



**2004 State of the City Address  
Ron Gonzales  
Mayor of San José**

**January 28, 2004  
Center for the Performing Arts**

Thank you, Alfred, for that generous introduction. Alfred and BEA Systems are terrific examples of business leadership and innovation that are the foundation for the long-term prosperity of our community.

Thank you for your confidence and commitment to San Jose. I thank you all for being here with me tonight.

To my Council colleagues, it's you I have to thank for all that we have achieved this past year. You are dedicated public servants who have done a great job serving the people of San Jose. One of our colleagues, Vice Mayor Pat Dando, will be leaving the Council at the end of this year. On behalf of the community, I thank you for the years you have given to our city. For your hard work and many accomplishments - we all thank you.

It's been a challenging year for our city. This recession has hampered our economic engine and kept our families out of work. Budget deficits at the federal and state levels of government have left us trying to provide the same vital services that our residents expect and deserve, with less money. While record deficits pile up in Washington and Sacramento, and while we face very tough decisions here at home-there is no city better prepared to come out of this recession than San Jose.

Tonight, I'm excited to say that the state of our city is bright!

We've met our challenges by being stronger, greater and more determined than ever before. We're rapidly moving forward, building upon our success and transforming San Jose into a better city, each and every day.

With me on stage is our team. One Team. The men and women who work tirelessly to improve the lives of the people who live and work in our community. Team members - please stand and take a bow.

These are your building inspectors, police officers and firefighters. Your graffiti, litter and park volunteers. Your librarians, gardeners, and planners. Your maintenance workers, project managers, and Information Technology specialists. Your customer service representatives, and youth workers. It's due to their work and effort - that our future is so bright.

Tonight, I'm going to share with you some of our achievements and talk about where San Jose stands today. I'm also going to share with you some of the actions I'm proposing. The next steps in our long-term plan to make San Jose America's best city in the 21<sup>st</sup> Century.

There's much San Jose can celebrate tonight and a lot we can be proud of as a community.

This recession has given us many difficulties, but none of us have been standing around, wringing our hands. Instead, we have aggressively managed these challenges and there are real achievements to celebrate tonight. We've accomplished so much in areas like the economy, neighborhoods, transportation and education in such a short period of time. I want to share some of our community's recent accomplishments that I'm most proud of.

### *The Economy*

Let's start with getting families back to work, the economy, and why I see things getting better.

Here are facts about San Jose and Silicon Valley:

- Venture Capital - the lifeblood of new businesses - is investing and believing in Silicon Valley again.

30% of the 4 billion dollars in venture capital invested nationwide last year was invested right here in Silicon Valley. And just last quarter, \$1.6 billion was invested in Silicon Valley companies an increase of 22%. \$1.6 billion dollars buys more innovation, more jobs and more opportunity in this region. These are cutting edge investments in software, bioscience, and nanotechnology industries that will be driving our economy in the future.

- We've seen improvement in our employment numbers - the unemployment rate has fallen from nearly 10 percent to 6.4 percent. Companies are beginning to hire and people are getting back to work.
- There has been nearly a billion dollars of private investment in San Jose shopping centers, such as Oakridge, Valley Fair, Eastridge Malls and Santana Row.

These are all signs of steady improvements for an economy that is gaining momentum. However, I want to take you beyond facts and figures. What I find encouraging is that local companies are making major investments in San Jose.

For example:

- eBay chose to stay in San Jose, and they are building their new campus here to accommodate their growth in the future.
- BEA Systems also is expanding their headquarters here and laying the foundation for more high tech jobs.
- iS<sup>3</sup> has just moved to downtown from Cupertino to join our hub of high tech and software companies that are thriving here.
- And last week Adobe Systems opened its third downtown office tower, contributing to our skyline and our job base.

These companies are optimistic about their future and confident about the future of San Jose.

### Airport

Let's talk about another important asset of our local economy -- our airport. We're launching a major renovation and upgrade of the Mineta San Jose International Airport.

This year we're set to:

- Begin the design and construction of the new terminal.
- Implement the new security systems to make our airport safer.
- Begin construction on the Interstate 880 Interchange at Coleman-improving traffic flow, as we expand the airport.

