

— BY SAM LICCARDO —

# SAFER CITY, SMARTER GOVERNMENT

A Plan For San José's Future



“Sam Liccardo is the best choice for mayor of San José... Liccardo is by far the most thoughtful, creative and capable of lifting the city beyond its fiscal limitations to thrive as the urban heart of Silicon Valley.”

***San Jose Mercury News***

**Sam Liccardo**

# INTRODUCTION:

## It's Your City

**IT'S YOUR CITY.** And it should work for you.

You vote for it, pay for it, you use it — this is your city government.

A lot of politicians talk in vague generalities about how they'll improve safety, jobs or roads — but you deserve more than rhetoric from your elected leaders. Before you cast your ballot, you deserve to know exactly how each candidate will make San José safer and stronger — and how they'll pay for it.

To be sure, San José has plenty of challenges ahead. We face \$3 billion in unfunded retirement liabilities and over \$1 billion in backlogged infrastructure and street maintenance work. Budgets will remain thin for years to come.

Nonetheless, we can do better. Even in times of scarcity, we can restore safety and services if we are willing to do things differently. As a city councilmember and former criminal prosecutor, I've served our community during very challenging fiscal times, but I've seen how we can accomplish more by being resourceful, efficient, and above all, more innovative.

As mayor I will lead the most innovative City Hall in the nation. From the heart of Silicon Valley, San José should show the world how government can do more without always spending more.

The first three-quarters of this book focus on the three most basic, immediate challenges confronting San José: public safety, the budget

and jobs. The final quarter focuses on how we move forward together towards our shared future.

## ■ **RESTORING PUBLIC SAFETY**

In addition to ensuring that we fully implement my own Council-approved strategy to hire more officers with savings from pension reform and other sources, our next mayor must focus on ways to make San José safer while we're rebuilding our police department. I've focused on restoring community policing, leveraging technological tools like data analytics and online video registries, emphasizing gang prevention and other cost-effective and proven approaches.

## ■ **SPENDING SMARTER**

We can make government more cost-effective and fiscally responsible by cutting red tape, promoting public-private partnerships and implementing "Fresh Start" budgeting. We must begin, however, by paying our own bills — rather than passing them along to future generations.

## ■ **BROADENING ACCESS TO HIGH-WAGE JOBS**

We can expand economic opportunities for all our residents by helping small businesses with faster permitting and support, using low-cost incentives to spur manufacturing growth in San José, implementing congestion pricing to increase flights at our airport, and leveraging our libraries as skill-building centers for job seekers.

## ■ **THE FUTURE**

I'm issuing a second edition of this book because I've had the benefit of having time to add an important element that the first edition lacked: a view to the future. This last chapter lays out my vision for San José's future. We start with the most important ingredient of our future: our children. Among other key initiatives, I discuss a proposal for funding educational after-school programs that could engage thousands of kids from low-income families. I also address better ways to serve our rapidly aging population. I focus on our most important

non-human natural resource: water, and urge that we combat chronic drought by accelerating plans to recharge our underground aquifers with recycled water. Finally, I discuss the critical role San José will have in Silicon Valley's future, if we can create a vibrant urban center increasingly demanded by our rapidly changing economy.

After reading this book, some readers will complain that the book "left this issue out" or "ignored that issue." The response, of course, is "yes, I did." Certainly, I've taken a leading role on a wide variety of initiatives in my career, including the environment, the arts, education, transportation, parks and housing. But I've intentionally focused this discussion because San José will fail at everything else if we cannot get the basics right. If San José will thrive in the coming decade, we must restore safety, improve our fiscal capacity to provide services and expand job opportunities in many of our struggling communities. With good leadership, the rest will follow.

## **WHY THIS BOOK IS DIFFERENT**

This book is different from the books written by most elected officials in two ways.

First, I wrote it. Many politicians employ ghostwriters. Don't get me wrong; I'd employ a ghostwriter if I could afford one. I'd probably employ someone to repair my back porch first, but after that, I'd employ a ghostwriter. But I wrote this.

Second, it's not about me. It's about San José — and San José's future.

Many elected officials tend to write a lot about themselves. Since we're typically surrounded by lots of people who commend us for our allegedly wonderful intellects, gasp at our purportedly insightful opinions and laugh at our less-than-humorous anecdotes, over time, we tend to believe them. So, we talk a lot about ourselves, and we write a lot about ourselves. The problem, of course, is that many politicians are not terribly interesting people.

Cities — and specifically, San José — are far more interesting.

Cities remain the last bastion for creative, effective solutions to the world's most intractable problems — poverty, crime, environmental degradation and more. Congress appears mired in partisan politics, and California in debt and dysfunction. As a result, the great innovations in governance — whether it's bus-rapid-transit in Bogotá, bike infrastructure in Copenhagen, Compstat in New York City, or bolsa familia in México City — happen in cities.

San José possesses unique opportunities to provide exemplary problem-solving, innovation and far-sighted leadership for the rest of our nation. We are the largest city in the world's most innovative region. As America's most diverse, most dynamic and most talented collection of human beings, the time is far past due for San José to lead the world.

In short, San José's future seems well worth a read, since it poses both interesting questions for the mind and inspiring fodder for the heart. I hope you'll join me in leading San José to its extraordinary future.

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# CHAPTER 1:

## Our Safety

**HOW CAN A MAYOR** better support our officers' good work in battling crime in the city and restore our sense of safety? Below you'll find ten elements of a strategy to restore San José's prominence as America's safest big city.

Plenty has been written and said about the need to add more police officers, but I worked with Mayor Reed to actually craft a strategy to do so. We obtained Council approval of that plan in the Fall of 2013, and we've begun implementation.

For reasons we'll explore shortly, however, restoring public safety in San José will require far more than merely adding officers to our ranks. Adding officers will require tens of millions of dollars of ongoing funding, and several years of recruiting, screening, hiring, instruction and training before enough officers will be street-ready.

The real question, then, is what will we do in the meantime? That is, while we're finding the money, assembling the resources and completing the hiring and training, what do we do to address crime?

We'll need to be smarter, more efficient and more innovative. This requires going beyond bumper sticker solutions that merely fan the emotional flames around crime, and focusing on how we can more effectively **leverage the resources we do have**.

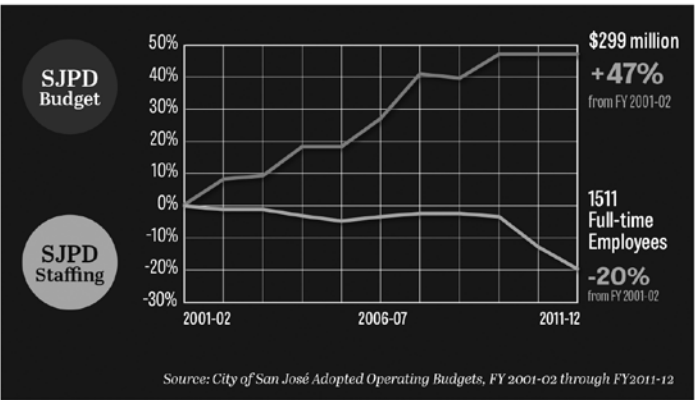
# 1. Hire More Cops

Nobody doubts that we should do all that we can to bolster the size of our police force and give our hard-working officers relief with additional patrol officers. In the wake of budget cuts, hiring freezes, pay cuts, and benefit reductions, our ranks have shrunk by almost 400 officers since 2008.

Some have sought to blame pension reform for the staffing shortfalls in our police department. It's true that our ranks were dropped from 1,065 to 1,023 officers in the two years since the implementation of the pension reform initiative Measure B, a net loss of 42 officers, as new hires offset some officers who have left.

Yet compare that net loss of 42 officers *since* pension reform to what occurred in the four years *prior to* Measure B's passage: a net loss of 323 officers.

Why did we lose so many officers before the passage of pension reform? For the same reason why I — and almost 70% of San José voters — supported pension reform: the City ran out of money. Annual costs for retirement benefits — spurred by a \$3 billion debt in those pension accounts — skyrocketed; by 2013, the City was paying \$200 million more for annual retirement benefits than the decade before. Consecutive eight-figure General Fund deficits forced layoffs, pay cuts and hiring freezes. All other spending — on hiring cops, paving roads and opening libraries — got crowded out to pay for pensions.



Remarkably, we didn't reduce spending on police budgets. Indeed, over the decade prior to 2012, San José spent 47% more on our police department than the decade before, but spiraling costs for benefits like pensions forced us to employ fewer people.

So it's critical to reform these cost structures.

With some changes in place, and with mildly recovering revenues, we have an opportunity to restore police staffing.

For that reason, in August of 2013, I **crafted a plan with Mayor Chuck Reed to restore our thin policing staff by adding 200 street-ready officers within four years**, a 20% increase in patrol staff. The Council approved the proposal by a 10-1 vote in September of 2013.



The cost of that proposal could reach \$50 million. Within the proposal, Mayor Reed and I identified about \$35 million in funding sources for the new hires. We will need to find additional savings or revenues over the next four years to cover the rest.

In October, we implemented the first element of that strategy, by agreeing to restore officer pay 11% by the end of 2015. We also voted for an additional one-time retention incentive, as Councilmember Pete Constant and I proposed months before.

Critically, we did all of that without returning to failed policies of the past. Those failed approaches — promising unsustainable pensions, retiree medical benefits, sick-leave payouts, or other costly benefits — might or might not stem the tide of officers leaving San José for higher-paying cities, but they'd undoubtedly put the City on a path to bankruptcy.

## OFFICER RETENTION

Three police academy classes have graduated since we resumed hiring last year, adding dozens of officers. That's not the end of the story, unfortunately: with officers departing the department for higher-paying jobs in other cities, we have to work to retain them. Fortunately, the 11% pay restoration approved in December of 2013 appears to have reduced the bleeding of new recruits after graduation — at least for now.

Nonetheless, media accounts of freshly-badged officers departing for higher-paying departments have stuck in the craw of many tax-paying San José residents. Given the roughly \$170,000 cost of recruiting, educating and training an officer in San José, we would all rather not see our tax dollars used to send San José's finest patrolling the streets of Los Gatos or Palo Alto.

Recently, I've proposed an alternative: a loan. That is, I proposed that we require an aspiring recruit to sign a contract before she enters the Police Academy, clearly requiring that if the officer does not serve say, five years in San José, then she (or more likely, her hiring city's police department) would swallow a percentage of the training costs.<sup>1</sup> While the attorneys determine whether we can move forward with such an approach absent union agreement, I will insist that a similar measure be included in the next contract we sign with the police union.

That being said, there remain areas of common agreement with the police union where we could improve retention. The rank-and-file's misgivings about changes in disability protections for officers injured in the line of duty have severely undermined morale. Clarification of those changes through the Municipal Code — to ensure that officers know that a career-ending bullet wound would not deprive them of their ability to provide for their family in another role in the Department — would help greatly. We can find common ground with our officers to improve retention, both by clarifying disability protections, and in restoring pay at a rate we can afford.

## **WHAT DO WE DO IN THE MEANTIME?**

Now, if we just hire officers faster, and retain our existing officers we should “solve” our crime problem. Right?

Not quite.

The conventional wisdom, particularly as described by the media, will urge us to believe so. If we just hire more cops, and do so faster, we’ll see much less crime.

There are two problems with this line of thinking. First, there are natural constraints to the rate at which we can hire more police — the budget being only one (though a very big one) of those constraints. San José’s police academy’s capacity, the number of field training officers on duty, and other limited resources constrain the rate of new hires, to about 130 per year. There also exists a limited supply of the highly qualified candidates that meet San José’s rigorous standards for hire. The Department is hiring as fast as it can.

Given the number of current officers approaching retirement age, we know it will take several years before we can confidently predict getting another 200 officers on the street.

So, a more important question for an aspiring mayor is, “What will you do in the meantime?”

## **MORE POLICE OFFICERS HELP, BUT ARE NO PANACEA**

The second flaw afflicts the conventional wisdom surrounding crime: more officers may not “fix” our crime problem. In other words, if we do little more than merely add officers, we won’t likely see substantial reductions in crime.

Why not?

Our experience — and most studies — show a surprisingly uncertain relationship between crime rates and police staffing.<sup>2</sup> Many cities with higher police-per-resident ratios have far higher rates of crime than San José’s, and many Bay Area cities have seen larger surges in property crime in recent years despite added police staffing.

San José's own experience is instructive. The size of our police force has shrunk by more than 25% in the last half-decade. Yet the FBI and SJPD report that crime in San José — as defined by the number of major felonies, ranging from burglaries to homicides — **has dropped over 19% since 2012.**<sup>3</sup> Contrary to the media hype, we have lower rates of crime today than when I came into office in 2007, far lower rates than prevailed when I graduated from high school in San José twenty years before that.

How do we explain that?

Criminologists insist that larger social and economic factors drive crime trends more than police staffing. Those factors — such as illicit drug and alcohol use patterns, age demographics, employment opportunities for young males, school drop-out rates, widening income inequality and the like — ebb and flow with little regard to police staffing.

For example, in California over the past three years, some 35,000 inmates have been released from state prison as a result of the state's "realignment" policy, and the jury remains out about the impact of realignment. Prompted by a court order to reduce overcrowded prisons, tens of thousands of felons have now become the responsibility of cities. Those cities lack any new resources to prepare for the infusion of thousands felons into their communities, despite the best efforts of counties that do.

Numerous other factors play a role. Cuts in state and county mental health and addiction treatment services leave San José with more untreated, unstable individuals on the streets. Rapidly rising rents have also pushed many people on to the streets, where they face increasingly desperate circumstances that make them more likely victims or culprits. Some even blame technological change; one San Francisco account attributed the 22% increase in property crime in that city in 2013 to the increasing prevalence of easy-to-steal smartphones and tablets.<sup>4</sup>

Then, am I suggesting that we don't need our police officers to halt crime?

No. All things being equal, more officers will help us to reduce crime. But all things are not equal. There are many changing factors in this fluid picture. More police, without better strategy, won't alone solve the problem.

So, a safer San José requires far more than reciting the tired maxim that “we need more cops.” We also have to do things differently — and spend our scarce resources more efficiently. Restoring public safety within our means requires, simply, innovative thinking.

## **2. Leveraging “Force Multiplying” Technology and Approaches to Support Our Officers**

### **DATA ANALYTICS**

In the Spring 2013 budget process, at the peak of public concern about crime, some of my colleagues urged that we purge every fund possible to hire more police officers. We allocated more funding for cops, a decision that I supported. But I also publicly advocated for modest funding to create an additional crime analyst position.

Why an analyst? What will somebody behind a desk with a computer do to help us combat crime?

We all agree on the need to hire more officers. But a police officer costs taxpayers \$190,000, and for half as much money, we could hire a data analyst to implement a tool that could make our existing force of over 900 officers far more effective.

How? Through predictive policing. Using the same data analytics tools as many of our Silicon Valley companies, we can process and interpret large quantities of data to anticipate where crime “hot spots” will likely emerge.

“Hot Spot” policing — concentrating police patrols at “problem blocks” within a city — has long shown to be effective as a means of reducing aggregate crime.<sup>5</sup> The strategy relies on an intuition born out by experience: criminals tend to focus their work within relatively small geographic areas, a couple of blocks at a time.

This begs the question: how do we effectively identify those “Hot Spots?” Many cities’ police departments implement a simple “cops on dots” approach: dots on a map indicate where a crime has been reported, and officers are deployed to focus on the “dots.” Borrowing from then-New York City Chief William Bratton’s successful approach with “CompStat” in the 1990s, many police chiefs — including San José’s — have successfully reduced crime through “hot spot” policing using this simple tool.

Yet crime migrates geographically. Burglars don’t hit the same houses, or the same blocks, in successive weeks. Identifying where crime *is now* won’t necessarily do much to tell us where the crime *is most likely to occur* in the future.



In recent years, companies like PredPol have used data analytics and sophisticated algorithms to help police anticipate those movements in criminal activity for property crimes like burglaries and auto theft. By doing so, their software can provide a “force multiplier” for a very thinly staffed department, like San José’s. In Los Angeles’ Foothill Division, the department employed predictive policing software to reduce crime 13% in four months, while the rest of the city experienced a 0.4% increase in crime. Other cities, like San Francisco and Sacramento, have increasingly taken on PredPol as well, with positive results.

I have urged San José to take the lead in employing this innovative approach. My proposal for an analyst position to support that



transition was not incorporated in the 2013 city budget, but the police have moved forward to explore a pilot project with PredPol software. More can be done. The department will need civilian support staff capable of processing and interpreting data to make predictive policing work, and ensuring that officers have actionable and readily available information. While we have many needs in our understaffed police department, we should start by funding those lower-cost initiatives that can provide a “force multiplier” for our existing officers.

## **OFFICER-MOUNTED CAMERAS**

Technology can help our short-staffed police in other ways as well. Video camera technology has evolved to the point where any officer can wear a micro-device on her or his uniform, without interference or nuisance, and adequately record whatever transpires in the officer’s presence. Though far from exotic, this technology can save thousands of police officer hours annually, along with millions of dollars from thin Department budgets.

Here’s why: our officers spend thousands of hours each year sitting in court, waiting their turn to testify in routine hearings in which criminal defendants and their attorneys challenge the lawfulness of an officer’s seizure of evidence, or of an arrest, or of an interrogation. Those hearings routinely result in a judge’s finding that nothing improper occurred. Nonetheless, every defendant has a right to such a hearing under the Fourteenth Amendment; with nothing to lose, many defense attorneys will “roll the dice” to see if something untoward turns up during their cross-examination of the officer. When the hearing concludes, and a judge renders her finding, defendants often plead guilty.

Our city also spends millions of dollars each year defending — and paying out settlements for — civil rights lawsuits filed by individuals alleging maltreatment or police misconduct of some kind. When their claims are substantiated, wrongdoing is exposed, plaintiffs are compensated and officers are disciplined. Cameras would hasten those findings: the “bad apples” would be exposed unequivocally, and good officers would not have their reputations sullied by false accusations.

Much more often, hundreds of hours and thousands of dollars are expended in largely frivolous claims. Settlements are paid out by frustrated city councils that can more cheaply pay, say, \$50,000 to “make the case go away” than to spend \$200,000 in attorney time battling in court. These “nuisance settlements” add up. Nationally, cities spent some \$2.2 billion on legal settlements and jury awards alone — not counting the millions of hours of lost officer and attorney time.

In every case, consider the millions of dollars that could be saved if factual disputes about “what really happened” were immediately resolved with a videotape record. Consider the extraordinarily painful experience of Ferguson, where accusations fly about an officer’s motives for shooting an unarmed African American college student. A video recording could help resolve unanswered questions.

As Independent Police Auditor LaDoris Cordell has long advocated, I proposed in early 2012 that the City avail itself of federal grant funding to acquire officer-mounted micro-cameras, which would videotape routine events during the officers’ shifts. Although we did not obtain funding in that grant cycle, more recently, several colleagues joined in to call for implementation of body-worn cameras.<sup>6</sup> The Police Department has now begun serious evaluation of the implementation of this technology. We need to get this initiative over the goal line, because a relatively small investment in this technology could pay huge dividends, particularly by freeing our time-strapped officers to spend more time in our neighborhoods than in court.

## **“CROWD-SOURCING” PRIVATE VIDEO SURVEILLANCE**

Residents glued to their nightly news stations during the serial arson attacks east of Downtown will attest to the power of privately-generated video footage in identifying the suspect. Residents near targeted homes captured the arson suspect pacing before and after the arsons, enabling police to corroborate sketch artist descriptions of the suspect and identify patterns of behavior helpful to his ultimate arrest.

With the spate of burglaries and auto thefts, many more residents are purchasing video security systems for their homes, and in any given neighborhood, dozens of such systems proliferate. Many of us are uncomfortable with the idea of “big brother” watching our every move, but nobody objects to the idea of police asking residents to provide video footage when a crime has occurred nearby.

An opportunity exists here to leverage these collective efforts. Some cities are asking residents, shop owners and other property owners to voluntarily register their video cameras,<sup>7</sup> and to indicate areas that are covered by them. In Philadelphia, police have used their “SafeCam” program to provide evidence leading to 200 arrests. Residents can readily do so online,<sup>8</sup> and little city staff time is required to maintain a simple database. We can also strike deals with security system installers to engage in group discounts of such video systems where residents choose to register their system.

This simple use of familiar technology can save investigators hours of painstaking effort to find residents with video footage. Most importantly, where many of these systems will only store video records for a few days, we can ensure the preservation of often-crucial video evidence. The Council passed my proposal this September to create a voluntary surveillance camera registry in San José.

## **SOCIAL MEDIA AND GANG CRIME**

Finally, even social media can assist crime-fighting. Chicago’s anti-gang efforts have relied on Facebook and Twitter to identify and map the social networks of perpetrators and victims of gang violence,<sup>9</sup> and to proactively make contact with those individuals after gang violence has occurred. Why? We know that gang crime breeds more gang crime, in the form of retribution against a rival gang for a killing, or by those gang members who “claim turf” in response to recent intrusion to their neighborhood. Friends and associates of gang violence victims have an extremely high propensity to become involved in subsequent violence, as victims or as perpetrators. By leveraging technology to better anticipate — and prevent — violence, we can better deploy our scarce officers where they will have the most impact.

## CIVILIANIZATION

As we face challenges in hiring officers quickly enough to restore our depleted department, we need to leverage the work of civilians to ensure that officer time will be focused where it will have the biggest impact. Currently, the Police Department has several dozen vacant positions in the sworn positions, and the Chief has budgetary authorization to hire a far larger number of officers than he can possibly screen, hire, train, and deploy.

Given the less stringent requirements, less extensive training, and lower cost of non-sworn personnel, it makes sense for us to focus on hiring whoever we can to help take on the less critical tasks of the Department.

For example, for years in my tenure at the DA's office, I was repeatedly surprised by the frequency with which sergeants and other detectives in an Investigations Unit would answer incoming calls and play "receptionist" for other investigators. Obviously, the time dealing with calls and taking messages from prosecutors, members of the public or others detracts that same detective from investigating a case. When I asked about this problem years ago, the response was typically, "budgets are tight, so we had to let go of the civilians."



On the contrary, when budgets are tight — and particularly where we cannot hire officers fast enough to fill the obvious need — we should be hiring civilians wherever we can to substantially improve the efficiency and effectiveness of our sworn patrol officers.

In 2013, with a depleted patrol staff unable to respond to burglaries and other nonviolent crimes in a timely manner, the Chief experimented with the hiring of twenty-nine “community service officers” (CSOs). CSOs will perform the tasks that our overburdened officers lack the time to complete, such as taking witness statements, lifting fingerprints at the scene of a burglary, or tagging and transporting evidence to storage. After training and classes, the first class of CSOs are hitting San José streets this Fall.

While many Bay Area cities share our challenge in identifying and recruiting highly qualified officers to live in our high-cost area, we can hire more CSOs at a far lower cost to help focus sworn police on their most demanding tasks. We can also create a ready pool of potential recruits for our ranks of police officers, a police “farm league” of CSO’s who will have gained experience working within the Department. The City should expand the CSO program, enabling existing officers to spend more of their scarce time investigating, deterring and responding to crime. Other opportunities for civilianization exist, and I’m willing to explore any of them that help keep us safer without spending more.

### **3. Addressing Gang Violence: Investigations, Injunctions, and Youth Jobs**

Gang violence has long been a scourge in every major U.S. city, and San José is no exception. San José has long touted what has become a national model for engaging non-profit organizations, the faith community, schools and the police in gang-prevention and intervention with youth. Known formally as the Mayor’s Gang Prevention Task Force, it provides a good approach from which we can build our gang-prevention efforts.

In recent years, to address the shortfalls of police staffing, Chief Larry Esquivel has refocused resources on gang abatement and patrol, and the Mayor and Council have boosted funding commitment to programs overseen by the Gang Prevention Task Force. We’ve seen gang crime drop considerably in the last two years and the rate of violent crime in 2013 reached the second lowest in a decade.

Nonetheless, we know many neighborhoods remain burdened by very high levels of gang-related crime. We can do better.

As Mayor, I'd drive a comprehensive approach consisting of five key elements: extending gang detective tours in investigations, renewing our implementation of gang injunctions, prioritizing violent crimes unit re-staffing, partnering with school districts to enforce truancy and creating more youth jobs. Here's how I'd do it:

First, we have traditionally rotated detectives in and out of our Gang Unit every three years. Just as detectives have begun to develop expertise, strong contacts in the community and awareness of the complex interrelationships of San José's many gangs, they move on to patrol or another job. This loss of institutional memory comes at a steep cost. We should lengthen the duration of an officer's tour of duty in the Gangs Unit to at least five years.

Second, it's been more than 16 years since the City sought its last gang injunction. These tools can become particularly valuable in disrupting deeply established patterns of gang dominance in particular neighborhoods, by implementing court-imposed "stay away" orders on gang members in key areas with disputed turf or a high propensity for crime. When seeking to implement gang injunctions, however, we frequently hear from our justifiably frustrated peers in the City Attorney's Office and SJPd that they lack the manpower to be able to implement and enforce a gang injunction effectively.

Partnerships and technology can help. The District Attorney's office has restored funding to its "community prosecutor" program, and is evaluating adding several more positions to that office. We could engage with DA Jeff Rosen to identify a single community prosecutor focused on establishing and enforcing gang injunctions. Leveraging video camera and storage technology that has become more affordable and ubiquitous, we can employ non-sworn staff to help monitor compliance in gang-intensive neighborhoods remotely, and SJPd can enforce where violations are identified on video, by witnesses or by the police themselves.

Third, as we restore personnel in our Police Department, we must prioritize the reformulation of the Violent Crimes Enforcement Unit (VCET), or its functional equivalent — such as by bolstering the Gang Suppression team. Staffing shortfalls have forced the redistribution of VCET tasks to officers in other units (such as MERGE and Gangs). This has diluted the ability of officers to focus on suppressing violent crime and arresting the most threatening suspects. Re-instituting the focus of a separate VCET unit, or at least bolstering the number of officers in Gang Suppression, can have a meaningful impact.

