. We believe in it passionately. When we tell people we're from San Diego, there's a great pride in our voices for this city, with its rich legacy of civic engagement and of defying expectations.

Like many of you, I came to San Diego for one reason, and stayed for reasons too many to list. I served you as a police officer and police chief. And in my next two years as your mayor, my commitment to this city, and to finishing the job we started, has never been stronger.

I see this as a great time for San Diego, a time of optimism and opportunity.

I feel the energy building, and the excitement that comes when great plans are realized.

And I'm here tonight to tell you that I will give you everything I have to see our plans through. My last day in office will be as busy as my first, and this will be a time of achievement and progress.

As I lay out my agenda, you'll see two areas where our sustained focus will converge to address our long-term and short-term economic problems.

First, this administration will carry through on its strategies for building a vibrant prosperity that is accessible to all, especially the many families that are struggling along with the economy.

That means redoubling our commitment to the kind of economic development that pays for essential neighborhood services, sustains the dynamic revitalization of our downtown, and which brings home desirable jobs.

Lasting prosperity must be our top priority.

Second, with the help of this Council and city attorney, we'll complete our financial reforms and eliminate our structural budget deficit before I leave office.

To do this, we must rethink our systems and find new ways to deliver services.

We must take a fresh look at past decisions and be willing to ask more of our employees and more of our citizens.

And we must build in flexibility, so that instead of retrenching, our government is renewing.

This city is already a recognized leader in pension reform. And now, I'm proposing a bold step to complete our work. By creating a 401(k)-style plan for future employees, including elected officials, we'll contain pension costs and restore sanity to a situation confronting every big city.

The balanced budget we will give our successors must protect essential services as well as civic investments, so coming generations can know the bright future that has always been our city's promise.

By keeping both of these goals in sight, and in balance, we can renovate our government as we rejuvenate our economy.

It's a full agenda.

My only goal is to see our city grow stronger, so future generations look back on our decisions and know we put civic responsibility first.

San Diego has moved forward, even during the worst financial crisis since the Great Depression.

At every level, we get things done.

Even with fewer resources, our Police Department, working with our communities, has cut crime dramatically -- with homicide at its lowest level since the Sixties.

And when we drained Lake Qualcomm and restored Qualcomm Stadium in time for last month's Poinsettia Bowl, the nation applauded. Yet that was just one of many feats -- from clearing roads to river rescues -- our employees performed to keep us safe from storm and flood. We should never take their hard work and dedication for granted.

It's inspiring to view our amazing city through the eyes of outsiders -- whether that's the tourists who come seeking a lifestyle second to none, or entrepreneurs attracted by our reputation for innovation and the intellectual capital of our universities and 81 research institutions.

Economic development

I spoke earlier of the Navy and their long history here. But the ships in our harbor and jets over Miramar are just part of it. We built on what we were given. And today we're home to a robust defense technology sector of more than 250 companies and 25,000 jobs.

People who do business want to do it in San Diego.

This circuit of innovation, expertise and capital has made San Diego a powerhouse in the high tech and life sciences arenas.

On average, one technology start-up is launched here every day of the year -- including weekends.

Two new technology sectors -- analytics and wireless health -- are growing at an astounding pace and will emulate the success of Cleantech.

Though just a few years old, our Cleantech sector is firmly established as one of the hottest places to develop transformative technologies. CleanTECH San Diego is recognized as one of the best Cleantech cluster organizations in the world, and has made us a key player in the strategies of Fortune 500 companies.

We benefit not only from technology jobs that pay twice the average, but from our proximity to the power of innovation.

We're seeing San Diego companies embrace these technologies at an impressive rate. In fact, tomorrow, Cox Communications will announce a major investment it has made in clean energy that creates jobs while significantly reducing its carbon footprint.

And soon the collaboration of CleanTECH San Diego with General Electric, UCSD and SDG&E will put us at the forefront of the electric-vehicle movement by ramping up our infrastructure and advancing solar-charging technology. This initiative will reduce reliance on fossil fuels and protect our blue skies.

Cities compete fiercely for these jobs, but we come out on top time and again in the battle to retain and attract companies.

