



COUNCIL AGENDA: 2-25-14
ITEM: 4.3

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Toni J. Taber, CMC
City Clerk

SUBJECT: SEE BELOW

DATE: 2-13-2014

SUBJECT: BI-ANNUAL ECONOMIC STRATEGY WORKPLAN REVIEW

RECOMMENDATION

As referred by the Community and Economic Development Committee on January 27, 2014 and outlined in the attached memo previously submitted by the Community and Economic Development Committee, accept staff's report on the accomplishments of the Economic Strategy 18-month workplan.



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Kim Walesh

SUBJECT: ECONOMIC STRATEGY
18-MONTH WORKPLAN
UPDATE

DATE: January 15, 2014

Approved

Date

1/17/14

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Accept staff's report on the accomplishments of the Economic Strategy 18-month workplan.

BACKGROUND

On April 4, 2010, City Council adopted the Economic Strategy 2010-2015, which was intended to align City staff and other resources in a common direction to:

1. Aggressively regain jobs and revenue as the national economy recovers (Strategic Goals #1-6); and
2. Create an outstanding business and living environment that can compete with the world's best cities over the long-term (Strategic Goals #7-12).

Since 2010, the Council has adopted three 18-month workplans that have identified the specific action items staff will undertake to implement the Economic Strategy.

The Council adopted the most recent workplan on March 16, 2013 and directed staff to prioritize the following goals that staff should spend 80% of their time pursuing (see attachment A).

- Goal #1: Encourage Companies and Sectors that Can Drive the San Jose/Silicon Valley Economy and Generate Revenue for City Services and Infrastructure
- Goal #2: Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Vitality
- Goal #3: Preserve and Strengthen Manufacturing-Related Activity and Jobs
- Goal #6: Improve the Speed, Consistency, and Predictability of the Development Review Process, and Reduce Costs of Operating a Business in San Jose
- Goal #9: Keep Developing a Competitive, World Class Airport, and Attract New Air Service
- Goal #10: Continue to Position Downtown as Silicon Valley's City Center

- Goal #12: Develop a Distinctive Set of Sports, Arts, and Entertainment Offerings Aligned with San Jose's Diverse, Growing Population

At this time, staff is providing an update on the combined input of the departments that comprise the Community and Economic Development City Service Area in furthering these seven priority goals identified by City Council.

ANALYSIS

Over the past nine months (April - December), the Departments that comprise the Community and Economic Development CSA have worked together to advance the priorities that Council directed staff to focus 80% of their time accomplishing. As a result, the team has advanced the Economic Strategy significantly and can point to many successes for San Jose. This collaborative process has provided important insight into how staff can align strategic actions to further the Strategy's goals.

Goal #1: Encourage Companies and Sectors that Can Drive the San Jose/Silicon Valley Economy and Generate Revenue for City Services and Infrastructure

- The Office of Economic Development's Business Development Team continues to pursue a proactive outreach and engagement program, meeting with over 135 local companies since July, 2013.
- The City has continued to support the growth and expansion of driving industry companies with over 170 STI/ITI permits issued to companies including Apigee, Quantumscape, Cisco, Polycom, LAM Research, Edgewater Networks, Nimble Storage, Xicato, Continuum, Zoll Medical and Extreme Networks.
- The City helped launch Prospect SV, a 501(c)(3) non-profit created to develop opportunities for driving industry companies by providing commercialization and demonstration partnerships.
- Staff has been working with the San Jose/Silicon Valley Chamber of Commerce to support their efforts to create a regional economic development initiative across Silicon Valley.
- The City received approval from the Foreign Trade Zone Board to extend the Alternative Site Framework for the Foreign Trade Zone to include the rest of Santa Clara County, and the cities of Santa Cruz, Scotts Valley, Fremont, Hayward, Newark and Union City.

Goal #2: Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Vitality

- Development Services and Economic Development staff have been working closely with developers of the Hitachi mixed used development and Almaden Ranch retail power center to facilitate delivery of these projects.
- The Office of Economic Development launched the San Jose Storefront Initiative, providing grant funding to fill vacant store fronts in the downtown and other neighborhood business districts.

