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CED Committee meeting.
>> Councilmember Pyle: Thank you for coming to the economic development committee. We are going to begin even though we don't have a quorum. We will be hearing some reports. And for the first part of the situation I turn to you, Paul, so that you can fill us in on what's happening.
>> Paul Krutko: Thank you, Madam Chair. If we look at today's calendar, you'll note that there are a number of items that are requested to defer to the next committee meeting, that includes the banner policy, the development service customer satisfaction survey, and the habitat conservation plan. We did have -- and so we would take up the rest of the items as shown on the agenda. We did have, as is you know, was the desire to create a consent agenda to move reports forward. However, the agency, and I think it is probably a very good idea, has requested that the report that we had on consent, relative to their efforts for business development, we would move on to the regular agenda, Madam Chair. So with, I guess, we can just do that. (inaudible).
>> Paul Krutko: Okay so that's what we plan on doing. I guess with that the first thing to do is move to the reports on the second page of the agenda and we'd start off with my report. If it's appropriate Madam Chair.
>> Councilmember Pyle: Absolutely.
>> Paul Krutko: Okay, thank you.
>> Councilmember Pyle: Do we need to have a vote on the changes? I mean just a general acceptance?
>> You can have a discussion and when you have a quorum you can reaffirm.
>> Paul Krutko: Madam Chair, relative to activities since the last time the committee met there are a few things I would like to share verbally and as you know we provide with information separately on these items. The first is, in the area of business development and attraction, just to give the committee a little bit of an update, we have good knowledge about what's going on with the FMC property with our efforts to encourage the earthquakes soccer stadium and the development of that appropriate just wanted to let you know that we're working with the developer now on a proposal they have to demolish the existing FMC building. So we're trying to make that happen, which would clear the site for development. Also, I wanted to bring to the committee's attention that on June 8th, we will be bringing forward the North San José policy as well as the elements including the design guidelines that we've been working on with the North San José plan area committee. That will be brought forward on June 8th. And that's a prerequisite to some extent that we are very pleased on June 22nd we are bringing forward a modification to our development -- our long standing development agreement with Cisco systems. We wanted to help them be prepared for their next wave of growth. And that development agreement includes their ability to do 2.5 million more square feet. They wanted to be prepared so they wouldn't have to go through a process once they had a real, live development proposal. So this is setting the stage for that. They want to intensify existing buildings and potentially build some new buildings. So we're setting the stage for that. So those are coming to, as I said, the North San José policy is coming the 8th of June and the Cisco development agreement is the 22nd. The Cisco development agreement actually reflects the new policy, so it's important to do the new policy, and they want to take advantage of the policy. On business outreach we've had specific contacts with 12 companies that we've been work with over the last month. I want to highlight in workforce development, which I think is a program that the councilmembers do have an interest in, that the county's going to award Work2Future $2.5 million of tanf stimulus funds. This is to run a work experience program for eligible youth ages 15 to 17. So the Work2Future element of OED that Jeff Ruster is responsible for leading this summer again will run this program for about 840 youth ages 15 to 17. Depending upon their age, they can earn between 10 and $11 an hour. And there's a whole

element of helping them outside the work experience, learning how to prepare resumes, how to interview, how to -- what's appropriate in behavior, and dress for interviews, those kinds of things. So we think that's a really good program. Youth will work at nonprofit and public sector sites throughout the county from June through August. We did, moving on, bring to the council, and you gave us authority to participate with Lawrence Berkeley national labs on the application for the federally funded innovation center. You approved applying on April 27th. We have submitted that application informally, along with the labs and the City of San Francisco and the Sacramento area regional planning entity. Just wanted to highlight, Scott Green's work on this. Scott was the point on this, a single person in our organization making that happen. One of the successes we've had in the application obviously we're competing nationally with other you know we expect Texas to put forward an application. We expect Boston area and so forth. But we did work with the Governor's Office and the governor provided a letter committing $12 million in state funds in support of the application, as match. Was from the energy commission and it was in workforce training. And we also had -- we actually collected 200 letters of commitment and support from other organizations in the region supporting this. As you remember, this is a national innovation cluster that we would be the co-applicant with Lawrence Berkeley labs, and it's on energy efficient building systems, and it's worth -- to the labs it's worth $150 million in funding. It's worth $5 million to us for a variety of purposes. The main purpose we want to put it in is to the clean technology incubation facility that we're developing at Las Plumas. Some of you did I believe Councilmember Liccardo and I do believe Councilmember Kalra and if I've forgotten the two you of you participate, you can correct me, but we did as a part of our effort help build our regional influence, we had 40 business and civic leaders from the San Francisco planning and urban research association here for a two-day visit. This was -- normally like when we say city to city trips you go someplace else in the country. We encouraged them to take their city to city trip to San José. I think it was a very successful interchange. And I think Councilmember Liccardo participated, and he's nodding his head. We really made some inroads in having folks up to the north understand the importance of San José and what we're all about. In terms of downtown, just a couple one or two more items. Downtown corridor, Lee Wilcox and the police department worked with the downtown stakeholders on Cinco de Mayo, the deployment model, what we've heard he we'd be interested in hearing from the council, but Friday, Saturday, Sunday, Wednesday we saw very large crowds in downtown, and to the account we have received, business was up and the crowds were manageable. So I think the deployment model seemed to be working well. We are the live music strategy is moving ahead. There are now dates in June for the -- another series of live music events, left coast live like we had in the past. So we're advancing that idea as well. And then finally I just wanted to highlight two things. One was that public art team is working very hard to try to generate operating funds for various artwork that we are developing and we're pleased that Adobe foundation has granted $100,000 to support the e-cloud piece of art out at the airport. So that's I think what you're going to see. Your public art, your OCAT move to is more working on trying to creat public private partnerships that bring resources in in our challenged time. The last thing I wanted to highlight is, something that happened two Saturdays ago, that two of your committee members participated in, which was our first San José Via Velo, where we closed San Fernando Street. And I thought it was an incredible event. Councilmember Herrera and Councilmember Liccardo participated in that and actually they helped in the inaugural ride. And by all accounts, we had children and strollers, families walking, people on bikes. It was a really good first effort and the feedback we've gotten has been very, very positive. So we're now beginning to talk about how we can do that on a more regular basis. So Madam Chair, that's the few things I wanted to share about the last 30 days. So --

>> Councilmember Pyle: Well you haven't had too much time for yourself, have you? This is very

impressive. Any questions?
>> Councilmember Herrera: I have a question.
>> Councilmember Pyle: Rose.
>> Councilmember Herrera: Thanks for the report, Paul. On the tanF funds, on the tanf funding, as I understand that portion of the stimulus program is able to fund actually -- continue to fund jobs and salary for people that are working. How is that going to -- how will that help the city with jobs will that continue to fund ?
>> Paul Krutko: Well, this particular award came to the county.
>> Councilmember Herrera: Oh, the county.
>> Paul Krutko: Right, and so the county is then subgranting to Work2Future 2.5 million of whatever they've received. I'd have to get back to you on whatever funding the county got. And how they're using it. But this particular component is really targeted at summer youth work. And so -- and it's the way the program has been set up is given the challenges that both are nonprofit partners and we are having with our budgets, it is the idea is to put these youth to work, in public sector environments, to get work done that we wouldn't ordinarily get done and then the other component is this work readiness component. Out of their work week so many hours are set aside to help them learn to be better prepared to apply for work going forward. So -- but I'll try to get back to you on --
>> Councilmember Herrera: That's supporting some programs we can't really support in our budget situation.
>> Paul Krutko: Correct, correct.
>> Councilmember Herrera: Are we going to be applying for any separately? Because it is money that could support positions in government as it's doing with the county or is the county just being the main conduit for that funding? I'm just curious if we're going to honor --
>> Paul Krutko: I'll have to get back to you on this one. Particularly on tanF. I think tanF does come to the county, it comes to the county more in terms of sort of the support for families and children, that way. We have applied -- I didn't mention, we applied directly for a variety of grants on the on the job training side. This is a relationship where the county is taking advantage of the staff capacity we have to run this kind of program. The piece that we tried to make the connection on is let's give these youth work experience in government and nonprofit, and so we get two bangs for the buck, if you will. We're helping these youth with their work experience. But we're also getting them to do some work that we can't or may not be able to get to because of our budgetary problems.
>> Councilmember Herrera: That's great. And I just wanted to say how great via Velo was. I thought it was a fantastic event, and I think it's just going to get bigger and better every year we do it. I hope we do it more often as we get the opportunity. And then I also hope we do some other biking events, I'd like to see biking events happen in districts throughout the city, too. So kudos to the staff that worked on it. It was an excellent, excellent job.
>> Paul Krutko: We have to acknowledge, that particular event we received a $40,000 sponsorship that our team was able to work with the company, matson technology. They're not even a San José company, they're a company in Milpitas that their CEO just really likes the work we're doing in San José, and he believes in the downtown and he was originally involved in the king of the mountain but he said I want to do this mass participation thing. So Dave Dutton really stepped up. So that's important for us to say in these budgetary times people see us as having these events and say something like well why are you spending General Fund money on this? This was a sponsored event from a nonprofit -- from a for-profit company who was committed and wanted to do something in San José.
>> Councilmember Pyle: Thank you. And I think Sam, you have some question?

