



A Time for Visionary Leadership
State of the City
Remarks by Santa Monica City Manager Rick Cole
January 28, 2016

Sometimes we take success for granted.

We shouldn't. What is the source of Santa Monica's current economic prosperity? It's visionary leadership going back four decades to the days when Nat Trives was Mayor.

Today, the Promenade is one of Southern California's most iconic destinations. That's because thirty years ago, civic leaders took a risk. They made a bold investment to revitalize the deserted Third Street Promenade. Those civic leaders were just as far-sighted when it came to investing in our public infrastructure.

Let me just cite one comparison. Last year, our neighbor Los Angeles filled 350,000 potholes. In Santa Monica, we could only find 472. Why is Silicon Beach the epicenter of LA's booming digital economy? Because Santa Monica's visionary leaders were the first in Southern California to build a public broadband fiber network. The tech industry now employs nearly one in four workers in our city. Santa Monica is the launching pad for brand name entrepreneurial start-ups. Santa Monica is home to successful tech innovators like Hulu, TrueCar, Uber, Cornerstone on Demand and Activision.

What has made Santa Monica a national model of community wellbeing? The evidence is clear:

It's community and business leaders like the people in this room tonight, leaders who pursued ambitious dreams that were ahead of their time.

Mayor Vazquez has told you the State of the City is strong.

Let me cite some compelling statistics and comparisons:

- On any given day, Santa Monica averages 30 million impressions worldwide on social media generated by 203,000 tweets, 9,800 mentions in blogs, 6,700 posts on Facebook and 2,900 references by premium news outlets.
- There are 88 cities in Los Angeles County. While Santa Monica is the 19th largest in population, we are third highest in real estate valuation. The total value of our real estate is officially assessed at 31 billion dollars. That's up 7.3% from the year before.
- Santa Monica's tourist industry continues to have the highest hotel occupancy rates among Westside cities. Last year, nearly 8 million day and overnight visitors contributed almost two billion dollars in spending to our local economy.

- The Santa Monica Pier has been one of the most Instagrammed places in the world every year since 2012. Last year, Santa Monica Pier was #8 on the planet. Our competition? Disneyland, the Eiffel Tower, Times Square in New York and Red Square in Moscow.
- We are a magnet for signature restaurants and retailers. The Apple Store on the Third Street Promenade is the highest grossing in California.
- In the State of California, there are 488 cities. How many of those cities have a triple A credit rating? Less than 10. Santa Monica is one of them. By way of comparison, Santa Monica's general fund financial reserves are larger than the City of Los Angeles, which has a population more than forty times larger.
- How many library systems in California last year received the top ranking of Five Stars from Library Journal Magazine? Just two. Santa Monica is one of them – for the third year in a row. Last fiscal year 1.2 million people visited our library system and the new Virginia Avenue Park branch was named project of the year by the United States Green Building Council LA chapter.
- Fire Departments across the nation are rated by the insurance industry. How many in California are rated Class One? Fewer than a dozen. Santa Monica is one of them.
- I could continue to list Santa Monica's awards, our distinctions, our superlatives. But let me just give one more example of Santa Monica's continuing innovation. The United States Census Bureau ranks the top cities in the nation for the transparency and comprehensiveness of the public data hosted on their Open Data portals. The top three ranked cities in America are Los Angeles, New York and Chicago. Santa Monica is number nine in the nation. The next smallest city in the top 10 is more than five times our size.

By all these measures, the state of the city is strong. But as I said at the beginning, we should never take our success for granted.

What is the key to maintaining -- and improving -- our exceptional quality of life in Santa Monica? In a time of disruption, the key is visionary leadership that's not afraid of innovation. In today's changing world, the greatest risk one can take is not to take any risks. As tempting as it is to want to stand still, we can't sustain success by sitting on our assets.

Nowhere is this more true than in the public sector.

The City of Santa Monica continues to be a leader. Our city was the first in the region to launch a public-private partnership that put 500 bikes on our streets. Breeze BikeShare, presented by Hulu, has garnered over 5,000 paid subscribers in the first two months of operation. Our city-run Farmers Markets have expanded to welcome 20,000 visitors every week, generating nearly \$15 million in annual sales. Our Big Blue busses carried 17 million passengers last year and they run entirely on clean-burning natural gas.

