

Summary of Focus Groups

Update: San Jose Economic Development Strategy

December, 2009

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Indo-American Business Leaders

February 25, 2009

City of San Jose Goal #1: Attract start-up businesses, including those established by Indian American entrepreneurs

Issues identified as important to businesses in selecting their building/location:

- Costs
- Government assistance/subsidies
- Access to public transportation
- Availability of parking
- Proximity to the company's workforce
- Proximity to companies in similar business sector (sense of connectivity, opportunities for interaction)
- Safety perception

Key Suggestions for the City of San Jose:

- Target growth-oriented companies with 20-50 workers
- Promote the City's business incubators and other assets
- Create a communications campaign to promote San Jose as a location for start-ups and emerging businesses
- Distinguish San Jose from other locations
- Target Venture Capital companies and key VC-funded industries, such as software, clean tech, internet and medical
- Market San Jose's assets, including business incubators, to graduating students

Comments:

"San Jose – Feels like the edge of Silicon Valley, rather than in Silicon Valley"

"San Jose is still perceived as a bedroom community"

"Downtown is an asset"

"The Airport is an asset"

"Being perceived as a business friendly city is important"

"Palo Alto/Menlo Park is more of a hub due to Stanford"

Key Conclusion:

San Jose has many resources to offer start-up companies, particularly Indian American businesses, but many entrepreneurs do not currently view San Jose as a leading location for their business. Although San Jose has a significant percentage of the technology companies and workers in Silicon Valley, several individuals did not equate San Jose as being in Silicon Valley. The City needs to improve communications and outreach efforts to the regional business/VC community, particularly entrepreneurs and newer business start-ups the City seeks to attract.

City of San Jose Goal #2: Attract Foreign Companies to San Jose, including those based in India

Potential Opportunities for the City of San Jose:

Banks
Information Technology companies
Travel and hospitality-related companies

Comments and Key Suggestions:

Internationally, market San Jose as part of California
Establish a Bollywood film festival in San Jose
Establish fields for cricket players and leagues
Target businesses that will add to the economy and serve the regional Indian American community

Key Conclusion:

The consensus was that efforts to attract India-based companies to San Jose should be a low priority.

City of San Jose Goal #3: Expand Participation by the Indian American Community in San Jose's Civic and Cultural Affairs

Comments and Key Suggestions:

Young people generally are not engaged in philanthropy
Indian Americans want to be part of the local community

Find ways to identify people interested in civic leadership positions
Many Indian Americans fund projects in their hometown or villages in India
Reach-out to second generation Indian Americans
There are opportunities for involvement through the Pune sister city program
Being asked to participate is a compliment
Venues that can accommodate 300-400 for Indian dance performances are needed in the community/region
There is a shortage of hotels/marriage halls for Indian weddings (which are often forced to use multiple locations)

Key Conclusion:

The Indian American community places a high level of importance on participating in community affairs and cultural institutions. Many Indian Americans also actively support humanitarian and cultural projects in India. Interest in specific art, dance, music and other cultural programs is subject to individual preferences and often influenced by age, generation issues, etc.

Commercial Developers

April 10, 2009

What positive developments have you seen in San Jose in the last five years?

- Have made great strides on permit processing
- Transportation improvements: good progress with 87 and 880/Coleman completions. Continue investments in infrastructure to alleviate big negative.
- Land use conversions: do very selectively as long as no net job loss standard is maintained. Need industrial-support amenities in tech parks.

As you think about the next five years, what should the City Jose focus on to stimulate retail development and remain an attractive location for people and businesses?

- While there have been positive strides on permit processing, SJ needs to build more adaptability, certainty, and a longer time horizon into its entitlement process so that developers can retain interest in San Jose with an uncertain, narrow timing window to the next cycle.
- Must create perception that San Jose is really hungry for business—is aggressive, lean, and really wants companies and development. This can counter the perception that SJ is a union town, and that it is very expensive and risky to do projects here.
- Take a firm stand on encroachment of general community amenities (e.g., churches) into high-tech and industrial areas
- Get the A's for what it will do for San Jose's regional and national reputation and visibility—continue to create a more "attractive, energetic life downtown"—need to end stories and reality downtown police reputation—scares off older population
- "Don't be so focused on planning the next 20 years that you miss the cycles and their timing every 5 years. Get your house and policies in order now, so people will make the right decisions about your community in the next up cycle."
- "Our tech guys are the best in the world at what they do—we in real estate and government need to step up!"

What important real estate industry trends should the City understand as it plans its future? (12-month perspective, 3-5 year perspective)

- This economy is more sinister than dot-com bust—model of past decades is shifting fundamentally—will be VC consolidation and changed relationship between Silicon Valley and Wall Street (financing of tech companies, development)
- Don't expect any significant commercial development in Silicon Valley for 5+ years.
- Can envision high-tech shifting from 1-2 story buildings to 4 story buildings in coming years, but remain skeptical about high-tech going into midrise (10-12 story buildings)
- "Will be no market ever again for 1-2 story flex buildings."
- Increased importance of adjacencies (high tech wants to be near each other) and amenities.

What is attractive about Silicon Valley as a business location relative to other regions nationally and globally?

- Key assets are cultural diversity, connections to Asia, and Northern California lifestyle—leverage these!
- The West Coast can be to Asia as the East Coast is to Europe—we can become more of a gateway
- Our edge is hugely eroding. Our standard of living has to go down if we are going to compete in world markets (or we must do something else)

Residential Developers

May 8, 2009

What important real estate industry trends should the City understand as it plans its future? (12-month perspective, 3-5 year perspective)

- It is unclear what the 'new reality' will be, but is clearly a rising bar on what it takes to secure debt and equity financing. This is not a 'normal' cyclical downturn like experienced in 83, 94, and 02.
- Shifts in consumer demand—When Gen Y comes into the market, they will be a large buying group. Average age of buyers will go up; young people will take longer to marry, to have kids. They are looking for living situations that promote sociability. Unclear where the 55+ person in this market will live. Current inability to sell their primary residence curtails downsizing to condo.