>> Councilmember Liccardo: Thank you. Yeah, I just wanted to respond regarding Cinco de Mayo. I also had very positive response from community downtown association was very positive on the deployment. The one exception was, I'd heard of some merchants along Post Street, they were real frustrated by the closing of post Street. I was going to get together with them and ask a member of the police department to join us to talk a little bit about deployment. I guess they were worried about businesses being shut down over the weekend. But anyway, it seems like something we can work out.
>> Paul Krutko: I'll also mention that to Lee Wilcox.
>> Councilmember Liccardo: Thanks, Paul. Also, thanks for recognizing Dave Dutton. Some members of the community were surprised to see Councilmember Herrera popping wheelies down San Fernando.
>> Paul Krutko: She was also doing front-wheel stands. [Laughter]
>> Councilmember Pyle: Did you have any questions? That's funny. We are going to have to go back at this point and just put a final okay on our changes to our agenda. Which were: To change the business development efforts, which will involve a presentation from consent, to the first one on the -- right after Paul, just before the update on national and international media outreach.
>> Councilmember Liccardo: Motion to proof.
>> Councilmember Herrera: Second.
>> Councilmember Pyle: Awl in favor? Aye, we're ready to move on. Shall we have a drum roll?
>> Abi Magamfar: Thank you, Madam Chair. Good afternoon, I'm Abi Magamfar, deputy director, redevelopment agency. With me the agency's economic development team. Richard Keith, Hope Shapiro, and Edith Ramirez. In the back row we have other staff members who support the team, Julia Model, Jennifer Chen, Renda James and I believe I got everybody. And everybody has contributed to this presentation and it covers a period for this fiscal year from July through the current month. And wanted to start by saying, under very difficult economic times, it is very impressive with the amount of work and the type of incentives that we have been able to assemble and provide to various businesses throughout the city. The areas of focus for this economic development is downtown, in the industrial areas, which include North San José, South San José, Monterey corridor, Julian, Stockton and Edenvale, all in there. In the neighborhood business districts, we have nine neighborhood business districts that it covers. And also, the commercial districts in the strong neighborhoods initiative. On the type of retention and attraction that the staff concentrate on, we have done 275 site visits, ribbon cutting, and business engagement. And we have issued small business loans. And also held appreciation events. The promotion for the business areas throughout the city include things like the downtown high rise living campaign, we have done different type of events and festivals, promotional materials, and our -- the communication team actively participate in sending out press releases for various events and openings. And during this period 30 press releases have been issued. On the recruitment side, we have connection to the property owners and brokers. We have done over 130 visits during this period. We have made three brokers' presentations and one of the new tools that the council approved a month and a half ago that has given us a great in with the brokers and property owners is the property incentive program. And we have been greatly received and it is very impressive with the amount of inquiries that we are getting on that. And of course, one of the incentive programs that we are using throughout the city is the enterprise zone. That is a state incentive that we utilize here in San José and San José is one of the only cities in Silicon Valley that is able to offer that. And some of the other programs include permit facilitation and even though funding has been limited we have been able to invest in facade improvement program, approximately $700,000. We have conducted over 200 business retention visits, three appreciation events, one in North San José one and two in the industrial Edenvale park. There is -- we have conducted business surveys that both for downtown and corporate entities that gives us a better understanding of how they are doing and how they

feel about the activities that we undertake. On the corporate recruitment we have done 72 recruitment visits, have attracted 11 new companies to the industrial areas and downtown, and that has created 360 new jobs. The activities that we regularly participate in is conferences such as solar power international, Thai annual conference and clean tech open. Overall since July of 2009, six of the companies that have been attracted through the agency's emerging and clean tech funds, they started with 616 employees, and since then they have increased their number of employees by approximately 40%, by 232, for a total of over 840 employees. With that, I turn over to Richard Keith to go over the rest.
>> Thank you, Abi. I have two slides relating to the marketing effort we're doing. The first on has to do, in this age of austerity, we look for opportunities to use other publications and through the auspices of Stephen Brewster in the Office of Economic Development, we often piggyback on opportunities that they're providing through their consultant services. We have also use San José innovates and streamlines as banners in websites. Again, it's no cost to us. The second slide has do with something I'm excited about. We're doing a combined do-business Website that should be launched in the fall. And that's under the tutelage of the office of the mayor, Michelle McGurk and the communications working group and of course the agency's communications team. And I think that will be a good compliment to our boss network that we have really focusing on small businesses and the entrepreneur center as a physical entity. And then we also are still looking for new ads to leverage placement. All this has to do with getting CEOs and business leaders to speak to San José. Just the other day I heard several ads for Concord. So we have to be vigilant, and we know the states are always trying to grab California businesses, but now other small cities in the Bay Area are attempting a good marketing campaign. Thank you. I will now turn over to Hope our downtown office coordinator.
>> Good afternoon. For those of you that don't know me, I'm Hope Shapiro. I manage the downtown office recruitment and retention program. A big push right now is obviously to let these businesses know that want to locate, stay and grow their business in downtown, about the different incentive programs that are available to them. Obviously, the enterprise zone and the special tenant improvement program have been some very popular existing programs, but thanks to the incentives that you recently passed, the council recently passed, the expanded free and discounted parking program as well as the temporary business tax waiver program, we're really trying to make a big push to let people know about those. We also are involved in collaborative events and promotions. We recently put on our first business incentive seminar in partnership with the downtown association. And this targeted businesses located downtown with leases set to expire within the next two years, as well as commercial property owners and management companies. And just another effort to let them know about the incentives that exist, educate them, not only about incentives but also the amenities that exist downtown. We do that year round with the downtown association, we promote the farmers market, Downtown Ice, Music in the Park, and these are all very important incentives and amenities that we need to remind employers about In terms of keeping those employees happy downtown. We also were invited to participate in a delegation visit to Miro Sky, which is downtown company. They're a biosensor company, a very, very cool technology. They invited to us take part in this visit and actually participate in their program. Both Councilmember Liccardo as well as Abi spoke during their presentation, and we really tried our very best to make this group feel very welcome about doing business in downtown San José, and they were very, very appreciative. So we look forward to more of those. And of course we play a big part. I serve on the planning committee for the Downtown San José Real Estate tour, obviously a sold-out event every -- almost every year, year and a half. So I encourage all of you to mark down October 14th on your calendar. We hope to see you there.
>> Thank you, Hope. On the downtown retail we have a couple of programs. The survive to thrive this is the second restaurant program we've had. We're all aware that 50% of almost all new businesses fail at

some time, and restaurants have even a higher failure rate. So it was gratifying to see that 50 local restaurateurs in our NBDs in downtown attended the January seminar that proved, at least in the response we got, to be very beneficial to their businesses. And our retail recruitment effort, we obviously go to all the ICSC local events and retail specialists, in fact in Las Vegas right now you might say it's great duty, but it's actually three days of constant meetings. And one thing that's very appealing is, we got a request from the brokerage community to meet in Las Vegas regarding shopping centers. Which in the last several years have been not on their radar. They were looking for single stores or big box retail sites. We had, I won't read them all, you can read them at your leisure. We have eight retail openings downtown over the last period of time. Go to the next slide. In downtown we have ten groups of retail stores that are coming soon including several expansions. The interesting part to note there is that we have everything from the low end of the retail spectrum to something like Morton's that is looking to expand. The Ross dress for less of course is the particularly important site for us, right on first street and the transit mall. And hopefully, a good clothing store would be a useful addition to downtown. In the neighborhoods, we have 18 openings. Again, I'm not going to go into reading them, but the five that are located at the Story King intersection too is the culmination of years of activity on the part of the redevelopment agency to bring those four corners into a healthy and economically vital intersection and retail facility for the Eastside. Next slide. And then, in D-10 the greatly anticipated whole foods, a 50,000 square foot store with 23,000 square feet of additional retail, as an Almaden valley resident I'm happy with that too, with plenty of park and it should open up in August. And at that point we're doing everything we can to push whole foods also with the Alameda site at Stockton avenue. And we're -- it's even up until next week they say they are coming and they are paying monthly rent. So they've been paying for quite a few years now. Onto the enterprise zone Abi alluded to slightly in the beginning presentation. We have 175 current companies that participate in the program. And 51 were first time participants in this time frame from July 1st, 2009. That's also created a number of retention visits, 35, and a number of enterprise zones using hiring tax vouchers issued to businesses is over 1300. While that's particularly important, not only is that important to the companies, that get the tax credit, but it also means that 1367 people who were economically disadvantaged or unemployed are now employed and receiving jobs. And in this economy we know every 1300 people help greatly. We have seven businesses, that's okay, that are new to the enterprise zone in this July to current period of May. We obviously support neighborhood businesses, and we've mentioned the explore campaign that, thank you to the airport for allowing us still to use space that is not been taken by the private sector for ads, an there are currently two up in the airport. An important part of the neighborhood business district program is our events and festivals. They take a lot of time and they use a lot of volunteers. But we have very successful programs in Alum Rock with the salsa festival, Japantown the spirit of Japantown, the Alameda, the rose white and blue parade which for the first time has outgrown the existing area and is going to go down, partially down the Alameda. So we'll have to close off a state road for now. And then we have the Winchester cookoff and the 13th street art-talk festival which has amazing art. If you haven't seen it I really suggest you go out there this year. Next, our facade improvement program alluded to before, we have six projects downtown and eight in the NBDs totaling over $800,000 of investment in our side complemented by close to half a million dollars of investment on the private side. These are just two examples, Botown downtown and the Stegner building on the Alameda. As Abi said we hope in the future to -- this is the smallest investment program we've done in the last 20 years and I hope to, when times get better that we can increase that, because that's a valuable program. We also, a big part of our business outreach program is to facilitate new development. I mentioned the story King intersection, this is the area where we cleared the land, worked with the stay and the property owner to do an extensive environmental cleanup because there

