

Business Breakfast with the Mayor Delivered April 14, 2011

Good morning.

- It is a pleasure to be here with you to present the annual address to the business community. This is my opportunity to address YOU directly, integrating key elements from my State of the City, with a focus on economic development. I am proud to be the Mayor of a City that works shoulder to shoulder with our local business community and Chamber of Commerce. We know that there is a direct relationship between the health of our economy and our ability to maintain a high quality of life – enhancing public safety, infrastructure, education and community resources.
- There are definitely many reasons that businesses call Irvine their home . . . access to a well-trained and highly educated workforce . . . a concentration of business clusters, including biomedical, finance, high tech, clean tech, automotive, entertainment, fashion and research and development ... a full range of top-quality commercial and well-designed retail centers help attract business and commerce to Irvine ... a City that is recognized for its commitment to high standards. And all of this in the heart of Orange County.

We are proud of the progress that we have made over the past 40 years, and it is important to reflect on how we began our journey.

- In 1971, we were a small town anchored by a growing university, with fields of orange groves and avocado trees. There were few roads, few parks, few homes and few schools.
- But there was no shortage of hopes and dreams.
- Irvine was home to about 17,000 residents and a handful of companies and entrepreneurs. Forty years ago, the first City Council, planners and builders ... citizens and businesses ... all

had a shared goal – to make this one of the most livable cities in the nation.

- The result was a lasting partnership between our residents, our City government and our business community, largely represented here by the Irvine Chamber of Commerce.

As Irvine celebrates its 40th Anniversary this year, I take great pride in serving the community as Mayor and I am grateful for this opportunity, representing more than 212,000 Irvine residents. And I thank you all for your confidence in me.

Before I continue, let me introduce my fellow City Councilmembers: Mayor Pro Tem Beth Krom, would you please stand; Councilmember Larry Agran; Councilmember Steven Choi; and Councilmember Jeff Lalloway. I am fortunate to work with such a committed group of individuals.

- I would also like to introduce City Manager Sean Joyce, Assistant City Manager Sharon Landers, and all the directors and other staff. If you would please stand. We thank you for your hard work to make our community great, day in and day out.

I also want to thank Tallia Hart, President and CEO of the Irvine Chamber of Commerce, who has spearheaded this event and who embraces our cooperative efforts to support and connect the City and the business community.

- During the past year, the City and Chamber have worked together to conduct another successful Irvine Entrepreneur Forum ... met with Irvine business executives ... hosted a national travel journalist conference ... facilitated business growth opportunities ... and continued to develop relevant programs and services. Thank you, Tallia, for your leadership.
- Along with the Chamber's "Destination Irvine" campaign to invite people to "stay, play and eat" in Irvine, the Chamber's ability to help the City attract, retain and grow businesses is vital in this environment.

Economic development is a priority for both the City and the Chamber. Irvine is home to 197,000 jobs and 18,000 businesses, 17,000 of which are considered small with 25 or fewer employees. Whether it is a large corporation or small mom-and-pop store, each deeply matters to us.

- While we build toward our future, we reflect on our past. Many businesses and organizations found Irvine even before we incorporated in 1971, and they continue their investment today. We have identified nearly 20 inaugural businesses. Throughout the year, we will continue recognizing each of them.
- They know the history of the City because they ARE, in fact, part of the history of our City.
- This morning, I would like to introduce those inaugural businesses who are with us.

I would like each of you to stand:

Irvine Company – represented by Senior Vice President Mike Le Blanc.

Allergan – Represented by Senior Director Jim Hayes.

Irvine Ranch Water District – represented by Vice President of the Board, Mary Aileen Matheis.

UC Irvine – represented by Assistant Vice Chancellor Liz Toomey.

Waste Management of Orange County – represented by Senior District Manager David Ross.

Precision Stamping & Tool Inc. – represented by President Peter Panenka.

- Thank you all for your vision and congratulations on your decades of great work. You are indeed a symbol of Irvine's success.

