

2020 STATE OF THE CITY

EL CAJON

MAYOR BILL WELLS

January 28, 2020

El Cajon's 2020 State of City
Presented by Mayor Bill Wells
(January 28, 2020)

WELCOME

Welcome to the City of El Cajon's 2020 State of the City.

I hope you have enjoyed the new format for this year's event. After we conclude this evening, please share your feedback with me, my colleagues, or City staff so we can continue to make improvements.

It has been an honor and privilege to serve as your Mayor for the past year. I appreciate being a member of this community and I value the trust that you have placed in me to serve in this role.

I want to acknowledge my City Council colleagues: Deputy Mayor Phil Ortiz, and Councilmembers Gary Kendrick, Bob McClellan, and Steve Goble.

I appreciate the teamwork among the City Council. We don't always agree on every issue, in fact, we shouldn't. When we have different opinions, I am grateful for the way in which we can debate topics and then move forward with a decision. In the end, I strongly believe that this City Council is doing what is best for our community.



I would also like to acknowledge the City's executive team and City staff—this team is led by our City Manager Graham Mitchell and Assistant City Manager Vince DiMaggio. There are so many dedicated employees that help our City to operate. I wish to acknowledge the efforts of our amazing staff.

2019 ACCOMPLISHMENTS

2019 has been a busy year for the City of El Cajon. I could spend hours talking about what El Cajon accomplished. However, because I also want to talk about upcoming challenges and some of the big plans we have for 2020, I will highlight only a few of our successes.

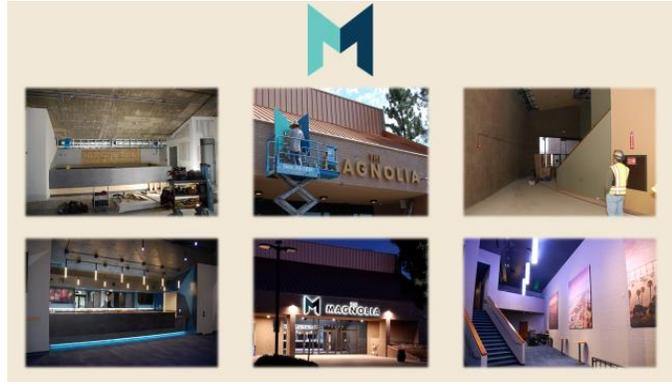
The Magnolia

I'm very excited that 2019 marked the reopening of The Magnolia, formerly known as the East County Performing Arts Center. For three decades, this venue hosted a variety of community theatrical productions along with the occasional concert by a well-known artist. However, as the Great Recession took hold, we were forced to close the venue.

Reopening the performing arts center was never far from our minds. We knew, as a Council, that one day we would bring back our performing arts center and transform it into an asset for El Cajon. As the economy recovered, we made the decision to invest \$8.3 million to improve, modernize, and create a state of the art entertainment venue.

But, we also knew that city government was not in the business of running a concert venue. If we were going to have a first-rate facility, we needed a first-rate partner.

Last year, I announced our partnership with Live Nation, the premier concert promoter in the world. The combination of our financial investment in The Magnolia and our partnership with Live Nation have exceeded all expectations. I want to recognize some of the Live Nation leadership team that is here tonight.



Since its opening in September, The Magnolia has featured talent from across the musical spectrum. Grammy award winning artists such as Patti Labelle, Bruce Hornsby, Pat Benatar, and Engelbert Humperdinck were some of the first acts to perform at the new Magnolia this past year.

2020 promises to be even better! With an average of 12 concerts per month slated

for this year, Live Nation anticipates that the popularity and profitability of The Magnolia will continue to exceed all of our projections.

Prior to closing the former East County Performing Arts Center, the City heavily subsidized the venue's operation—to the tune of over \$500,000 annually. We knew that even with Live Nation as a partner, the City would have to subsidize the venue for a period of time. We estimated about \$300,000 annually for several years, with year three hopefully being the break-even year.

