

| Anaheim, CA - Official Website

Feb. 7, 2017, City National Grove of Anaheim

2016 was an amazing year.

I come to you today more optimistic and excited about our great city than ever before.

I look around this room and see many of the people who have made Anaheim what it is today.

I have to begin with Dr. Edward Jaievsky.

People often ask me where the idea of the City of Kindness came from.

You may recall years ago “[Kindness is contagious](#)” signs began appearing around Anaheim.

Jaievsky put up the signs in memory of his six-year-old daughter, Natasha.

I met with Edward in 2004, and we talked about how kindness could become part of the culture of Anaheim — and that is when the City of Kindness idea was born.

We have Sergio Nieto here.

He’s president of Anaheim Bros — a remarkable group of male high school students focused on civic engagement and helping others — all while getting themselves ready for college.

Ina Beach is with us. Ina, a youthful 91 years old, along with her companion, Daniel, 93, teaches an exercise class every Tuesday for 20 blind and visually impaired people at the Braille Institute Anaheim Center.

They never miss a class. It’s just too much fun!

I see Steve Napolitano, owner of Bottle Logic Brewery.

Steve is now empowering the youth of Anaheim through significant donations to Accelerate Change Together Anaheim, or ACT Anaheim.

James and Shirley Leung — both immigrants from China — are seated over there.

They have brought the cuisine found in neighborhoods of Hong Kong to the neighborhood of west Anaheim.

Their Cross Roast Eatery has attracted a passionate following and recently got a glowing review in the Los Angeles Times.

We’re honored to have a genuine hero with us today.

Anaheim’s own, Joseph Jackson Jr., was one of the Tougaloo Nine. In 1961, he and eight others staged the first sit-ins protesting segregation in Mississippi.

And there’s Elmer Thill, who at 102 is likely Anaheim’s oldest resident, having been born on Olive Street in 1914.

Elmer was at City Hall the other day to complain about the need for speed bumps on his street.

I asked him, What’s your secret? How’ve you lived so long? His answer: “Just don’t die.”

And please say hello to the people who taught me the power of kindness and are by my side every single day: my wife, Julie, and our wonderful children, joined by my parents, Val and Ken.

As you know, the proceeds of today’s State of the City luncheon benefit ACT Anaheim.

Three years ago, the Disneyland Resort, joined by the Angels and Ducks, launched ACT Anaheim.

Since then businesses and private funders have come together with a unified goal: To address the critical challenges facing Anaheim’s youth by providing them the tools they’ll need to succeed as adults.

More than \$5 million has been invested so far. Thank you ACT Anaheim.

Anaheim is a great city, home to great people. We are strong and getting stronger.

We are truly building a City of Kindness. We're changing the city culture. We're creating social capital that allows us to build social muscle. We're making it natural and normal to take on the real issues facing our residents as one Anaheim.

Acts of Kindness

Our children continue to lead the way building on their million acts of kindness.

Here are just a few examples:

Centralia Elementary School participated in the Great Kindness Challenge. Kindergartners through sixth-graders are volunteering at a retirement community, Villa Anaheim. Throughout the year they entertain the residents with performances and fun activities.

Danbrook Elementary replaced suspensions with the help of our Gang Reduction and Intervention Partnership, or GRIP. Instead of kicking students out of school, they motivate them to behave with kindness with a wide range of activities and praise.

About 4,500 students from across the Anaheim Union High School District spent the Martin Luther King, Jr. Day Servathon completing 130 community service projects.

Students at Western and Kennedy high schools recently came together and picked up all the trash scattered around Twila Reid Park.

And, students from Loara High School took hot meals and necessities to several homeless people gathered at La Palma Park.

The significance of what our kids are doing can't be overstated. Here are some amazing data.

In the past six years, the drop-out rate within the Anaheim Union High School District has been reduced from 13 percent to 6 percent, while the graduation rate has risen from 82 percent to more than 88 percent.

But, more important, our kids are making Anaheim a healthier, more resilient and welcoming city.

