



# CITY OF NEWPORT BEACH

## OFFICE OF THE MAYOR

### **Mayor**

Keith D. Curry

### **Mayor Pro Tem**

Michael F. Henn

### **Council Members**

Leslie J. Daigle

Nancy Gardner

Steven Rosansky

Edward D. Selich

Don Webb

## **State of the City Address**

### **Keith D. Curry Mayor**

**February 19, 2010**

Good evening, what an honor it is to be here tonight. I want to acknowledge all of the former mayors in the room. Your contributions to our city have left a legacy of greatness and I am humbled to join your ranks.

Although Newport Beach is a diverse city of over 83,000 people, like most cities, there is a small cadre of people who serve on the boards and commissions, who are active with the homeowners associations and charities and who year in and year out, provide the energy to keep our community moving forward. Tonight, as I look around, this room is full of such people. So in great measure, this dinner is about honoring you, the glue of our community.

When you think about it, this dinner is the only opportunity we all have to come together, and have a conversation about our city, the direction we are heading and the goals we share together.

So much like a family would do, let's all pull up a chair around the kitchen table and chat for a while about Newport Beach, the challenges, opportunities and the community we all love. And as a family might do, let us begin by remembering a member of our family who is no longer with us. Jan Vandersloot was dedicated to making our community better, we mourn his passing and we will miss his contributions.

Those who have heard me speak in the past; know that I subscribe to the approach of one of America's great Mayors, Steve Goldsmith of Indianapolis. Steve has said that effective cities are transforming themselves from simply being the providers of services to being the creators and generators of public value.

What is public value? It is the sum of our decisions as a community that differentiates us from other cities. It is what makes Newport Beach special.



I know of no better way to illustrate the creation of public value than to talk about some of the accomplishments of my colleagues on the city council; people who love our city and with whom I am honored to serve.

Let me begin with Ed Selich. I believe Ed will go down as one of our city's great mayors. Ed took office at a time of division both in the community and on the council. He led in a conciliatory way and united both the council and our residents. He forged a vision of a new civic center we can all embrace.

More significantly however, was the role that Ed along with Council Member Steve Rosansky played in negotiating the development agreements for North Newport Center, the Hyatt, Hoag and Lennar projects. Collectively, these projects will produce over \$50 million in development fees that will go directly to public infrastructure and parks. This amount is equal to approximately one third of our annual operating budget.

The value of these agreements is magnified because these funds reduce dollar for dollar the amount of debt that must be issued to finance our civic improvements. Ed and Steve formed one of the most effective negotiating teams of any city to achieve these results. Now there were some who suggested that council members should not be involved in these negotiations, but Ed and Steve brought unique skills and ability to this very complicated task and the results speak for themselves. For example, because of their success, we are able to move forward on one of Steve's major priorities, the development of Sunset Ridge Park as a vital resource for West Newport. So to Ed and Steve, thanks \$50 million!

Council member Leslie Daigle has been a tireless advocate for funding bay dredging. Working with the state Congressional delegation and the Army Corps of Engineers, last year we achieved over \$18 million in funding to finish the upper bay dredging and a commitment of nearly \$2 million in the President's budget to start on the much needed dredging of the lower bay. This was a difficult task but due to hard work and determination, Leslie's leadership paid off in a way that will enhance our bay and our community for generations to come.

Don Webb, our Centennial Mayor, brings over 40 years of experience with the city to the council. His leadership on matters involving public works and his encyclopedic knowledge of our city's history has literally saved the taxpayers millions. Whether it's the redesign of the Pelican Hill Rd. /Newport Coast intersection, the siting of the new civic center or the Crean Library, Don brings wise and experienced advice to the table.

Early in her term, council member Nancy Gardner was confronted with the potential of closing the Corona del Mar library. But due to her leadership, the community organized and working with our library staff, Nancy developed a plan to re-invent this public resource.

An expanded children's section, and a new concept providing expanded computer terminals, late night hours and available coffee have made this 50-year old facility a new and vibrant element of our community. Perhaps more significantly, Nancy is the environmental conscience of the city



council and has initiated many actions to preserve our quality of life, protect our water and air, reduce energy consumption and enhance our environmental sustainability, and always in a very reasonable, practical way.