were gas stays on the site. It's now open to the public with five businesses, and we're going to have an opening in August. San Pedro square, you're very familiar with the urban market, potential of 25,000 square feet of retail space. That's very exciting, should be getting underway very shortly. I'll now turn it over to Edith who is our North Rincon expert and the at first project.
>> Thank you. The at first project is a project under construction in north San José. This is a mixed use project that includes 888,000 square foot of office development for brocade. This was a $292 million project that the agency only invested $4 million to make this project happen. Brocade will make this their world wide headquarters. They're well under construction and almost completed with the first phase. Staff has already started to move in. They have over 600 employees that have moved into the site. They will continue to move in staff through the end of July. In addition to the office development, this project also includes a target that is well under construction right now. The grand opening for the target will be on October 4th. In addition to that there is a retail village about 73,000 square feet of neighborhood and restaurant retail, for the community. There is pretty strong activity with the leasing of that space. In addition to that, there is 162 room hotel development that will be managed by Hotel Sierra. So at the end of the day, by the end of this calendar year, we can expect to see the first phase of brocade as well as the target, the retail village completely constructed and the hotel development. Finally the North San José policy as Paul already mentioned and I won't cover this since he already mentioned it in his report, city staff is bringing forward three policies to the city council for their consideration. On June 8th, this includes an amendment to the north San José policy, the urban design guidelines, and the neighborhoods plan. The agency participated with city staff in managing an extensive outreach to the North San José task force as well as a number of downtown stakeholders.
>> Of course the agency has been involved in several reports, two of which occurred in this time period we're talking about since since July. The Alameda, a plan for the beautiful way, was a $250,000 grant we received from MTC, a transportation for livable communities grant, and we're going to be bringing that to the entire agency board and city council in June before the recess. That report really focused on how to improve the public right-of-way of the Alameda, from downtown by the arena all the way to 880. And how important that is that both as a neighborhood business district and as public access and transportation access to the Diridon station, hopefully the ballpark, the arena, and all the amenities that are in downtown. We worked very closely with the Department of Transportation on this project, and the grant. And in fact D.O.T. just applied for $5.5 million in public improvements. Again, $4 million for the transportation for livable communities grant, and $1.5 million with VTA for a community design transportation grant, so we hope that comes to fruition. The second report is the Winchester Boulevard report that the board already accepted, and that was important because it looked at how to increase private development on certainly an underutilized and high potential neighborhood business district. The report also led to, as the board and city council voted on making this a neighborhood business district, that Councilmember Constant was putting forward over for the last year and a half. And lastly in December we touched upon this, so I'll go pretty quick. We did a report on the San José incubator program and the entrepreneur center. This past year alone, we assisted 125 companies, held 88 events, with well over 3800 attendees. The client companies raised over $360 million in growth capital and our incubators raised $440,000 in sponsorships and grants. The one thing I noticed in the paper the other day it talked about where we were in temps of venture capital, and I know that economic development strategy had been looking hard at how do we capture more of the venture capital through that Silicon Valley. But it didn't take note of this other significant avenue for funding, through federal grant, state grant minimal, and private capital from large companies. Especially in the area of biotechnology. And last slide is our entrepreneur center innovation center that we had the grand opening on May 3rd with 250

entrepreneurs, CEOs, and is now the home to the environmental business cluster and the U.S. MAC or marketing center, international marketing center, and the entrepreneur center which provides 27,000 square feet of office space and 50 resident organizations and by all intents and purposes is a huge success, including saving us $3 million over the next five years. And hopefully brings the sharks a better turnout next year.
>> Abi Magamfar: Madam Chair, members of the committee, we are done with the presentation but before we take questions, I just wanted to acknowledge, John Weis's role in guiding us through this process over here. And thank him for his couldn't leadership, and since this is going to be his last meeting at this committee, want to thank him for his support.
>> Councilmember Pyle: Thank you, John. [applause]
>> Councilmember Pyle: Kind of makes you wonder why we didn't do that while you were going to stay!
>> John Weis: Thank you very much.
>> Councilmember Pyle: Thank you. Any questions? Rose first.
>> Councilmember Herrera: Thank you for the report, Abi and John, I just want to say thank you for all of the work you've done, done on part of the redevelopment agency and helping with the economic development of San José and you will certainly be missed. I was wondering, Abi, can you guys discuss, can you talk about I know there was at least one, and I'm blanking on it, I don't think it's the neighborhood business district but the retail center in Evergreen area that comes under RDA and I don't see it listed under here so --
>> Abi Magamfar: Correct, it falls under strong neighborhood initiative, one of the commercial districts on this and as a matter of fact, that's one of the areas of concentration for Christine Velasquez mentioned attending ICSC as we speak and try to promote the center.
>> Councilmember Herrera: Why isn't it listed in your report? Is it? It's just commercial, so okay, it's just commercial and strong neighborhoods districts, not called out as a separate area?
>> Abi Magamfar: That's correct.
>> Councilmember Herrera: Is there a lot of them, is that why we're not calling them out? It might be interesting where they are. Could you give them in a future report?
>> Abi Magamfar: Absolutely.
>> Councilmember Herrera: It might be interesting, it also calls out the work you guys are doing and how you've improved those areas. I know there's a facade project that you're working on at at Pop's Market, I know that there's been some work done at Quimby and White, in the retail center there to clean up graffiti. So yeah, I think it would be good for me and other councilmembers, to see that, and it helps RDA have visibility on what they are doing, so I would appreciate that. I just wanted to comment on ICSC and Christine Velasquez, who did an excellent job in helping me attend the ISCS program down in Monterey. Because we are certainly looking at retail and bringing retail into San José, and I was interested also in Evergreen. So I sort of helped her along as a city ambassador with her, and she was gracious to walk around, spent her time, I went with her, and we met a lot of the key retail folks there and we were able to follow up with them. I was very heartened by the number of retailers there who were making presentation, looking to add stores, to grow. And you know it apparently was better than it was last year, from what I understood from talking to participants, that there's more interest in expansion of retail activity. So it wasn't, as they said last time, completely dead. So I just wanted to say that that was good news, having gone there, and again, thank you, I want to say thank you publicly to Christine Velasquez and RDA for helping me make that possible.
>> Abi Magamfar: Thank you for bringing that up. I think we've said this before but it's worth noting

again, that five, six years ago we couldn't even get an audience with the brokers down there. We would call, try to get their time, they wouldn't even return our calls. Now before the conferences they call up to set up appointments to go meet them down there. So pictures have changed.
>> Councilmember Pyle: Yes.
>> Councilmember Herrera: I've had several of them follow up with me and they definitely -- everyone knew who Christine was and who San José was and they were very interested in talking to people from San José.
>> Abi Magamfar: Thank you.
>> Councilmember Pyle: Sam.
>> Councilmember Liccardo: Thank you. John, nobody ton council should be more grateful than I am for all your service. Thank you for everything you've done. Just want to remind you, Boston is a wonderful city but at the wrong latitude. You're welcome back when you come to that realization. I heard rumors about the enterprise zone program going to ways of the dodo bird in Sacramento. Is there any truth to that?
>> Abi Magamfar: Well, there has been attempts off and on to downscale an enterprise zone, but San José has been at the forefront of trying to maintain the enterprise zone to the level it is. We work closely with Roxann Miller, our Sacramento lobbyist to work on that. As a matter of fact, John perhaps should talk about this. It was fall of 2009, when the committee that was looking into revamping enterprise zone, they had a public hearing in San José and John made a presentation on that.
>> John Weis: Yeah, but to be honest, and it was an all day affair, we had a meeting early on with Jim Beall, and a number of his colleagues. And then later in the afternoon, a full afternoon session with other colleagues, that had come down just for that session. I have to say, though, unfortunately I don't know what's happened since then. And although they made a big -- this is at the Roosevelt community center. But since then I haven't heard any information about what in fact has been done.
>> Councilmember Liccardo: Okay, so we don't know if there's actually specific proposals, these are just rumors at this point.
>> Abi Magamfar: I'm personally not aware of it. But our enterprise zone manager, Yolanda Lee, who serves on the board of the state enterprise is very much engaged, and we'd be happy to get a report out and disseminate to the committee and the council.
>> Councilmember Liccardo: Great. I mean if it's all just rumor then I understand, no need --
>> Abi Magamfar: Absolutely, we'll follow up.
>> Councilmember Liccardo: Just getting paranoid is all. They do that stuff to us in Sacramento. I know nobody wants to hear bad news but is there any ability fours to be able to track what companies we're losing? I know that we certainly are aware of what companies we're getting. But it would be really helpful for us as policy makers to understand why people leave.
>> Abi Magamfar: We can certainly do that. I think both the Office of Economic Development and the redevelopment agency as a part of our continued retention and attraction effort, and also, the office of the mayor, I might add, Ru Weerakoon, we are very much engaged with a lot of these companies, from small businesses to companies that sometime have several hundred employees. We work very hard, I can attest to that, to retain and attract all those companies. But sometimes, unfortunately, because of the level of incentives that particularly other states are offering, and that's where we come short. Because here, we are alone. We are City of San José, redevelopment agency, of Office of Economic Development trying to put packages together, but we are facing states that are putting millions and millions of dollars on line to attract companies. And we do lose them. But we can -- we definitely have some information about them, and we can keep track of them.

