

Menlo Park State of the City – Heyward Robinson, Mayor
March 10, 2009

INTRO

Good evening. Thank you for taking time out of your busy schedule to join me and my Council Colleagues as well as our City staff here tonight.

The stock market was up today, no doubt in anticipation of this speech. If this really is the bottom, I'll gladly take full credit for turning things around.

A couple of weeks ago, I had the privilege to talk with a group Boy Scouts about citizenship. One of the scouts asked me: why would you want to be Mayor? Wouldn't you rather be President? Well, that's a good question and one that to be honest I had not considered before. But after a bit of thought, I replied that being the Mayor and a member of a city council is about the best elected position there is (except for the pay). There is no other legislative body to negotiate with, no Governor or President to veto our decisions. We get to see our fellow citizen's on a daily basis. If we see a problem, we can take action to address it and actually have a chance of getting results. So if President Obama calls and offers to switch, I'm saying thanks, but no thanks.

One of the best things about being the Mayor of Menlo Park, even in these troubled times, is the very positive attitudes we have about our community and about one another. In a recent community survey, we asked residents what they liked best about living in Menlo Park. There was a clear affirmative theme to many of the responses; here are just a few examples of what I mean:

- We're a community of families that are friendly and welcoming
- I appreciate most my good neighbors and good neighborhood.
- We enjoy knowing a lot of people around town
- People here are pleasant and cheerful
- I appreciate all the other people who care
- We love the diversity of our neighborhood
- There's a wonderful small town feeling
- It's just a great place with great quality of life.

Tonight, I want to talk with you about what we're doing to make sure that the next time we do a community survey, we hear even better responses. I'll talk about the challenges we face; the goals we have set to overcome those challenges; recent successes; and what's on the horizon as we continue to call on everyone in Menlo Park to help us preserve what we love best about this community.

GOAL SETTING

As we all know too well, we **are** living in difficult times. The very same survey that included the feedback on what we love most about Menlo Park also included feedback on the top challenges we face, things like:

- The economy, the impacts on the City's budget and the need for more economic development;
- The development of El Camino Real;
- Transportation issues, including the impacts of High Speed Rail;
- And issues of land use and planning.

Starting in December, Council members used this information and more to develop goals for the future that provide one cohesive plan aligning all existing activities and priorities with community needs and Council values.

We spent three extensive sessions defining our values, brainstorming and prioritizing community needs and challenges and then refining the list of goals to those that we saw as the top priority.

We started the process with values, with the idea that by defining values first we ground our decisions in common core beliefs. Among the values we agreed to were:

- To be fiscally responsible;
- To be inclusive, open and accountable;
- To be future-focused;
- To be regionally-oriented and
- To be environmentally responsible.