What is attractive about Silicon Valley as a location for residential development relative to other regions nationally and globally?

- Underpinnings of the SV market are still good—commercial tenants are postured to be stronger companies; rental market will grow with job growth; production of multi-family has been historically low

Under the current circumstances what are your prospects for starting up retail projects in the next few years?

- There is no logic to build any residential, except affordable, next 12-18 months. (Other view was 24-30 months.)
- Underlying economics don't support a land acquisition program; land costs are still relatively high—would need to be 70-80% less expensive—and sales prices are below replacement costs.

As you think about the next five years, what should the City focus on to stimulate retail development and remain an attractive location for people and businesses?

- This is a crisis...*City needs aggressive responses, not measured responses.* City should use crisis to change systems—many of them aren't sustainable anyhow.
- Strategy #1: Don't lose residential building permits that have already been approved, so when economy returns these projects can move forward quickly. In uncertain economic times, projects need *flexibility*; should extend the permits and consider flexibility on density.
- Strategy #2: Improve process for submitting new projects--reduce project cost in terms of fees and process time, so projects can happen and happen more quickly when the cycle turns. Eliminate PD permit once General Plan is in place. (Requirements for "process" have escalated over last 2 decades; in San Jose it is a '5-6 year round trip' on a 100-unit project; PD Permits allow non-Development departments to 'get a bite of the apple. Have a master EIR, like North San Jose?)
- Downtown condos—very critical to prove out this product type by selling product that is out there now. City should assist with federal/state advocacy to support this product; change FNMA 70% requirement. Continue Downtown exception for affordable.

Workforce Leaders/work2future Board

June 18, 2009

What positive developments have you seen in San Jose the last five years?

- High-quality TOD infill development
- Impressive architecture: City Hall, MLK library buildings to showcase; beauty makes impression
- Increased housing on SJSU campus, changes character of the Downtown; more students on campus year round is a positive improvement
- New shopping amenities are very good: Santana Row, Valley Fair expansion, Redevelopment of Story and King, redevelopment of Market Center and the Plant
- Downtown SJ is "developing it's own culture"
- Look forward to the completion of SJC
- Just as good theatre compared to San Francisco
- Momentum on attracting major sports teams (49ers, A's, Earthquakes)
- "Small town in a big city"
- San Jose Downtown is very accessible compared to other large cities (Chicago, Boston)
- "In San Jose it is easy to think globally"
- Light rail is outstanding...take advantage of our wonderful transit system
- Big change in reputation at SJSU over the last 5 years; SJSU #1 in country for international students -2,600 international students for similar types of universities; Students from SJSU are hardworking

What is attractive about Silicon Valley as a business location relative to other regions?

- Silicon Valley remains a strong brand; Innovation/venture capital are well-known...big selling point
- SV is made up of many different cultures...SV is accepting of different cultures... more open and accessible to everyone than other world cities...new people can integrate in quickly
- Speed of innovation is key to area
- You feel a "possibilities attitude" in this area; "Can do" attitude here: "I can't" isn't in vocabulary here

- No clear boundaries for neighborhoods by ethnicity or other identities (not segmented like back East--where have more neighborhood-based groups/"clicks")
- Melting pot...ability to grow.....Allows business to do business easier
- Orientation toward the world and embracing of the new
- Weather is great, temperate climate, nature very accessible
- Proximity to human capital...can be in Menlo Park or SF in 45 minutes
- We are a lot of small towns that are connected (referring to the feeling about this area)
- Lots of local schools; Lots of options to send students to schools locally
- Easy entry into the job market

As you think about the next five years, what should San Jose focus on to remain an attractive location for people and companies?

- Invest more in strengthening San Jose's image and cache in the Bay Area, nationally, internationally (Stories about marketing SJSU Russia & Istanbul; people don't know San Jose or think it is in Costa Rica or Mexico)
- Much of this is about perception...we don't necessarily market our successes. Next five years focus on perception.
- Aim for a more alive Downtown; Palo Alto has a more alive environment (you feel it in their downtown)
- Increase SJSU's role as a gathering, engaging, happening place for the community; Santa Clara, Stanford have more community engagement and events with local neighborhoods vs. SJSU
- Need more manufacturing opportunities here; stop putting other uses into industrially zoned areas
- Housing is biggest reason people move out; Need right combination of housing
- Need to be mindful of Small Business Owners; Develop ways to encourage more start ups; Need a true one start center for Small Business to get started...reduce barriers and streamline for them; continue to assist business to get them started
- Continue to fight perception that "City is not open for business". Businesses get two different messages from City: We want your business, and we don't want your business.
- Focus on making San Jose more of a vacation destination
- Benchmark against international destinations on how or why businesses choose to locate in particular cities

Young Professionals

June 23, 2009

"There is huge potential, and I'm excited to help."

"There is something really happening here; it's a great time to make a difference."

"This 10-year period is the defining moment for Downtown San Jose"

What positive developments have you seen in San Jose in the last five years?

- High-rise condominiums
- SoFA District
- "Downtown became a neighborhood"
- The "web is growing, and it is growing stronger"
- Sports initiatives and events that bring people together and attract people to San Jose
- Becoming the 10th largest city in the nation—a source of pride
- New places, restaurants, and establishments Downtown
- Upgrading older buildings
- Leadership improvements, and improved public-private communication
- City is trying to accommodate the needs of business
- San Jose State University's on-campus, high density housing – "more of a college feel – less of a commuter college"
- Santana Row
- Variety of San Jose's neighborhoods – "each zip code has a unique feel"
- upgraded parks, bike trails, accessible nature
- "All the trying on Downtown is now paying off."
- Light rail is very good – "adding new lines"

What is attractive about Silicon Valley as a business location relative to other regions?

