

**Verbal Report on Economic Development Activities
November 28, 2011**

The following provides a behind-the-scenes look at economic development-related activities staff was involved with since the last Community & Economic Development Committee meeting, including business outreach and "speed of business" development services. This report is illustrative, not comprehensive.

November Fun Fact:

"According to Indeed, the metro areas with the strongest jobs picture are San Jose, Calif., Washington, D.C., and New York. San Jose has nearly two job postings per potential applicant, according to Indeed, while D.C. has 1.7 listings per job seeker, and New York, 1.2 jobs."

--- Forbes.com, November 2011

Year over year job growth through October 2011 shows that the San Jose MSA has added 22,900 jobs.

I. PROVIDE BUSINESS LEADERSHIP, OUTREACH, RETENTION & ATTRACTION

A. Outreach

- Outreach meetings this month included Pinger, Elemental 8, GoVoluntr, Realization, Melt Water, C8 Medisensors, SVTC Solar, Canon, Rocket EMS, CTS, Applied Microstructures, SMTC, Drobo, Enki Technology, A10 Networks, Whole Foods Market, O'Connor Hospital, Jones Lang LaSalle, Clean Fund, Ridgewood Capital, Redwood Systems, Serious Energy, enLighted, Wattzon and QuEST and Varentec.
- **San Jose Enterprise Zone** - During the month of October 2011, Enterprise Zone staff met with four businesses. Thirty eight businesses submitted applications for Hiring Tax Credit vouchers and 121 Hiring Tax Credit Vouchers were issued in October 2011. Since the beginning of Fiscal Year 2011/12, staff has processed 691 Hiring Tax Credit Vouchers for 185 companies that hired Enterprise Zone eligible employees.
- SVTC Solar Development Center – Staff met with SVTC to discuss the Tenant Improvements needed to get the facility up and operational. Tenant

Improvements to begin in January. The company will take occupancy in March 2012.

- C8 Medisensors - Staff met with C8 to discuss the Tenant Improvements needed to build out the 2nd floor of their current location for a total of 102,000 sf. Tenant Improvements are underway with a job fair and ribbon cutting planned for January 12, 2012.
- Drobo (a.k.a Data Robotics) – Staff successfully facilitated Drobo’s relocation and expansion from Santa Clara to North San Jose. At the time of our recruitment effort the company had 70 employees and since the move to San Jose has hired an additional 30 employees (100 current employees) with plans to add an additional 50 employees by mid 2012. The new San Jose location will serve as HQ and has room for future expansion. The company designs and manufactures storage devices for companies of all sizes and has won several industry awards for developing the next generation of innovative digital storage products. They are quickly gaining market share in the ever growing cloud storage market. Staff is currently facilitating the planning of a ribbon cutting event for January, 2012.
- Enki Technology - Staff successfully facilitated Enki Technology’s relocation of their HQ from Sunnyvale to North San Jose. Enki Technology, Inc. is working to improve PV module efficiencies through the development of low-cost anti-reflective and anti-soiling coatings.
- A10 Networks located in North San Jose is growing from 20,000sf on Bering Drive to 80,000sf on Plumeria Drive. Permits were issued in one day through the Special Tenant Improvement Process with the projects General Contractor commenting:

"The A10 STI program went great. Your team was exceptional. Thank you again for all of your support."

*Brett McLarney
Vice President
McLarney Construction, Inc.*

- Staff met with Jim Dover, President/CEO of O’Connor Hospital, a significant employer (1500 staff, 1200FTE’s), which has been in San Jose 122 years, and has revenues approaching \$300 million annually. Staff is continuing to work directly with O’Connor Hospital on the City’s Use Tax Incentive Program and the

addition of one freeway-facing roof sign which can be accommodated through the next round of changes to the sign ordinance.

- On November 16, 2011, Staff partnered with the Bay Area Climate Collaborative to host a regional policy discussion at San Jose City Hall: *Commercial Energy Upgrades: Catalyzing Retrofits Through Innovation in Finance & Data Transparency Tools*. The event focused on Commercial PACE programs and energy disclosure initiatives in Northern California and convened a range of government and industry partners including Clean Fund, Ridgewood Capital, Redwood Systems, representatives from the California Energy Commission, City of San Francisco, Alameda County, Serious Energy, enLighted, Wattzon and QuEST.
- Staff presented at the Innovative Sweden - Cleantech: Building Sustainable Cities for the Future event held on November 4th at the Stanford Alumni Center. The event was part of a world tour showcasing 20 Swedish companies representing innovative solutions in Information and Communication Technology, Clean Technology, Gaming and Life Science.
- Staff presented to the Clean Tech Open Global Forum and provided a tour of the Clean Energy showcase. The group of ten international companies from countries including Chile, Australia, Iran and Israel represent new innovations in clean technologies including water treatment, energy efficiency and building materials.