And they love doing it.

This is what I mean by building a culture of kindness. It's happening.

Mentoring

AIME — Anaheim's Innovative Mentoring Experience — serves students in the Anaheim Union High School District.

This mentoring program focuses specifically on promoting college, career advancement and life readiness.

By partnering with more than 30 organizations including Kaiser Permanente, St. Joseph, AMPCO, 100 Black Men of America, PBS, Big Brothers Big Sisters, Group Delta, Lennar and Bunzl Distribution, AIME has served close to 1,300 students in its first two years.

And I'm excited that AIME has partnered once again with the United Way to provide summer scholarships for student interns.

Mentoring our youth is powerful. Everyone in this room has had at least one mentor who has changed your life. I'd like you to take a moment now to think about what that person did for you.

Today, I ask you to pay that kindness forward. If your organization has not joined, I urge you to partner with us. Just fill out the AIME mentoring card on your table and we'll get back to you.

Take it from me — your business and team have as much to gain as the kids you serve.

Love Anaheim

That brings me to one of the most effective kindness movements in our city, Love Anaheim.

Love Anaheim pulls together people from all walks of life to meet the needs of their neighbors, spreading goodness wherever they go.

For example, last year, they organized four Serve Days.

During these four days, they drew more than 1,300 volunteers from schools, businesses, nonprofits, faith-based groups and service organizations.

These volunteers carried out 300 projects benefitting people throughout our city.

The momentum of our kindness campaign is building. And let me be clear: This doesn't just feel good.

It's serious stuff. It changes us. It changes our city. It makes us better people. It focuses us on the greater good. It makes us all safer. And by the way, it's good for business.

Economic Freedom

I'm a pro-business mayor. I'm a champion of entrepreneurs. I know how tough it is for them to succeed.

When I became mayor, we committed to making Anaheim a city that champions freedom — a city that looks for ways to reduce unneeded regulations.

One of the very first things I did was to launch the mayor's Regulatory Relief Task Force.

Its sole purpose was to make it easier to build your business and pursue your dream in Anaheim.

Anaheim's Planning Commission recently approved a significant change to the city's commercial and industrial parking requirements.

In many non-residential parts of town, we have underutilized parking lots. We're eliminating out-of-date regulations that will open this space for local businesses to expand.

Here's another example of how we help businesses expand.

The owner of Titan Label Printing, Aaron Haring, wanted to expand his business into a newly leased space.

The building was old with electrical, structural and other issues.

This meant Aaron had to address many technical and building code requirements.

These requirements became overwhelming to him, and he decided not to pursue the lease.

The staff of the Building Division heard about this and called Aaron. They met with him, the property owner and his contractor. Together they found some unique, creative and legal solutions.

Now Aaron can expand into the new space.

He told us: "I have never heard of a city calling to see if there was a way to work through code issues — to see if they could help me and my business, not only stay in Anaheim, but expand in Anaheim. I could see that they were really working to help me."

There it is: Freedom to pursue your dream and kindness to help you get there.

In the past 12 months, the Planning Department:

- Assisted more than 2,900 people with their business planning.
- Issued almost 6,000 building permits.
- Provided close to 5,000 licenses to open new businesses.

To further accelerate this progress, the Planning Department is pursuing the implementation of flat fees for its most common zoning applications.

Moving to a flat-fee system will make planning costs predictable, which reduces risk.

Think about this. Now the city will be financially incentivized to process your applications quickly and cost effectively. We share the urgency you feel to get your project built.

You've got to love a Planning Department that gets excited when they help people reach their dreams.

Brew City

In 2013, we launched the Brew City Initiative. It has been a resounding success.

We had four breweries open their doors in 2016:

- Legends Craft Brewery

- Bruery Terreux
- Unsung Brewing Co.
- Karl Strauss Brewing Co.

That brings the total number of Anaheim breweries to 12. And there are four more in the works.

Our breweries are not only great places to visit; they're being recognized for their excellence.