- The City of Irvine has received many distinctions over the years. They include: One of the Best Cities in the Nation for Business Start-ups by Bloomberg Businessweek; U.S. Conference of Mayor's Award for our "Cash for Cans" recycling program; 100 Best Communities for Young People by America's Promise Alliance; the top City in California in Money Magazine's Best Places to Live in America.
- And last year, the Freedom Award was given to only 15 employers by the Department of Defense for providing support to those reservists and National Guard who are called up.
- With the Freedom Award, we acknowledge the employees for the work they do on the homefront ... and support them for the work they do for their country.

In February, I had the privilege of presenting my third State of the City as Mayor. During my address, I noted the fact that Irvine has not been immune to the economic downturn.

- However, city leaders had the foresight to set aside ample reserves during good times, which have provided a funding bridge to weather these tough economic times.
- At the beginning of the recession, the City Council adopted a "Four Pillars" approach to address the current economic conditions:
 - No tax increases
 - No cut in core services
 - No staff layoffs
 - No pay raises

Through leveraged use of our reserves, coupled with fiscal discipline, I am proud to say that we have been able to continue providing the core services that matter to Irvine residents.

Now, we are seeing a gradual improvement in our local economy that allows us to move in a better direction ... from recession ready, to recovery ready.

- For example, I am happy to report that our sales tax revenue, which is the primary source of our general fund, for this fiscal year is up 14.1% over the previous year.
- And further, our hotel tax revenue is up 19.5% over last year. What great news. It is an indication that business activity citywide is spiking upward, reflecting more and longer hotel stays.

I am very excited about this positive change in our local economy. And this kind of information is what I love to share with you.

One of my favorite activities as Mayor is visiting companies in Irvine – Edwards Lifesciences, Blizzard Entertainment, Western Digital, Maruchan, Parker Aerospace and Imuraya USA, to name a few. Every tour allows me to understand the operations and get a sense of business success. What I enjoy the most is the interaction and dialogue with each company.

Today, more than ever, we are a City that understands the relationship between investments and dividends. Together, we are all focused on the bottom line.

- One way is through our business friendly initiatives, to reduce the cost of doing business in Irvine and provide more incentives. The City Council recently approved additional business friendly initiatives. As an example:
- Waiving permit fees for the next 12 months for installing solar panels on homes and commercial buildings.
- Residential and commercial development fee deferral program.
- And a local vendor preference policy for City procurements.

Additional initiatives will be coming forward.

Now, let's turn to the development front.

- Since 2010, we have seen a significant improvement in Irvine home sales. That trend has been steady and solid, supported by our local realtors, who are true ambassadors promoting Irvine.
- While developers like the Irvine Company and Five Point Communities build homes, it is the realtors who sell our city. They are on the ground helping to make the American Dream come true.
- Irvine realtors were among those who sold more than 2,000 homes last year.
- We have representatives present from the Southern California Realtors Association. Would you please rise and be recognized?

Rarely is there a discussion about the economy without the word "homebuilding" being mentioned, because homebuilding creates jobs by promoting construction activity.

- A recent Orange County Register headline noted: "Irvine Company expects projects will create about 7,800 jobs." The story related to the company's construction efforts and its success in selling homes in 2010. Irvine Company has sold 1,375 new Irvine homes since January of last year.
- New homes . . . creating much-needed construction jobs . . . expand the City's property tax base and provide important infrastructure improvements. And they create new villages to meet the needs of our residents.
- In January, Five Point Communities submitted plans to move ahead with nearly 5,000 homes and 1.2 million square feet of commercial space in the Great Park Neighborhoods, adjacent

to the Orange County Great Park. City staff and Five Point Communities are working diligently to expedite the applications process.

- Five Point Communities anticipates delivery of the first homes in 2013.

Now there is more good news. Let me mention our own progress at the Orange County Great Park.

- Our fully funded, 225-acre Western Sector Park Development Plan is well underway and on schedule. We are about to open the North Lawn, a multi-use area for recreation and sports. We are planning for lighted soccer fields at the South Lawn.
- We have created a 114-acre Great Park Farm that is now growing fresh produce. A Sunday farmers market is drawing thousands each week.
- We will soon open the Palm Court, which includes a new arts center and a plaza for public performances.
- Our new carousel is drawing thousands of young people each weekend.
- Our summer concert series in August will include a special 40th Anniversary night.
- All of this hard work is led by Orange County Great Park CEO Mike Ellzey and his team. Mr. Ellzey, would you please stand and be recognized?

