



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Paul Krutko

SUBJECT: ECONOMIC STRATEGY 2010

DATE: April 5, 2010

Approved

Date

4/15/10

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Adoption of a Resolution by the City Council to approve

- The Economic Strategy 2010 and the Workplan identifying “Top 10 Actions for 2010”;
and
- The submittal of the Economic Strategy 2010 as the City’s Comprehensive Economic Development Strategy to the U.S. Economic Development Administration for qualifying federal grants

OUTCOME

Adoption of the Economic Strategy will help align and focus staff and other resources across City Departments and the Agency in a common direction to 1) aggressively regain jobs and revenue as the national economy recovers and 2) create an outstanding business and living environment that can compete with the world’s best cities over the long term. Adoption of a comprehensive Economic Strategy is also a pre-requisite for the City to apply for project funding from the U.S. Department of Commerce/Economic Development Administration.

BACKGROUND

San Jose’s first comprehensive Economic Strategy was adopted by Council in November of 2003, and has brought focus to economic development efforts citywide. Over the last five years, the City, the Redevelopment Agency, and partners have made significant strides in implementing the 15 Strategic Initiatives. San Jose’s Strategy was certified by the U.S. Department of Commerce and has been recognized as a national model.

Early in 2009, Office of Economic Development staff initiated an update to the Strategy to ensure that San Jose is well-prepared and well-positioned to benefit as much as possible from eventual national economic recovery. The project was a collaborative effort involving the Office of

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Economic Development; the Redevelopment Agency; the Department of Planning, Building, and Code Enforcement; the Department of Transportation; the Airport; and the Department of Housing.

To update the 2003 Strategy, staff took an approach that blended a) new research and data with a) significant outreach and stakeholder/expert input.

The project workplan and progress reports were reviewed and approved by the Community and Economic Development committee. On December 14, 2009, staff released the draft 2010 Economic Strategy for public review—an Executive Summary as well as a Full Report. On February 8, City Council held a Study Session to review the Strategy, supporting analysis, and implementation workplan.

ANALYSIS

The final version of the Economic Strategy and Workplan presented for Council approval includes several changes that reflect the input of the Mayor and Council provided on February 8.

- The Full Report includes a new section “San Jose’s Changing Economic Base” that articulates the importance of driving industries to San Jose’s economy.
- The January 2010-June 2011 Workplan was revised as requested to clearly identify the “Top 10 Actions for 2010”.
- The Workplan was also revised to identify four Strategic Goals as the highest priorities for 2010: Goal #1 (Driving Companies and Sectors), Goal #3 (Manufacturing-Related Jobs), Goal #4 (Local Small Businesses), Goal #6 (Development Review Process, Cost of Operating).
- The word “competitive” was added to Goal # 9, “Keep Developing a Competitive, World Class Airport, and Attract New Air Service” to reflect the challenge identified at the March 8 Study Session about the airport.

Also note that on March 16, City Council adopted a set of incentives to aid business attraction and retention as a step toward implementing this Strategy.

EVALUATION AND FOLLOW-UP

The Economic Strategy document suggests that the City Council conduct a review of Strategy implementation every 12-18 months. Staff will track progress implementing the January 2010-June 2011 Workplan.

PUBLIC OUTREACH/INTEREST

More than 130 people—business leaders, small business owners, residents, workers, on-the-ground experts representing different perspectives and constituencies—contributed their ideas about the Economic Strategy through 14 focus groups and through interviews. The team also benefitted from the knowledge and experience of 10 leading economic experts from throughout California serving on an Expert Advisory Team. As mentioned earlier, the Strategy draft was posted and disseminated for public review two months prior to the February 8 Study Session.

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- 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)**

The Office of Economic Development website makes the Strategy and all background materials available for use by the public: www.sjeconomy.com/publications/

COORDINATION

The Economic Strategy 2010 was coordinated with the Department of Planning, Building, and Code Enforcement; Department of Transportation; Department of Public Works; Department of Housing; Airport; and the Redevelopment Agency.