B. Projects in Process

- Staff has met with a number of developers regarding new development for both office and research and development buildings at a number of locations throughout the City, including:
 - Staff met with representatives from Jones Lang LaSalle regarding the upcoming listing of a major development opportunity site in North San Jose. Staff is advising on the current entitlements in place and the associated process for any modifications a buyer might be considering.
 - Staff met with Ellis Partners regarding their recent purchase of an existing North San Jose industrial facility and the potential for long term expansion of development on the site under the provisions of the North San Jose Area Development Policy.

- Staff met with the owner of the America Center Hotel parcel to discuss development of a new 175 room hotel adjacent to Highway 237.
- Staff is working closely with J P Dinapoli Companies Inc. to add retail at the corner of Bascom and Curtner (currently Lunardi's – formerly Cosentino's). The developer is cleaning up existing retail and adding new retail at a key corner.
- The combined expedited permitting programs processed over 60 projects in the month of November with customers including Monolithic Power, MicroSemi, Nanosolar, eBay, Sunpower, Harbor Freight Tools and Polycom utilizing the Special Tenant Improvement Program, and Solexant, Integrated PV, Hitachi and Adobe utilizing the Industrial Tool Installation Program.
- Polycom began permitting on their new headquarters facility in San Jose at 6001 America Center Drive. Polycom will invest in capital acquisition for their America Center facility and relocate an additional 130 jobs to San Jose growing to approximately 700 employees.

II. SUPPORT RETAIL AND SMALL BUSINESS GROWTH

- As an extension of the Shop San Jose Campaign, San Jose took part in Small Business Saturday. Sponsored by Amex, this national program brought together over 40 cities and 100 partners to help promote small business. Small Business Saturday provided business owners with co-branding and social media marketing opportunities through Facebook, Twitter, YouTube and other social media platforms in order to promote special offers and rally customers.
- Staff worked very closely with Harbor Freight Tools to ensure they received their temporary certificate of occupancy to ensure that they were able to open in time for the "Black Friday" sales. Inspectors were on site as late as the Wednesday before Thanks Giving working closely with the project team.
- Staff is working closely with Whole Foods Market to promote construction of their planned store on the Alameda.

III. ENHANCING THE DOWNTOWN CORE

- Staff met with Downtown properties and building managers to discuss retention, expansion and attraction efforts related to commercial properties. OED will be focusing on the Downtown vacancy rate over the next 18- months and will be working closely with the San Jose Downtown Association and Downtown property owners.
- PWC iLEAD participate and teams will be hosted their events the week of November 8th. In all, 12 events were held and by all accounts the program was a very unique public-private endeavor. PWC is currently working with CreaTV to finalize a 30 minute film of the program. OED is currently working internally to offer other employee engagement programs to our large employers with a focus on activating the Downtown.
- Staff has developed and is now facilitating an interdepartmental Team (Downtown Management Team) that is focused specifically on Downtown issues. This group meets monthly and is primary focused on coordinating all efforts/programs in the Downtown and assisting with the attraction and retention of businesses.
- Staff continues to work with the Police Department, PBCE and Downtown property owners and businesses on issues related to medical marijuana collectives and their impacts on the Downtown environment.
- Staff presented to the Team San Jose and hotel sales staff on the Downtown vision and possible opportunities to collaborate on large-scale conventions and better activating our restaurants and live music offerings.
- The City's hospitality industry advisor, Convention, Sports & Leisure (CSL), have completed their "Convention Center Management Best-Practices" report and have begun the Team San Jose benchmarking report. City staff is now reviewing the CSL and recent changes Team San Jose has implemented.

IV. HELP RESIDENTS FIND JOBS

- On November 3, 2011 over 55 employers eager to meet the 300 plus job seekers at the San Jose Garden Inn for the "Annual Honor A Vet, Hire A Vet" Job Fair. The range of applicants and jobs available from engineering, retail, construction and services. Over 20 resource providers were on hand to provide information

and referrals to the all job seekers. work2future is an active partner in this event and has participated in planning and staffing this event for the last 5 years.

