
STATE OF THE CITY: ARTS + INNOVATION = SUCCESS

REMARKS OF MAYOR BILL BOGAARD • JANUARY 23, 2014

Good evening, and thank you for attending the annual State of the City event. I am honored by your presence tonight, and I hope that this event and my report provides a good basis for our working together in the coming year.

As an official representative from City Hall, I have the duty of saying "I am with the Government, and I am here to help."

Kidding aside, as you know, the City plays an important role in many aspects of our daily lives and the local economy, not in producing art and innovation, but in creating an environment that allows local talents to flourish. Our outstanding City employees provide police, fire and medical emergency services; they make sure we have clean, safe drinking water and that the lights stay on; that our parks are ready to enjoy; that local buses are running; and they provide many other services.

City Hall takes these responsibilities very seriously, and we continue to make sure the capital investment and municipal programs and services today meet our immediate needs and those of tomorrow as well.

Current Economic Climate

The City entered Fiscal Year 2014 as the economies of California and the United States continued a slow, steady recovery from the 2008 recession. At the state level, Governor Brown is proposing a balanced budget for the second year, reporting significantly higher tax revenues and other fiscal improvements, including support for education, that should have a positive impact on California's cities and counties.

Locally, we anticipate looking at Pasadena's third balanced budget in a row when the City Manager proposes the 2015 budget to the Council in a few weeks.

Our local economy continues to perform well, and there are signs of increasing economic activity. Unemployment, while still trending higher than historical norms, remains one of the lowest in the region, a reflection of the City's diverse economic base.

The housing market in California continues to improve, with median home prices in Los Angeles County increasing 18% over the last year. Pasadena remains a highly desirable location, both geographically and due to its many economic opportunities and cultural amenities, so local home values and commercial property values are expected to remain strong during the coming year.

Our current budget—which ends on June 30—anticipates key City revenues, including property tax and utility users tax, will return to pre-recession levels. At the same time, the transient occupancy tax and construction tax are expected to be considerably stronger than recent years, a positive indicator that private investor interest in Pasadena has rebounded.

There remain, however, significant fiscal challenges for City Hall. Before the recession, the City's General Fund had built up a fund balance of \$25 million in excess of our designated 10% reserve. Our commitment is to re-build that balance during the next few years. We also face cost increases for medical insurance benefits and contributions to the state's CalPERS pension system. Over the last five years, the City's pension contribution rates have increased 60% for non-safety employees, and 18% for public safety employees. As a result, pension costs for the year have increased 63% to \$11.9 million.

During the last 18 months, City Hall has focused on pension expense. Working cooperatively with the City's labor groups, a portion of the increased pension costs has been offset through agreements whereby employees now pay the full 8% employee contribution. But CalPERS recently advised participating agencies to expect additional increases over the next several years, as lifespans increase and investment assumptions are adjusted.

CIP Investments 2013

One of the most important things your City does is to make strategic investments in a wide range of capital improvement programs to protect our roads, buildings and other assets.

Last year, the City had about 67 such projects valued at nearly \$179 million. A few of them include:

- The \$2.9 million Seismic Retrofit and Renovation of Fire Station #39.
- The \$415,000 upgrade of Central Park, including new playground equipment, sidewalks and landscaping.
- The \$17 million La Loma Bridge Rehabilitation project on which construction is set to begin in summer of 2014.
- Acceptance of surplus federal property at the U.S. Army Reserve Center, and commencement of the environmental review and preliminary design for a new 3.9 acre neighborhood park.
- Approval of a Sidewalk Improvement Pilot Program to encourage sidewalk repairs by property owners through cost-sharing. To date, 120 property owners have submitted payments totaling \$495,550 with a City match of \$64,375 for work that is completed.

Pasadena Citizen Service Center

Not all CIP projects have an immediate impact on the daily lives of the City's residents, businesses and visitors. But one that will is our new Citizen Service Center, which officially opens tomorrow, January 24. The center will be the primary point of contact for members of the public submitting service requests and seeking information from the City. Many existing City numbers will automatically route to the Center to ensure calls from the public are answered promptly. This service was launched without public announcement before year end, and I am very pleased to officially announce it tonight. So, for service requests or information of any kind, call 744-7311.

Rose Bowl Update

One of our most important investments in the City's future involves the Rose Bowl. The Stadium never shined more brightly than it did during this year for the 100th Rose Bowl Game—the first post-season collegiate bowl game to reach the centennial milestone—and then, just six days later, when the BCS National Championship Game attracted worldwide attention. We are buoyed that both of our major tenants, UCLA and the Tournament of Roses, have signed long-term lease agreements and that the Stadium continues to serve as a venue for other major events such as the recent Gold Cup Soccer match and the Justin Timberlake-Jay Z concert.

During 2014, the Rose Bowl will once again be filled with football games and special events—including three sold-out shows in September from a relatively new band—One Direction. At the same time, for now and in the future, thousands of residents and visitors will continue to walk, run, hike, read, relax, and play golf in the Arroyo Seco.

I encourage all of you to help support the Stadium by participating in the Rose Bowl Brick Campaign in which you can sponsor a brick paver that will be installed in 2014 as part of a beautiful rose art mosaic in front of the Stadium's main entrance.

