



SENT TO COUNCIL: **Forwarded on:**
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Memorandum

**TO: HONORABLE MAYOR AND
CITY COUNCIL**

FROM: Del D. Borgsdorf

**SUBJECT: "JUST DO IT" ACTIONS
—IMPLEMENTATION PLAN**

DATE: September 19, 2003

INFORMATION MEMO

On September 16, 2003, the City Council considered several directives to the Administration with respect to the Getting Families Back To Work effort. Included in Council discussion, was the directive to provide Council with a workplan, within 14 days, to implement several "Just Do It" actions referenced during the past weeks. The purpose of this Information Memo is to provide Council with a workplan for implementing the immediate actions that support economic prosperity and job creation. Given staff's excitement and eagerness to get started, you will find that some of the workplan items have already been accomplished, which are discussed in the "Just Did It" category.

In addition, as directed by Council, staff will be presenting to Rules Committee, on September 24, 2003, a separate report responding to the Mayor and Councilmember's memos.

"JUST DID IT" ACTIONS

- 1. Proposed Flexible Pricing of the Convention & Cultural Facilities**—Staff has developed proposed changes to the Convention & Cultural facilities fee structure to allow the Director greater flexibility to negotiate fees for bookings and parking. At this time, the Director only has flexibility to negotiate fees for limited types of events, which required one-year advanced booking. The new fee structure is more responsive to the business community, specifically to event promoters from out of town, and allows the facilities to be more competitive in this highly competitive convention market. This item is up for Council consideration on September 30, 2003.
- 2. Reduction in Landing Fees**—To make the Airport the region's choice for air travel and our commitment to operate as efficiently and cost effectively as possible, staff reviewed and adjusted airline rates and charges based upon annual closing of the books and audits of actual operating costs. This review was timely; effective October 1, 2003, the Airport will be reducing the commercial aircraft landing fee from \$1.51 to \$1.34 per thousand pounds of maximum gross landed weight (for more information, see Information Memo distributed September 12, 2003). Estimates show that this will reduce airlines' costs by roughly \$1,000,000 over the next year. This fee reduction reflects our meaningful partnership with the

airlines, and will be very helpful in promoting San Jose as a good place in which to do business. Regular reviews of landing fees will continue.

3. **Broadband and Wireless Initiative**—An inter-departmental task force lead by Public Works and Economic Development has been formed to identify geographic service gaps in DSL, high-speed cable and wireless access in SJ, and will work to achieve 100% service coverage throughout SJ. Staff is reviewing the option of offering unused City owned conduit co-located with other utility lines at no cost to appropriate users for eighteen months.
4. **Streamline special event permit requirements**—The Director of Parks, Recreation and Neighborhood Services will be coordinating a meeting, including all stakeholders, on the permit process for special events. The first meeting is set for September 26, 2003.

"JUST DO IT" ACTIONS

In my memo dated August 27, 2003, I referred to 10 immediate ideas for implementation. Listed below are the items, along with additional ideas, and the status of each.

1. **Examine the possible elimination of PD Zoning and PD Permit to streamline the development process.**

Status: This item will be up for Council consideration on September 30, 2003.

2. **Extend the expiring Special Tenant Improvement Program and expand the eligible uses under the program and include downtown.**

Status: This item will be up for Council consideration on September 30, 2003.

3. **Expand project manager lead/team service delivery format for permit processing.**

Status: Although the larger issue of permit processing will be discussed at the September 30, 2003 City Council meeting, staff can reassign a PBCE Project Manager to facilitate and coordinate permits and staff. The Project Manager can act as a liaison with the Downtown Small Business Association in the processing of projects.

4. **Engage venture capital community directly through visits and events on San Jose's advantages as a location for start-ups.**

Status: Staff will immediately begin a schedule of Mayor-led direct visits to regional venture capitalists to tell the San Jose story. Staff will schedule a bi-annual event for venture capitalists in Downtown San Jose in partnership with the incubators and San Jose State University highlighting start-ups and developing/early-stage San Jose companies. Staff from the Office of Economic Development and Redevelopment Agency will provide staff support to the Mayor, with the first event tentatively scheduled in late fall 2003.

5. Relax underwriting criteria (interest rate and collateral) for the Revolving Loan and Development Enhancement Special Funds to make more loans available to businesses.

Status: The Director of Economic Development and the Loan Advisory Board will be working together to develop a process to reduce interest rates and collateral requirements in an effort to make loan funds available to higher risk investments. Additional information is forthcoming.