A larger airport will help our businesses and economy grow by billions and create over 1,700 construction jobs. And when we're finished, people will walk off the plane and know they're in the Capital of Silicon Valley.

### Downtown

Another area I'm proud of is our downtown. As a downtown resident, when I walk around downtown, I'm excited by what I see. We're finally achieving a goal that has eluded San Jose for over 20 years of downtown revitalization – getting people to live downtown. Take a look for yourself:

- Since 1999, we've added over 10,000 new downtown residents.
- Building over 4700 new homes.

That's amazing progress that will help draw future investments in retail, shops and restaurants. We've added some other new residents downtown as well.

- The wonderful Dr. Martin Luther King, Jr. Joint Library opened this summer and has already had 1 million visitors.
- New Marriott Hotel, adding 500 much-needed hotel rooms to our downtown.
- The Improv that opened in the historic Jose Theater set national attendance records for a new location.

Additionally, new businesses continue to open in our downtown at a fast pace, with a mix of local and national names:

- The CIM Group will break ground next month on an exciting new retail, housing and office project.
- New businesses are opening
- PF Chang's just down the street from The Improv.
- McCormick & Schmick's in the Fairmont Annex.
- And Flames - another place for breakfast.
- The Artists and Craftsman Art Supply store.
- Black Sea Gallery
- The Montgomery Hotel, an amazing building we saved from demolition will open as a boutique hotel this year.
- The California Fox Theater - another impressive example of historic preservation - will open this fall with Opera San Jose.
- The Camera Theaters will move this spring, around the block, to its new, larger home.
- And work on the new Civic Center continues on schedule, providing hundreds of good jobs during construction.

I look forward to joining the other 2,000 employees -- with their furniture -- who will fill our new city hall and boost downtown's economic vitality.

*Building Strong Neighborhoods*

Downtown is certainly becoming one of San Jose's most attractive neighborhoods. Let's discuss the significant investments in time and funds we've made over the last five years building strong neighborhoods. It's our neighborhoods where our early planning, hard work, and partnerships with our residents are bearing fruit today. It's because San Jose voters passed the park and library bonds before hard times hit, that we have so much activity happening in our neighborhoods.

Here is a quick look at what we have going on in our neighborhoods right now:

- Right now, we have over 100 public works projects under construction, totaling over \$600 million. That represents hundreds of jobs, too.
- We're aggressively expanding libraries, improving parks, and installing new traffic signals.

In addition to the progress we are making on new projects, our volunteers continue to help make significant improvements.

- Graffiti is down for the fifth straight year. Since 1999, we have reduced the number of tags in San Jose by 96%.
- For the first time, every neighborhood park in San Jose - all 146 of them - have been adopted by residents who pledge to help keep them clean, pick up litter and wipe out graffiti.
- Since we started our Anti-Litter campaign, over 1,500 volunteers have helped collect more than 2.6 million bags of litter. If you lined them up, they would reach the state of Missouri.

This is clear evidence of neighborhood pride and the people who are proud to make San Jose their home.

### *Affordable Housing*

When we talk about building strong neighborhoods, we must talk about affordable housing. San Jose is regarded as a national model for building quality housing that is affordable to families of all income levels. Five years ago, I pledged that this City Council would double our affordable housing goal. We pledged to create 6,000 new affordable homes in five years. I'm proud to say that this spring we will surpass that goal.

As a mayor, it's my job to set ambitious goals for our community and to ensure we achieve them. But when it comes to housing, I count on each and every city councilmember to be an advocate. I count on them to build neighborhood support for getting these homes built – and that's a tough job. You are the reason we hit our goal. You are the team that delivers. Let's thank them. It's because of your hard work, 6,000 families now have homes in our community that they can afford.

*Safest Big City*

Let's celebrate tonight that we once again retained the title "Safest Big City in America." I'll never tire of saying those words. In fact, let's say it again. San Jose is the Safest Big City in America. In fact, despite the longest and deepest recession we've ever faced, San Jose saw a decrease in our crime rate. I am unaware of any other urban city in our nation that has gone through a recession and saw its crime rate go down.

