



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Paul Krutko  
Jennifer A. Maguire

**SUBJECT:** SEE BELOW

**DATE:** January 12, 2009

Approved

*Deanna Johnson*

Date

*1/15/09*

**COUNCIL DISTRICT:** City-Wide

**SUBJECT: Approval of an amendment and continuation agreement with GlobalFluency for national and international media relations**

## RECOMMENDATION

1. Approval of an amendment and continuation agreement with GlobalFluency for national and international public relations services, extending the term from January 1, 2009 through August 31, 2009, and increasing the compensation by \$100,000 for a total contract amount of \$450,000 since 2006. Of the \$100,000 funding increase, \$33,000 will be provided from the San Jose Convention and Visitors Bureau through a separate contribution agreement.
2. Adoption of the following Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund:
  - a. Increase the appropriation to the Office of Economic Development for Non-Personal/Equipment by \$33,000; and
  - b. Increase the estimate for Other Revenue by \$33,000.

## OUTCOME

With approval of this recommendation, GlobalFluency will achieve the following:

- Communication efforts geared towards **additional retail attraction** to help overcome San Jose's retail leakage to other communities and increase City revenue for community
- Publicize development facilitation of **job and revenue-generating company expansions and relocations** providing significant proof points for San Jose and demonstrating a competitive edge
- Press outreach to raise awareness of resources for **business start-up, growth and expansion** such as incubators, site location assistance, technical assistance and access to capital that encourage growth of industries, including biotech, clean tech, and informatics

- Touting land use and economic development policies to a wide variety of industries that will support greater resilience in the local economy and help **preserve and create new jobs**

## **BACKGROUND**

San Jose's Economic Development Strategy, grounded in significant research and business/community outreach, includes as a specific initiative the "Communication of a Compelling, Consistent Community Identity for San Jose."

*"San Jose would benefit economically from having a strong, clear image regionally, nationally, and internationally. Raising the visibility and stature of our community will help companies recruit and retain talent and investment in our area. It will also allow us to increase our community's influence with decision makers and opinion leaders outside our region. Working with our economic development partners, we should develop a collaborative approach to communicate consistently with target audiences."*

To achieve this, the City launched an initiative in January 2007:

- a) to shape a consistent, compelling external message that can be used nationally and internationally by the City and its partners.
- b) to regularly and proactively promote and communicate significant accomplishments by getting them covered in regional, national and international print, broadcast and online media outlets with a particular emphasis on reaching global thought leaders, corporate executives and talent.

This effort showcases the many ways in which San Jose is a world leader in technology, business, civic and cultural innovation through targeted discussions with editors, contributors and writers from leading business and news outlets around the world. The goal is to communicate San Jose and its attributes to a number of target audiences, including business leaders and other private-sector decision makers; government and opinion leaders in Washington D.C. and Sacramento; the global talent pool for our driving and emerging industries; and state, national, and international media who in turn influence the general public.

In 2006, the City of San Jose engaged a specialist media relations firm to secure story placement of San Jose's attributes and achievements in national and international media. A national RFQ process was launched in 2006 and GlobalFluency, a worldwide communications services firm based in Silicon Valley, was selected with unanimous approval of the interview panel. Funding for the first year (2007) came from the City Manager's Office (\$100,000) and the San Jose Redevelopment Agency (\$100,000). Work began in December of 2006 with the initial contract expiring in November 2007.

Year 1 of this Program resulted in national and international media success with a high level of on-point quality messages and awareness-raising on a broad scale. The City received substantial

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coverage in press outlets such as *The New York Times*, *The Wall Street Journal* and *Business 2.0* among others that reached an audience of 79,000,000 people.

Year 2—funded at \$150,000 in partnership with the San Jose Convention & Visitors Bureau (\$50,000)—saw similar successes with GlobalFluency working successfully with city officials, public and private partners, and the national and global media to heighten the awareness of the City of San Jose. Overall outreach in Year 2 resulted in over 18 million media impressions. The agency garnered strong media placements in *Fortune*, *Forbes*, *The Financial Times*, *BBC*, *Investor Business Daily*, *New York Times*, *Bloomberg*, *Reuters* and *Associated Press*. GlobalFluency's work ensured consistent positioning and messaging through the development of a strategic communications presentation. Presentations were also developed for the Airport that communicate to airlines and potential markets—in a clear and clean manner—details of Airport upgrades.

Additionally, press packages were developed that focus on promoting major initiatives and landmark San Jose programs to business media such as the significance of the opening of Underwriters Laboratories Photovoltaic Center of Excellence (UL) in San Jose and the Tesla project. Both of these examples are new companies with potential to attract complementary companies operating in their respective sectors.

GlobalFluency's cumulative efforts—555 million media impressions from Year 1 and Year 2—have made tangible strides in raising the visibility and stature of San Jose at the national and international levels.

## **ANALYSIS**

**With solid accomplishments in the first two years and a strong foundation for further success, staff is recommending extension of GlobalFluency's engagement for a third year.** As other city-regions continue to spend millions of dollars annually on national/international PR and advertising, including San Francisco at \$1 million, San Diego at \$5 million, Washington, D.C. at \$10 million and Las Vegas at \$60 million, maintaining a strong public and press presence globally is critical to San Jose's continued relevance in the media and, ultimately, with company leaders and talent determining where to locate.

Given the current intense competition to attract companies, jobs and talent among cities regionally, nationally and internationally, the work performed by GlobalFluency helps San Jose build a strong brand awareness.