- A lot of money – both new and old
- Failed businesses can be reinvented
- Failure is accepted
- Highly education workforce
- High percentage of population with masters and Ph.D. degrees
- A person can get almost anywhere with 15-minutes
- Corporate headquarters of leading tech companies are impressive

- Pace of life / pace of business
- Growth is done at a good pace –“some cities grow too fast”
- Bike trails, Alum Rock Park, Santa Teresa Park – “deer in front yard” nature
- San Jose avoided neighborhoods and geography segregated by ethnicity
- Immigrants will be integrated in the community – “you don’t feel like an immigrant”
- Los Gatos and San Jose neighborhoods have nice restaurants, outdoor events and theaters – how can Downtown complement rather than work against these outlying areas

As you think about the next five years, what should the City of San Jose focus on to remain an attractive location for people and companies?

- Public transportation is appalling—need much more progress. We really value public transportation options. But “a 15-minute ride in a car is a two-hour experience.” Also, taxis are too limited.
- Develop incentives to attract a large corporate business downtown
- Market the well-known companies as an asset
- Support more private and charter schools
- San Jose is about nurturing small business – “important not to lose sight of this”
- San Jose needs to do a better job of marketing and promoting itself externally
- Market the Enterprise Zone and other incentives to businesses
- Mayor has done a good job of promoting San Jose and outreach to businesses
- San Jose needs to do a better job of implementing business projects, and getting them through the approval process – “the devil is in the details”
- Focus on schools, and more extensive public transportation
- Stop beating ourselves up too much; get over our fear of failing in San Jose
- Are more than enough clubs Downtown; you should have different zones for clubs than for other nightlife.
- The issue of nightclubs, police presence and arrests of those intoxicated is a psychographic/cultural issue, not a racial issue. We need the police to be keeping order with some people attracted to nightclubs Downtown. We need Downtown areas to be comfortable to the crowd currently going to Campbell, Santana Row, and Los Gatos at night (re: us).
- Focus other nightlife away from Santa Clara Street
- Broadway plays coming to San Jose are great, as is Nederlander programming of the Civic
- HP Pavilion and baseball are assets

- Slow traffic down Downtown (it was previously designed to drive through quickly) – create “urban livable space”
- Move forward San Pedro Square development, and more progress in SoFA
- More outdoor cafes
- Mass transit to Entertainment districts
- Stay a tight-knit, friendly community
- Get to the point where we generate and feel the energy of the city

Any other input you’d like to provide?

- California’s public education system is a worry for our children; California school standards are too low – “don’t get challenged in California schools until college”
- Curfew at the Airport drives many concerts to San Francisco
- Sense that if San Jose gets too big we will lose the small town feel
- It takes 30-minutes to find a taxi!
- Losing the fireworks was a mistake – “keep downtown on a pedestal”

Small Business Experts/BOS Network Partners

July 15, 2009

What positive developments have you seen in San Jose in the last five years?

- SOFA district has come alive, thriving night clubs "the place to be"
- Creation and multilingual web deployment of BOS
- Downtown has become more vibrant
- Numerous companies relocating to San Jose
- Public transportation and high-rise development has moved downtown San Jose forward
- Perception that San Jose is a safer City and has attracted more people to travel downtown
- More openness in the City for opening a business- More encouragement and staff more business friendly (e.g., Restaurant Ambassador, Library Resources)
- Unveiling of new air terminals with more local flavor are positive efforts to put San Jose on the map
- San Jose City is "inviting" and "welcoming"
 - Art and cultural activities can shine on City Hall Plaza
- Housing and transit-oriented Development and corridor development have moved San Jose forward
 - New housing development has provided many 1st time homebuyers opportunity
- Emphasis and focus on clean technology and business incubation (BioCenter) are good for San Jose
- Expanding business incentives (Enterprise Zone) are critical to San Jose's success
- Streetscapes and trees beautify bring a sense of cleanliness about San Jose

What is attractive about Silicon Valley as a business location relative to other regions nationally and globally?

- Higher education institutions (at various level) provide a variety of access and choice for domestic and international talent
- Mediterranean climate is ideal; San Jose ideally located in the Bay Area
- San Jose/SV remains a unique center of entrepreneurship, supported by venture capital

- Diversity of our population is our strength. This is an attractor for additional immigration...see success of those before them

As you think about the next five years, what should the City of San Jose focus on to remain an attractive location for people and companies?

- Retain and reduce the brain drain from international talent and students; talent advantage is eroding as smart people stay in or return to their home countries
- Expand more art/cultural offerings in the evening in the Downtown (e.g., classes)
- Encourage more restaurants with later hours to serve patrons
- Small business still needs support to remain viable
- San Jose needs to tactically and strategically step up communicating it's brand as well as its successes
- Offer and expand the international flights out of San Jose
- Continue to stress art and culture in San Jose; highlight our many cultures...utilize parks to help residents see other's culture (e.g., ethnic festivals)

What important industry trends should the City understand?

- Venture capital industry is consolidating and funding models are changing
- Traditional and nontraditional avenues for funding are lacking for most small businesses
- San Jose remains an area with a high cost of living
- With a diverse population, K-12 education needs to adapt to a larger immigrant population
- City permit process and regulation are still confusing to those on the outside
- Traditional paper media sources don't focus on the positives of San Jose.
- More industry consolidation in retail occurring

As you think about the next five years, what should the City of San Jose focus on to remain an attractive location for people and companies?