Fourth, we know of a strong link between truancy and crimes like burglary, theft and gang-related crime. In Minneapolis, daytime crime dropped 68% after police began to aggressively cite truant students.<sup>10</sup>

Years ago, San José launched a very active Truancy Abatement and Burglary Suppression (TABS) program, but police staffing cuts eliminated that program. Recently, incoming Chief Larry Esquivel revived it with a small allocation of staff, a fact for which I am grateful, but his department lacks the resources to expand it to an effective size.

Fortunately, we know that our school districts benefit from a funding formula that relies on “average daily attendance,” or ADA. When we effectively deter kids from cutting school, districts earn more ADA funding from the state. There ought to be room for a stronger partnership between school districts in the city, to share resources to support truancy abatement, where both entities benefit financially and in desired outcomes.

Finally, a renewed focus on job-creation for at-risk teens could go a long way to reducing gang participation. With a recovering economy, we see new opportunities for engaging young people in the workforce. For many of our young men and women who lack the social networks, access or information to those opportunities, however, it won’t happen without a focused effort.

In August of this year, I proposed the formation of a “Water Conservation Corps” to help us confront our severe drought. The Santa Clara Valley Water District recently approved funding for

the hiring of staff to explore conservation efforts, and the City and other water retailers utilize outreach funding to educate users about conservation. These agencies could collaborate with such organizations as the Conservation Corps, Year Up or Teen Force to hire a group of young men and women to form a cadre dedicated to reducing water consumption citywide. Teens and young adults could be hired to drop informational literature on the front porches of homeowners identified as heavy water consumers. They could track neighbors' complaints of water waste. They could even generate revenues for the managing non-profit organization by serving homeowners who want to reduce water bills by building grey-water cisterns or replacing lawns with drought-tolerant plants.

Without touching General Fund dollars needed for basic services like police, roads and libraries, we can leverage other sources of funding to boost summer and after-school jobs for youth. Where properly supervised by experienced professionals, for example, some young adults could gain valuable skills in the construction trades and engage in a citywide effort to replace and rebuild worn-out playground equipment, install trail and park signage, and (after the drought subsidies) new turf in our parks and community centers. We have over \$50 million in developer fees currently sitting in the City's fund for park development and improvement. A very small fraction can be put to use restoring our neighborhood parks and give many at-risk youth a much-needed first step in the working world.

We can also employ new models for engaging our youth in the workforce. I'm particularly proud of Cristo Rey San José, an innovative college preparatory on the East Side, primarily focused on educating teens from very low-income, mostly immigrant families. Over the last two years, I've worked with several private sector and community leaders who co-founded the school, modeled on the successful Cristo Rey in Chicago, and they just opened their doors to their first class this fall. Youth obtain a college prep education by attending class as many as five days a week, but also work one day a week at the office of a local tech company, bank, hospital, or other employer. As I pitched local employers on the idea, many stepped up knowing that their "salary" to the student would pay



for the majority of the student's tuition. Cristo Rey schools in Los Angeles and Chicago have propelled 100% of their graduates to college — all of them the first in their families to do so, and all of them students who started high school a year or more behind academically. Best of all, young teens with no familial or social networks in the professional world obtain training, skills, references and resume-building that will enable their integration into the economic mainstream with their first job — a critical springboard for life.

## 4. Restoring Community Policing

In the 1970s, many big-city police departments devoted resources to beefing up investigation units, and to improving response times to calls for service. Building new substations, buying speedier patrol cars, and shinier crime labs, seemed a reasonable response to oft-heard complaints from residents about slow responses or unsolved cases.



The problem with all of this investment: it didn't do much to prevent crime.

That shouldn't surprise us. Even if officers could instantly tele-transport themselves to crime scenes upon a call from a resident, only a very small fraction of crimes would actually be interrupted by an arriving officer. Rather, police responses to 911 calls are overwhelmingly reactive; a victim or witness has made a call after-the-fact, and the assailant and burglar has already left the scene. Contrary to popular belief, even the best police departments won't reduce crime by simply responding faster to calls.

In the 1980s, in a now-famous article, “Broken Windows,” criminologists George Kelling and James Q. Wilson proposed a different approach to policing.<sup>11</sup> Kelling and Wilson argued that effective deterrence requires a focus on “community policing,” whereby beat officers become proactive problem-solvers. They develop relationships within a community. They get out of their patrol cars, walk the streets, visit the schools and establish a “felt presence” in the community. They engage with residents, business owners, teachers and other key stakeholders to proactively identify ways to prevent crime.

In the words of Kelling and Wilson, they work within a community to ensure that a landlord fixes the broken window in her vacant storefront. Otherwise, the window’s shattered glass will signal to the city’s rock-throwing vandals that disorder will be tolerated in that neighborhood. Within a few days, all of the windows in the neighborhood will become their targets — unless the community and police work proactively together.

So it goes with a community’s — and a police department’s — response to a streetlight outage, a drunk urinating in the park or a liquor store owner who sells cigarettes to teenagers. Where community members work together with the police to address these warning signs before they become a “tipping point” into more predatory crime, a neighborhood can prevent crime.

Along with Kansas City and New York, San José pioneered community policing in the 1980’s — with excellent results. Today, efforts to implement community policing continue to bear borne fruit; even crime-ridden Detroit recently announced an effort that reduced home invasion burglaries and robberies by 26% in one year.<sup>12</sup>

Community policing requires many elements, but above all, it requires a relationship between a patrol officer and a community. San José’s policy — long-enshrined in our contracts with the police union — has officers rotating out of neighborhoods as frequently as every 6 months. Just as they’re getting to know a neighborhood, and its residents — and perhaps more importantly, just as some residents have begun to

develop relationships with those officers — the officers move on. The trust and spirit of collaboration that develops between officers and a community takes time to develop. Six months is simply too short.

Neighborhood leaders have long urged that they want to build better relationships with the police, and they point to the 6-month shift change as a primary culprit. Their intuitions appear well-founded in fact: in the words of one expert, experienced officers can recognize the people and places of a familiar neighborhood “in such a way that they can recognize at a glance whether what is going on within them is within the range of normalcy.”<sup>13</sup> An experienced officer immediately notices the reputed gang recruiter in the grey truck who hovers near the school, and she knows the taqueria owner who can quietly provide reliable information about nearby drug dealing.

Mark Twain famously warned that “Familiarity breeds contempt — and children.” Yet familiarity also breeds better policing. Local residents and other stakeholders may not share information with officers they do not know and trust. Officers lacking familiarity with a neighborhood will not recognize phenomena — a group of unfamiliar teens hanging out in the park, or example — out of the “range of normalcy” in the local streetscape. To restore relationships between police and the community, we need officers familiar with their communities. We need to extend those 6-month shift durations.

Other measures can help improve police-community interaction as well, and they don’t cost a lot. With severe cuts in mental health treatment at the state and county level, our officers encounter many more people with mental illness on the street. Ensuring that the police have the proper training — known as “crisis intervention training” or “CIT” — will be critical. Although the SJPd began offering CIT training in the Academy in 2009, only a fraction of more senior officers have taken a CIT course, and it’s currently voluntary. In other cities, like San Francisco, CIT training is mandatory. We need to train every patrol officer to deal with the very unpredictable challenges posed by mental illness, particularly where appropriate interventions can avoid the escalation that can result in violent harm.

We also need to improve communication with non-English speakers in our community. Almost forty percent of San José's adult residents came here from a foreign country. Our increasingly diverse city remains one where many languages are spoken — and we need officers capable of communicating with our residents, particularly during natural disasters and crises.

In some apartment buildings and whole neighborhoods in my Downtown district, the majority of residents will consist of monolingual Mandarin, Spanish, or Vietnamese speakers. Only a minority of our police force, however, has fluency in a foreign language. This has long been the case; as a criminal prosecutor a decade ago, we faced a critical shortage in the number of investigating officers fluent in Spanish and Vietnamese to communicate with victims and key witnesses. Although prosecutors typically shouldn't talk with witnesses for evidentiary reasons, our shortage often required me to follow-up (with my then-barely-adequate Spanish) with Spanish-speaking victims and their families.

Months ago, the Council approved a substantial boost in bonuses for bilingual officers, without asking the police union for any concessions. That offer awaits union approval.

We can pay more, but we should also expect more. Every incoming officer who lacks a second-language skill should be taking classes in Spanish, Vietnamese or another critical language — at City expense. Victims, witnesses, and residents cannot trust someone with whom they cannot communicate, no matter how sincerely the officer seeks to help them.

By improving the relationship in each patrol officer's encounter with every community member, we can do much to improve policing itself. With that, we can all feel safer.



## 5. “Bowling Together”: Helping Communities Take Back Their Streets By Building Social Capital

One morning in 2010, a group of Spanish-speaking parents at Washington Elementary School — almost entirely women — invited me to a *cafecito* in the school library. Maria Villalobos, and her husband, Juan, each spoke up, expressing frustration at the looming presence of *pandillas* — gangs — around the school in the afternoons, menacing the children and instilling fear throughout the neighborhood. Other members of the *madres* joined in, and shared their fears.

Crime has long afflicted the Washington Guadalupe area of my district. I suspect it was so from the time that my grandmother lived there (when it was known as “Goosetown,” populated by Italian immigrants) in the early part of the last century. Yet through this period in 2011, we suffered dramatic reductions in police ranks — we had just laid off 66 officers due to budget cuts, and diminished resources inhibited the City’s ability to respond meaningfully.

I discussed the problem at length with Ruth Cueto, a bright Cal Berkeley grad who serves on our council staff with responsibility for the Washington neighborhood. We reached out to the local police captain, to residents and to school principal Maria Evans, who had long hosted the *madres* in weekly gatherings.

Ultimately, we encouraged the parents to take action on their own: to form a walking group that would accompany children on their way home from school. The parents agreed, and called themselves “Washington Camina Contigo.” (“Washington Walks With You”). While they’d walk, they’d carry a notepad and a cell phone, and they’d identify graffiti, street light outages and other issues that could be reported to City Hall. Ruth worked to organize the parents into walking groups. Maria Evans chipped in for bright vests, whistles and clipboards.

Soon, a dozen parents started a walking routine in the morning, and again in the afternoon after school. Their numbers grew. Parents got to know one another, and communicated with each other. They reported problem behaviors to school officials and the police, and notified Ruth of any physical conditions needing improvement in the streetscape.

Did crime magically disappear from the neighborhood? No. But fear diminished greatly. Parents recognized that by bringing more “eyes on the street,” they could discourage gang members and recruiters from hanging around the school. They recognized the power of numbers — their numbers — and that gang members thrived in environments where people shunned going outside, or talking to one another. Now, a graffiti-tagging 14-year-old wasn’t simply “the problem”; he was the son of fellow parent who could be approached and admonished. And yes, to most observers, the effort did appear anecdotally to diminish crime and gang activity near the school. With the success of Washington Camino Contigo parents received awards from the City and the County for their successful initiative.<sup>14</sup>

In many neighborhoods, the most important thing that City Hall can do to improve safety lies in convening residents and other stakeholders to work together.

Residents in highly-engaged communities don’t merely sigh when they see the 14-year-old tagging the wall near the freeway, or taunting another kid in the park; they call his parents. If their neighbors forget to halt newspaper delivery while on vacation, they collect the paper from the driveway to avoid attracting burglars. They call the City when cars appear to be abandoned on their street, they host block-parties to

encourage neighbors to get to know one another, and they check in on elderly neighbors during a heat wave in August.

Take a more dramatic example: when a serial arsonist terrorized several Downtown neighborhoods in January of 2014, the community reeled from the succession of 13 fires of homes, churches and businesses over four nights. Working with the police and fire departments, I launched an effort with dozens of committed neighbors to establish “block watches,” to provide fire alarms and batteries to local residents, and to distribute police sketches of the suspect to over 3500 homes. Residents provided police with video footage and tips, leading to a multi-day surveillance of the suspect’s home, and his ultimate arrest.

All of these actions make for a safer neighborhood. Most of them don’t cost the City a dime.

Robert Putnam, author of the seminal work, “Bowling Alone,”<sup>15</sup> referred to the phenomenon that exists in engaged communities as “social capital.” Residents in neighborhoods with high levels of social capital become heavily involved in civic, social and religious organizations — characterized by participation in Little League or Rotary, or by regular attendance at the synagogue, PTA meetings or neighborhood association gatherings — in ways that establish strong networks of relationships. Even in very diverse communities, they share fundamental norms of behavior, such as the propriety of scolding another parent’s 14-year-old when unsightly teenage behavior rears its head. They develop bonds of trust.

Studies throughout the world have demonstrated that communities with high levels of social capital see reduced crime.<sup>16</sup> They also see a host of other benefits — greater levels of self-described satisfaction, reduced rates of suicide, higher levels of economic activity, and even lower rates of heart disease.<sup>17</sup>

How does San José fare in building social capital? Studies appear mixed. Over a decade ago, a *Mercury News* headline famously called Silicon Valley the “Valley of Non-Joiners,” describing a study reporting

our low levels of volunteerism, participation in social and community organizations, and charitable giving relative to other regions nationally. More recently, a 2012 community survey revealed that fewer than a quarter of San José residents volunteered in the prior year, and about 12% participate in a club or civic group. Slightly more than half of San José residents reported having talked to or visited with their neighbors a few times a month. Finally, the Knight Foundation’s “Soul of the Community” study gave San José high scores for social capital in 2010 and 2011.<sup>18</sup>

Rather than debating which view better approximates the truth, we’d better spend our time exploring ways that we can build social capital that makes our communities safer.

How can City Hall help build greater social capital in San José?

## **START BY GETTING OUT OF THE WAY: REDUCE FEES FOR NEIGHBORHOOD GROUPS**

Neighborhood groups, nonprofit community associations, and civic clubs of all types would love to use San José parks and community centers, and other facilities to convene people. These grassroots gatherings are often the lifeblood of our community, bringing diverse people together socially, enabling them to meet one another, to build trust and relationships critical to tackling the challenges in their own communities.





Typically, we charge hundreds and even thousands of dollars for the use of these facilities, at rates that are frequently prohibitively high for organizations that serve working-class families. On the other hand, the revenues we generate from park and facility rental are relatively low; at a typical community center, the City generates no more than a few hundred dollars from local neighborhood associations.

Simply, we should reduce fees for park or community center use by designated neighborhood associations and community-serving non-profits to something minimal, such as \$50. Any foregone revenue will be very small, particularly when we consider the extensive investments that the city already makes through grants and programs for ostensible “community-building.” By getting out of the way of organic, neighborhood-led community-building, we’ll do far more to support our communities.

## **ON-LINE TOOLS**

Nextdoor has developed an on-line platform for neighborhood residents to communicate with one another exclusively (explore for yourself at [www.nextdoor.com](http://www.nextdoor.com)). Many San José neighborhoods have taken advantage of this tool to, for example, ask for help with a lost dog, warn their neighbors of recent bike thefts or burglaries, or even to band together to purchase cameras to monitor problem streets. The city has only begun to develop means to take advantage of this resource, with some occasional announcements from the police or the Office of Emergency Services, but we can do much more. We can disseminate the latest information on arrests and crimes in that neighborhood. We can solicit residents to come forward with any information about particular crimes or vehicle accidents they may have witnessed. By having City Hall participate more directly in on-line tools like in Nextdoor, we can encourage greater participation from the entire community, and make that engagement meaningful in reducing crime.

## **6. Regionalize Crime-Fighting**

Criminals don’t respect much, and they certainly don’t respect municipal boundaries. Thieves steal cars in Palo Alto, take them to

chop shops in Fremont and fence the parts in San José. Whose police department should investigate the crimes? For years, cities in Santa Clara County have relied upon a regional auto theft task force to deal with the multi-jurisdictional nature of auto theft.

Similarly, we frequently see crimes like burglaries committed by small groups of persistent criminals. Expanding regional task forces to include burglary investigations provides a win-win; San José lacks the manpower to devote to a sizeable investigation team for property crimes, and neighboring cities like Campbell recognize that the largest percentage of burglary culprits hail from San José.

Prostitution has become another sore spot for many residents living near Monterrey Road, North First Street, or even the Alameda, and we've seen a large influx of prostitutes and pimps from the Central Valley and East Bay. Taking a regional approach could do much to ensure that we're quickly arresting pimps on probation in other counties, sharing information, and sending them back to their home county jails.

None of us want to hear that we need to ask for help. We do. In the downtown, we started meetings in 2012 with multiple agencies to address the crime problem there, and several partners have stepped forward in response. I reached out to then-VTA General Manager Michael Burns to increase the VTA's budget for deployment of additional sheriffs' deputies to patrol the transit mall, and to use federal grant funds for deployment of video cameras in that area. District Attorney Jeff Rosen restored the community prosecution office, which targeted owners unwilling to curb drug, gang, and prostitution activity on their properties Downtown. The San José Downtown Association elicited funding from its member property owners to pay for additional police security. We'll need all these efforts and more — particularly from our community partners in education, gang prevention and domestic violence — to make real progress.

## **7. Gambling, Booze and Weed: Common-Sense Approaches to Businesses That Impact Our Quality of Life**

Many residents throughout central San José and the East Side know well that some businesses — such as liquor stores, card clubs, bail bonds dealers, strip clubs and marijuana dispensaries — can have uniquely negative impacts on surrounding neighborhoods. Many of these establishments are well-managed, law-abiding and owned by upstanding local businesspeople. Their good intentions don't change the substantial impacts of their business' operations, however, and those effects are felt most acutely in neighborhoods that struggle the most with crime.

During a time when our police force appears so thinly staffed, we could go a long way to support their crime-fighting efforts by standing up to industries that have criminogenic impacts on our community. These businesses typically have owners with significant political sway, often through contributions to campaigns, or more ominously, through independent expenditures to political parties and political action committees. In the primary election of this mayoral race, for example, card clubs contributed \$50,000 to an “independent” committee supporting Dave Cortese — and that was just for starters. In a time with highly constrained police resources, San José needs independent leadership capable of standing up to well-financed businesses like these, and applying common-sense regulations to their operations.

Those regulatory tools will differ in each case. When motels frequented by a high volume of prostitution on South First Street seemed to do little to address the impacts of the johns and pimps on nearby residents and businesses, I urged our City Attorney to get involved. We took on the motels that profited from prostitution, threatening nuisance suits against those that continued to take cash for short-term room rentals. We shut down one operator, the Hotel Elan, with a nuisance suit.<sup>19</sup> (Community engagement played an important role, as the nearby Washington Guadalupe neighborhoods joined in with protests). We can expand nuisance suits like these with

the help of a willing District Attorney, who has already taken steps to beef up its community prosecutions unit for such purposes.

In other instances, a sensible approach to regulation calls for a more nuanced approach. When I ran for my council seat in District Three, I heard endless complaints about the drunks, drug dealing, loitering and underage activity near some corner grocery stores that predominantly sold alcohol along with junk food and cigarettes. I pushed against the issuance of new liquor permits for small markets in oversaturated neighborhoods. We worked with owners to convert two of the shops into more neighborhood-friendly uses: a child-care facility and a gym. Additional help is coming with the Health Trust's recent launch of its "Healthy Corner Store" initiative, to provide incentives for owners to sell more fresh food and less booze, and we can support those transitions by spreading a good word about those community-minded storeowners.

The City can go a step farther, offering to liberally "up-zone" liquor store sites, to incentivize property owners to redevelop the properties for community-serving retail and residential uses, and to waive the City's fees for doing so. Converting a liquor store into a three-story apartment building over a bagel shop or café brings extraordinary benefits to surrounding neighbors and property owners, and the new tax revenue will more than compensate City coffers for any waived fees.

Motels and liquor stores provide just two examples of lawful, legitimate businesses that can have criminogenic impacts in a neighborhood. Two other businesses seem to get the lion's share of media attention, however: card clubs and marijuana dispensaries.

## **CARD CLUBS**

Gambling has had a long history in San José, and we're only a generation removed from the day when criminal indictments against local card club owners made the headlines. Fortunately, today San José has more reputable ownership with regard to one of its two card clubs, Bay 101. The other club, on the other hand — Casino M8trix — recently made headlines when the California Attorney General

charged the casino for skimming over \$70 million from City and State regulators and tax collectors.

The real problems, though, arise from gaming's broader impacts in the community, often far removed geographically from the clubs themselves. Several studies point to the increase in crimes — such as burglary, loan-sharking, robbery, child neglect and even domestic violence — resulting from the introduction or growth of casino gaming in a community. One peer-reviewed study published in the *Review of Economics and Statistics* assessed crime rates before and after the introduction of casinos in U.S. communities between 1977 and 1996. Using a technique called regression analysis, authors Earl Grinols and David Mustard found that an average 12.6% of a county's violent crime, and 8.6% of its theft and property crime could be attributed to the presence of a casino nearby.<sup>20</sup> In other words, although gambling aficionados can always avail themselves of internet gaming, something uniquely impactful emerges from the brick-and-mortar presence of a card club in a city.

Card clubs have made two efforts to lift the limits of the San José charter to expand gaming operations with ballot measures in the last half-decade; one succeeded in 2010, and the other, in 2012, failed. I opposed both ballot measures, for a simple reason: our police have enough to worry about already with the clubs' activity. In the 2012 campaign, after one club spent hundreds of thousands of dollars to weaken casino size restrictions and police oversight, I wrote the opposing argument on the ballot, and rallied other prominent community leaders to sign on.<sup>21</sup> Fortunately, San José voters agreed with us. Yes, even in politics, good sense can prevail over money and influence.

In January of 2014, Casino M8trix persuaded my Council colleagues to water down the City's oversight of the clubs. For example, M8trix sought to have state regulators replace City officials in performing criminal background checks on card club employees. I vocally opposed this effort.<sup>22</sup> San José's other card club, Bay 101, expressed no concerns with SJPD's employee screening processes, likely because the process wasn't broken: the City has issued work permits to over 1,100 casino employees within 20 days of their application. Remarkably, even though

the State of California publicly admitted that it lacked any resources to screen casino employees — virtually assuring a lack of any meaningful background checks — the Council approved this change.

Months later, the California Attorney General filed charges against Casino M8trix, seeking revocation of its license for fraudulently skimming over \$70 million in profits, defrauding taxpayers and a local nonprofit of millions. I urged that the City begin revocation proceedings of M8trix's City-issued permit, to finally halt its operations. My initiative was deferred by the Council's Rules Committee, which preferred to allow the State proceedings to conclude. In the meantime — likely several years — M8trix continues to operate.

San José's next mayor must take a clear stance against allowing further growth in this industry, and against the weakening of sensible regulations over casino operations. The clubs make ample revenues at their current size, and our police don't need to be any more occupied with calls than they already are.

## **MARIJUANA DISPENSARIES**

The Council has repeatedly tried to tackle marijuana regulation, against the well-financed legal and political challenges of the industry. Well-managed dispensaries provide a drug of which genuinely ill patients properly avail themselves, as contemplated by the voter-approved Compassionate Use Act. Yet many poorly run dispensaries, however, have become the targets of scorn from nearby residents and businesses. Angry calls come to City Hall daily regarding thuggery, burglaries and robberies of cash-heavy dispensaries, secondary drug dealing in adjacent parking lots, loitering and frequent use of the drug around children.

Finally, this Spring, we mustered the votes to get a sensible regulatory package passed at Council, forcing dispensaries currently located in neighborhoods and retail centers to shut their doors and move to commercial sites distant from ready exposure to children. Some dispensaries will sue, others will fail to comply, but at the very least, we can expect some relief in many neighborhoods from their less desirable impacts.

In the longer term, as Mayor, I intend to advocate at the federal level for changes in the federal Controlled Substance Act. Those changes would allow the drug to be dispensed by medical professionals in pharmacies, and regulated by the FDA, rather than by poorly regulated, fly-by-night dispensaries that cause as many headaches for neighborhoods as they purport to solve for patients.

## **8. Reducing Crime By Improving the Streetscape**

We can also employ familiar tools to affect the physical environment to address high-crime hotspots. Installing speakers to play classical or soft music has been shown to scatter drug dealers and loiterers from “problem corners” and lots.<sup>23</sup> Our use of cameras at Fountain Alley and along the transit malls in Downtown San José has reduced drug dealing, though we continue to focus police presence there.

The tools with the greatest impact on a physical environment, however, are eyeballs. Creating settings where people will want to walk, eat or otherwise linger outside, “bringing eyes to the street,” can have a profound effect on the sense of safety, and on actual crime. Drug dealers and thugs prefer to engage in their activities discretely. For that reason, I’ve pushed to reduce fees and streamline the process to enable restaurants to obtain sidewalk permits, to bring patrons outside to enjoy San José’s 300 days of sunshine a year. Where sidewalks did not appear wide enough to accommodate outdoor dining, I worked with the San José Downtown Association to push for a “curb café” initiative, to take up parking spaces in front of restaurants to accommodate platform decks and tables. In early 2013, I launched an initiative to fill vacant storefronts by waiving city permit fees in long-empty parcels, and providing tools like free Wi-Fi boosters to the start-up businesses that turn on the lights. These efforts, though launched Downtown, are available to businesses citywide. I will discuss them in greater detail in another chapter, focusing on creating vibrant public spaces throughout San José.

We also know that lighting in a neighborhood can have a big impact on safety. The rash of stolen copper wire has left streetlights in many of our neighborhoods out for months. The backlog of expensive repairs

continues to build as the City's depleted electrician crew remains unable to catch up.

Rather than spending millions of dollars on repairs to replacing wiring for the same inadequate yellow sulfur lights, I'm pushing an initiative to replace the lights altogether with brighter, energy-efficient LED white lights at no cost to our taxpayers.