Upon an extension of the agreement, immediate activities would include:

*I. Continued Ongoing Regional, National and International Media Outreach*

An aggressive outreach to targeted writers, editors and analysts, whose work can have a significant impact on perceptions about San Jose, will continue to secure interest in San Jose, feature and news coverage, endorsements here and abroad, as well as placement on key media outlets' weather maps. By promoting San Jose messaging, programs and accolades, this further establishes the City on a global scale and brings top-of-mind

awareness among the world's top business leaders and global talent. Recognition audits will periodically be conducted among journalists and target audiences to ensure outreach is influencing opinion about San Jose, its attributes and accomplishments.

*II. Press Materials, Presentation Materials And National and International Journalist Database*

Press materials and communications tools for aggressive outbound communications campaign will package San Jose's success stories of economic growth, cultural and community development, entrepreneurial innovation and new business sector development. As part of this effort, PowerPoint presentations making a strong case for new and increased air services will also be refined.

In addition to activities outlined in Articles I and II, this effort, which supports the City of San Jose's Economic Development Strategy will also have a specific focus on these City priorities:

1. San Jose's Green Vision/CleanTech Job Creation
2. San Jose's Diversity/International City
3. Additional Retail Attraction
4. Company Expansions and Relocations
5. Business and Civic Innovation
6. Targeted Reputation Building to Attract New and Expanded Air Service
7. Attractiveness as a Destination

For Year 3, there specifically will be significant attention on the following areas of need that further City goals:

- Communication efforts geared towards **additional retail attraction** to help overcome San Jose's retail leakage to other communities and increase City revenue for community
- Publicize development facilitation of **job and revenue-generating company expansions and relocations** providing significant proof points for San Jose and demonstrating a competitive edge
- Press outreach to raise awareness of resources for **business start-up, growth and expansion** such as incubators, site location assistance, technical assistance and access to capital that encourage growth of industries, including biotech, clean tech, and informatics
- Touting land use and economic development policies to a wide variety of industries that will support greater resilience in the local economy and help **preserve and create new jobs**

**EVALUATION AND FOLLOW-UP**

As they were reported in November 2008, results will be presented to the Community & Economic Development Committee at the completion of this contract continuation. Indicators for success will

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include how these activities further the City's overall economic development goals, which will be done through systematically collecting leads and new contacts that can lead to increases in business investment, talent attraction, air service and destination consideration.

**PUBLIC OUTREACH/INTEREST**

There was significant public input involved in identifying the need for this media outreach effort. As noted in the background section, interviews and focus groups with leaders in the business sector pointed out the need for raising San Jose's identity; testimony from CEOs of the region's driving industries.

To ensure broad outreach in distributing the Request for Qualifications for this effort, staff identified firms with national and international media and communications outreach experience, firms with strong public affairs experience and firms with a solid understanding of the Silicon Valley landscape. Notice of the RFQ was sent to more than 40 firms and also posted on the City Bidline and DemandStar sites.

- Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
- Criterion 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)
- Criterion 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)

Although none of the above criteria apply to this recommendation, this memorandum will be posted on City website with the February 3, 2009 Council Agenda.

**COORDINATION**

This report has been coordinated with the City Attorney's Office.

**FISCAL/POLICY ALIGNMENT**

The proposed contract aligns with and is in direct support of the City's Economic Development Strategy and the recently adopted Green Vision/Clean Tech Jobs Creation policy. Specifically it aligns with Economic Strategy #14: Communicate a Compelling, Consistent Community Identity for San Jose. (Adopted December, 2003)

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION: \$100,000
2. SCOPE OF AGREEMENT:

- \$100,000 (MONTHLY COSTS WILL VARY BASED ON PROJECT ACTIVITY LEVELS):
  - Orchestrating Ongoing Regional, National and International Media Outreach to position San Jose as a globally-significant 21<sup>st</sup> Century city that’s inspiring and incubating the future
  - Producing, Press Materials, Presentation Materials And National and International Journalist Database

3. SOURCES OF FUNDING: 001 – General Fund

The Office of Economic Development has identified \$67,000 from their Economic Incentive Fund City-Wide appropriation. In addition, funding of \$33,000 from San José Convention and Visitors Bureau will be received by the City through a separate executed contribution agreement.

4. FISCAL IMPACT: There will be no operating and maintenance impact to the General Fund.

**BUDGET REFERENCE**

The table below identifies the existing funds and appropriations proposed to fund the contract recommended as part of this memo. In addition, \$33,000 is being recommended, as shown in the table below, to be funded from the San José Convention and Visitors Bureau and is budgeted in this memorandum.

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	2008-2009 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
<b>Current Funding Available</b>						
001	3535	Economic Incentive Fund	\$1,000,000	\$67,000	IX - 10	06/24/08 Ord. No. 28349
<b>Total Current Funding Available</b>						
<b>Additional Funding Recommended</b>						
001	0182	Non-Personal/Equipment – Office of Economic Development	\$734,865	\$33,000	N/A	10/21/08 Ord. No. 28422
<b>Total Funding for Contract</b>			<b>\$1,734,865</b>	<b>\$100,000</b>		

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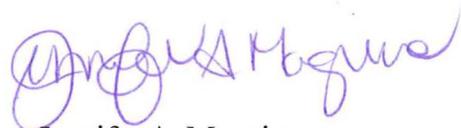
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**CEQA**

This is not a project.



Paul Krutko  
Chief Development Officer



Jennifer A. Maguire  
Budget Director

I hereby certify that there will be available for appropriation in the General Fund in the Fiscal Year 2007-2008 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$33,000.



Jennifer A. Maguire  
Budget Director

For questions please contact Kim Walesh, Chief Strategist, Office of Economic Development, (408) 535-8177.