



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Paul Krutko

SUBJECT: City Economic and Cultural
Development Mission to
Cambridge/East of England,
Dublin and Amsterdam

DATE: September 26, 2006

Approved

Ray Wines

Date

9/29/06

COUNCIL DISTRICT: CITYWIDE

RECOMMENDATION

Acceptance of a report of the City's Economic and Cultural Development Mission September 3, 2006 to September 9, 2006.

OUTCOME

The Mission has four overall objectives:

- To benchmark strategies and successes of other innovation-based regions
- To plan and advance specific collaborative projects—including international air service to East England, a new partnership between SJSU and University College Dublin, a partnership with an East England university, cultural exchange with East England, and attraction of/cooperation with bioscience companies
- To participate in celebration of the 20th anniversary of the San Jose-Dublin Sister City relationship, supporting delegates from the San Jose Sister City Committee
- To assess the appropriateness and attractiveness of Living Tomorrow for Downtown San Jose by visiting Living Tomorrow Amsterdam, including interaction with corporate sponsors and local government officials.

BACKGROUND

The Office of Economic Development is responsible for implementing San Jose's international strategy, consistent with the Economic Development Strategy Initiative #3 "Forge Connections to Innovation Regions Globally for Mutual Economic Benefit. The initial focus is on three regions:

- Dublin—a longstanding (20-year), active sister city partnership
- Cambridge/East England—an important European technology region north of London, with whom San Jose entered into an economic partnership agreement in 2005
- Espoo/Helsinki—an important Nordic tech center, with interesting similarities to San Jose/Silicon Valley.

A more proactive relationship is under exploration with a fourth region, Pune, India, San Jose's sister city since 1992.

With support from OED, a delegation from the City of San Jose, led by Councilmembers Williams and Pyle, visited Cambridge/East England, Dublin, and Amsterdam from September 3 to 9, 2006.

In addition to Councilmembers Williams and Pyle, the San Jose delegation included Carmen Sigler, Provost of San Jose State University; Melinda Richter, Director of the San Jose Bioscience Center; Paul Krutko, Director of Economic Development; Kim Walesh, Assistant Director of Economic and Cultural Development; and Joe Hedges, International Programs Manager.

This Memo summarizes the delegation's key insights from the trip that have relevance to San Jose. Attachment A provides a listing of the delegation's meetings.

ANALYSIS

Economic Strategy

- All places visited—East England, Dublin, Amsterdam—are focused on moving up the value chain in a highly competitive world. Chiefly, this means attracting young global talent, investing in higher education, creating exciting urban environments, developing cultural and social amenities, and investing in international profile-raising. They have a strong, aggressive attitude about ensuring their competitiveness.
- The Dublin Chamber of Commerce plays a key role in providing strategic vision and thought leadership about the future of Dublin. Specifically, the Chamber has provided leadership about:
 - Alignment on Vision
 - Agreement on Priorities
 - Agreement on Process Going Forward
 - Focus on Key Action.

Their Chamber has top-level executive talent speak at morning breakfasts; for example, we heard the head of Google-Ireland, John Herlihy (by coincidence, a former District 10 resident), speak about Google's location and growth in Dublin and key technology trends.

- The skilled, multi-lingual workforce is the attractor to Dublin for Google. Diversity aids creativity; creativity is essential for looking at complex problems from different perspectives and for coming up with an unconventional solution. Of the 900 employees at Google, Ireland, 644 are foreign nationals. “A mix of cultures and languages is essential for innovation—enables solving of complex problems in different ways.” (Note: 40% of new mortgages are being taken out by non-nationals.)

IBM has 3,000 people, including 60 different nationalities in Ireland. This has made possible “IBM *in* Ireland” rather than “IBM Ireland”. This means that IBM operates global services from an Ireland location—does not just serve the national market. IBM has a very extensive, visible corporate community relations program.

- Beyond the initial thrust of a) providing incentives for company investment and b) investing in higher education of Irish young people, Dublin made its city attractive to young global people—this is paying off in spades as college-educated Europeans immigrate. This also includes encouraging an active pub life for professionals.
- In both Dublin (Docklands) and Amsterdam (Living Tomorrow area), the delegation saw validation of the new North San Jose Strategy. These cities have clearly moved from mono-functional, “9 to 5” work-only environments to a multi-functional, higher-density, more “24x7” areas. This is not ‘copying a city center’ model, but acknowledging that many of today’s employers and residents want to be in more diverse, interesting environments that include workplaces, residences, entertainment, retail, transit, and recreation. Any individual city-region would have several of these areas.
- The City Government of Dublin is effectively offering “speed” to encourage redevelopment. For example, approving new development in the Docklands area in six weeks because the specific plan is in place; IBM mentioned putting up the IBM.com facility in Dublin in 100 days. The specific plan is vetted through an extensive community process. Upon adoption, if a new project meets the plan, the project is essentially approved by right with no additional planning process required.