How? By partnering with the private sector. Companies like Philips have sought to pilot their "smart light pole" technologies in locations where it can also expand wireless capacity with cell base stations planted on each pole. Philips generates revenue from telecom service providers that pay rents for the usage of the cells by their

customers, while our residents benefit both from the rapid upgrade in lighting and in cell phone coverage — particularly for data. The poles' wireless capability, also instantly informs City maintenance officials when the longer-lasting LED bulbs need replacement, and can be dimmed remotely to save energy. I introduced this effort in November of 2013 with Councilmember Rose Herrera, and am currently pushing to get it implemented. It will be a top priority of mine as Mayor.

Installing better lighting in our neighborhoods at no cost to taxpayers seems compelling enough, but best of all, it can have substantial benefits in providing a safer streetscape for our residents.

With an eye to these kinds of elements, a creative City Hall can work the private sector improve the built environment to make us safer. In a world of limited resources for our police department, we





can leverage developer impact fees and other sources to make our streetscapes — and all of San José — safer.

## **9. The Hidden Crime: Battling Domestic Violence**

The wounds of domestic violence run deep in any community. Those wounds run wide, too: our County's residents made 23,747 hotline calls to domestic violence agencies in 2012, most of them in San José. That year alone, we lost the lives of 9 victims to domestic violence.

Experts tell me that the most lethal period in the cycle of domestic violence occurs when the abused partner makes her first attempt to leave the batterer. Access to victim services, transitional housing and better coordination between police and service providers can have the most impact at that moment: in providing a flight to safety for a victim and her children.

We can do better. First, a domestic violence drop-in center should provide victims and children a safe, welcoming environment, enabling them to readily seek and find assistance, but the current center falls short in each respect. One social service provider told me that her clients can't even find the office. District Attorney Jeff Rosen has launched an effort to create a new Family Violence center, modeled on Alameda's promising Family Justice Center — a one-stop location for victims to seek help from medical, law enforcement, legal and social service professionals. As Mayor, I'll be pushing to ensure City resources are committed to fully supporting a successful launch.

Second, for the critical moment when victims and their families need transitional housing, we appear severely under-prepared: in 2012, 2,504 victims could not find room at any domestic violence shelter when they needed it. Although community organizations like NextDoor Solutions admirably provide services in the face of diminishing governmental support, our underfunded local providers housed only 755 women and children that same year.

Providing safe transitional housing could greatly reduce victim deaths, and more: it could release thousands of children from captivity in an abusive household where the non-abusing partner lacks the resources to escape.

Of course, our own public resource constraints stand in the way; federal housing funds have been slashed, the Redevelopment Agency (long our largest source of affordable housing funds) has been eliminated and state bond funds exhausted. We need to think differently about how we find and build affordable housing in this challenging fiscal environment. In 2012, I proposed that the city study the conversion and renovation of several run-down motels — often the hotbeds of prostitution activity along North First Street, Monterrey Road and The Alameda — for affordable housing. The City's Housing Department studied the issue, and determined that it offers a promising means to create housing at about half the cost of building housing traditionally. As Mayor, I'll push forward with these and other initiatives to identify means to build more housing units for victims.

Finally, we can better coordinate our law enforcement responses with domestic violence social service providers. As with officers in the gang unit, SJPd's Family Violence unit requires officers to possess highly specialized training, and to develop sensitivity to the intensely emotional and explosive realities of violence within the home. Learning curves are steep. Understanding what to do, for example, when dealing with a recanting victim — a very common phenomenon in victimization — requires an experienced detective, and our relatively brief shift rotations do not allow our residents to fully benefit from the expertise officers develop over their tenure. Officers in all other units — from patrol to gangs — would also benefit from more than the standard two hours of annual training. One service provider complained that patrol officers often aren't aware of their services when coming into contact with a reporting victim, thereby missing opportunities to encourage the victim to find a path to safety. We can better incorporate service providers, criminal prosecutors, and judges in officer training, as each have valuable information and perspectives to offer.

It remains the case, however, that our SJPD officers do an exceptional job of responding to domestic violence in a context of severely reduced resources. As one prosecutor put it, the Family Violence unit “participates in the Domestic Violence Council, has a specialized investigative team to address the problem, responds swiftly to calls, serves emergency restraining orders, and works under the most dangerous conditions to combat domestic abuse.” For good work being performed by dedicated officers, we can all be grateful.

## 10. Improving Emergency Medical Response

Timely emergency medical response constitutes a grave concern to all of us, but particularly for seniors who comprise a rapidly-growing source of demand for the service. As the number of our residents over-60, over-70, and over-80 continues to climb rapidly in San José, our needs for basic medical response for heart attacks, strokes, and falls will follow. We’ve already seen San José Fire Department (SJFD) medical call volume accelerate from 37,000 calls in 1995 to 52,000 today, largely due to the growing “Silver Tsunami” of our population.

Predictably, SJFD has struggled mightily to maintain emergency response times in the face of budgetary cuts and constraints in recent years. A drop in firefighter staffing has undermined our ability to maintain traditional standards for response times — that is, arriving at the scene of a medical emergency within 8 minutes 90 percent of the time or less. (Recent revelations about discrepancies in measuring and calculating response times suggest that “the good old days weren’t always good,” and the Department may have never met its standard response times, but that’s a much longer story.) Some County officials have made much of San José’s inadequate performance, withholding \$2.1 million in funding for the Department — as if laying off more firefighters will improve the situation for our residents.

Rather than reverting to finger-pointing and cutting resources to our most critical life-savings services, we would do better to work together to improve emergency medical response.

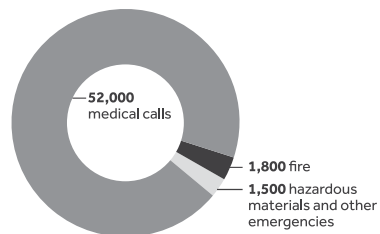
## THINKING AND DEPLOYING DIFFERENTLY: BEYOND “MINIMUM STAFFING”

As Mayor, I will push forward with significant changes to our current approach, beginning with the increased use of more nimble two-person medical response teams to respond to lower priority medical calls.

Based on data reported by the Fire Department to the City’s budget office, medical emergencies comprise 94% of the emergency calls to which our Fire Department responds. Although questions emerged in early 2014 about the reliability of that statistic, it remains incontrovertible that the great majority — and rapidly rising number — of emergency calls address medical needs. Like most urban fire departments, as the number of fires and fire fatalities has plunged in recent decades with dissemination of smoke detectors, building code changes and other safety improvements, the needs of our community have changed.

About 52,000 times per year, our Fire Department primarily serves as a medical emergency response agency. It also happens to be an agency that responds to fires (1,800 calls), along with hazardous materials calls and other emergencies (1,500). Yet our Department is staffed, built and operated to respond overwhelmingly to fires, primarily relying upon large, bulky and costly fire trucks and engines.

**Types of calls responded to  
by San José Fire Department**



If anyone conceived of a plan to create an agency to respond quickly to a 911 calls for complaints of heart pain, nobody would suggest we use engines and trucks bearing four or five firefighters. We’d use SUV’s or vans, carrying a paramedic and a firefighter to respond quickly to the scene, and have additional personnel arrive as needed.

This is far from a new idea. Indeed, prior to 1991, according to former Chief Darryl Von Raesfeld, San José Fire Department responded to the majority of medical calls with two-person “light units.” Ten light units covered the areas surrounding those stations with the highest call volume, freeing the engines and trucks to respond primarily to fires.

In the early 1990s, changes came with fire union contracts that contained strict “minimum staffing” requirements, forcing deployments of larger vehicles and more personnel per vehicle. The fire union asserted that minimum staffing requirements protected the safety of personnel. Of course, the requirements also ensured that a thinly staffed fire department would not lose any firefighters, a sore spot for a fire union understandably frustrated over chronically thin staffing. With minimum staffing standards in place, city managers, mayors, and councils would recognize that any cuts to firefighter staffing would force the loss of entire engine companies — a much more difficult decision politically.

For many years, we’ve known this. City auditor reports from October of 2001 advised the City to shift to 2-person SUV’s for lower priority medical calls. Yet fire chiefs in San José — notably former Chief Von Raesfeld, who fought admirably for changes — have found their ability to adopt more nimble deployment strategies handcuffed by those minimum staffing requirements.

Fortunately, common sense is starting to prevail. With the voters’ approval of Measure V in 2010, the fire union lost substantial leverage in dictating staffing and operational decisions of the fire chiefs. To their credit, fire union officials also started to change their thinking, and a breakthrough emerged: then-Chief Willie McDonald and union leaders agreed to try to “pilot” two-person “squad cars” at strategically-located fire stations in May of 2012 to improve medical response in some areas.

By deploying five 2-person vehicles for these calls, the Department reasoned that it could cover more ground more quickly, assuming that those cars had the same call range as engines and trucks. The smaller vehicles would entail far lower costs in fuel, vehicle purchase

and maintenance. In some cases, the squad cars would enable Fire Department paramedics to stabilize the patient until additional personnel could respond; in others, they would quickly determine that the medical issue appears less serious, and call off the sirens.

The problem with the pilot was its implementation. The pilot allowed for only five squad cars citywide, yet the Department forced these units to respond to calls far beyond a geographic range that they could reliably cover. In fact, they travelled well beyond the ranges (“first-due,” and “second-due”) typically covered by fire engines or trucks. The Fire Department also used much bulkier, slower vehicles than those relied upon by two-person medical response units in other cities that had successfully deployed them.

The pilot project appeared “designed to fail,” as Councilmember Pete Constant observed. In May of this year, the former head of the fire union (who was promoted to manage the project) reported less-than-stellar preliminary results to the Council.

Fortunately, Chief Ruben Torres altered the model since, re-focusing the squads’ response to a more limited geographic range, equivalent to the “first due” areas to which any fire engine might respond. The pilot, now modified, continues.

Our next mayor must have the resolve to continue pushing forward to expand this program to a size in which it can feasibly work. We simply cannot continue to respond to the needs of a 21<sup>st</sup> century city with a 19<sup>th</sup> century deployment model.

Of course, minimum staffing requirements may impair more than just medical response. For example, my colleague Councilmember Pierluigi Oliverio has long argued that most of our surrounding cities routinely deploy three-firefighter engine companies. San José requires four firefighters on every rig. In a City with substantial staffing shortfalls, and far fewer fire stations per capita, a higher ratio of firefighters per vehicle impairs our ability to nimbly respond to emergencies.

## THE REDUNDANCY OF COUNTY AMBULANCE SERVICE

For reasons that virtually nobody can explain succinctly, the County contracts with a private company, Rural Metro, to provide ambulance transport service, but the County does not take the responsibility for “first response.” That is, the Rural Metro ambulances are not the first responder to a medical emergency. The San José Fire Department is.

Even if we could give Rural Metro the responsibility for providing “first responder” service, it’s far from obvious that we’d want them to do so. The company deploys only seven or eight ambulances at any one time for all of San José, and lacks the capacity to take on a greater role.

Why? Because Rural Metro is a mess. Four years after Dave Cortese voted to give the County ambulance contract to Rural Metro, the *Mercury News* reported that the company “repeatedly failed to meet performance requirements, piled up \$4.7 million in fines and then went bankrupt in 2013. The supervisors were forced to forgive \$2.6 million owed by the company and pay an additional \$500,000 a year for the remainder of the contract to help it emerge from bankruptcy.” All of this should have been foreseeable for the County Board, despite Cortese and George Shirakawa’s support for the contract, because the company had been beset with federal criminal investigations in several cities, contract termination in others, and allegations of substandard service in still more. The *Mercury News* editorial board noted that Rural Metro “donated to political causes supported by Cortese and Shirakawa.”<sup>24</sup>

Despite that costly albatross of an ambulance contract with Rural Metro, San José residents depend on the Fire Department for first response. That is, SJFD paramedics and firefighters arrive at the scene first, and they stabilize the patient until the Rural Metro ambulance arrives. The ambulance transports the patient to the hospital, and Rural Metro collects substantial transport fees. Taxpayers, of course, often pay for this service, since many patients are uninsured.

So this puzzling scenario persists: two or more vehicles arrive at every medical scene for a single patient. Both organizations — Rural Metro and the Fire Department — appear to be challenged at getting

to the patients in a timely manner. Yet both use taxpayer money to inefficiently get there.

Sometimes the obvious question is the one worth asking. Why this redundancy? Is this merely cringe-worthy, or are bureaucratic inefficiency and political gamesmanship costing lives?

With a sufficient deployment of ambulances, the Fire Department could provide both first response and transport with a single vehicle. By collecting the transport fees that Rural Metro previously enjoyed, the Fire Department could take on these additional duties within the same budget. County taxpayers would save millions of dollars some of which could be reinvested to expand our fleet to improve response time for the same emergency medical services.

It just requires getting the City and County to work together, and to work toward common-sense solutions. It also requires resisting the influences of a powerful contractor like Rural Metro, which contributes thousands of dollars to campaigns and supervisors' pet projects.

In short, it requires collaborative but strong leadership, and a commitment to spend smarter, rather than spending more.

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1. Memorandum from Councilmember Sam Liccardo to City of San José Rules Committee. "Police Academy Costs." October 29, 2013.

2. Most large cities with higher numbers of police per capita have higher rates of crime than San José — even after the recent increase in crime here. Longitudinal studies within cities demonstrate mixed results in reducing crime by adding officers. *See, e.g.,* Ed Maguire (2000), as cited in Mike DeBonis, "How Many Police Officers Does D.C. Need?", *Washington Post*, 2011 (citing Maguire survey of 27 criminological studies, concluding that "half the studies found no relationship between" crime rates and police staffing, and "of the remainder, more found that crime increased as police levels rose."); Cameron, S. (1988). The economics of crime deterrence: A survey of theory and evidence. *Kyklos* 41:301-323. Blumstein, A., Nagin, D., and Cohen, J. (1978). Deterrence and Incapacitation: Estimating the Effects of Criminal Sanctions on Crime Rates, National Academy of Sciences, Washington DC.

3. For the crime drop in San José since 2012: [www.sjpd.org/CrimeStats/crimestats.html](http://www.sjpd.org/CrimeStats/crimestats.html). SJPD and FBI data (<http://www.ucrdatatool.gov/Search/Crime/Local/JurisbyJurisLarge.cfm>) shows that 2013 amounted to one of San José's two years with the lowest rates of violent crime in a decade, despite the continued reductions in police staffing.

What if people are just reporting crime less, even though it's happening more? Isn't it possible that people are just frustrated with the slow police response? Yes it is — that's a phenomenon known as "reporting bias." But it doesn't appear to be happening as much as we might think, because calls for SJPD service have actually *increased* in the last two years. Reporting bias also doesn't explain the 20% decrease in homicides in 2014, since we'd expect every homicide to be reported by virtually anyone other than the assailant.



The broader historical data reinforces this notion that more officers don't necessarily equate to less crime. In the early 1990's, San José Police Department had many more officers—both in absolute numbers and per capita—than today. We should expect to see dramatically lower rates of violent crime then, right? Not quite. In fact, San José's violent crime and property crime rates were consistently higher in the 1980's through the mid-1990's. Between 1987 and 2001, for example, the violent crime rate in San José persistently exceeded 600 crimes per 100,000 residents, according to the FBI. That rate last exceeded 400 in 2007, and has remained in the 300's ever since. An easy-to-use chart can be downloaded from the FBI website: [www.ucrdatatool.gov/Search/Crime/Local/JurisbyJurisLarge.cfm](http://www.ucrdatatool.gov/Search/Crime/Local/JurisbyJurisLarge.cfm)

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6. Memorandum from Councilmember Sam Liccardo to City of San José Rules Committee. "See below." January 31, 2012.

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## **CHAPTER 2:**

### **Our Money**

#### **Introduction**

**BIG-CITY MAYORS** have the latitude to do a great many things that spur innovation and change, but the power to print money will never be one of them. Only the federal government can legally run chronic budgetary deficits. So, it “manufactures” money by selling bonds to cover trillion-dollar debts.

Cities, on the other hand, must balance their budgets each year. And that means mayors of cash-strapped cities need to honestly assess what services they can reasonably deliver within their means. What many politicians pitch as “bold visions” generally amount to “wish lists” without the money to actually accomplish anything. Smart leadership demands a vision we can afford, not promises that end up collecting dust.

I’ve long championed pension reform and fiscal responsibility. Two years before Measure B ever reached the ballot, I wrote an op-ed in the *Mercury News* arguing for pension reform. Fortunately, in 2012, the voters overwhelmingly approved Measure B, now saving taxpayers \$25 million annually, while the remainder of the measure faces ongoing litigation.

But even if our retirement reforms were to survive judicial scrutiny, our fiscal problems would hardly disappear. San José would still face billions in unfunded liabilities in retiree benefits, even with solid economic growth. Our streets and our municipal buildings would still

need hundreds of millions of dollars in maintenance and repair, more than \$800 million to be exact. Even the most responsible approach to addressing these debts will require decades of fiscal discipline. And complicating matters could be a host of other potential burdens, including a major civil judgment against the City, a statewide downgrade of municipal bonds, or another recession. We face tough choices ahead.

Budgetary “quick fixes” don’t exist in the real world. People often reach for such ideas in times of uncertainty, and as this election will demonstrate, politicians exploit this wishful thinking by offering their fiscal panacea *du jour*.

But I believe there’s a more honest approach, one that recognizes that we collectively face huge burdens. Rather than attempting to offer a “quick fix,” I’ve laid out five principles, or “rules,” which will guide my budgetary decision-making as San José’s next mayor. While these rules should help steer us through difficult times, we must assume the City of San José will still not have enough money to provide the level of services we’d all prefer.

Simply, we have to be more resourceful, more cost-effective and more innovative.

## **1. Find Partners — and Get Out of the Way**

### **FROM NAPSTER TO COYOTE CREEK ENCAMPMENTS**

One afternoon in 2009, Eileen Richardson walked into my office and sat down. Her casual attire belied her impressive private-sector resume. Eileen once served as CEO of Napster during its storied journey through the venture capital and tech industries. Eileen didn’t come to my office to discuss the latest smartphone gadgetry, however. I asked her to come to City Hall because I’d seen a story about her homeless clients in a local newspaper.

Several years ago, Eileen started a non-profit organization, Downtown Streets Team, that employed homeless people in Palo Alto’s shelters to clean and maintain streets and buildings. In exchange, the Streets Team members would earn vouchers for housing and food, beginning a

path toward self-sufficiency. As Eileen peered out of my 18<sup>th</sup> story office window, I recall feeling awestruck by Eileen’s decision to depart the lucrative world of tech and venture capital for an alternative that was, in many ways, even riskier and more laden with obstacles to success. The opportunity to meet extraordinary people like Eileen makes my job immensely rewarding.



I asked Eileen to meet because San José faces a palpable catastrophe in its creeks, which have hundreds of people living in them. With the onslaught of the Great Recession in 2008, the numbers of homeless encampments along the shores of Coyote Creek and the Guadalupe River mushroomed, and entire villages of hundreds of homeless residents sprung up in locations bearing dehumanizing names like “The Jungle.” Beyond the obvious human toll of homelessness, the encampments leave a massive environmental impact in their wake, with human and biological waste, needles, non-biodegradable plastic and other substances polluting the water — which eventually feed the San Francisco Bay. Beyond the waste problem, the encampments exacerbate the erosion of riverbanks and creek beds.

Traditional approaches to dealing with homeless encampments have failed to gain traction. Some of my colleagues argued that we simply direct police officers to go into the creek beds and arrest all of the campers for trespassing. Of course, that assumes that we have enough police officers to engage in an endless “whack-a-mole” strategy with the homeless. The homeless return after their day in jail. We know well the pitfalls of a lock-em-up strategy: it costs taxpayers at least \$45,000 per year to house a single inmate in County jail, but permanent housing in a single-room-occupancy apartment unit costs about \$21,000. We

also spend as much as \$80,000 on a single large creek encampment sweep for police officers, Housing Department outreach workers and demolition crews to remove the “self-made” housing in the creeks. Three days later, the homeless return. The City of San José has been Sisyphus, rolling the mythical rock to the peak of the mountain, only to see it roll back down the hill.

Eileen and I talked for about an hour in my office that day. I asked if she could launch her remarkable “work-first” model in the creeks of San José. She asked me if the City had any money. I said, “No.” Eileen said: “Yeah, we’ll do it.”

So, our adventure began. Our creative City staff identified grant funding from the EPA to clean polluted creeks. Leveraging additional assistance from the Santa Clara Valley Water District — which already funded creek cleanups — and a private grant from the eBay Foundation, we launched. The City’s effort appeared focused on removing bureaucratic obstacles. If EPA grant guidelines restricted their funding from being used to provide housing, we’d find a legal way to use the same money to fund cleanup work.

A year and a half later, Downtown Streets Team (DST) has moved over fifty homeless creek-dwellers into permanent housing. Dozens more have begun working full-time, beginning their journey to self-sufficiency. A star was born. DST has now spread to a half-dozen cities in the Bay Area, with many more welcoming them in.

To be sure, much, much more work remains to address the enormity of San José’s homelessness problem and reclaim our polluted creeks, still dotted with encampments. Although the official tally puts the number around 8,000, unofficial sources estimate that our County may have as many as 12,000 homeless people. Much need has gone unfilled and much work remains.

Yet, we also see the promise of this untraditional model. If we can expand this approach and incorporate more partners, we can take on more of the problem. A company or affluent neighborhood, frustrated with homeless encampments nearby, could pay a fee to DST to come

into their community to work with those homeless. I'll explore one such promising initiative, "San José Gateways," in the next chapter.

Even when tough times deplete municipal budgets, they don't undermine creative ideas. A first step to dealing with budgetary shortfalls is to find ways to do things differently.

## **SAVING SANTA AND SEDUCING SILICON VALLEY**

Sometimes, that just means finding different people to do those things.

The Downtown's winter holiday events — Christmas in the Park, Downtown Ice (the ice rink beneath the palms filled with children each December) and Winter Wonderland — attract over a half-million children and parents to San José's downtown every year. Beyond providing an opportunity for community gathering, the events also fill Downtown cafés, restaurants, shops and movie theaters during an otherwise difficult time for those merchants.



When the City had to cut its quarter-million dollar subsidy to Christmas in the Park in 2010, many foresaw its demise. Hundreds of volunteers worked tirelessly every year to put on the festival, but until the organization hired a full-time executive director in 2012, it lacked the capacity to fundraise to fill the hole left by the City's pullout.

I rolled up my sleeves with Silicon Valley Leadership Group CEO Carl Guardino. We asked Mayor Reed to co-host a fundraiser, invited donors, hit the phones for three months and raised over \$180,000 in sponsorships that year to keep the events rolling.

While we all patted ourselves on the back, Carl and I knew that it wasn't sustainable. We needed to find a way to keep the events running, because it wouldn't take long before our wallet-weary friends stopped answering our calls.

Carl came up with a creative alternative: the Santa Run. We hustled companies for multi-year sponsorships to support a healthy running or walking event, with a uniquely fun concept: provide every runner with a Santa outfit. Within a half-decade, we vowed to break the world record for the most "running Santas" in any place. I called the civic-minded executives of several local employers, like TiVo, Acer and Ernst & Young, who cheerily agreed to sponsor the event. Ragan Henninger, who was on my staff, did plenty of the heavy lifting, cutting through red tape, obtaining permits and reducing overblown fees to ensure that sponsor dollars remained focused on the benefit.



In our first year in 2012, we exceeded our goals for entrants and fundraising. Equally important, the spectacle of 3,000 Santas running down Almaden Avenue created an iconic memory for every observer. The Santas chased a "Grinch" — played by good sport and County Assessor, Larry Stone — in the lead car, and ran into a finish line surrounded with snow machines, blowing flakes on the finishers. Upon completing the five-kilometer race, the Santas were greeted by (what else?) cookies and milk.

## **NEW PARTNERSHIPS**

As the Great Recession dragged on through my term in office, I continued to seize new opportunities for partnerships. We had to seek partners outside of City Hall to help us accomplish tasks that were previously taxpayer-funded. With homework centers depleted from



state cuts, and city-funded after-school programs vastly diminished, I worked with the Silicon Valley Leadership Group to launch “1000 Hearts for 1000 Minds” to link local company employees to struggling public school students, engaging respected non-profits like YMCA and Reading Partners to expand tutoring in math, science and reading. We’ve already matched almost 500 adults to kids in these tutoring programs throughout San José and the Valley.



With the state-mandated elimination of the Redevelopment Agency, I worked with Kim Walesh and private sector leaders like UBS executive Rich Braugh, hotelier Michael Mulcahy and Business Journal publisher James MacGregor to enlist local business executives to engage in peer-to-peer conversations over dinner or lunch with CEOs who were considering moving their company headquarters to San José. We found — to nobody’s surprise — that corporate executives found the voices of their private-sector peers to be far more credible than those of a government official or broker making a “pitch” to come here. Those conversations also helped to provide an “in” for city officials to better explain San José’s set of incentives and value propositions. One set of such conversations, with BJ Jenkins, the CEO of Barracuda Networks, helped to encourage a decision to launch Barracuda’s new manufacturing plant in South San José, employing hundreds of workers.

## **PARTNERING IN THE FUTURE**

Through these and other partnerships, it became increasingly clear that we could still accomplish great things amid budgetary scarcity. Ample other opportunities exist for us to find partners to do what City Hall is doing — or to do it better. We lack Planning staff to conduct surveys to protect our historic buildings and other assets — despite

having ample funds contributed by developers years ago for the task. We could rely upon able non-profits like History San José or the Preservation Action Council to administer those contracts. We can also better partner with our school districts, as I describe in a later chapter, to expand the availability of sports fields to kids and adults.

More opportunities abound. By engaging in creative partnerships, the City can do more with less — and in some cases, the City could be doing something rather than nothing.