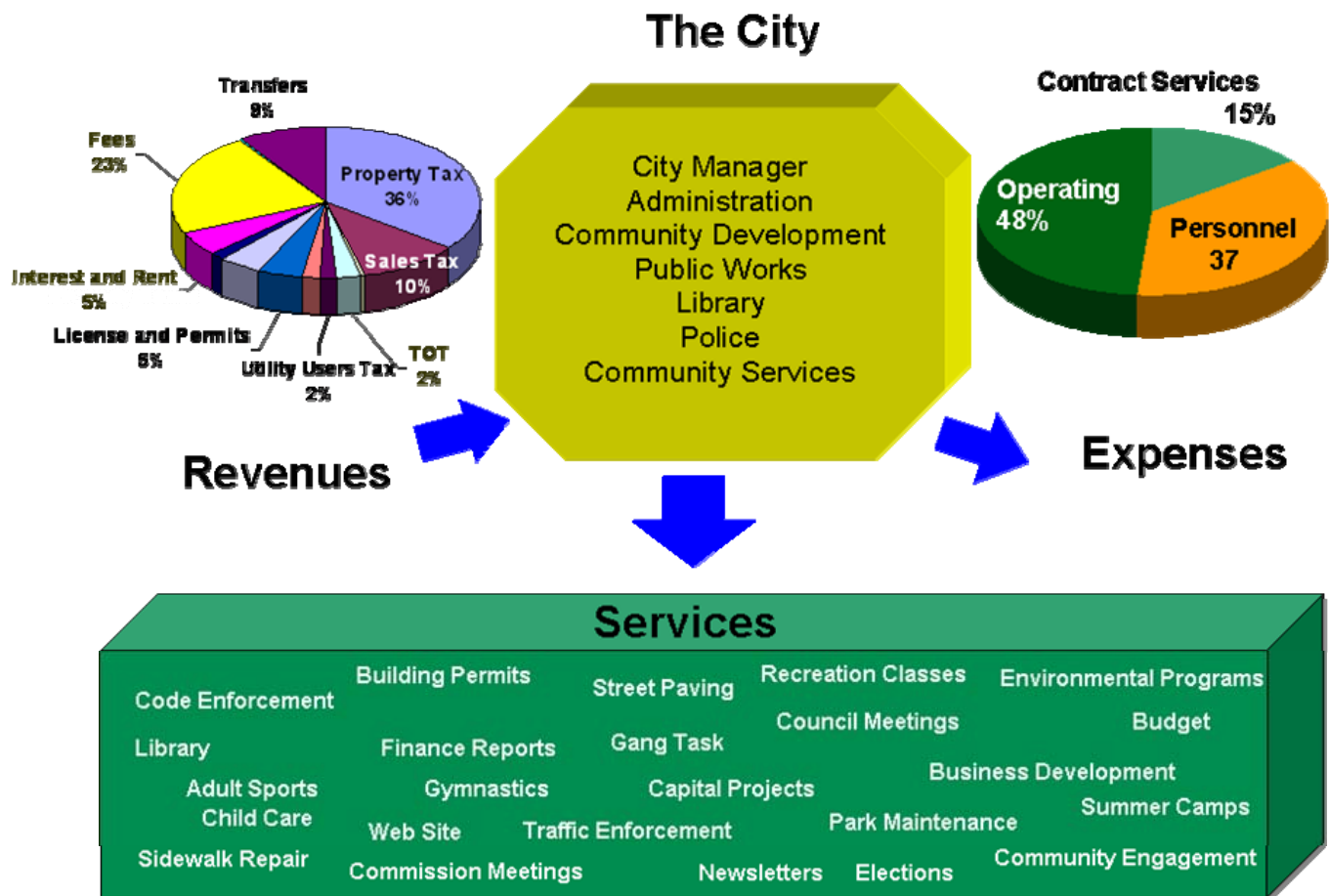
In setting goals, we considered everything from having a safe community, to engaging a broader spectrum of community members in decision making, to creating more opportunities for cultural and recreational enrichment – all important goals we will continue to pursue. In the end, we determined that, given the community feedback on our issues, we needed to concentrate extra effort on three things:

- Creating a vibrant and resilient economy in support of a sustainable City budget;
- Engaging in more future focused planning and visioning in support of maintaining our high quality of life – will we be masters of our destiny or not?
- Regionalism: recognizing that many of the challenges we face extend beyond our borders and that the solutions will only come from cooperating with our neighboring communities and county, state, and federal officials and agencies.
- These are big goals, and they are all the more challenging given the current international financial crisis, but I am confident that we have a plan that will get us there in measurable and visible ways, so let me share a bit of that plan with you.