Higher Education

- Other communities worldwide aspire to develop a university presence in the city center; we saw examples of this in Ipswich/East England and in Dublin (new institutions, ‘education quarter’ concept). This was validation of our efforts to leverage SJSU’s in our city center through the “Beyond MLK” initiative.
- SJSU Provost Carmen Sigler met with her counterpart at University College Dublin (UCD), following several years of staff interaction around a potential agreement and exchange program. UCD agreed to pursue this, and suggested starting initially with business and engineering.
- IBM recently provided two years of free consulting services to UCD to help with their new strategy. IBM described a quite extensive and sophisticated corporate community

relations program. Observation: These strategies seem part of a concerted effort that helps to alleviate 'outsider' status for the company. IBM has evolved from "cash and equipment donation" to "strategic philanthropy" to "corporation citizenship and innovation."

- San Jose State University Provost Carmen Sigler and Councilmember Nancy Pyle met with the Vice Chancellor at the University of Hertfordshire to discuss opportunities for collaboration between the two universities. Several universities in East England have expressed interest in establishing a bilateral exchange program with San Jose State University. San Jose State and the University of Hertfordshire share many characteristics and academic programs.

Air Service

Aer Lingus

- Paul Krutko had a productive meeting with Steven Kavanagh, Planning Director for Aer Lingus in Dublin. This meeting was facilitated by Ray O'Flaherty, former Mayor McEnery and Maurice Ahern (the Prime Minister's brother). Brice Fukamoto, American Airlines station manager, participated in the meeting. Brice traveled to Dublin as a part of the sister city delegation. The Prime Minister Bertie Ahern was aware of and interested in the meeting.
- The upshot of the meeting is that Aer Lingus is much further along and closer to making a decision on a Bay Area direct flight than they were in July when a City team met with them in Dublin. Key points:
 - Aer Lingus is proceeding with a public offering that will generate new capital for an expansion of service.
 - In support of the public offering, the Irish government will make a statement that it intends to pursue "transitional" opportunities to provide more direct service to the US, and in particular the Bay Area, outside of the bilateral agreement between the US and Ireland and "open sky" negotiations between the US and the EU. This pertains to dropping the Shannon requirement. Such a statement would enhance investor interest and raise the offering price.
 - Aer Lingus intends to make the decision on the Bay Area destination (us or SFO) by the fourth quarter of this year (before 12/31).
 - Aer Lingus found our July presentation to be very thorough and a compelling business case. They checked our data independently and confirmed it. However, it will be an "open contest" between us and SFO.
 - An important next step is to extend a formal invitation to Aer Lingus for a site visit by appropriate Aer Lingus executives to see our facilities first hand. This would allow them

to also experience how San Jose could be a successful gateway to the entire Bay Area and to meet with our leading corporations. Another next step is to work with the Silicon Valley Leadership Group, Joint Venture Silicon Valley, and other corporate leaders to secure commitments to use the service and to direct their travel staff to ensure that flights are booked.

Maxjet

- MaxJet is a successful new airline providing all business class service to New York, Washington DC and Las Vegas from London's Stansted Airport which is the rapidly growing airport located in the Cambridge/East of England region. Paul Krutko and other members of the delegation had the opportunity to meet a key executive of the company. Upon returning to San Jose, Director Sherry and his team were briefed. A follow-up meeting has been scheduled with MaxJet's Chief Executive in October. Representatives of East of England will join the City team in this meeting.

Bioscience

- Conversations in East England and Dublin reinforced the unique access to venture capital provided by a Silicon Valley location. East England emphasized the European funding had 'dried up' for bioscience companies and that there is no integrated new-venture capital market in Europe—and what exists is on a much smaller-scale.
- The delegation partnered with Dublin Chamber of Commerce to sponsor a biotechnology briefing program for Dublin businesses and organizations leading Ireland's biotechnology initiatives. Partnering organizations included Enterprise Ireland, Ireland Investment and Development Agency, Trinity College, Dublin Institute of Technology, and Science Foundation Ireland.
- Councilman Forrest Williams and San Jose BioCenter Director Melinda Richter led conversation and presentation with BioPark Hertfordshire, East England Regional Biotechnology Initiative, the University College Dublin Nova Innovation Center, and a private bioscience company, Opsona Therapeutics Ltd. San Jose's BioCenter is clearly viewed as a model facility and program; other city-regions, however, are aggressively working to commercialize research and grow companies in the bioscience arena. The collaborative opportunity is for San Jose to be the "landing pad" for growing foreign companies that want a U.S. presence.

