



Memorandum

TO: CITY COUNCIL

FROM: Mayor Chuck Reed
Vice Mayor Madison Nguyen
Councilmember Rose Herrera
Councilmember Donald Rocha
Councilmember Nancy Pyle

SUBJECT: ECONOMIC STRATEGY
18-MONTH WORKPLAN

DATE: October 14, 2011

Chuck Reed
APPROVED:

Nancy Pyle *Don Rocha* **DATE:** 11/14/11

Madison Nguyen by Y.C.

RECOMMENDATIONS:

- A. Accept the proposed Economic Strategy Workplan and prioritize the strategic action items recommended below as the Top 5 highest priorities that staff should be spending 80% of their efforts on in FY 2011-12:
1. Work at the speed of business on major development projects that can have a measureable impact on job creation or revenues within the next 18 months, including:
 - a. timely development of major projects that will generate tax increment or property tax revenues,
 - b. timely development of major projects that will generate sales tax revenues,
 - c. recruitment and retention of small and large driving industry companies, and
 - d. preserving and strengthening manufacturing-related activity
 2. Adopt Sign Code Ordinance Update within 90 days
 3. Complete the Airport competitiveness plan and execute the air service strategy to bring additional domestic and international carriers in partnership with the Silicon Valley business community
 4. Pursue plans to develop soccer and baseball stadiums
 5. Develop an Implementation Plan to facilitate the goals of the Envision 2040 General Plan

- B. Direct the Administration to update the Community and Economic Development Committee, and subsequently the City Council, with a progress report of the workplan and accomplishments associated with the Top 5 priorities in March 2012. Challenges and opportunities of implementing the overall Economic Strategy Workplan due to Federal and State actions and local funding constraints should also be addressed. Staff is encouraged to present new ideas and strategies that may arise that can strengthen the City's economic development goals and advance the highest-priority action items outlined above. Furthermore, staff is directed to provide verbal progress reports on Item A.1 above to the Community and Economic Development Committee every month.

- C. Direct the Administration to present a strategy to City Council by December 2011 on how the City's Development Services Team intends to provide the staffing capacity needed to keep up with current and future demand for permitting services. This strategy should include an analysis of opportunities to (i) allow third party plan checking of development applications by City approved consultants, (ii) maintain and strengthen our fee-based expedited permitting processes, and (iii) encourage developer funding of staff specialists to exclusively process specific high-profile projects that generate jobs and revenues. In order to allow the Development Services team to react quickly, the Administration is also directed to revise as necessary the City's contracting and purchasing processes to augment staff capacity as the workload demands.

BACKGROUND:

The Citywide Economic Development team has enjoyed laudable accomplishments over the past year, but the financial and economic circumstances of our time give us pause on how we are going to be strategic and impactful, and achieve results in the years ahead.

The proposed Economic Strategy Implementation Workplan includes 12 strategic goals and 37 action items. There's a lot of important work that has been identified in the workplan. We are recommending, however, that staff urgently focus and pay special attention to a few high priority action items that will have measurable impact on San José's job and revenue generation goals. We think too that dialog between staff and the Council around the workplan should take place more frequently than less, so that we can all actively engage on a continuous basis to make San José more competitive. Our direction in B above is given in that spirit.

We encourage the team to take risks, to be innovative, to find new ways of doing business, and to pursue strategic partnership opportunities to advance our economic development goals. We have to show that we clearly want companies and developers to invest in San José, and for companies to grow here and stay here. Nearly every week we get an opportunity to capture part of the economic growth in Silicon Valley. However, to be successful, we must keep our focus on concrete opportunities that generate jobs and revenues, offer our corporate and development community a clear and certain regulatory process that will allow them to invest and expand expediently, strengthen our base of tech sector companies through regular retention visits and attraction efforts, and continuously work at the speed of business to respond to fast-paced, changing business cycles.