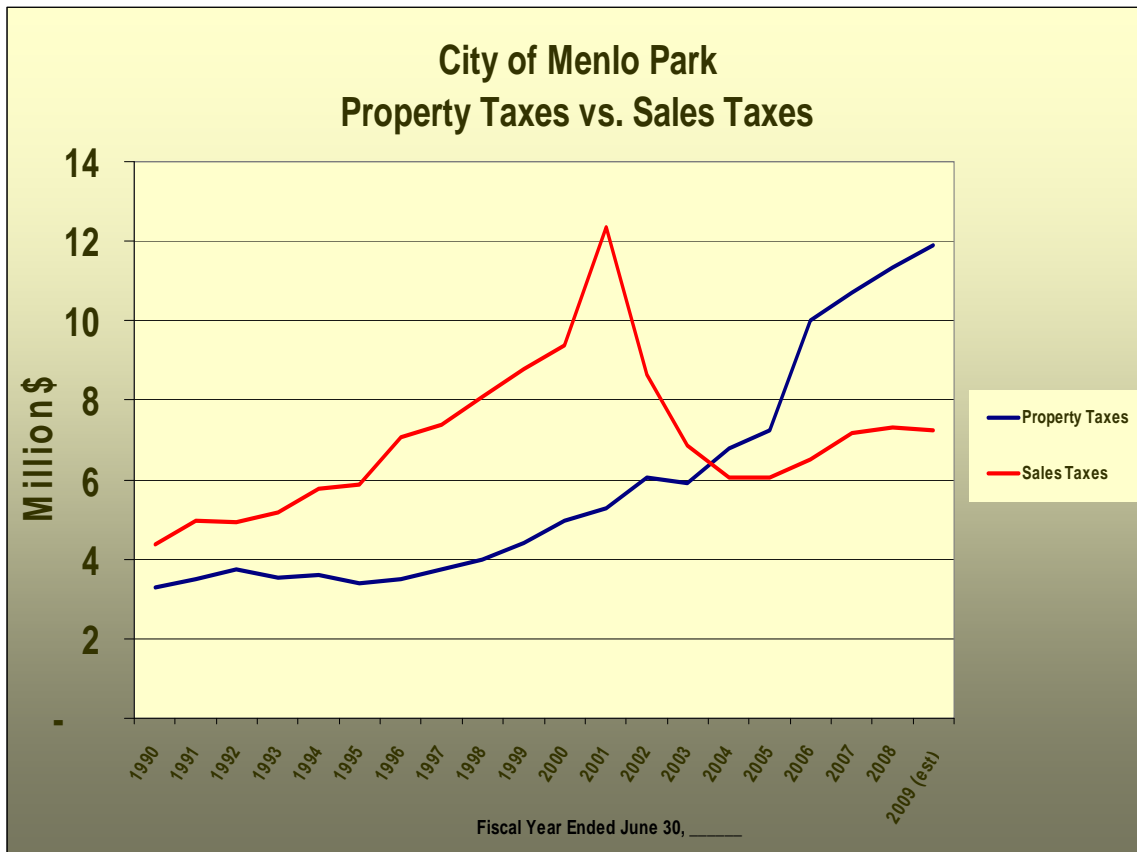
A Vibrant Economy supporting a sustainable budget

We worded this goal in this fashion emphasize the close relationship between our economy and the budget.

The graphic on the screen shows the relationship between revenues, expenses, and services. Our city government provides a broad and diverse set of services to the community. As council member Cline noted at a recent meeting “we are a high maintenance community”. We expect a lot from our government. But continuing to provide those services is critically dependent on the maintenance of a strong, sustainable revenue stream. I’m going to take a few moments to dig into the budget and discuss strategies for the short and long term.



