

## **Chapter 1: Introduction**

Good evening.

As I fulfill the mandate of our City Charter to articulate an annual “State of the City” address, I reflect on the pain that so many in our city have experienced over the last year: the loss of loved ones to a lingering pandemic, the horrors of mass shootings, the sight of encampments and shuttered storefronts, and the struggles of too many families unable to pay rent.

Through it all, our community has responded with collective resilience and faith. San José residents have protected themselves and each other by becoming vaccinated at the highest rate of any major U.S. city. More than 4,000 San Joséans volunteered to help their neighbors through SiliconValleyStrong.org in ways big and small, delivering 200 million meals to families in need, or supporting testing clinics and vaccination outreach.

As we saw the impacts of closed campuses on children without internet access at home, we connected more than 100,000 San Joséans with free wi-fi and equipped more than 60,000 students with laptops. We’re steadily restoring jobs, as numerous employers expand in San José, including familiar brands such as Amazon, Apple, Google, Roku, Tesla, and Twitter. We continue to pull together to confront unprecedented challenges, and I feel deeply grateful to our community, our City team, and our many partners; I am deeply proud to serve as your Mayor.

### **Homelessness and Housing**

State of the City addresses typically focus a spotlight on the city’s successes. But I’d like to start an honest conversation that begins with our greatest failure: homelessness.

I take responsibility for that failure, and for every unhoused neighbor who encamps in our parks, creeks, and sidewalks. It certainly isn’t the fault of any of the resourceful nonprofits nor staff who have collaborated to help more than 4,900 unhoused residents find permanent housing since the beginning of this pandemic. Rather, it’s the failure of decisions predicated on the belief that if we just keep doing the same things the same ways, eventually progress would come--contrary to the palpable evidence on our streets. In the Silicon Valley spirit of “failing forward,” we embrace the lessons of our failure, and pivot toward better solutions. Here are a few:

### **Building More Nimbly**

First, we’ve learned that we need more immediate solutions, rather than merely waiting for permanent supportive housing to get built to address this crisis. Measure A’s passage in 2016 has been helpful, but it gave too many false hope that it would solve homelessness. In reality, the first apartment complex funded with that 2016 measure didn’t open its doors in San José until

2020. At a cost of more than \$750,000 per unit, conventional approaches to building housing will not stretch public resources to address anything more than a small fraction of the need. This crisis demands cheaper and more nimble solutions, while we build permanent housing. When the pandemic first hit, I convened our city team to use our emergency authority to pilot a different approach: what I call “quick-build apartments,” using prefabricated, modular units on public land. We built three such projects in the first year alone--not in years, but in months, and not at \$800,000 per apartment, but at \$110,000 per apartment. We succeeded due to the incredible generosity of Peter and Susanna Pau, and John and Sue Sobrato, who have committed nearly \$15 million to spur our efforts, as well as partners like Destination:Home and All Home.

We’re also accelerating a concept that we first piloted in 2016: buying motels to house our homeless, which has enabled us to move hundreds of unhoused through motels into permanent housing. The state has since embraced this model, and we now have funding from Governor Newsom’s Homekey initiative to expand motel conversions.

Now, we need to embrace what we’ve learned, and scale the impact. I’ve proposed we get 1,000 quick-build apartments under construction or completed, and convert 300 more motel rooms by the end of 2022. Doing so will get more people off the street, faster, and more cost-effectively than we could before.

### **From Rigidity to Flexibility**

To get these and other such projects built, we will need to identify many more sites, which requires collaboration of some very reluctant neighborhoods. That brings me to our second failure: we’ve chained ourselves to overly rigid processes.

A Countywide process--known as the “Coordinated Entry” system-- matches unhoused residents with services and prioritizes housing for those county residents who appear most vulnerable. Both important objectives, but applied too rigidly, this Coordinated Entry mandate prevents any neighborhood from seeing the direct benefits of constructing housing for the homeless nearby, because the system may prioritize homeless in Palo Alto or Morgan Hill over unhoused residents in their midst.