## 2. Moneyball — and Data — Isn't Just for Baseball Fans

### STEPHEN COLBERT: INCUBATING “TRUTHINESS”

Humorist Stephen Colbert famously urges viewers to “feel the truth,” rather than consulting books and data to discern “heartless facts.” “Anyone can read the news to you; I promise to *feel* the news at you,” Colbert implored. Far more than any “facts” that might occupy our brain, Colbert urged us to rely on our “gut” to guide political decision-making by its “truthiness.”<sup>1</sup>



Colbert should feel reassured that he has succeeded, because “truthiness” governs decision-making in City Hall as well — particularly in the absence of data.

In the decades of the Redevelopment Agency’s tenure in San José, too often the “truthiness” of an appealing expenditure trumped common sense in allocating scarce public dollars. Few examples seem as prominent as the \$32 million spent on business “incubators” over two decades by the San José Redevelopment Agency (RDA), on which the San José City Council served as the governing board.

Incubators are launching pads for small tech-focused businesses, providing professional and business services to small companies

looking to launch. Many privately-funded incubators — ranging from Y Combinator, to Plug & Play, to in-house incubators at prominent venture capital firms like Kleiner Perkins — have launched famous Silicon Valley brands. Incubators are a great concept — and often a successful one — particularly when implemented by business-savvy venture capitalists or by tech-focused research labs.

Of course, City Hall is neither. Government-funded incubators are controversial, and the City of San José led the charge to launch several incubators over the course of two decades — the BioCenter, Software Business Cluster, Environmental Business Center and U.S. Market Center — with the assistance of \$32 million in RDA money, in partnership with the San José State University Foundation (SJSURF). In Council committee hearings and in press releases, we were told that companies housed in the incubators generated \$1.2 million in annual tax revenue, and that 70% of the graduating companies filled empty office or industrial space in San José. We were told of countless awards and distinctions garnered by the incubators. We were told of Callidus Software, the exemplary “success story,” which hired hundreds of Bay Area employees since its launch. For years, the City Council bought the story: these incubators were a shining success story for San José.

I began to learn otherwise one winter evening in 2010 at a reception in a Palo Alto hotel. As I meandered through a crowd of venture capitalists and tech business executives, I stopped to talk to anyone who would listen about the benefits of starting their innovative business in one of San José’s incubators. As I eagerly pitched entrepreneurs, funders and university researchers, I parroted all that I’d been repeatedly told in City Hall about the incubators’ extraordinary success. I bored the attendees with my sales pitch.

Sadly, my sales pitch had one additional flaw: nobody believed it.

That is, in this group of highly sophisticated venture capitalists and entrepreneurs, nobody had ever heard of our incubators. As that fact became increasingly apparent with each succeeding conversation, my confidence in the success — and the significance — of the City’s incubator program waned.

I began asking questions of my own to staff. For example: why would the City and RDA entrust the management of a BioCenter incubator to a university foundation that had no connection to any hospital, medical school or prominent biomedical research institute? Why aren't we asking companies why they're leaving the incubators, or how we can keep them in San José?

In Council committee hearings, when I asked for data supporting the claims of the incubators' outstanding success, I received none. At a June 2011 RDA hearing, the Council considered whether to spend another \$400,000 in RDA funds to pay for the lease on a biotech incubator. I raised questions about discrepancies in jobs data and apparent conflicts of interest. Several colleagues jumped to the defense of the well-connected executive directors of the incubators, one deeming my "cross-examination" to be "inappropriate."

Media covering that hearing started to shake things up. I began to receive phone calls, most from people who didn't want to be identified publicly. Past board members, company sponsors, former RDA employees, venture capitalists and others all shared the same troubling viewpoint: the incubator emperor was wearing no clothes. As with Aesop's fable, however, no one wanted to be the kid who would actually say so publicly.

One person familiar with City Hall told me of "the reports."

"What reports?" I asked.

"Well, they've been buried," the caller responded. "They've never been shown to Council. They're not flattering, either to the RDA, or to SJSURF."

Sure enough, consultants contracted by the RDA had evaluated the incubators, and their reports sat in the RDA's voluminous files — but were never disclosed publicly, or to Council. The incubators' persistent deficits compelled the authors of a 2007 report to urge new management to supplant the SJSURF, to better leverage external financial support. In 2009, three independent consultants prepared a report with even less flattering findings:<sup>2</sup>

- After \$32 million in investment in taxpayer dollars, the City of San José received less than \$200,000 annually in tax revenues from participating companies;
- By 2011, graduate companies had created only 150 jobs in San José over the prior decade and a half;
- Only 11% of the graduating companies actually occupied space within the city of San José;
- SJSURF failed to monitor its tenants, or to adequately supervise the contractors managing the incubators, despite specific contractual requirements to do so. Fifty-eight percent (58%) of tenant companies failed to even obtain a business license in the City of San José.

As I probed further, it only got worse. At least one of the private incubator managers, who contracted with SJSURF, took an investment position in the tenant companies on her own private account — while managing the other tenants. The palpable conflict of interest apparently didn't worry her. The same manager also received consulting fees to help *other cities* build biotech incubators to compete with San José's. Fortunately for us, she did about as well for those cities as she did for San José.

Staff and my Council colleagues held their ground, pointing to one successful start-up in particular, Callidus Software, as a “poster child” of incubated success. The company fled San José for Pleasanton in 2010, however, taking their jobs and tax revenue with them. When I spoke with a former senior executive at Callidus about his experience within the RDA's Software Business Cluster, he responded bluntly: “When they hired me, we all agreed that we needed to leave the incubator quickly.”

I urged an audit, and that we cut off future funding. The *Mercury News* editorial board agreed, prodding the Council to lift the veil on this buried report and its cover-up.<sup>3</sup>

Nonetheless, the majority of the Council expressed little interest in further scrutiny. Cozy relationships prevailed among executive directors, board members, Council and RDA staff. Some believed that

RDA funding was tapped out anyway, so we could conveniently allow the whole issue to die. Remarkably, few on the Council felt sufficiently indignant to want anyone to be held accountable, perhaps because sufficient embarrassment had already resulted with the surfacing of these reports. The program dissolved the following year.

## **IN GOD WE TRUST; ALL OTHERS BRING DATA**

Why did the incubator program persist for so long? How could we spend \$32 million on a program without better vetting its weaknesses?

When we decline to rigorously ask questions and demand facts, and instead rely on unfounded, timeworn assumptions founded in “truthiness,” we will get burned. As I hear occasionally from a tech-employed peer, “In God We Trust; all others bring data.”

It seems self-evident that the City should make budgetary decisions by relying on data about the cost-effectiveness of the programs in which we’re investing scarce taxpayer dollars. Yet data-driven decision-making appears vastly undervalued role in public sector budgeting. Former White House budget directors Peter Orzag and John Bridgeland recently groused about the federal budgetary process stating Washington’s “spending decisions are largely based on good intentions, inertia, hunches, partisan politics, and personal relationships.”<sup>4</sup>

We should not be surprised, then, when money appears wasted by underperforming programs or poorly implemented initiatives.

While many within City Hall will jump to object that the City of San José has a long tradition of utilizing hard analysis in its budgetary decisions, I have observed plenty of examples where “truthiness” and wishful thinking prevailed over data-driven decision-making:

- For decades, councilmembers sat on our City’s pension boards with union-appointed employees, and the boards routinely signed off on unrealistically optimistic assumptions that actuaries relied upon to calculate assets and liabilities of those retirement funds. For example, by pretending that the fund could consistently earn an investment rate of return of 8% (or 8.9%, if one includes

administrative costs), the funds looked flush. Of course, private sector pension funds like Warren Buffet's — who has considerably more success investing than the City — assumed far lower rates at the time. Nonetheless, rosy assumptions enabled union members and the City to avoid confronting the billions in unfunded liabilities in the retirement accounts created by their actual costs. The mayor appointed Councilmembers Rose Herrera, Pete Constant and me to pension boards in 2008 to push for greater accountability, and we ultimately succeeded in requiring the appointment of qualified financial professionals to take our seats on the Boards.

- Before I came into office in 2007, the Council attempted to play the role of “amateur venture capitalist” with public money through what was known as the “Catalyst Fund.” I twice voted against it, noting that even highly regarded venture capitalists typically lose far more often than they hit the jackpot. Through the Fund, the Council used taxpayer dollars to take high-risk equity positions in local companies, losing several hundred thousand dollars. With the helpful push from my similarly incensed colleague, Rose Herrera, we successfully pushed to dissolve the Fund in 2010.<sup>5</sup>
- Between 2008 and 2010, I spoke out repeatedly against the RDA's overly optimistic revenue forecasts in its proposed budgets. RDA staff relied on paid consultants to create estimates of tax increment growth, but repeatedly “encouraged” them to make aggressive assumptions on growth to support the Agency's ambitious spending plan. As I repeatedly argued, the consultants' projections for growth in property valuations greatly exceeded those of the County Assessor and ran contrary to the prevailing economic wisdom of the day. Sadly, *in each one of the three years*, my warnings of inflated projections materialized, leaving the RDA underwater on its commitments and imposing millions in costs on the City's General Fund.
- In 2008, I publicly questioned the proposed expenditure of \$350 million on a convention center expansion. A Brookings Institute study revealed that, after two decades, the national convention and conference industry had not grown at all. It seemed foolhardy

to bet a third of a billion public dollars in the hope that growth would reemerge after a generation-long absence, particularly where new technologies like telepresence seemed destined to cut into convention business. Project proponents bristled at my (already dated) suggestion in the *Mercury News* that we were spending millions on an “expanded hula-hoop factory when the kids are using Playstations.” Eventually, the Council agreed to shrink the project by two-thirds when financing limitations became more apparent, and a more modest expansion was successfully completed — under budget — in September of 2013.

- Although the majority of the Council typically rubber-stamped the budgets, funding requests and scope of authority sought by the politically powerful Team San José (TSJ) — the contractor managing our convention and cultural facilities — I increasingly objected amid reports of rising costs and worsening balance sheets.<sup>6</sup> At my urging in 2010, after TSJ’s prior management posted a \$7 million loss, the City Auditor probed into unwarranted bonus payouts to TSJ executives, ballooning costs and shrinking regional market share.<sup>7</sup> The revelations prompted leadership changes on TSJ’s board and front office.

In each of these instances, data-driven decision-making could have saved the Council from poor decision-making. Where the Council or the City staff stuck with “truthiness,” we — and the taxpayers — paid a price.

## MONEYBALL AND CITY HALL



Billy Beane is the General Manager for the Oakland A’s. References to major league baseball will typically put half of anyone’s audience to sleep, but after all, we’re talking about the budget here — I’ll presume that we’ve already got plenty of folks nodding off.

Beane famously captured the imaginations of baseball fans with his wonkish approach to selecting baseball players in the early 2000s, which became known as “Moneyball.”



The small-market Oakland A's routinely compete against teams with payrolls three to four times that of the A's (with its younger and undistinguished players). Remarkably, over the last dozen years of Beane's tenure, the A's have won more games than almost any team in the League (only the Yankees and Red Sox have won more), largely with a collection of no-name rookies and rejected veterans. Beane has since been immortalized by Brad Pitt in a major motion picture, *Moneyball*, based upon a Michael Lewis eponymous best-seller (I expect Pitt will also play my role when film production begins on the long-awaited movie release of this book).

Beane's secret? He didn't accept the typical off-the-cuff "expertise" of Major League scouts touting players had the "best-looking swing" or the "toughest curve ball." He focused on data. He didn't focus on just *any* data, either. Any eight year old in the Bronx can recite the annual home run totals and batting average for Alex Rodriguez. Beane identified less traditional measures that had greater correlations to outcomes; rather than batting average, on-base percentage better predicted a team's run-scoring ability. Scrutinizing the data, he routinely found low-salary players who could score more or pitch better than the high-priced free agents.

Two former White House budget officials — Peter Orzag and John Bridgeland — provocatively asked an important question in the title of a June 2013 issue of *The Atlantic*, "Can Government Play Moneyball?" While Orzag and Bridgeland targeted the federal government, their point is a broadly applicable one in the public sector, where incremental budgeting tends to insulate poorly performing programs from scrutiny, perpetuating suboptimal spending patterns. Zero-Based Budgeting and other innovations have sought to force these seemingly unconscious decisions into the light of public scrutiny, but for various reasons, have not taken hold broadly.

As I learned long ago, math is the language of policy analysis. It enables us to reach relatively objective conclusions *before* we inject value judgments about what's best — so that we can have a fair conversation about how we best effectuate those values. Private sector

decision-makers don't invest hundreds of millions of shareholder dollars on a gut instinct. They do the analysis, for example, to know whether the stock price of a takeover target appears overly-hyped inflated or a bargain.

Yet in City Hall, we don't see quantitative policy analysis of even a modest level of sophistication. You'd be hard-pressed to find a single staff or consultant report in City Hall that utilizes a common tool known as regression analysis. Regression is a mathematical method that enables economists to identify which factors might independently have stronger or weaker influence over a particular outcome. This is particularly valuable in a complex world where outcomes have multiple causes.

Why might the City need to rely on that tool? Here's one example: we spend millions of dollars fighting gang violence, through the police, gang prevention, gang intervention and gang suppression programs. Regression analysis could help shed light on whether reductions in gang violence appear more strongly correlated to changing police tactics, expenditures on gang prevention programs or simply the start of the school year. If we have scarce dollars to devote to a difficult problem like gang crime, shouldn't we want to know where those dollars can be spent most effectively?

I'm not suggesting that numbers and data should supplant our good judgment about how to best spend the public's dollars. Nobody wants heartless, nihilistic robots to represent them on the Council. Ultimately, budgetary decisions reflect our values, and human wisdom is the best tool of all.

But the lack of data-driven rigor undermines our ability to focus our scarce resources to best effectuate those common values. We all value violence prevention, but what's the most cost-effective path to doing so? We all agree in the importance of literacy, but if we could more efficiently use technology to help adults to read in our libraries, wouldn't we all agree to use the savings to help more adults read to their kids? By asking these questions, we can achieve better results.

## **“RESET” BUDGETING**

Finally, the lack of rigor in budget decision-making becomes most apparent every June during the council’s budgetary deliberations. Councilmembers issue a flurry of memos to address small portions of the budget — a hundred thousand dollars to keep a library open on Saturdays, or \$180,000 to hire a couple more park rangers, for example — but close to 99% of the roughly \$2.5 billion budget goes largely unscrutinized.

Why? Incremental budgeting. That is, every year, the City Manager instructs each of the City’s department heads to assume that their budgets will grow, say, 2%, or be cut, say, 1.5%. Each director will then submit a proposed budget to the City Manager that looks nearly identical to last year’s budget — with a description only of the incremental or decremental changes. The public, media and Council see only those changes — which positions are added or subtracted, and how much they will cost.

What remains hidden beneath the waterline is the great mass of the iceberg. The rest of the budget will be “approved like last year’s,” and is seldom questioned. Occasionally, someone will raise a question about the rest of the iceberg. It’s nice to add positions in community centers, for example, but how do we justify what we’re already spending in community centers? Should we be spending more or less on one program? Should we completely eliminate an underperforming program, so we can fund something else? Those questions go largely unanswered in the current process.

In my experience, government’s worst decisions tend to be those decisions that aren’t made. “Default” choices pose a unique danger, because they’re the least transparent to the public. Our highest priorities are undermined where the City inattentively spends money on programs having little to do with our residents’ priorities.

As mayor, I would hit the “reset” button. This requires what I call “Reset Budgeting” — a variant of a concept developed a couple of decades ago, called “zero-based budgeting.” Both concepts require that we begin each year at zero. We don’t look to last year’s budget for next year’s

authorization of the Department of Transportation or the Library Department spending. We look at “zero.” We start by assuming no open libraries, no repaving, no streetlight repairs.

Now, what do we value? What do we prioritize? Reset Budgeting requires us to begin with those very difficult questions, and to do so publicly.

Of course, nobody believes that the City Council can do this for every single department during every annual budget hearings. It’s very time-consuming, work-intensive, and it could harden bureaucratic gridlock. Moreover, some spending is specifically mandated by federal or state law, such as the use of airport landing fees or utility undergrounding charges. That’s why I don’t propose a standard “zero-based budgeting” approach.

Instead, we should pick our spots, and rotate our scrutiny. If we focus Reset Budgeting where the Council has meaningful flexibility to use dollars, we can ensure that the discretionary portion of every major department is “scrubbed” with a Reset Budgeting approach, say, every 5 years. Rotating Reset Budgeting from one department to another each year will force a public discussion of priorities largely lacking in civic discourse in this city — and nearly every other city.

Further, we should engage our City Auditor’s Department in the “scrubbing.” A recent audit of our Library Department found some \$1.5 million in potential savings in improved deployment and assignment of staff, for example. Those savings could enable us to open our libraries additional hours to better serve our public citywide, such as by opening every one of our 25 branches on Saturdays. Coordinated with Reset Budgeting, audits can boost performance and better prioritize spending all at once.

In the meantime, in each year’s budget, we should make public every line item in every Department, so even if there’s not debate on the floor of the Council Chambers, there can be public scrutiny of every dollar. We can save the printing costs by posting it all on-line. Opportunities emerge where residents can engage with us, exploring how we can

save money by leveraging their creativity and resourcefulness. We could host on-line “study sessions” to solicit ideas about more efficient approaches to spending and service delivery. It all requires, however, that we have the courage to allow the public a peek “under the hood.”

By routinely lifting the hood, we can both better engage the public, and make decisions that better reflect our highest priorities. After all, isn’t that the real purpose of a budget?

## **OPEN DATA**

Finally, as I discuss further below, we can leverage public engagement to help us better use data to improve our decision-making if we make that data public. Creating “open data” platforms that San José’s many amateur and professional software developers can utilize to help City Hall improve the cost efficiency in its delivery of services and projects. For example, consider how we might post budgetary data regarding code enforcement, along with raw data around the number, type, location and compliance rate of various code enforcement citations. Savvy app developers could help us better understand whether we can better address neglect by deploying code enforcement officials proactively at different times or neighborhoods to enable us to address blight and generate revenues that could better sustain the program.

All of this provides an appropriate transition to a broader discussion about how we can leverage technology and innovation to spend our scarce dollars smarter.

## **3. Innovating in Times of Scarcity: If Necessity is the Mother of Invention, Then Listen to Mom**

Strong leadership recognizes the opportunity in every crisis. Our fiscal challenges present us with the ability to think differently about how we serve and protect our residents.

Taking a few steps outside City Hall, we can learn the lessons from the extraordinary innovation all around us in Silicon Valley, and we can forge a path to better services and a safer city. Innovation can help make San José safer, better served, and, through it all, more cost-effective.

## CROWD-SOURCING FIXES — AND BUDGETARY DECISIONS

Another innovative way of engaging the public in budgetary processes — called “participatory budgeting” — has gained adherents in cities throughout the world where it has been tried.



San José has a wealth of community-minded leaders who deeply engage in supporting their city through their volunteer energy, organizing clean-ups, tree-plantings and graffiti removal efforts on one weekend or another. Some — like Parks Foundation Executive Director James Reber or CommUniverCity community director Imelda Rodriguez — leverage sophisticated partnerships with non-profit organizations to build new playground equipment with a team of volunteers, or with corporate foundations to improve health outcomes. Others, like Graham and Sandra Stichman, simply encourage their neighbors to join them once a week to pick fruit from participating neighbors’ yards to donate to a local food bank.

Very often, I hear of creative ideas from our neighborhood leaders and community advocates about how we could “do more with less.” I’ve often acted on that advice, for example, to secure the availability of a city truck and driver to provide tools and collect garbage to support Saturday neighborhood volunteer clean-up projects. The logic seems incontrovertible: a few hours of a single city staff person can leverage thousands of hours of many volunteers, and we’ll all benefit from the result.

How can we better leverage that community energy to make our scarce public dollars more effective?

From the town of Puerto Alegre, Brazil, a concept known as “Participatory Budgeting” has emerged. It has since spread to 1,500 cities including San Francisco, Chicago and New York. The notion is simple: by identifying a restricted pot of funding for community-specific projects, we can empower local communities to directly determine the expenditure of small amounts of public dollars for relatively small, discrete projects of significance to the community. Interested residents gather through an agreed-upon public process, vote on their highest priorities and the local council or board allocates the money accordingly. Some residents will push to improve a pedestrian crossing with a flashing beacon in front of a school or senior center. Others will seek to improve the drainage in a frequently flooded park or improve the lighting on a crime-ridden street. Research on participatory budgeting demonstrates many positive benefits, including more community engagement and increased social interaction in neighborhoods.

Most interestingly, the research also shows that well-designed participatory budgeting approaches can stretch public dollars farther. Why? Neighborhood and community leaders are very resourceful. They persuade their neighbors to volunteer. They hustle their tech employers and their company foundations for grants. With volunteers and matching dollars, they get park benches fixed, install playground equipment, trim hedges and clean graffiti without red tape and bureaucratic delay.

We can leverage their energy, their volunteer time and their grant dollars by allocating very small amounts of city dollars, with much greater impact. An effective participatory budgeting process can prioritize funding for those projects that best “leverage” the volunteer time, energy and dollars with public dollars, to ensure that we can do more with less.

Technology can help as well. On-line tools, like NextDoor, can make an on-line public decision-making process more transparent and less clumsy. Other tools, like See-Click-Fix, can geo-tag data from resident

complaints, to enable residents to visually observe a map identifying the area's most frequent gripes. City staff and local residents can better understand whether people are most concerned about a replacing a streetlight, or about installing a surveillance camera near a corner liquor store that attracts a lot of gang members. In either case, they can allocate resources to the items deemed highest need with some objective data to help guide their decisions. By enabling everyone in a community to see the priorities of their neighbors, volunteer groups can better mobilize to fix what they can without the City and to better organize for public resources where they need them.

All of this can start with a relatively small allocation of public funding — as little \$100,000 per council district, a quantity smaller than the mayor routinely makes available for Council-directed funding priorities in each budget cycle. Of course, the mayor and the Council would have to agree to cede control of this small pot of funding, to allow our residents to make decisions for themselves.

Are there risks? Of course — nobody said democracy was free, or without risk. Council can contain the risk by starting small, allocating a small amount of funding initially allows us to learn and adjust. Within a couple of years, we'll see that a participatory budgeting process can stretch our scarce public dollars much farther, and we can carefully make larger investments.

Beyond the dollars and cents, participatory budgeting brings other benefits. Residents engage with one another about their concerns. We build relationships in communities where stakeholders might otherwise have little motive to get to know their neighbors. Social capital builds, and neighborhood safety often improves.

Residents also become more sophisticated about the real costs, and real impacts, of budgetary choices. The mantra of "the City should just install one of those...[x, y, z]" to solve every local problem starts to disappear because neighborhood leaders become more savvy about the costs, and benefits, of various options. Community leaders become more focused, well informed and effective in getting what their neighborhoods need from City Hall.



## 4. The Rule of Holes: When You Find Yourself in One, Stop Digging

The “Rule of Holes,” of course, only applies to those of us unfortunate enough to land in one. That described the experience of those of us who took office in January of 2007. In my first weeks on the job, I learned that rule changes by GASB, the organization governing national accounting standards, would force cities throughout the country to more clearly disclose the status of their retirement accounts. City staff widely disclosed, for the first time, that it faced an unfunded obligation of \$1.6 billion to pay for medical care for its retirees. That is, taking all of the contributions to the retirement fund by city employees and taxpayers, after assuming an 8% annual growth from investments (a wildly optimistic assumption, as we’d soon learn) and additional contributions over the years, we’d still end up \$1.6 billion short after 30 years of paying out medical benefits to our retirees.



And here was worse news: that didn’t even count our pension obligations. Sure enough, within a few months, we would find ourselves in the worst recession in three-quarters of a century. The stock market losses sank portfolios throughout the country, wiping out life savings and retirement funds. The following year, the toll of those shortfalls fully exposed the foolishness of the steadfast optimism of the San José retirement boards in their fund returns (which the two boards estimated at 8% and 8.25%, rates twice as high as many private sector company retirement funds).

Mayor Reed appointed me to the Police and Fire pension board to help fix the problem, and I immediately began pushing for more transparent, realistic accounting of our assumptions and pension obligations. Two years before a pension reform measure reached the ballot in 2012, I wrote an op-ed in the *Mercury News*, arguing for pension reform and reducing benefits for new hires.<sup>8</sup> As mayor, I'll continue to push forward for fiscal reforms.

The problem, of course, is that we're still in that hole. And it's a big one: \$3 billion in unfunded retirement obligations alone. What, exactly, do we do about it in the coming decade?

## **STEP ONE: STOP SPENDING OUR GRANDCHILDREN'S MONEY**

Although we've made great progress under Mayor Reed — particularly if we successfully push Measure B's reforms over the goal line — we still have much work to do. As with any credit card obligation, our failure to pay any "required minimum" on our unfunded liabilities subjects the balance to compounding interest, making our debts grow.

Our retirement obligations are divided in two basic categories: pensions and retiree healthcare. Most of the public debate around retirement benefits in the media focuses on pensions. Most taxpayers remain unaware that the scale of our billion-dollar unfunded liabilities for retiree healthcare rivals that of our pension benefits.

Although San José now pays its full pension obligations annually, we don't do so on the retiree healthcare side. In other words, some portion of the annual cost of retiree medical care is still subsidized by our children.

Why? Our willingness to "lift the veil" on our enormous unfunded liabilities in the City's retirement accounts has forced us to take some tough medicine in the form of sharply rising contribution rates to pay off these obligations. On the healthcare side, both the city and the employees have the responsibility of paying the annual tab for retiree healthcare plans, and spike in contribution rates was causing most employees' take-home paychecks to shrink precipitously. To soften the blow, the City agreed to cap the annual contribution rate increase for our police and firefighters. The difference between what was getting paid —

“the cap” — and what the actuaries told us had to be paid — the “annual required contribution” — was simply added to the growing debt.

As mayor, I will push to ensure that that City pay its annual bill for retiree healthcare. Our children and grandchildren shouldn’t have to bear the burden of our debts.