One of Anaheim's first breweries is Noble Ale Works. Noble won the Best Small Brewing Company award from the Brewers Association World Beer Cup 2016. This is the Super Bowl for brewers. Congratulations Noble.

And we're not done. To further accelerate our initiative to become *the* Brew City, we're working on a code amendment to allow food service at all brewery locations.

Economic Development

Right here in the Platinum Triangle, Orange County's new downtown is coming to life.

When you came in this morning, you saw what I'm talking about. Under construction we have A-Town Metro, The George, Jefferson Platinum Triangle, and soon, LT Platinum Center.

Not far from here in the Anaheim Resort, five hotels opened in 2016 with five more in planning or early construction.

And in the Anaheim Canyon, the industrial heart of our city, we've cleared the way to add new apartments, restaurants and shops.

Sports, Entertainment

We all know Anaheim's sports and entertainment scene is world class.

The Anaheim Ducks are midway through their 24th season. And it's another great one.

Led by Captain Ryan Getzlaf, the Ducks are battling for their fifth straight division title and another shot at the Stanley Cup.

The Angels are fresh off their 50th season in Anaheim.

With the defensive upgrades, a healthy pitching rotation and a stronger bullpen, we're optimistic.

And, of course, there's Mike Trout, 2016's American League Most Valuable Player and the most exciting player in baseball today.

No matter what others call them, to us they'll always be our Anaheim Angels.

At the Disneyland Resort, everyone's favorite — the Main Street Electrical Parade — is back.

Meanwhile, the Star Wars-themed land is starting to take shape. We're all looking forward to opening day.

At Anaheim GardenWalk, this month the new House of Blues joins the Rumba Room bringing even more music entertainment to Anaheim.

And our outstanding resident performing art institutions, the Chance Theater, the Anaheim Ballet and the Orange County Youth Symphony Orchestra, continue to amaze and delight their audiences.

Neighborhood Investment

We continue to invest in our neighborhoods.

In 2016, we opened three skate parks. We've upgraded a dozen playgrounds, renovated two libraries and added exercise stations, sport courts and fields to many of our neighborhood parks.

We've widened one of our city's most important boulevards: Brookhurst Street.

We went from four lanes to six, added bike lanes and drought-tolerant landscaping along the street.

Community Policing

Everything I've talked about so far — stronger schools, mentoring, a prosperous

business environment, capital improvements — it's all about lifting quality of life throughout Anaheim.

None of this matters if we're not safe.

But we are safe, largely due to the hard work and dedication of our men and women in the Anaheim Police Department.

Chief Raul Quezada and his department understand that creating an environment of trust, respect and cooperation in the neighborhoods is critical to reducing crime and creating a safe city for us all.

They're making us safer with programs like Block Captain training, Neighborhood Watch, Cops 4 Kids, GRIP and Jr. Cadets, all the while working with the Public Safety Board.

This summer, the police department sponsored barbecues in four priority neighborhoods:

- West Anaheim
- Benmore/Canfield
- Leatrice/Wakefield
- Kodiak Street

Officers, Cops 4 Kids representatives and volunteers served up great meals along with games and activities for children of all ages.

The barbecues were not only fun for everyone, they made a difference. People connected. Friendships were forged.

Following the barbecue at Benmore/Canfield, the neighborhood organized a cleanup and resource fair with tremendous participation. And then, right after the fair, they gathered for a Neighborhood Watch meeting.

Our police are building a lasting culture of kindness.

Patrol Officers Brian Downs and Jose Dorantes learned of an elderly woman living alone and hungry. They found out she loved pizza. So, they bought her some pizza and sat with her for more than an hour.

Now pizza may seem like a small thing to you, but it wasn't small to her.

Patrol Officers Eric Degn and Kevin Flanagan handled a domestic violence call where three young children were present.

A few days later, the officers saw the children riding their bikes and noticed they didn't have on helmets. They didn't stop and lecture them. Instead, they bought three helmets and gave them to the kids.