That rigidity undermines neighborhood support for housing projects, and it also disincentivizes suburban towns from doing their part to house homeless in their own communities. Working with our County and Housing Authority partners, we will continue to push for flexibility in “Coordinated Entry” to better incentivize every neighborhood to participate in homelessness solutions, and we have already made modest progress.

### **The Lived Experience**

Third, too often, we've built these projects for unhoused residents without fully understanding their needs and how we can best serve them. With a quick-build project near Guadalupe River Park, we're embracing a different approach, incorporating the insights of those with lived experience of homelessness on an advisory board created by Destination:Home.

### **San José Bridge**

We also have failed to create enough pathways for those unhoused residents who have the ability to get back on their feet. For some of our homeless, a job can do far more than the most well-intentioned programs. We launched "San José Bridge," employing unhoused residents to clean and beautify the City, under the direction of two non-profit partners, Goodwill and Downtown Streets Team. Participants have removed 310,000 pounds of debris at 70 trash "hot spots" throughout the city, and they earn paychecks and receive services that have helped several find new jobs with local employers such as Caltrans, Greenwaste, and Tesla. We're now expanding the program to 100 unhoused participants-- let's take a look at this innovative program. In the weeks ahead, we'll push to ensure every hard-working member of the SJ Bridge team gets housed, and we'll find ways to expand the program with federal dollars.

### **Affordability for All**

Finally, beyond our unhoused, many more thousands of our families struggle every month to pay rent. We must do more to make San José more affordable.

We can start by rapidly expanding housing supply--but not by inundating our neighborhoods with density that merely exacerbates traffic-choking sprawl, but with the construction of more high-density housing near transit hubs. In partnership with Google, for example, we'll see 4,000 high-density apartments built around Diridon Station, one thousand of which will be rent-restricted. We can also end decades-old legal battles with the City of Santa Clara and fulfill long standing plans for thousands of transit-oriented homes amid retail and jobs along the light rail corridor of North San José.

We can also better inform families about the availability of affordable housing. We have launched an online portal to help families find rent-restricted housing in our city, and you can access an early version of this site at [housing.sanjoseca.gov/](http://housing.sanjoseca.gov/).

Finally, we will better utilize the scarce land that we have, by encouraging the construction of more backyard homes. Since we launched our efforts to streamline permitting for backyard homes, and to partner with builders of less expensive, prefabricated models, we've seen the annual permitting of backyard homes skyrocket from a handful a half-decade ago to nearly 400 this year. In the year ahead, we'll identify financial partners willing to help modest-income homeowners finance backyard homes of their own.

Together we can build a San José more affordable for all of us.

## **Chapter 2: Safety**

Next, I'd like to discuss our community's safety. San José residents have endured a diverse and daunting set of threats in recent years, including a pandemic, three mass shootings, apartment fires, a flood, and wildfires.

Through it all, we've invested more than ever in our public safety infrastructure. After a loss of some 600 San José police officers through the Great Recession, we've rebuilt our police force with more than 300 officers through a historic agreement over pension reform, and voter support for two ballot measures. We've expanded our civilian corps of Community Service Officers, who take the workload off our police by responding to nonviolent crimes, problem-solving, and collecting evidence at the scene. Our community's support for Measure T in 2018 has enabled us to begin construction of an emergency communications center, several new fire stations, and a fire training facility. Under Chief Robert Sapien, our Fire Department's response to emergency medical calls has made dramatic improvements due to the use of technology, new training, and improved protocols. And we've invested in the human and technological infrastructure to improve our preparedness to threats ranging from cyber-attacks to earthquakes.

### **Alternatives to Police to Reduce Violence**

Last year, I declined to heed calls from protesters to "defund" our police department, because San José already has America's most thinly staffed major-city department. Our neighborhoods invariably tell us they want to see more patrols in their neighborhoods, not fewer.

Yet the advocates of defunding were fundamentally right about one fact: we can improve safety in creative ways that don't require a badge or a gun. That's why we expanded the Community Service Officer program early in my term, and more recently, why we halted police enforcement on high school campuses, to let educators take the lead on student discipline. We partnered with the County to enlist trained mental health providers to work with SJPD to respond to residents experiencing mental distress, giving birth to the Mobile Crisis Response Team in 2020. This year, we're deploying Conservation Corps members to put more eyes on the newly opened Coyote Creek trail to report problems and deter crime. With a community task force underway, we'll explore more alternatives to policing.