- City should go after all Federal and State funding opportunities
- With the glut of commercial/industrial space and frozen credit markets, should look at lease grant opportunities to incubate vacant space opportunities
- 2nd generation immigration families will not assume their parents' jobs-- they will branch out and diversify

- Streamline permit process
- Recognize that ADA compliance is challenging for small business

Food/Commercial Workers Local 428(UFCWU)

July 15, 2009

What positive developments have you seen in San Jose in the last five years?

- Noticeable improvement in public transportation (light rail, Dash Shuttle)—need more
- Availability of affordable housing and retail in transit-oriented developments
- Access to and expansion of the airport—great for San Jose
- Many noticeable improvements in San Jose neighborhoods—several areas previously plagued by drugs, prostitution, etc have turned the corner
- Growth of shopping amenities (e.g., Santana Row, Improvements at El Paseo de Saratoga)
- Has been much noticeable progress in Downtown, is well poised for the future; High-rise residential development and new restaurants are good, as are arts and cultural offerings like “Music in the Park”
- Team San Jose as a unique experiment, creation of Taxi San Jose
- Joint Downtown library—more collaboration with SJSU

What is attractive about Silicon Valley as a location for business and talent relative to other regions nationally and globally?

- South Bay Mediterranean climate is ideal
- Three of the top 100 high schools in the nation are in Silicon Valley
- San Jose is a safe place to live
- City of San Jose is methodical about getting stakeholders together, more outreach and consensus building than in other cities nationally
- Ease of access to local elected government

As you think about the next five years, what should the City of San Jose focus on to remain an attractive location for people and companies?

- Concern that talented foreign-born people (such as Indian Institute of Technology grads) will stop coming
- Improving schools—critical to attracting families as well as training the next generation of the workforce (more collaboration with community colleges)

- Invest more in social partnerships (public/private partnership of Team San Jose...nothing else like it in nation)
- Don't get caught up in "sales tax revenue at any cost"—make sure new retail is really adding new sales tax (not substituting for another store), and avoid low wage/low benefit jobs
- Connect the trails—they are used for bike commuting (including by lower-income people) not only for recreation
- Access to parking is critical to the success of downtown
- "Smart Growth" should continue; and other efforts to protect the environment
- San Jose should consider San Francisco approach to minimum wage service industry jobs
- Access to credit and financial resources are necessary for small business success
- Need to have a state-of-the-art hospital in San Jose
- Emphasize the "creative community" goals—creativity is important for all sectors
- Avoid over-regulating businesses
- More direct public transportation from East side to Downtown, and along Stevens Creek/San Carlos to Downtown
- Open space, trails and park requirement are important for maintaining vibrant neighborhoods
- Continue taxi reform—are half-way through leveling the playing field
- Develop more retail near transit and higher-density housing
- Market airport as a "Downtown airport"
- More neighborhood clean up opportunities
- Finish the airport—will be big asset to San Jose and downtown
- Electronic Parking guidance signage Downtown...requires you be familiar with other garages. Not everyone knows where these garages are...perhaps show direction to lots with arrows.

What important trends in industry should the City understand?

- Grocery industry is evolving and facing increased competition in non-traditional retail segments (gas stations, mini marts, other retail); will be more prepared, "grab and go" food
- Grocery retailers are responding to changing consumer demands by offering different selections and moving towards urban markets with smaller foot prints.
- Make sure Latino-oriented groceries are hiring as equal opportunity employers

Large Retailers

August 21, 2009

What positive developments have you seen in San Jose in the last five years?

- Airport will provide “big city first impression”—velocity of airport activity is good for our business

What is attractive about Silicon Valley as a location for retail development relative to other regions nationally and globally?

- Population density
- Grand re-set of land values and construction costs
- Lots of large-format plays possible in the near term
- Opportunity for a dense urban and suburban network
- Strong market opportunity on East and South sides of city

As you think about the next five years, what should the City Jose focus on to stimulate retail development and remain an attractive location for people and businesses?

- Recognize that there will be *many formulas for retail success* (e.g., not every site will be able to be pedestrian friendly, with housing above stores). City leaders will need to be flexible, or we will not be able to do some projects in San Jose. Understand that we must meet our checklist for success in order to get sign-off on the project. How will San Jose address the tension between planning vision and market realities? Where will the City be willing to adjust?
- Recognize that other cities are *aggressively clearing the path* to retail development. Competing cities are lowering barriers to entry for retail.
- Recognize that *time-to-market is crucial*—affects economics of the project. Encourage staff to process permits and conduct inspections faster, and understand that unneeded delays hurt the City also due to foregone sales tax revenue. Retailers understand the City’s need to reduce staff, but notice also the loss of skill/expertise through “bumping” and the disgruntled attitude of some staff.
- Have a retail specialist in Planning who understands our industry.
- Signage is more critical today than ever. Change the sign ordinance to allow *retail signs visible* from freeway, like other cities in the Valley.
- Help address issue of financing for smaller tenants. Encourage banks to lend to small, local retailers (\$100,000-\$300,000).

- Develop a master-mechanism for pre-approval of small retailers in large developments (non-restaurants).
- In Downtown, allow interim, lower-height retail buildings on sites previously envisioned for high-rise development.
- Do more to sell the City regionally and nationally. Get the word out about San Jose's growth, vision, and opportunities.
- Clarify who the current staff team is—who should we go to for what? It is not clear to us.
- Have meeting with Mayor like this once a year with the 10 largest retailers (Council of Top 10 Retailers)—proactive, personal outreach from the Mayor will make a difference. You will learn a lot about how 'under-stored' retailers are, and can personally encourage them to expand locally.
- Work with property owners who have sites 'of size' to encourage retail uses.

What important retail industry trends should the City understand as it plans its future?

- Evolving nature of food service (toward 'fast casual')
- Aging population will stimulate markets for pharmacy and food
- Tax-free nature of Internet sales continues to undermine in-store sales.

