

## 2014 State of the City Address

### Reflecting upon an Epic Year

**[SLIDE]** This is my daughter Eliana when I started this job almost 5 years ago.

**[SLIDE]** This is my daughter today. For any of you who think that change doesn't happen whether you want it to or not are sorely mistaken.

**[SLIDE]** What a great year! As I was developing my fifth State of the City Address, I reflected on where we have been. Just a short time ago, we were reeling from an unrelenting, prolonged recession that changed the way cities—especially those in California- do business.

Not only did we have to do more with less—we actually had to do EVERYTHING with less and without some of the tools and resources that we've counted upon in the past. A third of our maintenance staff: Gone. A third of our Recreation staff: Gone. A third of our inspectors, planners, and code enforcement staff: Gone. One in ten in our Police Department: Gone. Redevelopment, the economic catalyst which helped build Hamilton: Gone. Unlike some other cities, this organization and community met its challenges aggressively, proactively, and head on. As a result, in many areas we are permanently changed... in some cases more efficient, but in many cases just underserved and underfunded.

*So, where do you go when coming out of the worst recession and the most trying economic times of our generation? Other than Finnegan's!*

**[SLIDE]** ...**you look for opportunity, you seize the moment, and you position yourself for the future.** And that's exactly what we have, are,



and will be doing. Our organization was strategic, cut through red tape, nurtured relationships, partnered with others, and turned on a dime when it came to opportunities that benefit our community. In short order, with agility and powerful intentionality, **we've accomplished the memorable and the historic.** I will highlight just a few of many examples.

**#1. Our Housing Element was certified. [SLIDE]** As one of our Councilmembers so aptly put it—Novato's State approved Housing Element was "tailored to fit Novato." After a four-year process of extensive community input, discussion, and controversy, creative ideas by our staff and attorney's office, as well as negotiations with the State Department of Community Development, we were able to strike a balance between promoting the interests of our community and meeting a state mandate. With a completed Housing Element behind us, our Community Development staff has been able to restart our General Plan Update [SLIDE] —beginning with a series of community Charrettes, a dozen volunteer architects, and over a hundred residents outlining a vision for North Redwood Corridor--one of the last developable commercially-zoned properties in Novato. There was agreement that we needed new revenue while fostering Novato's old town charm. Although there is some disagreement about whether to allow a store like Friedman's Home Improvement on the parcel now occupied by the Golden Gate Transit busses and the North Marin Water District, there is general agreement about the remainder of the area.

**#2. Our Offices & staff are back Downtown. [SLIDE]** After 50 years of failed attempts, we have finally come back to our roots, to our home, to our city center. We moved into our new environmentally friendly City



Administrative Offices building in November, at a savings of \$700,000 per year in rent. It is a great building and place to work. Put Saturday May 3<sup>rd</sup> on your calendars—we will be having an open house and festivities in conjunction with the School Fuel Tour of Novato fundraiser and funfair.

As we were trying to figure out how to fit a building on the site, the Governor submitted legislation to eliminate all 400 or so Redevelopment Agencies (RDA) in California. In our case, RDA owed the City \$22M. And it was the repayment of that loan that was to be used to design and construct our building. In record time, we structured and issued \$15M in RDA bonds to repay the City. The Council and staff acted in unison and with conviction that the State had no right to take the City's monies. In the end, after many hurdles, the State Controller and the State Department of Finance agreed with the City. A big thank you goes out to our friends in Sacramento including Assemblyman Marc Levine and his staff. We continue to fight in the courts with the State over the remaining \$6M owed the City by RDA. Those dollars sit in our bank account until and unless the courts force us to turn the monies over.