Like Bow Tape, which makes specialized tape for everything from cell phones to DVD players. A South Korean company with global reach, it needed a manufacturing site somewhere in North America. Now there's a lot of real estate in North America, but after meeting with us, Bow Tape chose San Diego.

Or like ATK, which makes spacecraft components. It might have expanded in business-friendly Utah, its home state. But after we expedited permits and lowered its operating costs through our Enterprise Zone, it chose San Diego.

And every city in America wants a firm like Synthetic Genomics, which is pioneering the science of making fuel from algae. It, too, chose San Diego. Two years of collaboration paid off when they broke ground on a new facility in La Jolla, backed by \$300 million from Exxon Mobil.

Accomplishments in challenging times

The confidence of these companies in San Diego is genuine. They see a city with an incredible quality of life and skilled workforce, and a government that lives within its means as it thinks long-term.

And they're right. Despite a challenging economy, San Diego has set the pace while other cities hit the brakes.

This past year, we dug in on a Central Library project that languished for three decades by leveraging resources from our state, schools, redevelopment agency and generous donors. In the months since that groundbreaking, 71 new donors stepped forward with cash or pledges.

Last year we also began negotiations on a permanent facility to house and treat the homeless. A city that had no answer to homeless adults sleeping on its sidewalks will soon provide them with a bed and services they need. That's a great accomplishment for all of us.

So is our strategic plan to safeguard our beaches from sewage spills. A decade ago, we averaged one spill a day. Last year, we're told, we had fewer sewage spills per mile than any major U.S. city. That turnaround could not have happened without a concerted effort to reverse generations of neglect and invest in the least glamorous infrastructure of all, the lowly sewer pipe.

And through aggressive efforts by businesses and residents, we're using far less water than we did 20 years ago, with a population that's one-fifth larger. Alongside our investments in infrastructure, our conservation culture will ensure the diverse, reliable water supply we need for our economy and lifestyle.

Hearing the voters

And in November, the voters were presented with a sales-tax measure. And by a rather spectacular margin, they said no -- and I heard them.

We presented this proposal directly to the public, knowing their choice would chart our course for years to come.

I believe Proposition D was a clarifying moment that will help us move forward.

For five years, my efforts to build consensus on cost controls were held back by the argument that San Diegans would rather raise taxes than reduce services.

That notion got a fair hearing, and it's now been laid to rest.

Let me be clear about what I heard the voters say.

First, they're angry that our pension costs are the fastest-growing part of our budget, while the funds available for critical services are shrinking.

Believe me, I am just as angry.

Second, they don't want City leaders to balance the budget by reaching into taxpayer wallets.

They expect us to solve the problem without tax increases.

That's what we intend to do.

Just as importantly, here's what the voters did not say:

They did not say they wanted some other type of tax increase.

No means no.

Neither did they reject the 10 reforms that Prop D contained.

It's more important than ever that we complete those reforms, and quickly. Each saves money without harming public services.

Nor did they vote for gridlock. They don't want us stopping in our tracks and waiting for another election, or a court verdict that's years away. They have big dreams for their city. They want action, not delay.

Pension reform

The first step in following the voters' wishes is to contain runaway pension costs.

For five years, I've channeled my disgust at past recklessness into positive reforms that protect taxpayers to the greatest extent the law allows. But as our city attorney makes clear, we can only go so far, when those benefits and their ugly consequences are constitutionally protected.

We weren't the only city burned by pension politics. But we've blazed a trail forward by learning from those mistakes, and finding responsible ways to restore fairness.

By restructuring benefits for new employees, we're on course to save nearly \$400 million over 30 years.

After two years of working with our unions, we expect to cut our retiree health care costs significantly, providing further savings for taxpayers.

Our city attorney has outlined a legal way to negotiate future compensation so we reduce long-term liabilities. Friday, I'll join him and Council leadership to announce details.

And we are rethinking pensions even further.

Councilman Kevin Faulconer, the city attorney and I will soon bring to voters an initiative to enact a 401(k)-style plan that is similar to the private sector's and reflects the reality of our times.

We are acting in the public interest, but as private citizens. And we welcome to our effort anyone who shares our goals.