Under the current circumstances what are your perspectives for starting up retail projects in the next few years?

- The good news is that there is opportunity to do retail projects the next several years while commercial and residential real estate are down.
- Is opportunity to absorb the large, vacant box sites (such as Home Depot Expo)?

Is there any other input you'd like to provide the City as we update San Jose's Economic Development Strategy?

- "The greatest threat to the future of Silicon Valley is the State of California."
- Among other issues, the tax on corporate investment in equipment is a real competitive disadvantage.

Expert Advisory Team

August 21, 2009

In the last five years, what positive developments have you noticed in San Jose? What is moving in the right direction?

- Stronger customer service-orientation—you are listening to customers
- Successful BART advocacy
- Downtown looks much better. Working the “creative urban center” vision with 1st ACT (art+creativity+technology), including the emphasis on pedestrian-scale small wonders
- Unusually strong link between workforce and economic development
- Network of small business services (BusinessOwnerSpace.com)
- Mindset and tone—this City feels professionally managed, like a lot of care taken
- San Jose’s awareness of connections to region and the globe
- Emphasis on what is going to create new jobs, including clean tech/Green Vision
- Flexibility to pick up on new, unforeseen opportunities (e.g., clean tech)
- San Jose’s role in regional collaboration
- City has a practical, results orientation
- The cost-benefit pilot program has improved decision-making on subsidized projects

What important long-term trends or forces of change should San Jose take into account when planning its future? What opportunities or vulnerabilities do these create?

- Must brace for fundamental readjustments that will be long and painful. Don’t bet a quick recovery to bail the City out. For a while, all of the City’s positive actions will continue to be weighed down by global economic adjustment.
- Underlying the cyclical downturn is major structural change and adjustment that will play itself out over 3-10 years.
- China is an enormous growth opportunity. Must collaborate and compete with them. Use your resident and corporate connections with China to San Jose’s advantage.
- Residents will continue to mistrust institutions, but also will expect more, varied engagement on issues.
- Growth in young adult and elderly population—will change demands on community and incur costs.

- The increased importance of federal policy and funding programs to the future of Silicon Valley. Opportunity to help DC learn how to think about innovation and Silicon Valley. (critical issues: cleantech, immigration of skilled workers, deferral of foreign earnings)
- Growth in elderly population is an economic opportunity, not just a problem for government. The elderly are a population with disposable income. They are job generators for the younger work force.
- The health industry will grow if national health reform provides coverage for the uninsured. Health care can be a growth industry for the valley.
- A continuing troublesome trend is the growing low-wage, no-benefit, no-future service economy.
- Moderate-term trend: with shortage of private capital, public capital will be more attractive

How can San Jose increase its influence at the Bay Area, state, and federal levels in order to secure resources and align policy?

State

- The State of California is a major threat to the future of San Jose/Silicon Valley—the disinvestment in education, the fiscal instability, the broken governance. San Jose’s economic future is wedded to state budget, tax, and governance reform.
- California cities’ revenue structure is a “long-term loser”—its narrow base means it simply cannot grow with population and job growth. Advocate to “not forget” the city revenue base issue in state reform efforts.
- Must address issue of government pension liability at state and local level.
- But: “You can’t solve your budget problem on the expense side only”—must address local government revenue sources.
- State public finance system is a disaster for San Jose’s future

Federal

- Opportunity is to get a disproportionate share of funds coming out of DC. Requires an aggressive, “single voice” strategy and public-private collaboration.
- In workforce, help develop and participate in a major regional workforce initiative linked to Workforce Investment Act program and community colleges. (Regional Innovation Workforce Grant) Build on relationship with Martha Kanter and Jane Oates. Opportunity is for WIA to support employer-based certificates and credentials, and the apprenticeship model (“learn and earn”).

- DOE should be a major target as they added “funding innovation” to their agenda, in addition to managing labs. (\$1 billion/week!)
- It’s not just how organized or unified our voice is – it also depends on having a better product to attract Federal money. We have to demonstrate that investments here will generate outcomes in quality jobs and growth industries.

In thinking about business/job growth and economic development, how do the next 1-2 years look to you? The next 3-5 years?

- Will start to see beginning of turnaround hope, but consensus view is that the City should plan for very slow job, consumer spending, and revenue growth for the next several years.
- Offer by Advisory Group members to share information about the likely economic environment the next several years with our City Council and stakeholders.

For the next five-year Strategy, what should the City of San Jose prioritize to remain an attractive location for people and companies?

- Diridon Station Area, including high-speed rail
- Step up involvement in CA reform—the whole future of the San Jose, Bay Area, and CA economies is at risk
- Join in partnership at regional, state, and federal levels on issues that matter to driving industries.
- Develop a shared strategy about how RDA dollars can be used most effectively the next several years
- Use crisis for bold reform in city government. Use this time to change government in ways that will allow it to operate successfully the next decade. Obama Administration will be reinforcing the importance of innovation in government.
- Tap into partnership opportunities with DC; have a clear focus; articulate business need for why DC should give SV money
- Create a resilient region—there will continue to be unanticipated shocks.
- The “Reform California” movement can be a two-edged sword. A leading plan proposes a constitutional convention with members selected at random. The chances of San Jose meeting its needs through such a process are slim to none.
- We need to protect the quality of life in San Jose. A poor quality of life drives away a skilled workforce – the key to our economic success.

- We need to develop social/economic/political institutions that allow families to thrive in the instability associated with an innovation-based economy.
- We need to take advantage of our asset as a multi-cultural, multi-lingual, open society.

Latino Business Leaders

September 1, 2009

What positive developments have you seen in San Jose the last five years?

- RDA Façade Grant program
- Anti-graffiti team
- Redevelopment on Alum Rock and White
- Beautification of Downtown, improved business mix
- Investment in neighborhood business districts and small business support

What is attractive about Silicon Valley as a business location relative to other regions? Nationally? Globally?

