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>> Councilmember Herrera: So we need a motion to adopt our work plan.

>> Councilmember Liccardo: I'll make a motion and a question as well. It's coming back next month?

>> Kim Walesh: Tomorrow at council, it's the last item on council.

>> Councilmember Liccardo: Okay, and then as I understand it's coming back to council twice, right, so we will see --

>> Kim Walesh: Tomorrow is the study session discussion and questions.

>> Councilmember Herrera: I think the thinking of staff, as we reviewed it, we saw it on T&E, it's coming back to council, so we're going to another opportunity to review.

>> Councilmember Liccardo: Okay, so moved.

>> Councilmember Herrera: All those in favor? Aye, opposed. Consent calendar, nothing on the consent calendar. Let's move on to our verbal report from Kim Walesh.

>> Kim Walesh: Good afternoon, Madam Chair, councilmembers. For my verbal report today I wanted to start by sharing some data that I think is really incredible, that really benchmarks the performance of the San José metropolitan area to that of the 50 other largest regions nationally. This is from CEOs for cities and was released in the summer. And what they did is they updated a report that was first done in 2006. And in 2006, they lumped the San José metropolitan area in with the rest of the San Francisco Bay Area and we cried foul and for this year they pulled us out separately. You see some interesting distinctions and commonalities between San Francisco and San José. So the framework they used are these four areas which really are the factors that differentiate cities in terms of their advantages for economic success. What I wanted to do in each area is pull out a few which we are in the lead or top 10%. The first one there under connected city is really the degree to which people and

companies are connected locally as well as connected to the outside world. So on foreign travel we're number 1 with San Francisco. About percentage of population that traveled outside in the last three years we're number 1 tied with San Francisco. Internet connectivity. We're number 1, the number of WiFi hot spots per thousand people we're number 1, Seattle's number 2, Portland's number 3. International students. This is the number of foreign students per thousand population. We're number 3 so Buffalo, Niagra false is number 1, Buffalo Austin, very international. This last one actually supplied me but is a strong number of social capital. Community involvement. This is the percentage of San José area residents that reported volunteering for a community activity in the past year. We're number 3 nationally at 36% of our residents say they volunteered last year. Maybe not surprisingly, Salt Lake City is number 1. And then good old Minneapolis-St. Paul is number 2. But we're number 3. So I think we should feel good about all of those. The second area you would certainly expect us to lead in but I want to point out two interesting pieces. One is patents. This is page 24, the number of patents issued per 10,000 employees. We are number 1 at 83 patents issued per 10,000 employees. The next closest is Austin which is 32. We are nearly three times ahead of the second-ranked place, and San Francisco is number 3 at 28. The other interesting piece here is venture capital, and how they measured venture capital intensity is the amount of venture capital per thousand employees. If you look at it that way, in San José we have \$2,500 of venture capital per thousand employees. San Francisco is second, but not close, \$1640 per thousand employees, and Boston is third. So when looked at by scaling venture capital to our economy and our employment base, we are -- remain the clear leader. On talent, there is the international talent. This one is incredible. This is page 34. This is the percentage of adults, 25 years and older, who have completed a four-year degree and were born outside the U.S. So in the San José area, we are off the chart. 50% of our adults with a college degree were born in another country. 50%. Miami is second at 40%. Your typical American metro region, 15%. So we are 5-zero, the average is 1-5. The next one traded sector talent is page 33. This is a percentage of workers that have a college degree and are employed in the private sector, excluding health care and education. So it's really a measure of driving industries. And again we are number 1 here at 47% of our college population, is employed in the private sector. 29% is more typical nationally. And then college attainment. We're tied for third here, actually with San Francisco. So this is just a share of your population. 25 years and older with a four-year degree. This is page 30. Boston is number 1, at 54%. D.C. is number 2 at 49%. San José and San Francisco are tied on this measure at 48%. College attainment is the single most important explanatory factor for your per capita income in your

city. So we continue to be strong there. And then young and the restless. This is the target group of the share of your population that is 25 to 34 years old and has a college degree. Number 1 is Boston. I'm sorry, number 1 is D.C. Number 2 is Boston and in San José and San Francisco are tied. That's the share of our population that is young and has a college degree. And then there's a huge dropoff after that. So D.C., Boston, San Francisco, San José. We're actually slightly -- 7.2%, San Francisco is 7.3% so just below San Francisco on that one. And then the last one is distinctiveness. And you could say that a community's greatest asset is what is different or distinctive about it from other places. Here as you can imagine this is the heartest one to measure. So we're number 1.

>> Councilmember Liccardo: Yes.

>> Kim Walesh: According to CEOs for cities, on weirdness. On the weirdness index this is page 38. This is the extent to which your region 10 most distinctive consumer behaviors are different than the national norm. So: Those behaviors are things like fitness, hobbies, sports, home life, appliance ownership arts and culture. San José number one widely engaged in a wide range of cultural activities compared to the national norm. We're number 1. San Francisco is number 2 and interestingly enough again, Salt Lake City is number 3. In terms of deviating from the national norm. And in case you're interested, the most average indistinctive communities in America are found in Ohio and Missouri. They have the lowest weirdness index. This next one is also interesting, this is page 39. This is the ratio of people that reported attending a cultural event in the past year, compared to the ratio of people that have a high definition television. So it's sort of comparing the extent to which you people actively participate in cultural activities and that varies enormously from place to place. Compared to very passive consumption of TV. So again we are number 1 on that ratio tied with San Francisco. And then Rochester New York and Miami. In our area about a third of many households have attended cultural events that own a high definition TV receiver. The last one we put on here is really our Green Vision, is greenhouse gas emission, we do very well on that very low carbon emissions, which is partly because of our weather, but partly because we still have low vehicle miles traveled per person, per day, 21 compared to 25 nationally. So those are all the ones where we are just clear leaders and should feel good about. The other ones which you can skim through which we are in the middle of the pack are the ones in the heart of the envision 2040 plan and where we need to go

next. We're in the middle of the 50-city pack on walkability, on transit use, on economic integration, and on the performance of our urban core. So those will be the next frontier for us to move forward over time. So I have -- do have other hard copies of these report and we'll put the link to the report online. So with that I also wanted to provide an overview of our activities the last couple months. On business outreach retention and attraction you're going to hear what I think you'll find to be a really interesting report on this later this afternoon. We're off to a great start this year which staff had met with 35 companies over the last month. The vast majority of them high tech companies that are growing and expanding here. We've worked with some of these companies explicitly to make sure they're fully utilizing programs that we have like the enterprise zone program and the foreign trade zone program and in a few minutes you'll hear about all the other ways we've been able to add value to the companies like the ones you've seen up here. We're also been out a lot presenting at conferences in the clean tech area in the manufacturing area and in the real estate area and I think are having a lot of opportunities to communicate our advantages and our offerings and are definitelily picking up growing positive momentum about San José as a location. I wanted you to be aware that we're working with the Northern California Chinese enterprise association to partner with them on an event at City Hall on October 26th. This will be the first time ever that this organization of Chinese companies from throughout the Bay Area will be meeting in San José. And it's a great opportunity, some of those companies are already here like China Unicom and are providing leadership to have the whole rest of these companies understand the value of operating from San José and we expect the Chinese consul at in San Francisco and their commercial group to participate. So I'll be sending an e-mail out to all mayor and council tomorrow about this with the details but that's now firming up for Friday, October 26th. We have a number of major development projects in process with development services just to give you a feel for the kind of significant work taking place. The synaptics had purchased three existing buildings in North San José which is going to be their news campus. They're going through our process making adjustments and applications for their building and site improvements which are under review right now. We continue to work with the Ellis property which is where Cavalia will come down and a development project will go up. So under planning review for two different options for the way that property can be developed. Boston properties also on North First Street near plumeria, redevelopment project into a new multistory industrial building with a parking structure and we're working with the San José earthquakes through public works on getting grading approval for their groundbreaking ceremony on October 21st. In Work2Future I wanted to give you a heads up that we have launched two workforce information

studies with federal resources on two issues I know you've been interested in and we'll be bringing these back to you later this year. One is a particular look at the older worker which they've defined as 45 and older, unfortunately for me, older worker. Looking at the particular challenges that older workers are facing, and looking at opportunities for entrepreneurship and encore careers for them. We're also looking at the phenomenon of underemployment in our area. The initial estimate may be that underemployment could be 25% to 38%, really. So where we want to understand that and how we can help underemployed people. We're working with paypal on a project similar to the I-lead challenge to engage paypal's young professionals in helping small businesses and creative entrepreneurs in our downtown by teaming up with them, and we'll be able to talk more about that. Lee is leading that project going forward. There will be a public event that you'll be invited to later this year. We had an incredible forum with our office of cultural affairs leadership last Friday in City Hall about creative entrepreneurship. There is clearly a new generation of people involved in businesses related to art and design and events. And it was a really great convening of those people which are bringing I think breathing a lot of new life into our urban culture. And then last I wanted to mention Cavalia was a really big success and I have to say it's such a great model. Because using our conservative economic impact estimator the fiscal impact on the City of San José on our revenues was \$475,000. Estimated. For an event that we put nothing into except for some really difficult staff time to make it move really quickly. They were very, very happy and they had a very good experience here. So I think we have a great agenda for this afternoon. But I'm available to answer any questions on this material.

>> Councilmember Herrera: Okay, and we'll see if we have some. I just want to say the involvement in the community statistic you cited does not surprise me. I'm continually impressed Wednesday all of the groups that are involved and how much our community is involved and takes up -- takes pleasure in doing that. Do we have other comments or questions? Sam.

>> Councilmember Liccardo: Actually I was a little surprised by that given we have seen some other surveys that have said we are not very connected in this valley. I was surprised. Best surprised that Austin was 15th and we're number 1, we hear about Austin model, keep Austin weird and we're clearly trumping them in a big way.

>> Kim Walesh: I see the Austin chamber of commerce is bringing 100 people to San José next Sunday, Monday and Tuesday and we're going to speak to them Monday morning, and I'm leading off with that.