I know that we have only been operating for one quarter, but I am proud to say that in the month of December, the City turned a profit due to Live Nation's aggressive



marketing and management of The Magnolia. Let's hope we continue to have great months like this past one.

Economic Development

Let me shift the topic to development in our City. Since the demise of redevelopment, many cities struggle to spur growth and economic development. El Cajon, however, has been very successful in this post-redevelopment era. By reducing land use restrictions in our zoning code, combined with a streamlined permitting process, we continue to see stronger than average economic development, particularly in the housing, healthcare, and hospitality sectors.

Last year alone, construction began on the Main Ranch single family residential development with 139 new homes.



On Fletcher Parkway, a new development was started with the completion of an In-N-Out Burger, California Fish Grill, and Urbane Café, along with the near completion of a Hampton Inn by Hilton.

We're also seeing the reuse and redevelopment of the former Sears space at Parkway Plaza. Further, a new San

Ysidro Healthcare center has commenced construction.

This past year, our friends at the Salvation Army completed a new 30,000 square foot community center that includes a food bank, social services, gymnasium, youth center, basketball courts, and dedicated meeting space. This is a fantastic asset in El Cajon. I want to thank Captain Sean Kelsey and the Salvation Army for their fine work.

Additionally, I'm particularly excited about the federal government's recent designation of five Opportunity Zones in the downtown core of El Cajon. An Opportunity Zone is an area of focused economic development that carries with it preferential federal tax treatment for those who invest in the zone. El Cajon is one of only three cities in the county with Opportunity Zones. With this powerful tool at our disposal, we can create an even friendlier business and investment environment with a focus on economic development opportunities in our downtown area.

Let me conclude talking about economic development with some comments about the Courtyard by Marriott development. For years, we tried to bring a high quality hotel to our downtown. Many told us that one would never come to not only El Cajon, but that one would not come to East County. Marriott had confidence in the City and our community and was the first to enter into the East County market. This decision has paid off! In fact, our



Courtyard averaged at least 90 percent occupancy last year. I just learned that they earned the Marriott Platinum Award—recognizing that this hotel is in the top 5 percent in customer service, among Marriott hotels, worldwide.

Budget

All of this growth has helped our financial bottom line. This past June, the City Council and I adopted a \$186 million balanced budget that struck a balance between meeting community needs, while holding the line on spending. I am proud of the fiscal restraint we have demonstrated this past year, and for that matter, the past decade.

Government standards say that a city with a budget our size should have a minimum of \$13 million in its reserves—this is about 17 percent of their annual operating expenses. I am proud to say that El Cajon has over \$48 million currently in our reserves. This should give the public confidence in how seriously we take our role as being good fiscal stewards.

Response to Homelessness

As part of the adopted budget, the City implemented seven programs to address homelessness. These programs ranged from finding homes for those living on the street to ensuring that our neighborhoods are safe and clean.

To help keep our streets clean, the City formed a partnership with the East County Transitional Living Center. ECTLC helps keep City streets clean, assisting us in cleaning up encampments and items left on the streets, sidewalks, and in City parks.

In just six months, this team cleaned up 120 tons of garbage. This is on top of the 176 tons of trash that City crews disposed of from encampments. Combined, that is almost 600,000 pounds of litter that has been removed from our parks, our creeks, and our streets.



In addition to keeping streets clean, the City also funded two programs that helped find permanent housing for 159 homeless individuals in the past two years.

We have also enjoyed a wonderful partnership with the East County Transitional Living Center, which provides emergency housing for those wanting to get off the streets. Last year alone, ECTLC provided shelter to 350 individuals. ECTLC has served thousands of meals. In fact, last year alone, they served about 400,000 meals. With their partnerships, they have been able to bring the cost of a meal down to 14 cents.

In addition, ECTLC has helped countless people on a road to recovery from drug and alcohol addiction. Truly a herculean feat. I want to thank Harold Brown for all his work in our community.