- Silicon Valley still has strong credibility; people listen when you say you are from here.
- We are the 'crossroads' of the world—remains unique.
- City's ability to reinvent itself economically to get going again—how do we do this?
- Future of custodial, restaurants, shops, real estate is all connected to ability to get the next driving industries going again. For example, can we shift successfully from IT to Environmental Technology?

As you think about the next five years, what should the City of San Jose focus on to remain an attractive location for people and companies?

- Quality, walkable districts—where homes, restaurants, shops, parks, smaller-scale workspaces are all nearby and people don't have to drive (many people of all backgrounds want this)
- Career paths upward from entry level positions—for example, support for more custodians to become building engineers. More, more accessible ESL is critical to this, as are partnerships with community colleges. (Note: the vicious cycle is hard to break: high rents cause lower-skilled people to work multiple jobs; working multiple jobs makes it nearly impossible to get education to advance to higher skilled jobs that pay more)
- Improved safety, more police presence in certain areas; crime is directly related to jobs and education

- Do whatever it takes to fill empty spaces with businesses, provide incentives and opportunity--empty spaces detract from existing nearby businesses
- Better education

What important trends in your industry/ business should the City understand?

- City needs to understand that young people, and people from certain Latin countries/cultures, will want to dine and stay out late. As a global city, we need to accommodate this.
- Would like to try "day cleaning" locally, as they do in Europe. This would be better for the workers and have other benefits.
- Live music is a real attractor and differentiator for a restaurant—make this easy for us to do, don't discourage it--do not require costly investment in 'entertainment permit'

In thinking about business/job growth and economic development, how do the next 12 months look to you? The next three years?

- Retail sales are down 35-50% ...only upside is opportunity to reduce lease costs
- Is a surge in subcontracting driven by desire to cut costs

Chinese American Business Leaders

September 1, 2009

What positive developments have you seen in San Jose in the last five years?

- Infrastructure Advances – including Light Rail improvements and expansion, further commitment to BART, airport development and expansion, and freeway improvements on 101, 85, 880, which eased the flow of traffic
- Building of mid and high-rise housing, which is attractive to young engineers
- Continued innovation in Silicon Valley – including IT start-up companies, development of clean technology sector, solar companies, San Jose BioCenter
- San Jose is the heart of Silicon Valley
- Talented work force – including attracting engineers from Asia
The ability to attract skilled engineers from Asia was cited as a distinct advantage of San Jose, which Boston, for example, lacks
- Strength of venture capital – “VC is not dying”
- See San Jose really trying to support energy and environmental sectors and companies - “Keep that momentum going”
- San Jose is sensitive to the disabled population
- Roosevelt Community Center cited for its importance to the community and the programs provided to those with disabilities.
- San Jose has the adaptability to attract and grow new and emerging industries – and the adoptability to practice new trends, i.e. the large number of hybrid vehicles purchased

What remains attractive about Silicon Valley as a business location relative to other regions?

- Great weather
- The environment
- The City’s stated goal to be “The World’s Most Livable City” - still applies
- International brain trust – “people know how to solve problems because of the many different perspectives”
- Traffic is a lot better
- Talent, venture capital, angel investing
- Companies can be anywhere in the world, but feel they need to be here
- Critical mass of highly educated people

- Room for expansion, which provides resource flexibility. It was stated that there is little room for business expansion in Chinese cities that aspire to be technology centers.
- San Jose is a gateway into the U.S. for foreign companies

What are the weaknesses that have eroded during the last five years?

- San Jose is not an international air hub
- Chip fabs have grown elsewhere
- San Jose does not have a sister city in China
- No cluster of cultural facilities – “feel isolated culturally”
- Lack of Chinese arts in the community
- Decision making ability in San Jose is a very lengthy process – In China the government has the ability to make decisions quickly and implement promptly.
- It was stated that San Jose is competing against San Francisco culturally – but it was also stated that competing against San Francisco is “old thinking.”
- San Jose has failed in sponsoring international arts events

As you think about the next five years, what should the City of San Jose focus on to remain an attractive location for people and companies?

- Government is uncompetitive in San Jose
- The city burdens small businesses with fees
- Development fees are too high for small businesses
- High costs at the San Jose Convention Center impede local non-profits and high tech companies from utilizing the facility for events – It was stated that the Santa Clara Convention Center is a lower cost facility
- San Jose building fees are much higher than nearby cities
- Expansion of the San Jose Convention Center is positive
- It is good that San Jose is changing its “strict” sign codes to allow signs on buildings
- Attract “clean” night clubs to San Jose
- “Monotonous” was used to describe Downtown San Jose – It was stated that Downtown San Jose needs more “adult” entertainment, which would be supported by those attending conventions
- Although semiconductor firms are moving away, money investment continues to flow
- The name “Silicon Valley” does not apply today, with emerging technologies in health care and clean tech

What important trends in your industry/business should the City understand?

- Projects with structured parking can not be financed today
- Housing prices and loss of jobs has resulted in a loss of engineers from Asia
- Difficult bank financing for businesses in the current environment
- Valley will be Research & Development Center – a region of the very wealthy and the poor
- Cities in China are offering free rent and no taxes to companies willing to move their business to cities
- Intellectual property is protected here – not in China
- Salaries have increased in China – today roughly 1/3 the salary of Silicon Valley engineer rather than 1/10, as before
- Reach out and recruit large companies – an anchor company in a strong emerging sector – Tesla was cited as an example of proactive approach to attract an anchor company in an emerging industry

Multi-Sector Business Leaders

October 7, 2009

What positive developments have you seen in San Jose the last five years?