Santa Monica has installed 76 publicly available electric charging stations throughout the city. We cover most of the city with free public wifi. We supply 150 corporate and tech businesses with 100 gigabit

broadband fiber access to the Internet. Now we've embarked on a pilot program to bring up to 10 gigabit speed to Santa Monica homes. That's more than 30 times faster than what's currently available.

I could go on. And on.

Yet we still have a long way to go to adapt to a changing world.

When you enter the lobby at City Hall, you still see people sitting on benches, waiting their turn to process building permits. Here we are, the epicenter of Silicon Beach and our City website sucks. Our Fire Department responded to more than 3,000 homeless distress calls last year. Unfortunately and there was nothing much we could do on 2500 of them. Our Firefighter paramedics are well-trained and well-equipped. But there is nothing on our fire trucks to treat mental illness, drug and alcohol addiction or chronic health conditions like emphysema or diabetes.

Of course, shortcomings like these are fixable – and we intend to fix them. But the chronic problem with government today requires more than improving our performance in the places where we lag. Like too many businesses, the chronic problem of government is that government thinks we are in the business of doing the business that we are doing.

Well, what is the business of city government? If you ask well-informed people, *“So, what do cities do?”* they will tell you, *“Well, cities provide services. Like police. And fire departments. And libraries. And parks. And streets.”* Sophisticated audiences like this one will note government also does land use planning and enforces building codes. Here in Santa Monica, city government also runs an airport, a cemetery, a pier, a beach, a water treatment plant and the world's first urban storm water run-off treatment plant. We also have the only city-owned mortuary in America.

Since we are responsible for delivering these services, it's easy to fall into the circular logic that the business of cities is to provide the services that cities provide.

Disruption has happened to so many other businesses. Music executives used to think they were in the business of selling albums in stores. 15 years ago they sold 785 million albums in the U.S. Last year, it was just 115 million. Newspaper publishers thought they were in the business of delivering the news on paper. That's why the Santa Monica Outlook is no longer in business – and why the LA Times seems to get thinner every week. The Post Office still thinks they are in the business of delivering mail – which is why the Post Office lost \$5 billion dollars last year doing it.

Our problem is not that we aren't doing a good job of doing what we are doing. The City of Santa Monica is doing an extraordinary job providing high quality city services. The LA Times was a great newspaper too. But the world is changing. Our competition is no longer Culver City, Beverly Hills or Los Angeles. It's not even Berlin, Tokyo or London.

Our competition is Google, Amazon and Apple.

No, our city government is not competing with Google's search engines, Amazon's book sales or Apple's watches.

Government is competing with them on customer service and responsiveness. And government is losing.

- According to a recent study by Pew Research Center, only 19% of Americans trust the government.
- Only 20% would describe government programs as well run.
- Only 1 in 10 Americans approve of Congress.
- 46% of Californians think our state is going in the wrong direction.

Local government is still held in higher regard. According to Governing Magazine, 72% of Americans said that they trusted their local governments a great deal or a fair amount. But that is no cause for complacency.

Especially here in Santa Monica. As you know, I'm new here. I've talked to residents who say, "*Oh, I love the library. The Police – they are great. Firefighters – they are amazing, they came out and fixed my elderly neighbor's faucet. Parks, they're great too – wish we had more of them.*" So, I ask, what do you think of the city?" "*The city – oh, I hate the city!*"

Of course, what they hate is traffic. And development. And nosebleed housing prices. And change. Not every resident is mad, of course. Probably not even most. But if we don't address these issues and the growing loss of trust in public institutions, no matter what our credit rating is, no matter how many awards we win, no matter how we rank compared to other city governments, we will find ourselves in the same boat as the Post Office.

I know we can do better. Santa Monica can be the best-run, most innovative city government in America. I believe we can be a model for the nation.

But here's the deal. Government can't do it alone. We need the help of everyone in this room, residents and businesses alike. For those of you doing business here, I know what some of you are probably thinking – I have a business to run. You do – and I know in today's world, that's not easy for you either. You face the same relentless pressures that we do – the need to innovate, to cut costs and to improve service. That's why we are in this together.

