

Community & Economic Development Committee
Paul Krutko Update
August 24, 2009

Facilitating Business and Retail Attraction and Development

- **Attraction**

- Working with new companies, largely clean tech, to help locate them in San Jose. Involves reviewing applicable location, financial, and other benefits of locating in San Jose.
- Companies include:
 - Harmonic is under negotiation with AMB to lease the Tripoint Development in North San Jose. Currently evaluating their expansion capabilities as they are considering a 10 year lease, bringing 400 employees to SJ
 - Wrightspeed has signed a letter of intent regarding a property in North San Jose. They are awaiting approval of a grant from the Department of Energy to begin their operation.
 - Belectric – Staff is working with Belectric to find an initial 30,000 sq ft facility in North San Jose for the expansion into the US market. Belectric are also looking for opportunities to site a 10MW utility scale solar installation in San Jose.
 - Envia Systems – Staff facilitated a letter of support from the Mayor’s office to aid Envia in their attempts to secure a DoE grant.
 - REFU Elektronik – Staff had initial discussions with REFU and is continuing to coordinate with Agency staff.
 - Teranetics – Teranetics has moved into a new facility on the North First Street.
 - Solar Tomorrow – Solar Tomorrow plans to move their operations to San Jose later this month and are hoping to occupy space in the EBC. Staff has forwarded details of their unique solar thermal technology to different organizations in an effort to aid them promote their product.
 - TechShop – Staff has initiated discussions with TechShop regarding opening their first location in San Jose.
 - Qliance – Staff participated in a conference call with the CEO of Qliance to help them better understand some of the challenges facing a new form of health care provider that operates outside of the insurance system. Qliance is hoping to move into the California market sometime in late 2009-2010 and is interested in a Bay Area location for their first office.

- Econetix – Staff has been engaged by this innovative start-up coming out of the Clean Tech Open competition and currently located in the EBC in order to better understand the market for their energy monitoring technology.

- **Development facilitation**

- @First development - OED Staff facilitated timely resolutions of last minute requests for additional technical information from both the Public Works and Planning Departments to ensure that the project maintains its aggressive timeline in order to facilitate the new Target at the development. 850,000 sq. ft. of office and 200,000 sq. ft. of retail. \$500K-\$600K in sales tax.
- Airport West and the Earthquakes Soccer stadium – OED is continuing to facilitate timely responses by both parties regarding the preparation of the Environmental Impact Report to ensure the project remained on its timeline to bring the Planned Development Rezoning to Council late 2009-early 2010. 1.5 million sq. ft. of office, approximately 7,000 jobs and 15,000-seat stadium, 300 hotel rooms, 95,000 sq. ft. of retail.
- San Pedro Urban market - OED staff is facilitating bi-weekly meetings between City staff and the applicants' development team in order to address potential conflicts between the project and relevant City codes and policies. OED staff is engaging in the discussion to resolve building code issues on the adjacent Wagon Wheel property which may have further implications on the Urban Market development.
- Cisco – OED, DOT and PBCE are working on an amendment to Cisco's Development Agreement in North San Jose. Discussions are continuing in regards to the intensification of their North San Jose holdings.
- Equinix - Continuing to facilitate discussions relating to issues regarding the expansion of Equinix's Edenvale facility. Issues primarily relate to architectural design and the requirement for street improvements.
- Toshiba – Staff is facilitating Toshiba's consolidation of their Fremont and Sunnyvale locations to a 50,000 sq. ft. building on North First Street through the STI process.
- Cryotech – OED staff worked with Redevelopment staff and the STI team to ensure a timely relocation for Cryotech to a facility on Brokaw Road.
- Coordination with Cilker property owners and various City departments regarding access to the potential development site through the adjacent City-owned Zanker/237 property.

- **North San Jose Area Development Policy**

- Continuing to coordinate with the Redevelopment Agency and Planning Department to provide comprehensive outreach to North San Jose stakeholders and the general public regarding the modifications to the Policy.

- **CDBG**
 - The City was awarded \$2,700,463 under the American Recovery and Reinvestment Act of 2009 which includes \$1,000,000 for the purposes of the Clean Tech Careers Fund.
 - This will provide funding for capital equipment costs to 3 (three) companies that meet the intent of ARRA by creating jobs and promoting economic recovery in the City of San Jose.
 - These companies and their proposed projects will result in the creation of up to 60 new jobs.