Cultural Strategy

- The trip reinforced the importance of arts and culture, broadly defined, to attract the kind of talent—especially young talent and global talent—required for a competitive economy.
- The trip also reinforced the value of integrated economic strategy/initiatives/talent with cultural strategy/initiatives/talent. East England is the first region in the UK to

consciously integrate regional economic strategy (via East England Development Agency) with regional cultural strategy (via Arts Council East). Results are significant. In Dublin and Amsterdam, extensive support for museums, quality performance venues, club/night culture, café culture have led both cities to be major attractors of talent and visitors.

- Arts Council East England completed an innovative cultural strategy two years ago that shifted them from ‘responsive funders’ of myriad arts organizations to ‘active investors’ in a much smaller number of organizations. Their approach emphasizing strategic thinking applied to the cultural sector is novel, and relevant to San Jose.
- The trip prompted thinking about the key elements/questions that should be addressed in San Jose’s Cultural Strategy Process. (Note: OED will do pre-planning for the Cultural Strategy September-November 2006, and launch the Cultural Strategy Process in January 2007, with an eye toward adoption in January 2008.)
- One important takeaway from East England was that they have an explicit cultural strategy to encourage constructive “club culture” as an important creative outlet for young people. Public funds support training for youth in planning and producing club events that include live performances. An arts organization (very similar to MACLA) operates a club venue next to its theater; the club venue provides operating income for the nonprofit arts organization. Some of these club events are explicitly produced by specific populations that are not normally accommodated night clubs, such as under-age kids or disabled kids. They have developed a ‘safe clubbing’ approach with their Police that has been effective. This approach raises questions for consideration in San Jose’s Cultural Strategy process: How can we be respectful of and nurture young people’s (e.g., 15-30ish) creative expression and aspirations? What could be the role of clubs and live-music venues in San Jose’s cultural life as a constructive outlet for young people?
- In Ipswich, the delegation learned of a new planned project for dance studio/performance space on the ground floor of a 23-story condominium. This is a similar concept to the SummerHill development being planned for 1st and William, where San Jose Stage and MACLA will each have ground floor venues. Key caution from Ipswich experience: make sure that the arts organization has sufficient capacity/expertise to be involved in the facility planning process with the developer and the government authority. To prevent future challenges, the Arts Council East determined it was in its best interest to fund this type of consulting expertise or capacity-building in the nonprofit arts organization, if the arts organization cannot secure this expertise on their own.

Living Tomorrow

- *Building Quality.* Living Tomorrow Amsterdam is a very high-quality building in design and construction. The Project Manager from the City of Amsterdam, Henk Balijon, would be happy to discuss this with the RDA team. Balijon said this was among the most high-quality projects he has ever worked on.

- *Participant/Sponsorship.* We saw that major multinationals are the lead/largest participants in Living Tomorrow Amsterdam, including HP, Philips, Unilever, DHL, and Bosch. A comprehensive list of all 40 corporate participants and description of the companies is available for review. Living Tomorrow Amsterdam is planning for a second project, and they are on their third project in Brussels 'Repeat' participation is more than 50 percent. After touring the 'home of the future' and 'office of the future', the delegation can envision companies like Cisco, Adobe, IBM, HP, Philips, Sony being interested in San Jose.
- The President of a 450-person office furnishings company (with global operations) made a special presentation to discuss why he chose to participate in Living Tomorrow, and what the results have been. He described four categories of results: Marketing (publicity, venue for product launches, new clients and projects), Product Development (opportunity for a mid-sized company like his to develop products with global players), Networking (new clients), Knowledge/R&D (structured feedback, access to R&D of participants). Specifically he pointed to nine projects he had received from architects he had never collaborated with before, nineteen new clients (additional value over 50,000 Euros each), an increase in his overall project portfolio by more than 16 million Euros and the development of eight new products from inter-company collaborations.
- *University Collaboration.* We saw specific examples of collaboration between Living Tomorrow and the local university. The CEO mentioned that his company has benefited from the involvement of students in design projects. SJSU Provost Carmen Sigler mentioned quite a few SJSU departments who might be a good fit with Living Tomorrow San Jose—industrial design, new media, film, engineering, ergonomics. LT San Jose could become a joint city-university collaborative priority.
- *Use of Building.* Living Tomorrow Amsterdam receives 200,000 visitors each year, two-thirds of which are business visitors. LT provides a venue that can be used by the participant companies for private events. HP, for example, had booked a private event for Thursday evening. We were there on a Saturday, and saw small (10-20 people) groups of independent visitors participate in scheduled tours with a guide. There is an active café/pub with food service.
- *Location of Living Tomorrow.* Living Tomorrow Amsterdam is in an area like North San Jose *will be* in 10+ year's time. It was the anchor, along with a new soccer stadium, of an area between the city center and airport that is redeveloping from a mono-functional, '9-to-5' work environment, into an exciting mixed-used work-live-play community. Amsterdam administrators reiterated that locating in the city center in Amsterdam was not a practical possibility. While this location has worked for them, they would have preferred the higher visitor traffic of a downtown location near other attractions. Living Tomorrow San Jose will need to be a more urban building.
- *Co-Marketing with Other Cultural/Visitor Attractions.* Living Tomorrow staff discussed how they do joint ticketing and marketing with other institutions.

