



**MAYOR JERRY SANDERS**  
**STATE OF THE CITY**  
**JANUARY 11, 2012**

Thank you.

Good evening, everyone.

A rare benefit of being mayor is that, if you work hard and get enough done, they let you choose your own entrance music.

So for tonight, I chose the anthem Trevor Hoffman used all those years we watched him close games for the Padres.

That song is now a part of our civic identity, and it evokes two important qualities.

First: fearlessness.

And second: closing the deal.

We're at a moment in our history when San Diegans must embrace the Trevor Hoffman inside all of us.

We need to be fearless in fighting for our future.

And we need to close the deal on the civic achievements that will ensure our progress and strength, and enhance the quality of life for every resident.

You just saw a film that makes clear what a dynamic city we live in, and what incredible opportunities we have before us, opportunities that will help shape our future.

Our job this year is to seize them -- now -- and redeem the promise of a great city.

San Diego wasn't built by people who shrank from the challenge, or who dared to be average, or who stood tall only if they knew someone else would stand first.

This city was built by people of vision and courage.

People who were serious about their responsibility to the next generation.

People who knew that working as a team, we lift each other and accomplish more than any one of us could alone.

As I look around this room tonight, I see so many people who are making a difference in our city, who know what it means to be great citizens:

- The members of our military who keep us safe;
- The citizen volunteers who work in our parks and libraries, keep an eye on our neighborhoods, and serve on our boards and commissions;
- The leaders in education and business -- whose innovation put our city on the map, and keeps it there;
- Our friends from across the border -- who believe in regional cooperation and progress;
- Our city employees, who kept our city moving during the toughest of times
- And especially my family – my wife, Rana Sampson, my daughters, Lisa and Jamie, my daughter-in-law, Meaghan, and my sister and her husband. Their love and support have been my rock for the past six years.

To each of you, to everyone here tonight, I promise we won't give an inch to those who doubt this city or would hold it back out of self-interest. Not now, not ever.

We will be fearless, and we will finish what we've started, closing the deal on the civic projects that take San Diego to the next level of greatness.

We can and we will do this. I know it, because in only a few years, we've shown the world that San Diego can overcome any obstacle in our way.

For proof of that success, you need look no further than our recognized leadership in dealing with the headline issues of government today, public pensions and retirement programs.

### **Success in Pension and Retiree Health Care Reform**

Everywhere, governments are struggling as a result of the deep, persistent economic downturn.

Nations, states, cities all face crippling budget deficits that expose the extravagant promises made by their leaders -- promises they can't keep and which now threaten their very stability.

Everywhere, people are looking for answers.

And they can find them here in San Diego.

That's the conclusion reached by Governing Magazine in citing our striking success in addressing the unsustainable deficits in our pension and retiree health programs.

The magazine singled out San Diego as a model for other cities, saying our transformation from scandal to success – and I'm quoting now -- “would have been impossible to imagine a few years ago” and is the result of “deep and lasting changes – not just to its pension system but to its municipal pay structure as well.”

It's good to once again see San Diego first among cities.

But let me be clear:

This success was not impossible to imagine for anyone who knows our city and its fierce resilience. You never lost faith in our ability to rebound and come back stronger than ever.

Because this is an extraordinary city, capable of extraordinary things.

We showed that by working with our labor organizations to dramatically reduce our exposure to skyrocketing retiree health care costs. Our efforts will save taxpayers more than \$700 million, making this the biggest cost-saving measure in city history.

And through pension reforms we've advanced -- working with our labor unions, with civic leaders, and at times by appealing directly to voters -- we're striking the proper balance of benefits that are fair to employees and the taxpayers they serve.

And by the time I leave office, we'll have put our pension problem to bed once and for all.

### **Success on the Structural Deficit**

But the unfunded liabilities in our pension and retiree health care programs were just part of the mess left behind by previous administrations.

For at least 30 years, our citizens had been promised more services than we could afford, resulting in a structural budget deficit that was disguised by gimmicks and shell games.

It wasn't just the pension program that was fleeced. Reserves were drained, infrastructure was recklessly ignored. New promises were made on top of promises we already couldn't keep. We were headed for a cliff.

We met the challenge of our time by methodically and relentlessly cutting costs -- finding one efficiency after another while protecting our most critical city services -- until the size of our government was aligned with our revenues.

This approach required constant focus and determination -- unbroken cycles of hard work and hard decisions -- and the results are impressive.

Our projected budget deficit for next year is a fraction of the size it was just two years ago.

The plan I propose in April will clear the path for a Five-Year Forecast that shows balanced budgets for the foreseeable future and, with the City Council's support, our structural deficit will finally be solved.

Credit for that success is too great for any one person. It belongs to all of us.