- **Business Outreach/Retention**
 - Working with Harris Stratex, a global provider of end-to-end solutions for mobility and fixed network applications, supported by comprehensive network management software, energy-efficient site infrastructure and world-class professional services. HS is interested in consolidating a number of operations, including moving most of their executive management from North Carolina, with their San Jose R&D. This includes 300 employees.
 - OED staff met on July 20 with Autosense, a small San Jose company established 25 years ago. Autosense designs and manufactures here in San Jose tamper-resistant vehicle ignition interlocks. Many states have passed legislation requiring such devices in vehicles operated by individuals convicted of driving under the influence. Over 10,000 customers in the U.S. are using the devices produced by the San Jose company.

Partnerships Strengthen San Jose's Regional and National Influence

- **New Partnership Opportunities Related to Recovery Act and Green Vision**
 - **Bay Area Air Quality Monitoring District**--Partnership with Bay Area Air Quality Monitoring District (BAAQMD) to apply for a Department of Energy (DOE) Recovery Act grant for conversion of 30 hybrids to plug-in electric, purchase of 18 charging stations, and construction of CNG station at Central Service Yard. Grant application was submitted to BAAQMD in May 2009. Estimate grant awards to be announced no later than October 2009.
 - **Bloom Energy**--Fuel Cell Demonstration project at City Hall. City staff is currently evaluating the financial feasibility of a fuel cell demonstration project anticipated to address 50% of the energy needs at City Hall.
 - **Electronic Motors Corporation**—Staff is exploring the possibility of an electric vehicles demonstration project with Electronic Motors Corporation (EMC). This project would focus on testing EMC's light duty electric truck due to market by the end of the calendar year. The EMC

solution incorporates their EV drive train into the Ford F150 body and chassis.

- **Clean Tech Incubator**--Partnership the Environmental Services Department to create Clean Tech Incubator to help attract, assist and retain companies poised to develop innovative technologies. For the project, City is applying for EDA grant in the amount of \$4 million and a DOE grant in the amount of \$5 million. This is on the Council August 25 agenda.

- **Other Collaborative Partnerships Relating to Cleantech and Green Vision**

- **Zero Waste Energy, Harvest Power, and Kleiner Perkins**-- Partnerships with Zero Waste Energy, Harvest Power, and Kleiner Perkins to develop a dry fermentation anaerobic digestion facility and help to develop marginal land adjacent to the Water Pollution Control Plant is moving forward. Capital funding will include venture capital, as well as federal grants and loan guarantees applied for by Zero Waste Energy.
- **Joint Venture Silicon Valley Network and Cypress Envirosystems**-- Potential partnership with Joint Venture Silicon Valley Network and Cypress Envirosystems if they are successful in obtaining a grant through DOE's Recovery Act Smart Grid program for commercial building retrofit.
- **Pacific Gas & Electric**--Partnership with PG&E to apply for DOE's Smart Grid grant, through the Recovery Act, for a Home Area Network pilot in San Jose neighborhoods.
- **Mariah Power**--A Wind Turbine demonstration project at City Hall.
- **Lunera Lighting**--LED Indoor Light Fixtures Demonstration Project. Staff is working towards further evaluation and locations for a pilot deployment.

Workforce development builds strong talent pool and grows business

- work2future has just launched our ARRA-funded summer youth program serving over 900 low-income youth.
 - Approximately 150 of those youth will work with City of San Jose Departments.
 - Despite the severe economic downturn work2future will still meet 8 of its 9 DOL performance outcomes for this current year
 - work2future is held a large job fair at the HP Arena on July 27 with over 5000 job seekers; its Celebracion del Campo, targeted day laborers and farm workers, takes place August 29 in Morgan Hill.
 - work2future has seen a 40% increase in the number of individuals using our one-stops.
 - Sponsored by Congressman Honda, we received a grant from SBA (\$245,643) to support BOS. The grant will allow us to enhance the BOS website, develop new small business tools (e.g. self assessment tool for green practices), conducted additional outreach events and research, translate BOS website and outreach materials.