>> Councilmember Liccardo: That's funny. Actually, I'm speaking to them on Sunday, so I'll try to avoid mentioning that, keep them friendly. The Cavalia, I know we've been beating our heads against this wall about how we can create a location where the Cavalias and I am trying to think of the French --

>> Kim Walesh: Cirque du Soleil.

>> Councilmember Liccardo: Canadian really not really French how we can create a location for those events close to restaurants you know ideally in the downtown or at least anywhere where we could really take advantage of that revenue in a significant way. Obviously it's a great benefit to us at all just having it anywhere in the city. \$450,000 of revenue is great but imagine what that could be if we had a location in the downtown where all the folks were going to restaurants. And anyway and staying at hotels. It would be great to see us find something. So I hope that we're able to find -- make some -- find -- make some progress in that very difficult effort.

>> Kim Walesh: We'll continue to work on that and we'll continue to report back to this committee. The challenge is the footprint for these events just kept getting bigger and bigger and bigger. But agreed if you can have it in a location that really maximizes the economic impact that's where you want to be.

>> Councilmember Liccardo: Thanks.

>> Councilmember Herrera: Anyone else? I just had one more. As impressive as all these numbers are the one thing do I get concerned about is how we are always looked at in terms of being part of Sunnyvale and Santa Clara. Which is great. But -- I would want to know I guess as we go on how much we need to focus on certain aspects of San José that might get hidden when we have this kind of collective looking at us as South Bay and cities. Unemployment is one of those numbers I continue to be concerned about, making sure that San José

residents are getting hired and I'm not just concerned about older workers, I'm also concerned when young workers and workers who graduated from college and now living at their parents' house because they can't get a job. I'm really -- you know these are great numbers but I do want to focus in on San José to see what we need to do that might be different or there might be things that come up that we should focus on, that might be different than Sunnyvale and Santa Clara which we're you know part of in terms of our statistical analysis.

>> Kim Walesh: No, I think we share the same concern that's why we've devised ways for some of these indicators to have San José specific data and as part of number 5 on business outreach, John Lang is going to present the most current research on San José and unemployment rate on San José. I also want you to know our Work2Future program is doing a series of workshops for young adults later next month to help them with particular issues that they're facing about getting their first job.

>> Councilmember Herrera: Great. So we move on customer service improvement initiative.

>> Laurel Prevetti: Thank you, good afternoon, Laurel Prevetti assistant director for Planning, Building, and Code Enforcement. Last month I shared with you our customer service initiative where we have now explicitly identified how customers or what customers can expect from the city. There are three key points associated with excellent customer service. One is predictable processes, time lines and comments. Two is clear and consistent communication from the staff, back to the development community. And three is really a partnership attitude. This afternoon I'd like to update you with our implementation events as it relates to this. First of all, we are hiring staff that are demonstrating this partnership attitude. Specifically, we have hired inspectors, planners coming on board, and plan check engineers. So we're really looking for this partnership, and customer service approach. We will be launching soon the job announcement for the project expediter as well as the small business allied position. Both of those will help businesses be feel welcome and get through the development services processes expeditiously. We're also coordinating those positions with the downtown association. So that's work that's underway. As we have been hiring staff we have been making it clear what our customer service expectations are. We will be following it up with training and performance evaluations. Now staff all of them have the same handout that you were given last week. I do want to remind the committee and the public that we have a

development services customer service survey. It's an online survey, it's available through building division, through the planning division or general development services. It's a short, ten-questions survey, how was the service, do you strongly agree that we're doing well or not and then there's opportunity for comment. We refreshed that survey and now we are looking at how we can push it out to our customers at key milestones in the process. Say you're in planning, you get your 30 day letter, you get a short survey, how can we do better? We push it out again during the next review of plans and then finally at the conclusion how did we do overall. We're looking to do something similar for building plan check and inspection so that way we don't passively wait for the customers to come to us but we're actively seeking their input similar as you would you know after you have returned the rental car, boom, in your e-mail box you have a survey to fill out. So that's coming. We're also trying to promote more explicitly what our escalation process is. So if a customer does have concerns who do they call? And now on our building job cards we do identify who the building supervisor is so they can call to get their problems solved. Again, if they're not getting the service they expect then, Chu Chang, our building official, or Joe and I are certainly there to help. We're looking internally how do we escalate issues that are getting stuck at the staff level so that way we can unstick them and get our developers through our process quickly. We are also benchmarking through other cities. We're looking at how other cities provide an ombudsman service to our development services so we may be back to you next month with how we can tailor something to the San José situation. Finally I want to acknowledge a grant we have received in connection with Work2Future to create an online business port specifically designed for small businesses. And we thought we should really target our restaurant sector, those are the small businesses at a one-shot glance could understand all the permits that are necessary, how to interact with the city and the county for best success. So that's something we have just launched and hope to have up and running in 2013. So those are some of the activities we have. I know there's more work ahead and as always, I welcome the committee's comments about what we could be doing better.

>> Councilmember Herrera: Laurel, thank you so much for the report and for covering several, most of the areas I think that had been brought up in the previous meeting. This is a great progress report. Questions? Ash.

>> Councilmember Kalra: Thanks and thank for your report Laurel and thanks it was really tough what you're trying to do what the department is trying to do it's not going to happen overnight, in terms of communication, the

way that applicants stay informed of who the contact person, that's a big source of frustration as we've all discussed and we've gotten at least I've gotten much more positive feedback as of late from companies, but I think that the smaller entities are still a challenge. And you know, homeowners that have contractors coming in to do jobs. And I know it's such an enormous task to try to do all of it at once, and so I know that we're heading in the right direction but overall the feedback has been positive that I'm getting at least from the customers.

>> Laurel Prevetti: Thank you.

>> Councilmember Herrera: Sam.

>> Councilmember Liccardo: I share a lot of the sentiments, this has really changed management and it is tough stuff to do I know. Quick question about the Website. That's intriguing. Is this similar to what New York was doing where folks are actually able to get permits online or --

>> Laurel Prevetti: That is one of our inspirations, we are also inspired with what the city of Santa Cruz is doing as far as what is the permit road map. Ultimately we do see we could be doing a lot more online permitting but at this point we just want to make sure businesses know what's ahead. People get these great ideas, I'm a great chef at home, I'd love to open a business, I'd love to open a restaurant, choosing a location, hopefully with the infrastructure in place, what are those key questions they should be asking before they sign a lease and then once they're into our system how they can help themselves to by choosing good professionals to help them.

>> Councilmember Liccardo: I agree that would be historical, particularly with professionals out there informing people about this Website, it is often hard to get the word out there. So is this going to be incorporated with the businessownerspace? How do we roll this out to where anyone will know it is there?

>> Kim Walesh: It will just have massive numbers of network connections. So if you come into businessownerspace, you can get to here. If you come to Department of Finance, because you think you need a business license, you'll get to here. And it will really be a tight web of connections. The department of finance is

undergoing a new system next spring into summer so you'll be able to file your business application to pay your tax and register your business online so that will connect into here and that will be a major improvement on here so you don't have to do it on paper.

>> Councilmember Liccardo: Great, thanks.

>> Councilmember Herrera: I had one other question. In terms of the ombudsman program, which cities are you looking at in terms of models?

>> Laurel Prevetti: We're looking at San Diego specifically. They've got a very big splash on their website, and we've now been exchanging e-mails with their ombudsperson to understand what exactly their services are. So we may be sending a team staff down there shortly to really observe it for themselves as well as talk to the San Diego customers to see how it's working. As always, you know, we're always interested in learning from other communities and then adapting it to our local conditions, working again with the chamber and the development community.

>> Councilmember Herrera: But what is it that we think San Diego is doing that makes us want to look at it to do it here?

>> Laurel Prevetti: Basically there is a single point of contact. If you have a concern anywhere in the development process in the engineering side building side planning side you don't have to guess oh who is the supervisor, do I talk to Joe or Laurel or Chu. There's one Point of contact. We're there with that individual but for those people especially who aren't as familiar with San José and maybe they don't know Joe or myself, this way they would know okay, if I have a concern, here is my single point of contact. So it's something that we thought, we've been looking at it over the years and now that we're a little bit more in a growth mode, we figured now is really the best time to be figuring out, is this an extra service that we might be able to afford and offer it to our constituencies.

>> Councilmember Herrera: And are we looking at this in termination of another position within the planning department department, planning department building and code department or the chamber and other organizations that might be able to provide folks, or could this also be somewhat of an auxiliary service?

>> Laurel Prevetti: It could be. We haven't even gone down to that level of detail. Clearly if we want it to be part of our budget it would have to be supported 50 fees. We'd want to talk to our customers to make sure they felt it was an appropriate use of the overhead portion of their fees. Otherwise we're certainly looking for more partnership opportunities with the chamber and other small business group. So we're trying to keep an open mind but it is an area we thought we should really understand what are other large cities doing to ensure good customer service.

>> Councilmember Herrera: Great, well thank you very much Laurel. I don't think we need -- we don't need a motion on this so it's a verbal report so moving on to Real Estate sales update and streamlining recommendations. Nancy.

>> Kim Walesh: So for this we have Nancy Kline, who is our deputy director who oversees business development and real estate, and Terry Medina who is the manager of our real estate unit. And I wanted to point out that these two have transformed the City's real estate function since it was brought over to OED. Nancy is going to start us off and Terry is going to make the presentation.