## **STEP TWO: PRESERVE EMPLOYMENT LAND FOR OUR LONG-TERM FISCAL BENEFIT**

San José is the only major city in the United States with a smaller population in the daytime than the nighttime. More typically, major cities are job centers. San José, in contrast, is the bedroom community for the rest of the Valley.

There are enormous fiscal implications in this jobs-to-housing imbalance. Why? Employers pay far more in taxes — taxes on everything from sales, utility, business licenses, TOT and assessed valuations of land, plant and equipment — than they consume in revenues. Residents certainly pay plenty of taxes, but most of those revenues go elsewhere, such as the County, the school districts or the state. Services to residents cost money. So, housing generally doesn’t “pay its way” in supporting the General Fund, unless the housing has exceptionally high value (e.g., millions of dollars per parcel) or exceptionally high densities (e.g., a high-rise in Downtown San José), where property taxes can exceed the service delivery costs.

So, taxpayers do better fiscally by having more employers, and fewer residents, in their city. That is, they receive better services for whatever taxes they’re paying. For that reason, politician after politician in San José has long bemoaned what is known as San José’s perilously low “jobs-to-employed-resident ratio.” That statistic, which has long hovered around 0.85 or less in San José, compares with jobs-to-employed-resident ratios in excess of 2.0 or even 3.0 for cities like Santa Clara or Palo Alto. We’re less able to fund basic services than those cities because we’re “jobs poor.”

Nonetheless, decades of conversions of employment land — such as industrial, office or retail uses — have worn away our job base.

The political pressures to convert employment-supporting land to housing are tremendous: wealthy developers and development-related industries support local campaigns more than any other funding source. Even surrounding neighborhoods would often rather see an old warehouse or industrial eyesore become redeveloped for more attractive housing and a park.

Accompanying that erosion of our jobs-supporting land has come the erosion of our tax base. I led the task force responsible for crafting San José's blueprint for future development — known as the General Plan — to hold the line on these conversions, and to focus on a “jobs first” approach.

Of course, housing is still vitally important. Local employers routinely tell us that the lack of reasonably priced housing for their workforce constitutes their greatest impediment to expanding in this Valley. So, we need housing to sustain job growth.

Yet, *how* we build housing matters. We can focus that new housing development in the form where it provides the best return for our taxpayers: dense development along our key transit corridors, in places like Downtown, along North First Street and near our future BART stations.

For example, I led an effort three years ago to revitalize Downtown housing development by offering basic incentives, such as reducing permit timelines and cutting fees, for high-rise construction in the core. The results — two high-rise residential towers and one hotel under construction, with three more likely to follow in the coming months — will provide a windfall for the General Fund, as we convert blighted parking lots into \$130 million towers that will provide millions more in tax revenues annually. This development also provides San José with more environmentally-sustainable “smart growth,” relieving the traffic congestion we'd otherwise see on freeways burdened by suburban sprawl.

As mayor, I'll push to hold the line against conversions of industrial and other job-supporting parcels, and we'll focus our housing development

on the form that provides the best return for our taxpayers, the least traffic and the least environmental impact. This approach will expand opportunities for growing revenues and jobs that will improve City services, safety and quality of life.



### **STEP THREE: RESTORE PAY, NOT BENEFITS**

As we slowly pull San José's budget out of its fiscal morass, we'll need to restore compensation to our employees. Severe cuts — the equivalent of a roughly 14% pay cut, plus sharp increases in required retiree fund contributions, reductions of medical benefits, implementation of a lower-tier pension for new employees and elimination of sick leave pay — have taken their toll on the workforce. Throughout 2012 and 2013, we lost a half-dozen police officers per month, bleeding the department of its experience at a rate far higher than we could possibly hire and train replacements. Defections of electricians to other cities, for example, left us with dangerously low levels of staffing at the sewage plant, forcing us to hire part-time contractors to reduce risks of a shutdown. Neighborhoods wait many months before electricians can address the backlog in repairing streetlights with stolen copper wire.

So, we need to boost compensation to restore our workforce. How we do so, however, remains a critical question.

My view: increase pay, not benefits, to keep people on board.

Why? Salary is transparent. Employees know what they're getting. Taxpayers know what they're paying. Calculating the cost and value of benefits like pensions and medical insurance is murkier. Their costs depend on a complex interaction of assumptions and actuarial calculations. We might as well be tossing darts at a dartboard.

This murkiness lies at the root of our fiscal problems. Prior to the pension reforms of 2012, councils could avoid appearing as though they were "selling the store" to politically powerful unions by approving modest increases in pay, but with large improvements in benefits. Why? The costs of those benefits are harder to understand, for the media and the public. Taxpayers get less incensed over a 0.5% increase in an annual pension accrual rate than a 5% increase in pay, yet the former is far costlier than the latter, on a magnitude of hundreds of millions of dollars.

Simply, we have to hold the line against increasing retirement benefits. Financial concessions to unions at the bargaining table should take one form: salary.

While we're restoring pay, we also need to eliminate those outdated relics of negotiated giveaways that continue to burden taxpayers and the City. Those benefits include the infamous "sick leave payout," in which some employees can receive six-figure lump-sum payouts upon their retirement, representing the accumulated value of their unutilized sick leave. As of this writing, we've eliminated the benefit for most city employees, but the benefit still costs taxpayers millions per year for firefighters. Sick leave was created to help employees take time off to address health problems of their own or their kids, not to pad retirement benefits.

We also have work to do to eliminate overtime pay for those management-level employees who already earn higher salaries by virtue of their elevated position. Although we've made progress among our non-public safety employees, we continue to incur seven-figure bills each year for overtime for Fire Battalion Chiefs and supervising officers.

If we cannot eliminate these and other archaic vestiges of our budgetary past, we will lack the money to do what's most important: to hire more police, pave more streets and keep libraries open to better serve our residents. Nor can we pay employees a sufficient wage to attract the best and brightest. The mayor for San José's next decade should commit to restoring pay, not capitulate to restoring these "extras."

## **CASE STUDY FOR TRANSPARENCY: THE CITY VERSUS THE COUNTY**

If the "Rule of Holes" is to stop digging, the way to start is to actually see that you're standing in one. Sadly, the City's lack of transparency about its retirement fund deficits in past years left a Council either unaware of, or unwilling to, recognize the depth of the hole. So the City kept digging. The digging stopped in 2012, after the voter-approved pension-reform measure.

Many local municipalities unwittingly continue digging. Residents in other cities and counties have begun to confront their elected officials to ask the same questions we had to ask. Would they open their own closet doors to see what needs to be cleaned? Or, would they continue the path of denial?

We learned the answer in March of 2012, when a group of County Supervisors and local state legislators called a press conference at City Hall to call for a state audit of the City's pension funds and budget. The timing wasn't just coincidental; we'd just finished 10 months of contentious negotiations with our labor unions, and remained at an impasse. Unable to reach an agreement, I pushed with a council majority, led by Mayor Reed, to place a measure on the ballot to change the City Charter to overhaul our unsustainable pension system.

The call for an audit was puzzling to many. The City's actuarial analysis had been vetted months in advance, with little opposition on any technical grounds. Even the police union's own actuary agreed with the pension fund's City's actuary about the size of their pension plan's multibillion dollar unfunded liabilities. Whatever the critics of Mayor Reed said about his projections of the future size of the pension

problem, nobody disagreed about the magnitude of the current problem. In other words, it wasn't the math we disagreed about; it was how to solve the problem.

Of course, more cynical observers considered the press conference an attempt to slow down the process and avoid a public vote. Indeed, the *Mercury News* characterized the episode as “a three-ring circus — with the clown imported from Sacramento, where [one] Assemblyman... wants a legislative committee to audit San José’s pension system for purely political purposes.”<sup>9</sup>

The irony wasn't lost on many: several of those who indignantly poked their fingers in the air in front of television cameras served on the prior San José city councils that granted these generous retirement benefits. That is, they had their hands on the City's steering wheel over the prior decades when the pension truck was driven into a \$3 billion ditch. Throughout that time, pension boards and city councils cheerily accepted overly optimistic assumptions about the key variables — e.g., the funds' rates of return, the life expectancies of members and the like — that enabled the City to rack up huge unfunded liabilities.

Of course, the County has pension and retiree healthcare obligations to its own retirees, and questions have long arisen over whether the County has similarly promised more in benefits than it can financially deliver. Decades ago, Santa Clara County actually imposed a special tax on property owners, known as the “PERS Levy,” to help it pay for its pension obligations to the state CalPERS fund. Every one of us who owns a home pays that PERS Levy each year. Even with that tax, the high level of promised benefits left many suspecting that the County's funds would not suffice to pay its retirement bills.

When Joe Simitian joined the County Board of Supervisors in early 2013, he'd heard of those suspicions as well. He called for County officials to come clean with the size of their unfunded liabilities. Sure enough, he learned that the County faced some \$1.8 billion in unfunded liabilities in its retiree healthcare account alone. When Simitian was last on the County Board, over a decade before, he presided over a liability of only \$69 million. Now, after returning from the statehouse, he had



the unpleasant experience of being saddled with a problem twenty-five times as large, apparently due to the failure of the County to pay for the benefit for several years. Even worse: the County's unfunded *pension* obligations add over \$2 billion to that total, making the County's unfunded liability larger than the City of San José's.

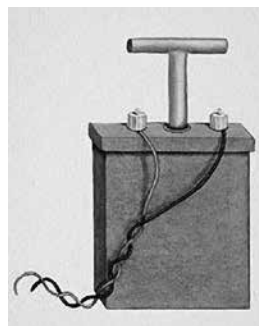
The public revelations in the media forced County staff to recommend substantially higher retirement contributions from its employees in contract negotiations. Simitian's efforts to expose these numbers to light, of course, have created a palpable irony: the labor-dominated County Board developed labor problems of its own. Its largest union, SEIU, threatened to strike in August of 2013, objecting to County administration's insistence that they pay a larger share of their retirement contributions.

There are a few lessons in all of this, but the biggest lies in transparency. Politicians might obfuscate and twist facts, but the numbers don't lie. None of us — not even the most politically savvy — can hide from the math. Eventually, the public will be forced to foot the bill for shortsighted and politically-motivated decision-making. If we want more responsible budgeting, it all begins by exposing the numbers to the light of day.

## 5. Don't Just Think Outside the Box; Destroy the Box

Sometimes our biggest challenge in finding the resources needed to provide a public service lies not in scarcity, but in bureaucratic barriers. In response to a colleague's repeated use of the overworn admonition to "think outside the box," Mayor Reed once quipped, "sometimes, we should admit that we created the box." Where we've imposed limitations on our action that have outlived their usefulness, local officials have a responsibility to destroy "the box" in order to get things done.

As Bruce Katz and Jennifer Bradley have argued in their recent work, *The Metropolitan Revolution*, cities provide the rare forum where



we can break down boxes to get things done. Congress wallows in partisan gridlock. Powerful lobbyists and interest groups make our state legislature in Sacramento sclerotic, reinforced by politicians who have pledged their fidelity to ideology and party over pragmatic problem solving. So, the challenges fall into the laps of big-city mayors and innovative City Hall thinkers, who increasingly emerge with unorthodox solutions to accomplish goals amid challenging budgetary constraints. We can see a couple of simple examples of that pragmatism right here in San José.

## **A. HOUSING THE HOMELESS**

The unofficial numbers of homeless that live in the dark corners of Santa Clara County streets, creeks and empty lots likely exceed 12,000. For many of them, in addition to their own personal misery, their homelessness carries a large price tag to the public: a single homeless man in San Francisco was estimated to have cost that county's taxpayers some \$60,000 for a single year of emergency medical response, jail visits, police arrests, emergency room visits and the like. Remarkably, it costs about \$21,000 annually to house an individual, with the help of a supporting case manager.

Of course, it's not so simple as to say, "Let's just house them." The cost to house all of the County's homeless has been estimated to exceed half a billion dollars. No public source of funding approaches even a fraction of that amount; annual support for rapid-rehousing strategy for example, approached about 1% of that total.

The best we can do is to be more cost-effective with the scarce dollars that we have. We can start by getting those people who *do* have some financial resources, such as rental vouchers, into housing. Remarkably, 97 homeless individuals in San José had (at the time of this writing) rental vouchers that would ordinarily entitle them to live in a small apartment, but they cannot find any apartments available at rates resembling what a typical "Section 8" voucher might pay.

Coinciding with the surge in our homeless numbers, we've also seen rapid growth in prostitution activity near many of our "motel

corridors,” around North 1st Street, Monterrey Road, the Alameda and North 13th Street/Oakland Road, to name a few. We worked with motel owners, many of whom agreed to stop accepting cash payments, to require registration, and to refuse letting rooms to identified pimps. These and multiple other efforts, ranging from undercover police surveillance, to city-filed nuisance lawsuits, to more community-led efforts, have largely failed to get much traction. Prostitution is the world’s oldest profession for a reason, and for every way we could try to stop it from happening, there were three ways around it for persistent pimps, prostitutes, and johns.

Many of the motels appeared to have only marginally profitable businesses anyway. I talked to several motel owners who told me that if the City allowed relatively easy re-development or reuse of their buildings, they’d happily get out of the motel business.

So, in 2012, I proposed a relatively simple idea: give owners an incentive to convert them to another use. Specifically, I proposed that we convert run-down motels to affordable housing for the homeless.<sup>10</sup> I asked the Housing Department to analyze the option, and they confirmed my suspicions: even for all of the cost of upgrading motel rooms to meet state building codes, we could rehabilitate underutilized motels at a fraction of the cost of constructing new housing. Best of all, we had almost 100 voucher-bearing homeless who could provide the landlord with a steady stream of rental income to help finance the improvements.

After substantial internal wrangling, the Council approved a plan this summer, and we’ll lease up our first motels this year. For hundreds of homeless, this pilot project can provide a promising start on the path to self-sufficiency, while saving taxpayers money.

## **B. HOW STORM SEWERS CAN PAY TO SWEEP STREETS**

When I knocked on doors during my 2006 campaign for City Council, I heard frequent complaints in many modest-income neighborhoods surrounding the Downtown about the lack of street sweeping. “I haven’t seen a street sweeper in a decade,” one Spanish-speaking resident told

me. “Todos los calles están sucios!” More affluent neighborhoods rarely had such complaints, though.

Once I got into office, I got to the root the problem: it wasn’t the lack of sweepers; it was too many parked cars. Many homes in our less affluent neighborhoods had multiple families and many adult relatives living under the same roof. As a result, parking was hard to find; all of the residents’ cars filled the street. Most of those neighborhoods lacked signs that would inform residents about the day of the month on which they should expect street sweeping. Given the high proportion of renters in those neighborhoods, often with high turnover in tenancy, few residents knew which day to move their cars. The sweeping machines wouldn’t operate on streets with many parked cars, because the operator didn’t want the liability of damaging the cars with the sweeping equipment. So, the sweeping machine would simply move on — to another street, and too often, to another neighborhood.



The simple solution? Install some street sweeping signs, I urged. Cities like Oakland, San Francisco and Anaheim blanketed their neighborhoods with such signs, covering over 90% of their city streets, to ensure safe passage for street sweepers. In San José, we covered a little more than 8% of our streets. Why couldn’t we perform this simple, inexpensive task?

“Not so fast,” I was told by one Department of Transportation official. “The General Fund runs about \$80 million short each year for our annual tab for street paving and maintenance in our city,” they insisted, “and our residents would rather that we prioritize the street repair and repaving over spending dollars on street sweeping signs.” So, street sweeping signs became yet another budgetary casualty. While understandable, it was not defensible that many lower-income residents were still paying (directly, or through their rent, indirectly) a monthly bill that reflected payment for a street sweeping service they never received, all due to the City’s inability to post inexpensive street signs.

While Transportation staff and Council might understandably have defended the General Fund from any additional burden, it seemed to me that we could find funding in another source. I urged us to consider using the Storm Sewer Capital Fund (SSCF).

What does the Storm Sewer fund have to do with street sweeping? Well, it’s a ratepayer-supported fund used to manage and improve storm water runoff — that is, to reduce trash and pollution — to protect our rivers, creeks and the Bay. Street sweeping dramatically reduces the quantity of toxic and nonbiodegradable pollutants — plastic trash, oils and the like — that would reach waterways and damage local habitats. We had millions in the SSCF reserve, with ample funding to pay for routine projects like storm drains and outfalls.

Internally, attorneys objected that state laws created “walls” restricting every fund’s use, and this was an unorthodox way to spend the money. If the use wasn’t “lawful” within the SSCF’s restrictions, a ratepayer could sue the City, and we’d be on the hook. As I came to learn, the fear of getting sued comprised the justification for our failure to accomplish many otherwise sensible objectives in City Hall.

So, with Councilmember Xavier Campos, I took the item to the full Council to have a public discussion over whether the risk of “doing something” was preferable to the certainty of “doing nothing.”<sup>11</sup> After extensive analysis, our imminently reasonable City Attorney, Rick Doyle concluded that the expenditure “fit” within the purpose of the fund. New leadership in key city departments (Transportation’s

Hans Larsen and Environmental Services' Kerry Romanow) agreed that we needed a more flexible approach.<sup>12</sup> Every councilmember had neighborhoods in need of street sweeping. So, we agreed to break down the “box” that constrained us — and we’re installing hundreds of sweeping signs across miles of neighborhood streets today.

## **A PARK FOR THE NEWHALL NEIGHBORHOOD**

In a small neighborhood just east of The Alameda, local developers and the City had long-promised to convert an empty industrial lot to a park. Neighborhood leaders like John Urban and Matthew Bright had grown tired of hearing of all of the new development planned for the neighborhood — with many families lacking any basic recreational amenities.

In this case, we actually had the money to build the park. The Sobrato Corporation had paid a hefty fee to build a park in the neighborhood as part of its obligations for the construction of a housing development in Newhall. The problem: we had no money to maintain the park.

Developer fees under state law can be used for capital purposes — building parks or playgrounds — but not for operations or maintenance. After the economic collapse in 2008, the Council slashed spending for park maintenance, and the impact was palpable in neighborhood parks citywide. The City was constructing new parks that became overgrown within months, falling into rapid disrepair.

Eventually, Council decided to stop building parks that we lacked the money to maintain. Parks development halted citywide.

John Urban came to my office one day in 2009, griping that the City had pulled the rug out on their commitment to build a park in the neighborhood for an indefinite period. We agreed to explore creative solutions.

“Why can’t we simply tap that Park Trust Fund?” John asked. It was a frequent question among neighborhood leaders who astute noted the irony of a budget-starved park maintenance budget set against a Park Trust Fund reserve of over \$80 million. I typically responded by

carefully explaining the capital-restricted nature of that fund under state law. That was fine for lawyers, but it never satisfied any resident who pointed to the irrepressible assault of weeds and rust on their own local parks.

John pressed me: the developer wouldn't care how they paid the fee — the developer wanted the park for their new residents, just as the community did. So, we devised a plan to allow the Developer to “waive” a portion of the capital-restricted park fee and to instead pay into a maintenance fund for a newly-constructed park.<sup>13</sup> After a lot of hand-wringing between Parks staff and our city attorneys, Council ultimately embraced the idea. The developers at Sobrato Corporation happily signed the agreement, enabling their millions in fees to actually be put to some good use, and construction on Newhall Park commenced.

In 2011, we celebrated the grand opening of a beautiful neighborhood park in Newhall at an event attended by hundreds of members of the community.

Other San José neighborhood leaders took notice. In North San José, we leveraged this concept to construct Great Oaks Park as well.

Although these small victories have noticeable impacts on the quality of life in a neighborhood, they fly under the radar of media attention. But as E.F. Schumacher reminds us, “Small is beautiful.” These small successes sustain the vitality of our neighborhoods.

## **STIRRING INNOVATION AMONG OUR EMPLOYEES**

Finally, “thinking outside the box” often requires us to consult the people required to work within it. If we ask them, our City employees can readily identify the sources of waste and inefficiency in our bureaucracy, and to improve the ways we serve our residents. Various “employee suggestion” and “whistleblower” programs have existed in City Hall since 1965, but it's far from clear what beneficial ideas have emerged from those efforts, or how concerted we've been in really soliciting the best ideas from our employees. The City staff re-packaged its “suggestion box” with the on-line moniker “e-ideas” in 2011 and saw a flurry of ideas emerge, with over 119 ideas submitted over the first two

years. Exactly three of those 119 ideas were actually implemented, and not a single employee has submitted an idea since July 22, 2013.<sup>14</sup>

The report's conclusion: better software is needed to promote on-line participation. I suspect there's a deeper problem: where about 2% of our employees' ideas were ever brought to fruition, very little incentive exists for their participation. Human beings know intuitively when they're being taken seriously.



Of course, many of our city employees feel scapegoated for the city's fiscal problems. They didn't create the \$3 billion pension and healthcare mess; elected officials and other leaders did. Yet our employees feel the brunt of public anger for the fallout, and when combined with cuts in compensation, it has created serious morale problems that have undermined performance and service.

The Citizens for Fiscal Responsibility, the Silicon Valley Taxpayers' Association and Councilmember Johnny Khamis have all urged the creation of modest financial rewards for money-saving and



efficiency-improving employee suggestions. The idea deserves serious consideration. While many experts will tell us that a small monetary bonus won't necessarily motivate improved performance in the long term, it does focus an individual's attention on specific steps that can lead to measurable savings or service improvement.

A rewards-based program could also chip away at our employees' hardened sense that they're viewed only as "the problem," and not as "the solution." Accompanying the rewards with more substantial individual public recognition — as contrasted with the somewhat formulaic group recognition offered in traditional State of the City ceremonies — can start to stir a shift in thinking and culture. Residents will recognize the creative thinking happening within City Hall, and our employees will see that innovative, resourceful efforts — going "above and beyond" — are valued.

By empowering City Hall employees and local residents to think more creatively about solutions to our common problems, and by tearing down the bureaucratic and legal walls that inhibit us from action, we can improve the quality of life in San José. Even in times of scarcity, with a flexible approach, we can find the resources to get things done at City Hall.

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## CHAPTER 3:

### Our Jobs

#### A Tale of Two Valleys: The Hourglass Economy

**STATISTICS** have their limitations. On the one hand, they tell us that Silicon Valley has emerged splendidly from the Great Recession. The unemployment rate for the San José metro area — which includes cities like Sunnyvale and Santa Clara — dropped to 5.8% in December of 2013, and local tech companies can't find enough engineers to fill their cubicles. Corporate expansion and hiring have boosted commercial rent rates in towns across the Valley and local home prices have rebounded sharply.



Yet, little has been said, or written, about the relatively timid performance of San José's economy throughout this recovery. High unemployment lingers in the Valley's largest city, which typically warms more slowly than its wealthier suburbs. Among San José residents lacking a college degree — the great majority of our adults — unemployment exceeds 9%. In many Central San José and the East Side neighborhoods, double-digit unemployment remains the norm. One Northside neighbor of mine has searched earnestly for a desk job since his workplace injury caused his job loss in 2010, and his family struggles to live on food stamps, his worker's compensation benefits and his wife's part-time jobs.

Even among the employed, economists frequently use the term “hourglass economy” to describe our shrinking middle class over the last quarter-century. Amid skyrocketing stock market valuations, and growing affluence among the tech and professional elite, a burgeoning underclass of residents struggles to pay rent and our middle class has shrunk.

This widening divide reinforces racial and ethnic disparities, even in a region that many would consider less segregated than most. Through the early part of this recovery, per capita income levels among the highest-income groups (white and Asian-American) grew between 2.4% and 5.6% between 2010 and 2012, while it decreased for Latinos and African-Americans by roughly the same percentages (2% to 5%). Per capita incomes for whites in Silicon Valley now exceed that of Latinos by a factor of three (\$62,374 compared to \$19,049), with no evidence of any narrowing of this inequity.<sup>1</sup>

Our underemployed and unemployed neighbors feel their own struggles most acutely, but not exclusively. Parents with multiple jobs leave kids relegated to a latchkey existence. Entire neighborhoods struggle. Crime, homelessness and a host of other urban challenges become increasingly intractable. An underemployed populace cannot provide a tax base to support services from police to libraries. The entire city suffers.

## **THE SKILLS GAP**

How can so many people simply miss the burgeoning recovery that has so ignited the rest of the Valley? The “skills gap” provides the best explanation: the gulf has widened between economic opportunity and the ability of the workforce to benefit from that opportunity. When the County’s unemployment exceeded 9% in November of 2011, over three-quarters of the Valley’s employers still reported that they had difficulty finding skilled workers to fill their vacant positions.<sup>2</sup> The Great Recession reduced incomes for Silicon Valley residents with less than a high school diploma by 19.6%, for high school graduates by 15%, but for college graduates by less than 3%.<sup>3</sup> As we recover from that painful period, those with higher education and skills have seen their incomes rebound far more than the rest of us.

If the skills gap shapes the contours of today’s hourglass economy, what can a mayor do about it? While education and workforce training ultimately offer the long-term solution to that problem, cities don’t play much of a role in either. San José and other cities rely on the federal government for a declining share of scarce workforce training dollars, and we rely on school districts and the state to run our public education system.

**The Skills Gap — Unemployment Rates and Education Levels**

**PERCENT CHANGE IN MEDIAN INCOME BY EDUCATIONAL ATTAINMENT  
2006–2012**

	Silicon Valley	CA	US
Less than High School Graduate	-19.6%	-11.8%	-9.1%
High School Graduate (Includes Equivalency)	-15.0%	-14.4%	-9.7%
Some College or Associate’s Degree	-14.2%	-13.9%	-11.4%
Bachelor’s Degree	-2.8%	-9.1%	-5.1%
Graduate or Professional Degree	-4.5%	-5.8%	-4.9%

Source: Silicon Valley Index 2014, p. 22.

City Hall won’t “solve” the skills gap, at least not without many other partners leading the way. A mayor with vision can work to convene those partners, though. For example, in the next chapter, I propose boosting the educational prospects of thousands of latchkey kids with a broad initiative that broadens opportunities for after-school learning.