>> Paul Krutko: So councilmember, one of the things that I can share with the committee and the full council is, I'm on the Caled board, which is the California association of local economic development. There are some website resources that track what's going on. Your question is more locally focused and I think we can work on that. But I think it would also be interesting for you to see what's happening at the state level because it speaks to what the state needs to do relative to a lot of the business climate issues that are pretty prevalent and are used against us. And one of the phenomena we're faced with maybe not so often that you lose a company but a company decides to do its expansion or its manufacturing component or something in another community, while they keep headquarters function or something like that.
>> Councilmember Liccardo: Right.
>> Paul Krutko: So there's a lot of material that the governor's just established this new office. So this is a really important time for us to be engaged, because what the new governor does, in terms of overall economic development policy, and potential incentives for the state, is really what's critical. I did mention, on the e-rec application, we got a letter from the governor's office. There's $12 million in matching funds. That's the kind of help we need from the state, to help us with that. We can work on that, but I'll send you the links to these other sites, because it's important to understand why, in general, companies choose to move out of the state of California, and also how specific to San José. Because some of it is some of the things we can't deal with, it's California business climate issues.
>> Councilmember Liccardo: Right.
>> Abi Magamfar: As a matter of fact, we had our first meeting about week and a half, two weeks ago. Paul's office, our offices and mayor's office, to sit down and think about a strategy, what we need to do collectively to overcome those issues. And we intend to continue and hopefully prepare some type of policy to bring to the council.
>> Councilmember Liccardo: I appreciate that. I understand everybody's swamped and you certainly don't need more things to do or think about preparing more reports. I just think that we love hearing about more companies, even the yogurt shops that seem to pour into the downtown, what might be helpful to us in terms of understanding what we can do differently is to see where we're losing. And inevitably I know that happens, I also sense that you know in the last time when people were talking about the sky falling on California, the study suggested that companies weren't necessarily leaving the state. They were simply moving within California or in fact just expanding elsewhere and that's really our big concern. So anyway, thanks for all the great work.
>> Abi Magamfar: Thank you.
>> Councilmember Pyle: Ash.
>> Councilmember Kalra: Thank you. And I just wanted to echo a thanks, John, for your service as well as I mean to the entire staff, I think that really has been quite a pleasure over the past little over a year to work with all of you. I do -- I just want to follow up with some comments. I agree with Sam in that I think that our first kind of level of priority is really in competition with some of our regional neighbors. And which you referred to the commercial in Concord, which I've heard and every time I hear it on the radio it kind of burns my ears. But the reality is yeah, when you talk to companies they are kind of moving around. One of the areas we often talk about obviously is trying to keep manufacturing. There is going to be something manufacturing that is very challenging to keep. We don't have a state that offers the same incentives as other states do. Literally, governors of states are calling CEOs of these companies, saying this is what we have on the table if you come to our state. And here I am, a councilmember, saying please come to San José. What do you have to offer? Well, you know, it's the beautiful weather. It's great that we do have more to offer, first of all, and in terms of the marketing, I think that that's something we all have to play a

part in, because we don't necessarily have the funds, as Paul was talking about, as well as you, Richard, in terms of our marketing I think that since we don't have the funds to necessarily advertise you know nationally to the extent that some other states can we do have to market because one thing I've noticed that people still aren't naturally aware they still see San José as part of Silicon Valley but they don't see it -- they don't distinguish it from the other cities as to why it's a benefit to come here. Recently talking to a company that looks like it's going to be doing out of state to do manufacturing, the reality is the R&D, they're engineers and they're scientists who have been here for many, many, many years they don't want to go to Texas or Mississippi. They want to stay here. That is one area we have, one opportunity at least to make sure when these companies are going to relocate or expand their headquarters for R&D, that we have them come to San José, to whatever extent possible we can get manufacturing, which we've seen some in Edenvale, there's solar and what have you. Obviously we'll do what we can in terms of incentives. And there's a recent move by the state in terms of eliminating the tax on manufacturing equipment, certainly of great help in that regard. But I do think there are opportunities, I think that there are opportunities within the Bay Area itself to make sure that companies -- educate companies on what San José has to offer. And so I definitely appreciate if work that's been done in that regard. And in terms of the report I think it's very good. I agree with Councilmember Herrera, not only for our benefit but for the benefit of all the work you've been doing, to kind of specifically label, I know that in my area, Edenvale is one place I think has definitely improved through some of the work that's been done in the parking lot improvements and so on, and that's naturally recognized as part of economic development for certain, because I think it definitely does have a positive impact, and I appreciate the fact that Councilmember Herrera also went to that conference. I think having a presence there of councilmembers is definitely helpful. We all need to make sure we all do what we can in terms of attracting companies and including retail. And I know Councilmember Herrera has always been one that's been proactive in that sense. And finally I just want to -- even though it's been a very challenging time this past year I do want to thank you, Abi and Dawn, I know you've been very, very level to me and I want to thank Julie and especially Jennifer Chen who's done a lot of work I know and being very helpful to me and my staff in getting an understanding of some of the companies that are in the Edenvale area and helping me introduce me to some of the folks there so we can better serve them. And I think that that plays a big role making sure we keep the companies we do have. As excited as we are trying to get more companies here, making sure we don't lose any. And I think that the business that you and your staff do are critical to that.
>> Abi Magamfar: Thank you.
>> Councilmember Pyle: I just wanted to know more about the innovation center. I know that it has 27,500 square feet. 50 companies there. It looks great. I never got past the first floor.
>> Councilmember Liccardo: Good food too.
>> Councilmember Pyle: It's good food, too? Yeah, there was good food.
>> We'll give you a tour any time you like.
>> Councilmember Pyle: Okay but did you have to add like elevators and that kind of thing?
>> Abi Magamfar: No, actually, the building, as I briefly mentioned, during the opening, is an historic building, almost 100 years old. We had our tenant improvement basically included demising walls and creating more offices and improving some of the conditions like carpet and things of that nature. Elevators were in place, all the fire safety features were in place. We didn't have to do anything like that. And then, as a partnership with the building owner, we did the facade improvement which is a project that any building downtown can apply for if they qualify. And then the agency has invested $165,000 and the other than $15,000, total of $184,000.
>> Councilmember Pyle: Did you get any questions from the Irish innovation center, about why do we

need two?
>> Abi Magamfar: Actually, we have been working very closely. Julie has been our contact with the Irish innovation center. We definitely welcome Irish innovation center downtown. I think it is good collaborative effort that the two centers can work very closely together, and there may be some type of crossover between the two that can help the city overall.
>> Councilmember Pyle: And John Hartnet who is the CEO of the Irish innovation center, was there, and very happy to see a friend, indeed. And I just wanted to say to you, John, wouldn't it be great if we could get some kind of a symbiotic relationship going with Boston? Would you have a chance to do that? Because I think on the East Coast, they're number 1 and on this coast, we're -- are we number 1? Pretty close.
>> Councilmember Liccardo: The A's and the red sox when they come to play.
>> Councilmember Pyle: We could do that. Everybody hear that it's on tape. And Rose you wanted to add something.
>> Councilmember Herrera: Yes, I wanted to pick up on something you said and also something Councilmember Kalra said. Starting with the innovation center, I was there for the opening. What they needed was a few more fans as in keeping the temperature down. It was very exciting to go there. I was also at the Irish innovation center. I just want to say how important the startups, having these startups and creating that environment in Downtown San José really is. I think Chris O'Brien wrote an article, I think some of you might have seen it in the Mercury News on Saturday, sort of talking about how we need to focus on bringing startups into San José, not just the bigger companies, but those startups, some of them are going to grow into big companies. So the fact we're having that downtown is very important. I'm looking how to continue that and extend that out into other areas, like Edenvale and Evergreen where we should definitely be supporting the startups, so I just wanted to in addition to what Ash was you can talking about other companies, we can't forget the startup itself because if we don't encourage our own startup community and during this economic tough situation, there's actually a lot of people in San José, high tech folks who have started companies. These companies are in people's homes right now. A lot of these companies aren't in buildings yet. A lot of these folks that are starting companies are people that maybe would have tougher times going back and getting reemployed, people above 45, people in their '50s. They still have a lot of worth to provide to this community, and they're start companies. And we need to take a look and help find ways to help those companies come out of their homes, find locations, and develop. So we need to keep in mind that not only do we need to recruit companies from outside of San José but nourish those entrepreneurs that are starting companies here and encourage them to get those companies going and really find ways to keep them and help them grow. I know that is one of the things I'm working on, specifically have a document into the budget process called the Evergreen innovation corridor that I'm working on and economic development knows about it too. I think just want to say a pitch here on startups and having them move forward.
>> Councilmember Pyle: Well received. Last chance for questions? Okay, we have had a wonderful report. Time for a big thank you and it's also time for a motion to approve.
>> Councilmember Herrera: Motion to approve.
>> Councilmember Liccardo: Second.
>> Councilmember Pyle: All those in favor, aye, well received. Thank you. We're ready to move on now to the update on national and international media outreach. I believe that's Kim Walesh.
>> Kim Walesh: Good afternoon, Madam Chair, councilmember, I'm yeah.
>> Kim Walesh: Chief strategist. We're here to provide an update on the city's proactive efforts to raise awareness of San José's accomplishments and its major assets by cultivating stories in major business