The 9,204 businesses that call Santa Monica home and employ 78,220 people – you are as much a part of this community as the 92,987 residents who live here. In fact, many of those who work here are the same ones who live here, and many more who would like to be living here.

Our community can't take today's success for granted any more than you can. If we want to ensure that forty years from now, the state of this city will be even stronger than it is today, it will take a strong public-private partnership that gets things done.

If the state of our city is strong, so is the collaboration between the City of Santa Monica and the Santa Monica Chamber of Commerce, headed by two strong leaders, Julia Ladd and Laurel Rosen. The Buy Local partnership between the City and the Chamber connects prosperity with sustainability. Our "Hack the Beach" project is incubating half a dozen exciting new businesses as we speak. But we can't stop now. We can't rest here. We have a big job ahead of us – and it will take a broad partnership of our citizens, our businesses, our civic organizations and community non-profits to get the job done.

To focus on sustaining our success in the decades ahead, our City Council has identified five Strategic Goals. These are game changers, transformative long-term priorities to ensure Santa Monica continues to thrive. You heard Mayor Vazquez talk about them. First, welcoming the \$1.5 billion public investment in the completion of the Expo line and leveraging it to forge a new model of mobility here in Santa Monica. That means relentless innovation to expand the choices for how we get around – by train, by bus, by car, by bike, on foot – making all those choices safer, cheaper, faster and more comfortable.

We're doing this through the evolution of Blue – revamping our Big Blue Bus system, expanding bike share, embracing car sharing, freeing taxis to compete, promoting new technologies and new business models so Santa Monica becomes a beacon for the LA region and beyond.

The Council's next strategic goal is local control of our airport. The Santa Monica Airport had a great past. But it makes no sense to have corporate jets taking off less than three hundred feet from the roof tops of resident's homes. Santa Monica's voters have spoken.

We will assert local control and reuse those buildings and hangers for creative business uses –generating the revenue to build the great park that a great community like Santa Monica deserves.

The Council's third goal is affordability. As tough as it will be to absorb the new minimum wage standards, it was the right thing to do. America has always been most prosperous when that prosperity has been shared. We have to find new ways to tackle the cost of housing. Forty percent of the multi-family housing built in Santa Monica over the past twenty years has been affordable housing for low and moderate income residents.

But now even the middle-class is being priced out of Santa Monica. To address nosebleed housing prices. We need to be just as innovative in tackling how we live as we are in tackling how we get around.

Fourth, the Council seeks to provide leadership on the growing regional crisis of homelessness. Santa Monica's partnership with non-profit community organizations has been a model for helping hundreds

of people inside our borders find jobs, placing them in permanent supportive housing and treating their health and substance abuse problems.

But the problem beyond our borders will swamp our best efforts unless we forge a more effective partnership with the City of Los Angeles and the County of Los Angeles to deal with the nearly 50,000 homeless in our region.

The final City Council Strategic Goal is to make Santa Monica a model of a community where our citizens learn and thrive. Because the business of city government is not just to provide city government services. Ultimately, the real business of government is to promote wellbeing in our community.

In a changing world, that means rethinking government services. Take our library, for example. It is still about learning, but it is no longer just about book learning. Library director Maria Carpenter is one of today's visionary leaders. She has just led a far-reaching Strategic Planning effort to coincide with the Library's 125th anniversary. Some of you in this room served on the Tech Advisory Council that helped forge the strategy for enhanced digital learning. That's an example of how we can work together to reinvent government for the 21st century – so we can serve tomorrow's needs as well – or even better – than we are serving today's.

So let me close. As Mayor Vazquez has told you, the state of our city is strong. And in the year ahead, we will get stuff done.

But I hope I have made the case that we can't take our long-term success for granted. Today's success was produced by yesterday's visionary leadership. Tomorrow's success can only be produced by visionary leadership today. That's not a job just for city government. That's a job for all of us. Every one of us in this room, residents and businesspeople alike. Let's work together to ensure that Santa Monica continues to strive for the motto on our city seal: *a fortunate people in a fortunate city*.

It's our city. It's our challenge. It's our opportunity. *It's our time.*