



Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE **FROM:** Mayor Chuck Reed
SUBJECT: AD-HOC COMMITTEE ON ECONOMIC COMPETITIVENESS MEETING SCHEDULE **DATE:** November 14, 2012

APPROVED: *Chuck Reed* **DATE:** *11/14/12*

RECOMMENDATION

Set the following dates for meetings of the Ad-Hoc Committee on Economic Competitiveness:

December 3
January 7
February 4

The hearings will be held in the Mayor's Conference Room from 3:00 – 4:30 p.m. for each of the meeting dates.

BACKGROUND

In my November 1st memorandum (attached) regarding the Development Services Update and Economic Strategy "Top 5" Workplan Priorities discussed at the November 6 City Council meeting, I proposed that an Ad-Hoc Committee on Economic Competitiveness be convened in order to focus on capturing and implementing economic development opportunities over the next six months to a year.

I will chair the Committee, and Vice Mayor Madison Nguyen, Councilmember Rose Herrera, and Councilmember Sam Liccardo will serve as members.



Memorandum

TO: CITY COUNCIL
SUBJECT: SEE BELOW

FROM: Mayor Chuck Reed
DATE: November 1, 2012

APPROVED: *Chuck Reed* DATE: *11/1/12*

SUBJECT: DEVELOPMENT SERVICES UPDATE AND ECONOMIC STRATEGY
"TOP 5" WORKPLAN PRIORITIES

RECOMMENDATION

Accept the status update on Development Services activity, performance measures, and other activities; and accept staff's report on the progress implementing the "Top Five" highest workplan priorities for the Economic Strategy, with the following direction:

FOR PRIORITY #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*

1. Set a goal of issuing permits for \$1 billion of new investment in major projects in San Jose over the next six months.
2. Create a Jobs and Revenue Project Management Team representing the departments of Planning, Building, Public Works, Fire and the Office of Economic Development, who will oversee major projects for office/R&D and campus developments for driving-industry companies, high-rise residential projects, and retail projects over 200,000 square feet through the planning and building permit process to get them permitted with expedited reviews. (See the attached list for examples of major projects already in the pipeline.)
3. Present a monthly written report to the Economic Competitiveness Committee on each major project and the status of its permit approvals, as well as a monthly written report on the status of attraction and retention efforts to gain additional major projects.

BACKGROUND

In order to focus on capturing and implementing economic development opportunities over the next six months to one year, I will convene and chair an Ad Hoc Committee on Economic Competitiveness, with Vice Mayor Nguyen and Councilmembers Herrera and Liccardo as members.

City Council

November 1, 2012

SUBJECT: DEVELOPMENT SERVICES UPDATE AND ECONOMIC STRATEGY "TOP 5" WORKPLAN PRIORITIES

Page 2

The next few months are a critical time to get to "yes" quickly and help our driving-industry companies invest in jobs and generate tax revenues for San Jose. Silicon Valley is growing again and we need to capture as much of that growth as possible. Today, there are dozens of companies looking to expand into 50,000 square feet or larger buildings. By some estimates, there will be hundreds of such expansions over the next two years. San Jose is positioned to capture much of that growth, but our planning and permitting process must "move at the speed of business" for us to succeed.

At the same time, we need growth in tax revenues to fund services. New investments in former redevelopment areas will have a direct benefit to our General Fund, which is now covering nearly \$20 million of former RDA obligations because tax increment revenues have not recovered from the recession. This is our opportunity to recover and directly help the General Fund.

There are a billion dollars of investment in our development pipeline, which could generate over 3 million square feet of new Class A office/R&D space, more than 800 high-rise and wood frame residential units, and more than 600,000 square feet of regional and neighborhood retail space over the next few years. This private sector investment will result in numerous construction jobs and nearly 10,000 permanent jobs, and generate future General Fund tax revenues and an estimated \$9 million in tax increment revenue to the Successor Agency. A partial list of proposed development projects and recent real estate transactions is attached.

National development and real estate companies, as well as some Silicon Valley technology companies, have shown their confidence in San Jose by acquiring prime vacant land and office buildings in North San Jose and Edenvale at a value estimated at more than \$270 million in the past few months alone. Some of them are in the process of investing in renovations to prepare for new corporate tenants. Our STI Program team is facilitating those projects with a high degree of customer service and success by "working at the speed of business."

I want to acknowledge and thank the City Manager and staff of the Office of Economic Development, as well as the departments of Planning, Building, Public Works, Fire, Transportation, and Housing. The accomplishments listed in the staff report bear testament to the team's dedication and hard work. Two years ago, a Jobs and Revenue Team facilitated residential projects in North San Jose that have generated more than a billion dollars of new investment. Those projects will generate nearly \$10 million in new tax increment revenues once they are completed. Now we have a similar opportunity with office/R&D, housing, and retail developments.

Other communities around us have enjoyed the job growth and revenue increases more than San Jose has in the past couple of years as evidenced by the buildings under construction throughout Sunnyvale and Santa Clara, Palo Alto and Mountain View. The pipeline of projects for 2013 and beyond is robust in those cities as well.

We adopted the Economic Strategy in 2010 to set our priorities clearly to deal with San Jose's most urgent need: to regain jobs for its growing population and increase revenue for City services. Our highest priorities for action must be what we can do that will have a significant and measurable impact on jobs and revenues. We have a golden opportunity that will not last forever. We must take it now.

PARTIAL LIST OF DEVELOPMENT PROJECTS IN PERMIT PROCESS

OFFICE/R&D PROJECTS

Samsung Semiconductors
Ellis Partners
Lowe Enterprises (Ph 1)
Legacy/101
America Center II
Lot 11 Santana Row
Coleman Highline (Ph 1)
Cisco Parking Garages

RESIDENTIAL PROJECTS

Meridian@ MidTown
One South Market
The Carlyle

RETAIL PROJECTS

Almaden Retail
Village Oaks

**RECENT REAL ESTATE TRANSACTIONS THAT HAVE
OR WILL LEAD TO NEW PERMIT APPLICATIONS**

Synaptics, Inc.
Swift Realty Partners
Bixby Land Company
Lane Partners
Irvine Company
AEW Capital Management
GI Partners
Spear Street Capital
TMG Partners