**#3. Our Economic Development efforts are reestablished and gaining traction after being eliminated along with RDA. [SLIDE]** We have made substantial progress on local and regional economic development initiatives. We completed a retail sales tax leakage analysis, partnered on a Downtown Theater study, kicked-off a successful citywide "Shop Local" campaign, and convened a four-county Bio-Tech/Life Sciences Initiative to attract the bioscience industry to Novato and make the North Bay the next bioscience hub. The marketing and recruitment program is centered around the Buck Institute and their ability to build another 65,000 sq. ft.



research facility. When fully leased, it would likely create 120 permanent jobs along with significant spillover benefits. Over the last six months, we have organized economic development professionals, educators and bio/life science leaders to create a four-County (Marin, Sonoma, Napa & Solano) Bio/Life Science Cluster Group to help market the North Bay as a destination for growing companies and entrepreneurs.

**#4. Our crime rates continue to be at an historic low.** We are grateful for the efforts of our Police Department - there has been another year of decreased crime! I continue to be perplexed by the disconnect between perception and reality regarding crime in Novato. Just last Tuesday at our Council Meeting, a resident said, “One look at the weekly police blotter will tell you how crime of every stripe, even in broad daylight, has permeated Novato to an alarming extent.” Well consider our crime stats [**SLIDE**]. Our crime rates continue to be at an historic low. Let me say it again...Our crime is at an historic low. Our Police Department is serving and protecting. The sky is not falling...crime rates are.

Through the utilization of technology, by securing hundreds of thousands of grant dollars, by leveraging resources in numerous departments, and proactive community outreach, we are keeping our community safe. Our streets safe through DUI and traffic enforcement operations; Our children active and safe by participating in the Minor Access to Alcohol Program and the Blue Ribbon Coalition to prevent underage access to alcohol and educate our community about this particularly Marin problem; And Novato safe through our Measure F and grant-funded Novato Police Response Team, working closely with our community and other departments and agencies to address a variety of issues like



homeless encampments and prostitution. We have established the “Crime-Free Multi-Family Housing Program,” —**the first of its kind in Marin County**—to assist property owners and managers of multifamily housing through education and resources in ensuring that their residents and their properties are safe and crime-free.

**#5. Key property acquisitions. [SLIDE] The City acquired 93 acres of absolutely breathtaking property.** By creatively and strategically partnering with the Trust for Public Land to purchase their property at a fraction of its value we are able to control any potential development, as well as utilize the property as a receiver site to lift the untenable federal restrictions on city-owned Hamilton properties and place them on this property. The hope is to get blighted areas and historic buildings renovated with private investment while also getting 93 acres of open space, helping to preserve more of Novato’s natural character. A big thank you to Congressman Huffman’s Office for their assistance in this process which is managed by the National Park Service; **The City also purchased the Historic Downtown Train Depot [SLIDE]** at the end of Grant Street (not so breathtaking...YET!). Following other attempts over the decades, the City successfully negotiated the property transfer with SMART as part of the Atherton Station negotiation. Aside from placing this historic building in our control, this property will also assist in efforts to address Downtown parking issues.

**#6. Our community is connected and the City is transparent. [SLIDE]** With the constant advances in technology, and with a strong commitment to keeping our community “IN THE KNOW,” we are meeting our residents where they are. Last year, I met individually with dozens of



community members on 12 different occasions through my “Frankly Speaking” series and was able to address issues important to you, all the while getting to know my neighbors and the City even better. A couple of times, Peggy was at the Farmers Market grabbing folks to come have 1-on-1’s with me. The Police Chief started “Coffee with a Cop” citywide to build on and improve communication between residents and the Department. There were also hundreds of one-on-one meetings that were held with Council Members as well as with staff. We launched Open Novato, an online tool to better engage our constituents that want to weigh-in on issues that affect them, but may not have the ability to attend our meetings. Through a vigorous e-notification system, social media effort, web streaming, and monthly e-newsletter, we are better able to keep thousands of you informed immediately, and over time.

**#7. Our Financial House is in order.** [SLIDE] Tonight, the City Council will adopt a long term Financial and Organizational Sustainability Plan. As most of you are well aware, no rock was left unturned or approach not taken as we implemented efficiencies, layoffs, program reductions, and employee concessions. Numerous reports were developed on infrastructure and a standardized community survey was completed. [SLIDE] After a year of public workshops on fiscal sustainability issues, a 160-page Draft Fiscal Sustainability Plan was issued in conjunction with an innovative online tool to assist in discussions and decision-making.