The Orange County Great Park is in the Irvine Redevelopment Agency's project area. It is critical that this development moves forward – creating new jobs and building the first great metropolitan park of the 21st century.

- Also, our Redevelopment Agency has been very effective in providing affordable housing throughout the City. Irvine's RDA has already created 185 affordable housing units with an additional 60 units now under construction.

The ability to live where you work ... to send your children to an excellent Irvine school down the street, is important to your personal life as well as to your professional life.

- To that end, the City Council established the Irvine Community Land Trust in 2006 to work with the City and Redevelopment Agency to set aside land for affordable housing. Balancing workforce housing and jobs is the City Council's priority. We want to have 10% of our housing stock affordable at the City's build-out around 2030. A total of 9,700 affordable units is a commitment to the community. It is quite aggressive, but I believe we can accomplish it.
- The American Dream, after all, has to be possible ... by being affordable to everyone. When your employees can live in the City in which they work, their quality of life improves. That adds value to your bottom line in increased productivity.

At the same time, we have to be innovative and creative.

One example is the Irvine Business Complex Vision Plan.

- It is large in scope – 2,600 acres; it is bold in the planning – a mixed-use environment to put residents closer to the workplace; it is the product of cooperation working closely with businesses and nearby cities for many years. The Vision Plan has been awarded an honorable mention for Excellence in Economic Development Planning from the American Planning Association. Irvine was one of three cities nationwide to be recognized.
- It is a prestigious honor presented “to a community that shows innovation and success with an economic development plan or project.”

- To help expedite new development in the IBC, in January the City Council approved a more than 72% reduction in transportation mitigation fees for new developers. Also, a fee reduction on affordable housing construction also was approved and will help generate new development in this area.

This mixed-use, live-and-work concept is complemented by the City's public transportation, the *iShuttle*. This shuttle system takes commuters to and through the IBC and John Wayne Airport and to and from the Tustin Metrolink station, taking cars off the street and helping the environment.

- I am happy to say, through a collaboration between the City and OCTA and with help from the Irvine Company, we have secured Proposition 116 transit funds for the City of Irvine: \$121.3 million will enable us to pay for operations and maintenance for the *iShuttle* for the next 30 years.
- And this year, we will expand the *iShuttle* program through the Irvine Spectrum, which is truly a mixed-use corridor integrating jobs, housing and transit access.
- It makes sense that the Irvine Station, which is the second-busiest transportation center in Orange County, will be the hub of transportation in the region – from the FlyAway bus transit system to LAX ... to the *iShuttle* program ... to expansion of the Irvine Station in the years to come.

So, here's an opportunity. We invest heavily in transit and infrastructure to support the mobility of those who come into the City each workday and for residents who work throughout Irvine. We look to your partnership in making public transit a success. It is a system for you, for your company, and for your employees.

What makes Irvine the choice for any business, of any size?

First, high-quality education.

- Our public schools are the key to our community's success – today and tomorrow.
- Outstanding universities and colleges – led by UC Irvine, including Concordia University and Irvine Valley College, as well as campuses for other regional universities and systems such as University of La Verne, Brandman University, Cal State Fullerton/Irvine campus, Pepperdine and USC – provide a rich pool of talent.
- A top priority is your ability to attract and retain the best employees.
- That is why Irvine values the partnership with the educational community. In fact, City support of our public schools is unprecedented in California. Last November, Irvine voters approved Measure R, the “Irvine School Support Initiative,” by a 78.2% margin, to continue the City’s financial support of Irvine schools by directing \$1.5 million annually for the next three years. Altogether, the City now provides more than \$5 million annually through direct and indirect support to Irvine schools.
- The D.A.R.E. program for elementary students has been a key success for years, and we put Resource Officers at our high schools, which result in a tremendous impact on the quality of life for our students. We operate middle and high school youth action teams. We help pay for school nurses and student counseling.
- On a related health issue, the City-funded Irvine Children’s Health Program, or I-CHP, provides access to health insurance for more than 700 children. Kaiser Permanente, Hoag Hospital Irvine and the Cancer Center of Irvine have been instrumental in providing grants for this excellent program. I want to thank you so much for your generosity.
- Obviously, the City cannot do it alone. We need partnerships from the business community. So, I am going to ask you to join

us in our efforts to ensure that our local school districts maintain their excellence in every category.

