

“State of the Downtown” speech by Scott Knies

October 11, 2019

San Jose Downtown Association Annual Meeting

Title: The fight to save San Jose’s municipal soul

Thank you all for being here early on a Friday. I found it a struggle to put together my remarks for you this morning. In considering an honest report on the State of Downtown, I kept finding myself pushed in a difficult direction. At this moment in our city’s trajectory, we don’t need to hear another recital of our modest greatest hits or hopeful coming attractions. Not when we are battling for San Jose’s municipal soul.

“Equity” has become a dominant political concept. It now permeates nearly every policy discussion and news cycle. We see the evidence daily throughout the Bay Area in sky-high housing costs, tents on our sidewalks and data that shows the gaps between haves and have-nots is accelerating. These pressing issues of our times – affordability, lack of housing, homelessness – have moved front and center for San Jose, like all big cities in California. Except they are not just issues anymore, but crises. And San Jose, unlike most other large cities, is ill-equipped in its governance structure to tackle these most vexing societal problems. In order for San

Jose to succeed in these complicated times, we must amend our city charter and govern ourselves differently.

San Jose's typical approach of pragmatic, process-oriented incrementalism no longer serves us. Our lumbering city bureaucracy cannot keep up with the speed of change in markets and society and we find ourselves perpetually in reaction mode – especially this past year as inequality issues grew more prominent and our civic engagement coarsened.

Activists shut down public meetings and shouted out opposing views. The City Council's unanimous decision on land sales to Google was repeatedly disrupted and ultimately approved in front of an empty chamber after police had to usher the public out. Appointments to the Planning Commission are now highly politicized. And most dismaying of all was having the issue of race invoked by some City Council members on the losing side of two separate 6-5 votes earlier this year.

Is this the new pattern for San Jose with public discourse made from anger and fear? Where we become a community that gives more attention to what divides us rather than what unites us? I hope not. That has never been the San Jose way and we must not succumb to the tribalism beginning to infect our city.

Given the alarming conduct from Washington D.C. and the toxic national political apparatus, perhaps it was inevitable these divisive tactics would start to take root locally. They are certainly on full display with the so-called Fair Elections Initiative proposed by a union-backed coalition under the South Bay Labor Council. This initiative is presently gathering signatures to qualify for the November 2020 ballot. It would prohibit only hand-picked “special interests” from making campaign contributions to mayor and city council candidates. Landlords, developers, contractors and others are defined as “special interests,” but not the unions.

San Jose’s best organized special interest group has sponsored an initiative to game the voters and enrich itself by tilting San Jose elections completely in their favor. Labor wants to dupe San Jose voters into thinking this is about special interest money in local elections. If the labor unions truly wanted campaign finance reform they would have included all special interests instead of excluding themselves. Make no mistake: this devious measure would give organized labor a headlock on all future San Jose elections. Where is the equity in that?

If it all sounds somewhat familiar it’s because San Jose experienced this duplicitous tactic just last year, in the 2018 election. Measure B, the Evergreen Senior Homes initiative, was another deceptive measure with a

euphemistic name, strong early polling and an army of consultants that qualified for the ballot through a petition process backed by self-serving special interests. Ironically, in the case of Measure B, the special interests were developers Ponderosa Homes and Carl Berg, who spent \$2 million on their effort to essentially gut San Jose's General Plan that governs city land use.

Measure B was crushed in June 2018, losing by 18 points. San Jose voters demonstrated again we will not be deceived by these blatant self-serving initiatives. After such a resounding – and expensive – defeat, I figured it would be a long time (at least a couple of years) before another group tries a similar deceitful power grab at the city's ballot box. And then along comes labor's Unfair Elections Initiative. This measure is the stalking horse for labor's progressive coalition and it would virtually lock down future mayor and council seats for their cause: more taxes, higher fees, larger union contracts and bigger public pensions.

It must be defeated. I have confidence in the IQ of San Jose voters to see this self-dealing initiative for what it really is: institutionalizing machine politics into our city. There's no other way to describe a measure that would manipulate campaign contributions in favor of organized labor so they can ensure only their candidates are elected.

This special interest initiative will take energy and resources to oppose, but what can voters look forward to supporting next November? Just like in defeating Measure B last year, there was also a Measure C to support that prevented future ballot box end runs around the General Plan. A similar approach is underway to not only put a positive measure forward to counteract labor's Unfair Elections Initiative but to also create a stronger San Jose in the process.

Of all the big cities in the state, San Jose is the only one with a council/manager form of government. The system may have worked as San Jose grew into Silicon Valley and before our population exploded, but the challenges confronting big cities require distinct leadership, accountability and action. These aren't the attributes we are well-known for.

A change to a mayor/council form of government is long overdue for San Jose. We are the only large city in California with a weak mayor system (even Fresno has mayor/council governance). Among the top 25 cities in the U.S., we are one of the eight cities with a weak mayor (five of them are in Texas). Why is the strong mayor system the best practice for large cities? One word: accountability.