Finally, Mike Henn our new Mayor Pro Tem has led on one of the most challenging and difficult issues confronting our community, and that is the implementation of a legal, effective and fair ordinance to address the issue of group home concentration on the Peninsula and in West Newport.

Even though we have been sued by both sides, Mike has approached this problem with patience, skill and determination. The results have already been seen by the significant reduction in group home bed concentration, and the effective provision of reasonable accommodations to those most in need of rehabilitative services. Mike's work has set an example for other cities throughout the state.

What many of you don't see however is the contribution Mike makes behind the scenes to enhancing our internal personnel management, financial policies and budgeting process. He truly does apply a lifetime of business experience to improving government and the results are significant improvements in how we do business and in saving taxpayer's dollars.

It is these types of public value contributions that make Newport Beach different and enhance both our property values and our quality of life.

In January, the council met on a Saturday to outline our goals for 2010 and to reaffirm our values. The result was a 46-point action plan, built around the following value statements:

- We are committed to the ongoing protection of our quality of life.
- We are committed to being a community that is fiscally secure.
- We are committed to effective management of the city on behalf of the residents.
- We recognize our role in supporting the economic sustainability of our city.
- We will be environmentally sensitive, protective and sustainable.
- We will pursue improvements that enhance the public value of the community and of being a Newport Beach resident.

Allow me to touch on some of the initiatives that flow from these goals:

First and foremost must be the current fiscal situation and how we are managing the city.

My friends, we are a community that is used to plenty and affluence. But in 2010, we are called to leadership at a time of unprecedented economic disruption and challenges. Our residents are hurting, our businesses are hurting and yes, our city budget is hurting. We cannot fail this challenge and we cannot afford to be passive. In December, I introduced a Fiscal Sustainability Plan to guide our efforts on economic recovery. The council has adopted this 15-point Plan as a clear policy commitment to protecting our economic health and managing within our means through this downturn. Many difficult choices remain to be made. Frankly, things are going to



get worse before they get better, but we are committed to effectively and forcefully responding to these economic conditions.

In December, we implemented an Early Retirement Incentive Program that has reduced our workforce by a net 40+ positions and will result in over \$3 million in annual savings. Additional savings from attrition will be forthcoming.

We will be taking actions to reduce overtime, eliminate some consultant contracts, cutting our training costs, reducing our water and energy costs, and eliminating some non essential programs.

Your council and management team is acutely aware that even with our strong economic base, the current level of public costs related to retirement benefits is not sustainable by any local government in California, including ours.

We are working in partnership with our employee bargaining units to have employees pick up a significant percentage of retirement costs, as they currently do with retirement health costs, but this is only a start and more must be done for long term stability.

On Tuesday, the council will consider another round of budget reductions as part of living within our means.

But effective management is more than just spending reductions.

We are blessed to have a gifted and dedicated city staff. In the months ahead, you will see these committed public servants do more with less to keep this city running smooth, and their personal contributions to our economic recovery should be recognized as every bit as important as the other actions we must take. Our employees have generated dozens of suggestions for reducing the cost of government and we are in the process of implementing these recommendations.

Our new City Manager, Dave Kiff, has put his own stamp on our Performance Measurement/benchmarking system to monitor and improve performance. With our new director of Administrative Services, Dave is working to implement new budget procedures that will allow us to make better budgeting decisions and reduce spending on non priority tasks.

Let me say now, that one of the best decisions the city council has made was the selection of Dave Kiff as City Manager. Dave has used his knowledge of the city organization to develop reforms that would have taken an outsider six months to even begin. Dave has certainly proven to be the right man for the job.

Some services and functions have been reorganized and we have new department heads providing fresh perspectives on our city services. Certain activities such as street sweeping are being opened up to competitive contracting and more will be forthcoming.



This year, we will undertake a second citizen's satisfaction survey so as to measure resident opinion on city services and to have a basis of comparison with our landmark 2007 survey.

The council has appointed a Citizens Charter Update Commission, and tasked them with reviewing our city charter and recommending changes to be considered by the voters in November to address outdated, illegal or contradictory provisions of our current charter.

We have revamped our city web site, improved our programming on NBTV and we are reviewing how technology improvements can help us work more efficiently.

