

State of the City February 7, 2012
Michael S. Frank, City Manager
City of Novato

Good morning.

I have the honor of being the CEO of your \$50 million City of Novato municipal corporation. In this corporation there are 52,000 shareholders and a 5 member board of directors, your City Council. Despite unprecedented challenges from today's unpredictable and slow-to-recover economy, you have a City Council and a staff that has been results oriented in handling the adversity we face as a city.

There is no denying that it has been a rough couple of years. Novato, like most cities and their residents and businesses, is going through tough times. We have just lived through the largest and longest recession since the Great Depression. While this is proving to be a slow recovery, I am thankful we look to be avoiding a double dip recession.

Despite that, we still face other hurdles in keeping our financial house in order. The State has been taking local government revenues for over a decade and unfortunately, this has accelerated with their budget mess. Most recently, last week in fact, the State eliminated the City's Redevelopment Agency, one of our community's major tools for Economic Development. One example of the benefit of Redevelopment; it was responsible for the development of Vintage Oaks which brings in 40% of the City's sales tax revenue.

Nevertheless, I am so proud of what the City organization and community have been able to accomplish in these times. After 30 years of a series of attempts, we are going to build City Offices downtown, helping to solidify a civic center and downtown hub to bring people to the heart of Novato. After at least 25 years, a project acceptable to Council has been approved at Hannah Ranch. After 20 years of vacancy, the Novato theatre has been sold to a nonprofit which will fundraise and renovate it, providing Novato a performing arts and film space right downtown. After 10 years of legal battles with a developer, 35 acres of open space has been given to the Open Space District at the end of Fairway Drive. After 10 years, the vacant, blighted building downtown at Grant and Redwood has been torn down and is under construction. After 6 years, we have an agreement with the State coastal Conservancy for them to build and maintain the multi-use Bay Trail through the wetlands that are being developed in Novato's Hamilton area. Great things are getting done, even in these difficult times.

One of City Council's chief Strategic Plan Goals is to "Achieve Fiscal Sustainability." To that end, the City Council and staff have been aggressively addressing our structural deficit issues head on. You may recall we eliminated 20% of the workforce (this is on top of the 12% workforce reduction over the prior couple of years). We negotiated contracts a year ago with all unions that included salary decreases, furloughs, and reduced pension benefits for new employees.

In addition, construction of City Offices will mean a reduction of \$700,000 per year in City rental expense. The city is in the process of reducing our electric bill by converting 1,410 streetlights to LED, reducing the kilowatts by close to 500,000 per year. We worked to mobilize partnerships or transition programs or facilities to other local organizations including reaching an agreement with the Novato Unified School District that now has a new joint-use gymnasium under construction at Hamilton Elementary School. Other examples of creative service delivery or funding include the Novato Independent Elders Program which is now run by Episcopal Community Services, Gymnastics Boosters who are raising \$25,000 per year for the Gymnastics program, Dog Park volunteers that are fundraising regularly to support ongoing maintenance at the park, and the three Little League Teams that are taking on the maintenance of their three playing fields.

One of our greatest assets as a community is our pool of dedicated volunteers and fundraisers who are an impressive, motivated group. There are a host of areas that benefit from our amazing volunteers—graffiti removal, street medians, emergency preparedness, recreation and senior programs. In addition, they support the 4th of July Parade, the creation of a Community Garden, Novato's Historical museums, the Holiday tree lighting, Paint The Town Red City birthday bash, and the summer concert series on the green.

Our business community is a generous source of community stewardship as well. Local business sponsorships help support many of the community events and non-profits in town.

We still have much work to do and we are leaving no rock unturned to look for efficiencies in our organization and how we do business. With diligence and transparency, the community passed a 5 year Measure F half cent sales tax, which is contributing \$3.5 million to our coffers annually to address our deficit. This measure is all the more important in the wake of the recent hit from the Redevelopment Agency elimination. While eliminating the structural deficit is a priority, the loss of

Redevelopment after passing Measure F is a bit like two steps forward, one back. Our focus is squarely on the future fiscal sustainability discussions with the Council and the community.

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Another component of fiscal sustainability is economic development. As an organization, we need to find ways to focus on **economic development** and improving the City's reputation in segments of the business community.

City Council has in place two strategic plan goals: 1) promote an active, restored and vibrant downtown, and 2) foster a thriving business environment and destination. The challenges we face in achieving these goals are that we are left with no economic development staff as a result of the elimination of our Redevelopment Agency. Strategic Planning discussions will occur over the next couple of months to develop strategies for making progress in this area including whether or not to hire a staff member to spearhead these efforts.

With the retirement of our Community Development Director, I have decided to hire two interim, part-time individuals to focus efforts in two areas: 1) Examining internal processes, areas for improvement, and evaluating where our ordinances and code create challenges for developers and staff, and 2) Moving forward and concluding our General Planning process including clarity for our Downtown's Redwood Corridor and getting an approved Housing Element.

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As we move forward, one of our challenges is not in the financial or economic realm but one of Perception vs. Fact. My 10 year old daughter has some thoughts on this, and what I might say about working with everyone solving our city's issues:

“Now I know everybody has great ideas for the City and everybody should know that I try my best to fulfill your expectations, but I can't please all of you. All of your ideas for the City's improvement are great, but you each have different opinions of what your ideal city would be and I hope that you keep in mind what I just said before you stand up to say a complaint or an idea and think about whether anyone is capable of accomplishing this feat.”

