

Friends,

Good evening.

In my tenure, I've had the blessing of serving a wonderful community, beside an incredible team of people. I've also been blessed by a wife who has been my confidante, honest critic, sage advisor, and sympathetic ear. Thank you, Jessica, for your unfailing love and support.

My folks, Laura and Sal Liccardo, also joined us tonight, and they've been amazing role models for me of sacrifice and love. My Mom is also one of the funniest people you'll ever meet.

Lissa and Sam, thank you for reuniting to lead our program, and for keeping it fun. Thanks also to Corinna, Victoria, Pastor Ken, San Jose Jazz, and Tabia for sharing your gifts with us and for enriching our celebration. Finally, my hearty congratulations to our community award winners.

The City Charter requires that I report to the community annually on the "State of the City." For many mayors, a final State of the City address offers an opportunity to bore the hell out of an audience by bragging endlessly about whatever we believe we've accomplished in our term.

I see no reason to depart from that time-honored tradition.

I'll begin, though, by identifying one thing that I never accomplished in my years as your mayor:

I've never washed my car.

My Chevy Volt hasn't been washed since April 3, 2013. That was the date I bought it, and ever since, that Chevy has never seen the inside of a carwash. Some critics might call me "lazy," my wife might call me "cheap," but I have a more noble explanation.

My penchant for taking the "long view."

You see, I knew that inevitably during my tenure, we'd endure a drought or two. And my ten-year-old Chevy Volt would be the not-so-shining model of water conservation.

This is an admittedly imperfect example of taking the "long view." Yet it's an antidote to a disease that currently grips our world: an ailment I call "temporal myopia." If you haven't heard of that disease, it's because I just invented it.

Temporal myopia is the short-term thinking that undermines our long-term quality of life. It has us consuming fossil fuels at unsustainable rates, and underinvesting in public education. It makes corporate executives obsess over quarterly results to appease Wall Street, and politicians tunnel-eyed until the next election. It conditions us to react to every text or tweet, to the exclusion of more thoughtful communication.

Yet throughout our history, San Jose has thrived by overcoming temporal myopia, by fixing our focus on the future. Saving for the future. Investing for the future. That is the ethos of the generations of immigrants that have shaped San Jose's character: sacrificing in the present—even in the toughest of times—for a better future for our children.

In my tenure in serving this City, amid the many painful crises that we've experienced together—pandemic, mass shootings, civil unrest, droughts, fires, and a flood— I'm proud of the many ways that our City has heeded the lessons of our immigrant experience: lifting our view from our feet to the horizon. Together, we are building a San Jose poised to become America's Next Great City— and better prepared for the future than any other city.

I'd like to talk about several key dimensions of that future:

- **our homes,**
- **our water,**
- **our safety,**
- **our money,**
- **our planet,**
- **and most importantly, our children.**

1. **Our Homes**

We'll begin with our homes—and our unhoused neighbors. After years of wheel-spinning, we're finally seeing hopeful signs. The latest census showed that we've finally begun to reverse the generational expansion of our unsheltered homeless population.

We're getting traction through the development of more innovative, nimble housing solutions, as Ludia Bernette recently experienced. Ludia and her grandsons fled an unsafe situation at home, and bounced between couch-surfing and congregate shelters for several months, until they moved to Evans Lane. There, she had a private bedroom and bathroom, with access to a computer lab, supportive services, and a welcoming

community. Evans Lane has one of the three prefabricated communities the City constructed during the first months of the pandemic, at a small fraction of the cost and time of building a typical apartment building. Already, these three projects have brought 686 residents off the street, and nearly 80% remain housed today—like Ludia, who recently moved into a new apartment in West San Jose. We've got hundreds more quick-build units under development now, and Jim Ortbal, Omar Passons, and James Stagi are pushing toward our goal of getting 1,000 units under development this year.

So too with our motel conversions, an innovation that San Jose pioneered back in 2016 when Jacky Morales-Ferrand's team led the rehabilitation of two dilapidated motels for housing, at a third of the cost of new construction. The idea took hold statewide, and since then, the Homekey program has helped finance the acquisition of 209 more rooms here, in partnership with our Housing Authority.

With more nimble housing solutions, we're accelerating our efforts to move unhoused community members off the streets. Thanks to the entire team, including Rosalynn Hughey, Matt Cano, Ragan Henninger, and Rachel Vanderveen for their tremendous efforts.