>> Yes, and actually, Madam Chair, members of the committee I was actually just going to take a little license and tell a bright spot that the councilmember raised, chair raised about employment. I had the good fortune to be -- we periodically work with companies, Paypal, eBay, with one of them, and in working with is eBay paypal, when they did their development agreement with us they had 2500 employees. They quickly went to 3,000 and then they went to a holding period. And now, today, the two combined, campuses have 7,000 employees. And they have annually just begun a 400 internships a year and their new hires, a quarter of them at minimum will come from that internship program. So John Dunahoe is very committed to make sure that young graduates are finding places in the community. So it was just very apropos for how you're thinking and a very bright spot with

employment stories. With that I do want to jump into Real Estate sales update and leasing streamlining. And what you'll hear today is about a tale of two small but very effective teams. The first one being the real estate team. And I just want to highlight, Terry Medina in particular very effective, very good strategic thinker and he's done a lot in a short time with us to make things go a lot better. So we want to really focus on the fact that Real Estate is often -- people don't necessarily think about or have the familiarity about what real estate does. You think about sales. But there's also a tremendous amount of work in right-of-way, tremendous amount of work in informing departments that need strategic support in what they're doing to make their transaction happen. So Terry he's going to outline for you a little bit about what we've been doing and what we are going to be doing and then I'll come back just to touch on some of those difficult properties that we had that we're looking forward to sell.

>> Thank you, Nancy, appreciate it. Good afternoon, thank you for allowing us to be here today. We came to the CEDc in January of 2012, hard to believe it was eight months ago already, time has gone by so quickly and provide you a quick summary of the staffing levels, where we did, where we have been and a little historical perspective so what I'll do today is skip all that good stuff and just give you a real real quick summary of the Real Estate area by the numbers as I like to refer to it. We have in our current staffing it includes four real property agencies, an analyst senior clerk and senior executive analysts. In 2012 we generated over \$6.5 million in revenue with the city with that staffing level, pretty phenomenal. We also sold over \$4 million of real estate last year with that group. And I should say that at one point in time we had a 60% vacancy factor in that group so it was pretty awesome what they were able to accomplish. On the budget side as compared to our \$6.5 million in revenue we cost the city \$3.1 million and with that \$3.1 million actually 1.9 is just for leasing of space. So you can see a pretty significant amount goes into that expenditure budget. Our streamlining that we presented to you in the past essentially focused on surplus sales and establish cooperative agreements with other public agencies as a first priority. We then are going to move into records management and retention into the leasing program where the city is the landlord including our valuation of nonprofit tenants, the city is a tenant in facilities and then telecommunications facilities. Finally we're going to look at property acquisition for both permanent and temporary rights and the relocation of businesses property owners and tenants. In 2011-12 we focused on that evaluation and streamlining of the process for sale of surplus properties. We also worked on the getting a cooperative

agreement with the Santa Clara Valley Water District which we were successful in doing. We -- and we are currently working very closely with VTA on the bus rapid transit and the BART project. We also began our records management because we felt that getting our records in order and having a method in which we could access data in an organized manner was critical to our success in the future. In February 2012 we actually went to council and provided recommendations that the council approved and proposed three categories. The category 1 we referred to as our higher value properties. Things that are certainly over half a million dollars, typically, more complicated, type of property to -- I'm sorry -- typically more complicated type of property to market and sell, and frankly not as many of those types of property within the City's inventory. In our proposal what we requested from council is that we could actually come back with a negotiated preliminary term sheet from a perspective developer on a large piece of property and asked council to move forward to begin our community work and also to finish the deal, the negotiation of the deal. We would then come back at the conclusion of those negotiations and community outreach and ask council's approval for the agreement to sell the property for the stated process. We could also do an RFI as we would have done in the past and we may receive unsolicited bids. Our category 2 properties which are less than a half a million dollars but have some development potential, in that particular case we would do similar activity to the category 1 property with the exception is we would not come back to council two times. We would come back one time to council and provide a complete offer that the council would review and either approve, send staff back for additional research or deny. We could again do the RFIs and unsolicited offers as we did with the other categories. And our final category is what we refer to as our lower-value properties. These are the properties that are less than half a million dollars and essentially not developable or their development potential is very, very limited. And then in all candidness this is the bulk of our properties that the city owns, that we have a lot of small strips, things that are not of significant value as you look at our portfolio, but take as much time to do as the category 2 properties. And this particular case, on these properties, we would go through a competitive process for the sale, or we would negotiate with an adjoining property owner because they would typically buy a little bit of excess land next to their property. For 2012-13, bringing us up to the present, we're currently marketing 14 properties which again, with four real property agents, is a pretty significant amount, considering all the other activities that Nancy alluded to in the beginning. We're using a competitive process for bid and negotiation. That process includes advertising the properties in the Mercury News on three consecutive weekends, using online sales services, including Costar and Loop Net, placing for sale signs on the property,

which right now I believe we have eight for sale signs on the 14 that are out there. The others not being practical, because they are hidden from the street et cetera. And advertising the properties on the City's OED Website which we have actually modified since last year and made it a little bit more user friendly and hopefully catching more attention. The charts shown on the PowerPoint slide that you're referring to now actually only has 13 properties because one of them we're bringing back to council already ready to sell it so we're making progress. We're anticipating we're going to generate 1.4 million to the General Fund just on the sale of surplus properties this year. Now we're going to talk a little bit about what our efforts in 2012-13 are in terms of streamlining. Again we'll be returning to council on October 13th with the necessary changes to the Municipal Code to implement the surplus sale streamlining efforts that we worked with the city attorney's office with. And we're going to be evaluating our current real estate leasing program. Again we're working on those three of the five top priorities right now that I referred to in the beginning. We're going to be looking at our city as landlord for city operated properties including those community based organizations. We're going to be looking at the city as a landlord for our telecommunications facilities which is about \$1.2 million in revenue at this point in time. And then finally we're going to be looking at properties where the city is a tenant. And in the city as a tenant, essentially going through some numbers for you here, with city as landlord, we have 54 locations. Some of those locations would include the municipal stadium, would include office space, former fire stations that we currently lease, and some of the former RDA properties. The 36 properties for telecommunications, those were with companies such as Cingular, metro PCS, Sprint and T-Mobile. And finally the 34 private locations that we're leasing space at are typically for specialized services like the e-911 communication facilities or the police evidence warehouse and we also have a vacant land where we used to store traffic poles because we don't have any location on site. Our streamlining efforts for the City's leasing program, well, actually we are looking at all of our files as part of our records retention, so we are organizing the files, we're getting rid of unnecessary information where there is duplicates or outdated information, developing a traffic system for possible amendments, terminations, just to know what's going on with our lease, which we don't have today, and finally we're going to be using document scanning technology and indexing to put the files into a method where we can actually retrieve them without a hard copy file. We've current gone through approximately 70 boxes, archived boxes that were on site, and reorganized that and consolidated down, so they're making some significant progress in that area. In addition we are going to be evaluating the items that were recommended by the City Auditor, there were nine items that were

recommended, most of the items related to the community based organizations. So we'll be looking at that as we look at the not for profit leases within our areas. In terms of the next steps for our streamlining efforts for 12-13, we are going to come back again to council on the 23rd with the changes to the muni code that are necessary and speed up that process and mirror some of the railway that the RDA used to acquire their properties. We're going to continue our efforts in generating revenue for sale of surplus property, again \$1.4 million in General Fund from sales alone and we are anticipating around \$6 million total again. We're going to complete our review of the city's leasing program, and we're going to return to this committee with a report of our findings in August 2013. I believe -- thank you and I believe Nancy will make some concluding comments.

>> Thank you, Terry. Just wanted to give a quick update. So we have a handful of somewhat difficult properties that we all sometimes talk about. But I wanted to assure council and the committee that on Japantown E lot and singleton in particular, there are defined approaches we're actively working on how to put those properties into good use and we hope to be bringing back information about those during this fiscal year and well before the fiscal year for accumulate of those properties. And on the Hayes in particular, we are actively engaging and talking to folks whether they be in the residential care or in the university field that may be able to put the Hayes to good use. The challenge remains that the outstanding debt on the fast is \$60 million and the appraised value is somewhere between 17 to \$20 million. So we're trying to be creative and think through possible users and public-private partnerships, perhaps. With that Terry and I are available for any questions you may have and thank you for the opportunity.

>> Councilmember Herrera: Great. Questions? Questions? On the revenue, the \$1.4 million, is that anticipated from these -- the 13?

>> Yes.

>> Councilmember Herrera: So if we add up the one in progress that's going to get us to 1.4?

>> In addition to those we do what is referred to as temporary right, for a weekend event, we charge for that so that is beyond the 13 properties that are listed.

>> Councilmember Herrera: Where are we getting that additional revenue that adds up to the \$6 million, is that the leasing and --

>> Yes it includes leasing and it also includes sale of property that are nongeneral Fund such as a sale of a park property or a fire station or a couple of examples.

>> Councilmember Herrera: Okay, great. Any other questions? Okay. If not, we need a motion to approve, accept the report.

>> Motion to accept the report.

>> Councilmember Liccardo: Second.

>> Councilmember Herrera: All those in favor, opposed. And moving on to the downtown illumination project, I think Lee Wilcox and Kerrie Adams Hafner are going to talk about that.

>> Kim Walesh: We have Barb Goldstein and Jennifer Easton who is also in the audience and may also come to the table. This is actually a series of projects that are really starting to come to fruition in the downtown, and we thought it was important for you to see the whole story what's here and what's coming shortly.

>> Councilmember Herrera: Yes, illuminate us.

>> Kim Walesh: I think Lee is going to start the illumination process, and then And then Barb and Jennifer are going to walk through the presentation.

>> While it is getting set up. Kim mentioned the distinctiveness is important to the city and it's really important for downtown. As we've come to this committee before and talked about downtown, we've spent a lot of time talking about operations and management, how we work with the arena, Team San José, our department of transportation and the downtown association, and last month the city and downtown association spent quite a bit of time talking about business development and how we were working with businesses on the retention and attraction front to help move down the commercial vacancy rate. What we have not talked about is the design and place-making and how important that is to any downtown specifically for ours. When we're out on visits our uniqueness, the -- our existing our place-making opportunities are really what drives our talented workforce to San José and to the downtown. And our businesses are able to take advantage of that. We're really lucky in the city to have a very good director of public art program, Barbara and a very deep bench to kind of move forward, real innovative public art and innovative place-making opportunities and this is one that I've got to say personally I'm really excited about for downtown. And with that I'll turn it over to Barbara.