That's the result of our great police department, engaged residents, and dedicated community partners. That makes me proud. It's also a testament to the smart investments and a continuing emphasis we've placed on public safety. Here are some improvements you should know about:

- We created and adopted the most comprehensive set of building, construction and fire prevention reforms in San Jose's history. This will save lives, prevent fires, and protect property as we set the standard for other cities.
- We launched the Megan's Law website to keep residents informed about dangerous predators in neighborhoods. The first city in California to take this step.
- We did crisis training for students, teachers and parents at every high school and middle school in San Jose.

In addition, we've begun using the public safety bonds approved by voters in 2002 to dramatically improve and update our police and fire facilities and capabilities. We've already begun work on half of the 36 projects in our public safety bond program. And construction on four fire station upgrades is happening now.

Let's be clear, the end result of all of these projects is that by improving police and fire response times – we will save lives.

*Transportation*

Let's move on to transportation. This is an area where I've dedicated a lot of time and energy during my career in public service. An efficient, integrated and regional transportation system is critical to our economy and will define how our city grows in the future. That means highways, buses, light rail and yes, BART!

When it comes to highways, we've had some major accomplishments that will go a long way to reduce traffic congestion:

- We widened Highway 101 in South San Jose.
- Expanded Highway 880.
- Completed the 87/85 Interchange.

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- And last week, the California Transportation Commission approved funding to expand the Coleman 880 interchange, and the 280/87 interchange – one of our worst bottlenecks.

Let me tell you, keeping that funding wasn't easy. We had to battle state bureaucrats who tried to steal our transportation funds to flush down the state's black hole of a budget.

While it's challenging, we owe it to the future of Silicon Valley to look 50 years into the future when it comes to transportation. We must stay the course and protect the critical transportation projects that will define the region we are for future generations.

We've made steady progress on BART this year. However some of you may be concerned or even confused about the current status of BART. It's important to remember that bringing BART to San Jose is a long-term effort. As the Oakland Tribune recently reported, these projects take time and patience. And just as every other BART extension has faced, there will be some snags and bumps along the way.

But we have friends who are helping us with the heavy lifting. The Valley Transportation Agency. The Silicon Valley Manufacturing Group and its CEO Carl Guardino. And legislative leaders like Assemblyman John Dutra and Congressman Mike Honda.

*[Watch Dutra and Honda tapes]*

Join me in thanking Congressman Honda and Assemblymember Dutra for their leadership on this issue.

As I said, BART is a long-term vision, requiring leadership. Let me read you a statement about vision:

*"The dominant question for the Bay Area is whether to accept the stagnation and decline of interurban transit and prepare for drastic decentralization and repatterning of its urban centers to meet the avalanche of automobiles that will result - or whether to reinvigorate interurban transit so as to sustain the daily flow of workers, shoppers, and visitors on which the vitality of these urban centers depends."*

Let me try to interpret that for you. That wasn't from a recent VTA report or even my last State of the City address. It was written in this 1955 report – when transportation planners first conceived BART.

Imagine the vision. Imagine how many people at the time thought running a train around the Bay was a crazy idea. Now, imagine the Bay Area today without BART. That's a crazy idea! Now, imagine San Jose, today, with BART. That's a great idea! We missed the train once – we can't miss it again! No matter what you read, let me be clear, BART will come to San Jose!

*All Children Achieve*

Now, when we talk about building a great city, we must remember who we're building it for: our children and grandchildren. My goal as mayor has been to help all children achieve. San Jose

has shown how a city can support quality in its schools – without taking over their classrooms. We've made great progress towards helping our children and our schools. I'm proud to say that our work in San Jose is yielding impressive results:

- 13 Smart Start centers are now open, and 7 more are in the works to help us reach our goal of 20 new centers by 2005.

We're helping our youngest children learn basic skills like their colors, the alphabet and how to tie their shoes, helping them to be ready to learn when they enter kindergarten.

- We've created over 1,300 new childcare spaces for San Jose children, and we're on track to add 750 more by June of this year.
- We've helped over 400 teachers buy homes-right here in San Jose near the schools where they teach.

All of these initiatives are making a real impact on our schools, our students, teachers and parents. And they're making an impact on real people.