It belongs to everyone in this room, and outside its doors, who understands that success begins with a unity of purpose -- and that we all benefit from a city that works, and a city that works together.

This success belongs to our employees -- who took pay cuts and shouldered greater workloads each time we stripped away levels of management, consolidated departments, and reduced our workforce by what is now more than 1,700 positions.

This success belongs to our citizens, who've given us clear direction that they support our priorities, from pension reform to managed competition, and who embrace the responsibility and challenge that comes with living in a city that lives within its means.

And it belongs to this City Council, which has been asked to make difficult decisions again and again. Most of them rose to the challenge, supporting the austerity measures that put us back on track and will allow this success to endure long into the future.

Because, ultimately, this success is a gift to our children and our children's children.

They will benefit most from the billions in savings that flow from our reforms.

They will grow up in a city with a good credit rating and the confidence of Wall Street.

A city protected by reserves that have grown fourfold since we took office.

And a city that can count on a healthy General Fund, and a workforce that takes pride in its professionalism.

That's the picture of true success, leaving a strong, secure city to the next generation.

### **Maintaining momentum**

To maintain our momentum -- to take San Diego to the next level -- we must follow through on the vision that brought us back from the brink.

That includes building community involvement with technologies that change the way you experience and interact with your government.

This year, we're enlisting San Diegans to create apps that enhance our understanding of this region by making a wealth of information accessible on computers, tablets and smart phones.

This community-wide competition rewards the most innovative and engaging ideas for putting the resources of government at your fingertips.

The AT&T San Diego Apps Challenge, with \$50,000 in prize money, will attract the brightest minds in the region, from experienced software engineers to students eager to get that first app under their belt.

Tomorrow, you'll hear more about this exciting initiative and our partnerships with AT&T, CONNECT and CleanTech San Diego.

That vision also includes innovation in government through the undeniable success of managed competition, which is saving taxpayers millions by doing exactly what voters wanted – reducing costs through healthy competition between city workers and the private sector.

Managed competition has given our employees a direct incentive to identify waste and inefficiency in city operations, and to channel their creativity into cost-saving solutions.

Annual savings are about \$5 million, and through new competitions this year, we expect to more than double that.

We must also continue to reverse years of neglect through a strong commitment to infrastructure and capital projects, knowing we cannot depend on state decisions on redevelopment or budget priorities.

We've already invested hundreds of millions into community projects, including our aging water and sewer infrastructure, and we're now in the midst of the largest repaving program in city history -- 150 miles of road, more than were repaved in the previous eight years.

You'll see another \$100 million appropriated for infrastructure this year, as we proactively address a backlog that built up over half a century.

And our newly streamlined processes will get those projects to the street quicker, renewing our neighborhoods and invigorating our economy with new jobs.

### **Looking ahead to 2012**

Because our city is not only strong enough to overcome adversity, but smart enough to prepare for the future, 2012 promises to be one of the most exciting and productive years in our history.

Our commitment to green and clean technologies is widely recognized. And just last year, San Diego was ranked 6<sup>th</sup> among U.S. cities that are leading by example to reduce greenhouse gases and transition to a low-carbon economy.

That recognition came even before we announced plans to upgrade 80 percent of our streetlights to make them brighter and more energy-efficient, saving taxpayers \$2.2 million a year.

And it came before we launched Car2Go, the first all-electric car sharing program in North America.

We began Car2Go late last year, and it's already a huge success. Soon its fleet of 300 cars will be at full strength, augmenting our trolley and bus service with a third mode of transportation that is nimble, affordable, easy to use and friendly to the environment.

This year we'll also start reading water meters remotely, a money-saving pilot project that gives customers instant information about their use and helps fix leaks faster.

It's just one more way our Public Utilities Department is containing costs to give San Diegans safe and reliable drinking water at the lowest price possible. On January 1<sup>st</sup>, when municipalities throughout Southern California raised their water rates, we kept ours flat. That's success you can take to the bank.

This year, we look forward to opening the Connections Housing Center, a permanent shelter downtown where the homeless can find supportive housing and treatment as they battle drug addiction and mental health issues.

Our comprehensive approach to homelessness is a model for other cities grappling with this problem, and should make 2012 the first year in memory when San Diego won't need to open a winter homeless shelter, because beds and services will already be waiting.

And this year we'll break ground on a cross-border facility that reduces congestion by connecting 2 million airline passengers a year directly to Tijuana's Rodriguez Field.

It's one of many bi-national projects now in the pipeline, all designed to boost our economies by enhancing trade and worker productivity.

I'm proud to have worked on this issue with our friends in Mexico, particularly with Tijuana's mayor, Carlos Bustamante, who's here tonight.

Mr. Mayor, I enjoy working side-by-side with you to achieve what you describe as a region of solutions.