Even if those partners — the city, schools, community colleges and workforce training partners — do everything right, we know that’s a long-term challenge, and “in the long run,” economist John Maynard Keynes tells us, “we’re all dead.” So, what do we do in the meantime to expand economic opportunities today?

## **BROADENING PROSPERITY**

Our next mayor must act on a strategy that focuses on better using existing resources, new partnerships and new thinking to assist our unemployed and underemployed residents. We must do so in a context of fiscal scarcity, however. We no longer have a pot of Redevelopment Agency funds to spur job development, and our General Fund carries the burden of a \$3 billion unfunded liability in pension and retiree healthcare funds. Any dollars spent on an economic development strategy must return more dollars to the General Fund, or we'll merely be hastening the layoffs of police and closing of libraries.

How can we do this in a time of fiscal constraint? We need to do things differently — to innovate.

### **1. Small is Beautiful**

Young, savvy, hard-working and broke. Those words described Daniel Luna and Jeremy Prader in 2010, when they first conceived of “Cheap Squad,” a low-cost computer repair business on Second Street. Their first “guerrilla marketing” campaign consisted of dumpster-diving for cardboard, which they used to construct 400 signs advertising “cheap computer repair” throughout the Downtown. In 2013, they had 11 employees, revenues quadrupled over 2012 and Luna has started a second company.<sup>4</sup>

It has become a cliché for every politician with a stained tie and seersucker suit to describe small business as the “backbone of our economy.” Even the worst-dressed politicians are mostly right about this. Reeling in the “big fish” of large corporate headquarters into a city makes for big headlines, but it’s exceedingly rare. Silicon Valley derives 95% of its local job growth from companies scaling in place, not from an influx of new firms. U.S. job growth since 2008 in firms with fewer than 50 employees exceeded that of large companies by ten to one in one study, and by several times in another.<sup>5</sup> Self-employment also has boomed as thousands of unemployed have “hung up their own shingle.”<sup>6</sup> We best promote job growth by focusing on helping small companies fledge and flourish.

Why else should City Hall focus on small businesses? Because it builds on a key strength of San José': our great diversity. Almost forty percent of San José's adult residents were born in a foreign-country. Immigrant communities drive small business employment. A November 2008 study by the U.S. Small Business Administration concluded that immigrants are 30 percent more likely to start a business than non-immigrants.



Beyond their obvious economic benefit, the many small, ethnic-focused businesses help to create a longed-for sense of identity for our city, bolstering its vibrancy and variety. In how many other cities can a strolling pedestrian leave a restaurant with a full belly of soba and sushi in the heart of Japantown, and within a couple blocks, also enjoy aromas from Ethiopian, Mexican and Korean restaurants as well?

## **TRANSFORMING THE RELATIONSHIP BETWEEN SMALL BUSINESS AND CITY HALL**

Marcelino Castillo is an amiable family man who started a successful restaurant, Casa Castillo, then-located on the ground floor of the historic Twohey building on First Street. The restaurant sustained a dedicated following as a popular eatery, through recessions, light

rail construction and other challenges of doing business Downtown. Castillo became a community leader, co-founding what became the San José Downtown Association in the mid-1980's. In 2001, the San José Redevelopment Agency decided that it wanted a more glamorous restaurant to occupy a site visible to visitors of the nearby Fairmont Hotel. The Agency arranged to terminate Casa Castillo's tenure, bringing a higher-end restaurant to fill the space. Feeling betrayed by City Hall, Castro moved on to other work.

Not surprisingly, the "trendier" restaurant, Zing, failed at that site. So did the next restaurant and the one after that. Several of them benefitted from Redevelopment subsidies for facades, new signs and the like. In what became known as the "Curse of Casa Castillo," Downtown denizens found a sad justice in watching a parade of RDA-supported restaurants fail after the agency booted a homegrown, ethnic business at the same site.<sup>7</sup>

For too long, the legacy of our past era of redevelopment left the public reading headlines about large public subsidies for sizable corporations like Adobe, Brocade and UA Theaters. To be sure, our large employers are critical for our city's economic growth, but one reasonably wonders whether scarce public dollars are well-spent if they amount to little more than a rounding error on the balance sheet of a large multinational company. A residual sense emerged that City Hall doesn't care about its small businesses.

When the state legislature eliminated redevelopment agencies throughout California in 2010, I immediately focused on ways that we could support small businesses without the large "stash" of redevelopment funds that my predecessors enjoyed. In my Downtown district, we'd seen office vacancy levels skyrocket to over 30% during the Great Recession, causing ripple effects felt by every Downtown restaurant, hotel and store. Some failed, while others moved, emphasizing that Downtown's parking costs compelled them to move to suburban markets, like Santa Clara and Sunnyvale, where office landlords provided free parking for their employees.



I focused on leveraging the resources we still had in our near-broke city. First, we had city-owned public garages. With the exodus of office tenants, we had plenty of vacancies in those parking garages. So, I proposed an incentive for any small or medium-sized employer signing a new lease — or renewing one — in a Downtown office or retail space: free employee parking in a nearby city garage for half the term of the lease.

The City Council approved the measure and the impact has been palpable: over the next thirty months, we've seen 161 employers sign new leases — nearly all of them businesses with fewer than 10 employees — filling over half a million square feet of office vacancy. Collectively, those employers brought over 1,000 jobs to Downtown San José, many of them from other cities. Admittedly, the tailwinds of a rebounding economy helped enormously, but more than a few tenants reported that the incentive made a difference in their location decision.

Second, we also had authority over land use — permits, zoning and the rest. I recognized that ground floor vacancy — with storefront vacancy rates approaching 40% during the worst of the recession — was killing the Downtown. Nonetheless, the city restricted ground-floor uses to anything other than retail, preventing many other interested businesses from locating there. While an appropriate policy in good times, retail was shrinking dramatically throughout the U.S., and those restrictions left Downtown looking and feeling like a ghost town.

I proposed eliminating those constraints, and Council's approval opened opportunities to bring new non-retail employers that sought a ground-floor Downtown address. Among them: NextSpace, a co-working site on San Fernando Street that provides office space to small businesses, freelancers and self-employed entrepreneurs seeking a more social environment. NextSpace filled to capacity within months and now looks to expand. Another prized ground-floor tenant, TechShop, opened a facility on San Carlos Street with high-tech tools for tech entrepreneurs, engineers, tinkerers, industrial artists, students and anyone else who wants to use a metal laser cutter or CAD software to give their latest idea a physical form. Not surprisingly,

business ideas spawn from TechShop’s members routinely and we hope to keep many of those new ventures in San José.

By transforming City Hall’s relationship with small businesses, we can refocus our economic development efforts to boost jobs and living standards in San José. As the examples above illustrate, two basic principles should guide city policy: first, do no harm. Second, we don’t need large publicly-funded subsidies to boost businesses, but we do need to leverage our existing assets more effectively

## **STARTUP SAN JOSÉ:**

### **ENABLING ENTREPRENEURSHIP IN VACANT STOREFRONTS**

This economic recovery has filled many of our malls, from Eastridge to Oakridge to Santana Row and Valley Fair, making them vibrant centers of commercial activity. Those highly-desirable locations typically command high rents that Macy’s and Gap can pay but largely exclude local entrepreneurs looking to launch a small business there.

In contrast to our bustling malls, we continue to see high rates of vacancy in storefronts in many neighborhood business districts and the Downtown, where ground-floor retail vacancy exceeded 30% during the recession. Among other locations, Alum Rock Avenue, Evergreen Village Square and Second Street have all struggled to fill vacancies in recent years. In addition to the lost opportunities for employment, income and tax revenue, these storefront vacancies deprive our neighborhoods of street life and vitality. They even make us feel less safe, inviting graffiti, vagrancy and other palpable signs of “broken windows” that invite more predatory crime.

Where malls pose too high a financial barrier to entry, why can’t we encourage more small businesspeople to fill these empty spaces? It turns out that the hurdles are pretty high in many of those spaces, as well. The heavy costs of doing business in the Valley, particularly in wages and rents, create enough barriers for fledgling entrepreneurs already. Filling empty storefronts also requires costly processes for tenant improvements, permits and approvals — particularly in older buildings that must be “brought up to code” during renovations — that

can often burden a small restaurateur or software startup with a bill running in the tens of thousands of dollars.

In early 2013, along with dozens of creative entrepreneurs in organizations like San José Made and NextSpace, I launched an initiative, called “Startup San José,” focused on lowering the barriers for those seeking to launch their small business in San José. We started with a proposal to offer to waive city permit fees for a simple tenant improvement in those empty storefronts where the landlord also agreed to reduce the asking price for a lease. In that way, we could lower the barriers to enter the market for a cash-strapped small business owner. We obtained Council approval in June of 2013, and the pilot project is currently in progress — and as we assess its effectiveness, we’ll make needed modifications.<sup>8</sup>



“Startup San José” also challenges the community, through online initiatives and events to offer simple, low-cost ideas that would help City Hall leverage the creative entrepreneurial talent and energy in San José to fill empty storefronts and jumpstart small businesses. Since that time, we’ve pushed additional efforts to provide wireless “boosters” — donated by Ruckus Wireless — to pipe our free outdoor Wi-Fi service to customers and employees inside Downtown businesses. We’ve proposed to improve the visibility of starting businesses’ websites on search engines like Google and Bing by providing inbound links to the city’s public website. As discussed in the next section, I’ve pushed to launch a viable “open data” platform, to make bureaucratic permitting processes more responsive to small businesses. As mayor, “Startup San José” will represent City Hall’s new open-source culture: crowdsourcing our innovative community’s best ideas for broadening opportunity and expanding middle class jobs in San José

## 2. Confronting the Bureaucratic Leviathan: Permitting

The most frequent complaint that I hear from business owners and managers relates to the challenges of getting permits or development approvals from our labyrinthine city departments. One (sadly, not untypical) retailer, who I'll call "John," told me his horror story: his building and occupancy permits took six months longer than projected, during which time the City lost his architect's plans, he received conflicting mandates from two inspectors from different City departments about the same problem, and his application was "handed off" to three different building officials, so he never knew who to call to try to hasten the process. John complained to me that he lacked the resources to hire consultants to navigate the Kafkaesque city bureaucracy, like big developers do.

This routine would seem comical, if it weren't for the fact that several prospective employees couldn't begin receiving paychecks until John could open his doors. It certainly wasn't funny to John, either, since he still had to pay rent for the space throughout the bureaucratic delay. Worst of all, it's a story told to me routinely by small business owners.

How do we "fix" this? As we see throughout the private sector, technological innovation can improve transparency and accountability. You can't fix what you can't measure, and we hadn't been doing a very good job of measuring any individual's performance in City Hall. In July of 2013, joined by my colleague, Councilmember Johnny Khamis, we proposed two important steps toward a solution: deploying tracking software and creating an "open data" platform.

### **TRACKING EVERY PERMIT APPLICATION**

Tracking software is hardly novel technology. We've seen RFID tags commonly used in warehouses for inventory management for many years, for example. As a result, if somebody orders a package from Fed Ex, they can track the item from its warehouse in Guangdong until it lands on their doorstep, yet if they submit a permit application to City Hall, it disappears into a bureaucratic black hole, not to emerge for

months. So, we needed to implement readily available technology to identify the desk on which every applicant's file rests in City Hall, for how long and for what purpose.

Aggregating that same “tracking” data does something more: by recording the paths of thousands of such applications through the City Hall bureaucracy, we can identify and quantify the delays at each stage of the process. We can isolate “choke points” and inefficiencies. We increase the accountability of city staff for their individual performance. With data, a good manager can improve the process by promoting and rewarding high performers, better training staff who struggle to keep up, automating ministerial tasks and focusing resources on problem areas.

## **OPEN DATA**

We can further improve the process by releasing all of that data to the public. Specifically, I've called for launching a more robust “open data” platform, whereby the city provides a website for free download of all of the data — with personal identifying information appropriately redacted — that the city collects. Open data platforms have enabled innovative software developers in other cities to create smartphone applications to accomplish a host of helpful tasks, from identifying open parking spaces, to warning diners of restaurants with frequent health code violations, to informing transit riders of the arrival time of the next bus.

By hosting a “hack-a-thon” for civic-minded app developers in San José, we can unleash their innovative skills to create software to improve our permitting process. This could give San José business customers ample warning to set reasonable expectations based on the average, expected duration for the approval of each specific type of permit. It could provide applicants with “real-time” information about the permit status, and who to call if it appears “stuck,” as well as which supervisor has responsibility for that part of the process. App developers might also find innovative ways to streamline processes, including automating them using web-based tools that eliminate a trip to City Hall.

San José has no shortage of civic-minded app developers — including many bright college students — who want to make our city a better place and who can “beta-test” a potentially successful smartphone app using San José as their laboratory. By unleashing their creativity, we can improve the ways that our city serves its residents and boost our local economy.

### **3. “Next-Shoring” Manufacturing: A Plan for Revitalizing Manufacturing in San José**

Manufacturing has long provided a pathway to the middle class for millions of Americans lacking advanced education. Electronic technicians and machinists can earn \$100,000 annually with a high school diploma, far more than similarly-skilled workers could earn in the faster-growing service sector. Economists have long attributed a portion of the much-maligned “hollowing out” of the U.S. middle class to the decline in the American manufacturing sector, which employed 19.6 million Americans in 1979 but only about 11 million today.

In the popular media, one reads much of a hopeful trend of “re-shoring” in manufacturing that — spurred by rising wages and fuel prices in Asia — will bring jobs that will boost the fortunes of thousands of still-struggling U.S. families. A more accurate term for the trend, some experts would argue, is “next-shoring”: manufacturers over the next decade will become increasingly driven to locate close to demand, key suppliers, product design processes and engineering functions.<sup>9</sup> To the extent that those functions are already located in Silicon Valley, we should position ourselves for growth in manufacturing. A 2012 Boston Consulting Group report suggests that as much as 30% of America’s current imports from China could be produced domestically by 2020.

Yet even with this expected growth, few expect manufacturers to flock to high-cost cities like San José to mass-produce cheap, simple widgets. Rather, San José must exploit its advantages in high value-added manufacturing. Local manufacturers like Solar Junction — the maker of the world’s most efficient concentrated photovoltaic cells — excel by marrying innovative technologies with the region’s exceptional

educational and business ecosystem, enabling the company to move rapidly from prototype to product.

Surprisingly, San José still has a more manufacturing-intensive economy than nearly any other major American city, with more than 17% of our job base in manufacturing, a rate twice that of the rest of California. Recent arrivals in San José — like Bestronics, Vitron, Vander-Bend and Zoll — increasingly want to locate manufacturing operations near design, research and engineering activities, to hasten the feedback loop that spurs innovation. In the last year alone, the California Employment Development Department reported that the South Bay added over 6,700 manufacturing jobs, about one out of every six jobs added during 2013.<sup>10</sup>

How can San José ride this wave of next-shoring to even more tech manufacturing jobs? By focusing on three essentials: sites, space and skills.

## **SITES**

Having sufficient industrial land available matters, as does its location. As co-chair of the task force that updated San José's General Plan in 2011, we successfully held the line against prior decades' conversion of hundreds of acres of job-rich industrial land to housing. Instead, we focused denser residential growth along transit corridors. We must resist the powerful political and economic forces that have eroded similarly well-intentioned general plans in the past by preserving scarce industrial land.

## **SPACE**

Second, manufacturers need increasingly scarce industrial space, with modern buildings capable of handling high power demands, extensive wireless infrastructure and sophisticated equipment. The evidence suggests that there exists an enormous pent-up demand for industrial buildings constructed in the last decade, a period in which very few buildings were actually constructed. Of the 40 industrial buildings in North San José/Industrial Business Park area built since 2001, vacancy hovers below 1% of the 2.4 million square feet. The remaining 47 million

square feet of industrial space in that area averages 30 years in age, and its vacancy rate exceeds 11%. Among the 8.6 million square feet of industrial buildings in Edenvale and South San José, the vacancy rate in older industrial buildings exceeds 19%.<sup>11</sup>

Consider the lost opportunity of this “slack” capacity in older industrial buildings: about 6.5 million empty square feet, if properly upgraded, could be providing the site for thousands of blue-collar, middle-wage jobs. Particularly now, with tech booming and skyrocketing leasing costs throughout the Valley, we need to seize the opportunity to leverage this resource by rapidly facilitating the retrofit of these older industrial buildings for modern manufacturing, research and development. Doing so could benefit the city in multiple ways. Thousands of mostly blue-collar jobs would emerge. Increased property valuation generated by the installation or upgrade of large industrial equipment would generate revenues for the city and other local governments to improve San José schools, roads and the police.

A widely-broadcast incentive program could go a long way to market our industrial areas to prospective employers. What kind of incentive? Rather than dumping public dollars on the laps of corporate investors, City Hall must cut fees and red tape and simply get out of the way. Here’s my plan:

## **INCENTIVIZING REHABILITATION OF INDUSTRIAL BUILDINGS**

First, we should waive permit fees for any rehabilitation of older industrial buildings in the city, so long as the industrial tenant has signed a lease to expand within or move into San José. Any foregone fee revenue — which is typically not more than a few thousand dollars — will be rapidly recovered by taxpayers in the form of recurring property tax revenue resulting from the property investment. We should also relieve these industrial rehabilitation projects of the heavy traffic impact fees on new industrial and office development in North San José, as we have with large corporate campus projects.



Next, the city should publicly commit to issue every permit for the rehabilitation of an older industrial or research and development building within 45 days of application. We already accelerate similar projects using the Special Tenant Improvement and Industrial Tool Installation programs, but we require business customers to pay a much higher fee to do so. We should publicly commit to a specific timeline to provide the convincing messaging to prospective employers to assure them that they can get those factories running in time to get their products to market.



Finally, we can commit to help equipment-buying manufacturers apply for a recent state sales tax exemption incentive, which became effective in July of 2013. Other local incentive programs, such as the Foreign Trade Zone deferral of custom duties and “use-tax-sharing” under the existing Business Cooperation Program should also be advertised.

Taken together, all of these efforts could send a clear signal to manufacturers to locate their facilities here without allowing corporations to benefit at taxpayers’ expense.<sup>12</sup>

## **SKILLS**

We should also focus on skills. Manufacturing today involves complex tools requiring technologically skilled operators, managers and technicians. In recent surveys, local manufacturers increasingly lament

the skills deficit in our blue-collar workforce. We can better leverage existing partnerships like Work2Future to support highly targeted job retraining for veterans and older tech workers.

The City can also connect our community colleges to industry, creating skill-building pipelines through internships and entry-level opportunities. On several occasions as a councilmember, I've played the role of "matchmaker" in helping to connect tech executives to local colleges to spur conversation about how we could leverage our educational institutions to deliver skills-building directly to the corporate campus or manufacturing plant. Mayors, of course, have a particular advantage in forging those relationships; as mayor, I'd elevate the priority of "matchmaking" between our colleges and our employers. These kinds of partnerships can provide students with a clear path to employment, and help boost flagging public college budgets.

By focusing upon sites, space and skills, we can boost San José's manufacturing base, revive dozens of underutilized warehouses and industrial sites and restore the wages and dignity of thousands of our unemployed neighbors.

## **4. Making our Airport a Jobs Engine: Dynamic Pricing**

Through the last two recessions, Mineta San José International Airport (SJC) has seen a steep plunge in flight and passenger volume. Although San Francisco (SFO) has always boasted more passenger air traffic than SJC, the Great Recession and its aftermath have only exacerbated this disparity. SFO added 7 million passengers since 2008, to a total of 44.3 million in 2012. Meanwhile, SJC's passenger count actually declined, losing 1.4 million passengers to settle at 8.3 million.<sup>13</sup> Even with a strong uptick in the last eighteen months — we've just recently surpassed the 9 million threshold — passenger counts in San José remain roughly 20% lower than their peak in 2001.

Why should people care about declining passenger volume at San José's airport?

Passenger counts have a direct impact on the living standards of employees in entry-level and low/moderate-skill jobs in San José,

since many hotel workers, waiters, cooks, taxi-drivers and airport employees all depend on air traffic at SJC for their livelihoods. The lack of accessible routes and connections also reduces SJC's attractiveness as a transportation hub for job-producing companies that might choose to locate in or near San José. The many manufacturers, shippers and warehousing companies that employ thousands of blue-collar residents, for example, often rely on spare space in the fuselage of passenger commercial jets for their cargo transport. This connection places a premium on boosting air traffic on key routes to keep those employers growing in San José. For these reasons, a single major international route, such as SJC to Tokyo — can have economic impacts on San José running in the tens of millions of dollars.



So, why do passengers seem to be fleeing San José? The drop in passenger volume has little to do with the choice that passengers are making. Planes flying from SJC routinely bear passenger “loads” of 90% or more, among the most crowded planes in the nation. There’s plenty of pent-up passenger demand in San José. Rather, the drop results from the decisions airlines make about where to allocate their planes, or more technically, their “routes.”

For example, for much of the last several years, SFO has had about three dozen daily direct flights to New York City and SJC had only one. Not one dozen, one *flight*. In August of 2012, more than a third of the passengers

on those 36 SFO flights drove from their homes in the San José metro area at least 45 minutes away. Indeed, with a passenger count five times that of San José; SFO directly serves a city with a 20% smaller population and a county with half the population of Santa Clara County.

Incredibly, SFO's gains over San José have accelerated during a time in which every economic indicator would suggest that the airlines should add flights to San José (SJC); SJC offers substantially lower costs in fees and charges than SFO, it has a far superior on-time performance for flights than the delay-stricken SFO and dozens of Silicon Valley's CEOs convened by the Silicon Valley Leadership Group have unequivocally demanded more flights at SJC.

In the face of all of these factors — most importantly, the huge pent up demand in Silicon Valley for more flights — why would airlines refuse to increase routes to San José?

Many industry experts concede that airlines possess something of a “herd mentality.” That is, rather than trying to compete for passengers by locating in underserved cities like San José, they will dedicate resources fighting for market share on the high-visibility routes against their established competitors. Airlines know that passengers want easy scheduling with many connecting flight options, and they're more likely to get those connections in SFO than SJC. Airlines would also prefer to prey on competitors' business than create their own because the latter involves greater risk. This herd mentality merely reinforces disparities between cities: the “rich” airports (like SFO) get richer and the “poor” airports (like SJC) get poorer.

## **THE POWER OF PRICING**

How can we solve this conundrum? Dynamic pricing. In the private sector, we know that price for any good or service fluctuates with demand. What if we employed the same approach to public sector services like airport landing fees?

To be sure, the public sector has traditionally relied on flat fees that don't respond to demand because nobody likes telling residents that they can't predict what they'll pay for a remodeling permit or a library card.

Those are good reasons for flat fees, flat rates and flat prices, to be sure. But circumstances exist where people — and companies — would willingly pay a fluctuating rate for a scarce public service. The fees and charges that airports impose on airlines, however, don't change responsively to congestion or traffic levels. That's the problem.

If the price of an airline's use of an airport changes based on the airport's congestion levels, then we can encourage carriers to provide service that more adequately responds to demand. Airlines will boost routes to less congested airports in Oakland and San José if a regional authority increases landing fees at SFO as congestion peaks and lowers fees at Oakland or San José. Our Bay Area freeway congestion would benefit as well, since millions of fewer trips need to be taken on Highways 280 or 101 for an hour to get passengers to a plane.

This approach would require a mayor who would take regional leadership among our peer cities.<sup>14</sup> The three regional airports — SFO, SJC and Oakland — would need to sign an agreement creating a “congestion pricing” regime to alter their airline charges based on the traffic loads at each airport.

Why would San Francisco agree to such an arrangement, which would impose higher fees on their airline carriers? Simply, they could keep the money. That is, SFO can collect — and keep — all of the fees generated from the charge. They could also shed many of their shorter domestic routes to SJC and Oakland, making room for more lucrative international flights.

Implementing this regional model would require some lobbying of Congress and the Federal Aviation Administration by Bay Area mayors. We would need federal authority to expand the small number of airport agencies possessing what is known as “slot control” — the ability to control routes to manage congestion levels — beyond the current slate of autonomous airports in New York City and Washington, D.C.

By obtaining regional concurrence and federal approval, we can use dynamic pricing to incentivize airlines to craft routes that will better serve San José and more efficiently serve the entire Bay Area. In more

concrete terms, we can see a boost to the employment prospects and wages of thousands of workers in San José taxis, restaurants, hotels and entertainment venues.

Even with seemingly obscure regulations — such as flight fee structures — innovation can have widespread benefits for local workers who depending on growing flight traffic.

## **5. Our Toughest-to-Employ: From Homeless to Hopeful**

In chapter 2, I described the extraordinary efforts of Eileen Richardson and the Downtown Streets Team in providing a “work-first” approach to battling homelessness. By engaging with homeless living in our creeks, they’ve moved dozens into permanent housing by employing them to clean the very creeks they once lived in.

This “work-first” approach offers a promising model for expansion to better address the fast-growing scale of our homeless population. While mental illness or drug addiction may pose a barrier to work for many homeless, we know that thousands can work if they can overcome lesser obstacles.

So, I’ve explored how we can expand on Downtown Streets Team’s reach. The only constraint is resources. For example, a company or affluent neighborhood, frustrated with trash, vandalism or other blight could pay a fee to the Streets Team to come into their community to clean up. With more fees, DST could expand its scale and provide more homeless with a pathway to self-sufficiency.

This month, we’re launching an effort to beautify San José with what I call the “San José Gateways” initiative. Organizations like Goodwill and the Streets Team have a mission to give a “second chance” for employment to hard-to-hire homeless, parolees and others. With their clients, they can provide the means to cleaning, scrubbing and planting in long-blighted corners of our city, while enabling clients to rebuild their work history and self-confidence. “San José Gateways” will operate around several freeway off-ramps, beautifying them

with flowers, routine maintenance, shrubs and murals, welcoming thousands of San José's visitors, workers and residents each day. If this model works, we can expand it to address other areas in need of cleaning and scrubbing throughout every neighborhood in San José.

