

## **2017 State of the City Address**

April 13, 2017

DoubleTree by Hilton

39900 Balentine Drive, Newark

**Good afternoon and welcome to our annual State of the City Address. Along with the Newark Chamber of Commerce, we thank you for joining us, and thank you Chamber for hosting us. As always, it's such a pleasure to work with President/CEO Valerie Boyle, the Chamber Board and Chamber Members. They really do a great job year-round keeping us connected to the business community and we thank them for that.**

**Let's also extend our thanks to Choir Director Joanne Hong and the Newark Memorial High School Cougar Choraliers for their performance. They never fail to impress me. They've performed for our past State of the City Addresses and at various events throughout the year, including our annual Trees of Angels and Holiday Tree Lighting. They are great ambassadors to the City and we can't be more proud of them. Let's give them a big round of applause.**

**And I want to acknowledge and give a special thank you to my wife Connie for joining me today. If it weren't for Connie's support, patience, and understanding, I wouldn't be able to do my job as Mayor. Thank you Connie for putting up with me and for giving me your support.**

**I would also like to introduce two guests on Spring Break visiting from Virginia this week: Mom, Donna Davis and her son Gary Davis. Gary Davis is 13 years old, a member of the Boy Scouts in Leesburg, Va. And a 2<sup>nd</sup> Degree Black Belt in Tai Kwon Do.**

**Also joining me in welcoming you are my colleagues on the Newark City Council. I'd like to introduce:**

- Vice Mayor Mike Bucci
- Council Member Luis Freitas
- Council Member Sucy Collazo
- Council Member Michael Hannon

**Let's give them a big round of applause**

**Also joining us are members on the City's Planning Commission. We have:**

- Chair Bernie Nillo
- Vice Chair Karen Bridges and Commissioners:
  - Bill Fitts
  - Jeff Aguilar
  - Debbie Otterstetter

And taking a bow for our entire City staff, City Manager John Becker... whom I might add just celebrated his 25<sup>th</sup> anniversary here at the City. Congratulations John and thank you for your excellent service and dedication to the City Council and Newark community!

And last but not least, I want to thank you, the citizens and business members of Newark for your commitment to making this the great city that it is.

## WELCOME

I can't believe this is my 6<sup>th</sup> State of the City Address. I remember when I had just become Mayor and had to deliver my first address. I questioned myself, "What have I gotten myself into?" We were feeling the strain from a long, and by most measures, worst economic recession since the Great Depression. The economy was suffering and creating challenges in balancing our budget.

But it wasn't only Newark that was feeling the strain. All across the state, nation, and world, we were all facing challenges because of the declining economy. But you know... looking back, I wouldn't have changed my position as Newark's Mayor for the world.

Thanks to an understanding community and support from businesses and citizens, as well as City staff, we managed to navigate our way through some very trying times.

## BUDGET

Today, thanks to the strong economy and our local fiscal policies, I am happy to report that we have a balanced budget and a projected surplus for the current fiscal year and a positive economic forecast for the City that includes solid economic and revenue growth.

Our local economy is growing stronger. Consumers are spending, home sales and construction are up and the business community is doing well.

We are continuing to see increases in our major revenue sources including sales tax, property tax, and our transient occupancy tax or hotel tax. These three revenue sources make up approximately 60 percent of our operating budget revenue.

We are also seeing increases in our revenues from development and building permit fees as a result of the significant construction activity that is occurring throughout the City.

Despite the strong economy, we continue to be cognizant of the lessons that we learned during the recession, that is, the importance of conservative

**budget practices and having sufficient reserves to cushion our budget for the inevitable downturn in the economy.**

**We continue to be very judicious in our hiring of permanent staff, our labor contracts are conservative, and we monitor our expenditures very closely. The City also continues to follow its reserve policy to prepare a financial cushion for future downturns. In addition, we continue to monitor issues and events that have the potential to impact our budget situation in the future. Two important issues we are monitoring include: The State budget and its associated unfunded mandates, and rising employer pension costs.**