and economic media. This has been an effort that's underway for several years. It's been small and highly focused. And I think you'll see from the progress report we're going to provide today that we've achieved significant coverage in major national media, and these stories have been strongly aligned, especially this last year, with what the key messages have been, that we've been wanting to put out there. This is an effort that's been communicated with the communications working group, the effort led by Michelle McGurk of the mayor's office. And so our progress report here today is going to talk about what our intent was last year and what the results have been. And I'm pleased to introduce Liz Miller who is our lead with our partner, Global Fluency and Stephen Brewster, the head on the city's side.
>> Thank Kim. So just to back up with brief information about why we are doing this and actually Kim was heavily involved with the -- (inaudible)
>> Thanks, Paul. Was heavily involved in hearing about what our business and community -- our business community had said about the need to continue national, international PR in the development of the 2010 economic strategy. Even though that we have made some headway, there's still a bit to go north to create a broader essence, if you will, of San José on a wide scale. So going forward, what we did is, working with Global Fluency, we had three main mandates. And those are all about communicating the core San José value proposition messaging. Shape, consistent, compelling messaging on -- for an external audience and also, regularly and proactively promote, communicate -- and communicate significant accomplishments by getting covered in regional, national, international press. What we've been doing over and over again is basically hammering home five core main messages which I wanted to -- whoops, Liz I want to turn this one over to you for just a second before we go into the assignments.
>> I get one minute. Hello everyone, it's always a pleasure to come back. Our mandate has really revolved around sharing the news that we all know so much about, within our city walls with a national and international audience. We've looked to position San José as the center for innovation, creativity, opportunity and growth. We have looked to engage with media on a national and international level to deliver a strong consistent message about these themes of opportunity and innovation. We have really looked to brand this city through those viewpoints of those four key tenants to show how we are a city that continues to be on the rise. We're looking to capitalize on breaking news opportunities not just regional news and happenings that are going on within the city boundaries of San José but also what's happening on an international level where San José can also play an influencer role or play commentary into how business and opportunity is moving forward. We have worked with city offices across and really -- and thanks in part to the communications work group -- to make sure that we present a total story of success for the city that we're able to incorporate all the messages across all the departments, to make sure we really are telling a complete picture of what's happening in the city, and we're looking to develop a comprehensive tool set. We want to make sure that everybody has the tools they need in their individual departments and individual walks of life to be able to tell a civilian story of the city as we're looking at the continued development of the work in the region.
>> Great, Liz, thank you. As I mentioned earlier we were concentrating on a few major themes and those are we are the world's center of clean tech innovation. We're the ideal environment for entrepreneurial companies to start up and grow up. We have a government that's all about civic innovation and we're very forward-thinking. We're also if we want to make the recovery happen on a national level, faster. We think the Feds should look at us because we're the smart bet for federal investment to make that happen. And also, one of our major Public Works projects is coming online now, the most modern user friendly airport for Silicon Valley. And finally as you saw last week, and as we've seen over and over, with our existing professional sports teams and events, we're an emerging center for sports and hopefully we'll soon get the attention of the major league baseball folks to say the same. So let's talk a bit about results from the

past year. So what we've seen is in the media is we're being portrayed as taking charge of our economic outlook through innovation technology advancements and experience civic leadership. National global media, are here to seek out San José input on major finance and economy stories, and I can say this is a big switch from when I started here with the city a few years back, we had to really pound the pavement just to get our name in these stories. Now they're coming back to talk to us and want our input about these things. And also, San José is seen as a city ready for action because we are moving at the speed of business and we are ready for recovery. So Liz I wanted to let you talk about the tools that we're working on.

>> So the tools that have really become a center point for a lot of the messages and to make sure that not only we stay true to the message but that we're able to share that across all the departments has really been a unified message architecture, that can then be broken down into various areas of strategic importance, whether that is civic innovation, whether that's arts and culture, or our Green Vision message architecture, we're also developing a kind of more palatable single use almost media cheat sheet so to speak for everyone to be able to really create those one line expressions that we should all be starting our conversations off with. I think that we have done a very good job in aggregating all of the fact points that have really made the media sit up and listen. It's very hard to discount the facts that come from in -- from all over the city as we really are proving that what we are as a center for innovation opportunity is not just forward-thinking dreaming. It really is innovation proof points that we have to share with the media. So we're looking to continue to develop that single song sheet. We are looking to make that easier and more accessible for everyone in the form of almost media talking points and those should be ready in the next couple of weeks for everyone to review within our internal working group. But we have been narrowing down those big areas of conversation into more bite sized pieces. You know just to spend a little bit -- to kind of zero in on some of the specific results from our last year's efforts, we -- I can say that four years ago, when we first started this conversation, to tell you that we could call CNBC and have them ask us how often people from city could be on to comment about economic advances would not have been the conversation four years ago. The conversation four years ago was more about why, why would we want to? Now we are trying to continue to have a schedule and have those opportunities come up. We've had major network television opportunities where we've been seen on business performance channels. This is not just about where the city is but more about where our viewpoint is when it comes to major economic viewpoints. We've had significant coverage in publications ranging from the Wall Street Journal, U.S.A. Today, Investors Business Daily, Venture B Net, Entrepreneur, U.S. News and World report. What we see as the commonality between these outlets and the outlets that we focus on, is that people are going to read information, whether they are going to start up, grow up or continue to strive and survive. This is where their business leaders are looking for innovation and we want to make sure that San José is continued in the that conversation.

>> So break things down by topic, we actually went through and looked at and we'll get into this later. But we looked at the sentiment and tone of some of these articles and looked at the different themes that they focused on. We had 50 stories that were about innovation opportunity within in San José. 20 that focused on event activities for cultural advancements, and also 20 stories that were about innovative policy and the dynamic business environment that the city entity is creating here.

>> And these were based on the goals that actually this committee had asked us to set forward about what we wanted to look for as far as our benchmarks as we started to move forward to give some real measurable results and some real ROI around what we were doing. So this was really what we were striving towards. I'm very pleased to say that we knocked it out of the park and that we actually did a very good job in meeting these goals. And our overall media metrics for this time period, we had a total

number of articles of 128 unique articles. The total daily circulation, if you look at the daily impressions, either by via web or via print, would be 19,717,380. Monthly circulation would be over -- well, goodness, close to 600 million media impressions. For us, what this translates to, very simply, is these are eyes that are viewing information about San José without one single dollar of advertising. So this comes the from third party resources which is also very compelling. This isn't us telling someone about San José, this is a third party media resource from groups like the wall street journal telling people what they need to know about San José. The tone or sentiment has been very positive. We had one negative story about people not wanting the A's to move to San José. I will find that person. It was a blogger. But we were very excited that the tone and sentiment has turned to be very positive and to really look at San José as a role model as we look forward towards recovery. We also wanted based on some feedback from previous meetings, we wanted to break down where our overall media metrics and our messaging fell towards our strategic goals and our messaging. So we went ahead and broke this down into number of stories, as well as individual media impressions by strategic theme. As you can tell, a lot of our efforts in this past year revolved around clean tech innovation. We had 52 stories that revolved around this theme. The tone and sentiment was extremely high. We are seen as the world's epicenter for clean tech innovation. Environment for entrepreneurial companies to start up and grow up. We had 22 stories that fit within the strategic message theme. Civic innovation and a forward-thinking government, 46. It is certainly one of, I would say when media does talk to it it is something that does come up quite often which we're very pleased about. A smart bet for federal investment and national recovery, 15 stories, the most modern user friendly airport for the Silicon Valley, nine stories. We were actually very pleased about this, since the airport had not opened at that point. So we should see some significant improvement in this area and we will start to see more stories come in where this will be the center theme of the story. And an emerging center for sports. Whether it is the earthquakes or whether it's our love for bicycles, we've seen 17 stories that are within this strategic message center.
>> So thanks Liz.
>> Paul Krutko: Thank you for the -- I think they're finished and taking questions. I just want to share with you the way this works. Some people say what's the right way to put a message out? It's usually a influential person communicating a message about us without us asking them to. Let me share with you one that happened I believe yesterday. Secretary of State Clinton is in Shanghai. And she was at the Boeing maintenance facility at the Shanghai airport. And this is a quote: "Now Boeing is an example of how exports from a large American corporation can benefit both of our countries. There are also hundreds of small and medium-sized American firms in other industries that also illustrate this point. Echelon corporation is based in San José, California." Again this is the Secretary of State in China. "Echelon corporation is based in San José, California, and has about 350 employees. I often speak about the importance of smart power to our diplomacy. Well, echelon specializes in a different kind of smart power. It is a world leader in developing networking devices and control systems that support smart electric grids and other ways of improving efficiency. The technologies that echelon is exporting to China help reduce water usage and greenhouse gas emissions, which is also good news for both China and the United States." So that -- you couldn't get a better endorsement in China than from the Secretary of State of the United States. So that's an example of what we're trying to accomplish.
>> Councilmember Pyle: So we're ready for questions. Sam.
>> Councilmember Liccardo: Thank you. I had a quick question about the message. Obviously, we -- great success in terms of number stories. I'm assuming the criteria that has to be a national publication, is that what it takes to get --
>> Yes. And these are things that we as an organization are involved in so there are a lot of other stories

