

TOGETHER WE THRIVE, PASADENA!

Welcome

Welcome, and thank you for being here tonight. I want to acknowledge Vice Mayor Felicia Williams, my City Council colleagues, and our City employees who each day work hard to ensure Pasadena thrives. Thank you to my wife Kelly, and our children Michael and Emma, for being here and for their love and unwavering support of my service as your Mayor.

I also want to thank the Blair High School String Quartet for the beautiful music we have been enjoying. And, speaking of Blair... the Vikings' Boys Varsity Basketball Team will play for its first CIF-Southern Section title in school history on Saturday against Santa Paula. We all should be cheering for the Vikings this Saturday. Go Vikings!

I am proud to say tonight that Pasadena is thriving as a City, and how appropriate, because we are here at the Kaiser Permanente Bernard J. Tyson School of Medicine-- where the theme is "thrive". Thank you to KP's School of Medicine for its hospitality tonight, for its commitment to Pasadena, and for preparing our next generation of doctors. (I'd like to ask Dean Schuster and all the KP doctors, staff, and med students in attendance to stand). Let's all thrive together!

As you saw in the video a moment ago, together we ARE thriving as a City. We will continue to plan for the future, invest in infrastructure, strive for ongoing improvement, and face challenges head on. I'm cautiously optimistic as we dive in to 2023, knowing that we have survived, thrived, and are flourishing, even during difficult times. I'm looking ahead in anticipation as we work together--residents, businesses, and civic leaders--to ensure every person has an opportunity to be a successful and contributing member of our community.

Where We've Been

As we lift our eyes to the horizon to see and agree upon where we are going, let's first recount where we have been. The pandemic took us through some of our most difficult times as a community and as individuals. During the height of the crisis, every aspect of our life was affected: health, finances, business, social interactions, education, jobs, family, even the way we communicated. Many of the impacts remain with us, and seared changes in us that may never be reversed.

The pandemic laid bare issues that many in society sometimes wished were not there: social inequity and injustice, economic and educational disparities, mental health challenges, housing instability, and substance abuse issues, to name a few. Issues that we now must tackle as a community, and I will talk about just that in a moment.

At City Hall, we also faced multiple staff retirements and dozens of key position vacancies in a short period of time. For just a glimpse of what I am talking about, consider this: during my two years as Mayor I've worked with 3 City Managers, 4 Police Chiefs, 2 Planning Directors, 3 Water & Power General Managers, and 2 Fire Chiefs. In total we've had 16 interim directors and executives since December, 2020. Some doubted that we could continue to thrive under these circumstances—they said that the instability was simply too great—but Pasadena was not deterred.

In the most difficult times, instead of allowing instability, working together we achieved a seamless transition at City Hall, with minimal negative impact to our residents.

Thank you to staff, residents, and community partners for all you have done. We rose to the occasion together. The resilience that we continue to exhibit as One Pasadena gives me great comfort and confidence that as we face future challenges, and we will, working together we will continue to thrive.

Now looking ahead.

Fiscal Matters

Inflation is on everyone's mind lately. We are experiencing an uncharted economic environment where inflation, while slowly coming down, remains high. Similar to the many factors that we have all experienced in our own homes and businesses, the City's budget is not immune to inflation either, and our costs to provide quality services have increased.

For the General Fund, normal inflation of 2% equates to approximately \$6 million for one year; therefore, current inflation of 4 – 6% can have an impact of \$12 – 18 million, which is why we have been monitoring it so closely.

On the positive side, the City's General Fund revenue has improved from \$267.2 million in Fiscal Year 2021 to almost \$303 million in the current fiscal year.

The City's General Fund is largely driven by strong property values and sales tax, which account for more than half of our General Fund revenue. Sales Tax revenue has realized tremendous growth from \$61.4 million in 2021 to \$73.3 million in 2022.

Transient Occupancy Tax was impacted tremendously from the pandemic as revenue totaled only \$6.3 million, which represented lost revenue of \$11.5 million in 2021. Travel has

increased significantly since that time, and TOT revenue is expected to approach \$17 million in the current year, and exceed pre-COVID-19 levels next year at more than \$18 million. The Rose Bowl, golf courses and convention center have all realized a tremendous rebound the past 12 months, with a positive outlook ahead.

While the economy has rebounded well the last couple of years and we depend on that continued strength to fund the critical services we provide to the community, we will proceed prudently and cautiously, keeping in mind the overall delicate financial environment. The current consensus is that our financial position is stable, and unlike other jurisdictions that did not resist the urge to overspend, our General Fund Reserve is once again fully funded. As things got better, we focused on replenishing our rainy day fund and today we are prepared for a rainy day.

Notwithstanding our strong financial and reserve position, at City Hall we are continually assessing and reassessing, and we will be prepared if we see a reduction in revenues. Each year the City develops a budget that strives to balance the community's needs with the financial resources available and, although the potential for a recession in the near term of 6-18 months continues, Pasadena is in a solid position to withstand a potential slowing in the economy.

We are closely watching the State's budget and the now projected \$30 billion shortfall, and anticipating a possible reduction of one-time funds to our City that come from both the state and federal government. Be assured that we will be financially prudent with the City's budget, continue to manage your tax dollars responsibly, and be mindful not to cause unnecessary increased costs to residents, particularly those who can least afford it.

Where We're Headed

Looking forward to Fiscal Year 2024, the delicate balance will continue as we review where our funds are allocated and how we address critical needs in the community. I'm optimistic about the future and we all should proudly celebrate our recent victories, such as the relinquishment of the 710-stub property, and the awarding of more than \$180 million in Measure R funding from METRO to fund critical infrastructure projects related to transportation.