Seena Hawley, a veteran San Jose teacher, was featured recently in the San Francisco Chronicle. She was considering moving to Oregon to buy a home she could afford. Instead, she took advantage of our teacher homebuyer program. Seena said, that's what made the difference between staying in a San Jose school and moving out of state. It's stories like those that remind me that City Hall can help achieve positive results in the classroom.

## **TODAY**

As you can see we've made tremendous progress in a number of areas. But there is much left for us to do. Despite our progress getting families back to work, there are still people who need jobs in our city. Despite our progress on building affordable housing, we still have families who cannot afford to live in our community.

Despite being the safest big city in America, we can always be safer. Despite an improving transportation system, too many of our workers waste time in traffic instead of spending time at home with their families. And despite having quality local schools, we still have children who fail to achieve. We need to keep making progress in all of these areas. And it isn't going to be easy.

The economy is slowly improving. But it still has a way to go. The state's fiscal crisis is breaking the backs of local government – and I have not yet seen a plan to rescue us. And, I'm not going waste time waiting for one either.

Leaders, lead. As they already have, I know this council will show strong leadership. As we make tough budget decisions today, we must also plan for the future. We will not shrink from this challenge. We will not pass today's problems on to future leaders. We will stay focused on the values we hold as a community.

- Values such as providing jobs for our residents. Strong neighborhoods for our families. Ensuring a transportation system that works.
- Values like keeping our community safe, and helping all our children achieve.

## **THE FUTURE**

### *Public Safety Funding*

These same values will guide our budget priorities. We know that everyone will have to share the burden. However, keeping San Jose Americas Safest Big City will be my number one budget priority this year.

Whether it's taking on domestic violence, gangs or getting to you quickly in a medical emergency, I will ensure we have the resources to get the job done. These are life and death issues, and we will meet the challenge.

### *Bioscience Incubator*

With families out of work and businesses struggling, we can do more. If we want to continue to be the center of innovation, we must stay on the cutting edge. One of the fastest growing technology industries is bioscience. Just last month, we began work on creating the Bioscience Incubator.

When I first heard this term, I said, What the heck is bioscience anyway? Here's what I learned. Bioscience is about using technology to improve medical treatments. Think of creating "living bandages" to repair damaged tissues inside or outside the body. Genetic treatments to cure cancers. Helping the blind see with artificial light receptors and computers. That's bioscience.

Next, what does an incubator do?

- It provides a creative environment for innovative research and the development of practical bioscience applications.
- Creates needed lab space, that would otherwise unaffordable.
- Helps start-up companies grow into new industries that will create jobs in San Jose.
- Grows new success stories in an emerging industry that is changing the world.

My goal for the incubator is to help create 14 new bioscience companies over the next two years. Some of these will become break-through successes that will – save and improve lives.

### *Convention Center*

Let's talk about other businesses we can “incubate” –such as tourism. We can do more to attract visitors to our city, and generate business for our local hotels, shops, and restaurants that employ thousands of San Jose residents.

Tonight, I propose to nearly double the size of our Convention Center. And we can do it without going back to the ballot and without increasing taxes at our hotels. We convinced over 64% of our voters to pass Measure F to expand our convention center. Unfortunately we needed 67%. Rather than give up. Rather than declare defeat, we've come up with a creative solution.

We can add 150,000 square feet to the Convention Center by building a temporary structure – now – allowing us to compete for bigger events.

This is important. We've lost 40 conventions in recent years because our convention center wasn't big enough. That's more than a \$200 million loss for our hotels, restaurants, and employees. We want to accommodate local businesses like Cisco, Intel and Apple who moved their conventions to other cities over the last few years. This approach has been used for convention facilities across the country, including Los Angeles and Alameda County. I know we can make it a success in San Jose.

### *Downtown Housing*

As we work to attract more visitors to downtown, we can attract more residents too. As I mentioned before we've had success in building new homes in the downtown. I want to set the bar higher. It's my goal to bring another 6,700 residents downtown by building an additional 3,000 homes over the next five years.

