



SUPPLEMENTAL

Memorandum

TO: City Council

FROM: Mayor Chuck Reed

SUBJECT: Resolution in Opposition to the
Proposal to Convert Agnews
Development Center to A State
Prison

DATE: February 16, 2007

APPROVED:

Chuck Reed

DATE:

2/16/07

RECOMMENDATION:

Direct the City Attorney to draft a Resolution in opposition to the proposal to convert the Agnews Development Center to a State prison or prison medical facility. The nature of the Resolution should be based on my correspondence with the Governor, dated February 15, 2007.

The proposed conversion is not consistent with the City's General Plan, the Redevelopment Plan, nor the goals of the City's Economic Development Strategy or the Council adopted North San José Vision 2030 Plan. The highest and best use of this property is R&D office, which could generate an additional 2 million square feet and 6,000 new jobs.

February 15, 2007

The Honorable Arnold Schwarzenegger
Governor, State of California
State Capitol
Sacramento, California 95814

RE: Agnews Development Center

Dear Governor Schwarzenegger:

I am writing to you to indicate my opposition of a proposal to convert the Agnews Development Center in North San José into a prison facility. The proposal is a bad idea for San José, for the Silicon Valley, and for the State of California. I believe that the highest and best use of the 90-acre site is for the development of R&D, office space that will continue to keep San José and California on the world stage of technology innovation. While San José prides itself as one of the safest large cities in America, and values public safety as one of the city's top priorities, a prison facility at Agnews will seriously impede the economic growth of San José and stifle private investment and development.

San José continues to be the leading innovation center of the world and home to over 3000 of the world's most innovative global technology companies. More than 2200 of these companies employing over 55,000 people are headquartered in the North San José Innovation Triangle, within a 5-mile radius of Agnews. The most recognizable corporations include Cisco, Sony, eBay, Altera, Cadence, Samsung, BEA Systems, Cypress, Novellus, BD Bioscience, Lockheed Martin, KLA Tencor, Brocade, Seimens, Qualcomm, Hitachi, Canon, Philips Lumileds and Sanmina. The presence of these companies speaks to San José's location advantage for a diverse range of driving industry sectors offering opportunities to the globe's smartest and most creative workforce.

Recent policies adopted by the San José City Council have paved the way for more private development to occur in the North San José area during the next 25 years. The North San José Vision 2030 Plan provides for an additional 26.7 million square feet of R&D office and manufacturing space and 32,000 units of residential dwellings which could generate a total of 63,000 new jobs and house 80,000 resident workers and families. Over \$570 million in infrastructure to support the planned development is to be funded by the City of San José and the development community. Private investment in new developments could reach \$25 billion by 2030, generating enormous revenues toward local and state budgets.

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Furthermore, the 90-acre Agnews site, if sold for job-generating purposes, could generate 2 million square feet of prime R&D office space, 6000 new jobs, and at a conservative \$50/sf sale price fetch the State approximately \$200 million. The City of San José stands to gain \$10 million annually in General Fund and Redevelopment Tax Increment Revenues if the site is developed for office space.

The proposed prison facility is not consistent with the City's current and future vision for the North San José Innovation Triangle. It would deter future job growth and investments in the area, causing negative impacts on the City and the State. I hope you agree that it would not be in the best interests for the people of San José and California to pursue anything but the highest and best use of this prime piece of real estate.

The San José City Council is expected to formally consider this matter at a City Council meeting later this month. Your consideration of San José's opposition to the Agnews Prison proposal would be greatly appreciated.

Sincerely,



Chuck Reed
Mayor

cc: Dan Dunmoyer, Deputy Chief of Staff and Cabinet Secretary
Office of the Governor
Brenda Quintana, Director of Local Government and Community Affairs
Office of the Governor
San José Legislative Delegation
Roxanne Miller, Legislative Representative
City of San José