CEQA

Not a project, File #PP10-069 Staff Report

/S/

PAUL KRUTKO
Chief Development Officer

For questions, please contact Kim Walesh, Chief Strategist, at 408-535-8177

Attachments: Economic Development Workplan
Executive Strategy - Full
Executive Strategy - Summary

Implementation Workplan (January 2010-June 2011)

"Top 10 Actions for 2010" are highlighted

"Four Highest-Priority Strategic Goals for 2010" identified with an asterisk (*)

Action	Team
#1 Encourage Companies and Sectors that Can Drive the San Jose/Silicon Valley Economy and Generate Revenue for City Services and Infrastructure *	
1.a – Retain local incentive funds and develop new financial tools to improve San Jose’s competitiveness at attracting driving industry companies.	OED/Agency/Budget Office
1.b – Develop the Clean Tech Demonstration Center (at the new San Jose Environmental Innovation Center) to provide a setting, equipment, and support for new environmental technologies, from pilot to demonstration to commercialization.	OED/ESD
1.c – Undertake targeted efforts to attract foreign companies planning to establish operations in the United States, especially in cleantech, life sciences, and information technology/services.	OED
#2 Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Vitality	
2.a – Expediently advance current retail projects on existing sites through the planning stage, including Evergreen, Arcadia, Almaden/85, and Hitachi Cottle Road.	OED/PBCE
2.b – Develop new tools like sales-tax sharing agreements to fund necessary predevelopment and transportation improvements to move current and future retail projects forward.	OED/Budget Office
2.c – Work to retain car sales companies and car sales sites for sales-tax generating use.	OED/PBCE
#3 Preserve and Strengthen Manufacturing-Related Activity and Jobs *	
3.a – Preserve industrial lands by aligning land use decisions with the Preservation of Employment Lands Framework and incorporate appropriate protections in the Envision 2040 Plan.	PBCE/OED
3.b – Protect and improve trucking and freight transportation access to the City’s key employment areas; develop a longer-term access plan that could be pursued in collaboration with the State when funding is available (incorporate into General Plan Update)	OED/PBCE
#4 Nurture the Success of Local Small Businesses *	
4.a – Integrate oversight of citywide small business strategy, services, and evaluation into the responsibilities of the work2future board, which oversees BOS and work2future small business outreach and services.	OED
4.b – Actively recognize and promote BOS as the core element of San Jose’s small business support strategy.	OED/Agency
4.c – Develop a new on-line forum to connect businesses to resource	OED

providers in real time, new on-line job and procurement fairs, and a new on-line "how green is your business" self assessment tool.	
4.d – Develop a new master permit program for small retail leases in large shopping complexes.	OED/PBCE
#5 Increase San Jose's Influence in Regional, State and National Forums in Order to Advance City Goals and Secure Resources	
5.a - Secure a seat on the Metropolitan Transportation Commission, the Bay Area's federally designated metropolitan planning organization.	DOT/OED/Regional Influence Team
5.b – Secure staff voting rights on ABAG in the Mayor's absence, similar to the provision made for San Francisco.	PBCE/Regional Influence Team
#6 Improve the Speed, Consistency, and Predictability of the Development Review Process, and Reduce Costs of Operating a Business in San Jose *	
6.a - Work closely with the Chamber of Commerce and other development customers on efforts to reorganize and streamline the development review process.	PBCE/OED
6.b. – Complete and adopt enhanced development plan check submittal process to provide customers with clear guidance about how to obtain the necessary Public Works permit.	Public Works
6.c - Retain and improve the Special Tenant Improvement Program and the Industrial Tools Installation Program to expedite permit review for expanding companies.	PBCE/OED
6.d - Continue aggressive promotion of the Enterprise Zone Tax Credits as a tool to reduce business operations costs, and pursue other state and federal assistance programs to support new development and business attraction and expansion.	Agency/OED
#7 Prepare Residents to Participate in the Economy Through Training, Education, and Career Support	
7.a - Through <i>San Jose 2020</i> , convene education, business, and nonprofit leaders to develop a plan to better align existing resources around shared goals to increase the rate of high school graduation in San Jose, the share of high school graduates prepared for college, and the share of graduates that enter and complete post-secondary education.	Mayor's Office/OED work2future
7.b - Create partnerships between K-12, community colleges, pre-apprenticeship and apprenticeship programs, and institutions of higher learning. Examples include a system that can steer low-income people towards careers in the green economy.	work2future
7.c - Through work2future, provide occupational assessment and counseling services to people that advance to middle-income jobs through identification of both career ladders (sequential positions) and career lattices (transferable skills).	work2future
7.d - Help reform the Workforce Investment Act to a) provide more opportunity to serve at-risk youth and reduce federal barriers, and b) support summer work experience programs.	work2future
#8 Advance the Diridon Station Area as Key Transportation Center for Northern California	
8.a - Complete the Diridon Station Area Plan to identify the most effective strategies for expansion of Diridon Station and for development of station area.	OED/Agency/DOT/PBCE
8.b - Continue working with Diridon Area Good Neighbor Committee to	OED/Agency