Our City Manager has set forth a "Gold Standard" for customer service and I am pleased to announce that beginning Monday, it will be city policy to return residents phone calls and e mails on the day they are received. As mayor, I will be meeting monthly at locations throughout the city on Saturday mornings with residents who may wish to drop in to discuss their issues and concerns.

Taking advantage of the improved construction climate, we will open the new OASIS center this summer, a state of the art senior center we were able to complete for \$6 million less than estimates. We will also break ground on our new civic center, the largest capital project ever undertaken by our city.

By the end of 2010, we will have a city government that is leaner, more efficient, more effective, and better managed than when we started the year.

Managing our fiscal and budget situation will be the dominating issue for 2010, but it is not the only issue.

Preserving our economic sustainability has never been more important. The fact that Newport Beach has so far weathered the economic storm better than some of our neighbors is not an accident. It was the result of many years of conservative fiscal policies, healthy cash reserves that totaled over \$80 million, and a series of actions that resulted in sustained property values and a stronger tax base.

We were one of only four cities in the county to see an actual increase in assessed valuation in fiscal year 08-09. Simply put, without a healthy underlying economy, we cannot sustain our high level of city services. The single most important factor in our economic sustainability was the 2006 voter approved General Plan. This plan set the stage for higher property values and economic growth without sacrificing our quality of life.

In addition to the General Plan, you may not know that the city also has an Economic Sustainability Policy and an active Economic Development Committee. Our investments to support our auto dealers and restaurants, such as co-sponsoring Restaurant Week, help drive sales tax revenues higher.



It is ironic that since we cannot raise taxes without an election, to increase revenue we must encourage you to order dessert.

Our business improvement districts such as Balboa Village and the investments in the Pelican Hill Resort, Fashion Island renovation and the new Nordstrom's are key to maintaining a strong and diversified tax base.

Perhaps the best example of our commitment to economic sustainability is the transformation going on at Hoag from a local community hospital to a nationally renowned medical treatment center with a presence throughout southern California. The reinvented Hoag Hospital is attracting top doctors from throughout the nation. It is providing the critical mass to attract the very newest and best in medical technology and treatment centers.

The expansion at Hoag helps drive demand for Newport Beach homes both for medical personnel as well as residents seeking to live near the very best in medical services.

This in turn helps sustain our property values.

The city is proud to partner with Hoag to help make this vision of world class medical treatment a reality here in our community.

In the months ahead a new plan for the airport area will take shape that will both substantially expand our assessed valuation and refresh this area of the city.

I know enough about our demographics to know that like me; most of you are from someplace else, some place we remember with fondness from our youth.

But as we go back to visit these places we can't help but notice that the paint is a little more faded, the weeds a little higher, the streets a little rougher. We return sad at what has been lost, but ever grateful when we cross back into Newport Beach to be home.

Will that be the experience of our children? Or will they return to find a strong and vibrant Newport Beach, reflecting all of the promise and joy of their growing up in this wonderful place?

My friends, the decisions that we collectively make today, will in great measure answer that question.

At the same time, let me be clear that protecting and preserving our environmental quality is equally important to our economic well being. Environmental sustainability and Economic sustainability are not mutually exclusive, they are mutually supportive.

Clean water, parks, open space and clean air contribute to our property values and our high quality of life.



That is why we pay so much attention to reducing run off onto our bay and beaches, and have invested in the Back Bay Science Center to improve testing for water contamination.

It's why we will open five new parks between 2009-2012, and why protecting our existing open space is so important. You can currently hike or bike from Crystal Cove to the mountains on public trails. Soon, you can do the same on the Santa Ana River Park that will extend from West Newport to the foothills.

It is why we have successfully engaged our neighbors to address the traffic and park impacts of their developments on Newport Beach and it is why we will invest more than \$6 million to improve the synchronization of our traffic lights. It is why we are converting our trucks to clean fuels, which by the way will save 24% on fuel costs.

Perhaps most importantly, it is why we will always place as our highest priority the reduction of the noise and pollution related to John Wayne Airport on our community and why we have commissioned the first ever study on the impacts of airline operations on our air quality.

No area of quality of life is more important than public safety. Here we have recently been faced with issues related to the fairness and propriety of the promotions process and management of our police department. The city council and police chief have acted methodically to investigate all of these concerns and to formulate policy changes to ensure a culture of fairness and meritocracy prevails in our police department. This review occurs at a time when our Police Department is demonstrating substantial accomplishment in reducing crime. Overall crime was down 11% in 2009, and our department has developed a world class reputation for solving financial crimes.