Our community can be proud of the commitment all of us have made to the Rose Bowl, and we will all enjoy using it for generations to come.

Development Activity

We are fortunate that the private sector continues to invest in Pasadena. These projects create jobs that contribute significantly to Pasadena's vitality. Current construction activities include a 155,000 sq. ft. premier office project in the Playhouse District, across from the Playhouse, which celebrated its groundbreaking today, and the Constance Hotel, the first Dusit branded hotel in the United States located on Colorado Boulevard near Lake Avenue.

In recent months, Pasadena's strengths in culture and business—arts and innovation—have attracted significant interest in the hospitality sector. Several hotel projects are being considered; potentially adding up to 800 additional rooms in Pasadena, where hotel room demands frequently exceed current capacity. These new hotels will support both business and leisure travelers as well as those attending the many conferences and special events at the Civic Auditorium and the Convention Center.

In addition to new hotels, over 1.5 million square feet of new housing and commercial development is being proposed. The largest of these infill projects seeks to develop the surface parking space surrounding the Parsons Headquarters. This and the other infill proposals, when properly designed, will bring opportunities for both new jobs and new housing choices to Pasadena near light rail stations and downtown amenities.

YWCA Re-Use

Speaking of hotels, the City continues its plans to convert the historic YWCA building in the Civic Center

into a boutique hotel, carefully restoring the Julia Morgan designed landmark which is listed on the National Register of Historic Places. Julia Morgan was California's first licensed female architect who also designed Hearst Castle in San Simeon.

We are currently engaged in lease negotiations with San Francisco-based Kimpton Hotels and Restaurants. If all goes smoothly, construction should begin in 2015, with an opening in 2016. Kimpton's experience in breathing new life into historic properties makes them a leader in the boutique hotel industry, and the City is confident that the Julia Morgan building will shine once again.

PUSD/City Work Plan

The School/City/Community Work Plan is now nearing its first year of implementation, following the School Board and City Council's joint approval last February. Countless volunteers have banded together with staff to assess strategies for action, and provide feedback on how to address gaps and duplications in services, and to improve accountability.

Here are some of the highlights of the work that happened in 2013, as a result of all our collective efforts and investment in this Plan:

- PUSD restructured its Welcome Center and Communications Department to create a Family Resource Center, with expanded programs and services in English and Spanish and a strong focus on customer service.
- The Pasadena Education Foundation (PEF) invested jointly with PUSD and the City to position a key staff member as a partnership coordinator.
- PUSD prepared for construction this year of new gyms at McKinley and Washington middle schools, which will be available to the community outside of needed school hours.
- Both agencies have established communication strategies to share information on programs, events and services utilizing print, web and TV resources.

The Work Plan will also assure that early developmental needs of toddlers will be addressed by realigning existing resources to create an early childhood hub in Northwest Pasadena. I want to be clear that the Work Plan is not business as usual. It is a bold and innovative step that requires school and City staff to work closely together to share a common mission to

achieve what is best for our students, families and community.

Public Art Master Plan

Tonight, I want to acknowledge the importance of Pasadena's arts and culture. From the beginning, arts and culture have been a key part of our community life. We are blessed with some of the world's finest museums, cultural institutions and artistic traditions that edify residents and visitors and tourists.

Last year, the Council approved a Public Art Master Plan that provides the framework for a new vision of public art in the City. The City's strong support for Public Art is a fundamental part of the Pasadena experience, something that makes our City truly unique, and public art is a strong complement to all our art museums and galleries.

One of the first priorities for the Master Plan will be to create a new public art Civic Center proposal. Expanded funding is a key component of the Plan, and implementation efforts include grant writing for local and federal funds to supplement existing public art project budgets.

Innovate Pasadena

In 2012, a small group of tech and business leaders in the Pasadena area began talking about what the private sector could do to bolster the local economy. The talks evolved into a formal group called *Innovate Pasadena*.

The vision of IP is to create an ecosystem of innovation in the greater Pasadena area that supports sustainable economic growth. Its mission is to advance Pasadena as a center for technology, high-tech start-ups and creative design innovation by supporting collaboration across and within business, academia, investors, and the broader community. The goal is to attract and retain companies, entrepreneurs, innovators, and capital that help foster and expand our local economy.

Pasadena's innovation strategy is gaining momentum. We are home to well over 100 innovative companies that are changing the way the world lives, works, interacts and plays. Several of these companies have been recognized as leaders, in the press and by their peers, as world leaders in the design, media, telecommunications, and life sciences sectors. Innovate Pasadena, in which the City, Caltech, Art Center and PCC participate, is driven

by the leaders of exciting new companies that are working hard to shape the future economy.

Design Accelerator

Another exciting new partnership is the Design Accelerator, an incubator aimed at helping tech startups grow by merging great design, cutting-edge technology and business savvy. Housed at Idealab, a company well-known for creating and operating pioneering startups in its own right, the Design Accelerator is a partnership of Art Center College of Design and Caltech. Venture capital for this project in the amount of \$500,000 was raised totally within Pasadena.