Goal #3: Preserve and Strengthen Manufacturing-Related Activity and Jobs

- The City continued highlighting the critical role manufacturing plays in San Jose by launching the Silicon Valley Manufacturing Roundtable.
- The Office of Economic Development, in partnership with Manex and local manufacturers, supported manufacturing week in October, providing opportunities for students, residents and entrepreneurs to tour manufacturing facilities.
- The Office of Economic Development participated in the second annual convening of the Urban Manufacturing Alliance, a national collaborative of stakeholders working together to grow urban manufacturing.

Goal #6: Improve the Speed, Consistency, and Predictability of the Development Review Process, and Reduce Costs of Operating a Business in San Jose

- The City of San Jose received awards in three out of five categories at the Silicon Valley Leadership Group "Turning Red Tape into Red Carpet" Awards including recognition for the teams work in permitting Samsung Headquarters in 78 days.
- The City launched the Small Business Coaching Center website, providing small businesses a step-by-step process for navigating the development services process.
- Working closely with the Mayor and Council, staff brought forward a proposal to reduce the North San Jose Traffic Impact Fee to \$2 per square foot for new development over one million square feet in size, in order to incent new major campus development in North San Jose.
- The Development Services team worked with the Mayors Ad Hoc Committee on Economic Competitiveness to actively track large development projects and proactively address challenges facing them.

Goal #9: Keep Developing a Competitive, World Class Airport, and Attract New Air Service

- The bid documents are out for the construction of the General Aviation terminal (Westside airport). Construction will begin in early 2014 for the new Signature Aviation terminal.
- Virgin America, Alaska Airlines, Southwest Airlines and All Nippon Airlines all added additional air service out of SJC.

Goal #10: Continue to Position Downtown as Silicon Valley's City Center

- The City continues to coordinate and fund the joint efforts between the Office of Economic Development and San Jose Downtown Association for business retention efforts, reaching over 190 companies in the Downtown.
- The U.S. Patent and Trademark Office had announced its intention to locate its Silicon Valley Office in City Hall. This location will help reduce the patent backlog and provide support to the leading patent-generating area in the nation.
- Two high-rise construction projects are underway in the downtown.
- The City has released the Environmental Impact Report for Diridon Station Area Plan.
- The City is close to completing its 10-year horizon report focused on transportation and parking needs adjacent to the Diridon Station.
- Over 20 new restaurants and food services businesses have been added to the Downtown, continuing to build vibrancy within the area (Cream, Blackbird Tavern, Whispers, etc.)

- Staff re-established the City Manager's Downtown Advisory Committee with a focus on homelessness and public safety concerns.
- New attraction efforts are currently underway and a new high tech anchor Apigee relocated into Downtown.
- The City is participating in the regional bike share program, launched in August 2013, with 15 initial bike share stations and 150 bikes distributed throughout the downtown.
- The City, in conjunction with Team San Jose and the local hotel community, completed the expansion and renovation project of the San Jose Convention Center on time and on budget.
- The first of several Downtown Illumination projects has been completed.

Goal #12: Develop a Distinctive Set of Sports, Arts, and Entertainment Offering Aligned with San Jose's Diverse, Growing Population

- Staff has been working closely with the San Jose Earthquakes on their new stadium development currently under construction and set to open for the beginning of the 2015 MLS season.

In addition to the seven priority workplan goals identified by City Council, staff has been very busy with other notable projects in an effort to achieve the other five strategic goals. Other notable successes and ongoing projects include:

- Staff has developed and continues to work through the Urban Village Implementation Workplan which will develop the first set of urban village plans and secure Council approval as well as identifying financing tools.
- Staff continues to analyze opportunities to finance the improvements related to the build out of the North San Jose Area Development Policy.
- The Upper Penitencia Creek (UPC) Improvement Project located at the future Berryessa BART Station campus has been completed.
- ZWED opened the largest dry anaerobic digestion facility supporting the goals of the City's Green Vision.
- The City adopted a new traffic control model for special events aimed at streamlining permitting processing and providing cost savings to special events producers.
- The City of San Jose is the first California city to receive a Greenroads certification for a sustainable roadway project.