- Growth of neighborhoods' ability to guide their own future through SNI.
- Modernized airport—puts San Jose on the map
- High-rise residential Downtown, urban Safeway—feels more 'metropolitan'
- City Hall Downtown location, quality of building
- Improved corridors/districts: San Carlos, Alameda
- City leadership on "Green"
- Rule changes and small grants that enabled private businesses—signage, outdoor cafes, façade improvements
- Starting to see better transit (e.g., expanded light rail), but have far to go
- Santana Row—destination for people outside the city, new image
- Left Coast Live, Symphony Summer Pops, First Friday—hope we can continue these and grow them
- Evergreen Village—in future, activate more existing gathering places like this
- More interesting lighting Downtown at night

What is attractive about Silicon Valley as a business location relative to other regions? Nationally? Globally?

- Weather
- Proximity to 4 great universities: Stanford, UCSC, Santa Clara, SJSU
- Ethnic and cultural diversity
- One hour proximity to beaches, mountains, San Francisco
- "Silicon Valley intrigue" remains
- Is physical space to grow
- Park and trail system
- Is very safe for a big City of San Jose
- Health care facilities

As you think about the next five years, what should the City of San Jose focus on to remain an attractive location for people and companies?

- Rentals aimed at young professionals Downtown

- Aim to keep foreign students who come here for school
- Address growth of gang activity in neighborhoods, improve safe-city ranking, understand factors that affect safety, ensure (expensive) police officers are being used in high-priority way
- Encourage maintenance and reinvestment in 40-50-year old homes; City should make it free and easy; not discourage through expensive permit requirements
- Invest in social interaction opportunities, and the artist community
- Actively recruit entertainment businesses Downtown that appeal to college educated young professionals and older adults.
- Minimize the rowdy, aggressive patrons and associated police-presence Downtown; ensure appropriate behavior by police
- Develop clear vision and plan for Diridon Station area; "Hire the world's best architects and don't back down."
- Address the lackluster Convention Center before it becomes totally unbookable
- Finish the San Pedro district as a destination attraction
- More quality retail like the Market Center and Plant developments
- Continue focus on Green
- Narrow the jobs/housing balance
- Be aggressive on pursuing business location and expansions, especially while vacancies are so high: defer and reduce fees/charges, develop strike teams, don't increase fees (mentioned storm, sewer, water connection, recycled water, Water Pollution Control Plant). Stop raising costs for business to do business! Instead, roll out the red carpet. (referenced Anaheim model)
- Extend entitlements for those who invested significant time and money before the downtown hit
- Develop a facility for outdoor concerts
- Organize business community to be a stronger voice to attract air service
- Encourage local business to employ local people
- K-12 education
- Promote reasonable tax policy reform for state and local government
- Encourage more commercial waste recycling
- Develop and promote a consistent, compelling identity for San Jose "I don't think we've done that." "San Jose hasn't done enough to toot its own horn."
- Think bigger about Guadalupe Park. Develop corporate sponsorship model like Millennium Park
- City government needs to figure out how to provide services with fewer government staff. Must think very differently. Must contract out more to local businesses. Must eliminate nice things that taxpayers can no longer afford.
- Re-focus on being a better partner with the private sector.

What important trends in your industry/ business should the City understand? Any other input?

- Likely to be more empty buildings, as commercial real estate market undergoes significant deleveraging next 12 months
- Is becoming easier to run a virtual company, where don't need office space

Monterey Corridor Businesses/Vietnamese Business Leaders

October 28, 2009

What positive developments have you seen in San Jose the last five years?

- Green Vision, moving boldly into the green sector --“The Green Vision is why we moved here.”
- Airport improvements--“looks beautiful”
- Framework for preservation of employment lands
- “We have at our fingertips the best city in the world!”

What is attractive about Silicon Valley as a business location relative to other regions? Nationally? Globally?

- San Jose/Silicon Valley is the “gateway to Asia”—location, culture, connections.
- Cost remains a detractor

What assets and opportunity do you see in the Monterey Corridor? What are the challenges?

- This is a very strategic location, as the crossroads of major transportation arteries and accessible to dense urban market.
- This area is in the Enterprise Zone (very valuable) and in the State Recycling Zone.
- Having a geographic concentration of businesses that use trucks minimizes the ecological footprint (burns less fuel), minimizes the traffic generated, and minimizes transportation costs.
- There is opportunity to have more synergy, interaction, and business among the Monterey Corridor Businesses, perhaps an association
- There is room to grow.
- Opportunity to use green products generated here (recycled materials, green buildings, waste diversion techniques) in the city government and in the local area.
- We are surrounded by neighborhoods who don't like trucks. But this is essentially an industrial park and the truck access is critical to our operations.
- Through planning decisions, residential and other non-related uses are encroaching and causing problems—crime, noise complaints, inconsistent

character of area—and threatens viability of our businesses and this strategic area

What are prospects for business growth in the next few years?

- Generally, these businesses have been growing in the down economy of the last 2 years, including through acquisition, diversification, and positioning in new growth markets.
- One, Eco-Offsite, aims to create “the greenest factory in America” in San Jose.

As you think about the next five years, what should the City of San Jose focus on to remain an attractive location for people and companies?

- Stay the course on the Green Vision—this will set San Jose apart.
- Within the Green Vision, emphasize the waste-to-energy goal next. There is more opportunity here, and Asia and Europe are way ahead.
- Retain trucking transportation access to Monterey Corridor businesses; develop a longer-term access plan that could be pursued when funding is available (incorporate into General Plan update; will require lobbying the state).
- Educate San Jose leaders and residents about the green, innovative, technology-based nature of today’s Monterey Corridor businesses. “We are all educators in this room. We need to be talking more about how we are improving San Jose.” These businesses are the “greatest story never told”, a very vital and important part of the San Jose/Silicon Valley economy.
- Change City policies that prevent use of made-in-San Jose recycled materials that are already being adopted successfully in other jurisdictions.
- Work with green companies to remove State of California barriers to using new, San Jose-based recycled material.
- Align land use decisions with the preservation of employment lands framework.
- Do not move too quickly in implementing Green Building standards for existing buildings, including old R&D buildings in the North First Street area. In a depressed market, this will put San Jose at a disadvantage in leasing vacant space. Watch the timing. Be aggressive on moving interested companies in.