In any big city, police remain essential to public safety, however, and my budget message called for boosting walking patrols in high-need neighborhoods and Downtown. By emphasizing patrols on foot rather than behind the wheel, we will spur stronger relationships between our officers and the community we serve--something to which our new Police Chief, Tony Mata, has a deep commitment.

We can also build trust by improving transparency and accountability. In recent months, we've expanded the authority and scope of our Independent Police Auditor, in part through voters' recent approval of Measure G, and through negotiations with our officers' union. The Police Auditor can now independently question officers suspected of misconduct and will have unfettered access to police reports and video. We've also improved the police disciplinary process, ensuring that the findings of arbitrators in disputed cases will be made public, and that retired judges can adjudicate these disputes. In the year ahead, I'll push to give the Independent Police Auditor broader authority to investigate officer misconduct.

This month, we're also launching an on-line portal for the public to get access to records of incidents of specific officer misconduct or uses of force. A team of students working with our Mayor's Office of Technology and Innovation created this site in collaboration with the Police Department, and we will make this digital tool available in other cities throughout the nation.

### **Gun Violence**

We're also working to reduce gun violence through a multi-faceted approach. In June, the Council approved an ordinance to require gun stores to videotape sales, to deter criminal organizations from using straw purchasers to illegally acquire firearms.

Council will consider two more groundbreaking proposals in the weeks ahead. The first would require liability insurance for gun ownership, in the same way that drivers are required to have auto insurance, to compensate victims for harm. Just as auto insurance made driving safer by encouraging safer driving, airbags, and ABS brakes, and so too, gun insurance can incentivize firearm safety classes, trigger locks, and gun safes. Each of those steps could make gun ownership safer in a nation in which 4.6 million children live in a home where guns are kept loaded and unlocked.

Second, I urge Council to make San José the first city in the nation to require gun owners to pay fees to compensate taxpayers for the cost of police and emergency medical response. While the Second Amendment protects the right of Americans to own guns, it doesn't mandate that taxpayers subsidize that right, and gun violence response costs the City nearly \$40 million per year--and elicits a much higher human toll from our community. Sharon will share why this effort is so critical for our community.

### **Street Crime -- and Meth**

I'd like to conclude my discussion of public safety with a fast-growing threat to our collective safety: methamphetamine. Although the opiate epidemic captured national media attention in recent years, our County's emergency rooms admit three times more people using methamphetamine than opiates, and meth-related heart failure has exploded six-fold in the last

decade. Over the course of a few days in August, seven unhoused residents died from using a toxic combination of meth and fentanyl. Every day, our San José Police officers encounter seemingly psychotic episodes--screaming, threats, broken windows, and hallucination-induced assaults--resulting from acute or long-term meth intoxication. In one survey, the drug was associated with 60% of arrests by SJPD's Street Crimes unit. Our rise in aggravated and sexual assaults appears at least partly attributable to this drug--particularly when the victims are homeless.

Unfortunately, we lack treatment options for methamphetamine addicts, with only a dearth of detoxification or inpatient treatment beds countywide. We also lack a criminal justice system that will do much of anything with meth-addicted arrestees, beyond releasing them within hours of the time they're arrested by understandably frustrated San José Police Department officers, into communities of even more frustrated residents. These decisions lie well beyond the authority of City Hall, so in the year ahead, I will be focusing on bringing together stakeholders to address the largely ignored methamphetamine epidemic that is taking too many lives and imperiling too much of our safety.

### **Theme 3: Falling in Love with San José**

While we should focus on the basics--like addressing safety and homelessness--we also must appreciate that San José is more than simply a place we live. It's our home--not merely to us, but to our families, loved ones, and friends. Our hometown should capture our heart.