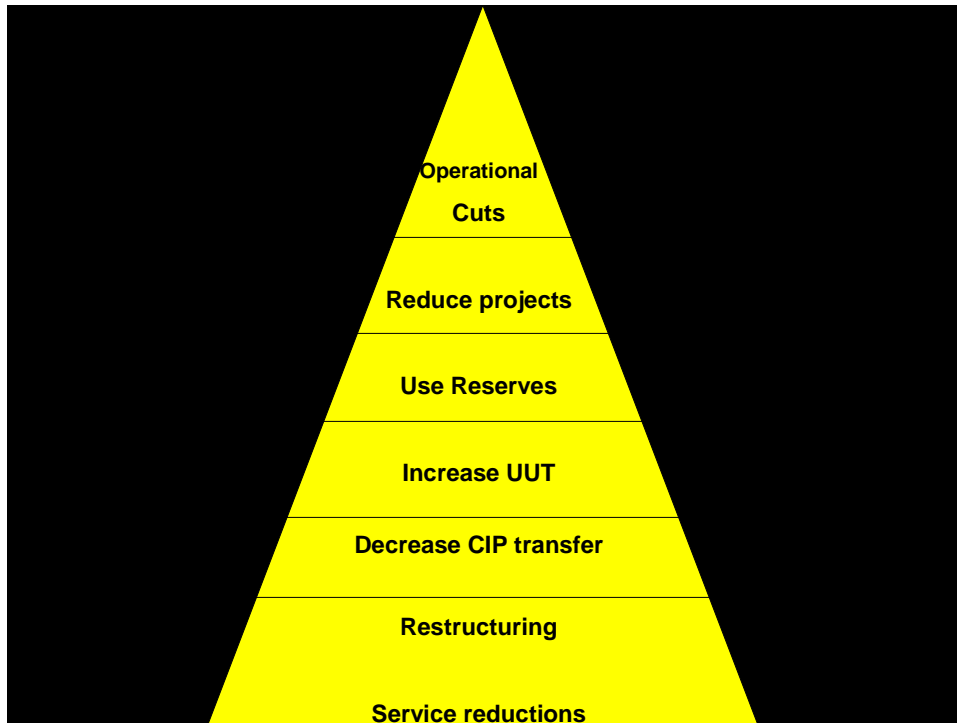
The graph shows how our sales and property taxes have changed in recent years. We had a large sales tax bubble that started in the mid nineties and lasted until 2004, when the last of our auto dealerships left town. Fortunately, as our sales taxes decreased, we saw a large increase in property taxes, mostly fueled by a turnover in residential housing. The question now is how much will sales and property taxes decrease as we move through this recession? So far, our numbers are holding steady, with a small decrease in sales taxes being offset by a similar increase in property taxes. But we know that the county is processing a large number of re-assessments, so we have to plan for some decrease in property taxes as we look forward.



Fortunately, previous councils were conservative with their budgeting, and so much of the revenue generated during that period was used to build up our reserves. Menlo Park’s reserves are now over \$26 million, or about 70% of our total general fund budget. This puts Menlo Park in a good position in these unpredictable times and allows us to take a long term view, rather than make drastic, damaging changes for the short term. We are seeing other cities do future damage in this crisis – making short term cuts that will harm their communities well into the future. We are not in a position to have to do that and we can take a reasonable, responsible long term approach.

Drawing on our reserves can help us have a “soft landing”, but this is not a wise or sustainable budget strategy. We have a “long term forecast budgetary deficit” that must be addressed.

Everything must be on the table to close this deficit in our long range budget forecasts. As they say in Washington, “don’t waste a crisis”.



Staff is working hard to give council a framework for making our budget decisions. You see on the screen the way we have prioritized strategies for the upcoming budget process, ranked by immediacy of positive savings, minimization of long term impact on community service levels and use of sustainable budget best practices. Note that we are continuing to look at ways to maximize efficiencies as an immediate savings strategy and that we will probably end up doing fewer projects in the coming year. This will give us an opportunity to focus on quality over quantity and really think about how we can make sure our projects and services serve our customers at the highest standard.

I support this strategy: make operational cuts that do not significantly impact our core services; reduce the number of new projects that we take on in the coming years. But I am also committed to continuing the important projects that are in process, including sidewalks on Woodland and Santa Cruz, a new field at Kelly Park, the new Burgess gymnasium, and the safe routes to school projects at Laurel and Encinal schools. We must also continue to invest in maintaining and improving our infrastructure of roads, storm drains, and water mains.