International outreach ensures continued global relevance and collaborations

- OED organized a July 9 visit to City Hall by a 25-member delegation from Switzerland led by Doris Leuthard, Minister of Economic Affairs and Vice President of the Swiss Confederation, and Switzerland's Ambassador to the U.S. Urs Ziswiler. The Swiss delegation, comprised of leading businesses from across the nation, met with Mayor Reed, city staff and local invited businesses.
- OED assisted in bringing the "Partnering for Compliance" three-day seminar to San Jose this month. Over 200 businesses and federal government representatives are expected to attend the event at the Hilton Hotel and Towers. This is the first time the seminar has been offered on the west coast. The seminar brings together businesses and federal officials for a program highlighting international trade compliance issues.
- Business retention meetings were held with the State Bank of India and Fuji Electric Device Technology, and hosted meetings with companies from Japan, Germany, France that are interested in expanding their business to the U.S. Recruited a Belgian company to establish their U.S. expansion at the San Jose BioCenter.

Enhancing a Vibrant Downtown

- On July 1, 2009 the new Entertainment Zone Policing Model went into effect. As part of the model the City Manager's Downtown Coordinator in partnership with the Police Department met with the SoFA nightlife businesses operators to establish a staggered closing program for the area. The purpose of this program is to elevate the impacts at 2:00AM. Meetings with the Historic District and San Pedro Square owners are scheduled. These meetings will help with proactive communication and coordination of the downtown nightlife businesses.
- Downtown Coordinator in partnership with the Police Department will be providing ABC server trainings for downtown entertainment venues. This was recommended to the Hospitality Zone Assessment Report and the new Police Deployment Model. Trainings will focus on over serving, age verification, and bottle service. City received grant for \$85,000 to help facilitate training.
- OED and TSJ have been meeting throughout the summer to address the shortfall in Fund 536 and will present a jointly agreed to revised formal plan as a part of the Annual Report approval to be considered by Council this fall.
- CMO, RDA, and TSJ have been working together to better understand the new realities of the convention center expansion. All parties will be meeting with the hotel community in August to start a proactive dialogue and discuss alternatives to the \$300 million project.
- Downtown Coordinator and City Manager will be hosting the 2nd City Manager's Downtown Advisory Committee on August 26th. Agenda will cover the downtown zoning overlay, special event fees, and live music strategy.

- OED in partnership with SJRA continued work on the future Diridon Station. Work included ongoing outreach to the community through the Good Neighborhood Committee. Efforts focused on three committee meetings and two walking tours of the neighborhood. The next tour takes place 6 p.m., August 18.

Investing in Arts & Culture

- **Events bring draw visitors and bring community together**
 - **Cirque du Soleil** : The Office of Cultural Affairs is leading the interdepartmental team to implement the production of Cirque’s new show, “OVO,” scheduled for 60 performances from February 4 to March 21, 2010. Expected attendance is 2,555 per performance. Draws attendees from Bay Area communities and serves multi-generational San Jose residents with cultural experience. In addition to related TOT and sales tax, the 2008 net revenue from parking operations was \$47,000.
 - **Event Producer/City Department Meetings**: Conducting a series of meetings with Event Producers and City Departments that support outdoor special events, to address City services/permit costs associated with outdoor special events, in response to a letter received by the City Manager from Event Producers raising concerns about rising costs. The goal of these meetings is to identify costs/fees associated with event production, define the issues, provide event management tips to minimize cost impacts, identify any areas requiring policy changes to provide long-range cost saving strategies for future events, develop and present policy revisions to Council.
 - **Amgen Tour of California (ATOC)**: Tracking the 2010 ATOC bid proposal submitted by the City of San Jose, to be a host City for the 5th Annual statewide cycling tour.
 - **San Jose Rock ‘n’ Roll (RnR) Half Marathon**: Finalizing contract arrangements for the 4th annual San Jose RnR Half Marathon scheduled for October 2-4, 2010.
- **Strategic cultural initiatives ensure a vibrant arts and culture ecosystem**
 - **California Cultural Data Project (CDP)**: The OCA has partnered with the CDP, an online management tool designed to strengthen arts and cultural organizations. Organizations enter financial, programmatic and operational data into a standardized online form, and can produce multiple reports designed to increase management capacity, identify strengths and challenges, benchmark progress, inform decision-making, and support the application processes to participating funders.
 - **Arts Loan Fund**: As part of its Arts Stabilization Initiatives, the Office of Cultural Affairs (OCA) has partnered with the Arts Loan Fund, a pooled fund joined by about a dozen Bay Area foundations and public-sector agencies. The Fund provides quick-turnaround, low-cost financial assistance to arts organizations to help manage their cash flow needs in this difficult economy.