V. MANAGE REAL ESTATE

- Since June 2011, Real Estate Staff has sold over \$1.9 million worth of surplus City property. Staff anticipates the sale of an additional \$1 million by June 2012. In addition, over \$1 million of cost savings have been achieved through renegotiation of existing, and the signing of new leases, on existing City property. Recent transactions include:
 - Sale of an easement adjacent to the Lester Property for \$450,000.
 - Sale of property to Summerhill Homes for residential development and a County trail.
 - Moving forward with the purchase of UPRR right of way adjacent to the closed Story Road Landfill site at a purchase price is \$2M
- 1671 Alameda lease. Real Estate staff has done an excellent job reducing costs and meeting the needs of partner departments. Staff will consolidate the Family Violence unit from Gish to existing leased space on the Alameda. Staff also reduced lease costs on the Alameda substantially from \$1.80 psf to \$1.30 psf. Staff also reduced the amount of space required on the Alameda from 12,000sqft to roughly 7,500 sqft. Over annual costs will decrease 2/3 from roughly 350k to 150k annually.
- Easement for Fire Station 21 – Staff working very creatively with the private sector to accomplish City goals. To assist in the build out of Fire Station 21, residential developer will put in infrastructure needed for both projects (res and Fire Station). City will reimburse developer for our portion of required work.
- MOU with Water District – Real Estate staff working proactively with District to streamline assumptions and approaches to the many projects the District and City take on together regularly. MOU outlines documents, procedures and systems for moving projects along more quickly.

VI. ENHANCE CULTURAL AND SPORTS AMENITIES

- On Saturday, October 29, the Office of Cultural Affairs (OCA) and Arts Commission dedicated artist Valerie Raps' "Cultivating Community" at the King & Story Road shopping center. This artwork, a corner piece of the Alum Rock Cultural Corridor project, is a sculpture in the form of a life-sized Spring tooth harrow, an iconic piece of farm equipment used to cultivate the land.
- The City has begun the repairs to the Veterans' memorial. The metal work that holds the glass panels was just restored through rust removal and repainting. New glass panels are in production and will be installed in late November, weather permitting. All the glass panels will be replaced with the same material to ensure there is consistency in the panels' appearance. Information signage about the status of the repair will be placed at the site for Veteran's Day.
- The OCA will be managing one of five finalist grants in the Community Arts Journalism Challenge sponsored by the National Endowment for the Arts (NEA) and the John S. and James L. Knight Foundation. The Community Arts Journalism Challenge is a national initiative that seeks to fund new models to use technology to inform and engage people in the arts. San Jose is one of eight communities nationwide that was targeted for this new initiative.
- The OCA has collaborated with 1st ACT Silicon Valley to relaunch the new LiveSV website in December 2011.
- The OCA has been awarded funding from the Creative Capital Professional Development Program in the amount of \$10,000 to present a fully subsidized bilingual (Spanish/English) workshop providing an intensive introduction to strategic planning, fundraising and promotion for Spanish-speaking artists. The workshop, Taller Profesional De Desarrollo Para Artistas, will be led by Ela Troyano and Angela Reginato on March 16, 2012.
- The OCA collaborated with the San Jose Sports Authority and Silicon Valley Leadership Group (SVLG) to submit a successful bid for the 2012 Amgen Tour of California. San Jose has been awarded a stage start to be held on May 15th.

Upcoming Events: The following events were coordinated by the OCA Special Events Team to be held between November 5 and December 5, and each is expected to draw well over a thousand people:

Veteran's Day Parade, Downtown City Streets. Friday, November 11, 11 a.m.,
Expected attendance: 30,000

Silicon Valley Leadership Group Turkey Trot, Downtown City Street, Arena Green.
Thursday, November 24th, 7:30 a.m., Expected attendance: 17,000

Almaden Valley Run, Turkey Run, Camden Avenue. Thursday, November 24th, 7:30
a.m., Expected attendance: 1,000

Christmas in the Park, Plaza de Cesar Chavez Park. Opens Friday, November 25, 2011
through January 1, 2012, open every day 9 a.m. to 12 a.m. Expected attendance:
500,000

Winter Wonderland, Park Avenue, Downtown Paseos, Almaden Walkway Opens
Wednesday, November 23, 2011 through January 1, 2012, open every day 12 noon to 10
p.m., Expected attendance: 60,000

Downtown Ice, Circle of Palms. Opens Friday, November 18, 2011 through January 29,
2012, 12 noon to 10 p.m., Expected attendance: 45,000

SJDA's Downtown Farmer's Market, San Pedro Street, between Santa Clara and St.
John St. Every Friday, starting May 6 ending November 18, 10 a.m. to 2 p.m., Expected
attendance: 1,000

Japantown's Certified Farmer's Market, Corp Yard, between 7th and 6th Streets.
Every Sunday, 8:30 a.m. to 12 noon, Expected attendance: 1,000