If we stop and think about the cities that we love, our thoughts don't turn to whatever we experience while chained to the steering wheel on an expressway. We savor those moments walking the city, perhaps capturing a view of a magnificent skyline, but more likely, experiencing the spaces between the buildings: in the parks, paseos, and plazas. In those places, we might encounter a relaxing outdoor cafe, a bustling farmer's market, or an entertaining street performer. It's these public spaces that captivate us.

Yet too many of our public spaces have been anything but delightful, as we see the trash, blight, and graffiti that make our city less lovable.

I'll focus first on our renewed efforts to combat blight. Council approved my budget proposal this year to invest in our BeautifySJ cleanup efforts as never before. Our rapid junk hauling team responded to 23,707 illegal dumping calls totaling nearly 6 million pounds over the last year, and our graffiti teams have cleaned more than 2.2 million square feet of graffiti from public spaces. We urge everyone to download our 311 app to request FREE junk pick up in front of your home, and to report any dumping, graffiti, or blight, so that we can respond.

Our neighborhood litter pick-up efforts have spurred thousands of volunteers on monthly litter pick-ups to collect more than 960,000 pounds of litter.

Our unhoused neighbors--too often unfairly blamed for dumping and blight caused by unscrupulous contractors and other residents--often tell me they want to be part of the solution. As I mentioned earlier, we're expanding our "San José Bridge" initiative to employ more unhoused residents to clean and beautify the City. Yet funding constraints limit the scale of this effort, and mental and physical illness impedes many unhoused residents from working reliably. So, we're trying a different approach, called "Cash for Trash." We provide unhoused residents trash bags, and if they fill them and leave them at designated spots for pick-up, we'll pay them four dollars for every bag by digitally reloading a debit card provided by Mastercard. More than 300 unhoused participants have collected more than 486,000 pounds of trash since we launched the initiative a few months ago. It has become a model for dozens of other cities grappling with the challenge of encampments.

These initiatives--combined with other BeautifySJ partnerships we've forged with thousands of volunteers and nonprofits like the Conservation Corps, the South Bay Clean Creeks Coalition, Keep Coyote Beautiful, and TrashPunks, are beginning to have an impact. Obviously, we still have much more work to do to restore San José's beauty.

As vaccinations help us re-emerge in our public spaces, we launched San José Abierto to celebrate our opening, and to re-introduce our residents to this city. We've partnered with artists and musicians to bring thousands of people outside to our parks, streets, paseos and plazas. We expanded our wildly successful Viva Calle event, transforming San José's streets into America's largest park for cycling, roller skating, skateboarding, and play four times a year. Throughout the year, thousands have been delighted by San José Symphony's resumption of its outdoor Pops concerts at San José State, San José Jazz's Boombox Truck visiting our local parks, the New Ballet performing on an outdoor stage with San José Taiko, and food trucks and craft vendors creating a weekly pop-up night market at the Tully ball fields.

The pandemic has prodded us to reimagine our public spaces, taking advantage of San José's 300 magnificent days of annual sunshine. Last year, we created San José Al Fresco to bring hundreds of restaurants, gyms, cafes, and retailers outdoors to city sidewalks, streets, and parking lots, to help keep small businesses alive while they enliven our streetscape. As you'll see, opening San Pedro Street to restaurants like Olla Cocina helped keep the doors open.

We've also rediscovered the importance of our trails and parks, which will become a growing focus in the months ahead. We have a once-in-a-generation opportunity to use music to reinvigorate San José's only federally designated historic district, St. James Park, to bring dozens of live performances to an open-air amphitheater. At PAL Park and Stadium, San José State University President Mary Papazian forged a partnership with the City that will have student-athletes bringing "Speed City" to East San José-- and creating new opportunities for our

youth to engage with wonderful role models. At the western edge of our Downtown, we celebrate Google's inventive approach to placemaking: connecting public trails and parks, while creating open-air gathering spaces around retail, restaurants, and artisan workshops. Just to the north, we've launched an effort to restore the Guadalupe River Park--starting with rehousing hundreds of residents there-- and ideas are emerging to bring a large urban farm to the park. Far to the south, in Coyote Valley, we're planning a magnificent open space preserve for the enjoyment of future generations.