that are out there by San José. These are just the ones that Global Fluency has been part of and we have started talk kind of overall news and social media as well just to be sure where the conversation online is taking San José and we'll have some more numbers around that that we'll be able to share but we've kind of taken that on more as a personal passionate interest point so that we'll be able to share with the committee.
>> Councilmember Liccardo: And certainly the numbers themselves are impressive, in terms of number of stories. I know impressions are -- those can be cooked in various ways, and I'm not suggesting you did. But certainly the number of stories is really impressive. What's that?
>> I'm happy to share with you how we did it. We're pretty transparent on how we come up with all the numbers.
>> Councilmember Liccardo: I understand. It's going to be a big number, if it's a national publication, I get that. What I focus on is the number of stories and I think that's significant. The question I had was about the message itself which is around innovation, entrepreneurial companies, clean tech, it seems to me that's a mantra here from every city in the country. And to what extent do you feel as though there maybe an awful lot of noise around this city claiming to be the clean tech capital of X submarket, or Y submarket. And is it really registering in terms of response, in terms of how decision makers respond?
>> Sure, and I think that's a terrific question. I think that you're absolutely right. You're going to be hearing the words innovation, you're going to be hearing the words opportunity, you are going to see them splashed in really big and really expensive ad campaigns coming up over the next year from a lot of cities, both big and small. I think that our differentiator is that we have proof points in facts that back up how our innovations that are bred here, that are A, unique to the area that could not have been born outside of this area due to the unique partnerships that are formed in the Silicon Valley, as well as San José, but also our track record of innovation and commercializing that innovation is truly unique to San José. So we have very specific proof points that come from all over the city in multiple areas, not just in business but in culture, in civic innovation, in our sports, in the way we communicate, and the way that we engage and the way that we live, that really make our story quite compelling and fact-based. From a media perspective, that's what they're looking for. It's great to go out with a splashy campaign that says we're the center of innovation. We're really one of the only cities that is able to follow that up with fact. If I give a specific example in regard to clean tech innovation, we've had multiple bloggers, and you can't find a more passionate group of clean tech or green people than bloggers. We are seen as one of the only credible resources to go and talk about innovation from the city, simply because we're not aspirational in our conversation. We're very fact-based. We talk about what we want to do, and how we've already made progress in towards that Green Vision. So we're very careful to make sure every single statement we send out about the City of San José have proof points to go along with it.
>> Councilmember Liccardo: And I appreciate that. I guess -- and by all means, I recognize this as a critical part of our message architecture. But it must be very difficult to be heard above the din of a lot of other cities claiming to be the clean tech capital or whatever it may be. And I guess the one thing as I looked at this list, I didn't see anything here that said, what San José is really, what's really unique about San José, in the sense that for instance, that we have a school district that has the second highest test scores of any urban school district in the country, or that we have the first or second most educated workforce of any major city in the country, or some of those kinds of messages that talk about who we are, in a really unique way, that -- or I mean for that matter that we stay married longer, you know --
>> Diversity is another tremendous topic.
>> Councilmember Liccardo: What's that?
>> Our diverse -- how many languages we speak. The fact that we're educating now children of

immigrant families in this area like no other city is.
>> Councilmember Liccardo: Right.
>> Rest assured, these are all part of what we call proof points. Because of what we consider to be the engine of innovation is exactly what you're talking about, is exactly how we live and the unique way in which we create a community here. So what media does latch onto and what quite frankly a lot of organizations that we've spoken to both public and private that is what they look at as the proof points that we can point to our education system, we can point to our infrastructure, we can point to our innovate city government, we can point to an airport investment, when most cities were trying to pull away from that type of environment. We had the forward-looking notion of saying hey, we need to have an airport that can actually sustain the business and the life and the community that we have here. So I think we have included that but I think that a lot of those things can be amplified.
>> Kim Walesh: If I could just add, these are the things we were working for prior year. For the next year we are going to be identifying the things with our partners that we think are most appropriate. Part of what we're doing here is look at our attributes and our accomplishments and saying, which one of these has a national news angle to it? Because there's lots of things we think are unique, but the timing has to be right for being able to take what we're doing and turning it into an example of something that is important nationally. I could totally envision the next year postsecondary college attainment hitting that goal becomes more important or immigration and successfully dealing with diversity becomes more important. And we have all these fact points and this experience saying we'll be able to respond saying we've got this and we've got that and these themes will change going forward, they're not intended to be set in stone.
>> Thank you.
>> Councilmember Herrera: Kim, Liz, Stephen, great job. This is really good news. Having come out of the private sector and raised public relations efforts acknowledge this is a great success. Just the number of articles and the mentions, and the feeling that the word is really getting out is really tremendous. My question is about the future. Since you have 40%, we're decreasing the program by 40% in terms of what we're going to be funding it, how are you going to work with this decreased funding to continue this effort, so I was kind of -- I was looking at your program which showed everything you did in 2009, so I'm kind of wanting to understand going forward given there's less money what's going to be the program for moving forward? What do you plan?
>> Kim Walesh: The 40% statistic took place over the last several years. So we're down, we've been down this last year to 40% of where we were at the start and we feel like we're down to just the basic core amount that we need to sustain this effort on a monthly basis.
>> Councilmember Herrera: So is there any change? Is the focus going to be any different now, having all the success, are you going to be able to maintain it at the level that we saw this last year?
>> Kim Walesh: That would be our goal, to find a way to be able to sustain, at this reduced level. We've been able to have huge impacts this last year. I think the critical goal is to sustain this going forward.
>> Councilmember Herrera: And the other thing I wanted to say in terms of the articles that have been written is you have to you obvious in public regulations, it has to be newsworthy. We can have all of these good ideas but if the news media doesn't find it interesting, the fact that you can get it out there and present it in a way that's news worthy and present our goals that's great. I want to add one other thing, the idea of or the question for you is how can you utilize councilmembers to be part of messaging? So I appreciate the messaging you've already provided us. I know that I'm always saying you know the capital of Silicon Valley. I've incorporated a lot of this, whenever I hear this, I like to take that and be part of putting out that message. It helps to have data points that we can put forward. All the councilmembers are

potential people you can enlist to go out in the community and really put forward the message. Having more messaging for us so we can incorporate it in as we're moving thousandth the community and talking to folks, I think it will be helpful. We're really your ambassadors too, every councilmember up on the council should be part of your outreach, your field representative so to speak.
>> Kim Walesh: Absolutely, we couldn't agree more councilmembers and also city department heads you are out there in the community talking all the time. And we have this message architecture which is very very robust and full of fact points the font on it keeps getting smaller and smaller because there's loot of information on there. We recognize that what we want to do next is kind of distill it to the five or seven key messages. We can give you all the detail and you can use that flexibly but we need a core set of messages that every one of us is hitting on over and over again. That's how we force multiply within the city and then from the city out into the community and our residents and beyond.
>> Councilmember Herrera: Lastly I want to say, to add to Sam's messaging that he was talking about that's his favorite, I'll add mine into the mix, and that's that we get global, this city gets global, and not every city does. And I think that's a really strong message that we need to get out there that we understand it, we live it. Diversity sometimes -- people don't really know what that means, but we understand all the global forces and we live it we have folks from all over the world we live it in our business and our culture and every aspect so I think that's an important one. Thank you.
>> Councilmember Pyle: Thank you. You're okay. I would just like to add a couple of things and I don't mean, it's not a criticism, it's just could we try this as well. The negative letter from, it must have come from Oakland don't you think, the negative letter regarding the A's? Got that one figured out.
>> I'm fairly certain.
>> Or San Francisco.
>> Paul Krutko: It was roughly from China basin.
>> Councilmember Pyle: I'm wondering if you had given thought to special guests coming mere that would be announced to the city, and for example, Tom Freedman just came out with his new book, haven't bought it yet, but I intend to. And it fits right in with our whole environmental push and the supergreen, et cetera. It would be a great place. And because he's working on selling of his book, I mean, maybe that's the opportunity, I don't know. The other one who has been here before is Freed Zakaria, he has a national TV thing on Sundays, does a great job to get just a push in there from us. He does ask guests to come on the program as well. I think if it's at all possible it's really important for us whether it's staff or whomever to attend international conferences as well to get the word out. And then also the business journal I find to be very, very friendly towards these kinds of articles. So you probably already do this Stephen, but anything we can put into that business journal, convinces people here, as well. And they're all ambassadors, believe me, as well. So those are just a couple of things I wanted to mention. But thank you all for doing such a good job. We do have one card from the audience out there. And that would be David Wall.
>> David Wall: Good afternoon. I was content to sit in the back of the room until I heard a comment on the Oakland A's. I vehemently oppose the Oakland A's. I vehemently oppose the soccer stadium, all because of how it's marketed. It's marketed truthfully. The stadium is for free but that's a gross misrepresentation to the overall cost of the program. As a matter of fact the cost for the land is going to put the taxpayers in debt for generations. The environmental impact study on the A's program downtown is enough to civic the program itself. The traffic infrastructure is not there. In addition, let us speak economic development of Oakland. Now, their port expansion is going to produce a lot of disposable income for people to buy A's tickets. I do not like the A's period coming to San José. I don't like the soccer stadium deals. Any of it. What I've seen here today here though is the tooting of multiple horns for their