Speaking of work, many of our unhoused residents want to work to achieve self-sufficiency. Our San Jose Bridge initiative has engaged Goodwill to employ nearly 100 homeless neighbors to tackle our trash, blight, and graffiti, while providing participants with wages, housing, financial literacy and job skills. 326 other unhoused residents participate in our Cash-for-Trash initiative to help to clean areas near encampments. For every bag of trash they collect, we add money to a Mastercard debit card that they can use for necessities—but not alcohol or tobacco. Critically, Cash-for-Trash has helped the team, led by Olympia Williams, Sandra Murrillo, and Jaime Marcel, build the trust and rapport with unhoused residents needed for some to accept shelter.

Of course, our affordability crisis affects nearly everyone in our community—housed and unhoused. We must construct more housing at all income levels, but fast-rising costs have frozen financing on traditional housing construction throughout the Bay Area. So, we're exploring every alternative means to expand housing supply and affordability.

We are providing more “gap financing” for affordable housing construction than ever. Bolstered by revenues from the recently-approved Measure E, we awarded \$150 million to builders of 1,288 rent-restricted apartments this March, more than a third of which will directly serve our chronically unhoused.

Since we began streamlining permitting and fees for backyard homes—or ADU's—we have seen the annual permit applications skyrocket from a couple dozen to more than 600. This fall, we'll announce a partnership with a local lender to help

modest-income homeowners finance backyard homes with reduced rents for new tenants. In the weeks ahead, I also hope to announce that our first religious congregation will begin development of affordable housing on their parking lot, or what is known as “YIGBY” housing—as in, “Yes in God’s Back Yard.”

Finally, we can clear red tape now to accelerate housing construction when the market rebounds. Legal barriers have prevented building a single home in North San Jose for a decade. We’ve negotiated a path forward with the cities of Santa Clara and Milpitas, however, with commitments of tens of millions of dollars in road improvements. Only the County of Santa Clara still threatens to sue to block housing. I look forward to resolving this issue at the negotiating table, and not in court—our residents have suffered enough from this housing crisis, and don’t need to pay for lawsuits too.

2. Water

Of course, even if we avoid the Scylla by building more housing, the Carybdis of water shortages looms even more menacingly in our future. Today, I’m proposing a strategy to future-proof San Jose’s water supply. Rather than fighting farmers and other cities over diminishing sources in the Sierra and Delta, we can do far better by conserving more, and dramatically recycling more.

Success requires the City of San Jose to be a better partner, in collaboration with Valley Water, San Jose Water Company, and other stakeholders. It also requires the City to be a better leader, engaging our entire community in conservation, and stepping up to the imperative to innovate.

In March, the Council approved my proposal to create a dedicated team to accelerate our resilience-boosting work, starting with water supply. That team—led by Kip Harkness, Kerrie Romanow, and Jeff Provenzano—has begun to focus our work on solutions.

Let’s start with the lowest-hanging fruit, and the cheapest water we can find: **the water that we don’t waste**. The imperative for conservation has never been stronger. Although we have recently met Valley Water’s 15% reduction targets, we can do better, and we must. [The Pacific Institute](#) found that California cities can reduce water consumption by more than 40% by implementing readily available technologies, repairing leaks, replacing lawns, and installing water-smart appliances. Council recently approved an ordinance requiring water-smart landscaping in all new development, for example.

We can conserve even more by empowering our current residents and businesses with “smart meters.” Most of us only know to look for water waste when we see our bill every two months. Smart meters enable us to track our water use in real time, so we can quickly identify the broken irrigation pipe in the yard, the leaky kitchen faucet, or the lingering teenager in the shower. San Jose Water Company recently obtained state approval for smart meters for its customers. We must create a financing and regulatory plan this year to facilitate smart meter deployment for every San Jose household, starting with our own Muni Water customers.

Next comes recycling. We can extend our 150-mile “purple pipe” system to provide more recycled water to industry and landscaping, financed by new users, thereby reducing their potable water use. Even better, though: we can purify that recycled water for drinking. In 2014, Valley Water and the City jointly opened an advanced water recycling plant that uses microfiltration, reverse osmosis, and ultraviolet disinfection, purifying an average of 8 million gallons daily. Next year, the California Water Resources Control Board adopts standards for distributing recycled water to the kitchen tap. With additional investment, our own advanced purification plant could produce 18 million gallons of drinking water each day.