Cleaning trash, planting trees and flowers and painting murals can transform how we — and others — view our own city. Simply, aesthetics matter. Is this a city worth investing in? Is this a city on the ascent or on a decline? The image of San José is shaped by every encounter, and providing encounters that convey a strong appearance to residents and visitors — particularly to those job creators deciding where and how they'll invest their dollars — can cumulatively affect how and where we choose to invest our time, resources and energy.

Ample evidence supports the notion that aesthetics matter. When the Knight Foundation asked residents in 26 U.S. cities were asked what attached them most to their city, "aesthetics" consistently ranked among the top three responses in *every* city — ahead of schools, job opportunities and even public safety. Those cities that ranked highly on these "soft" measures of affinity consistently recorded higher growth in economic output — measured by local GDP — than the other cities.<sup>15</sup>

Assuming we agree on the importance of improving the "first impression" of San José at these key entryways, where will we find the money? I've reached out to several companies interested in leasing a 4' x 4' sign at each freeway off-ramp offering a simple message: "Welcome to San José — brought to you by Acme Co." For approximately \$10,000 annually, we can fund a single crew to clean, paint, weed and beautify each site for a year. Companies paying those fees benefit from the exposure to thousands of captive eyeballs entering the city via any freeway off-ramp each day and their employees see a physical manifestation of the good they're doing in our community with every morning commute. So far, five employers have agreed to sign on — Cisco, Ernst & Young, Garden City Construction, TiVO and Wells Fargo — and more have expressed an interest in joining in after we launch this effort publicly.

The "innovation" offered by Downtown Streets Team is hardly a new one: it's a simple focus on the restorative power and promise of hard

work. More complicated solutions will be needed for many homeless individuals, but it never hurts to start by helping those we can, when we can.

## **6. Leveraging our Libraries and Community Centers as Employment Centers**

During the worst of the economic recession a half-decade ago, former Library Director Jane Light became renowned for her innovative approach to leveraging very scarce resources to expand access to city libraries in our community. Finding that one out of every four adults used our city libraries to look for a job, Light sought opportunity in crisis; she focused library resources on job-hunters, with librarians dedicating a share of their time to assisting job searches via computer. Library patronage grew, and other cities began to catch on as well.<sup>16</sup>

We've seen federal funding for a city-affiliated job training program called "Work2Future" slashed in recent years — ironically, at the very time when we most need job training and technical assistance with everything from resume writing to job searching to applying for certification programs likely to yield jobs. With the severe cuts, Work2Future has been "spun off" as a non-profit organization and has pushed forward against an enormous headwind to provide critical job search and training opportunities to many residents. Due to limited resources, its reach, scope and impact are greatly constrained, not least of which because many of our residents have never heard of it.

Light's "pivot" is instructive. We could push farther and make every library — and perhaps every community center with a publicly accessible computer — a mini-"Work2Future" center. This approach would create a network of easily accessible locations where residents could obtain not only job search assistance, but also online training for the skills, certification and fluency they'll need for their next job.

The tools needed to make this vision come to life consist of relatively low-cost software and a few computers. As Salman Khan, the creator of Khan Academy, showed that sophisticated educational software can provide a low-cost — and in many cases, a completely free — means for residents



to learn skills ranging from accounting to English-as-a-second-language to software coding. Online testing and grading can provide certifications for users to add to their resumes and boost their job prospects.

The City of San José already has access to over 1,500 free licenses for online training software by Metrix, an expansive learning management system. With over 7,000 classes to choose from — ranging from project management certification to word processing — this software could enable hundreds of residents to learn critical job skills in multiple languages. The only cost to the city: the operation and maintenance of existing public computers. Depending on budget and resident need, the city could pass along the cost of any additional software licenses to new users for as little as \$60 per person for access to 7,000 classes.

With a concerted partnership and a relatively small commitment of resources, we can do much more for our unemployed and underemployed residents. By cross-training librarians and librarian assistants to meaningfully assist job seekers and skill-seekers, we could also provide a pathway for promotion, better earnings and improved career skills. Indeed, by becoming employment resource specialists, our own library staff could boost their incomes and skills — a worthwhile consideration in light of the substantial cuts to their wages in recent years.<sup>17</sup>

Most importantly, by distributing these services throughout the community — particularly in our neediest neighborhoods, we can better ensure that the information reaches the people who need it. Bilingual staff in a local library seem far more accessible and familiar to residents than a formal government bureaucracy. For those with Internet access at home, we can ensure that anyone with a library card can use training software remotely, through a cloud-based service. Our residents will have greater access to the information they need to boost skills and opportunities.

Of course, these ideas are neither entirely new, nor mine alone. Los Angeles, for example, recently piloted an effort to use its public libraries as a mechanism to help adults receive high school diplomas.<sup>18</sup> Here in San José, Jane Light's successor, Library Director Jill Bourne,

appears to share her predecessor's penchant for innovation, and has already begun to dip her toe in this water. She recently hired a division manager to boost self-directed, computer-aided learning, for employment and after-school youth education. One of her librarians, Kim Nguyen, recently launched a unique economic skills-building program called "Sew What?" at the Biblioteca Latinoamericana, which serves the predominately Spanish-speaking neighborhood in Washington. By providing her library patrons with access to donated sewing machines, sewing lessons and financial literacy classes, the program seeks to help residents launch cottage businesses to help boost their incomes.

A vision that encompasses a more focused and broadly marketed effort could go a long way here. A geographically-distributed approach for job training and search services could vastly improve the career prospects for thousands of our residents, all at a relatively low cost. When considering the aggregate social, educational and economic impact of such a program, it seems well worth the investment.

## **SAN JOSÉ PLACE IN THE SILICON VALLEY ECONOMY**

All of the initiatives that I've discussed above can be implemented within our budget and can collectively broaden opportunities for thousands of our residents. That's critically important for our next mayor as we grapple with a Valley in which the gap between the "haves" and "have nots" has widened — even during a period of economic recovery.

Yet what of the "haves" and "have not" cities within Silicon Valley? That is, a broader question arises about San José's role in our Silicon Valley economy, given the explosive growth of the suburbs to the northwest of us with the emergence of fast-moving giants like Google, Facebook, LinkedIn and Apple. Ample media attention has been brought to the question of whether the Valley has geographically shifted its focus northward.

My personal view is that much of this hand-wringing is overblown. Before the current crop of companies boomed in our northerly suburbs,

earlier generations of great tech companies — bearing names like HP, Intel, Applied Materials and yes, Apple — boomed in those same suburbs. Sand Hill Road and Stanford University have had a magnetic pull — and a prolific “push” — for generations of innovators.

Of course, the emergence of San Francisco as tech center over the last decade raises these questions anew. As we think about job opportunities for our residents, and about the burdens of their long commutes, we need to ask whether San José is resigned to merely being a bedroom community for employees who work for companies on the other end of the 280, 101 or 85 freeways? Are we being “left behind?” Can we pull the center of gravity of the world’s center of innovation back southward?

I address these larger questions in the final chapter about our collective future. Here’s a glimpse of the long-term solution, in my view: if we choose to live up to our role as Silicon Valley’s vibrant urban center, much opportunity awaits us.

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1. Joint Venture Silicon Valley, Silicon Valley Index 2014, pgs. 18–19  
<http://www.jointventure.org/images/stories/pdf/index2014.pdf>

2. NOVA Workforce Development (December 15, 2011). Press release: “Silicon Valley in Transition update: Tech Employment Growth to Continue Despite Global Economic Challenges.”

3. Silicon Valley Index 2014, p. 22

4. *Silicon Valley Business Journal* (May 24, 2013). “Daniel Luna, Jeremy Prader: How we dumpster dived and thrived.”

5. Shane, S. “Small-business job creation better than we think.” *San Francisco Chronicle*, April 29, 2012.

6. Kotkin, J. “The Rise of The 1099 Economy: More Americans Are Becoming Their Own Bosses.” *Forbes*, July 25, 2012.

7. Sal Pizarro, “Blackbird Tavern Aims to End the Curse of Castillo,” *San José Mercury News*, June 22, 2013. [http://www.mercurynews.com/sal-pizarro/ci\\_23514276/pizarro-san-joses-blackbird-tavern-aims-break-curse](http://www.mercurynews.com/sal-pizarro/ci_23514276/pizarro-san-joses-blackbird-tavern-aims-break-curse). Today, Marcelino Castillo manages a store at Valley Fair. Only recently was the curse of Castillo broken—appropriately, by a couple of creative, homegrown Downtown residents and veteran businesspeople, Chris Esparza and Brendan Rawson, who launched Blackbird Tavern in the summer of 2013.

A similar RDA-prompted coup of a collection of local ethnic businesses in the Tropicana Shopping Center in the middle of the last decade prompted years of litigation, ultimately forcing the City of San José to pay a large damages award.

8. Initially, City staff sought to restrict the program to businesses other than restaurants, and the City Attorney insisted that the program be limited to “grants” to pay for City fees rather than fee waivers. The response was tepid. City administrators are now appreciating the need to lift those restrictions,

and to simplify the implementation of the initiative.

9. See Katy George, Sree Ramaswamy, Lou Rassey, "Next-Shoring: A CEO's Guide," *McKinsey Quarterly*, 2014:1, pp. 27–39.

10. State of California Employment Development Department (April 18, 2014). "San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) (San Benito and Santa Clara Counties): Seasonal gains in leisure and hospitality led month-over job changes."

11. Jones Lang LaSalle Q2 2013 Market Data, as reported by Chris Burton, "Strengthening Manufacturing in San José," September 12, 2013.

12. City Hall can also help by providing spaces for demonstration and testing of early-stage technologies. This year, "Prospect SV" will launch, transforming a City-owned warehouses into manufacturing, laboratory, and office space for clean tech manufacturers to develop prototypes. Unlike past RDA-funded incubators, sophisticated partners like Applied Materials and Lawrence Berkeley National Laboratory will drive this effort. We can also expand the use of San José's streetscapes and buildings as "public laboratories," to demonstrate local manufacturers' prototypes, as Transportation Director Hans Larsen has pioneered with LED smart-lights, low-emissions concrete, and electric car-charging stations.

13. Happily, for the first time since the great Recession, we have seen mild rebounds in passenger volume at SJC in 2013, as a result of an effort led by Silicon Valley Leadership Group — a task force on which I've served with the Mayor and a dozen Silicon Valley executives — to engage airline decision-makers with peer-to-peer conversations about where corporations they need routes to serve demand for business travel. Nonetheless, even with new routes to Tokyo, Guadalajara, and other destinations, the passenger growth will not approach anywhere near the levels seen even a decade ago.

14. I have already proposed a congestion pricing approach in my role on the boards of the Regional Airport Planning Committee (RAPC) and the Metropolitan Transportation Commission (MTC). The staff for those agencies are currently analyzing the concept.

15. Knight Foundation, "Soul of the Community 2010" <http://www.soullofthecommunity.org>

16. Brustein, J. "It Has Computers, Gives Advice and Is Free." *The New York Times*, March 25, 2009.

17. Our library employees, by the way, remain among our lowest paid city employees, but are both highly skilled and highly educated. The compensation cuts that have afflicted many other categories of city employees have afflicted them as well, affecting morale and retention.

18. Badger, E. "The L.A. Public Library Is About to Start Offering High School Diplomas." *The Atlantic*, January 10, 2014.

## **CHAPTER 4:**

### **Our Future**

**WHILE WE HAVE** focused primarily on the near-term issues of public safety — the budget and jobs — leadership requires a broader vision for San José and its future. Our discussion of San José’s future should start with our children. We should also recognize the challenges and opportunities presented by our rapidly aging population, a need for a new strategy to ensure stable water supplies and San José’s critical role in the future vitality of our Valley. This conversation should include a host of other topics as well, ranging from transportation to the arts to our parks to our libraries, only some of which are touched upon in this book. Nonetheless, we can all agree that we should begin with our kids.

#### **A. OUR CHILDREN**

##### **1. Why Should Mayors Engage in Education?**

Over a year ago, I launched a public conversation with San José parents, residents and educators about schools. More specifically, we discussed how we could marshal the resources to extend learning time in a child’s day, particularly for the many kids lacking access to after-school programs and sports. Parents cheered. Their eight-year olds groaned. Some politicians and pundits have since weighed in, arguing that my focus on schools would divert me from more “mayoral” priorities like hiring cops and repaving streets.

It’s certainly true that San José’s mayor shouldn’t take over schools. There’s plenty of politics in schools already.

Yet if we share concerns about a Valley with a widening income gap and opportunity gap, then our schools need our engagement — not just a Mayor’s involvement, but everyone’s involvement. According to the Silicon Valley Education Foundation, sixty-two percent (62%) of the teens entering high school in one of San José’s three major public districts will fail to graduate satisfying the minimum entrance requirements of our California State University system. Consider that statistic for a moment: almost two-thirds of our San José students don’t graduate high school with a clear path to college. Even worse: three San José students drop out of high school for every 10 that graduate.

Without college attainment or even a high school diploma, what chance do our kids have at a career that will enable them to afford to continue living in our Valley?

Very little. Economists can predict most of the difference in per capita incomes between American cities with a single statistic: the percentage of adults with a college degree. Our residents’ future prosperity hinges on our collective focus on college attainment. Inaction condemns another generation to low-skill jobs, widening San José’s already-yawning gap between rich and poor, and much of that gap remains color-coded by race.

Even beyond these socio-economic imperatives, every mayor should care about safety, and good schools reduce crime and stymie gang recruitment. Indeed, the California Dropout Research Project estimates that halving the dropout rate in San José high schools would prevent some 228 violent crimes here.

Better schools also generate new tax revenue for cities without raising tax rates. Why? A district’s Academic Performance Index (API) scores drive property valuations, as any realtor can attest. Property tax constitutes the City’s largest source of revenue. Good schools can help us pave more streets and hire more cops.

There are many more reasons why mayors — and each of us — should care about schools. Not the least of those reasons should be the well-being of our kids.



## 2. What City Hall Can Do To Support Public Education

Naturally, many elected officials agree, so we support libraries, crossing guards and campus safety — all important endeavors, to be sure. I've pushed to expand library hours and the crossing guard program during Council budgetary battles. Beyond these traditional city services, though, what can a fiscally-strapped city really do for our students?

More than we might think. In Chapter 1, I describe several youth-related initiatives that we can expand to provide palpable public safety-related benefits. For example, creating more summer and after-school jobs for at-risk teens will undermine gang recruitment. Partnering with school districts to expand the city's truancy abatement program can reduce the number of kids who cut class, increase revenues to the schools and actually reduce the incidence of neighborhood property crime.

Additionally, new partnerships with school districts and key stakeholders can drive our children's achievement and our common success.

## ■ **ENABLING EVERY CHILD TO LEARN AFTER THE SCHOOL BELL RINGS**

Under Mayor Susan Hammer, San José embarked on an ambitious expansion of homework centers. This successful effort ensured that thousands of “latchkey” kids had access to a safe learning environment in the afternoon hours until their parents could return to work. Where well-managed by knowledgeable non-profits or city staff, these centers helped children achieve, provided a public safety benefit for neighborhoods and better accommodated the demanding work schedules of many parents — particularly hard-working single moms — to support their families.

Sadly, the program suffered a death by a thousand budgetary cuts. Two recessions later, the City’s budget could no longer support the homework centers. The passage of Proposition 49 in 2002 seemed to commit state dollars to those programs through After School Education and Safety (ASES) funding, providing \$550 million to local school district budgets statewide. So, with the hope of state support, San José pulled back.

However, funding remains inadequate for many San José families who lack safe, affordable after-school options. San José’s largest school district, San José Unified, for example, relies upon ASES grant funding to provide after-school programs through nonprofits like Think Together, Catholic Charities and the YMCA for about 1,400 primary and junior high school children. Yet the District has more than 10,327 K-8 students who come from families in poverty (defined as having a sufficiently low income to qualify for free or reduced-price lunch). Overwhelmingly, this is the demographic most needing subsidized education and enrichment because their parents cannot afford sports leagues, dance classes or Chinese lessons. The tale in Oak Grove School District is similar; they serve roughly 540 K-8 students with ASES funding but 4,839 students qualify for free and reduced lunch.

By giving every child access to learning after the school-bell rings, we could brand San José as the most child-nurturing major city



in the U.S. Beyond the civic pride in such an appellation, imagine how it would help our schools attract the best teachers. Imagine how it would help our companies attract the most talented young employees. Imagine how it could focus our energies and resources on the future.

Doing so will require collaboration and coordination among key partners, starting with San José's nineteen (yes, 19) school districts, parents, teachers, key funders, foundations, non-profits, corporations and other key stakeholders like the Silicon Valley Education Foundation (SVEF) and the Santa Clara County Office of Education.

How to pay for it? Certainly, the City can do its part. In 2016, the City Council could put a measure before the voters to increase the tax on marijuana dispensaries by 10%, generating some \$6 million for after-school programs. We could supplement that by diverting a portion of the federal grant funding the city already receives through the Community Development Block Grant (CDBG) program.

More importantly, we can secure far more resources working together with our 19 school districts than we can working separately. For example, eight urban districts in California applied for a collective waiver of federal "No Child Left Behind" requirements, thereby becoming eligible for a grant of some \$110 million in additional federal Supplemental Education Services (SES) funding for extended-day learning. None of these districts were in San José, however. If we want to expand our resource base for education, we need to work together.

Similarly, corporate donors and foundations that might have previously shied away from navigating a dizzying sea of 19 separate school districts will more willingly engage where collective action exists, as SVEF teaches us. Collective advocacy for other federal dollars, such as through the 21<sup>st</sup> Century Community Learning Centers program, can also boost our chances.

In each of these examples and others, mayoral leadership can make a difference: convening key players, forging common goals and bringing resources to the table.

How far can a few million dollars go? Very far, if we partner intelligently with resourceful local non-profits. Organizations like Boys and Girls Clubs have ample experience in leveraging volunteers, matching grants and other means of stretching scarce public dollars to serve kids. Think Together already provides award-winning after-school programs in dozens of South Bay schools that focus on academics, enrichment and athletics, for less than \$9 per student per day (or about \$1,600 per year). They're also leveraging technology in blended learning approaches — consider Khan Academy, for example, or any of the increasingly sophisticated “freemium” educational software products — to better engage students, even in environments with relatively low adult-to-student ratios. The Valley's burgeoning educational software industry could provide a promising source of funding and free software, particularly where they seek to test the effectiveness of their learning tools.

With these resources, we can set ambitious goals, as Mayor Hammer did. We would roll this out with a target of serving 5,000 students annually within two years with high-quality after-school learning and programs and expand our reach as resources allow. Thousands more relieved parents will also benefit, and with proven success, we can attract additional philanthropic and corporate investment.

Of course, all of this costs money, both public and private. Yet consider the options: from childcare to tutoring to doing nothing for latchkey child in a gang-infested neighborhood. By comparison, \$9 per day looks like a bargain.

## ■ ENGAGING THE COMMUNITY TO SUPPORT OUR KIDS

In California, 90% of fourth-graders in our low-income communities cannot read at grade level, and 65% lack even basic

reading skills.<sup>1</sup> These statistics present ominous indicators of our future.

Fortunately, this is a problem that each of us can do something about. Academic research shows that caring adult volunteers can do much to assist students struggling with basic academic deficits. One 2001 study found that struggling 1<sup>st</sup> and 2<sup>nd</sup> graders who worked with untrained college students for 80 minutes per week could improve their reading grade levels 1.2 grades within six months, a rate of improvement four times greater than their peers.<sup>2</sup>

Amid our educational deficits, we live in a Valley with thousands of the most high-skilled, well-educated adults in the nation. Many are willing to offer an hour or more of their time each week to help a young child, if we make it easy for them. Yet many of those hard-working tech and professional workers don't know what volunteer options exist near their homes or workplaces.

I attempted to address this challenge by piloting a tutoring initiative with Silicon Valley Leadership Group CEO Carl Guardino, which we called “1,000 Hearts for 1,000 Minds.” We brought over a dozen great non-profit tutoring programs together, such as Reading Partners and YMCA, to create a single umbrella organization and website that could create a “one-stop shop” for prospective volunteers. We pitched dozens of local companies and their employees during brown-bag lunches, and I spoke at numerous Kiwanis and Rotary meetings. Several of my council colleagues helped us with the launch, and in a year and a half, over 500 adults joined to commit to tutoring public school students through these programs for at least four months. With the benefit of a Mayor's bully pulpit, we could scale this program and others like it, and really move the needle on student success.

## ■ **SUPPORTING PROMISING INNOVATIVE SCHOOLS: SITES AND ZONING**

City Hall can also ease the biggest obstacle for expanding innovative, high-performing public schools: securing sites and

permits for new campuses. Both traditional public districts and public charter schools have demonstrated the benefits of efforts to launch “small schools” and charters that can offer more innovative approaches to education that particularly succeed for kids in struggling neighborhoods.

In my own district, I assisted the launch of Rocketship Mateo Sheedy Elementary in the Washington neighborhood, where a high percentage of children live in poverty and come from Spanish-speaking households. Within two years, their “Rocketeers” achieved API scores on par with wealthy schools in Palo Alto. Many other high-performing charters, such as KIPP and Downtown College Prep, along with small, innovative district schools, are demonstrating that regardless of poverty, all children can achieve.

Of course, public school districts, their boards and parents share understandable concerns regarding educational oversight and foregone funding with every new charter school in their district. We need a mayor who can bring both sides together to help public districts and public charters flourish in the same city. San José can help ease burdens on cash-strapped districts with accommodations for new facilities, such as by engaging in joint use agreements for parks and community center usage. We can also ensure that the site-location decisions for new schools are made collaboratively with districts.

Regardless of the politics, we all need to remember that we’re all serving the same kids.

## ■ **PATHWAYS TO COLLEGE**

Generations of San José families have shared the joyous announcement of their “first” — those enterprising, promising students who are “the first” in their extended families to attend college. My own father was “the first” among his extended family when he entered Santa Clara University in 1952. Thousands of immigrant families celebrate this rite of passage today. Yet, as I noted earlier, for as many as two-thirds of our public high school

students, college remains “off the radar” — and their futures constrained accordingly.

One key reason lies in their lack of awareness. Too many teens believe that college is simply unaffordable, or unattainable. The majority of our high-school students do not have parents who have college degrees, and state funding shortfalls have gutted staffing for college and guidance counselors at our local high schools. Simply, too many of our teens lack a clear sense about how and whether they can get access to a college education.



Here’s where a mayor can lead: convening local universities, school districts and stakeholders to provide a clearer pathway for teens to college. Former San Antonio Mayor Julian Castro, for example, launched “Café College,” providing a one-stop location for students needing assistance with college applications, SAT preparation, financial aid guidance and career exploration.

Another education-focused former mayor, San José’s Ron Gonzales, has quietly begun to assess whether we can adopt a similar model here. Redeploying an underutilized community center or shuttered

library, a leading nonprofit like the Hispanic Foundation could create a welcoming environment where knowledgeable staff can help demystify college applications, financial aid and entrance requirements for students and their parents. An accompanying website can also help, for example, providing students with clear guidance regarding the classes they need to take to satisfy their requirements for CSU admission. With a mayor's engagement, we can do much to build a bridge for our youth to college and a brighter future.

### **3. Expanding Our Inventory of Sports Fields and Parks**

As child obesity rates have surged in the last two decades, health risks to our children have come into clearer focus: the National Council of La Raza predicts one of every two Latino children (San José's largest young demographic group) born in 2000 is likely to be afflicted with Type 2 diabetes in adulthood under their current lifestyle.<sup>3</sup> Organizations like the Health Trust are leading important battles to improve nutrition in school lunches, and to bring more fresh fruits and vegetables into the "food deserts" of our poorer neighborhoods.

Another critical component of the health equation, of course, is exercise. Athletics kept more than a few of us out of trouble as kids — and I've got the school detention records to prove it — but they also gave us an opportunity to play, compete, build friendships and develop healthier lifestyles.

Too many children in San José lack walkable access to a park or playing field, however. Soccer, softball and football league organizers and coaches frantically scramble every year to reserve public fields for games, and (more rarely) for practices. Disappointed parents bemoan of the dearth of playing fields citywide.

I've pushed mightily for the construction of several more parks and sports fields during my tenure in office, and we're thrilled to see some of that come to fruition in my own district: a public multi-soccer field complex under construction around the future Earthquakes stadium,

the Abronzino Soccer Bowl at Watson Park and a new field under construction at Martin Park. San José remains notoriously park-deficient, however, well below our Greenprint's goal of 3.5 acres of parkland per 1,000 residents.

In older, built-out neighborhoods, we need to find more creative ways to develop sports fields and parks, because little opportunity for parkland development remains. We would do well to better utilize the existing inventory of sports field and parkland in those neighborhoods — starting with our schools. Too many public schools have sports fields and gymnasiums, paid for with taxpayer dollars, closed to the public during the weekends and during the evenings. Cash-strapped school districts, understandably, don't want the liability for any injuries while they're unable to supervise the activity, and they don't want to maintain fields used by non-students.



We can better partner with our school districts to ensure children access to their fields after school, if we leverage one asset: a fund consisting of \$57 million of accumulated park fees that housing developers pay to help buy parkland and build parks.

Why aren't we already spending this \$57 million to serve a park-starved community? State law imposes rigid restrictions on the use of the

money that makes it challenging to spend. For example, park fees can only be used for “capital” costs — buying land, building playgrounds, installing grass and the like. We cannot spend those dollars for maintenance or utilities. The law also requires that the park benefit the new residents, so the money must be utilized within close proximity to the housing development that provided the source of the fees. The best opportunities to buy land and build a park often don’t lie within the geographic radius where the dollars can be expended.