own purposes. Let's get back to what's unique about San José. We have the finest police department in the nation. Despite your threats for layoffs, and incompetent interference from office of City Manager. Lay offs from our fire department, take away from our city at our great fire department. Yet we don't see any other strategic investments into these infrastructures, with particular emphasis on the closing of the San José police academy. Okay? We have the ability to become the valley of the heart's delight because of our weather. Growing food, sustainable agriculture which is the greatest hit in innovation throughout the world. Failed by the Office of Economic Development to grasp this in keeping restaurants alive that were talked about failing earlier. But add my name with emphasis, the person who does not want the A's in San José. And there are quite a lot of people that don't. In the meantime, there's a lot of good things about this city, and you should focus on truths and not just horn-blowing thank you.
>> Councilmember Pyle: Thank you, David, and with that may I have a motion for acceptance of the report?
>> Councilmember Herrera: Motion to accept.
>> Councilmember Liccardo: Second.
>> Councilmember Pyle: All those in favor, and that is unanimous. Thank you very much for getting us all stimulated here, it is good news. And we're ready to move on to our airport, I believe it is. Oh, sorry, signage on the city-owned properties. I'm sorry. Hi, Laurel.
>> Laurel Prevetti: Hello, how are you.
>> Councilmember Pyle: I'm fine.
>> Laurel Prevetti: Thank you. I'm Laurel Prevetti, assistant director of the Department of Planning, Building, and Code Enforcement. And with me this afternoon is Carol Hamilton, whom you know through our sign code update, and we would like to review for you our work plan, the potential for putting commercial signage in our public right-of-way.
>> Thank you. One of the outcomes of the budget process for last year was, council direction to the administration to return with recommendations for commercial signage on city property, and in the commercial right-of-way, as part of the sign code update. Those recommendations were not included in the sign code update recommendations because of a lawsuit involving the City of Los Angeles that was on appeal to the Supreme Court at the time we were developing the recommendations for the sign code update. That lawsuit has now been resolved. The Supreme Court declined to consider the case. And the City of Los Angeles withstood the legal challenge and as a result staff is now prepared to develop recommendations on this issue and we have provided a work program for your review. Council direction regarding the types and locations of signs that we should explore was fairly explicit. We will be looking at commercial signs on the public toilets downtown, at signs on kiosks on the downtown, the neighborhood business districts, and at other public properties like the convention center, and the Mexican heritage plaza and then finally, signs on trash cans, in downtown, the neighborhood business districts, and in the parks. We are also proposing to include signage on news racks in this program. The city and the redevelopment agency have been exploring implementation of more attractive news racks in the downtown to improve the appearance of the streetscape. And one of the ways of providing those news racks would be commercial signage. And so we are proposing to add that element into this work program. The work program includes four basic elements. We are proposing to do a survey of other major cities that have already implemented programs for commercial signage on public property. To find out and take advantage of their experience, we are proposing to work with the departments that are affected by this issue. The parks department, the Department of Transportation, the Redevelopment Agency, and the Public Works department, to identify alternatives for implementation of such a program, and that would involve general locations for signs, types of signs, specific numbers of signs and potential

administrative structures for running a program. We would then do outreach, for those alternatives to get community feedback on the options, and then finally, issue an RFI for obtain feedback from the outdoor advertising community regarding the feasibility and potential benefits to the city of the alternatives that we're proposing. And then we would come back to the committee in August with specific recommendations on this issue. And that completes our presentation. If you have questions, we're --
>> Councilmember Pyle: Thank you, I'm sure we do.
>> Councilmember Herrera: Great. I mean I think -- I'm glad this has come back and we're able to move forward on this. I was wondering if you could tell me what is the range in revenue we're projecting that could be earned through this program?
>> We don't have that information yet. That's what we're hoping to find out through this process. Some cities have generated significant amounts of revenue through this type of program. It remains to be seen what will be available to the City of San José, we're in a little bit of a different economic situation than some of the cities that, at the time that they negotiated their contracts. But we will definitely be exploring that issue and hope to have some information for you when we come back.
>> Councilmember Herrera: I'd like to have that come back to committee, because obviously we would be interested in the revenue. And how much time and staff are we budgeting to be working on this policy? And then also, who is going to be included in your outreach?
>> Laurel Prevetti: This work is being done in collaboration with other city departments, namely the redevelopment agency has been very helpful in helping us with the best practices. We basically have a staff of 1 which is Carol. So in addition to the sign code update, yes, we're very appreciative of her skills. But as a staff of 1 some you know, she is also working on other code amendments. So this is something now that we're ready to move the first set of code amendments for the signs to council to their consideration in June. So we're going to fit this in. So it's a very focused work program that we bring to you this afternoon. That is commensurate with the resources that we have.
>> Councilmember Herrera: And who's going to be included in outreach, in the outreach?
>> We would do the usual broad range of outreach to the community. But we will also be targeting outreach to the outdoor advertising industry that will be able to provide us a type of information that we will need to bring back to you.
>> Councilmember Herrera: And community, too, I would say not just the industry but the community as well?
>> Yes, we would be providing outreach to the community. We did a little bit of outreach on the issue of when we did our visual preference survey for the sign code update we did show some of the pictures of some of these types of signs around generally had a positive response from the community. But we will be going out for additional outreach when we have more precise proposals to take to the community.
>> Councilmember Herrera: And what's the time line again to have a policy in place and start generating revenue from this project?
>> Laurel Prevetti: We would like to come back to the committee in August with our findings and our recommendation. And then if it pleases the committee and you accept our recommendations then that could be cross revenued to the full city council in September. And then once that occurs, we would see how quickly we can go and implement based on the request for interest in terms of actually securing a contract.
>> Paul Krutko: The one piece that I would add is that as Laurel spoke to, we carved this out of the broader sign code because of the fact that there was legal activity going on in this area. And Ed's our lawyer so he can come. One of the things that happened in this was sort of counterintuitive, where the notion that you would -- it's appropriate for public entity to regulate commercial activity on its own

property. Was differentiated from billboards on private property. And the of course decision was yeah, it makes perfect sense for the city to regulate and to allow it on its own property because they have the ability to do that. So where I'm going with that is, it will be very important as we do this research to work very closely with the city attorney's office to craft a program that will realize the revenue that we want, without getting messages that we don't want.
>> Don't want, exactly.
>> Paul Krutko: So that is going to be a really key component of that. We think there's a way for us to get there. That's why we're actively pursuing this as a work plan and developing these resources. This is something that was put on the plate last year, and council direction. So the notion to pursue the revenue opportunity was what we're about. Our hesitancy, and Ed can speak to the way it's been just to ensure that we craft something that doesn't have the unintended consequences where we realize revenue but then we also realize some kinds of messaging that isn't what the community wants to see in that venue. But --
>> Along those lines I'd also like to indicate that in our office we also have one person who's asigned to most of the planning issues, most of the sign code issues as well and planning has been working with Reneé in our office and so part of the whole process will include an ordinance that will need to be created along with all the other ordinances that are being created. So not to say that we aren't going to be looking at it and focusing on trying to get something as soon as possible but you'll have to understand that Reneé with it be working on several land use issues and other sign codes as well and as Paul indicated, we need to work within the framework that the courts have indicated, the ninth circuit has allowed for local cities to control a certain portion of offsite commercial signs. And so we need to work closely to make sure that we fall within the parameters that the ninth circuit has indicated, so that we don't get in trouble for doing it. I think there are enough parameters that will allow us to have a program and Reneé will be working with Planning to make sure we come up with the best proposal that we can.
>> Councilmember Herrera: Do we have an example of a city where this is working that we can look to for best practices?
>> Other than L.A?
>> Councilmember Herrera: Other than L.A.
>> The city of New York, I think about four years ago, signed a contract for signage in the right-of-way that included signage in bus shelters which in their jurisdiction are controlled by the city, news stands, I think that might have been the extent of it. But it was -- it is a program that has been very successful for them in both generating revenue, I believe the contract was a billion dollars over 20 years, and also, in improving the appearance of the public right-of-way, which were sort of dual roles for the City of New York. So we will be contacting other cities, but we know so far that New York has been extremely successful with their program.
>> Councilmember Herrera: Great.
>> Councilmember Pyle: Sam.
>> Councilmember Liccardo: Just have a follow-up question for Ed. Was L.A. specifically regulating the content of free speech and that was what was being challenged?
>> No, I think the main issue of Los Angeles was that they had banned offsite commercial advertising.
>> Councilmember Liccardo: Except if --
>> Except if it was controlled by the City of San José, city of Los Angeles, excuse me. How can you create a full ban and keep yourself out? And the court said that it was okay for the City of Los Angeles to create a carve-out, an exception for itself.
>> Councilmember Liccardo: So thanks for reminding me of that. I know it's been some time since we