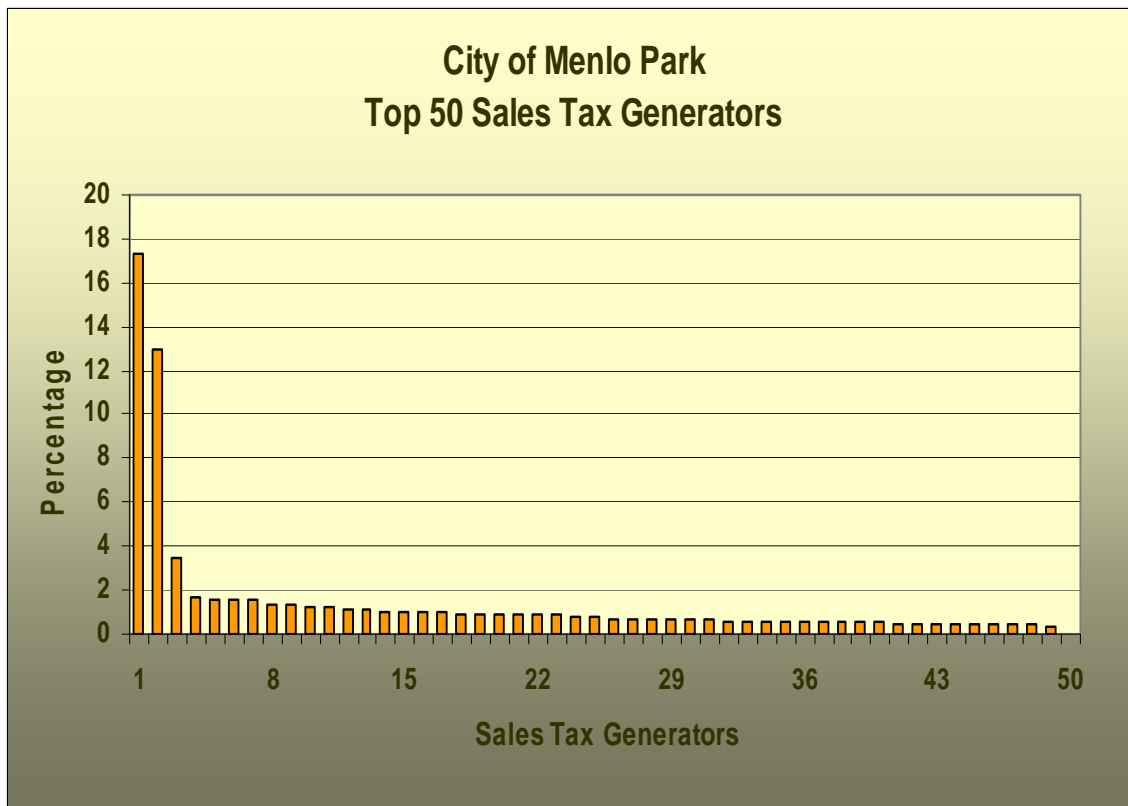
Finally, we must consider raising our Utility User Tax. The UUT is currently set at 1%, far below that of most other cities. Even a modest increase would raise significant revenues that would go a long way toward closing our structural deficit. My hope is that if we did raise the UUT, it would be for the relative short term (one to three years), while other revenue sources (primarily sales and transient occupancy taxes) grow to sufficient magnitude that we would be able to reduce the UUT back to its current level.

Long Term Revenue Strategy

Too often in tight budget times we focus solely on strategies to decrease expenses. But we must also consider the revenue side of the equation, particularly in the long term. Much of this is falling on the shoulders of our business development team of Dave Johnson and Alex Andrade. They have put together an outstanding business development plan which is focused on the goal of growing our revenues. Council recently formed a business development subcommittee (of council member Boyle and myself) to assist Dave and Alex. We had our first meeting yesterday and I'm very excited about the opportunities before us.

One of our plan components that we will soon celebrate, is the opening of the Rosewood Hotel on April 2 – which will include new jobs for over 250 people, including 80 Menlo Park residents who were hired at a job fair co-hosted by the City in February. The hotel is projected to raise significant transient occupancy tax for the city (and unlike sales and property taxes, we get to keep all of this tax). I also understand that the hotel has some very attractive introductory rates right now, so I urge you to consider a short “get away” to enjoy our city’s first five star hotel.