At the fire department, we are taking steps to reduce vegetation in Buck Gully, our single largest fire disaster hazard.

Our lifeguards, year in and year out, rescue thousands from our waters. This year, we will implement a system of Tsunami warning sirens in the coastal areas. The Coastal Commission approved this system just last month.

I recently met a young woman from Santa Ana Heights who had suffered a debilitating stroke. With not enough time to get to the hospital, her husband took her to the then two month old Santa Ana Heights Fire Station, where our paramedics were able to stabilize her condition. Today, she lives a vibrant life and is back at work teaching.

Perhaps you remember the lifeguard who, by himself, rescued six struggling members of one family from the wedge.

Dr. Richard Afable of Hoag tells the story of the man who suffered a heart attack at Fashion Island. Newport Beach paramedics responded and from the time of the call until a lifesaving stent was inserted into his heart at Hoag only 47 minutes had elapsed. These things don't happen



in every city, but they happen routinely in ours because of the excellence and commitment of our public safety personnel.

Allow me next to make a special mention about the value of the arts to our community, a personal priority of mine. From Santa Fe to Charleston, Carmel to Rockport and Laguna Beach to Ashland, arts define and enhance communities.

One of our challenges is making each resident aware of the many and varied arts and cultural offerings available in our community. The recently formed Public Events Advisory Committee has had as its first charge; the development of a master calendar which you see on your seats.

From our art shows, library lectures, concerts in the parks, film festival, theater presentations and museums, there is much to explore in Newport Beach

The efforts to establish the Newport Beach Nautical Museum and the Balboa Theater provide the next two challenges to our collective commitment to making Newport Beach one of the stars in the arts firmament.

This year, the city Arts Commission will be undertaking an effort to expand public art throughout our city focused first on the new park as part of the Civic Center Project.

As you can see, our 46-point action plan will keep us moving forward not only to improve the efficiency and cost effectiveness of city government, but to provide even greater services and public value to Newport Beach residents as well.

I would like to close by talking about what I believe are the two biggest challenges faced not only by our city, but by cities in general. In fact, these issues were identified by two leaders on opposite sides of the political spectrum.

Former House Speaker Newt Gingrich has said the toughest challenge facing government leaders is helping people understand the difference between costs and investments. Here in our city, some have suggested we don't really need a new OASIS Senior Center, and that we really did not need a Newport Coast Community Center or new city hall or additional parks. But sixty years from now, as the third generation of residents utilize these facilities, they will look back at all of you with the same sense of gratitude as we now look back on those brave and visionary residents, who in 1935, in the middle of an economic crisis much worse than today, voted to tax themselves and issue bonds to create Newport Harbor, a lasting legacy to a belief in public value that defines our community to this very day.

The second issue comes from former San Francisco Mayor Willie Brown. In his memoir, Mayor Brown wrote that the biggest challenge he confronted as mayor was personal selfishness. The willingness of one person or group to deny others until a personal grievance or wish list is satisfied. We can all think of examples of how this manifests itself here in Newport. Our challenge as a community is how we overcome it.



I believe that because of the energy, creativity and commitment of our residents, that the best days of Newport Beach lie not in its fabled past, but in its golden future. In spite of the state fiscal woes, we can and we will make this an even better city to call home.

So this year, I invite you to join me in discovering something new to love about your home town. Find a great book in the back shelves of our library and take it and a chair to the beach. Go to Andrea at the Pelican Hill resort for a special dinner, catch a movie during the film festival, make plans to see this year's Newport Harbor-Corona del Mar football game, celebrate the fourth of July at Mariners' park, catch Jim Roberts at the Ritz or the Bay Club, walk Balboa Island and reward yourself with a Balboa Bar, say a quiet prayer at our Marines Memorial, stay at a cottage at Crystal Cove, enjoy art, concerts, Shakespeare, and snow, all in one of our city parks. Rent a boat and see the homes from the water side, or the fireworks from the Dunes. Watch the sunset over Back Bay, invite a friend over for the Christmas boat parade or try a new neighborhood spot during restaurant week.

We are all so blessed to live here. Let's enjoy it.