Finally, as we look toward the public space most visible to all of us-- our skyline-- our Downtown will undergo a magnificent transformation in the coming decade. Rob Steinberg and David Hart's recent work on the magnificent Miro Towers has set a new bar for our city. Increasingly, builders such as Westbank, Urban Community, Jay Paul, and Boston Properties are bringing visionary architects to San José from across the globe, such as Tokyo's Kengo Kuma, Vancouver's James Chung, and Denmark's Bjark Ingels, who will paint our Downtown's canvas with startling design, and an explosion of vertical greenery. An inspiring skyline provides another important ingredient for a City in which we can all find delight.

## **Theme 4: The Future**

Finally, I'd like to turn to my favorite topic: our city's future. Two essential components of that future--our planet, and our people--deserve our attention.

### **Our Planet**

First, our planet: cities generate 70% of our global greenhouse gas emissions. The most important work on climate change takes place in local communities, not at star-studded global conventions.

This year, San José became America's largest city to establish a goal to reach net-zero greenhouse gas emissions by 2030. We have four strategies for reaching our audacious goal: to grow sustainably, green the grid, electrify the economy, and adapt for drought amid a changing climate.

Growing sustainably requires reducing transportation-related emissions by halting development in our hillsides and open spaces and intensifying dense development in Downtown and near transit lines. In 2018, we successfully worked together--with a coalition of environmental organizations, neighborhood leaders, and community groups--to protect our hillsides and open spaces in battles over two voter ballot measures. The same year, we assembled a plan with the Peninsula Open Space Trust and the Open Space Authority to preserve the bucolic Coyote Valley, and voter approval of our Measure T enabled the purchase of more than 900 acres in



Coyote. This year, Council approved General Plan revisions that will preserve the rest of North- and Mid-Coyote for recreational trails and open space for our children, safe drinking water for our City, and protected habitat for local wildlife.

Second, greening the grid requires finding zero-emission alternatives to fossil fuels for our power. With the 2018 launch of our electric utility, San José Clean Energy, San José became the largest US city with a “community choice energy,” giving our residents the option to choose greener sources of electricity. As a result, renewable and hydroelectric sources will produce 92% of our electricity this year--and we'll continue the push to 100% in the years ahead.

Now that we've created a source of green power for our residents and businesses, we face the task of electrifying our fossil-fuel economy. We recently became America's largest city to require all-electric utilities in new residential and commercial buildings. Our work ahead will focus on incentivizing electric retrofits for homes and businesses. Homeowners can take advantage of our on-line applications for home solar and battery storage installations to get permits issued the same day they apply. We're also making it easier to conserve; using the OhmConnect software platform, we engaged more than 3,000 residents to reduce their use of peak-period energy by 40,000 kWh, saving them money while saving our planet of 28 metric tons of carbon dioxide emissions.

Our largest source of emissions, though, is transportation. Achieving sustainability requires big investments in mass transit. I quit my job 21 years ago to work on the first ballot measure to bring BART to San José, and am proud to have worked with Carl Guardino in advocating and raising dollars for every measure since, in 2008, 2016, and 2018. The VTA recently celebrated its opening of our first BART station in Berryessa, and this year, we can begin tunnel construction to finally bring BART Downtown, and on to Santa Clara. We are also under construction on a transit extension along Capitol Expressway to Eastridge. Finally, we'll also select an innovative transit concept in a private-public partnership to build a long-awaited connection to San José Mineta International Airport, showcasing a futuristic transit technology worthy of Silicon Valley's urban center.

Transit isn't the only way for us to drive toward a zero-emission future, however. San José has the highest rate of electric vehicle deployment in the United States, and the recent installation of more than 2,00 new publicly accessible car chargers will accelerate our community's transition. And for those of us who prefer two wheels over four, we've just completed 400 miles of bike lanes, and we're steadily adding lane separations to our street infrastructure citywide to improve safety.