Lastly, one solution to homelessness is providing affordable housing. I am pleased to announce the completion of the Cornerstone Place affordable housing development. This 70-unit project is already full! The City contributed \$2.5 million to ensure that our veterans and other members of our community have a safe and beautiful place to live. I understand that 90 percent of the tenants at this new facility are from El Cajon and that 20 percent are local veterans.

Furthermore, the City's Planning Commission approved two single-room occupancy projects that collectively provide 160 affordable units. These types of projects create additional opportunities for transitional, as well as permanent, housing for low-income residents.

Citizen Engagement

Also, as part of the budget, the City is focused on increasing citizen engagement.

Later this year, the City will be unveiling a mobile phone app designed to help report incidents and issues around the City. In 2019, much of the groundwork for this tool took place. I want to thank Councilmember Steve Goble for his efforts to push for this technology.



Last year, the City also launched a Public Records Portal to provide citizens with the ability to search public records without having to come to City Hall. Lots of documents are now available with the click of a mouse, with more data to come in 2020.

City Events

Last topic for 2019, the City hosted over 30 special events last year, from large events attracting massive crowds (some as many as 40,000 participants) to smaller events with a few hundred in attendance. The City has demonstrated an ability to engage not only the immediate El Cajon community, but also the broader San Diego County region as a destination for great special events that are safe and family oriented.

Some special highlights this year included a Snow Day & Movie at Wells Park—bringing new and positive recreational opportunities while introducing many to snow for the first time.

Last year, America on Main Street celebrated the 50th Anniversary of the Lunar Landing and there were over 40 science interactive activities for all ages. I am happy to report that American on Main Street attracted approximately 35,000 visitors to the center of our City. This year, America on Main Street will celebrate 100 years of aviation in San Diego.





This event reminds me of the old Del Mar Fair—an old fashion event for families. As a City Council, we recognize that many that attend this event cannot afford to pay for the many rides offered. Because of this, the City has ensured that all rides are free of charge to all that attend.

HauntFest, this past year, also featured all free rides, just like America on Main Street. With an estimated 40,000 attendees, Hauntfest has now become the largest free Halloween event in San Diego County. 2020 looks to bring even more outstanding City events, and I could not be happier.

CHALLENGES ON THE HORIZON

Even though there were many positives in 2019, we also faced challenges and will continue to do so into the next year. I want to highlight just two of them:

Homelessness

Despite the successes I just shared about the City's homeless programs, we would be naïve to believe that this issue is resolved. Homelessness and its impacts on the community will continue to challenge El Cajon and most communities in California.

Just two weeks ago, as City staff presented outcomes of homeless programs in 2019, the City Council gave staff direction for some bold new initiatives.

We approach the issue of homelessness with compassion, but also with the absolute commitment of providing a safe community for our residents. These are not mutually exclusive goals. However, the problems inherent with homelessness often involve mental health and substance abuse that has the potential of putting other community members at risk. We will continue to invest in initiatives that provide assistance with those experiencing homelessness, mental health crises, substance abuse, and addiction. However, it is imperative that the County and the State become more involved in productive solutions to these issues.

I encourage you, as citizens, to contact State legislators and encourage them to spend as much time protecting the rights of hard working citizens as they do protecting homeless individuals.

Budget

The second threat is a fiscal challenge. We continue to be diligent in our responsibility as custodians of the public's money. However, forces beyond our control loom over the overall health of the budget. Sacramento, with its one-party supermajority rule, continues to pass legislation that requires the City to expend precious financial resources on various unproven social experiments with little or no thought given to the eventual, often negative, outcomes at

the local level. Each year, our budget contains millions of dollars in spending just to comply with various unfunded mandates from the State. Our ability to make independent decisions, in many different areas, including our budget, continues to erode away.