Police officers Frank Ramirez, Mark Gell and Collin Brennan teamed up to coach 14- to 17-year-old kids on the Anaheim Family YMCA team in west Anaheim.

Crime Reduction

There's evidence all of this is paying off.

There's been a 9.5 percent reduction in gang assaults from 2015 to 2016.

Gang homicides went from five in 2015 to two last year. That's still two too many, but it's progress.

Citywide in 2016, we saw a 5 percent reduction in violent crimes, a 4 percent reduction in property crimes and a 4 percent overall decrease in the most serious Part 1 crimes compared to 2015.

This is in a year when most cities our size experienced an increase in crime.

Partnership, building bridges, kindness — it's truly making us stronger.

Please join me in thanking Chief Quezada and his department for their great work on our behalf.

And, also, working diligently to keep us safe are the men and women of Anaheim Fire & Rescue.

Please join me in thanking Chief Randy Bruegman and his dedicated team.

City Council

As you all know, 2016 was an historic year in the way Anaheim is governed. Anaheim is now organized into six districts.

In November, voters in districts 1, 3, 4 and 5 elected their own council member.

Districts 2 and 6 will do so in 2018.

This historic change has brought city government closer to the people. Let me introduce the councilmembers to you now.

Representing the city at large is Mayor Pro Tem James Vanderbilt.

James's signature issue is homelessness. He is helping focus and advance our efforts in this area.

He's working to ensure all the good we are doing for the homeless is driven by a holistic, comprehensive strategy.

And our other at-large representative is Kris Murray.

She has served since 2010. She's laser focused on strengthening Anaheim's economy.

Murray believes that a strong economy and a prosperous business community will drive the continued revitalization of public safety and fund the community resources our neighborhoods deserve.

And now our new district representatives:

Serving District 1 is Denise Barnes.

Denise brings direct representation for the issues and aspirations of west Anaheim.

Her signature issue is revitalizing Beach Boulevard. With a vibrant economy on Beach, the residents of west Anaheim will enjoy a better quality of life with new places to eat, shop and gather.

Dr. Jose Moreno represents District 3, the heart of historic Anaheim.

Jose's signature issue is, in his words, "people." They include the residents of our neighborhoods, our students and those who make the amazing things of the Anaheim Resort possible.

This is their city.

Jose wants to ensure their hopes and dreams are represented on the City Council.

Representing District 4 is Lucille Kring.

District 4 is home to the Anaheim Resort with the Anaheim Convention Center and Disneyland Resort.

Lucille's signature issue is the convention center expansion. This center's expansion will be completed later this year and will host its first corporate event in September.

Representing District 5 is Stephen Faessel.

District 5 is home to the Platinum Triangle, Boysen Park and the Miraloma Park Family Resource Center.

Steve's signature issue is revitalizing our neighborhoods.

Steve looks forward to working with his fellow councilmembers to create a strategic plan to improve conditions and security at all our parks.

Fiscal Challenges

As I said at the beginning, 2016 was an amazing year.

The new City Council and I have two years to build on this progress. Unfortunately, this is a bigger challenge than most of you may know.

Although currently our budget is balanced, we have a long-term fiscal challenge.

And it threatens the long-term health of Anaheim's businesses, neighborhoods, our residents and most important, our children.

It's my job as your mayor to make you aware of the issue so we can work together to mitigate its impact on our city's future.

Let me show you a number I think will get your attention: negative \$380 million.

This is Anaheim's net position, our unrestricted assets minus our liabilities. We are in the hole \$380 million.

Here's another big number: \$580 million.

This is the amount of money we don't have that we need to fund our pension

liability.

As a result, our pension costs per year will increase dramatically.

In 2006, our yearly pension costs were already high, \$35 million.

Today the annual cost is roughly \$60 million.

Ten years from now, this annual cost will be \$128 million.

That's the cost to our city for employee pension liabilities. We owe it. It's a contract. We have to pay it.

In addition to our pension liability, here's another big number: \$876 million.

This is our general fund bond debt.

This is money that we borrowed and spent. Now we have to pay it back on an annual basis out of our general fund. It's like a mortgage.