Within government circles, this is a radical idea. It challenges the notion that public employees should be treated better in retirement than the taxpayers who foot the bill.

But I'm no radical. I'm a realist.

And enough is enough.

It's clear that public employee pensions, which once brought order to government, are now a destabilizing force. They undermine public confidence, put assets at risk, and disrupt our ability to forecast costs.

They are a vestige of a time when life spans were shorter, people stuck with one job, and city workers accepted less pay for greater security.

But today millions of Americans build their retirements around 401(k) plans. They make these decisions responsibly and respect the consequences -- more than I can say for some politicians.

Now, some will say this approach is too bold. Or that it doesn't go far enough. But my motives are clear. I'm not running for mayor. I'm not clamoring for attention.

I'm thinking about the taxpayers in 25 years, and the kind of city they'll inherit.

It should be a city where retirement costs are fair, affordable and predictable.

A city where taxpayers aren't on the hook every time the stock market plunges.

A city where the phrase "unfunded liability" is a relic of the past.

Forbes magazine looked into our idea and concluded -- and I quote -- "It is the only sensible way to prevent state and local governments from being financially ruined over and over again."

Whether radical or sensible, this reform is essential.

But let's be clear: No pension reform -- not mine or anyone else's -- can generate savings fast enough to close our looming budget deficits.

Rethinking government

That's why we will continue to rethink government in the most fundamental ways and create a more agile workforce that can innovate, respond to rapid change, and cut costs without wasteful processes.

We'll continue to prioritize essential services -- public safety, effective infrastructure, safe water systems -- and core missions within every department.

And we'll persist in the hard work of ensuring services are delivered as economically as possible.

For five years we've used every tool at hand to reform government -- replacing outdated systems, flattening the management structure, seeking improved performance for less money, and finding fat and inefficiency embedded in the way we do business.

Our results speak for themselves. By eliminating more than 1,400 positions, we're saving \$94 million a year. And through efficiencies and reforms, we've made an additional \$88 million in annual permanent budget reductions.

Now we'll take it to the next level.

We've already consolidated functions within three departments to promote greater coordination and efficiency whenever work is done on a street or city right-of-way.

We will merge two departments with overlapping functions, Development Services and Planning, and save as much as \$1 million by eliminating duplication.

Reorganization of our Public Works Department will eliminate top management positions.

Reform of our Public Utilities Department will lead to elimination of the Bid to Goal program.

Centralizing our information technology staff will help us streamline duties, and save \$1.5 million.

And now our toolbox includes managed competition – so we can end the government monopoly on non-essential services when the private sector can do the same job for less money.

Two city functions are ready for competition: fleet maintenance and publishing services.

Soon I'll bring to the Council three more that I'll discuss in detail tomorrow: street sweeping, public utilities, and sidewalk and street maintenance.

The savings cannot be realized immediately, but I will keep faith with the voters who, like me, strongly supported this program four years ago and are frustrated by the ensuing campaign of distortion and obstruction.

Even now, managed competition is a magnet for extremist viewpoints, from those who call it unworkable to those who claim it will save tens of millions of dollars virtually overnight. And sometimes, that's the same person talking.

We must be measured and thoughtful. This is not a mad dash for easy money or a weapon for retribution. In the right hands, it is a powerful tool to reshape and reduce government, whether the competitions are won by private firms or our own employees.

As we demonstrated by competing our Help Desk services, our savings can run as high as 50 percent.

I intend to use managed competition for the largest public benefit, and will bring this process to our water and wastewater programs to explore how we can drive down future costs for ratepayers.

But none of this is meant to mask the hard fact that difficult cuts are necessary, and public services will be reduced.

The ratio of General Fund employees to residents has fallen to its lowest level in four decades, and it will fall further. And because past cuts were so deep, the next wave will be the harshest yet.

The voters accepted this reality, and entrusted us to make it work.

When the cutting is done, we will have sculpted a government that lives within its means when times are bad, and invests responsibly when times are good.

We will do this as a team. There can be no pride of authorship if our goal is the common good. And no good idea should be discounted because of bias against its source.

Our financial managers will ensure that our savings are bankable; held together with honest accounting, not slick packaging.

