

DRIVING A STRONG ECONOMY COMMITTEE

Executive Summary November 29, 2004

The meeting was convened at 1:30 p.m.

Members Present: Chair Forrest Williams, Co-Chair Terry Gregory, Councilmember Chuck Reed, Councilmember Judy Chirco

Staff Present: Mark Linder, Rick Doyle, Kim Walesh, John Weis, Scott Reece, Dave Mitchell

1. Economic Development Strategy Update (Office of Economic Development, Planning, Building & Code Enforcement, Redevelopment Agency)

Upon motion of Councilmember Reed, seconded by Councilmember Chirco, the Committee accepted staff's report, "Economic Indicators and Trends".

2. Proposed Revisions to the Parkland Dedication Ordinance and Park Impact Ordinance (Planning, Building & Code Enforcement, Parks, Recreation and Neighborhood Services)

Upon motion of Councilmember Reed, seconded by Vice-Chair Gregory, the Committee accepted staff's report, "Proposed Revisions to the Parkland Dedication Ordinance and Park Impact Ordinance".

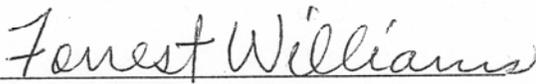
3. Secondary Units (Housing)

The Committee accepted staff's request for deferral to the January 24, 2005 committee meeting.

4. Oral Petitions
William Garbett, The P.U.B.L.I.C.
Bill Chew, Constituent

5. Adjournment

Meeting was adjourned at 3:17 p.m.


Forrest Williams, Chair
Driving A Strong Economy Committee



DRIVING A STRONG ECONOMY COMMITTEE
Report
November 29, 2004

Members Present: Chair Forrest Williams, Vice-Chair Terry Gregory, Councilmember Chuck Reed, Councilmember Judy Chirco

Staff Present: Mark Linder, Rick Doyle, Kim Welsh, John Weis, Scott Reece, Dave Mitchell

The meeting was convened at 1:30 p.m.

1. **Economic Development Strategy Update (Office of Economic Development, Planning, Building & Code Enforcement, Redevelopment Agency)**

Kim Welsh, Assistant Director, Office of Economic Development, presented this staff report. Council asked for increased focus on four Strategic Initiatives in the first year following the adoption of the Economic Development Strategy in November 2004. This report outlined the key accomplishments during this first year.

Strategic Initiative #3: Develop Strategic Partnerships with San Jose State and Other Universities to Drive Innovation and Economic Impact.

- Joint Library wins national "Library of the Year"
- SJSU Hospitality School and Silicon Valley Workforce Investment Network develop joint Hospitality-Tourism Training Program
- "Beyond the King Library: A Framework for City-University Collaboration" identifies six themes for future collaboration
- City assisted SJSU to become the lead Small Business Development Center for Northern California.

Strategic Initiative #4: Evolve and Position Downtown as Unique Creative and Cultural Center of Silicon Valley.

- 40 new retail, restaurant and entertainment businesses opened downtown in 2004.

- City assisted in the historic rehabilitation of the Montgomery Hotel and California Theater.
- Held successful Downtown Real Estate Tour attracting 200 participants.
- Supported Downtown expansion of Adobe, and location of tenants such as Snap Appliance, Virgin Electronics, Bridge Bank, and CB Richard Ellis.
- Secured "eBay Live" conference for 2005 using new Access San Jose Model.
- Won international competition to host the International Symposium of Electronic Arts in 2006.

Strategic Initiative #5: Support Start-up and Growth of Local Businesses, Small and Large in Tech as well as Non-Tech Fields.

- Traffic and Environmental reports to study traffic and environmental impacts of increased density for North San Jose completed.
- Approved development agreements for eBay and BEA headquarter expansions.
- A record 140 companies benefited from Enterprise Zone financial incentives (2003-04).
- Developed term sheet agreement for Hitachi Global Systems development concept for their Cottle Road facility.
- Adopted the Local Business and Small Business Preference Ordinance.