With the 710-corridor planning process soon underway, we must keep in mind the complexity ahead. This is no planning exercise, and it is essential that we get it right! Restitching our City requires imagination, expertise in planning, finance, open space, transportation, municipal infrastructure, housing, history, and commerce—just to name a few. I am a firm believer that a good process leads to a good outcome. So I invite all of you to participate as we reimagine the Pasadena of tomorrow while respecting the beautiful City that we have inherited from generations of Pasadenans.

On the Housing front, our regional partnerships were strengthened and expanded last year. Now that we have rejoined the San Gabriel Valley Council of Governments and are lending our voice regionally, the 31 cities of the San Gabriel Valley have created a housing trust fund and are building much-needed housing in the region. Also, working with our neighboring cities of Glendale and Burbank, Pasadena established a Regional Housing Trust to construct housing opportunities in our collective communities. That Trust is already funded with \$23 million dollars from the state. Pasadena remains committed to supporting our Housing Department's important work of increasing affordable housing opportunities in our city as we work with our neighboring cities to do the same.

As it relates to community safety, let's continue to work on ensuring that our Police Department, Fire Department, and Health Department have a comprehensive approach to violence prevention and crime reduction that includes the best trained and properly staffed departments. Let's also focus on programs anchored in a public health approach, and provide residents of all ages the opportunity to participate in positive and constructive activities that enrich their lives.

Now let's talk about our beloved Central Library. Attention must be given to this cornerstone of the Civic Center, which needs renovation. As we find a way to preserve the Central Library, let's also rethink how we provide library services.

When it comes to the environment, let's continue our commitment to issues associated with climate change and ensure we do our best to effectively protect the environment in a way that considers the very real costs to residents, especially those who are already struggling to keep the lights on, a roof over their heads, and food on their tables.

What's Happening in Pasadena?

Pasadena continues to attract the best and brightest.

Last year, the Carnegie Institution for Science, an independent nonprofit research institution established in 1902, announced its plans to expand in Pasadena with a new state-of-the-art research facility. The project represents a proactive investment in the fight against climate change. A diverse array of scientists will draw on Carnegie's long-standing expertise in exploring the natural world and seek to understand some of the most pressing challenges we face today, including drought, water quality, and sustainable energy.

In October of 2022, I welcomed Protomer Technologies to Pasadena. Protomer, a subsidiary of Eli Lilly and a Caltech spinoff, seeks to cure diabetes—and what better a place than Pasadena to achieve this goal.

For you car enthusiasts, the General Motors Design Center has arrived and will begin designing GM's automobiles in east Pasadena within a year.

Xencor, a biotech company using cutting edge technologies to make new medicines for patients with cancer and autoimmune diseases, recently established its new corporate headquarters and research laboratories in Pasadena.

But wait, there's more.

Pasadena was recently chosen by the Los Angeles County Economic Development Corporation and the World Trade Center as the first city to host the Select LA Investment Summit outside of Los Angeles. (They've finally made it to the big city!)

The Summit provides over 400 international and local companies with a comprehensive understanding of the region's investment ecosystem with actionable insights that can guide key business decisions, and we look forward to welcoming them to.....yes, the center of the universe.

Our Partnership with PUSD

We must continue to find ways to support our school district, students, and their families as we look to the future of public education.

In that spirit, the Task Force on Early Childhood Development and Learning concluded its work, and in October 2022 the City adopted a revised Early Childhood Development policy.

Everyone must have a pathway to becoming a successful and contributing member of our community, and I have invited the PUSD, Pasadena City College, and the Los Angeles and Orange Counties Building Trades Council to form a partnership that will expose interested Pasadena residents to successful careers in various trades and professions—stay tuned!

On the issue of the mental health needs of our community, I am committed to ensuring we address all mental health challenges experienced by our residents. I've asked Supervisor Kathryn Barger, Dr. Lori Morgan from Huntington Hospital, Drs. Goatley and Cosse from Fuller's School of Psychology, and our community partners to join us in challenging the state and the LA County Department of Mental Health to bring a desperately needed comprehensive outpatient mental health clinic to Pasadena in order to augment the services provided by our local mental health service providers. Some say we may be dreaming. We are. And we're going to dream big.

Closing

Through two years now as your Mayor, and nearly three decades of serving our City, I find it useful to frequently step back, take a moment to reflect on the big picture, evaluate where we have been, and ask what work must be done to move our City forward.

Pasadena is as diverse as it is complex. Answering how we progress requires consistently making time to revisit where we succeeded and reflect on how we could have done things differently.

It also requires a constant commitment to listening, learning, collaborating, and taking action—with caution when called for, and with boldness when needed.

We've done good work, and more work remains to be done. Good governance and a strong community is built through tireless daily work by each one of us, and all of us working together in concert. And we will do that. We will work together. Let's build on the momentum Pasadena has achieved thus far, and tackle new challenges and opportunities together, in concert.

Again, thank you to all my City Council colleagues and City staff—with a special shout out to my team in the Mayor's Office—Vannia, Araceli, and Jana—and all residents who work diligently each day to keep Pasadena moving and thriving.

In 2021, I said it was “A Time Like No Other”; last year I said we would be “Stronger Together”—and we are! Now, let's keep that momentum going. Tonight I say, “Together We Thrive, Pasadena!”

It is an honor and a privilege to serve as your Mayor. Thank you for that honor and privilege, and good night.