>> So we get to talk to you about the fun stuff. So what our interest is in creating a dynamic and interactive cityscape for San José. When we developed our public art master plan a few of years ago we really identified key areas where we wanted to see things happen, both iconic big-deal types of projects and smaller-scale projects. And moving from that we had an opportunity to apply for a grant this year from art place which we did get for \$600,000. And this is the seed money for the project that we're talking about today. To initiate this project we had a charrette in February where we really looked at what would it take to animate downtown with lighting. And how would we want to go about that. And oops, wrong way. And what we decided on was really focusing on two areas where there was a real opportunity to kind of complete downtown. San Pedro square to the shark tank and Diridon station, and the convention center to sofa and wanted to look also at key types of projects. Beacons, wayfinding, opportunities for interaction and gateways. These are things that had been articulated in our public art master plan and in our downtown plan and things we had already gotten started on. So for example we already have a really great beacon downtown and we would like to be able to adds to that. We completed this project in 2006 for Adobe and it really is the gateway to downtown as you're driving in on 87 from the north. We have way-finding systems that are getting started. This project here is a series of interactive lighting sculptures that will connect San José State to the convention center. And will be installed in

mid November. We've already got an opportunity for interaction that we'll be adding to with this project. We are going to be opening up this project for the community to program. And putting a webcam on it so you can actually see it from home and change it from home. So the first project that we're going to be starting on is a gateway project. But just to remind you, this grant was recognized by city council about two weeks ago. And it's being matched by percent for art funds and by funds from the downtown association's P bid beautification committee as well as in-kinds funding. Our first project is a gateway. This is a project we really need to give credit to the beautification committee for getting rolling. The idea is to illuminate the space under 87 at Santa Clara and we're also adding San Fernando in that. We've just selected artist Dan Corson to create this project, and we've already gotten support from Phillips Lumaeds which is going to be providing all of the LEDs and we're also looking with CalTrans. So just to give you a taste of what we're looking at here. These are the two underpasses that will be developed as part of the gateway project. And the first one, San Fernando, what Dan is proposing is to create an artwork that allows you to see what you can hear underneath there. The sound of the cars going over the bridge, the sound of the roadway, the sound of the river. But to actually make them into visual things. So with both paint and with lighting, he's creating a dynamic artwork that will change as you go through the space. And the different sounds are created. So this is what it's going to look like. It's going to have three different color sequences that you'll see at night. And they represent the sounds of the river, the road, and the highway up above. The second project, which is probably going to be the first one to be implemented actually, is Santa Clara street from San Pedro square to the shark tank. And in talking with the community, these are the kinds of things that Dan heard about, that people were really interested in, creating networks and representing the nature of the place. And he was really thinking about the idea about -- that all of us represent our own little networks as we walk around with our cell phones in our pockets. And trying to figure out a way to connect those networks up and particularly to connect the space on the west side of the overpass to the space on the East side of the overpass so the space didn't feel quite so scary. And was thinking about the idea of networks being things like drops in the water that ripple out. So what he's proposing is a series of these individually changing halos of light. These will be both real lights that are encased in plastic halos, as well as paintings painting on the walls of the freeway, and on the columns. And some changes to the overhead lights. And these will be activated by people's motion through the underpass. It will be pretty wild when you go under there. And it will change day and night. And then, a last piece which he just came up with, we didn't even direct him to do this. But this is a very important element that we will

be looking for funding for, is a way to connect up about businesses that are along the trail, to the shark tank. When you're walking on the trail. Because it can be a little scary at night. And so he's created a proposal for a solar activated lighting that will create kind of ripple shapes on the paving at night. And this would be a great way to get more people to use the trail at night. So the next step is, that we want to move on to the beacons part. And our idea is to commission artist proposals to light the high rises that surround the convention center so that you see a kind of dynamic light scape as you're flying into downtown and as you're walking around downtown that really tells you that this is the convention center. So it would be illuminating the tops of the hotels, illuminating the consequence center roof. So what we're going to be doing is commissioning artist proposals to come up with ideas that would show what this would look like and identify building owners and other partners that are interested in supporting this idea, as well as industry partners that would participate. And just to give you a flavor of what's already coming at the convention center, this is the proposal that is actually going forward at the convention center now. This is the project called idea tree. It's going to be going in the front of the convention center. It's by artist Su En Yang who is Korean and lives half of the time in Seoul and half of the time here. This is the project that is activated by sound, incorporates sound and also incorporates light. And this will will also be illuminated at night as you can see here. So we're hoping that surrounding the convention center by a year or so from now we'll also have a fully interactive night scape and I'm happy to answerfully questions.

>> Councilmember Herrera: Any questions? Pierluigi.

>> Councilmember Oliverio: Barbara thanks for really visually impactful presentation. On the 600,000 does that cover the West San Fernando and the West Santa Clara illumination?

>> Yes, yes.

>> Councilmember Oliverio: So all those funds will be dedicated for that and you've identified other things for the future?

>> Actually we're using about half of the funds for that, and the other half is being made up by matches both from city percent for art from the downtown association's putting 100,000 in and in-kind.

>> Councilmember Oliverio: And then the as depicted, we feel that's how it will look as far as the illumination?

>> Yeah, it will, yep.

>> Councilmember Oliverio: Okay, thank you.

>> You're welcome.

>> Councilmember Herrera: I just want to say thank you for report and it's inspiring and thank everyone involved including the downtown association for that contribution. So I think we constantly are looking at you know what kind of iconic things that the San José say about us that we don't have the Golden Gate Bridge. What do we have? And this looks like something we'll be able to talk about. We have the light, we have the natural sunlight, we're such a sunlit city and now we'll have the lights in the evening too. I know Paris has the first hold on city of lights but I think light is -- that's a great theme and I really applaud the work and look forward to seeing it.

>> Thank you.

>> Councilmember Herrera: Seeing more of it in the city. So we have someone that would like to speak on this Scott Knies downtown association.

>> Good afternoon, Madam Chair and members of the committee, Scott Knies executive director of San José downtown association. So why are the property owners investing \$100,000 in this project? We have done a lot of the beautification work around the flowers and some of the tree lights and trying to activate the downtown. But our committee really wanted to go to the next level that Lee was talking about, the place-making part. We identify the underpasses and we're so delighted to work with our partners at the city on kind of raising the bar with this type of

a project. We just got back from Minneapolis last night where I heard Dennis skull who is the vice president of the knight foundation talk about their soul of the community project. And we're very blessed here that San José is one of the knight cities. I think all of us are really interested in what attaches people to community, what binds people to the community. They've done research on it. Their soul of the community report talks about art not just in terms of the aesthetic value but in economic development terms. Especially because all of us really interested in attracting more millennials to our cities and what the millennials want is first and foremost they want a community that has social interactions, they want aesthetics and they also want openness. And San José has that, in spades. But we can certainly do a little bit better with our place making and aesthetic investments. So this is something that the property owners who are taxing themselves with the P bid funds really want to move forward with this new term with the P bid and really try elevate and help work with our partners to make greater places. So when you're thinking about the percent for art program and looking at the infrastructure investments this City's going to be making on sewers or what have you, let's keep this in. Not just for the aesthetics but because it's a great economic investment tool for the city.

>> Councilmember Herrera: Thank you Scott and thank you very much for emphasizing that point because it is key. It's very, very important it's not -- although we all love art, art's a vital important part of our economic development strategy. Sam.

>> Councilmember Liccardo: I just want to thank Scott and many folks members of the P bid for making this investment and really everybody for jumping in. Barbara thank you for your leadership. As I recall Phillips Lumaeds got involved because of Scott Landau, is that right? This is just an example where members of our community step up and drag their companies along and as a result, we have something that's plate remarkable, and so you know, we have a lot of great folks in this community who are willing to jump in to make something exciting happen. I know that our next step after we implement this very exciting piece is going to be looking upward at our buildings and I look forward to seeing how we can get our property owners to light up our skies on their buildings as well.

>> Great, thanks.

>> Councilmember Herrera: And also thank you to the P bid owners too, thank you to the businesses that are stepping up. We need a motion -- Pierluigi.

>> Councilmember Oliverio: One more question. As far as the illumination of West Santa Clara when's the estimated date?

>> The West San Carlos -- the Santa Clara bridge? Let plea ask Jennifer.

>> Probably the spring.

>> Councilmember Oliverio: Thank you.

>> Our main challenge is CalTrans.

>> Councilmember Liccardo: Oh, that's new. [Laughter]

>> Councilmember Herrera: Okay so we need a motion to accept the report.

>> Motion to accept.

>> Second.

>> Councilmember Herrera: All those in favor, aye, motion carries. We're on to our last item which is business outreach and development strategy.

>> Kim Walesh: Business outreach and development is just at the heart of everything we do in the Office of Economic Development. It is how we get those leads that lead to companies getting involved in the community

and it's really how we deliver value to our businesses and connect them ultimately to this place. So we wanted to do was do a little bit of reflection on lessons learned in the first year really of having one integrated business outreach team at OED and to share with you our priorities for this coming year and get your feedback and really engage with you on the work that we're doing. So again Nancy oversees this work and we have Chris Burton who is our team lead and John Lang who is an absolutely integral minute of our team. I have to say outreach every single one of us is involved in business outreach and very committed to this work.

>> Kim the thank you very much. The business outreach team most of us sit before you. So John Lang, Chris Burton Scott Green who is upstairs working, and as well as Joe Hedges, and Don Burris who just left us so we will be hiring for that position. And of course Lee Wilcox. So we all have slices of what we do but that leads to -- but all focus on business outreach and that leads to a very important point that what we've done over the last 18 months and particularly over the last year that really hone that every outreach visit has multivalue strategically thought about what circles you talking about the public art project just enumerated a very important one. So we have had many, many contacts with Phillips LumaLEDs and several of us, in fact Lee, myself, others have known Steve for a long time, and we have looked for a project like lighting up the City Hall and finally they were really excited to find one where their technology makes sense and it gives them a really big name. But it goes to the idea that in order to achieve multiple goals we really have to look in new ways about relationships and how we spread those relationships and how we look for public private partnerships as we move forward. And I do want to highlight Chris's efforts. He's really smart and he's really effective and so he'll be giving the presentation on business outreach this afternoon.