### **A Plan for Long Term Health** [SLIDE]

The updated Plan recognizes that we can no longer ignore what ails us. We now know why our revenue structure is different than virtually any other City in the State. We now know how dramatically our



compensation is under market and the consequences on service levels if we don't address. We now know the status of our infrastructure and the impacts of our lack of investment.

You can ask our Councilmembers how long we've been talking about fiscal sustainability - we've been trying to get to a sustainable budget since shortly after incorporation. Tonight, our Council will fulfill their number one Strategic Plan Goal.

The following quotes are from budget documents during non-recessionary times...

15 Years Ago – “It is unfortunate that the City must tighten its budget belt, while California and the rest of the United States continues to enjoy unprecedented economic prosperity...”

25 Years Ago – “The transition budget will provide an opportunity for the staff, citizens' budget task force, and City Council to consider alternative revenue options...The \$2.2 million deficit is considered structural and will require permanent budget reductions or revenue increases to offset this deficit.”

35 Years Ago – “The economic climate of the nation, the State of California and our own area... have combined to create a massive revenue shortfall for the City of Novato.”

45 Years Ago – “These grants will hopefully provide us time to acquire the revenues to afford these additional positions.”

Measure F, the half cent sales tax, has been a short-term solution to stop the bleeding. It has done exactly what it was intended to do. I have been



out speaking to you, and hundreds of your neighbors and colleagues, to provide context of where we are, why we are here, and where we need to be.

As a quick refresher...who can tell me why our revenue is different that almost all other cities in California and why when we look at all tax revenue per resident in Novato, it is 43% lower than the average of the other cities in Marin? 1) Council lowered the property tax rate by 20% in the '70s and then Prop 13 froze that rate. We get fewer than 7 pennies on the dollar paid in property tax and Mill Valley for example gets 26 pennies. Property Tax is our largest revenue source. 2) We do not receive any refuse waste hauler franchise fees. 3) No Utility User Tax. The list goes on.

One thing is crystal clear: once Measure F expires, we need an additional revenue source to preserve our quality of life in Novato. We need—at a minimum—to ***appropriately*** maintain our service levels, our staff that provide those essential services, and our infrastructure and facilities. By mid-year, we will begin efforts to secure that additional revenue, and finally put to rest this chronic exercise of turning over every stone and still coming up short. Novato deserves better.

Wouldn't it be great for the City Manager 25 years from now to give the State of the City and have them applaud our work today to make Novato fiscally sustainable?

### **Moving Forward [SLIDE]**

Recently, we celebrated our 54<sup>th</sup> year of incorporation with our “Paint the Town Red” event. Not an empty seat at Margaret Todd. All were





there to connect, and to celebrate our wonderful city. Novatans are resurfacing after some discouraging times and uniting for exceptional causes: our Downtown Novato Theater, a community garden, our dog park, our Downtown, strategic planning for our school district—and those are just a *few, of many*, examples of how our community comes together for a purpose. [SLIDE]

**In addition to the work we have done in the past year and this strength of community spirit--we have the right conditions, the right partners and relationships, and the right people to build a brighter future:**

Our **economic conditions** are generally positive and we were able to refinance general obligation bonds saving each home owner about \$80 per year.

- Employment is up 1,100 workers from 2012 and unemployment has shrunk by 2.5%
- Novato's Gross City Product has outpaced the State and Marin County overall
- Median Home Prices are up approximately 15%
- Hotel tax revenue is up 36%; and
- There is growing developer and retailer interest in vacant properties

Sales tax, our second largest revenue source, is the exception and is under attack by new retailers north and south despite a lot of success with our *Shop Local* campaign.