6. Streamline special event permit requirements.

Status: See "Just Did It", Item 4.

7. Identify geographic service gaps in DSL, high-speed cable and wireless access in San Jose, and work to achieve 100% service coverage throughout San Jose within 12 months.

Status: See "Just Did It", Item 3.

8. Contact national site search firms to provide most current information about San Jose advantages and relative costs.

Status: In the upcoming weeks, staff will immediately contact national industrial search firms to provide the most up-to-date information about space availability, rental rates, workforce availability and other city initiatives. One OED staff member will be assigned to provide information and maintain contacts.

9. Fast track completion of bio-tech incubator.

Status: The City will work aggressively with the Redevelopment Agency to entitle the project. Additional information is forthcoming.

10. Reduce landing fees for general aviation (business flights) at the Airport.

Status: See "Just Did It", Item 2. Landing fees are not charged for general aviation operations at the Airport.

11. Maximize City Sales Tax from City and Privately Funded Activity.

Status: When materials, applicable to large value items over \$500,000, are purchased out of state for use in San Jose, it is possible San Jose does not receive the Use Tax. Thus, San Jose loses out on the full 1% sales tax on the purchase. When materials are purchased in state, applicable to amounts over \$500,000, and the purchase is allocated to the County Sales Tax Pool, San Jose gets 40% of the 1% Sales Tax. The Office of Economic Development will lead an effort to work with companies and contractors to capture the full potential of Sales Tax for San Jose and report back to Council.

12. Develop Housing Department Guidelines.

Status: Several developers indicated that it would be valuable for the Housing Department to have development guidelines in place to provide consistency to the loan process for large development loans. The Department has developed an outline of these guidelines and plans to have them completed and in operation within the next 60 days.

13. Review of Burdensome Insurance Rates on Small Contractors.

Status: Many speakers indicated that insurance rates were so high that many were faced with the potential of shutting down business. The Housing Department will work with the City's Risk Management Office to review insurance rates for contractors participating in the City's Housing Rehabilitation Program to determine whether coverage can be adjusted. Additionally, working with our Office of Intergovernmental Relations and Sacramento and Washington D.C. lobbyists, the City will seek to support legislation that reduces the insurance burden on our small contractors.

14. Amend Inclusionary Housing Requirements.

Status: The Inclusionary Housing Policy—a State law requirement—was cited as being burdensome. Within the parameters of this law, the Redevelopment Agency and the Housing Department are proposing several changes to the current policy for housing developments constructed in Redevelopment Project Areas. These changes exempt small projects from the requirements, and make it easier for developers to develop housing on small infill sites, which is particularly important with the increase in Redevelopment Project Areas as a result of the Strong Neighborhood Initiative Program. These policy changes will be presented to the Council and Board on September 30, 2003.

15. Maintain and Improve Service Levels.

Status: Discussion on this item will take place at the Driving Strong Economy meeting on September 22, 2003. One of the primary goals for the development process, established in partnership with the Chamber of Commerce and other private sector interests, is to "Facilitate Development by Improving Processing Times and Predictability". To achieve this goal, the development industry supported permit processing fee increases as part of an overall budget proposal to increase the cost recovery of the fee program, which includes Planning, Building, Fire, and Public Works. These fee increases ensure the City will be able to maintain staffing and performance levels to a level of service needed by the industry. Any reduction in revenue to the development fee program will require rebalancing the current budget by

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RE: "JUST DO IT" Actions—Implementation Plan

September 19, 2003

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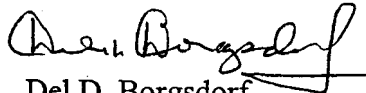
reducing staff costs through vacancies and reallocations. In the event that permit activity levels are the same or greater than current levels, this would result in a corresponding reduction in service, increasing the overall time for projects to be completed. This is of serious concern as it runs counter to the goals set with the development industry and would reduce the City's competitiveness in the high priority area of speed of service.

COORDINATION

This memo was coordinated with the Redevelopment Agency and City Departments.

CONCLUSION

Many of these actions were initiated during the FY 2003-2004 budget process; highlighted by the fee program and service enhancements, supported by the Chamber of Commerce Committee. We will continue to respond in an immediate and appropriate fashion to all of the Council priorities to improve our economic competitiveness and customer service.



Del D. Borgsdorf
City Manager