And yes, recycled water is safe. I drank it myself, and it was certainly safer than whatever I drank in college.

Finally, we should explore a “moonshot:” desalination. We’re currently spending millions of dollars every year to pump and treat brackish water in North San Jose before dumping it back into the Bay. With treatment, we could convert 20 million gallons of that same water into drinking water every day.

Of course, all of this will cost money. Yet this moment presents unprecedented opportunities for state and federal funding, with willing partners. For our children, the price of water sustainability will come at a bargain compared to the cost of doing nothing.

Money

Speaking of cost, let’s next discuss our money – specifically, the money you pay in taxes to support city services. When I took office in 2015, the City was still licking its wounds from the Great Recession, rapidly rising retirement costs, and divisive battles over pension reform. We’d lost nearly 1,000 employees through layoffs, departures, and hiring freezes, slashing many basic services to our residents. Our infrastructure also crumbled from chronic underfunding —city streets that hadn’t been repaved in decades, inoperable fire stations, and languishing streetlight outages.

We worked together with our City workforce, residents, and local businesses in a spirit of shared sacrifice. Our staff found innovative ways to do more with less. Five times, voters approved of our efforts at the ballot box to address these budgetary challenges—including a pension settlement and revenue increases.

Much more work lies ahead, but promising results have emerged so far. For example:

- We're adding library hours; next month, libraries will open for the first time on Sundays in 16 of our lowest-income neighborhoods;
- This year, we'll repave or seal 303 miles of streets, or nearly four times as many as in 2015;
- We've retrofitted nearly every streetlight—more than 64,000— with energy-efficient, long-lasting LEDs;
- We've launched free junk pickup for every household, and expanded dumpster days in our neighborhoods; and
- We have finally begun to reverse the explosion of illegal dumping in our City; last year, our expanded BeautifySJ team and many partners cleaned 9.2 million pounds of trash from our neighborhoods, streets, and creeks.

We're seeing this progress now because we've gotten our financial house in order, with the help of hard-working teams led by City Manager Jennifer Maguire, Jim Shannon, Julia Cooper, and Jennifer Schembri:

- We've eliminated city debt on our golf courses, sold a money-losing hotel, and refinanced debt to dramatically reduce annual interest expenses;
- We've [raised the city's bond rating](#), now the second-highest among our nation's ten largest cities;
- We're finally reducing the required annual payment for the city's retirement costs each year; and,
- And for the first time in two decades, the City's budget office projects modest surpluses for the next half-decade.

Rather than simply cutting services or raising taxes, we're balancing the budget by growing jobs and revenues. Contrary to the narrative of the Silicon Valley Exodus, since 2015, San Jose has seen the expansion of numerous employers in San Jose, including such familiar names as Adobe, Amazon, Apple, Aruba Networks, Broadcom, Bytedance, Google, Micron, Microsoft, NetApp, Nio, Roku, Supermicro, Yahoo, Western Digital, and Zoom.

And they all have one thing in common: none of them got a dime of your money in tax cuts or City subsidies. But they did get a lot of hustle from our City team, led by Nanci Klein, Chris Burton, Chu Chang, Lisa Joiner, Emily Lipoma, and Bill Mayne.

We're also learning how to do more with less. Since the launch of our Smart City vision, and with the leadership of people like Rob Lloyd, John Ristow, Dolan Beckell, Matt Loesch, and John Aitken, our City workforce is increasingly leveraging technology and data to better reduce traffic congestion, improve pedestrian safety, ensure garbage pickup, distribute food, and reduce Customs delays at the airport. More than 40 kinds of building permits can now be obtained on-line, without waiting in line at City Hall. In 2016, we set a goal of making our City Hall America's most innovative, and four years later, the annual Digital Cities Survey ranked San Jose No. 1 nationally—two years in a row.

Of course, we must do much more. But our next mayor—and our community—will finally have the resources: to do more, and to dream bigger.

4. Safety

Stabilizing our fiscal situation has also enabled us to invest more in your safety. Despite a national trend of rising violent crime, [several studies](#) rank [San Jose among a small handful of safest big cities in the US](#).

Since the murder of George Floyd, though, every city struggles to recruit and hire qualified police officers. Despite this, SJPD expanded by more than 200 sworn officers in the last half-decade, even as other cities were defunding their police departments. Meanwhile, officer pay increases have reduced SJPD's vacancy rate to 4.5%. Yes, SJPD still remains too thin, but this City Council has committed to add officer positions each year for the next half decade.