**The initial budget released by the Governor's office included conservative estimates for revenue growth and the Governor's budget message was cautionary given the uncertainty of potential Federal actions which could reduce funding for a number of state programs.**

**The good news for Newark is that it did not include any State take-a-ways or new unfunded mandates that would impact our budget. We will continue to monitor the budget when the Governor's May revise is released.**

**The second issue has to do with increases in the City's pension contribution rates that will continue to put pressure on our budget. As I mentioned in my State of the City Address last year, required contributions to the California Public Employees Retirement System (CalPERS) continue to increase and are expected to continue in the immediate future. Unfortunately, the CalPERS investment funds continue to experience less than projected returns. This has a direct impact on the pension contributions we are required to make on behalf of our employees.**

**The CalPERS Board has also made some significant changes in some of its actuarial assumptions which have resulted in large increases in the pension contributions the City pays to PERS. Unfortunately, these changes are out of our control.**

**The City's pension contributions make up almost 13 percent of our operating budget expenditures and we are projecting that this percentage will continue to rise. In order to begin to address this issue, the City Council recently approved the establishment of a PERS reserve fund that will help us reduce our long term pension cost and help us to absorb future pension cost increases.**

**The City Council also approved a policy that directs future expenditure budget surpluses to help pay future pension liability. This will not solve the problem but is a step in the right direction.**

Despite these challenges, we are optimistic that we will be able to navigate through these issues and insure that our budget remains balanced and the City maintains its fiscal health.

## **DEVELOPMENT**

I'd like to move now to Development. Newark continues to be in the midst of an unprecedented surge of residential and commercial construction activity. New residential developments are providing a variety of housing options and new businesses are moving in providing quality jobs for our community.

Recently, we created a new marketing brochure which I think captures the essence of Newark. It provides historical information about our City, facts at a glance, and information about local businesses, quality of life, employment, educational opportunities, and economic development. It's a great tool to get a quick snapshot of all that Newark has to offer. We've brought some copies with us today so stop by and see us after the program if you would like a copy and we'll be more than happy to share one with you. You can also view it on our website home page.

We are seeing some very exciting changes in our City's residential and business landscape with new neighborhoods, hotels, restaurants, and the addition of retail stores and commercial businesses. Let's start with residential development.

One of the first housing developments built in Newark in over a decade is Trumark Homes' "Shade" and "Canopy" project. The project along Cedar Boulevard is complete with all 164 townhomes and single-family detached homes sold.

"Equinox" by D.R. Horton is complete with all 15 single-family detached homes sold.

Also complete and sold-out is "Cedar Lane" by K. Hovnanian which added an additional 85 townhomes to our housing stock.

Then there's "Prima" by D.R. Horton. Prima includes 281 condos, townhomes, and single-family detached homes. The single-family detached homes have been sold out and are occupied. The condos and townhomes are under construction and are selling briskly.

**“Casa Bella Newark” by Casa Bella Homes adds 14 townhomes and is sold-out.**

**Classic Communities’ “Classics at Cedar Park” is under construction and is releasing homes in phases. When complete, Classics will include 77 detached homes on the site of the previous Ruschin elementary School.**

**Last December, City Council approved “Sanctuary”, a residential development that will add 386 single-family detached homes, a school site, and a park. It is located within walking distance to the Ohlone College Newark Center for Health Sciences and Technology and the George M. Silliman Family Activity and Aquatic Center.**

**Over in the Dumbarton Transit Oriented Development area, located west of Willow Street between Enterprise Drive and Central Avenue, progress continues on a new “walkable” neighborhood. Plans include a variety of housing options, senior housing, parks, open space, retail space and connections to the future Bay Trail. The development is already well underway with many projects under construction; these include:**

- **William Lyon Homes – “Bayshores” 547 single-family detached homes and townhomes. Sales are currently underway for the initial phase.**
- **Integral Communities’ “Gateway Station West”, with 589 single-family detached homes and townhomes.**
- **And coming soon is “Lighthouse” by Lennar with 88 townhomes and Trumark Homes’ “Glass Bay” with 217 single-family detached homes.**
- **And finally, USA Senior Housing will build “Newark Station Seniors” a 75 unit affordable senior apartment complex.**