While she's looking at this through the lens of a child's mind, there are two key messages she is conveying which are true no matter your age. First, "you each have different opinions of what your ideal City would be." On some level she understands that we each have different views of the world, our individual belief systems and perceptions. She reminds us that being aware of our perceptions and our own lenses is critical as leaders, critical to the future of our democracy, and defines who we are as a community.

She is also communicating a message of reasonableness [*"...whether anyone is capable of accomplishing this feat."*] She is asking the reader to give her father the benefit of the doubt. I refer to this message as being generous of spirit...assume the best intentions of each other, our City employees, and our City Council. Why is this so difficult...particularly in this day and age?

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The concept of selective perception is nothing new. I learned about it when I majored in Psychology in college. In essence, we perceive a person to be a certain way and then we selectively notice them doing things to support our perception. And when they do things that do not support their view, they are subconsciously ignored.

For example, most of us probably have our stereotypes of who are the worst drivers. They might be from a particular ethnicity, gender, or age group. When one of these individuals cuts us off on the freeway, some of us might curse them and have our viewpoint reinforced. But when someone cuts us off that doesn't fit our viewpoint, we subconsciously ignore that piece of data.

Likewise, when you see a City maintenance worker playing Frisbee or talking on a cell phone do you assume he or she is "wasting my hard earned tax dollars" or do you assume the individual is on a well deserved break or talking to a customer on the cell phone. We don't get a whole lot of love for fixing pot holes, engaging in code enforcement, giving DUIs or applying planning regulations.

In solving our problems, we strive to take a realistic approach based on the facts before us. Yet studies have shown that providing facts does not necessarily help. What's scary is that they don't necessarily have the power to change our minds. In fact, quite the opposite. In a series of studies, researchers at the University of Michigan found that when misinformed people were given corrected facts regarding news

stories, they rarely changed their minds. In fact, they often became even more strongly set in their beliefs.

Author Joe Keohane wrote in *How Facts Backfire* about the studies, “Most of us like to believe that our opinions have been formed over time by careful, rational consideration of facts and ideas... In reality, we often base our opinions on our beliefs, which can have an uneasy relationship with facts... Worst of all, they can lead us to uncritically accept bad information just because it reinforces our beliefs. This reinforcement makes us more confident we’re right, and even less likely to listen to any new information.”

This effect is only heightened by the internet and cable channels which offer boundless amounts of information. While there is an unprecedented amount of good information, there are also endless rumors, misinformation, and questionable variations on the truth. The blogs, social network sites, and non-journalistic news sources allow us, myself included, to choose to listen only to information that supports our existing viewpoint or belief system.

One example is the perception of crime in Novato. Here are the facts, as reported by the Police Department to the Department of Justice for their annual FBI crime report. Overall crime today is 13% less than 20 years ago, crime today is 35% less than 15 years ago, it is 19% less than 10 years ago and 18% less than 5 yrs ago. For violent crime, the facts show a 31% decrease from 20 yrs ago and a 53% decrease from 15 years ago. Yet despite these *significant* decreases, people still routinely distribute the opinion that crime is on a dangerously out of control trajectory.

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Another challenge we face is a decline in public trust. I read this the other day:

“Policy-makers and staff in almost every city have worked hard to do their best for their residents and businesses under extremely difficult circumstances. They have stretched limited resources to maintain high quality services, met the needs of a diverse and often divided public, and dealt with issues of employee layoffs, morale and compensation. They have made difficult decisions, taken pay cuts and balanced their budgets. Consequently my trust of city government is stronger than ever.”

That level of trust, however, is shared by only one in three Californians, according to a recent statewide survey conducted by the Public Policy Institute of California. Only 35 percent of Californians say they trust local government to “do what is right.”

Californians' trust of local government has declined to what may very well be its lowest level ever.

Why Do We Care about how our community perceives information or comes to conclusions? Why do we care what they think of local government? We care because the best decisions are based on data and not perceptions or fear.

How are we supposed to attract the best and brightest to public service, whether we are talking about employees or people to be on our Commissions and Council? Reacting and responding on a regular basis to misinformation, rumors, and comments on Patch, are not an efficient use of tax payer dollars. Public information requests can take hours and hours of staff time and thousands of dollars of attorney costs. Then there is often no belief in the facts when provided. Trust is necessary for democratic government to function. I am not talking, however, about a blind trust or one that doesn't have oversight and checks and balances.

You have a City Council and a staff that has been results oriented despite unprecedented challenges. As an organization, we need to refocus and take a fresh look at economic development and improving the City's reputation in the business community. I believe this point in history makes it is more difficult to do the City's business because individuals are more certain they are right. This combined with the decline in public trust means we have our work cut out for us. [By next year, maybe I will have the answer to this!] I would like to thank the Chamber Membership, the Chamber Board and Coy for your leadership and efforts in the community. You truly have been "generous of spirit." Lastly, I would like to thank the City Council and City Employees for truly doing a remarkable job of doing more with less.