With additional grants from the City and other entities, and support from Innovate Pasadena, the Design Accelerator has launched 7 companies so far and more are on the way. Like Innovate Pasadena, the Design Accelerator is an exciting example of partnerships among our local institutions and organizations that are making Pasadena a world center of creativity and innovation.

Gold Line Update

I am happy to share with you tonight that the Gold Line extension east to Azusa is on time and on budget. The project will be completed in September of next year. When completed, this important extension will connect our City to historic downtowns, numerous colleges, the City of Hope Medical Center, county treasures like the Santa Fe Dam Recreation Area and County Arboretum.

Construction is underway throughout the 12-mile corridor, as the historic Santa Fe railroad right of way is transformed to a robust light rail that will carry thousands of passengers daily between Pasadena and the cities of Arcadia, Monrovia, Duarte, Irwindale, and Azusa. This work will help provide public transportation options to people who work in Pasadena, as well as an incentive for employers and other businesses to expand or re-locate their companies here.

Area transportation leaders continue to focus on connecting the Gold Line to Ontario Airport. This year, the next phase of planning for this final phase of the line will get started. Through the upcoming study, we will determine the best route to connect the Gold Line to the airport, the cost, and any serious issues that need to be addressed.

Bob Hope Airport

My report on transportation would not be complete without a quick word about plans at Bob Hope Airport. Users of the airport will have experienced various improvements during the last year, such as increased on-site parking. Long term planning is underway for a new terminal and for commercial development of a 60 acre parcel the Airport has held for many years for future use. The City recognizes the regional importance of the Airport, and I sincerely thank three Councilmembers who provide leadership on the Board of the Airport Authority: Steve Madison, Terry Tornek, and Jacque Robinson.

Devil's Gate Dam Sediment Removal

About a week ago, the City submitted comments on a Draft Environmental Impact Report issued last year for sediment removal by the County Department of Public Works at Devil's Gate Dam. The project would mitigate 60 years of buildup that was increased substantially by runoff in the wake of the recent brush fires north of Hahamongna, the so-called Station fires.

As proposed, the project will destroy a thriving willow forest at Hahamongna, and will require one double-loaded truck to leave the excavation site every minute, six days a week, between April and December, for five years. The City Council and the community have expressed serious reservations about the project, the volume of sediment to be removed and the time period for removal, and the City is hard at work on a more responsible approach.

The Council intends to aggressively pursue our interests as the owner of the real property in the Hahamongna/Devil's Gate area. The County has been cooperative on this project to date, and we are committed to continuing that collaboration to develop a project that will be acceptable.

SR 710 DEIR

My report tonight would not be complete without mentioning the now 60-year controversy about possible extension of the 710 freeway from its northern terminus near Alhambra to Pasadena at the intersection of the 134 and 210 freeways. A milestone was reached last year confirming that the surface freeway will never be built. But the Metropolitan Transportation Authority is pursuing an EIR to evaluate various alternatives to the surface project, including a subterranean tunnel. The draft is expected to be available in about 90 days, and will be the subject of intense evaluation at City Hall. At

that point, the Council will be in a position to take a firm and final position on the 710 extension.

The City has just entered a 5-city alliance involving Glendale, La Canada Flintridge, South Pasadena, and Sierra Madre to cooperate in conducting studies that are needed to evaluate the impacts of a tunnel project and the other alternatives.

Conclusion

Tonight we are recognizing the importance of arts and innovation in Pasadena. These two essential elements are the connective tissue that binds the fabric of Pasadena and drives us to new achievements. They are not separate issues, but are instead two sides of the same intellectual coin.

Innovation comes from artistic design and creativity, while the arts stretches the imagination by exploring innovative uses of new mediums and interpretations.

It is no small coincidence that Albert Einstein, once a professor at our beloved Caltech, revealed that he discovered his theory of relativity through intuition, with music being a driving force supporting his efforts.

As we look to the future of Pasadena, indeed all cities, we are seeing a profound shift to an era of "smart cities" where our buildings, local infrastructure, the physical environment around us, are being connected and shared through innovative advances in information technology, communications and the creative media in exciting ways that just a few years ago would have seemed like science fiction.

Even our language is evolving with new words to reflect these changes: Tweets, apps, Google Glass, the cloud, Big Data, e-this and i-that. Megabytes and gigabytes are becoming as old fashioned as yardsticks, and today's digital data is now measured in Terabytes.

Thanks to organizations like Innovate Pasadena and the Design Accelerator; together with our academic leaders at Caltech, JPL and PCC; and hundreds of other pioneering scientists, engineers, artists, doctors, and explorers who work in Pasadena, our City is at the forefront of this exciting new era of change.

I am confident that Pasadena's historic roots as an innovative community, together with our ongoing celebration of arts and culture, will keep our City as one of the most special and exciting places on the planet.

Thank you for attending tonight's State of the City event. I am proud to be your Mayor and to work with the men and women, and the young people, of this outstanding City.

Together, let's make Pasadena the best that it can be.

*This text is available at
www.cityofpasadena.net/mayor
(click on Speeches and Interviews).*