### **Commercial**

**On the commercial front, renovation work continues at the NewPark Mall with the goal of transforming the Mall into one of the East Bay’s leading retail, entertainment, and dining destinations.**

**The new AMC-IMAX theatre is doing fantastic business and is now one of the top theatres in AMC’s chain.**

**Just this past year, “Pieology Pizzeria” opened at the mall and is located on the upper level.**

**“Aniki’s (Ah-nee-keys) Express” (sushi and poke) opened in February.**

And “John’s Incredible Pizza” opened last month and gives customers a unique experience with all you can eat buffet, rides, games and attractions, including specialized themed rooms, bowling, and party room rental. It really is a fun, family entertainment center.

“Jack’s Restaurant and Bar” has joined the mall as well. Jack’s offers breakfast, lunch, and dinner menu choices.

Then, after eating all that delicious food, you may want to exercise at the new “24 Hour Super Sport Fitness” which is expected to open in June.

And rounding out the mall additions will be the “Flight Wine Bar & Café” where you will be able to enjoy a glass of wine and dine in a relaxed casual atmosphere. They are also expected to open in June.

Surrounding the mall is an area we call the “Greater NewPark Area”. Construction has begun on two new hotels on the site previously occupied by the old Cinedome Theatres. The hotels are the Staybridge Suites and Springhill Suites along with an 8,500 square-foot yet to be named restaurant.

Across town, at the former Raley’s location “Sprouts Farmers Market”, is expected to open by June. Sprouts will offer thousands of natural, organic, and gluten-free items.

And “Mission Linen Supply” is close to opening its new industrial laundry facility off of Central Avenue. When complete, it will add approximately 250 jobs to Newark.

“DeVry University”, innovators in technology education is relocating their Fremont campus to Newark. They will be located next to the Pacific Research Center.

Automotive manufacturer “SAS Automotive Systems” which manufactures dashboard modules has just moved into a 142,000 square-foot building at Stevenson Point Tech Park. This facility represents SAS’ first West Coast location where it will bring new advanced manufacturing jobs.

The Salvation Army building located off of Newark Boulevard will be celebrating in early May, the grand opening of its new facility that will meet the needs of the community for years to come.

Across town, next to Highway 84 and the corner of Gateway Blvd., is the Pacific Research Center. Located on 105 acres, it includes more than 1.4 million square feet of high-tech and bio-tech firms. In addition to the expansion of some existing tenants, two new tenants, “Protagonist Therapeutics” and InVisage” have moved to the Center.

Protagonist Therapeutics is occupying 43,000 square feet. The company is a clinical-stage biopharmaceutical company focused on discovering and developing treatments to address significant unmet medical needs. They relocated to Newark from Milpitas.

Invisage is occupying 18,000 square feet. The company has developed high quality imaging technology that allows small devices such as smart phones to have extraordinary image quality including in low light conditions. They moved from Menlo Park.

### **City Development**

We are also excited about some City initiated projects currently in progress. First we have our Citywide Parks Master Plan project. Still in draft form, the Plan will form the framework for future park construction and improvements. With significant community input, the draft plan has identified new parks and improvements to existing parks, taking into consideration current and future community needs and priorities.

High priority projects identified in the draft plan include:

- All weather-turf playing fields at the Silliman Center
- Two dog parks
- A skate park
- And enhancements at the Shirley Sisk Grove

When adopted by the City Council, the Citywide Parks Master Plan will help guide future park improvement investments and assist in allocating funding.

Another project that was recently completed is the Newark Pedestrian and Bicycle Master Plan. This is the City’s first Pedestrian and Bicycle Master Plan and was completed with funding from the Alameda County Transportation Commission. The Master Plan is a long-range planning document that will provide a vision of Newark’s future biking and walking environment. It is also a necessary tool that will allow the City to compete for discretionary local, state, and federal funding for future bicycle and pedestrian improvements.