### **Success for the Central Library**

Another success story will be told in the summer of 2013 when we open the doors to our new Central Library.

This project is on time and under budget, and fully funded without a nickel of General Fund money. That's one more promise we've kept.

A building of architectural distinction and unmistakable importance, the Central Library is a shining example of what can be accomplished even in the worst of economies if you have faith in San Diego and its people.

I'd like to introduce two civic leaders who've kept that faith, raising money for the entire library system, Judith Harris and Mel Katz.

I'm delighted to announce tonight, that because of the generosity of so many San Diegans, we are able to move forward and complete construction.

The modern library is our community center, our meeting hall, the place where education and achievement converge.

It's where people go to research their health needs, to get information on parenting, to find help entering the job market and to move up the ladder.

And if you've been in a library on a school night, you've seen lines of students waiting for time on a computer. Half of all American teenagers used a library computer last year, mostly to do homework.

In our new Central Library, public computers will increase nearly fivefold, to more than 400, all within easy access of two trolley lines and nine bus routes, in a location that's within two and a half miles of 57 schools.

Our city will celebrate the day the Central Library opens for business -- but its true success will come each time a child walks inside to do her homework, or check out a book, or use its reading rooms, or when she attends an education program on the ninth floor and looks across the bay to the horizon, knowing she lives in a city that so proudly and prominently values learning and knowledge.

Now the same resolve you've showed building the Central Library is needed on another crucial project, expanding our convention center.

This economic engine has pumped nearly \$21 billion into the economy since 1989 -- and more than 400 million into our General Fund, which pays for services like police and fire, lifeguards and parks, infrastructure and libraries.

We've listened closely to convention professionals, and they say we could bring in millions more each year with an expansion that puts more ballrooms, exhibit halls and meeting rooms in a single, contiguous space.

We already have the best location on the West Coast, and soon it can be the most desirable for the large conventions everyone covets, allowing us to crush our competition and capture another 25 major events a year.

I appreciate the leadership shown on this issue by the hotel industry, which will shoulder the lion's share of costs, as well as the leadership of the Port of San Diego.

They understand this astute investment will yield a lifetime of revenue, and that we must get it done by 2016 to hold onto the most lucrative conventions, like ComicCon, that call San Diego home.

For our General Fund, the expansion will generate \$12.7 million annually in new hotel-room taxes alone. Of that, up to 9 million will flow to neighborhood services and programs and the rest to service our bonds.

With the success of this project, we'll create nearly 7,000 permanent jobs, boosting the regional economy.

We'll provide our citizens with a rooftop park worthy of our waterfront – five acres set aside for performances and picnics with stunning views.

And as a direct result, our revenues will grow by \$300 million over 30 years, money that will improve every one of our neighborhoods.

I'd like to introduce the private citizen who's done so much to make sure we close this deal before future generations lose out, Steve Cushman.

Thank you, Steve.

## **Plaza de Panama**

This year we'll also move forward with a generous investment in one of our great civic treasures, Balboa Park.

The film you just saw included a brief look at the vision behind the Plaza de Panama project.

I invite everyone to learn more about this ingenious plan to enrich the Balboa Park experience by putting people first, and allowing them to once again enjoy its historic plazas and gardens without having to compete with cars.

This project began with the goal of fixing a decades-old mistake, letting the historic Plaza de Panama become an ugly, oil-stained parking lot.

But what has emerged through an extensive public process is more than just a plaza reclamation.

It's an elegant solution to complex traffic and parking problems, improving public access by removing cars from the pedestrian core, adding underground parking and creating six acres of beautiful new plazas, gardens and public spaces.

Better yet, it won't cost taxpayers a dime.

An opportunity like this comes once in a lifetime, and would not be possible without the vision, leadership and integrity of San Diegans without peer, Joan and Irwin Jacobs.

Joan and Irwin, thank you.

Because of their vision, a dynamic and pedestrian -friendly Balboa Park will be unveiled in time for the 2015 Centennial, when San Diego will again shine on the world stage and celebrate the proud history and limitless future of one of the world's most remarkable cities.

This will also be the year we keep the Chargers playing in San Diego, with a plan for an exciting regional sports complex that meets the goals of the team and taxpayer.

On Monday, I had the pleasure of announcing with Chargers owner Dean Spanos that they remain committed to that vision, and that we are moving forward on a stadium solution at the MTS bus maintenance yard.

The approach we're committed to will keep the team competitive while requiring no new taxes.

It will protect the General Fund.

It will deliver a positive return on our investment.

And it will keep the project affordable by building on regional cooperation.

Those points are critical to any plan, because this is first and always a business deal.

And as we discuss potential financing models with county leaders and the NFL, they know our goals must become shared goals.