**Relationships and Partnerships.** We are building relationships and creating partnerships with others to achieve our goals. Some examples:



- 1) Collaborating with Buck Institute, the Marin Economic Forum, our citizen Economic Development Commission and business community re: biotech marketing;
- 2) With the help of our tireless Streetscape Advisory Committee volunteers, who continue to “green” Novato through their Adopt-a-Median Program, Business Landscape Recognition Program, and now in its 19<sup>th</sup> year, Novato “Clean and Green” Day (this year: April 26!); they have also reached out to our high schools--and San Marin students have helped us with planting and clean-ups in our parks.
- 3) Advocating and working with the Coastal Conservancy and Army Corps to build the Bay Trail in Hamilton which will open this month; also partnering with the Bay Trail Project on developing an “app” for mobile devices to provide a self-guided tour of the Bay Trail and historic Hamilton sites with local points of interest, history, and a geo-locate function.
- 4) Partnering with Marin Transit to develop upgraded bus stops and access, as well as redesigning the Novato Downtown Bus facility;
- 5) Working with the Novato Fire District and jointly funding an Emergency Preparedness Coordinator that will start in the next month or two.
- 6) Communicating closely with SMART on the train track construction starting in Novato including a host of safety Improvements; also collaborating with SMART and the Flood Control District about a new and vastly improved bridge over Novato creek to prevent debris buildup and flooding.



7) And lastly, we are working closely with the President of College of Marin and their office of workforce development as they consider the future use of the Indian Valley Campus.

**The Right Employees.** We are fortunate that our City has attracted the best to serve our community. These are folks that--despite enduring years of salary and benefit cuts, long hours, occasional personal attacks, and huge changes to the way local government operates - continue to be passionate about public service - providing our residents, businesses, and visitors with exceptional service and finding creative and efficient ways of delivering those services. I hope the accomplishments I have outlined today convey the strategic thinking, proactive nature, creativity, and flexibility of your City government employees.

**Challenges.** Although there are others, I will just mention two today...antianythingers and transparency distractors.

I appeal to everyone here to be part of the solution rather than part of the problem. We need to collectively be focused on the “prize,”—a better community for ALL. Unfortunately there are those that would rather dismantle things or want to criticize without providing a positive or realistic solution that works for the greater good.

- Just one of a number of examples. DBID—which was put into place by Downtown businesses who understood the benefit of leveraging a small annual fee for the betterment of our City Center—to beautify, to create community, to get the word out.



There are those that use transparency as a red herring for moving forward or accepting that in a democracy not everyone gets their way. But often, as soon as someone doesn't like something, the cries of "lack of transparency" get raised. Unfortunately, here too, many are motivated by self-interest rather than that of the greater good. I am convinced that this City is more open, accessible, and transparent than ever in its history.

### Conclusion

**[SLIDE]** Looking back on the last five years, I am not always happy that my daughter is growing up so quickly, but I do my best to remember that I can't *stop* her from growing up...nor do I really want to. But I can guide, celebrate, fret over, and love her, because she's still, and always will be, my daughter.

Novato must have been a great town 50 years ago. It's quite a bit different today, but it's still a great town, and we strive to make it even better every day.

**Building on the accomplishments, momentum, and the opportunities before us is a collective responsibility.** No longer can we kick the can down the road or hope our infrastructure takes care of itself —imagine what we can do together and let's be the community we want to be:

- A community with strong neighborhoods with vibrant, neighborhood-serving business areas
- A community that is financially and organizationally healthy
- A community that is GREEN, well-managed, and sustainable



- A community that continues to be safe, and supports a healthy lifestyle
- A community that inspires!

We have unlimited opportunity and we must keep working to ensure that all of our residents can participate in our unique potential. We should embrace our small-town character, but we can't let ourselves think small. Let us be bold. Let us act.

Novato is not necessarily “special” because of our location, tourist attraction, or some natural resource. We are “special” because we “Novatans” choose to work together to make Novato special. We choose to care for and respect each other, invest in our open space and to have high standards for both public and private development.

Thanks to all of you for helping us—your City staff and Council—accomplish so much together and preparing a brighter future for Novato.

**[SLIDE]**

“Coming together is a beginning; keeping together is progress; working together is success.”

— Henry Ford

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