To put this into context, our entire annual general fund budget is \$386 million.

This year, the city will pay \$82 million to service this debt.

What we pay each year will be increasing during the next 20 years.

Here's where this debt payment goes, based on what we're paying this year.

About \$65 million is the money we pay back annually for the 1990s Anaheim Resort expansion.

About \$16 million is for money we borrowed for the current and past Anaheim Convention Center expansions.

About \$1 million is money we pay back for the borrowing the city did to support the needs of our many neighborhoods.

But that's not the whole picture.

As you know last summer, the majority of the former City Council voted to subsidize three luxury hotels.

Combined with the GardenWalk hotel subsidy approved in 2013, this increases our contractual obligations to more than \$700 million for luxury hotel subsidies.

This decision increases our annual general fund obligation by an additional \$35 million per year for 20 years.

We have to pay for all this. We have no choice. These are contracts. These are annual obligations.

And don't forget — at the same time we have to pay our increasing pension costs.

Some people have suggested that strong economic growth will offset the increasing cost of these obligations. I hope they're right.

But let's face it. That's a big and risky bet, one I didn't believe we should have taken.

As your mayor, I have to ask the question: "What if our revenues don't continuously grow at a vigorous rate in the next couple of decades? What happens then?"

Well, the answer is clear. We'll be left with two options, neither one of which is good.

We will either have to increase taxes or cut vital city spending.

But there's another problem that results from actions taken by a majority of the past City Council in 2015.

They decided to exempt the Disneyland Resort from paying any admissions or parking taxes for up to 45 years.

So this means if, in the future, we need to raise taxes to continue to fund even the existing level of neighborhood services, the voters will have to agree to raise their own taxes.

Now let's be realistic. That's unlikely to happen.

So, if we can't raise taxes, we'll have only one option left.

We'll have to cut vital city services to our neighborhoods.

You understand the risk we face. Here's what we're going to do about it.

First, we must stop granting subsidies to our biggest and most successful businesses.

Those days are over. We simply don't have the resources to continue down the old path.

Second, it's clear we need to pivot strongly to the neighborhoods and address the tough issues they're facing.

And third, if reduction in government resources means government will do less, then we all have to do more.

I opened by telling you that I've never been more optimistic about Anaheim's future.

This is because I've seen the social muscle we've developed.

I've seen how together we face the issues that challenge us. Just think about how the community has responded to Bruno Serato's loss with the Feb. 4 fire at the Anaheim White House Restaurant.

So, I have complete confidence we will successfully face these future fiscal challenges as one Anaheim.

This is what we do. This is who we are.

In the next two years, together we'll be focused on these key issues facing our neighborhoods.

Homelessness

One of the most difficult issues facing us is homelessness.

We are challenged to bring a balanced approach to this problem, an approach that both effectively and respectfully improves the lives of the homeless, and, at the same time, effectively and respectfully addresses the impact on our neighborhoods, parks and local businesses.

Here's what we're doing.

Coming Home Anaheim, a collaborative led by the city, is succeeding.

Working with our nonprofit partner City Net, the Anaheim Police Department's Homeless Outreach Team, faith-based groups and other groups, Coming Home Anaheim has placed 688 homeless people into stable housing.

More than 90 percent of those they've served are still housed. That's real progress. And we're not stopping.

The new Orange County homeless shelter is a 200-bed facility that will open in Anaheim this spring.

We're proposing a new housing project modeled after Potter's Lane in Midway City.

This innovative project to house the homeless uses restored shipping containers as building blocks.

These are quick to build, environmentally efficient and look dignified.

Better Way Anaheim

But this is not enough.

We're expanding our efforts inspired by the success of a work program for the homeless in Albuquerque.

Today I'm proposing a Better Way for Anaheim. I want us to significantly ramp up our focus on getting jobs for the homeless.

A good job can transform a life. It brings a person dignity and purpose. It focuses them on working with others to get a job done and done well.