Also, last year saw an unexpected upward reassessment in the City's unfunded pension liability. This resulted in an increase in our CalPERS payment from \$17 million in Fiscal Year 2019 to nearly \$19 million in Fiscal Year 2020. Dramatic increases in pension costs, year over year, put a strain on every city in California, including El Cajon.

Here again, the State legislature's action continues to do more harm than good. Several pieces of legislation specifically dictate how CalPERS can invest pension funds, hamstringing the program's investment administrators, reducing the return on investments that the pension fund realizes, and unnecessarily causing dramatic increases in the unfunded pension obligations.

Several weeks ago, my colleagues and I approved an agreement with a reputable firm that specializes in helping cities navigate these extremely complex pension challenges. It's my commitment, that by the end of the year, the City will have a realistic plan to take this issue head on.

UPCOMING PROJECTS & INITIATIVES

I've talked about some of our challenges and our approaches to meeting those threats. Let me conclude with just a few other focus areas in 2020. This is just a sample of the many projects, programs, and initiatives in the works. I am optimistic that our City can accomplish these goals. We have a City Council that is united in moving forward, and a capable staff driven by passion and committed to being innovative.

2020 Promotion

First, earlier in 2019, the City Council directed staff to initiate a promotional campaign in 2020. This is not about re-branding our community or saying we are something that we are not. It is more about getting the word out about the amazing things going on in El Cajon and the innovative successes of our City. I think you will be impressed upon hearing the amazing stories to emerge in 2020.

Development Projects

Second, this coming year, we should see the completion of the Hampton Inn hotel, as well as more development at the former Sears property. We will also see the beginning of construction on a new Mazda Dealership, the second phase of the Dentt business park, the opening of the Texas Roadhouse, and much more.



Many have asked me about the future development of the Kaiser Permanente Hospital on East Main Street. This is an important project for both Kaiser Permanente and the City. This project will transform the eastern part of our City and bolster our economy. However, I am sad to announce, due to circumstances beyond our control or the control of Kaiser Permanente, this project has been delayed.

Local Kaiser Permanente leadership has reiterated that the East Main Street property is key to their county-wide hospital strategy. Unfortunately, they do not yet have an updated timeline for the construction of their East County hospital. Despite the delay, Kaiser was clear in expressing their deep gratitude for their partnership with the City, and for the opportunity to serve the residents of El Cajon. We will keep you informed as more information is shared with the City about this project.

Public Safety

Lastly, public safety continues to be a top priority in 2020.

In 2019, we saw the retirement of Police Chief Jeff Davis, after a stellar 33-year career with the El Cajon Police Department. We also welcomed the promotion of Mike Moulton as our new Police Chief. Now firmly established in his new role, Chief Moulton begins 2020 with an enhanced focus on reducing crime and keeping our City safe.

As policing continues to grow more complex through a myriad of social challenges, the personnel of the El Cajon Police Department remain committed to protecting our diverse community. I look forward to the City's continued collaboration between its Police Department and those we serve.

For our Fire Department, calls for service continue to increase year after year. This steady increase in call volume puts a strain on the City's ability to provide service without utilizing mutual aid from other jurisdictions. In this upcoming year, we will continue to look toward innovation to address this challenge. The City plans to take advantage of changes in State legislation and our partnership with American Medical Response to expand our 911 call triaging program and participate in alternative service delivery models. This approach is cost effective and provides better service to those in need.

I would like to express my appreciation to Police Chief Mike Moulton and our Fire Chief Steve Swaney along with the men and women they lead for their dedication to keeping our City safe.

CONCLUSION

In closing, not only am I proud to report that the state of our City is excellent, but I am genuinely excited about 2020 for our City. We are responsibly addressing our challenges and are providing tangible results for our citizens. In 2020, we will continue to improve safety, invest in our neighborhoods, strengthen our economy, and fortify the City's fiscal condition.

I know that I speak for the entire City Council when I say that we are humbled and honored to serve you. We feel the weight of the trust you have placed in us and I look forward to seeing how we can continue to progress in 2020.