Communicating a compelling consistent San Jose message regionally, nationally and internationally

- San Jose continues to garner strong coverage global. Attached is a sample of recent headlines from media coverage (36 articles)

ATTACHMENT I

THE FOLLOWING REFLECTS REGIONAL, NATIONAL, INTERNATIONAL AND ONLINE SAN JOSE MENTIONS AND COVERAGE FROM THROUGHOUT LATE SPRING AND SUMMER 2009. LISTED COVERAGE WAS SECURED WITH THE ASSISTANCE OF GLOBALFLUENCY.

San Jose's Cleantech Officer on Renewables, Recession and the Stimulus
BNET, Chris Morrison

CNET News special report: Green tech at a crossroads
They got their green-tech bill. So now what?

San Jose Gets Serious About Clean Tech's Sustainable Future
Green Options, Timothy B. Hurst

San Jose in California has a Green Vision of the future
Energy Refuge, Antonio Pasolini

Can Green Jobs Save the Economy?
Wall Street Journal, Phil Izzo

Clean-Tech Startups in San Jose - Nanci Klein
wsRadio.com, Steve Bengston

From Silicon To Sustainability: San José Goes Deep Green
San José's efforts to transform its economy and its environmental footprint may also help keep it from becoming the modern equivalent of a rust belt city
EN-Genius Network, Lee H Goldberg

Sustainable Cities
EnergyBiz Insider, Ken Silverstein

Green Jobs, Green Dollars
Eco-Structure Magazine, Kim O'Connell

San Jose partners with Clean Tech Open to provide free space at business center
Examiner, Reenita Malhotra

A New Take on Incubators
Entrepreneur, Dennis Romero
Also ran in:
U.S. News and World Report

Top 12 Greenest Cities in the U.S.
GreenTech Media, Eric Wesoff

Earth2Tech's Top 7 Cities for Cleantech
Earth2Tech, Amy Westervelt
Also ran in:
BusinessWeek

City 2.0: Using tech building blocks in tomorrow's urban centers
Computerworld, John Brandon

Green Promise Seen in Switch to LED Lighting
New York Times, Elisabeth Rosenthal and Felicity Barringer

San Jose Inches Closer to Reaching Goal of 100 Percent Energy Independence
Green Options – Red, Green Blue, Ruedigar Matthes
Also ran in:
Reuters

San Jose Developing First U.S. Organics to Energy Waste Biogas Facility
Fast Company, Ariel Schwartz

San Jose First to Develop Organics-to-Energy Biogas Plant
Domestic Fuel, Joanna Schroeder

San Jose's Organic Waste-to-Energy BioGas Facility
Sustainability Ninja, Sarah Fobes

City of San Jose, CA Moves Forward With Proposal to Develop Organics-to-Energy Biogas Facility
BioFuels Journal, Myke Feinman

Turning Organic Waste Into Energy
New York Times, John Lorinc

San Jose closer to being first U.S. city with biogas plant
San Jose Mercury News, Tracy Seipel

City of San Jose's Organics-to-Energy Biogas Plant Taking Shape
RenewableEnergyWorld.com

GreenWaste Recovery and Harvest Power Propose First Dry Anaerobic Organics-to-Energy Biogas Facility in the U.S.
Green Energy News, Bruce Mulliken

So You Want to Start a Tech Business, Part 1

E-Commerce Times , Pam Baker

San Jose advances waste-to-biogas facility plans

Biomass Magazine, Anna Austin

Turning waste into renewable energy

EnergyRefuge.com, Antonio Pasolini

San Jose furthers its Green Vision program goals by creating waste energy

Examiner.com, Reenita Malhotra

Smarter Cities Annual Research and Ranking Report

NOTE: Final report is not accessible online and was provided to the City of San Jose

San José Airport in California gets “Hands” public art

World Interior Design Network, WCIN Staff Writer

San Jose is the largest city in California’s Silicon Valley

ArtPoints.net, James Chandler

Artist Christian Moeller Awarded Commission

Art Ltd. Magazine, Mick Cripps

Gateways to the future

Monocle Magazine

Mayor Reed Goes to Washington

Federal News Radio - The Daily Debrief, Chris Dorobek and Amy Morris

San Jose, Calif., takes a private sector tip for city planning

American City and County Magazine

Wealth-Less Effect: Earning Well, Feeling Otherwise: Proposed Tax Increases on Six-Figure Earners Highlight Mounting Costs of Living -- and the Relativity of Prosperity

Wall Street Journal, Gary Fields