Amsterdam has a Tech Museum-like institution called NEMO, which caters mostly to children 8 to 15 years. “Competition” with this institution has not been a problem. Living Tomorrow does not really focus on students/young people. However, it does attract high-school-age students.

The delegation’s conclusion was that having Living Tomorrow in Downtown San Jose will bring an international-style meeting/ hospitality space and vibe. It will signal that we are an international city—we currently have no significant international companies or organizations Downtown.

Civic Standards

- At every stop, the delegation experienced European standards for civic and business hospitality—and their contrast to our practices in the City of San Jose. The delegation saw that flat panel projection screens (in addition to built-in overhead projection screens) and video-playing capability have become the standard presentation format. Having this capability facilitates the use of varied, effective presentation techniques and presents a professional, tech-savvy identity for the city. The capability also makes it easy for visitors to share their presentations and DVD’s in a very efficient, reliable manner.
- Also, at every meeting, we were greeted with hospitality of a coffee/tea/snack service.
- The City of Dublin has a 15-person communications team that does a) media relations, b) internal employee communication, and c) city branding/marketing. City of San Jose has a three person communications team. Dublin is interested in learning about our “Downtown for the Holidays” joint promotion effort.

The delegation believes that the visit met its objectives. Representing the delegation, Councilman Forrest Williams reinforced with the Irish Prime Minister Bernie Ahern, the Dublin Lord Mayor Vincent Jackson, and key leaders of East England and Living Tomorrow Amsterdam San Jose’s commitment to advance these relationships for mutually beneficial economic, education, and cultural benefits.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

Honorable Mayor and City Council

September 26, 2006

Subject: City Economic and Cultural Development Mission Trip

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This memo represents a report on the activities and outcomes of the City's Economic and Cultural Development Mission does not require City Council action.

COORDINATION

This memo has been coordinated among all of the members of the San Jose delegation who participated on the visit.

FISCAL/POLICY ALIGNMENT

The activities and outcomes of the City of San Jose's Economic and Cultural Development Mission support the objectives of Economic Development Strategy Initiative #3 "Forge Connections to Innovation Regions Globally for Mutual Economic Benefit.

CEQA

Not a Project.



PAUL KRUTKO

Director, Office of Economic Development

Attachment A

San Jose Delegation Meetings and Events

East England (September 3 - 5)

- East England International Agency
- East England Arts Council
- Cambridge Science Park
- East England Regional Biotechnology Initiative/Member Companies
- Suffolk Development Agency
- BioPark Hertfordshire
- University of Hertfordshire
- City Appreciation Dinner for East England Business, University and Government Officials

Dublin (September 5-7)

- Prime Minister Bertie Ahern
- Dublin Lord Mayor Vincent Jackson
- Dublin Docklands Redevelopment Agency
- University College Dublin Office of the Provost
- University College Dublin NOVA Innovation Center
- IBM in Ireland
- Aer Lingus
- Biotechnology Business Forum with Dublin Chamber of Commerce, government agencies and universities
- Opsona Therapeutics Ltd
- 20th Sister City Anniversary Dinner Hosted by Dublin Lord Mayor
- Dublin City Manager and Senior Staff

Amsterdam (September 8)

- Co-founder and lead staff of Living Tomorrow
- Corporate sponsor company Gispen
- City of Amsterdam official involved with Living Tomorrow