Conclusion

While the above summary represents a significant body of work for all of the departments involved, staff recognizes that a significant amount of the Economic Strategy workplan remains to be completed. Over the next six months staff will continue to look for opportunities to work across the CSA. In addition to spending 80% of its time on the seven priorities outlined by the City Council, staff will also be looking for opportunities to align work across multiple departments to support long term development policies including Envision 2040 and the North San Jose Area Development Policy.

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EVALUATION AND FOLLOW-UP

Staff will provide an update in six months on the priority projects under the current workplan to the CED Committee and City Council.

COORDINATION

The workplan has been coordinated with the Department of Planning, Building, and Code Enforcement; Department of Transportation; Public Works; Airport; Environmental Services Department; and Housing Department.

CEQA

Not a Project, File No.PP10-066 (a), Staff Report

/s/
KIM WALESH
Director of Economic Development
Chief Strategist

For questions, please contact John Lang, Chief Economist, at (408) 535-8178.

Attachment A

**Economic Strategy
18-Month Implementation Workplan
(May 2013-December 2014)
*Priority Goals)**

ACTION	TEAM
#1 Encourage Companies and Sectors that Can Drive the San Jose/Silicon Valley Economy and Generate Revenue for City Services and Infrastructure*	
1.a Through the City's ongoing Business Outreach, incorporate focused retention and expansion visits with companies located within, or appropriately suited to location in, key activity hubs.	OED
1.b Partner with local companies, associations, and agencies to identify unique attributes and actively promote activity hubs as important locations in Silicon Valley.	OED
1.c Promote the key attributes of areas experiencing significant development to businesses looking to expand in or move to San Jose, the brokerage community, and property owners and developers working in the area.	PBCE/OED
#2 Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Vitality*	
2.a Advance destination retail projects on existing sites through the planning stage, including Almaden Ranch, Evergreen Arcadia, and Hitachi Cottle Road.	OED
2.b Continue to support retail and small businesses in Downtown and Neighborhood Business Districts through a combination of the Empty Storefront Program and targeted and direct outreach.	OED/Development Services
#3 Preserve and Strengthen Manufacturing-Related Activity and Jobs*	
3.a Preserve the diversity of industrial lands and viability of facilities that support manufacturing and adopt an ordinance that protects the manufacturing rights of existing industrial land uses from encroaching incompatible uses	PBCE
3.b Develop a long-term freight access plan, including trucking and rail, to support the City's key employment areas.	PBCE/DOT/OED
3.c Help forge connections between manufacturing service companies and emerging hardware start-ups to help facilitate the commercialization of new products and the sustainable growth of local companies.	OED
#4 Nurture the Success of Local Small Businesses	
4.a Actively promote BusinessOwnerspace.com (BOS) as the core element of San Jose's small business support strategy.	work2future
4.b Provide support and services for creative industries and entrepreneurs through the role out of the Creative Industries Incentive Fund.	OCA
4.d Successfully launch of the new business permitting portal and explore future opportunities for expansion to additional uses.	OED/Development Services/Housing/Finance
4.e Continue to forge partnership opportunities with other local associations and agencies to interact, support and assist small businesses.	OED