List of Participants

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Naren Agrawal Santa Clara University	Pat Dando San Jose Silicon Valley Chamber of Commerce	Joshua Howard California Apartment Asso.	Jim Manion Lowe's
Connie Alvarez Plaza Giribaldi	John DiNapoli JP DiNapoli Companies	Jim Huang Honwell Corporation	Dennis Martin NAIOP Silicon Valley
Steven Andrews Barry Swenson Builder	Edwina DiSilvestre 28 in 24 More Time for YOU	Jerry Hunt Blake Hunt Ventures Deke Hunter Hunter Storm Developments	Edith Masacayan Filipino Chamber
Seyoum Asrat	Janeen Dittrick Employment Development Department/Santa Clara & Santa Cruz Counties	Jessica Rink Bank of America	Lenny Mendonca McKinsey & Company Tina Maria Mendoza
Michael Bangs Adobe Systems	Bruce Dorfman Thompson/Dorfman	Dinesh Katiyar Entrepreneur	Martin Menne Barry Swenson Builder
Dr. Basu Anuradha San Jose State University	James Duran Hispanic Chamber	Suneel Kelkar Pune Sister City Program	Jason Minsky San Jose Silicon Valley Chamber of Commerce
Arjun Batra Intel	Jack Estill Appian Engineering INC	Ken Kelly	Vish Mishra Clearstone Ventures/TIE
Jishnu Bhattacharjee Nexus India Capital	Mindy Flatow-Dickens Morgan Multimedia	Erik Khoobaryian Hopkins Carley Law Firm	Richard Mumper Borgata Recycling
Seth Bland Wilson Meany Sullivan	Joe Flynn AuditSolutions INC	Dennis King Hispanic Chamber	Cliff Nakayama Mostwell International
Gerald Ray Blatt Star Quality Concrete	Dennis Fong Tropicana Shopping Center	John Kovaleski Colliers International	Thuan Nguyen VACC/SCV
Gary Boitano Miceli Investments	Randy Fry Fry's Electronics	Shaun Krilanovich Thoit's Insurance	H.G. Nguyen VACC/SCV
Christopher Bonton	Tiffany Fuentes Costco	Vic Kulkami Sequence Design	Dr. Mark Novak San Jose State University
Ralph Borelli Borelli Investment Company	Bob Goedjen Silicon Valley SCORE	Rick Lamprecht The Irvine Company	Mike O'Conner Silicon Valley SCORE
Benny Boveda Target	Linda Gold M21 Works	Larry Matarzzi Cisco Systems	Ray Panek KB Homes South Bay INC
Don Bragg The Irvine Company	Darcie Green Kaiser Permanente	Van Le State Farm Insurance	Cesar Pascal Plaza Jewelers
Bob Brownstein Working Partnerships USA	Susannah Greenwood Artsopolis	Peter Lee Aplus Flash Technology	John Pinelli
Jeffrey Burke Airtronics	Carl Guardino Joint Venture Silicon Valley	Dr. Steve Levy Center for Continuing Study	Parthavi Rachapudi Sign My Signs
Josh Burroughs Barry Swenson Builder	Steve Hargis HOK Advance Strategies	Shirley Lewis Old Republic Title Company	Rob Raffanti ECO Offsite
Eliana Caceras	Eric Hayden Republic Urban Properties	Ron Lind	Nick Rajkovich Silicon Valley Leadership Group
Brian Chrisman Borgata Recycling	Brenden Hayes Fairfield Residential.LLC	Rafael Lopez H.C.C.S.V.	Jim Randolph Cornish and Carey
Daisy Chu Santa Clara County	Joe Head Summerhill Homes	Rocky Maddex Adava LLC	Sean Randolph Bay Area Council Economic Institute
Pablo Chu Opulent Technologies	Doug Henton Collaborative Economics	Anu Maitra Floreat	
Kevin Cookson Bozzuto Insurance	Heather Housely Bank of America	Kiran Malhotra TIE	
Frank Cortez Treasure Chest Aquarium			
James Cortez			

Melinda Richter
Biocenter/EBC

Kathy Ricossa
Kaiser Permanente

Josh Russell
1stAct

Rashad Said
Career Advancement Solutions

Selena Santa Cruz
A New America

Pat Saucedo
San Jose Silicon Valley
Chamber of Commerce

Chris Schenck
Pacific Advisors (Rotaract)

Aaron Scholl
Bellarmine College Preparatory

Tim Seiler
Westrust

Dani Sellars
Prudential Financial

Alejandro Serrudo
NorGI MBEC

Neelabh Sinha
State Bank of India

Jon Stansbury
Terranomics

Drew Starbird
Santa Clara University

Edward Storm
Hunter Storm Developments

Jan Sweetnam
Federal Realty Investment
Trust

Leah Toenisketter
TBI

Gervais Tompkins
Gensler

Lloyd Tran
International Association of
Nanotechnology

Todd Trezell
Barry Swenson Builder

Loreli Trippel
Silicon Valley SCORE

Scott Vallee
Westfield Development

Norberto Velez
Customized Performance INC

Dennis Wan
Chinese American Chamber of
Commerce

Anna Wang
Friends of Children with
Special Needs

Lorrie Williams
Women's Initiative

Jack Wimberly
Transparency

Saul Yeung
Central Computers

Jorge Zavala
Technology Business
Accelerator