>> Thank you, Nancy.

>> Councilmember Liccardo: Don't screw it up.

>> Councilmember Herrera: No pressure!

>> I know. So we're just going to try and blow through some information fairly quickly just talk as Nancy and Kim mentioned. Some of the successes, 11-12 was really a year of transition for a number of different reasons. So we'll get into that. What that's meant is that our entire thought process around business outreach and business development has evolved as time has gone by. So we'll run through some of the lessons learned. We'll talk about our framework for outreach. I'll hand over to John who can get into the numbers, talk about where we are in the economy and then we'll just lay out some of our priorities going into the next year. So as I said a year of transition. And not only because of the elimination of redevelopment, write cut our team -- which cut our team of five effectively in half but then also you know a lot of turnover internally, the pressures of a growing economy. We set ourselves a goal of 250 companies to get out there and meet with over that year. We exceeded that goal, we hit 285. And along the way made some very important relationships. I think when we were here about a year ago, we talked about the difference between a retention and attraction. And while attraction gets a lot of the press because it's seen as new jobs in really the majority of our work exists in retention and the relationships we can build with existing companies. These relationships tend to need multiple visits in a short time frame. You know we'll work with a company repeatedly over a couple of months or we'll touch them once a quarter or once every six months. So you know, 285 companies represents considerably more work than you might just assume an hour or two-hour meeting might. So in maintaining those relationships, they give us most of our lead generation. You know really the only measure of success in retention programs is whether the company's still there the next year. Or if they leave, you know it's a measure of failure. So we like to think we've been successful, there haven't been that many exoduses that we can point to. There's serge been some significant retentions some big companies moving around within the city that we've worked with very closely and then also consolidation from other areas which is very encouraging. Beyond that as we've gone through transition we've tried to focus on a one-team coordinated approach. When we spoke to you last year we spoke about implementing a customer relationship management system. That's well underway. Everybody knows where everybody else is. Who we're talking to. We're recording information more efficiently. So we have a system for collecting business intelligence so that if we hit a company six to eight months later we know when the last conversation was because it's all recorded internally. And then obviously working with our partner departments. PBC is a great crutch for us at times. So many companies come in through the STI ITI process, to inter great way for us to find those companies that we need to work with because they're already making an investment in San José. They're either moving,

they're expanding, they're re-investing in equipment or facilities to that's a great entry point for which we'll sort of engage and then continue that relationship and bring other tools to that conversation. So as far as lessons learned, that the key lesson learned was our value proposition works. And whether we talk about our value proposition that goes beyond the traditional business assistance programs. When we were here last year we talked about five key value propositions, we'll get into it a little bit about what that means. But especially as we lost redevelopment which was obviously clear financial incentive to many people we interact with companies. Added together, a number of different key viewpoints that then allowed us to add more value to the companies we interact with. Beyond that, obviously, an integrated approach that Nancy was alluding to really maximizes our exposure so when we think about a team of five people that are out there we obviously have a lot of demands on our time that aren't outreach. So Lee is working very hard in the downtown. So to the extent we can leverage any exposure. To the extent that Scott is heavily involved with the prospect Silicon Valley project any opportunity to look at potential users sponsors partners those are great opportunities for combined outreach so we always look for those opportunities to make the most of the meetings we have. Also, you know the right balance of staff. We're very fortunate to have Don Burris on the team for six months unfortunate he departed Friday and the great piece of Don's role is we could literally have him at the building 100% of the time. He was out there meeting with companies working with companies and for us add times that's a luxury, because there's so much to do but there's certainly a lot of benefit there. At the same time when we were working through projects like the construction tax modifications like the North San José incentive, the ability to have all of that outreach experience and that constant dialogue back and forth with our companies made that a much richer experience and we could certainly provide a lot more input into that process in what companies need and how they respond to particular programs. So it's really finding the balance we can't just devote the entire time to outreach full time, as much as we would like to, it really relates back to other work that we do. So obviously a single point of contact and probably not contact but coordination is necessary. This is a really important lesson that was used through the CRM is that we can actually leverage value through all that business intelligence. It's not just residing get nag feedback but if we're collating and collecting that information and using it more effectively then our interactions become far more involved and far more valuable. Brokers and also property developers, property owners still remain a very important relationship with us. So much information comes from that rich. We meet regularly with the brokerage houses, we have great relationships with a lot of the key owners and developers out there so we know

where they're at it helps us drive significant investment. Again when we're talking about those other business programs that came through development services recent we had segregate tie backs regarding North San José incentive and then construction taxes is a real fine art. People don't understand it but being able to work with brokers more closely and business owners they ask relay that in an appropriate way to the companies so that they could understand the value that that represents in real terms. And then, obviously, lastly that the partner organizations, being a small team when we can leverage other people's time and resource, that's great for us. Some of the really good relationships we've been working within, the clean tech open, I'll talk a little bit more about that in a moment. There's a startup group called hackers and founders that represent over six and a half thousand startup companies or people interested in starting companies and we've developed a great relationship there that gives us broader exposure. There's a manufacturing group called the product realization group, we were actually at an event of there is a week ago that gave us exposure to numb of existing San José companies and also a number ever companies that were looking to relocate. So leveraging these relationships are really valuable. The most valuable I would say has been related to downtown, in association with the San José downtown association we've developed a combined business outreach program that's already been out to over 100 businesses since the start of the fiscal year and having that combined messaging and combined resource has been really important in that work. So as far as a framework for outreach, we did touch on this a little bit last year. As I said it's certainly evolved. What we tried to do is lay out the why, what, how and who. Obviously the why relates back to the economic development strategy. Goal number 1 is to encourage the development of companies and sectors that dry the Silicon Valley economy and generate revenue for the city services and infrastructure. So first that's just jobs revenues and investment. How can we get companies to grow, how can we have them contribute to the tax base and then also how do we investment infrastructure and people and the way we do that is through our ongoing efforts which is to outreach more broadly but obviously rehe tension expansion retention, the 5% silicon Valley economy and then through general facilitation so that's our direct link into a lot of the permitting activities. The how, this is the piece that really represents our value proposition. So business assistance or the traditional programs that we often talk about, enterprise zone, foreign trade zone, it's if use tax incentive program, expedited permitting, there's still a huge amount of need in that space. However a lot of those programs focus solely on people making investments in their current facility or moving into the facility. So if it's a company that's either in decline or needs ongoing support or needs that little push to get them going how do we

interact in a different way based on the fact that we don't have fiscal resources that may have been available previously. We broaden the workforce development great number of free programs to business that comes out of Work2Future that are incredibly important train workers to higher degree make them more productive. We leverage our networks. We make introductions and that's not just between companies. We do that with state and federal government. We do that across the board. It's amazing how many people are interested in meeting the people we meet. And we've leveraged that in a variety of different ways. A new one which is really been an evolution over the last year is the idea of community connection. So it really started or really gained momentum around the PWC I-LEED challenge that we can have a very significant effect in helping a company connect to their community. And they have a variety of motivations around that, whether it's their marketing budget or whether it's talent attraction whatever it is, there's significant interest out there and if we can help leverage the resources that we're connected to whether it's nonprofit organizations whether it's different initiatives that are going on within San José, if we can help capture that activity more locally and see more investment in a lot of those organizations within San José rather than the broader Silicon Valley. So that's become an important pieces of work. We've got some new work coming up with paypal, some new initiatives we've connected folks through Christmas in the park the jazz festival. And ans joint marketing which, covers a wide range of things. At one end of the spectrum I think demonstration, so the demonstration policy is great leverage for the companies that access that. And the real value to them is to say one of our first trials was in the 10th largest city in the country, right? So that's a unique joint marketing opportunity but it goes as far as things like ribbon cuttings. So if we take you as councilmembers to a ribbon cutting that can drive press attention and can give people greater exposure. And we do have a great example of that that we'll get to. Lastly just to touch on the who, 285 companies out of over 60,000 companies across San José. It's difficult to pick the who so we focused in some areas. Obviously the large anchors. Key growth areas things like manufacturing clean technology medical devices that we see development in those areas so we focused on companies there. Obviously any incoming investment we try and facilitate and leverage to the best of our abilities and then as I membered the key sectors. But then also the growth companies within thesesms. So we're starting to shift our focus. There's a whole consume of thought that talks about where employees regret added or what stage of a company so we're using much more of our data resource to sort of touch on that and give us the best bang for our buck. To gives you a couple of examples what we've done is flipped that framework around to try and translate it back. It's tows talk about a

framework but this is where it works on the ground. We did have a video to go with this one, unfortunately we're having technical issues. Altia is a company in North San José, they create digital yellow price tags in the grocery store they have a digital version of that and there's some really compelling reasons as to why they are doing that. We have seen significant employees added there. They're in one of our key sectors in that they're in mrvge and they're in technology, forecast cometon technology. So we reached out to them through ongoing outreach basis. We worked with them on nucleus of business assistance program but the real key for them has been the idea of joint marketing. So they asked us how can we help get their name out there and how can we help them with their projections. And so through our work in manufacturing, we've actually gained a lot of interests from a number of different reporters who have been running articles about on-shoring of manufacturing. That's what Altia has done, China back to their San José facility oochts and so there's an incredible number of interested journalists that are looking for that story. So last week Mike Cassidy with the Mercury News had a great piece and there's a great video that accompanies that, that shows the inside of that facility. And that's a significant amount of connection that we built directly with the Mercury News for them. So as I said sort of part of our rehe tension and outreach secondly products that's also directly related to revenues in the city. So CTS is another one of our manufacturers we've had them in to talk to you previously. They're one of our contract pleasers. They're getting close to 500 employees I believe now they're in one of our key sectors. We've worked in enterprise zone down in South San José. We've also worked around facilitation around expansion of their facilities. And around equipment snoblings, the latest panel funds so we're working directly with the state and with CTS. The state has streamlined much of the process around that program. So we were looking for a test case where we could put it through system and see Ho how it went and CTS is the perfect candidate, really interested. We'll take that forward and beyond that we'll be able to promote that program more successfully with other programs. So again it fits into a lot of our buckets and as a direct result getting jobs and revenues from a direct company. Last example the clean tech open has been a really great rich since its founding. We gave wide variety of emerging growth companies so when you think of you know all the companies that come through their local competition, but now when this falls into the joint marketing piece they're now bringing their global forum to San José in November, November 8th and 9th. They'll have the global competition actually at the Hayes mansion. So this is that sort of really unique opportunity to do joint marketing between the city and a private organization that promotes economic development more broadly but that's also leveraging nor of our time because it's a direct connect into the project

Silicon Valley project as well so it's bringing together a number of pieces and really leveraging that time. And then obviously through that we make a lot of network introductions for a lot of the companies that are in that that then goes through and results in more jobs. With that I'm going to hand it over to John to talk about the economy more broadly and hopefully you'll see some of this tied together.