Yet it's not simply about having more police; it's about policing better. We're restoring the legacy of community policing pioneered in San Jose, by launching regular shifts of walking patrols that build relationships and trust with residents. We're partnering with the County to deploy behavioral health professionals with our officers, and to better respond to mental health episodes.

And our police officers understand that by working for SJPD, they will be held to a higher standard of accountability. Police Chief Tony Mata now requires that body-worn cameras remain continuously activated and audited. In weeks, we'll launch an on-line portal to facilitate public access of records of serious police misconduct. We've expanded the authority of the Office of the Independent Police Auditor, headed by Shivaun Nurre, and in a few weeks, Council will have the opportunity to move all investigations of misconduct out of the police department, and into the Independent

Police Auditor's office, as I first proposed in 2020— among the very first US cities to do so.

Amid a national epidemic of gun violence, we're also leading the nation with innovative approaches to reducing gun-related deaths. To reduce the flow of illegal guns to criminals, we've approved bans on the possession of ghost guns, and we're requiring gun stores to video-record transactions to deter straw purchasing. To reduce gun deaths, we're creating a funding stream for mental health and domestic violence prevention programs through our recent enactment of the nation's first-ever gun ownership fees. The Council's approval of a liability insurance mandate will incentivize safer practices for gun owners, such as the use of gun safes, trigger locks, and gun safety courses, essential in a nation where an estimated 4.6 million children live in a home where a gun is kept loaded and unlocked. As we have inspired other cities—and even the California legislature— to propose similar legislation, we've also inspired gun groups to sue us. But with the successful advocacy of Tamara Prevost and City Attorney Nora Frimann, we will continue to fight to protect the lives of our kids in court, in City Hall, and in our neighborhoods.

Of course, there's much more to our safety than guns and cops:

- Under Chief Robert Sapien's leadership, our thinly staffed Fire Department has used better training, tactics, and technology to substantially reduce emergency medical response times. They're countering the growth in emergency calls—exceeding 103,000 calls last year—with new fire companies and two new stations, with three more stations under construction.
- In May, we completed construction of a new emergency operations center, and Ray Riordan and his team have dramatically improved our disaster preparedness, in part by engaging more than 900 volunteers for our local Community Emergency Response Teams.
- We're reorganizing our gang prevention partnership with many faith-based and non-profit organizations under the leadership of Mario Maciel and Andrea Flores-Shelton to achieve better outcomes for our youth.
- And finally, to tackle the [national spike in tragic traffic fatalities](#), the team led by Laura Wells, Lily Lim Tsao, and Jesse Mintz Roth implemented 30 street safety improvements last year. This year, we'll invest more than \$100 million in safer streets, supplemented by \$10 million in state funding championed by Assemblymember Ash Kalra.

5. Our Planet

Next, we must confront our climate crisis. The threat is not merely possible or probable, but palpable, as we routinely endure bouts of drought, fires, and extreme heat.

These threats also present San Jose with a unique opportunity: cities produce 70% of the globe's carbon emissions, so inspiring climate action among other cities can literally change the world.

We have started by greening our grid. Our 2018 launch of **San Jose Clean Energy draws on zero-emission sources such as solar, wind, and hydroelectric to generate 95% of the electricity** that you use. The Governor's recently announced goals for decarbonizing California's grid by 2045, yet under Lori Mitchell's leadership, **San Jose will achieve that goal 20 years ahead of schedule.**

We're now taking action to nudge our economy away from fossil fuels through electrification:

- We became America's largest city to require all-electric utilities in newly constructed buildings,
- We're partnering with innovators like Bloccpower to retrofit apartments to help our lowest-income residents save money through energy efficiency.
- We're expanding transit, with the 2020 opening of the BART station in Berryessa/North San Jose, the \$2 billion electrification of CalTrain, and the current construction of the Capitol light rail extension.
- With the continued strong support of our federal partners, we'll commence BART's construction to Downtown in 2024.
- In weeks, we'll select a contractor to design a futuristic transit connector to the Airport, worthy of Silicon Valley's urban center.
- Finally, we're giving our residents more non-transit options by dramatically expanding public electric car charging, segregated bike lanes, and electric bike-share.