sensitively integrate Diridon Station area development with HP Pavilion and surrounding neighborhoods.	
8.c - Support California High Speed Rail Authority to secure approvals and funding to complete the San Jose to San Francisco segment by 2016, and the San Jose to Los Angeles/Anaheim segment by 2020.	DOT
8.d - Support Valley Transportation Authority (VTA) to extend BART service to Downtown San Jose and Diridon Station by 2020.	DOT
#9 Keep Developing a Competitive, World Class Airport, and Attract New Air Service	
9.a – Maintain a cost-conscious, competitive operating environment to successfully compete with the other major airports in the Bay Area and across the nation in retaining and attracting air service.	Airport
9.b - Explore issuing an RFP to develop the property on the west side of the airport to support general aviation demand by Silicon Valley companies.	Airport
9.c - Engage Silicon Valley community and corporate leadership to assist the airport and its partners to secure additional air service.	Airport
#10 Continue to Position Downtown as Silicon Valley's City Center	
10.a - Expand and upgrade the Convention Center to increase its capabilities as a modern meeting venue.	Agency/OED
10.b - Complete the San Pedro Square Urban Market project, integrating historic resources and new shopping experiences into a cohesive, unique destination.	Agency/OED
10.c - With partners, promote Downtown San Jose to major office users to lease existing space and develop interest in new properties.	Agency/OED
10.d - Retain capacity to coordinate and support special events Downtown.	OED
10.e – Proactively coordinate Downtown policy, operational issues, and stakeholder communication, including efforts to achieve a stronger mix of evening entertainment and live music offering aimed at broader audiences.	OED/PD/CAO/Agency
#11 Create More Walkable, Vibrant, Mixed-Use Environments to Spur Interaction and Attract Talent	
11.a - Complete the General Plan Update, locating new employment and housing in pedestrian and bicycle friendly, mixed use transit corridors and villages supported by parks and other amenities.	PBCE
11.b - Foster implementation of the North San Jose Vision, encouraging the development of new housing and recreation within an intensified job center.	Agency/OED/PBCE/PRN S/DOT
#12 Develop a Distinctive Set of Sports, Arts, and Entertainment Offerings Aligned With San Jose's Diverse, Growing Population	
12.a - Enable construction of the San Jose Earthquakes/Major League Soccer Stadium on the Airport West property.	OED
12.b - Continue planning for Major League Baseball facility in the Diridon station area, working toward a 2010 successful public ballot.	Agency/OED
12.c – Encourage ongoing production of national/international events and performances in San Jose, including Rock N Roll Half Marathon, NCAA, national and Olympic championship events, Cirque Du Soleil, Broadway Touring Shows, and national concert tours in partnership with the San Jose Sports Authority, Team San Jose, and other appropriate private and non-profit sponsors.	OED