Strategic Initiative #8: Diversify San Jose's Economic Base and Preserve/Create Middle-Income Jobs.

- Opened the Bioscience Incubator and Innovation Center.
- Adopted research-based framework for evaluating potential conversions of employment lands to other uses.
- Conducted 68 retention visits to employers in light/heavy industrial areas.
- Purchase of FMC property adjacent to the airport.

Staff asked for guidance from the committee members on which elements of the Strategy Implementation should have relative priority in the future.

Councilmember Reed forwarded a compliment from a local company, Nanogram. This company chose to consolidate their Fremont operations into their San Jose location because of staff's expertise in the handling of hazardous materials, stating this can be a marketable, competitive advantage over other cities. We need to be careful about the location of housing close to businesses storing hazardous materials like this. Councilmember Reed stated that staff should maintain their focus on the four initiatives already identified.

Councilmember Chirco asked about the status of the Pilot Parking Initiative and agreed staff should remain focused on the already identified four initiatives. Assistant

Director Walesh replied that the Pilot Parking Initiative was just released in the past two weeks. Staff plans to pursue marketing efforts through the local brokerage community and anticipates attracting business first. Councilmember Chirco also asked what kind of interest was generated after the Downtown Real Estate Tour last year. Assistant Director Walesh responded that no formal monitoring of response was collected, but the ability to communicate accurate information about what is going on in Downtown San Jose to a wide audience helped generate requests for specific information, especially downtown housing capacity. Councilmember Chirco asked what kinds of results have occurred since collaborating with the Airport and their marketing efforts. Assistant Director Walesh responded that various joint presentations have been made in the past six months, and staff is presently working together with World Airways for a cargo service between San Jose and China next week. Councilmember Chirco asked about the Bioscience Incubator's capacity for the number of companies that can operate, and the level of interest for companies to locate there. John Weis, Deputy Executive Director, Redevelopment Agency responded that approximately 15-20 start-ups can operate, depending on the number of employees. Initial enthusiasm was very high and has leveled out, but remains strong. Six companies have signed leases already.

Chair Williams stated that statistics on the net number of jobs staff has helped generate and/or retain would be helpful in determining the success of the approved strategy.

Councilmember Reed emphasized for the development of continuously better metrics to measure accomplishments.

Upon motion of Councilmember Reed, seconded by Councilmember Chirco, the Committee accepted staff's report on, "Economic Development Strategy Update".

2. **Proposed Revisions to the Parkland Dedication Ordinance and Park Impact Ordinance (Planning, Building & Code Enforcement, Parks, Recreation and Neighborhood Services)**

Scott Reece, Deputy Director, Parks, Recreation and Neighborhood Services, and Dave Mitchell, Parks Planning Manager, Parks, Recreation and Neighborhood Services, presented this report. To help meet the demand for neighborhood and community parks generated by the development of new residential parcels, the City Council adopted in 1988 the Parkland Dedication Ordinance (PDO). In 1992, the City Council adopted the Park Impact Ordinance (PIO), which applied parkland dedication requirement to new units in non-subdivided residential projects. Staff reviewed the historic impacts of the PDO and PIO, explaining why changes are important, the types of community outreach accomplished and what the next steps are. Staff is recommending that a public hearing be set and approved by Council, to give direction

to staff regarding the proposed amendments and changes to the associated Fee Resolution with respect to the granting of credit for recreation facilities and dedicated parkland.

Councilmember Reed asked when would the proposed changes come before Council for consideration and if Council had previously given direction on how the fees are to be adjusted. Deputy Director Reece responded no, Council has not provided direction. Both ordinances provide for an annual adjustment of in-lieu fees, however no adjustment has been made since 2002, when fees were set at 70% of land values. These proposed changes will be considered during the budget process in May 2005.