- I would like to acknowledge two individuals who are responsible for maintaining the highest-quality education. First, Dr. Gwen Gross, who has been IUSD's outstanding superintendent for the past five years. Gwen, would you please stand.
- As you know, she is retiring in June. Let me introduce the incoming Superintendent, Terry Walker.

Second, by all means, is the investment in public safety. Matter of fact, public safety and education go hand-in-hand.

- We have been the Safest City in America with a population over 100,000 for six straight years, according to FBI statistics.
- You hear about this important accomplishment every year, and it might sound redundant. But make no mistake. This fact alone clearly distinguishes Irvine.
- Everything we aspire to be in Irvine flows from our safety and well-being.
- The safety in our homes, at your businesses and within Irvine schools is the result of the strategic coordination by our Public Safety Department, other staff, and all of you. Let me acknowledge our Police Chief, Dave Maggard, who recently was selected as President of the California Police Chiefs Association.
- Let me also introduce you to two people deeply involved in our citywide public safety effort. These police officers have recently formed our Business Community Officer team. They walk through business and retail centers to provide hands-on education about quality of life issues and challenges that include traffic flow and crime prevention, among other issues.

- They are Officer Christina Kim and Officer Michael Tu. Please stand.
- They may soon greet you at your workplace as we continue to establish the trust that we know is so important.

The third value that is critical to our success is that we are a green City.

- We have developed a long-term strategy that actively promotes cost-effective green building, land-use planning, energy efficiency, alternative transportation, greenhouse gas reduction, and resource management.
- Today, companies understand that going green equates to a more profitable bottom line.

Being green is being Irvine.

Finally, I would like to talk about one of our most important features ... diversity.

- Irvine is a fully integrated City. This is an advantage at school, in neighborhoods and in the workplace. There is a diversity of people and art and culture, and we have a vast presence of international businesses here.
- The U.S. Census numbers that were released last month show a City on the move. Our population grew by 48.4% from the previous Census in 2000. We are proud of the thoroughly integrated community that is a true picture of Irvine today.
- According to IUSD, more than 65 languages are spoken in our schools.
- Transcending cultural barriers is paramount to maintaining our quality of diversity. Here is a recent example: Last month at a City Council meeting, a presentation to promote charitable giving to the Japan relief effort prompted a spontaneous ovation

of support for our special guest, Japan's deputy consul general. It also was a night of celebration as more than 100 people were in attendance to celebrate the Persian New Year, Nowruz.

- I was so impressed that night when Team Kids began a fundraising effort for Japan relief. It has raised more than \$40,000 by selling lemonade. The money goes directly to the American Red Cross. Julie Hudash and Team Kids, would you please stand?

We are a City of unity. All these efforts reflect the heart of Irvine.

So, that is 40 years of progress; there is much for us to be proud of.

From master plan to reality.

From small college town to more than 212,000 residents.

Call me optimistic ... but I believe that 40 years from now, Irvine will be an even better place – further shaped by vision, still America's best place to work, play and raise a family.

In the years ahead, Irvine will be the hub for 21st century business.

Irvine will be a regional leader in public transportation.

The Irvine Business Complex will become the prototype for integrated business and residential communities.

Irvine will lead the way in education, sustainability and open space preservation.

The Orange County Great Park will be a regional and national treasure.

All of this is our collective vision – that there is no place in this country better positioned to realize its potential than Irvine.

This is what 40 years of innovation and new ideas have given us.

It has given us the life we lead ... our everlasting legacy.

It has given us Irvine.

Thank you and God Bless America and God Bless Irvine.