>> Thank you Chris. I have six slides I'd like to walk you through, sort of a short preview of economic indicators that are certainly on the upswing and reflect the changing environment here in San José and Silicon Valley. I think the brightest star in the bunch is certainly the change picture as it relates to jobs and unemployment. So our unemployment rate for the San José metro rate is now down to 8.5% in August. It was previously at 8.8% in July. And so, we continue to see people getting jobs, and whether we look at that number specifically, there are a couple of different factors that are changing. One is, we're having a change in the labor force that basically the pool of people that are available to work. And then we have people coming off the unemployment roles and getting jobs. So what does that necessarily translate into? It translates into about 2200 people with jobs now when you start netting out the numbers which is a very positive change. It is a slow change but it's a very positive exchange. For San José specific our unemployment rate from July to August weren't from 9.7 down to 9.4%. So we still have roughly about 45,000 people unemployed right now. But I think there is a change afoot as I work through some of these other indicators to really kind of help peel away at that 9.4%. We do have year-over-year job growth of almost 30,000 jobs. This is actually leading the nation for large metros in terms of percentage of job growth. So very significant job growth. I do want to highlight the fact that you know, through the relationships, Chris has been talking about whether it be through Work2Future, businessownerspace, we have been talking to San José State, they have their largest number of recruiters looking for jobs. So very, very significant change. Very positive movement in that direction. So through the different partnerships bringing partners to the table to provide those opportunities. In terms of kind of where we're seeing the jobs grow, professional services is clearly the leader. And we're seeing continued growth in the information and computer systems design. Those categories have been kinds of leading us out of the recession if you will. The last two indicators are a little different spin on the unemployment situation. So the conference board produces an index that really kind of, in simple terms, looks at the supply versus demand for labor. And they have this index that's help wanted, online advertising. And it indices the amount of jobs that are being posted online versus the number of unemployed. And

for San José, that index number is 1.55. Well, when you look through that number what it really reflects is basically for every one unemployment person there's roughly .6 jobs available. This is not the best situation but it actually is not bad. In the ideal marketplace, an index number of 1 is the best. One job opening available, one unemployed person. So when you look at our index number of 1.55 and compare it to a nation of 2.67, we are in a little bit better situation. I think the number is also indicative of the fact that there is a lot of competition for jobs. And we hear that all the time about the number of candidates applying for a particular job. So that .6 is really reflective of a lot of people competing for a whrived amount of positions. Where does the job forecast lead us? Well, we will continue to see our unemployment number fall. Low economists are envisioning that the local unemployment rate should be dipping down to around 8%, and beginning in 2013 we should actually moifl get into the 7% range which is a significant improvement. Tied to that is actual job growth. So unemployment really reflects our residents, whether they have jobs or not. The job numbers are basically the jobs that are available at businesses. And we are envisioning that the job growth will continue around 2 to 3%. It's not singing but it is ongoing so it's baby stems if you will . I think other real common analysis on the economy is that it's not so matter -- it's not so much the direction where we're going anymore. It's really the magnitude of the recovery. And we're kind of bum being along if you will some it is not quite where we were pre-he recession but we are coming out of it really slowly . As far as real estate trends we have had a lot of movement in commercial real estate. San José's vacancy rate is around 6%. This is actually consistent with where it was last year so there has not been a lot of change in basically retail commercial space. However, the county is seeing a little bit of a change. And that rate is moving from 6% to 7%. So other parts of the county are being affected with change in retail vacancy. Have a very significant improvement in the San José R&D space. As you can see from the slide we've had a significant decline in vacancy rates for R&D product. Roughly 20% down to 16%. Very positive given San José has an abundance of R&D space, in fact has the largest amount of R&D space in the valley. Very positive improvement there. In terms of the office side, the rates are also continuing to decline a little bit from approximately 21% down to 18%. So once again, the markets are improving slowly. And part of that is indicative of some of the outreach in activity that Chris was alluding to. I think it's important to really give a hat-tip to development services and the work that they do, whether it is through tenant improvement or new construction. They play a very important role and it's certainly helping with lowering vacancy rates. There's a -- also a correlation to the tax incentives that council has approved in the last few months, which has helped conspire some of this activity. So there is a direct

correlation to the policy decisions you're making as well as the work that's going on in terms of development services. The one outlier right anonymous is downtown. Downtown office vacancy continues to float around 20%. But I think it also is really reflective of the partnerships that you've heard talked about at this committee, and from Lee where we are gauging the property owners, the brokers, the downtown association to really try around chip away at that and it is really through a collaborative and partnership approach. And they continue to chip away at that in their outreach opportunities. The next slide focuses on sales tax. So the city just recently received an update on its sales tax collections. I want to put a little caveat in this. Very positive growth in terms of 9.5%. So this is the initial information we get in the state in terms of collections. So this not only reflects the economic composition, i.e., what businesses are collecting and reporting to the state, it also reflects the triple flip and one-time adjustments. So in terms of reading too much into this number, we need to be careful because we don't have the detail just yet. It was a large bump-up. That 9.5% is almost a \$13 million change. So very significant change. We're waiting to get a little more detail on whether that's an economic shift or a one-time adjustments. To give you a little indication, last time we looked at this there was a change of roughly about 8%. Approximately 3% of that was associated with economic adjustments, and the rest of it was one-time. So you can see we're outpacing the Bay Area and the state in terms of sales tax growth which is real positive. The one area I really wanted to highlight was, new car sales. So for the county of Santa Clara, they've had a year-over-year increase in new car sales of approximately 26%. What does that mean for San José? Because of the large pent-up demand that has occurred with this last recession, typically cars cycles out every seven years and when the recession hit, it was at the seven year mark and people delayed and delayed and delayed and now that the economy is improving people are starting to buy cars again. Our latest information on new car sales for San José specific is new cars are up over 19% which is very significant. That total dollar value is approximately \$11 million so 19% increase is about \$2 million increase. And that's really due to some of the domestics as well as imports. Chrysler Dodge fiat Mazda are all showing upticks. again a reflection of the option Del Grand dealerships opened up three dealerships and went through the permitting process in a very expedited fashion getting those name plates up to speed and basically allowed the city to collect on that opportunity if you will. Venture capital continues to generally do well but it's in a little bit of a trixion. Year-over-year, investments were a little bit down in the second quarter 2012. But there was a big shift in actually the funding. For a long time the funding has been at the later stage. Or expansion opportunities. And there was a big role reversal in this last go-round where VCs are starting to fund

early stage companies again, which is sign they're starting to take on a little bit of early risk. Highlight something for you, there were 11 deals in San José specifically in quarter 2, C shocking technology. Cell focus, Devera, penn Zura and ventureURA nndT and of those 11 the city and/Redevelopment Agency played a role in locating relocating, or working very closely with five of those. Being C 8 spider cloud nano, spider and cell focus. I'm going to end with just some figures that came out last week. We had the big decennial census which is kind of the benchmark of updating numbers and now we're coming into the American community survey which comes out on an annual basis and just reflects updates kind of at the census level of what's going on in our city. So before you we have highlighted some kind of key bullet points talking about the change in median household income, bachelor's degree once again, the city and this is not MSA level the city is certainly outpacing the nation when it comes to folks having bachelor degree or higher. One anecdotal piece I wanted to share with you is when we look at San José residents and the types of industries that they work in, so this is not necessarily an occupation but the industry they work in, 19% of our residents actually work in what we call classified manufacturing industry. Another 18% work in educational and health care services. When you kind of drill down and actually start looking at occupations and actually the types of jobs people are working on, in San José, you know I think San José's strength is really in its diversification of occupations. So when you start to break that down we have a very nice breakdown in terms of occupation. So management, business is 40%, service occupations is approximately 20. Sales and office is approximately 20. And then construction and transportation is another 20. So it's very diverse and segmented and it kinds of insulates us if you will from kind of major shocks in industries. When you compare ourselves with other cities and counties, typically they have an abundance in one category or another where we are really diverse which speaks to our strengths. I'm going to turn it back over to Chris and he's going to talk about our priorities for 2012-2013.