And our City Council will once again stand strong and resist the temptation to play to the cameras or bend to special interests.

The challenge of our time is more than just financial. It's a test of our mettle and our core beliefs.

Let the past serve as our guide. The underfunding of our pension system wasn't a function of flawed financial projections. It was failure of character. It wasn't about left or right, labor or management. It was a bipartisan mugging, a conscious decision to rob the future instead of building a better one. And its thin cover was the delusion that our day of reckoning would never arrive. Well, it always does.

Protecting investments

Yet in the midst of that reckoning comes a new plan to rob the future. There is pressure building, in Sacramento, and locally, to loot our redevelopment agencies rather than make honest budget decisions head-on.

I'm concerned that some people don't realize what downtown redevelopment has meant to this city.

It's been a catalyst for \$12.8 billion in private investment, created 26,000 permanent jobs and generated \$650 million in sales and tourism taxes for our General Fund.

And its benefits grow each year.

To those San Diegans who would sell out our redevelopment agencies for pennies on the dollar, I say that your thirst for quick cash will come at a steep price.

And to those in Sacramento who circle like vultures, seeking signs of weakness, I say that we will stand united to defend local control and keep our tax dollars here, not pour them in the pit you've dug.

Last year, we were reminded again of redevelopment's immense value when the state Legislature removed its cap on our share of the property tax revenue generated by redevelopment downtown.

As a result, seven billion dollars will stay here in San Diego in coming decades to be a catalyst for low-income housing and private investment, creating good jobs and funding city services – instead of slipping away to Sacramento.

During that time, the Independent Budget Analyst estimates, our General Fund will gain hundreds of millions of dollars in new sales-tax and tourism revenue -- money that can be used for parks, libraries and public safety in our neighborhoods.

Before redevelopment began, downtown was a disgrace and a drain on our City budget. Today it generates far more money for city programs than it needs in services, subsidizing every neighborhood from San Ysidro to Rancho Bernardo.

And now it's poised to do even more, by helping us expand our waterfront convention center – the heart of our tourism industry -- which has pumped \$16 billion into the regional economy since it opened 22 years ago.

That success story will have a blockbuster sequel.

This next phase of expansion is critical to our ability to secure the most coveted conventions, such as Comic-Con, which is economic stimulus with a big S on its chest.

An extensive public process determined this expansion was necessary, and that it will bring significant economic benefits to the entire region.

The new conventions it attracts will bring \$372 million in added visitor spending and \$17 million in new tax revenue annually.

The expansion itself will create and support nearly 7,000 new jobs.

And its elegant and efficient design welcomes the public for the first time with a spacious park and a spectacular view.

We appreciate the hotel industry playing a key leadership role in completing the financing plan that will make this project a reality.

This project has incredible momentum, and I look forward to breaking ground before I leave office.

Every investment we make in this city is designed to have a benefit to the taxpayer and to San Diego's other bottom line: our quality of life.

That's why we're doing all we can to find a way to keep the Chargers where they belong – right here in San Diego – as a source of new revenues and economic vitality.

I look forward to reporting to you our progress as we determine how the vision of a new stadium fits with the goals of removing blight from East Village and ending taxpayer subsidy of our aging stadium in Mission Valley.

I am confident that the voters know how to make the right decision when an election is held as soon as next year.

We will continue to protect and enhance Balboa Park by launching a nonprofit conservancy that integrates our civic priorities with the resources of foundations and corporations.

And we'll seize the once-in-a-lifetime opportunity to reclaim the heart of the park, the Plaza de Panama.

The work begun by Dr. Irwin Jacobs and public-spirited citizens is the right vision at the right time, restoring historic accuracy with the goal of removing all cars from what will then become one of the world's great public spaces.

This is no time to think small. Great cities are built with great ambitions – and with great effort.

And with the discipline that transforms vision into reality.

Our city won't put progress on hold, waiting for the economy to improve or revenues to rebound.

We won't push off our problems on the next generation.

We will act now, invest now, create jobs and lift our economy by our own efforts.

We will never get back time and opportunity wasted.

I'm going to fight for what I believe in.

I ask all of you to join me.

It's time to stand up for San Diego.

Thank you.