Another area of focus is our “M2” light industrial zone. This area is a real gem. Many residents do not know that the bulk of our sales tax revenue comes from this area. But we are vulnerable, as a few companies provide a large percentage of these taxes. To reduce our risk, we need to grow the revenues of other companies in our city. The M2 is home to a wonderful variety of low tech and high tech companies. While maintaining this diversity, we have the opportunity to nurture some “high flyers” that could significantly contribute to our sales tax base.



Our strategy focuses on growing and nurturing our technology businesses, many of which are poised to expand. Our rising stars include green tech, bio sciences, medical devices, and more. We are working to find any way we can to retain these businesses as they grow and we expect the appointment of our new business development subcommittee to help us achieve this goal. It will be important for us to make some strategic investments in this area as well, even with a tight budget, in order to help us grow a sustainable revenue source for the future

Our Second Goal is Planning and Visioning

Under the “future-focused planning and visioning” goal we’re already into the second phase of our El Camino Real Downtown planning process, which will provide us with an informed community judgment about ways in which we can tangibly balance our need to develop the vacant properties on El Camino and revitalize other underutilized areas in support of the kind of community we want to be into the future.

Our planning goal also includes bringing several key recreational facilities projects to fruition. Over the next 12 months we plan to make substantial progress on development of a design for Kelly Park and we hope to see the Burgess Gymnasium EIR process completed and a design process initiated.

We also intend to take the Climate Action Plan from plan to action, by developing a list of priority projects that might be undertaken when resources become available. The Green Ribbon Citizens’ Committee is working alongside staff to develop not just strategies that City Hall can execute, but also ways to spur action in the broader community. It is so critical for us to demonstrate leadership in this way now, by reducing our carbon footprint and doing our part to start to mitigate our impact on the earth’s climate.

Also, this year, we’ll be working on developing a planning approach for our industrial area to support future decisions about housing, transit, commercial development, and research and development businesses aimed at improving the area’s sense of community and quality of life. Important to that project will be the completion of the Redevelopment Area Implementation Plan for east Menlo Park that includes both the Belle Haven neighborhood and the surrounding commercial districts. This plan helps us prioritize uses of the Redevelopment Area funds that have provided for over \$31 million in projects since 2001.

Regionalism

Finally, under our third goal of leveraging resources more effectively by taking a more proactive regional focus, we’re already engaged in a collaborative effort with Palo Alto and Atherton to address impacts of HSR. Although the long term results

of the collaboration are yet to be seen, the effort is beginning by defining our shared interests and reinforcing the strength of our voice in making needed changes to ensure the needs of residents in our communities are addressed.

Other regional issues we'll be working on in the next year include a continuing partnership with East Palo Alto to address crime and safety issues; implementation of federal stimulus package projects, water conservation measures in cooperation with the BAWSCA, work with Caltrain on traffic and transportation concerns and attempting to improve our relationships with area school districts in order to be more involved in addressing their needs and future plans.

Current Accomplishments

Now, although we plan to do a lot in the next year, we have also accomplished much in the recent past that we as a Council, a City organization and a community can be proud of.

Police Department I want to take this opportunity to thank the men and women of our police department for the terrific job they did in dismantling one of the Bay Area's most dangerous gangs. All of Menlo Park, East Palo Alto, and our surrounding communities are safer today because these gang members are behind bars. The leadership that our police department took in this effort cannot be overstated: from the initiation of the investigation eighteen months ago to the arrests this weekend, Menlo Park officers were front and center. Sergeant Cowens, who started this operation and Commander Burt, who was the overall Incident Commander, deserve special recognition. We are fortunate to have you and your colleagues protecting us.