To put this in perspective, if successful, we will have built almost 8000 new homes downtown in eight years, between 1999 and 2008 – adding over 17,000 residents. That's about half the population of Saratoga. And that's not even counting the new housing for over 2,000 San Jose State University students. It's also more than triple the number of downtown homes built in the twenty years before I became mayor.

This will go miles towards reaching the critical mass of residents, employees, and visitors in our downtown that will make it really come alive.

### *The Museum of Art*

Downtown is also our center for arts and culture. Tonight, I'm proposing that we help expand the San Jose Museum of Art. Listen closely now, because this has several moving parts.

We've been working closely with the San Jose Museum of Art to help expand their exhibit space, and we can accomplish that by moving them to the former main library next to the convention center. The museum in turn would be able to host larger exhibits and shows. They'd also give the old library a badly needed makeover-making it more attractive and lively.

Then much of the existing museum space would then be a new downtown asset ideal for attracting new retailers to the center of downtown. The results: more space for the museum; a much-improved building in the old library and a prime location for new downtown retail. I like it.

### *Affordable Housing*

We have much to be proud of with our affordable housing program. However, as long as we have families who struggle to afford to live in our community, we must do more. Tonight, I'm recommitting to our goal of 6,000 new affordable homes over the next five years.

With a budget crisis and the state's annual raid on local redevelopment funds, this will be our most difficult challenge yet. However, it is one of our most noble efforts. We must work as hard as we can to make San Jose a place where families can afford to live, both today and tomorrow.

### *Abandoned Vehicles*

San Jose has done much to address the little issues in life that mean a lot to people. Like fixing sidewalks, erasing graffiti and replacing streetlights. Improvements you can see from your driveway. Much of this is the product of thousands of willing volunteers committed to a better San Jose. We can do more.

This year I'm targeting abandoned vehicles as the next neighborhood eyesore that must go. They're ugly. They clutter our streets. And some are health and safety hazards. I propose to expand the "Vehicle Spotter" program citywide. This is a program that has been spearheaded by my colleague Linda LeZotte. She has shown how it works in her district. I think we can make it work across the city. Thank you Linda. And if you see an abandoned vehicle in your neighborhood call us! at 277-4000

### *High School Education Initiative*

Finally, while we have accomplished much in the area of education, it is our duty and responsibility to do more. There are still children who need our help. This is important to me. I'm a product of the California public school system. Except, when I was in school, our state school system was the best in the nation. I want it to be that way again. I want my granddaughter and your children and grandchildren to get the best education possible.

We've talked about our programs to help teachers, students, and our youngest children. We've enjoyed strong partnerships with our local schools over the last five years. Partnerships like our homework centers, teacher housing, and safe schools.

We've talked about ensuring that our children get a smart start in school. I also want to make sure they get a good finish.

And that's the challenge. Currently 700 of our high school students drop out of school. What if the entire senior class of Leland and Overfelt High Schools dropped out tomorrow? That would

be front-page news. Instead we are quietly failing these students. That's unacceptable. How can we stay the Capital of Silicon Valley if 700 of our children don't graduate from high school every year?

Tonight I'm pledging to work closely with our superintendents to increase high school graduation rates. We will better focus our community partnerships to identify solutions that keep students learning in school. I'm making it City Hall's goal to focus our resources, find new partners and help those students achieve.

Just as it's important for our youngest children to be ready to learn, our youth must finish school ready to earn. Our success will mean the next generation of engineers, doctors, and teachers will come from San Jose neighborhoods.

### **CONCLUSION**

We face serious challenges this year, but that's our job- we must face the challenges and find solutions. Challenges are why I still love this job. It's why I still jump out of bed to go to work in the morning. The challenge I love most is that our community rightly demands that each year we reach further than the year before-to achieve new goals and to accomplish more.

And yet, each year I'm heartened by the willingness of our people to tackle new challenges and to work together, for solutions. By reaching further, by doing more, we're creating a city that works for all of us.

Together, we're creating a city that provides jobs for its residents. A city with strong, safe neighborhoods. Together, we're creating a city with a transportation system that works. A city where every child has the opportunity to achieve. And, together we're building a city that works for the next generation.

Ladies and gentlemen, the state of our city is bright.

Thank you and goodnight.