>> Thank John and just to add one more point that John was making it goes beyond diversification and to really touch on how we differ from other parts of the valley more broadly. So you know, the latest trend in Silicon Valley has been social media. But we've actually got much more diversification across industry segment. So when you think of the strength in our clean tech sector and I think to John's point on manufacturing hardware and technology is so grounded in San José and the South Bay that it's much broader than just the sort of general upswing that you see in other areas and that really stays us good stead for long term sustainability of the

economy. So based on all that we have highlighted our priorities going forward and how we want to focus. I'm going to highlight eight quick things but really number 1 is where all the work is at. So we set 250 companies last year, we hit 285. We think we can do that weefn a smaller team. A big part of that is maintaining those relationships and then trying to get out there to the next 250 to have this sort of active portfolio of about 500 companies that we're constantly interacting with, that we have that touch point or that person that we go to if we think there's annal appropriate connection to be made or we catch wind of some change or some opportunity that we can bring that way. You know while that's the majority of the work, the most important thing for us right now is staffing. And getting ourselves back up to strength. We have two open positions, not just Don's position which is a business development officer position but also the business communications manager is currently vacant. That puts a drain first posting the second is going soon. We are looking for absolute best to fill these positions. We know this is a critical piece of work we have to accomplish over the next couple of months and we want people that are going to really knock it out of the park and be best in their field. Beyond that we keep touching on development services and PBC but it actually goes much further beyond that. Departments like finance like environmental services are all business-facing departments and it's really important for us to work very closely with them to make sure we all have one voice and that we're actually capturing all those opportunities to interact with business and make them aware of all the services and opportunities that are available. So moving forward you know we're going to continue that important work we're going to get out there work with you know, front line staff because they're the ones that have to sit across the counter and work with these people, make sure we're they're aware of what we do and how we can help and at the same time give them the resources to point people in the right direction. Along those lines, you know we've talked bit previously the two San José platform and the choose downtown platform that is an extension of that some the moving forward of the new improved city Website, with the ongoing SJ economy Website which is the Office of Economic Development we really need to consolidate our brand and make you are a lot of that is tied to the hiring of a new communications director this will be a priority for them over their first six months to get this up and running but you know some work has been done there, there is a lot more that needs to get done. And then, you know, I think as John's alluding to you know, we do go back to the numbers regularly. We look for those opportunities where we can leverage the most of our resources. And look at those sectors that are going to get the best return for us. So we have a lot of sometime and resource already invested in things like clean tech. You know opportunity like prospect Silicon Valley are

really unique and the ability to leverage that against the companies we work with is really important. Moving forward we see great opportunity in medical devices. There's been significant upturn in that industry. We continue to work with manufacturing that's been incredibly fruitful for us there's a great deal of opportunity there. And working with companies you know again and you know trying to avoid them having to make investment part of what we do is help them reduce costs so those business assistance programs that are out there that can benefit them we want to make them as effective as possible. We recently got approved by the foreign trade zone board foreign trade zone in your business, so we're going to work together again with our new business communications person, to roll that program out more broadly. Get people aware of it. Help them understand the value in that program. We're also transitioning to a paperless enterprise zone so the hiring tax vouchers, were previously done in-house by our staff that's an incredible resource drain. That's now an online system. Where people go on and log on a lot of the information. That's a continuing resource for us. We're continuing to implement that and making people aware of that. And this opportunity with ETP is a significant one, that's direct dollars from the state that can support companies as they hire employees. In the past it's imij a difficult program for people to access. You know working through those first couple of examples since they stream lined it will give us an opportunity to streamline that program and how people can best access it so that represents a body of work as well. So that's what's going to keep us busy for the next year so leap to field any questions.

>> Kim Walesh: And thank you for indulging us and legalizing us take a little time lay this out. I think you understand how important this work is and it's important that you understand it and continue to engage with us as you have and sincerely want your feedback on what we've done and where we're heading.

>> Mayor Reed: Thank you Kim and Nancy and Chris and John for the presentation. Have any questions? Sam.

>> Councilmember Liccardo: Thank you for the presentation. It's obviously an enormous amount of work that's being done so thank you for all the great work. You know we often I know all of us have relationships with different brokers and executives and other folks that are out there that feed us information about who's moving and who's doing what and we all kind of report back and Nancy Nancy you got to hear about this. And I guess as I was thinking a little bit about as we were talking because I often hear from ail of us that it's not about the

companies that are moving it's about the companies that are growing and where they're growing not where they're moving that's really driving employment. It had me thinking about how we view sort of the human trip oorns wires out there and I know that our relationships in the brokerage community are really really important certainly. But I wonder about relationships with HR departments, that we hear so much about the fact that Facebook is opening, and growing an office in Manhattan and Adobe is growing employees in San Francisco. And you know folks are choosing to grow elsewhere because that may be where the talent, they perceive the talent is or where they perceive the talent wants to be. And I'm wouldn'ting to what extent we view HR departments and relationships with departments as being valuable in recognizing where the next hiring decisions are likely to be and how we can get out in front of those. Is that at all a pathway?

>> Sure. I'll start and Chris may well have something he wants to add. For example the conversation with paypal eBay is very much looking about where they are going to next grow and how we can get them to build the next building. It's an opportunity especially with the workforce benefits to actually look at those and have linkages also to have more people on the workforce board. So it is something that for example with Brocade and Flextronics and polycom that are taking place more, so that is more again part of the layering of the relationships and as we add employment train panel and the other types of services we'll be able to do more of that and there's probably an opportunity to do even more as you suggest to make it a push. But we also very much are tied into the Real Estate folks who are doing that same sort of conversation. From the property side or facility side as well as the HR side. John if there's anything.

>> We do -- it's a very important interaction with us. Alongside the HR director is purpose parts of the resonate with those people more, so we'll meet a CEO or a bis Deaf person and they've the HR director. There are limits there especially as you get into the big companies which is as they're planning out sort of their descings of staff whether it's globally or regionally or nationally, we still have to come back to the fact that we are a high cost location employees go towards the communities it's not the sort of driving you know bleeding edge R&D work that's often here and that they're willing to pay for here, a lot of it's just sort of operational stuff. But to the extent we can keep it local and the value of keeping those employees locally we certainly do.

>> Councilmember Liccardo: I guess what gets me thinking a lot about this is, if we were to rewind the tape two or three years nobody would say that you know Apple's going to move its headquarters necessarily but when Apple is expanding as quibltion as they are to communities close to us, I had heard they had been talking to some brokers and some land owners in San José and I know those talks were series but at the same time I wonder to what extent were there any sources of information or who the sources of information would have been that would have enabled us to get out a little sooner. And I know it's easy to play Monday morning quarterback but I'm wondering do we think we have the best information or, what does it take to get there?

>> Yes, we certainly had a lot of information up front. We're in a fairly unique position in that most of the large development sites in the valley are in San José. The ones that are left undeveloped. So we're often at the front edge of that conversation. A lot of times brokers and developers won't speak specifically about the gear up to those requests and are prepared for them. Again, as there is so many nuances beyond just our role in that.

>> Councilmember Liccardo: Sure.

>> That go into play.

>> Councilmember Liccardo: I recognize there are many bigger forces.

>> On that particular one you know I want to mention along those lines, Ru does a tremendous amount of work. She's very much a machine in terms of business outreach. And she had been in contact, as well as just on that very particular, we're very personally close to the real estate director for Apple who was formerly with Cisco. So we had made sure that the company was visiting several of our sites. And stay tuned, we think we're going to have some Apple folks in San José pretty soon.

>> Councilmember Liccardo: Yes, I appreciate that, I know you guys are working hard on that and obviously we look forward to it. Yeah, without going too much further I guess I just -- I keep wondering, whether if we are

depending on brokers if that information's coming too late if it's coming through the brokers. Is it generally true the brokers aren't necessarily the first ones getting the information?

>> I think a lot of the brokers are extremely well tied in because they have a long standing relationship with those companies. I mean they may jump ship but that's very hot information. And then several of us, as you're hearing, have had belong -- the real estate world is fairly small and a lot of the real estate folks from one company go to another. And so you ends up making connections more than you might think.

>> Councilmember Liccardo: Okay, fair enough.

>> It's not perfect though given how many companies there are, I don't want to oversell.

>> Just to add obt that, the board of directors probably fall into three buckets. You know there's the sort of traditional real estate brokers that are representing properties but then there's the tenant representatives and that's really who the important relationships are because they have the relationship with the companies and will know, they'll be part of that decision making process early on. And then the last bucket's really the investment brokers. Who are looking at the long term players around also developing relationships on that side too .

>> Councilmember Liccardo: Thank you. I recognize we often see only the tip of the ice burg. I recognize there's a big ice burg underneath the water in terms of what you guys are doing. The last question I have really have to do with the VCs, I know we all think a lot about how we bridge the 408 and 650 area codes and the clean tech open there is a lot of relationship dealing with the VCs. Is there any fill further South is there anything this city can do to actually engage a VC to be interested in being further south of the Stanford campus than -- than you know a five-minute walk to actually encourage companies who want to be close to the VCs to be around here too?

>> I'm actually going to put a slightly different spin on that. Because you know the VC market is in significant transition and I think as we've gone through the last transition we've seen some significant changes in the model. And especially when you look at sort of significant portion of the work especially around startups and

developing companies in San José is around hardware. And VCs have certainly moved away from hardware. So where we're seeing a lot of important funding coming from is the corporate development of if bigger companies that are making significant investments in smaller companies and they're absolutely here. So building those relationships is probably as, if not slightly more important for us right now to make sure that that remains a constance stream of investment for emerging San José companies.

>> Councilmember Liccardo: So it's the in-house.

>> Yes, totally in-house for the bigger companies.

>> And one that is emerging that we'll have to stay on top of but also is a great example of the -- Chris mentioned the PRG, they network and help advance manufacturing and the event that Chris mentioned that we were at, kick-starter is also very, very strong on a theme which is an online or Internet based funding source and we met a very wicked-smart guy who was a Stanfordgrad but his business which is called boosted boards, it's electric skateboards that you hold the control in your hand and you go like 20 miles an hour on your board, it's way-cool. And his office, his base is in tech shop.

>> Councilmember Liccardo: You shake your head now. You'll be on one soon. Tech shop, that's great. That's wonderful. Well, thank you.

>> Councilmember Herrera: Other questions? Pierluigi.

>> Councilmember Oliverio: Thank you for the presentation. I think you know, we must do this because if we didn't people would be harping on us that we weren't doing a good job in retention and recruiting and I think you have -- you're making use of the resources you have and working diligently. Question though, when you first started doing these calls to the 285 people as you got further into it did you find you were able to refine your message and make it more valuable to them? And then have you rounded about to go to maybe the first two calls that didn't go foo well?

>> Yes, absolutely and it is about the on going relationship but the pitch last certainly refined significantly. Whether we first went out and talked about co-branding successful project we did with this company or that company they're like oh, okay, yeah, we'd really like to do that. Especially since the Altier piece came out last week we have had bigger manufacturers who said, we would love to have you do that. It's an excellent point and we continue to evolve it every time we talk to a new company and we continue to bring up new things every time we re-touch a company we have an existing relationship to with.