Two years ago, when I came onto council, our police force was in shambles. We had lost 31 officers out of a 50 person force and had eliminated our special units in traffic, gangs, and narcotics. Officers that stayed were stressed by the increased workload and overtime demands. There were many issues behind the departures, but the salary discrepancy between our department and the surrounding communities was the by far the biggest factor. Thanks to the leadership of our city manager Glen Rojas and his staff, city council was presented with a plan to stem the tide of departures and return the department to full staffing and a renewed commitment to excellence. Council unanimously approved staff's recommendation last year. The results were immediate, with officers who were on the verge of leaving deciding to stay and the recruitment of several top notch new officers to the force.

So the investment in our Police Department is already paying off. For the first time in six years we now have filled all positions and assigned staff to specialty positions, including a fully-staffed traffic unit to help maintain safer streets and fully-staffed narcotics and gang units. And not all of the impacts are “big” like this weekends arrests; but little things that increased Police staffing allows – more proactivity around graffiti and code enforcement – things that will pay off in a better quality of life in the long run but are hard to quantify.

City Staff: When I joined the council, staff morale was low. The budget cuts and staff reductions had taken their toll. Low morale is a productivity killer. This is a topic that I frequently touch on with our city manager. We have taken some steps to restoring morale, most importantly by assuring our employees that they are not just “workers” but are part of our community and deserve to be respected as such. I am concerned that recent media attention on employee salaries and concerns over the budget could affect morale. I want to assure our staff that they have my utmost respect and appreciation for the services they provide to our residents. I also want to make it clear that in balancing our budget, significant reductions in staff are our last option. Finally, I’d like to take this opportunity to publicly thank all of our staff for a job well done.

This summer we completed a 4.5 million dollar street resurfacing program that should not only improve drivability but should also improve traffic flow and congestion and is just one phase of our ongoing plan to refurbish City streets.

Community and Commissions As we move forward with these ambitious goals, we continue to have much on our plate and much left to do. Even though City staff are currently managing and implementing over 57 community projects, there are important community needs that can’t be met by staff and that, given pressures to contain staffing costs, need community involvement to act as a “force multiplier” and allow progress on other community needs. Toward this end, during the past month I’ve met with our “super volunteers” – our city commissioners. I’ve shared with them city council’s goals, discussed ways to improve communication between council, staff, and commissions, and to listen to their concerns and ideas. The dialog has been constructive and I’m hoping that it will lead to increased involvement and productivity from our commissions.

Closing During uncertain times it’s natural to direct our fear outwardly and find fault with things. It’s easy, in good times and bad, to be the outsider who questions or criticizes every decision and every action that’s been carefully considered to weigh all the community’s very diverse interest over the long haul. It’s also easy

to go after the perfect solution only to find that there are so many interests to balance we've lost sight of what's best overall. We too often find that the solution that pleases everyone serves no one in the long run.

I urge my fellow council members in the coming year to join me in developing good solutions that ultimately will serve us all into the future but that may not satisfy everyone immediately. Especially in uncertain times, we need to work together to find solutions that help us make progress on the important things we have set out to do. I am confident that reaching our goals is possible, because I agree with the community survey that said Menlo Park's people are one of the best things about living here –

It's clear not only from the survey but from the community spirit I see wherever I go in Menlo Park that we believe in one another and I believe this is where our hope for the future lies. Menlo Park needs us all to be active in our community's life, to ensure our human connections are vital and to promote the understanding that our individual fates are intertwined. There are infinite possibilities for the future of our unique city as a community where we carefully consider all interests, not just the opinions of naysayers and critics. There is a need for diverse voices, but not for the distracting and destructive voices focused on tales of waste, fraud and abuse.

Let's not allow our fear of the current uncertain times be an excuse for inaction, let's, instead, substitute a belief that if we act, together, we can maintain all that we love about Menlo Park and create a future that is all that and more. You've heard this Council's goals and vision for the future, now we're asking you to help us make it reality by your involvement in decisions, your support of actions taken, your informed comments along the way and your time, if you can give it, on our various volunteer commissions and committees.

Let me end by emphasizing this important conclusion: the future of Menlo Park is bright thanks to our dedicated City staff, our committed and forward-thinking residents and our Council who collectively believe in our ability to create that bright future together. Thanks and goodnight!

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