The Plan was the culmination of efforts by the City's Bicycle and Pedestrian Plan Advisory Committee, community members, our transportation consultants, City staff, and the City Council.

The goals of the Plan are to:

- Create a connected bicycle and pedestrian network
- Increase the number of people walking and biking
- Improve safety for pedestrians and bicyclists
- Develop a comprehensive *Safe Routes to School* program
- And establish citywide design guidelines for bicycle and pedestrian facilities

### *Civic Center*

The next project I want to discuss is the construction of a much needed new Civic Center. Thanks to Newark voters' approval of a one-half cent sales tax, we are able to move forward with this exciting new project. The new Civic Center Project will include the replacement of our current antiquated and seismically deficient facilities with a modern police operations center, a world class library to support life-long learning, and an efficient and accessible City Administration Building which will include public gathering spaces.

All three new buildings will be state-of-the-art and LEED certified. The City Council Chambers will be designed and located to provide for comfortable public meetings for not only the City Council but for other government agencies such as the Newark Unified School District.

The new Civic Center will be built on the current Civic Center site (on Thornton Avenue and Newark Boulevard) and the buildings will be arranged to provide for multi-functionality. The current Library, Police Department, and City Administrative offices will continue to be occupied and open for business during the construction.

We are currently in the process of selecting a Design Architect and hope to begin the detailed design phase of the project shortly. Of course, there will be a number of opportunities for community involvement in the design phase of the project.

We anticipate that construction will begin in the Summer of 2018 and a ribbon cutting and occupancy of the new facilities will occur in the Summer or Fall of 2020.



**This is a very exciting project for the City and we would not have been able to move forward with the project without the support of our residents and the business community. Thank You!**

## **WELCOMING CITY**

**Next, I want to touch on a subject that has been of concern for many individuals in our community. Recently, the City Council began receiving inquiries regarding its policy on local enforcement of Federal Immigration laws. These questions arose after recent Federal actions related to immigration enforcement.**

**Here in Newark, we pride ourselves on diversity and inclusion for all. In fact, in 2007, in an effort led by the National League of Cities, we joined other cities across the nation in a partnership to build an inclusive community through committed efforts to increase citizen participation and engagement while promoting equal opportunity and fairness.**

**This past February, the City reaffirmed those values by declaring the City of Newark a “Welcoming City” and remains committed to building an inclusive community that welcomes immigrants and newcomers from all places and encourages participation in civic, cultural, and economic life.**

**In keeping with this philosophy and policy, our Police Department does not actively participate in the enforcement of federal immigration laws which are under the jurisdiction of U.S. Immigration and Customs Enforcement.**

**Like most other cities in California, our Police Department focuses its time and resources on responding to and investigating high-priority crimes in our community. We believe that this is the best approach to develop and strengthen community trust and encourage law-abiding individuals to report crimes and work proactively with our police department.**

**We will continue to be a diverse, multi-ethnic community that celebrates and embraces its many cultures. We believe that this makes Newark a better place to live and raise a family.**

## **CONCLUSION**

**As I reflect on this past year, I am encouraged by the progress we have made as a city and a community. By working together, we have been able to balance our budget and provide the programs and services the community needs and expects.**

**Our community is growing and we are offering new housing and retail options and job opportunities.**

**We pride ourselves in offering the best in quality of life for our citizens whether it is through public safety, inclusion, recreation, housing, or programs and services; we want only the best for Newark.**

**Our founding fathers envisioned well thought out and balanced growth for Newark and we, just like them, have worked diligently to ensure we carry out their original vision. We recognize the importance of planning well and doing all that we can to ensure a high quality of life for our residents today and in the future. We are continuing to grow and as our founding fathers envisioned, we will continue to keep our momentum going by working towards the future needs of our community and addressing them accordingly.**

**I can't wait for the day when we are holding our State of the City Address and praising the completion of our new Civic Center. That's when we know we have hit another milestone in our vision of a better Newark.**

**Thank you for joining us today and thank you for the support that you have given us throughout the years. Together, we are making a difference.**