Mark Linder, Assistant City Manager, asked when in the future will the consideration for new park and recreation facility standards, methodology for distributing past earned-interest income and creation of a Park Trust Annual Report occur. Deputy Director Reece said that the new park and recreation facility standards are being prepared now. Staff is working with the Finance Department on the methodology for targeting PDO/PIO into larger aggregate sites. Accumulation of statistical data for improvement of the process of allocating, accounting and reporting fees and distribution of past earned-interest income should be available in the Spring of 2005. The Park Trust Annual Report will most likely be available in the Fall of 2005.

Councilmember Reed asked that measurement of park capacity by council district be included in future reports with consideration for neighborhood access for regional parks. Councilmember Reed asked what consideration for a neighborhood park is given, when a regional park is nearby. Deputy Director Reece responded that the proposal would allow for the creation of a new special facility, a linear community park, and staff can allocate value to trails that wind through an existing large park. Councilmember Reed asked if any future community outreach meetings have been set. Deputy Director Reece responded that at this time staff has not set those dates and will advise the Councilmembers of when they are set.

Councilmember Chirco is interested in knowing what the parkland per population is by separating out City parks and what land is on school properties, to determine exactly what land is available.

Councilmember Reed addressed the need for reporting out the allocations of fees collected and ensuring developers are paying their fair share.

Mark Linder advised that staff could return with this report at the January 24, 2005 DSE Committee meeting, and report out to Council on February 8, 2005 to request a public hearing be set.

Vice-Chair Gregory asked if fees collected from one area with substantial parklands can be re-allocated to an area where there is no development occurring. Deputy Director Reece responded that state law restricts expansion to the nexus areas,

typically $\frac{3}{4}$ of a mile. What staff tries to do is improve existing parks to increase capacity use. A community over time typically goes through changes and redevelops creating an opportunity to correct inequities in parkland distribution.

Councilmember Reed asked about other sources of funding for parks. Deputy Director Reece responded that there are other sources such as construction and conveyance fees, General Fund resources, Grant Services, and Bond Measures.

Chair Williams asked staff what the next steps should be in preparing the final PDO/PIO report. Staff proposed returning to the DSE committee in January with the goal of having additional outreach meetings in early December and early January. Staff could then report to the full council in early February.

Councilmember Reed asked if the definition of recreational facilities meant theaters and concert halls conceivably in place of parks. Parks Planning Manager Dave Mitchell responded that staff followed the terminology and definition that the State Attorney General uses, and that though state law allows us to use those funds for alternate park uses, Council can direct staff on what type of development would be approved. In 1998 Council approved a language change that restricted staff to use the funds just for parks, moving away from other types of recreational facilities. Councilmember Reed asked staff that in future outreach meetings to convey to the public the language changes that have occurred.

Councilmember Chirco asked staff to meet with her separately to explain the component of how private development for private tenant use fits into the broader PDO/PIO plan. Staff responded they would meet with her.

Dale Warner, President, Independence High Neighborhood Association, requested future notification of public meetings on this topic and asked the committee consider changes in the terminology on item 3, page 4.

Yolanda Reynolds, Constituent, spoke on the restrictions of use at the Rosegarden.

Jim Linder, Constituent, desires the use of funds for open green areas.

Beverly Bryant, Executive Director, Homebuilders Association, presented Deputy Director Reece and Dave Mitchell with her business card for future contact on any matters pertaining to PDO/PIO issues.

William Garbett, The P.U.B.L.I.C., requested an accurate accounting audit on how fees are collected for public review.

Upon motion of Councilmember Reed, seconded by Vice-Chair Gregory, the Committee accepted staff's report on, "Proposed Revisions to the Parkland Dedication Ordinance and Park Impact Ordinance".

3. Secondary Units (Housing, Planning, Building & Code Enforcement)

The committee accepted staff's recommendation to defer "Secondary Units" until the January 24, 2005 committee meeting.

4. Oral Petitions

William Garbett, The P.U.B.L.I.C., spoke regarding North San Jose Development. Bill Chew, Constituent, spoke on the need to make committee meetings more accessible to the public.

5. Adjournment

The meeting was adjourned at 3:17 p.m.

Forrest Williams

Forrest Williams, Chair
Driving a Strong Economy Committee