If we do this the right way, the Chargers, our city and our region will all be winners.

We'll get a thriving live entertainment district that completes the revitalization of East Village.

We'll leave behind a tired old stadium, where operations cost millions each year, and gain a new facility that's an economic catalyst.

And with a regional sports complex unique to our needs, we'll have an exciting venue for concerts, youth sports and entertainment events, creating value and synergies with the expanded Convention Center.

The fact is, this will be good for the entire region, which is why our close working relationship with the county is so important to this endeavor.

Together we're building a detailed financial model that will let voters decide what's right.

The Chargers support our approach, and their cooperation is genuine.

And I'd like to introduce the man who's kept this project on track, devoting hundreds of hours to working with the Chargers and our experienced team of financial advisers,

Mr. Fred Maas.

Thank you, Fred.

### **Success in creating jobs**

As we take San Diego to its next level, we must remember that the success of any community starts with good schools and good jobs.

Schools that put our children on a track to personal success, and ensure they get the right education so they can drive the economy of the future.

And jobs that give people confidence to put down roots, raise families, and become engaged in civic life.

The power of a mayor may seem small compared with the gravitational pull of global economies, but we work hard to do the things that attract and retain businesses.

It's why the Department of Economic Growth Services reports directly to the mayor.

It's why we promote our home-town advantages: a skilled work force, proximity to foreign markets, and the intellectual capital of our universities and 80-plus research institutions.

And it's why San Diego will always be part of any conversation about places where creativity flourishes and innovation results.

This year, we're setting the stage for thousands of new jobs by adding nearly two square miles to our enterprise zone, where employers get tax incentives for turning underperforming areas into job magnets.

Let me share two of those success stories:

We created 300 new jobs in Otay Mesa, where we helped Costco build its new international distribution center.

And 450 new jobs will be created in Rancho Bernardo because we worked with Soitec to locate its North American solar headquarters and manufacturing plant here, the most solar-friendly city in California.

Our prestige in the world of research will keep growing, with more pharmaceutical firms -- like Johnson & Johnson -- making major investments in facilities on Torrey Pines.

And the success of technology incubator Evo-Nexus, which has already raised \$40 million in venture capital and created hundreds of jobs, will grow with its addition of a second campus downtown.

Our commitment to see small businesses launch and prosper includes an emerging San Diego sector with a special place in my heart: craft brewing.

Whether you like small-label beer for its taste, its texture or its bouquet – I’m all about taste, myself – craft brewers create jobs and economic development each time they make the jump from garage to brewpub.

We’re rapidly becoming the top location in America for craft brewing, or as the New York Times said in recommending San Diego as a preferred travel destination for 2012 – “a sunny heaven for suds lovers.”

I like to think a small part of that success comes from having a mayor whose business-friendly policies include a personal commitment to tap the first keg any time a brewery opens.

And no one can forget that our ongoing prosperity is linked to historic relationships with the military, whose presence gave rise to a robust defense sector with more than 250 businesses and 25,000 jobs.

As Washington scrutinizes defense spending, our community will be united in protecting our critical role in the high-tech military of the future.

### **Finishing the job**

I’ve talked about success tonight, and what it looks like from where I stand.

But I never forget that for most of us, the true measure of success is the ability to provide for our families, buy a home, send our kids to college, and plan for our futures -- confident that government won’t let us down.

In decades past, city officials did let us down, and our careful climb from the hole they dug has tested our character and resolve.

Be assured that our success is real. Our pension reforms, the measures we took to rein in retiree health care costs, the elimination of our structural deficit – those are tangible achievements that will stand for all time.

The economic benefits of the convention center expansion, the brilliance of the Plaza de Panama project, the exciting potential of a regional sports complex – those are real, too.

But no one person -- no one group -- can accomplish them.

Only a unified city, pursuing its collective goals, can achieve success.

I’m not done here, not by any means.

San Diego is going to have a great year, and no one will work harder than I will to make sure of it.

Yet nothing in San Diego is easy, and past failures have provided a soapbox for those who intend to stall our progress, who desire dysfunction to advance their selfish agenda.

It's never been more important for the rest of us to do what's right by our city, to be fearless and to finish the job we started.

Future mayors and future councils will benefit from the decisions we've made, and it will be up to them to make responsible, honest choices as our revenues grow, which they surely will.

But the real success of what we do here belongs to 1.2 million San Diegans, whose priorities begin at home, with family and loved ones, keeping a roof over their head, putting food on the table.

They know how perilously close this city was to falling down around them.

And they can look at it now with renewed pride, and know the work we've done together will take us to the next level of greatness.

It's an honor to serve this city.

It deserves our best.

And it will get nothing less from me until the hour I leave office.

Thank you.