Although the San Jose mayor is elected citywide, at the end of the day he or she is but one of 11 votes on any given week, equal to a district elected

councilmember who represents one-tenth of the city. Our current system spreads decisions among a weak mayor, 10 council members and a city manager, with no one ultimately in charge. Council members sometimes act as “mini-mayors” putting their districts ahead of citywide priorities. The professional staff, led by the city manager, is often pulled in 11 different directions, compromising their ability to focus and deliver timely results. When measured objectively, San Jose’s civic accomplishments and regional power pales in comparison to other large cities.

Changing to a mayor/council system, the citywide elected mayor can hire and fire the city manager and has veto power over council actions. The council can override the mayor’s veto with a 2/3<sup>rd</sup> vote. The mayor would not sit on the council, and San Jose would have to draw up a new, 11<sup>th</sup> council district. The mayor would propose a budget and appoint key department heads. The council would be the legislative body and the city manager would be the chief administrative officer. The mayor would become chief executive officer of the city.

As a mayor with executive authority, there is no more ambiguity about who is responsible, especially as the 6-5 votes of the current council become more frequent, blurring the lines between policy and implementation and sapping the morale of city staff.

More effective checks and balances in governance would be established between an executive mayor, legislative council and administrative city manager. Definitive mayor/council authority will help motivate staff, lead to faster decision-making, benefit regional clout and increase responsiveness to emergencies. San Jose would join the state's other big cities with leadership at the top, and voters would know who to finger if they are not seeing results.

It is time for San Jose to place this question before the voters. A majority of the council can put a ballot measure forward, and the mayor/council form of government should be on the November 2020 ballot. If passed, it would not go into effect until 2022 after Mayor Liccardo terms out. It also gives the city time to use the 2020 census data to redraw districts, including the new 11<sup>th</sup> council district.

The details in a ballot measure matter, and one that must be addressed is when the mayor is elected. Labor's Unfair Elections Initiative would also move mayoral elections to the presidential cycle beginning in 2024 to go hand-in-glove with their efforts to stymie campaign contributions (except for themselves) in order to make sure only their candidates are elected mayor of San Jose. A similar proposal to move San Jose's mayoral election was defeated 6-5 at a contentious City Council meeting in April. While it is true

overall voter turnout is higher during a presidential election, the voter's attention is on those national offices, not on the down-ballot local races. Most of the large cities with mayor/council governance have their mayoral elections on the gubernatorial cycle, like San Jose does now. We need to keep it there and cement it in place with the proposed mayor/council measure next year.

There is no panacea for the challenges big cities now face. A change of governance to mayor/council does not stop the rising cost of living in our valley, nor does it solve the structural budget problems for San Jose – where we have less jobs than residents. But it will give our city more of a chance to address these tough issues and we will know who to hold accountable. The weak mayor system may have worked for San Jose in the days of Dutch Hamann when our population was less than half it is today, but in 2020 we need strong leadership, bold strategy and a mayor unshackled from mind-numbing 10-hour council meetings who can promote the city, take risks and drive citywide issues.

Don't underestimate your voice in this matter. Here is your chance to help. We'll update you on the status of these measures. Please connect with us – talk to me, any Downtown Association staff or one of the 13 volunteers who are going to follow me up to the podium this morning.



It's always energizing to hear directly from the members – business and property owners, residents, community volunteers, employees and artists – who comprise this association and have made us a capable organization the past 33 years. Despite some of the political headwinds I've talked about this morning, there are many reasons for optimism in our city.

For starters, San Jose has the best big city police chief in the country in Eddie Garcia.

More permanent supportive housing is about to open, providing shelter for downtown's chronically homeless. Like the 2<sup>nd</sup> Street Studios that recently opened at Keyes Street in the SoDA District, Villas on the Park is also on 2<sup>nd</sup> Street, one block north of St. James Park. Villas' 83 units will open before year-end thanks to Affirmed Housing and PATH. To get 83 individuals off our sidewalks, foyers and creeks and into their own studio apartments will be an incredible accomplishment and reminder of downtown's willingness to be a leader in homeless solutions.

More jobs and employees are coming. Adobe is busy on San Fernando Street constructing their fourth tower and Jay Paul is poised to begin downtown's first spec office building in 10 years at the corner of Park Avenue and Almaden Boulevard. In Downtown West at Julian Street north

of SAP Center, Boston Properties is preparing to break ground on 1 million feet of new office space.

Speaking of new spaces, yesterday, Google submitted their planning application to the city for the 60 acres they control on the westside of downtown. This critical milestone formally gets the wheels moving on a number of next steps, including zoning, environmental and design work, as well as more community outreach. The plans are incredible. Incorporating a mix of offices, homes, hospitality, shops, entertainment and maker uses along with 15 acres of open spaces, parks, paseos and plazas winding along a north-south spine from Julian Street down to Auzerais Street, roughly paralleling the Caltrain tracks. This is the future city within a city. Go see the plans for yourself tomorrow between 11:30 a.m. – 2:30 p.m. as Google is hosting an open house at one of their recently acquired buildings on Autumn Street. Details on the open house are in the agenda packet.

The best part of the meeting is coming up next. Enjoy our committee report lightning round and if you hear something you like, please join us.

This is our downtown. Let's do this together. Thank you for your attendance and attention.