While those obstacles make it more difficult to spend park trust fund dollars, we can creatively leverage these dollars in partnership with the school districts to open their playing fields to local youth. Schools often lack the resources to upgrade their facilities — such as by building bathrooms or replacing play equipment. More often still, the ongoing maintenance and operations of their fields, gymnasiums and play equipment significantly drains their limited budgets. The City can help dramatically reduce maintenance costs for the Districts, for example, by replacing grass on playing fields with artificial turf. By contributing the capital money for such projects, the City can persuade districts to provide greater public access to their facilities on weekends or after school.

Such “Joint use agreements” have emerged in recent years to enable public access to school facilities, but they take many months and even years to negotiate, as the competing bureaucratic silos take turns ensuring that liability, costs, risk and work burdens are properly allocated (universally, “properly allocated” usually means “allocated to somebody else”). Here, mayoral leadership can make a difference; we should negotiate with our largest school districts — such as San José Unified and East Side High School District — a uniform “joint use” agreement that can apply broadly to all of the schools within their district. By setting clear expectations about responsibilities and resources, we can accelerate the process of opening these playing fields and gymnasiums to the public, and substantially expand the inventory of playing fields and gymnasiums for youth and adult sports leagues.



There are other creative opportunities to build more parks. Sometimes the most dire of circumstances give rise to innovative ideas, such as when Mayor Dave Bing of Detroit proposed purchasing abandoned, foreclosed homes for reclamation of open space in blighted neighborhoods in that long-suffering city. During every market downturn, every city must confront the blighting impacts of foreclosed, bank-owned, decaying homes that can sit for years in neighborhoods, generating dozens of complaints for code enforcement and dragging down property values for all of the neighbors. Here, opportunity masks itself in despair. The City could identify clusters of two or three foreclosed or neglected homes in park-deficient, blighted neighborhoods and utilize park funds to buy the houses, demolish them and create neighborhood-enhancing parks on those sites.

We know that parks, trails and playing fields can often enhance the values of surrounding properties. Since higher property assessments create more tax revenues that benefit cities, counties and school districts, why not partner with those agencies to form joint financing districts to issue bonds for park construction, financed by the increment of higher property tax revenues within that neighborhood?

These and other opportunities exist for a mayor creatively seeking to leverage scarce resources, but it requires a commitment to ensure that San José has parks about which every child can be proud.

## **B. THE “SILVER TSUNAMI” AND OUR AGING POPULATION**

We’re getting older. While unremarkable, there’s more to this statement than meets the eye. San José’s senior population will quadruple in the coming decades, a rate of growth far exceeding any other demographic. This emerging “Silver Tsunami” will dramatically change our city. We’ll see 80,000 more new households headed by over-65 residents by 2030 than in 2000 (by comparison, we’ll see only 14,000 new households headed by someone in their twenties or early-thirties).<sup>4</sup> By 2040, one out of three of San José’s households will be headed by somebody over 65, roughly twice the proportion today.

Observers have warned the growing burden of the Silver Tsunami on medical care, paratransit and other costs to local governments. I see extraordinary opportunity in these changes, however. If we engage with this valuable but largely untapped pool of expertise and experience, and if we ensure that this population remains healthily engaged in the life of our community, San José will emerge stronger.

## **1. Civic Leadership Fellowships**

As Baby Boomers retire in rapidly increasing numbers, our very talented, very experienced workforce will increasingly be doing something other than working. Many of them will happily enjoy their days in retirement, caring for grandkids and travelling, but many more would like something different. Many want to remain engaged in their professions or in their communities — just without the daily demands that they weathered for their 45 year-work lives. Their skills and experience constitute an untapped asset. This group of retirees is highly educated, have many bilingual members and all share ample experience in multiple sectors. What better a resource for serving a community as diverse and complex as San José's?

City Hall, in contrast, lost some 2,000 employees through the Great Recession and its aftermath, among them the most experienced, skilled members of our workforce. We remain the most thinly staffed major city in the United States by virtually any measure. Hiring during this time of rapid Silicon Valley economic growth presents challenges for local governments, including San José's, with a shrinking available supply of skilled labor. At a time when the City remains perilously short of veteran staff, it seems ideal to tap the wealth of experience all around us.

I propose that we launch a "Civic Leadership Fellowship" program. At very little public expense, we can leverage the expertise and experience of our retiree-force in service to the community, while they provide supplemental city services, research, analysis, consulting, auditing, translation, community outreach and even management that we cannot provide within our current budget.

Some seniors would simply volunteer — as many do today, in our libraries, community centers and parks. Others — where tasked with greater responsibility and workloads — might receive a stipend, to formalize their commitment and set clear expectations for performance. Under federal regulations, retirees can earn up to \$15,000 in supplemental income without risk of reducing their Social Security payments. That \$15,000 might serve as the annual upward limit on any stipend we might pay those seniors who commit to substantial hours and energy to their positions, giving some a needed dose of additional spending money and others a clear sense that their work is valued.



The Civic Leadership Fellowship is hardly a new idea, of course; President John F. Kennedy launched the Senior Corps nationally in the early 1960's for example, to boost volunteerism among retirees. This is about more than merely encouraging volunteers: we'd be directly employing retirees in our core municipal functions. Our Civic Leadership Fellows could set a new standard nationally for meaningful engagement of our greatest asset: our residents' talents. Hundreds of San José seniors will be rolling up their sleeves in the good work of their City, all at a price of pennies to the dollar of expanding or improving services in more traditional ways.

## 2. Mobility — for Seniors, and All of Us

A city consisting of over 310,000 seniors — the population projected for San José in 2040 — needs to operate differently. We need to think differently about everything — our parks, roads, community centers and even our sidewalks — for an aging population. Some cities are getting ahead of the Silver Tsunami. In Ohio, for example, Springfield Township began designing an “adult playground” adjacent to a senior center to encourage seniors to engage in greater physical activity with durable outdoor exercise machines.<sup>5</sup>

Transportation becomes an increasingly critical issue as we age. A growing number of us will no longer be able to drive. Increasingly, we’ll face challenges in getting to medical appointments, shopping or opportunities to socialize, and the resulting isolation threatens our mental and physical well-being.

Many of us will need more time to cross a street before a signal allows cross-traffic to proceed. We may need assistance using transit. Of course, others will still be jogging to the store, to our great admiration.

For seniors without cars, transit becomes essential. Bus stops remain beyond walking distance for many seniors in San José. VTA offers a shuttle program, “Outreach,” that many seniors use yet Outreach’s limited budget constrains its geographic scope, its timeliness and its cost — particularly for those who do not qualify for a discount.

Ultimately, we need to expand the range of options for seniors who do not drive. For example, we have a vastly underutilized pool of some 700 taxi drivers in San José, now challenged by competing internet-based services like Lift and Uber. Although taxicab companies like Yellow Cab traditionally offer a standard 15% discount to seniors, the cost of a taxi ride remains beyond the reach of many seniors on limited incomes. In conversations with one taxi company owner, it has become apparent that the drivers’ incomes drop steeply during non-peak hours at the airport, typically between 10 am and 2 pm. This time range corresponds with the same period when many seniors might readily schedule a medical appointment, shop, pick up a prescription or dine out.

Working with the non-profit People Acting in Community Together (PACT), I've explored the prospect of advertising a steeper discount to low-income seniors during this mid-day period of low demand. To their credit, a couple of cab company owners are open to the idea — but finding the right discount is critical. The price needs to be high enough to ensure drivers will respond to the calls and low enough to be affordable for the intended beneficiaries. The City could partner with participating companies to advertise the lower rates to boost call volume for many struggling drivers, while giving more seniors an option.

### **3. Protecting our Seniors from Abuse and Isolation**

Elder abuse has become a major public health problem. According to the Centers for Disease Control and Prevention, over a half-million American adults over 60 report abuse, neglect or financial exploitation each year. The number of reports vastly underestimate the problem; however, since many victims are unable or afraid to tell the police, family or friends about the violence or exploitation.

Studies of elder abuse demonstrate that financial exploitation and physical abuse of seniors typically begins when a caretaker, such as a conservator, isolates the victim from her family and friends. By denying visitation privileges from loved ones, predatory individuals can more effectively inflict physical harm, engage in financial fraud or other harm without detection. Recent modifications in state law clarify the rights of seniors who have conservators to require access to loved ones.

Nonetheless, San José's (like virtually every other city's) police duty manual hasn't yet caught up to the law. We do not respond to complaints of family members who are denied access to their parents. Working with the District Attorney's Office, we can improve protocols to respond to those complaints — particularly relying upon community service officers and County social service employees, who can take reports and gather evidence. Becoming engaged when those first signs of exploitation emerge can do much to save our elders from subsequent abuse and victimization.

## C. OUR WATER: ENSURING A SUSTAINABLE SUPPLY

### Drought: The “New Normal”

As we endure another year of drought, we should come to accept that water scarcity will become the “new normal” in San José. While climate change has uncertain impacts on California’s water supply, few doubt that population growth will continue into the foreseeable future statewide. A Malthusian competition pits California’s agricultural Central Valley against coastal cities for increasingly scarce water from a diminishing statewide supply of snowpack runoff and reservoirs. In “normal” years, Santa Clara County depends on water imported from the Sierra Nevada Mountains for 55% of our need, yet in the last year, federal and state authorities have halted routine allocations of this critical supply.<sup>6</sup>



Two lessons emerge. First, we’re on our own. We cannot sensibly continue to depend on imported water. Second, drought restrictions will be increasingly common and severe. If we do take action to address our long-term water needs, these restrictions will impact our quality of life, health and economy.

We can find a more sustainable path, but only if we confront these two emerging realities, and only if we think differently about our water supply.

## 1. A Better Approach to Water Recycling: Groundwater Recharge

Gold-plated solutions often grab headlines and controversy, and water policy is no different. Competing proposals for desalination plants, peripheral canals and large dam projects increasingly resemble the baseball equivalent of what I call the “Manny Ramirez solution” to a team’s batting slump: voracious energy consumption, disruptive environmental impact and very steep costs. While technological improvements may make desalination more feasible in the future — particularly for brackish groundwater — cost-effective, sustainable large-scale implementation will require many years. We can do better by focusing on more affordable solutions within our reach, or better said, beneath our feet.

Our underground aquifers provide the most reliable source of water we’ve got. Replenishing aquifers is not a terribly new idea. We’ve been replacing groundwater supplies for 80 years in this valley with percolation ponds and other fresh-water sources.

As we exhaust these freshwater supplies, however, we must look to a new source: recycled water. We currently recycle waste water sufficiently to boost our existing water supply by some 14 million gallons. San José’s water sewage plant purifies water for reuse by commercial customers for their landscape and industrial uses, but not for drinking water.

For years, I have agreed with several leaders of the Santa Clara Valley Water District that we push farther, by embarking on “groundwater recharge.” That is, we should not merely use recycled water for factories or lawn sprinklers, but for replenishing our underground reservoirs. If we can purify the water to exceedingly safe levels, and recharge our groundwater basins, then that water will further improve with natural filtration through soil and rock, safely supplementing our mainstream potable water supply.

While it takes some public education to overcome the “ick” factor, the safety of recharging potable water supplies with highly purified

recycled water is proven. Orange County has safely implemented groundwater replenishment since 1976, pumping 35 millions of gallons of recycled water back into the ground each day.<sup>7</sup> El Paso has used a similar process since 1985, recycling over 10 million gallons of water back into the Huelco Bolson groundwater basin. In Fairfax, Virginia, residents drink water out of the Occoquan, a surface reservoir that receives recycled water from a purification facility nearby. These examples appear rare, however, in the U.S.

Fortunately, the Water District and the City of San José have made considerable progress in recent months, by opening a state-of-the-art advanced water purification facility. This long-awaited project can recycle sewage water to a purity exceeding state drinking water standards. Relying on three advanced treatment processes — microfiltration, reverse osmosis and ultraviolet light — the plant will provide 8 million gallons of highly purified water for commercial customers. The \$72 million plant isn't cheap, but it comes at a fraction of the cost of a desalination plant.

While the facility lays the groundwork for a future transition that will save both water and money, it doesn't solve our challenges in providing potable drinking water. The purified water will merely serve to reduce the salinity of existing recycled water and expand its appeal for the same commercial recycled-water customers for landscape watering.

If we hold fast to the belief that we should forever segregate recycled water from drinking water, we will have spent a lot of money purifying water for landscaping. We'll also have spent a lot of money expanding an otherwise redundant system for distributing recycled water — the extensive, 142-mile “purple pipe” system that currently delivers recycled water to our commercial users. Building owners will have wasted a lot of money to install dual plumbing in buildings, and ratepayers will have paid to operate separate, redundant distribution systems.

A more efficient approach would consolidate the recycled and fresh water distribution systems by replenishing underground aquifers with



highly purified, recycled water. Relying on water ratepayer fees, we can invest in the capital infrastructure to do so and still likely save millions in capital costs. Most importantly, we will ensure a secure, safe and sustainable water supply.

The Water District has already identified groundwater recharge as a long-term goal. As Mayor, working in partnership with the Water District, I'll push to make this a near-term reality.

## **2. Smart Growth and a Youth Water Conservation Corps**

All of that will take several years of planning and development, of course. In the short run, we still have a drought. How can we affordably manage that problem?

Conservation offers the most accessible path.

First, we need to follow the path of “smart growth” development that reduces per capita water usage. Lawns and other landscaping consume half of all residential water use. If we allow for more construction of sprawling single-family homes in the San José’s hillsides and open spaces, water demand will grow. Fortunately, we have sufficient suburban-style, single-family development to meet the demand in San José; demographers tell us that Bay Area households will continue to dramatically shrink in size in the coming decades. Why? Couples increasingly delay childbearing and marriage. Meanwhile, our senior population grows rapidly.

By focusing new residential growth in locations such as Downtown and near future BART stations, where transit-oriented, high-density condominiums and apartments appear appropriate, the only yards needing watering are common-area landscape. Per-capita water use drops dramatically.

Second, many conservation-related tasks involve relatively simple projects that could be accomplished by well-managed youth engaged in their first jobs, coordinated by an experienced nonprofit like the Conservation Corps or TeenForce. As described in the first chapter of this book, a well-designed program could constructively focus

the energies of dozens of San José teens tearing up lawns, planting drought-tolerant species, constructing grey-water cisterns in yards and distributing conservation tips to local homeowners. A sustainable program could emerge with funding from the Water District, local retailers and the City, as well as a pay-for-service system from individual customers seeking to reduce their monthly water bills. As the drought continues, and as water prices ratchet upward, more homeowners and business owners will happily sign up for new yards.

I proposed such an initiative in August of 2014, and it remains under study. In the meantime, we can all do better for the next generation — and this one — by reducing the watering of our yards and shortening our time in the showers.

## **D. OUR CITY: SAN JOSÉ'S ROLE IN SILICON VALLEY'S FUTURE**

We face another long-term threat to our City's continued prosperity, but it is rarely discussed publicly. It should be, because the battle for San José's — and indeed all of Silicon Valley's — economic future lies in winning the "War for Talent."

Every major metropolitan area in the U.S. has sought to capture the young, innovative engineers, coders, designers and professionals that drive our fastest-growing tech companies. Those cities that succeed in doing so — Austin, Boston, Manhattan, San Francisco and Seattle, among them — attract those employers seeking that talent, and their cities reap the rewards: more jobs, more revenue and better services and quality of life.

Silicon Valley's success over the last half-century has depended on its ability to grow and attract a highly skilled workforce, but troubling signs have emerged. Young tech innovators — including many graduates of our own local universities — increasingly flock to more urban, vibrant communities over the predominantly suburban Santa Clara Valley. Even if "Generation Yers" could afford to live in Valley suburbs (and they can't), they won't. They increasingly choose to live in cities with more diverse social offerings, more urban amenities or an edgier cultural scene.

Why should we care?

Where goes the talent, so go the companies. Consider the many young stars in the tech constellation — such as Twitter or Yelp — that have launched San Francisco headquarters along with larger but still fast-growing companies like Salesforce. Others, like Pinterest or Pulse, moved from the burbs into San Francisco to better attract talent. Even more commonly, headquarters for Adobe or Samsung will remain in San José, but the majority of the hiring will happen in San Francisco or Austin. When Facebook launched its Manhattan engineering office in 2011, an executive told the media, “We are looking for the smartest folks, the best place by a large margin was New York.” Ouch.

More than one observer has rung the alarm over the diminishing role of Silicon Valley as a magnet for young, innovative talent, relative to the fast-growing start-up scenes in San Francisco and elsewhere. Where those employers go, thousands of other jobs follow, since many businesses exist to support those driving industries.

Our next mayor must be focused on cultivating, attracting and retaining the most innovative, creative, skilled private sector workforce. To do so, we must “grow our own” talent, as I’ve described earlier in this chapter, and our mayor must play a leading role in supporting education. But we must also better retain the talented engineering, design and business graduates of San José State University and other nearby colleges who increasingly choose to move elsewhere to begin their careers.

## **1. Silicon Valley’s Urban Option**

So, we must create Silicon Valley’s “urban option”: a vibrant Downtown and surrounding “urban villages” that will retain and attract those residents — young and old — that want to live in a more vibrant, amenity-rich environment.

How, exactly, do we do that?

It helps to start by reflecting upon what we all crave about the cities we love. One fact is certain: we do not experience great cities chained to the steering wheel of our cars moving 45 miles per hour down an expressway.

Rather, we experience great cities on foot. And we love great cities for their great outdoor public spaces. In the parks, plazas and paseos of our city's villages, we can encounter a farmer's market, an outdoor café, a guitarist playing for passersby, a show of oil paintings or an outdoor zumba class. It requires an attention to the details that capture our fancy — as Connie Martinez calls them, the “little wonders” — such as a distinctive mural, an inviting storefront or appealing landscaping. In those public spaces we encounter each other, and a city's identity is forged.

These are the experiences that we all crave — and that talented urbanites flock to. And we can have them, but only if we collectively engage and care about how we design and build our city. We can focus on those public spaces that provide opportunities for great pedestrian experiences. Well beyond Santana Row, we can provide those inviting urban experiences in Evergreen Village Square, on Alum Rock Avenue, Lincoln Avenue, North First Street and other neighborhood villages throughout San José.

## **2. Downtown**

Of course, we can have the greatest impact in Downtown, because it offers the only location with capacity for substantial growth and development as a vibrant urban center. Other neighborhoods won't tolerate traffic from high-rise office towers or noisy transit stops next door. In Downtown, in contrast, we can accommodate residential growth at a scale of 250 units to an acre.

My strategy for revitalizing Downtown has diverged from earlier approaches. In past years, City leadership depended on millions in public Redevelopment subsidies for development. A few of those bets paid off — such as the SAP Arena and the Convention Center — but others didn't. Many taxpayers increasingly became disaffected by Downtown's absorption of public dollars at their neighborhoods' expense.

Rather than relying on public money for urban revitalization, I've focused on a different ingredient: people. Every retail broker and restaurant owner will tell you of the importance of seeing feet on the

sidewalk. For too many years, Downtown had been devoid of people. One Downtown business owner sadly joked a few years ago that he could shoot a canon down First Street on a Saturday afternoon without hitting anyone. Subsidizing new stores and restaurants with Redevelopment dollars won't change that dynamic. People will.

So, I've pushed various incentive programs to bring people into our core. I haven't done so with taxpayer dollars, though. Rather, I've focused by cutting onerous city fees and committing to faster timelines for permits. A high-rise fee reduction that I championed has resulted in several new towers breaking ground, bringing some 2,500 new housing units into our core. Along the way, we'll boost property and other tax revenues to the City by millions of dollars with that development. A new hotel will begin construction in the fall — the first in Downtown in over a generation. Anticipating the arrival of thousands of new residents, we've seen 43 restaurants and retail businesses open their doors in one 18-month span. A Whole Foods store is under construction Downtown, as is a U.S. Patent Office, and the University of San Francisco just launched a new satellite campus.

We've also focused on leveraging existing public resources without costing taxpayers more money. With hundreds of vacant parking spaces in 2011, I pushed to offer cut-rate parking in public garages for employers who sign leases in Downtown. Since that time, 161 businesses have signed up, bringing over 1,000 new employees into our core, filling over 600,000 square feet of previously vacant office and retail space. Our creative head of IT, Vijay Sammeta, partnered with forward-thinking companies like Ruckus Wireless and SmartWAVE Technologies to repurpose Downtown's wireless infrastructure, creating the nation's fastest free outdoor Wi-Fi network. Local businesses, residents and visitors can connect to the network appropriately named "wickedlyfastwifi." All of this came at little or no cost to the taxpayers.

I also pushed for transportation and infrastructure development that would bring people into Downtown, fundraising and advocating for the successful 2008 BART ballot measure, and pushing for a

bus-rapid-transit system, both of which are under construction today. My longstanding efforts to bring car-share (“ZipCar”) and bike-share systems into Downtown resulted in successful launches last year, and we are finally starting to develop a transportation infrastructure suitable for a major U.S. city.

As the people arrive, our focus must turn to those public spaces I referred to earlier: the parks, paseos and plazas. The San Pedro Urban Market has demonstrated the benefits of a focus on creating vibrant public outdoor/indoor spaces for eating, live music and public gathering; developers have flocked to invest half a billion dollars in new high-rise towers nearby. We partnered with the Downtown Rotary Club to launch a large, fully accessible children’s play garden in Guadalupe River Park, a regional attraction that will bring vitality to the park needed to become the “Central Park” for our residents. We’re exploring a partnership with a national non-profit, the Levitt Foundation, to construct an outdoor pavilion that will transform the blighted but historic St. James Park into a public venue for live music, with millions of investment from Levitt and nearby developers. We’ve completed paving six miles of trails connecting Downtown with North San José along the Guadalupe River and are pushing south with new trail connections to Willow Glen and beyond. Working with businesses and arts venues on South First Street, we’ve used grants funds to recreate the Parque de los Pobladores into a community gathering space for performances and celebration at the southern gateway to our Downtown. With hundreds of new apartments under construction there, architect Thang Do will soon launch a public market nearby. We’ve even used street space for “curb cafes,” bringing restaurant and café patrons out into the streets on South First and East San Fernando.

Many partners have helped lead this activation of Downtown’s public spaces. The San José Downtown Association worked with the City to cut fees to encourage restaurants to open outdoor seating on sidewalks and streets, to entice outdoor vendors and food trucks and promote street festivals. Downtown businesses have agreed to tax themselves through a special district to bring flowers, murals, graffiti cleaning, street washing and additional police patrols to Downtown. A “live

music” strategy thrives under the guidance of SJDA and San José Jazz, filling forty restaurants, hotels and bars with bands and crooners seven days a week. San José State University has opened its gates to community-wide events, such as Silicon Valley Symphony’s popular Target Pops Festival.

All of these community partners will rightfully share the credit for Downtown’s renaissance. We’re creating a Downtown that our entire city can increasingly enjoy for entertainment, restaurants and cultural amenities, but the renewed vibrancy does not come at a cost of pulling scarce public resources from our neighborhoods.

As a city, we need to rise above these turf battles about “Downtown versus the Neighborhoods.” As the entire Valley’s future will increasingly depend on our success in creating a vibrant urban center, we’ll recognize this as a false choice. We need both: a vibrant urban center for all of San José, and safe, attractive neighborhoods with great public spaces.

Of course, we’ve still got a long way to go. The question is whether we will have the leadership in the coming decade to take Downtown — and all of San José — to the next level. Fortunately, great possibilities await us.

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1. This data comes from a 2010 survey. More recently, in 2013, the Kids Count Data Center (Annie Casey E. Foundation) found that 85% of California children qualifying for free lunch read below proficient level.

2. Fitzgerald, J. (2001). Can minimally trained college student volunteers help young at-risk children to read better?. *Reading Research Quarterly*, 36, 28-47.

3. “Young Latinos Have Fastest Growing Rate of Diabetes, Study Says,” *Huffington Post*, June 13, 2012.

4. Beacon Economics, The Future of Housing Demand in San José: 2008-2040, [www.sanjoseca.gov/DocumentCenter/View/3299](http://www.sanjoseca.gov/DocumentCenter/View/3299)

5. *Governing* magazine, September 2012, p. 37.

6. Footnote: Santa Clara Valley Water District, *Valley Water News*, July 2014.

7. Orange County Water District and Orange County Sanitation District, Groundwater Replenishment System, <http://www.gwrsystem.com/>

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Finally, a big "thank you" to our fearless team of volunteers and campaign staff who work long hours for a simple, selfless reward: to leave a collective legacy of having created an extraordinary city for our children and future generations.



## ABOUT SAM LICCARDO

**SAM LICCARDO IS A CANDIDATE FOR MAYOR FOCUSED ON MAKING OUR CITY SAFER, OUR ECONOMY STRONGER AND OUR GOVERNMENT MORE RESPONSIVE AND RESPONSIBLE.**

He represents San José's Third District on the San José City Council, one of the most diverse communities in our city. Prior to winning election to City Council, Sam served in the Santa Clara County District Attorney's Office as a prosecutor of sexual assault and child exploitation crimes and as a federal prosecutor.

On the City Council, Sam worked with Mayor Chuck Reed to reform pension costs, saving taxpayers \$25 million this year alone. Sam then authored the plan to use those savings to hire more cops. He's also pushed for a return to community policing and better technology to make neighborhoods safer.

And Sam's fought against government waste and inefficiency, successfully shutting down programs that were costing taxpayers millions of dollars without getting results while working to eliminate bureaucratic red tape for small businesses and residents.

Sam and his wife, Jessica García-Kohl, live in downtown's Northside — not far from where Sam's grandfather founded and ran a neighborhood grocery store, which was a center of life and assistance for generations of long-time residents and new arrivals to San José.

After graduating from Bellarmine College Prep in San José, Sam attended Georgetown University. Sam graduated magna cum laude in 1991, and two years later, he enrolled at Harvard Law School and Harvard's Kennedy School of Government. After graduating with a law degree and a master's degree in public policy, Sam returned to the Bay Area in 1996.



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