>> Councilmember Oliverio: And any challenges to not being able to get in the door somewhere?

>> All the time. We spend a significant amount of time on the lead-in trying to get our foot in the door and sometimes people just see the city and think regulatory authority you know there's nothing you can do to help so we try and leverage our relationships you know and our network so we you know try and find somebody who knows somebody in that company.

>> And linked in.

>> We use systems like linked in.

>> Councilmember Oliverio: And pay for that mail so we can -- it's own \$99 bucks, I'm not sure actually. Do you see any more things like F 5 network based out of Washington they wanted to open an office to have a presence in the valley and next thing you know I think they have 50 to 100 employees up on North First Street, have you heard anything like that?

>> Yes interesting sort of evolution companies that aren't here don't quite get it, they just see high labor costs and high office rents and the classic example is dell who for years refused to come to Silicon Valley and through acquisition of A-10 suddenly had a number of employees here realized the value it and just continuing to expand. They're talking about taking another building in Santa Clara along 237. So yeah, it's difficult to find those

opportunities. Most of our attention is focused either regionally or specifically within San José but to the extent we run across those companies that don't have a local presence we do try and promote it significantly.

>> Councilmember Oliverio: And then final thing in your discussions with employers in the area when you bring up downtown and obviously we have a higher vacancy rate than other areas, and you know one of the things I'd point to and I think your presentation talked about professional services doing really well, we have Deloitte and Ernst and Young and KPMG was looking to move and even though I think they were lobbied to move downtown they did not. Did anyone here on the panel have any insights into what made that decision? I do know they took advantage of occupying a building that had never been occupied in Santa Clara and sometimes you can't compete against lease rates but if there's anyone who had any insight or maybe Councilmember Liccardo does --

>> Councilmember Liccardo: I just talked to Tim Zaney about it. He mentioned his employees were really further north. For him it was that work for their employees.

>> Councilmember Oliverio: Location of the workforce?

>> Councilmember Liccardo: Yes.

>> It is often that comment that we get. And there is a big divide between people who get it and who don't, like Stanley from neurosky who will tell you all day long he can hire really well right here, and those are very high-end engineers who love the access to CalTrain, et cetera. So we just need to keep what we and Lee and the team are doing are doing on changing that perception, and it's also a perception around parking availability and cost.

>> Kim Walesh: PWC did extraordinary analysis looking from Mountain View north and south and is actually happy to share their results of their research with other companies about why they decided to be in downtown.

>> Councilmember Oliverio: I still think we're premier. We very three of the four.

>> Kim Walesh: And acsen assure a.

>> Councilmember Oliverio: Part of process.

>> Kim Walesh: Thank you.

>> Councilmember Herrera: How do we stock, I know we're high cost, but I think we're lower cost than as we go north on the peninsula into San Francisco. So how are we taking advantage of the fact that we're the low cost total cost of ownership in moving into an area at least in the Bay Area, we're one of the lower cost areas?

>> That's always part of the presentation. We're a little careful about that only because we are not a cheap date but at the same time we are provided of value and cost is always a concern. At the same time it's just being frank it's the perception of where your employees are and then what's around it. And more and more people hopefully we know want to be around retail, want to be quote unquote in a real city and around transportation. There are now 60, we use that number, 63 tech companies downtown so we are growing and those companies are growing. So we look forward to that vacancy rate coming down.

>> Councilmember Herrera: And out of the 2 85 and now going to 500, how much focus are we paying to the mid size companies and the companies that are not the Ciscos or level of company, where they're going to start adding those employees. And you wouldn't necessarily -- I don't know that the brokers that have their be fine tuned on those are not, although I want to say I absolutely believe the brokers do pay a lot of attention because that's how they earn their money. They're very focused. I remember when I had a company and we had a broker that was focused on our company, trying to find out what is our next plan smaller mid size smaller companies that I think are really something we need to take advantage of in terms of preventing more jobs for San José residents which I'll say again I'm concerned about those folks that are unemployed in San José underemployed both sides of the book end, older folks, everybody that are looking for a job or have given up how do we create more opportunities by policy or going out and talk to them can you address those mid sized companies?

>> And you're absolutely right. Our best opportunity to focus on job growth comes from companies that -- and it is a whole body of research around this but that generally they're sort of 150 plus employees that have been in existence ten to fifteen years five years year-over-year revenue growth and they will actually add more employees than anywhere else in the economy. So they'll add more than the startups and actually, if you -- most research will show you that that the really large companies over time will start to lose jobs. When we talk about job growth it is those companies that start to grow that are critically important. So we use a number of data of resources to sort of go out and target them specifically. I think more importantly the types of programs and types of assistance that we offer somewhere more relevance to a company of that size. A startup of three or four people won't have the staff time or resource to put behind an enterprise zone program or a foreign trade zone program but somebody who's starting to establish key functions within their organization will have somebody on HR but may not have the time to do all the hiring. So Work2Future is a great complementary service or the online entry is simple for them to use. A lot of our programs are built around companies of that size.

>> Councilmember Herrera: What are the top two or top three services that we offer that are the most attractive to those mid size companies?

>> The enterprise zone is one it's a geographical barrier so I.T. has its limits. We think realize and especially with the new framework we think that that's going to be increasingly important but then you know it all comes down to expedited permitting which is just time it gets them so much time and then also the workforce development stuff which is some of the most underutilized programs in the city. On the job training or hire assistance that are entirely free and if you don't have a built out HR department are great programs for them to access.

>> Councilmember Herrera: In terms of policies that we've moved forward that we hope are helping and I think somebody alluded to the fact that they are helping construction tax changes and different things that we have done, have we quantified how much that has made a difference in terms of folks deciding to stay or recruiting or -- is there any quantification of that?

>> We have limited quantification on the construction taxes although we know it's been a very significant factor in a couple of recent discussions and being able to tell people we are interested in either moving or expanding a facility that no definitely in the R&D bucket you're at 1% you know that's a significant cost savings. On the North San José incentive I think you know it's certainly in our perception it's a measured acceleration. In that type of development. I don't think that there was as much on the books or coming down the pipe, but with Ellis partners in North San José with Samsung and Cisco, you know I think that certainly accelerates the development in that area.

>> Councilmember Herrera: I had another thing I was thinking as I was listening, we've had great success with our phone applications for our graffiti program and other things. Is there a phone application that is applicable to this, that could cause folks to go want to take a look at it, just in having it -- a new waive accessing it, a new platform?

>> We've talked about it. I think John has some thoughts on that.

>> Councilmember Herrera: In terms of guerilla marketing? Imr.

>> Yes, John has some thoughts.

>> We've talked to build all opposed around city programs. And I think the big challenge to try and scope kind of what that looks like. Certainly, when people come wanting to do pro bono things it comes with certain limits and comes generally tied to some advertising which we haven't figured out what the legal ramifications of that are. But we have been approached by several different app providers to say can we do something for you? And I think we truly struggled with how does that look like, how dogs that help swine, how does it get someone that's actually downloaded to understand this is how I'm the going to use this in the city.

>> Councilmember Herrera: I guess I'm taking the perspective, not what they want to provide us but have access on, on their hand held device that would provide them value? And is -- does that exist somewhere? So I

don't -- I don't know the answer to that and maybe there isn't one but I just know that people are using that a lot and that's sort of just by the fact that you could access it there is sort of talks to high-tech instant information and it might provide instant value. I can tell you in terms of our graffiti application, it's instant value for people, and they readily see that. And by proxy it makes people think the city is more on the ball. So I think that if there's something like that on an app, because I'm so impressed with what we've done with that one app and I'm wondering if there's something else, not just to create one to have one, I think that would be a waste of time but I think if there is something that could be delivered that way we should think about that.

>> The first opportunity would be the downtown WiFi. And I believe Lee here, correct me if I'm wrong the intent is as people start to browse using that network that there will be localized information that supports economic development or the messaging around the broadings ownngtd of downtown. The lead-in that's a great way for us to end that, there is consolidate the chootion San José brand and a lot of those Websites is just having the mobile accessibility to go along with that.

>> Councilmember Herrera: Great, thank you so much for this presentation. I think all of us are thinking as you're talking because your brain starts clicking. And one last thing and I don't know what your response would be to this. But I noticed a few weeks ago, San Francisco has this annual salesforce.com huge business type organization but it has also become a social networking type thing and provides huge revenue for San Francisco. Is there any -- I don't think San José has one sort of business conference like that, that is similar to that. Are you guys aware of that one that salesforce.com does in San Francisco? Is there anything like that where we can sort of combine ZeroOne for example as well as a cultural art festival?

>> Kim Walesh: I do think there's opportunity with the convention center reopening next fall with more of that. In the past we did partner with invidia to have their conference here linked to ZeroOne, we had a lot of public activities around eBay's 10th anniversary, when they first had their anniversary all over downtown. Lee.

>> Part of Team San José's strategy to really book the convention center has been statewide and national associations. With the renovation and expansion they'll really move into that corporate business much more than

what we have seen in the past two or three years. So we are working closely with Team San José as those companies move in, you're right, they bring in a lot of other companies, a lot of employees. So the Office of Economic Development in the city will be playing a role as part of those conferences, so we're making those connections and networks available.

>> Councilmember Herrera: I think San José is uniquely teed up to do that, because we do cultural activities, and our community's very involved in that, and I think we certainly could put something together, would not only be at the convention center but have a festival that would go throughout San José, because that's apparently what goes on in San Francisco. So I think if that could happen I think that could eventually become a signature event for San José. Any other comments or questions? Pierluigi.

>> Councilmember Oliverio: Point out it is a great event but also they're headquartered in San Francisco, the company and their CEO lives there and that's where they're at.

>> Councilmember Herrera: Any other comments or questions? Motion to approve, accept the report. All those in favor, aye, opposed, and with that we'll adjourn the meeting. I'm sorry, terribly sorry, we need to have public comment. Do we have any? I didn't have any cards. Thank you.