#5 Increase San Jose's Influence in Regional, State and National Forums in Order to Advance City Goals and Secure Resources	
5.a Increase San Jose's effectiveness in using regional agencies/forums to advance city goals and secure financing from regional, statewide, and national sources.	CMO/OED/Regional Influence Team
5.b Continue to articulate the value of the Enterprise Zone to driving industry companies and work with local companies, associations, and agencies to bring these items to the attention of State elected officials in order to maintain the EZ	CMO/OED
5.c Provide a one voice approach on SB 375 implementation by actively influencing and shaping implementation of the Sustainable Communities Strategy and Regional Housing Needs Allocation.	Planning/Housing/Regional Influence Team
#6 Improve the Speed, Consistency, and Predictability of the Development Review Process, and Reduce Costs of Operating a Business in San Jose *	
6.a Working through the Mayor's Ad Hoc Committee on Economic Competitiveness, ensure the timely delivery of major development projects that can have a measureable impact on job creation or revenues within the next 18 months, including those that will generate tax increment, property tax revenues, or sales tax revenues.	Mayor's Office/OED/Development Services
6.b Track the geographical relationship of priority development projects and major renovation/rehabilitation projects and provide assistance to developers regarding the unique attributes of the immediate area.	OED/PBCE
6.c Retain and improve the Expedited Planning Permit and continue to reorganize and streamline the development review process.	PBCE
6.d Continue aggressive promotion of the Enterprise Zone, Foreign Trade Zone, Use Tax Incentive and Downtown Parking Incentive to reduce business operations costs, and pursue other state and federal assistance programs to support new development and business attraction and expansion.	OED/DOT
#7 Prepare Residents to Participate in the Economy Through Training, Education, and Career Support	
7.a Create partnerships between employers, K-12, community colleges, pre-apprenticeship and apprenticeship programs, and institutions of higher learning. Examples include a system that can steer low-income people towards careers in the green economy.	work2future
7.b Through work2future, provide occupational assessment and counseling services to people that advance to middle-income jobs through identification of both career ladders (sequential positions) and career lattices (transferable skills).	work2future
7.c Partner with public, private, and non-profit organizations, and continue to develop partnerships with San José State University, community colleges and other educational institutions, to advance connection between academia and industry to support long term workforce supply	work2future
#8 Advance the Diridon Station Area as Key Transportation Center for Northern California	
8.a Support Valley Transportation Authority (VTA) to extend BART service to Berryessa, Downtown San Jose and Diridon Station.	DOT/OED/Planning

8.b Facilitate planning and future development of the California High Speed Rail project with service to Downtown San Jose.	DOT/Planning
8.c Form a Joint Powers Authority for the advancements of the Diridon Station Area Plan.	DOT/OED/Planning
#9 Keep Developing a Competitive, World Class Airport, and Attract New Air Service*	
9.a Maintain a cost-competitive, efficient and attractive airport that can successfully compete with airports in the Bay Area and across the nation in recruiting carriers and flights to serve Silicon Valley.	Airport
9.b Execute strategy to recruit new international and domestic air service, in partnership with the Silicon Valley business community.	Airport
9.c Facilitate private-sector development of a new general aviation facility on the Airport's west-side property	Airport/OED
#10 Continue to Position Downtown as Silicon Valley's City Center*	
10.a Continue to create a vibrant and safe environment that attracts a diverse range of residents and visitors.	PW/OED/PD
10.b Position Downtown San Jose as an easy-to-access, competitive work environment for start-ups, scaling businesses, and freelancers by highlighting our innovation and creativity.	OED
10.c Maintain a dialogue with existing downtown businesses, property owners and brokers to retain and grow and attract new businesses.	OED
10.d Provide oversight and enhance competitiveness and success of the San Jose Convention Center, Convention and Visitors Bureau and the City's Downtown Cultural Facilities as unique attributes of the downtown environment.	OED/PW
10.e Continue to partner with the Downtown Association and downtown creative community on the "small wonders" workplan.	OED/PD/CAO/Housing
#11 Create More Walkable, Vibrant, Mixed-Use Environments to Spur Interaction and Attract Talent	
11.a Develop an Implementation Plan to catalyze development in target mixed-use growth areas under the Envision 2040 General Plan and attract developers and resources.	PBCE/Housing/DOT/PW/OED
11.b Encourage neighborhood-serving retail that supports a diverse set of needs.	OED/Planning
11.c Identify opportunities for public/private partnership to enhance the pedestrian environment in activity hubs.	DOT/Planning/Housing/OED
#12 Develop a Distinctive Set of Sports, Arts, and Entertainment, Offerings Aligned With San Jose's Diverse, Growing Population*	
12.a Enable construction of the San Jose Earthquakes major league Soccer Stadium on the Airport West property.	OED
12.b Continue planning for Major League Baseball facility in the Diridon station area.	OED
12.c Support production of high-profile events and performances in San Jose in partnership with the San Jose Sports Authority, Team San Jose, and other private and non-profit sponsors.	OED/OCA