I've already identified an organization in Los Angeles that is breaking down the barriers that make it difficult for the homeless to get jobs.

I want to see Better Way Anaheim up and running this year.

All of these programs and initiatives only get us so far.

We need to deal with the underlying causes of homelessness. One of these is addiction to alcohol and drugs.

Drug Free Anaheim

The number of people with serious drug and alcohol addiction in all walks of life is growing by the day.

It's approaching epidemic proportions, and all cities in America must respond.

Drug Free Anaheim was announced last year and is now fully funded.

Here's how it works: Anyone not wanted for another crime and not posing a danger to themselves or others can walk into any police station or approach any police employee and request help.

They will not be arrested. Instead they'll be guided to a drug treatment program to get immediate help.

The city has hired a terrific organization, Covina-based Social Model Recovery Systems Inc. They connect those suffering from addiction to the rehab programs that will help them.

In addition, one of the great, new businesses in Anaheim, BioCorRx Inc., will assist us by enrolling several residents addicted to alcohol or opioids into their amazing new drug treatment program.

The program uses an implant that can block cravings and prevent relapse, coupled with counseling and peer support for a year.

BioCorRx has committed \$375,000 to help interested residents who are both medically qualified and also experiencing financial hardship.

So, we're making progress with these cutting-edge programs and partnerships. But even that isn't enough.

At this summer's annual meeting of the U.S. Conference of Mayors, we heard from U.S. Surgeon General Vivek Murthy.

He had a powerful message related to the disease of addiction.

The surgeon general couldn't be clearer. He said: "In the battle against addiction, compassion is in fact our most powerful weapon. You can't require people to be kind. That is an element of our culture that has to bubble up."

We know Murthy's right. We know because, for years, we've been building a culture in which kindness bubbles up.

In my view, if we want to solve the homeless problem, we have to deal with the addiction problem.

And to deal with addiction, we need a culture of kindness.

These issues are generational. We can't just do things for a couple of years and hang it up.

We cannot allow any financial issue we face or any prejudices we may encounter to stop these critical programs.

We will ensure that we face our issues as one Anaheim.

We will continue to build kindness into our city's culture, creating social capital and social infrastructure.

Because of the fiscal reality I described earlier, we need our businesses, our nonprofits and our residents to get involved and stay involved to make Anaheim prosperous, safe, resilient and strong.

Being kind is an age-old idea. We all know the phrase, "Do unto others as you would have them do unto you."

It's not new. But I believe we need it now more than ever.

Kindness is free. Kindness pays forward. Kindness feels good to both the receiver and the giver. Kindness is contagious.

We began our kindness initiative six years ago with Hi Neighbor, a program to strengthen community bonds the old fashioned way — neighbors getting to know neighbors.

Since then, it's grown with programs such as The Million Acts of Kindness, Love Anaheim, Servathon and AIME.

Today, I'm asking you for more. I'm asking you to make this personal.

First, commit to performing at least one genuine act of kindness every day. Build this into the culture of your family, your company, your church, your club or any organizations you lead or influence.

Second, take a risk. Actually welcome a new immigrant or a refugee to our city. Get to know someone with a different worldview.

Get a cup of coffee with someone who practices a different religion, or someone who isn't as fortunate as you.

See what happens. You may be surprised. You may learn something. You may discover that you have more in common than you thought. You may even make a friend.

Also, be sure to recognize others for their kindness. When you see kindness, express your gratitude.

And finally, have the courage to stand up to acts of unkindness. Let the bully know that this stuff doesn't fly in Anaheim. We're putting a stop to it.

What we've been doing the past six years is powerful. It's working. We simply must build on this momentum and take it to another level.

I pledge to you that your city government will continue to play its role.

And I ask you to play yours.

There is no doubt in my mind that we can and will overcome our financial challenges. There is no doubt in my mind that we can and will make Anaheim the best place in America to live, work and play.

There's no doubt in my mind that we can and will make Anaheim a City of Kindness.

Thank you all for what you do for Anaheim. God bless you all, and god bless our great city.