Of course, we cannot discuss our shared environmental future without addressing water. Recent rains bring modest relief, but this drought--and future droughts--remain with us. We need to invest scarce public dollars in more sustainable approaches to providing drinking water to our

City, such as water recycling, and away from bloated projects like Valley Water's \$2 billion Pacheco Dam, because the District's own experts concluded that the reservoir's narrow catchment area won't add a single drop of new water supply to our region. Instead, we have a proven, effective alternative: an extensive recycled water system, and an advanced purification plant that already produces 8 million gallons of purified water daily. Dramatically expanding that purification capacity can enable us to pump clean water back into our underground aquifers, providing a renewable drinking water supply for future generations. Until we secure more recycled and purified water for our future, please conserve, and give the yard watering a rest.

## **People**

Finally, we share a moral responsibility to invest in our most valuable natural resource: our young people. Implicit in this commitment is an imperative that is too often ignored: we must stop incurring debt that spends our children's money for them. Throughout my tenure, we've reduced the financial burden on future generations by eliminating the debt on our City's golf courses, hotel, and public facilities, by eliminating hundreds of millions of dollars of deferred maintenance on our roads, reducing interest costs through refinancing of billions in debt, and by securing a pension reform package that will save taxpayers \$3 billion over three decades. Much credit goes to three women who have led this work: our new City Manager, Jennifer Maguire, Finance Director Julia Cooper, and HR Director Jennifer Schembri.

Our responsibility to our youth also requires a commitment to their health, such as by enacting a citywide ban on flavored tobacco, or enlisting San José State students to build out a website, OneSJ.org, to provide access for youth to mental health services so critical during this pandemic. Yet our greatest contribution to our children's future lies in eliminating long standing disparities in education and opportunity, such as our recent expansions of summer learning programs for underserved youth. Above all, I'm particularly proud of three initiatives: digital inclusion, the Resilience Corps, and San José Aspires.

First, digital inclusion. Amid a pandemic that left more than 60,000 San José students unable to learn remotely, we partnered with East Side Union High School District to accelerate the build-out of a community wi-fi system that provides free broadband connectivity to more than 100,000 residents in East San José. We're on pace to connect more than 300,000 residents--equivalent to a city the size of St. Louis or Pittsburgh--by the end of 2022. Working with our schools and with device refurbishers like Revivin, we've distributed hotspots and laptops to tens of thousands of students, effectively closing the digital divide for our current students. Of course, many adults still lack computer skills needed in our economy, but as this clip shows, our digital literacy efforts with adults through community organizations like Goodwill will expand their opportunity as well.

Second, with unemployment rates among teens and young adults hovering twice as high as the rest of the workforce, we launched Resilience Corps in early 2021. We had a simple goal: to

give 500 low-income young adults an opportunity to earn a living wage while serving our community to improve our emergency preparedness and pandemic response. Corps members served as tutors to assist young children recover from learning loss. They cleared brush and vegetation from wildfire-vulnerable neighborhoods along the urban-wildland interface, and they supported vaccination and testing centers for the County. As the head of the Big City Mayors' coalition, I pushed with 12 colleagues for state funding to extend and expand Resilience Corps in California's largest cities to serve more kids, and Governor Newsom included \$150 million in his June budget. Our young adults--and their futures--deserve this investment.

Finally, we've embarked on an exciting new initiative, San José Aspires, that provides 1,200 high school students from financially struggling families with a digital roadmap to college, and money to offset the cost of tuition. While the average California public school student receives only 12 minutes of college counseling between her freshman year and graduation from high school, San José Aspires provides a digital platform that assigns virtual "scholar dollars" to accomplishments and decisions aligned with a college-going path. Upon graduation, those scholar dollars become real dollars students can use to offset the cost of post-secondary education, with the help of more than \$8 millions in contributions from such donors as Jay Paul, Connie and Bob Lurie, Monika Bickert and Dave Wehner, and local employers such as Adobe, Apple, Google, Paypal, and Samsung. Stanford University is studying the impacts of this first-in-the-nation initiative, and the success of our students can make San José a national model for supporting student achievement. Here's a closer look at these students--and our collective opportunity.

For all our challenges, San José's future has never shone brighter. The opportunities for San José are the envy of every other city in the nation. I've provided you with a glimpse of some of our work so far, and of our work together in the year ahead. I hold my service to you as my greatest professional honor, and I relish the privilege of continuing to serve you. God bless our city of San José.