Of course, we can only do this with a reliable grid, and too many blown transformers have left tens of thousands of San Joseans in the dark. We're now pushing PG&E to produce a plan by October to upgrade its aging infrastructure, or we'll take legal action.

The long-term solution lies in generating and storing our power locally, with microgrids. This December, **the Council will decide whether to launch San Jose's own public utility**, in partnership with Google. While Google pays to build the microgrid infrastructure, the City can explore how and whether we can expand this network to provide low-cost, reliable electric service to surrounding residents. After carefully

weighing all of the risks and benefits, **San Jose must move forward with microgrids to achieve a more resilient and dependable energy future.**

Finally, with environmental advocates and other community partners, we've halted sprawling development, fending off efforts by developers to fill our hillsides with luxury homes, and working with the Open Space Authority and POST to preserve the pastoral Coyote Valley. In the months ahead, we'll engage our community in envisioning a new future for Coyote, including trails, agriculture, and habitat restoration. Please join us.

6. Our Children

Of course, our children comprise our most valuable natural resource, and the part of our future most worthy of our investment. Fifteen-year-old Leticia shared with me that she didn't know anyone in her family or in her Wooster neighborhood who attended college. She did well in school, but she never believed she could go to college until she participated in San Jose Aspires, which provides students with a digital roadmap for their educational journey. The path to college is illuminated by "scholar dollar" awards received for accomplishments and completed tasks critical to college attainment. Those "scholar dollars" become "real dollars" when the students graduate, funded by \$10 million in private contributions that help offset postsecondary educational expenses. "The future belongs to those who can imagine it," the playwright Luis Valdez reminds us, and San Jose Aspires has enabled 1,700 first-generation students like Leticia reimagine their futures. Stanford University is now studying how this can be a national model for catalyzing achievement among first generation students.

San Jose Aspires is one example of many collaborations between the City, schools, employers, and foundations to expand opportunity for poverty-impacted youth. And we're investing more in our kids now than at any time in San Jose's history.

Similarly, we launched our Digital Inclusion efforts in 2016 with partners like the East Side Union High School District. With expansions we're announcing this month, the District and the City will have connected nearly a quarter-million residents to free community broadband throughout East San Jose. While we're helping students to do their homework, we're also enabling their parents to find jobs online, while connecting their grandparents to telehealth. We're also getting new laptops into the hands of thousands of young students, and boosting computer literacy with many community partners, especially the California Emerging Technologies Fund.

This year, we're focusing our educational investments on children in high-poverty neighborhoods, by:

- adding library hours,
- expanding after-school and summer learning,

- launching tutoring programs to counter learning loss, &
- introducing nearly 3,700 children to computer science in our library's coding camps.

We're also using Recovery Act dollars to build new child care facilities, helping current providers add slots for 800 more children, and subsidizing that care for hundreds more parents struggling to return to the workforce.

For our older teens and young adults, we're building new pathways to careers. San Jose Works has landed more than 5,000 teens their first job, along with classes in job readiness, financial literacy, and other support. With last year's launch of the San Jose Resilience Corps, we've employed 460 young adults—many from struggling neighborhoods—in supporting our community's resilience in everything from food distribution to vaccination outreach and wildfire mitigation. Thanks to the San Jose Conservation Corps and many other nonprofit partners.

Most of these initiatives started as a mere idea—buried deep in a budget message of mine, which was debated, improved, and approved by the Council, then co-created with city staff, schools, philanthropic partners, and parents. Kudos to our city staff, particularly Jill Bourne and her amazing Library team, as well as teams led by Angel Rios, Jon Cicirelli, Jeff Ruster, Laura Buzo, and, at the San Jose Public Library Foundation, Dr. Dawn Coppin, for expanding the opportunities and lifting the aspirations of tens of thousands of our young people.

Their future will comprise our greatest collective legacy.

CONCLUSION

Working together, we've done much. I am grateful for the dedicated work of my Council colleagues, City staff, and our many community partners. In our remaining months, I and my departing colleagues – Vice Mayor Chappie Jones, and Councilmembers Magdalena Carrasco and Raul Peralez– will keep sprinting through the tape, doing everything we can to make our next mayor and next Council successful in serving this great city.

I thank them and all of my Council colleagues for their commitment to lead San Jose to a better future. Above all, to you, the members of our amazing community, thank you for providing me the honor of a lifetime in accompanying you for some small part of that journey.

God bless you, and God bless our hometown of San Jose.