talked about all that. So now that at least we've passed that hurdle, do you feel confident that pot clubs and strip clubs advertising is something that we can prohibit in terms of the content of the commercial speech if it's on our own city property?
>> Again, it's talking about offsite commercial advertising.
>> Councilmember Liccardo: Right.
>> And so we have a ban on offsite commercial advertising and we will make an exception for the city to allow offsite commercial advertising on public right-of-ways and my understanding is on city property, that's what's clear. So I'm not quite sure if you're asking --
>> Councilmember Liccardo: Well, no, I understand that's one hurdle, but then the second hurdle is, and something that Paul raised specifically, was to what extent can we regulate the content of the commercial speech, because there are some messages we may not want on city property.
>> Right. And the courts have said it is clear that you can control commercial speech so long as it doesn't impact the noncommercial speech. So when we do a regulation, it's got to be clear that it's content-neutral but you can control more of the commercial speech than noncommercial speech.
>> Councilmember Liccardo: Right, okay. So it just goes back to the old rule. Okay, thank you. And the only thing I'd add is we're making progress here, I think it's wonderful. Might be really helpful to offer those advertisers that are interested sort of the abilities to sort of leverage the fact that for instance if it's advertising around a bathroom in a city park, it would be this park's maintenance is supported by XYZ company so the public really knows the benefit that's coming from this advertising and this advertiser actually benefits from the positive image of the purpose of this advertising which is not just to exploit and manipulate our residents but in fact to try support the services that we're providing them.
>> Councilmember Pyle: Okay, Ash.
>> Councilmember Kalra: Thank you and I agree with that last remark from Sam, you know, and I've talked to some community members about it in terms of it doesn't necessarily have the same -- a message like that probably has a much greater appeal than like adopt a toilet or something, you know, because for me that's what it comes down to, kind of like adopt a park, adopting a freeway on ramp, well, adopting the restrooms in the park. And in essence that's essentially what we're talking about in terms of the tradeoff as you get some advertising revenue and it helps even though it may not be directly going to that particular function of the city, it does bring in some revenue. And Carol, I'm not sure if there is was these young men that I met with regarding receptacles, that had certain technology of like solar so it lights it up and able to advertise whatever they have on the surface of the receptacles. And the other benefit is that currently, if you look in the downtown, particularly the -- and these are citywide issues, standard, but you see more of them in the downtown where they have the little disk on top that's supposed to take in the cans and all that, but in reality there's never any cans to get because folks are going to take the cans to recycle and then get the benefit of that. And so the dual purpose of both having secured receptacles so there can be generation of revenue from recyclables and also have the advertising as well, I don't know if anyone's talked to you about that, they indicated that they were talking to someone from staff. I don't know if there were -- if not I can certainly direct them towards you as appropriate so that way you're the better person to talk to than me in terms of something that's really realistic to have citywide or not.
>> Certainly we're interested in hearing from all parties.
>> Councilmember Kalra: Yeah because they indicated they had looked at other -- they are working with other jurisdictions from throughout the country and can bring in significant revenue and they get the revenue -- they bring in different revenue in terms of advertising, and from what they indicate, at least, they typically deal with larger corporate advertisers as opposed to some of the you know the smaller scale ones but I think -- with some of the authority we have I think that it would be critically important that

in the way that we structure any kind of contract that's going to deal with advertising, that it be clear to even if just to kind of cover all of our bets, even if we feel we do have some legal standing, that also built into any contract, that it's very clear that, you know, there is certain -- that we want some say in terms of what kind of advertising is there, and have some limitation on the contract. So that at the end of the day, if for whatever reason legally we aren't able to regulate it, at least we can then at that point reopen the contract and get somebody else coming to be more responsible in abiding by our wishes at least. Because I understand even though right now the case looks like it ended in our favor so to speak, in terms of allowing us to -- the discretion to have some authority, that the law is always moving and changing and especially when it comes to First Amendment issues and so on, so forth. Sam had indicated the last thick we want is have the green leaves all around our downtown more than we have now. Anyway, thanks.

>> Councilmember Pyle: Thank you. And there are any other questions, that you just thought of? Okay, with that I needed a motion to approve. Second? All those in favor, aye, we're again unanimous. Thank you very much, really appreciate the report. And now the last speaker that's been waiting patiently is Bill Sherry and his team.

>> Okay, thank you, Madam Chair, members of the committee, I'm David Moss, I'm a deputy director with the airport. With me is Kerry Green. He's a senior planner with the airport, and in the audience is Bill Sherry, the director of aviation. We're here this afternoon to talk with you about a new program that we're moving forward with, the nonterminal area improvement program and a master plan amendment that's required as part of that. By the end of this fiscal year, the majority of the work on the terminal area improvement program will be complete. It's been noted I think in a couple of the previous presentations that the city will have convenient and modern facilities for the public to use and the airlines, rental car companies, and other concessionaires to operate. A world class airport provides world class facilities and services in other areas besides just the passengers terminal zone. And so this nonterminal area improvement program is focused on addressing those needs which are outside the terminal zone. Those needs are noted on the slides -- I'm sorry -- on the bullet shown on the slide, and include demand for convenient customer parking closer to the terminals, the need to renew some of the aviation support facilities that exist on the airport, we've had a lot of interest and use on the low terminal zone and we've had an increase in demand for facilities serving business jets and some of the larger general aviation airplanes. So this slide shows some of the projects in the nonterminal area improvement program, and rather than go through every project, I would just go through sort of four main categories that are included. The first is to relocate the long-term parking which is on the west side of the airport to three new, conveniently located surface parking lots in the passenger terminal zone. The second is to redevelop the land from the long-term parking on the west side from general aviation use and to redevelop the general aviation area that's in the southwest corner of the airport, both through leases to private operators. The third is to construct a new taxi way whiskey which will support operation of the West side of the airport. And the last is to redevelop the hangar area in the southwest corner of the airport and a former rental care support area in the northeast area of the airport for aviation support facilities. Now in terms of costs which is the next slide, the terminal area improvement program was primarily financed by the city. However the cost for the nonterminal area improvement program we see will be limited to site preparation, utility work. The majority of the investment in the N.T.A.I.P. projects will be by private sector developers selected through competitive request for proposal processes. The one exception to that is the taxi way whiskey project which will be implemented as federal grants are made available. In terms of the some of the implementation, some of the projects can be implemented now. Under the existing airport master plan. And those are the park projects, those are funded and they're

currently being developed. We're in the process of developing a request for proposal for the southwest general aviation area, that's being drafted right now and planning for the rehabilitation of the southeast and Northeast aviation support areas will occur this summer. The one exception to all of this is the master plan which current designates the west side public parking area for air cargo use. What we're now hearing from the industry is the demand for more general aviation facilities and less of a demand or a corresponding decrease in demand for air cargo. At this point I'm throwing around a little bit of jargon here. General aviation is pretty much any aircraft operation where you're not buying a ticket, flying a commercial airline. It's anything from a smaller single engine propeller-driven aircraft all the way up to a higher end business jet. Air cargo is basically aircraft that are dedicated just to hauling freight in them, and in some cases, some of the commercial carriers haul freight in the belly. But basically, aircraft that are dedicated to hauling packages like UPS and Federal Express. So we recently did a forecast that we completed and it confirms what we're seeing. This increase in demand for general aviation and a decrease in demand for air cargo. When we take a look at what the impact of that would be comfortable we took a high level theoretical study of the economic benefit of developing that former west side public parking area with facilities that would accommodate high-end general aviation. That would be something on the order of the kinds of facilities we have right now in Atlantic aviation. If we were to develop the entire west side with that type of facility, it has the benefits shown on the slide here. I do want to note that the benefits are not definitive but they show in order of magnitude what could be achieved. In other words, we didn't go out and do sort of a formal survey that we do in an economic analysis. We hired a consultant to do more of a theoretical study for us based on various factors to say, well, if we did develop it, what order of magnitude could we expect. Those are shown there. The next slide shows what the benefits in terms of revenues to the city would be. And there are the benefits shown. But currently, the city receives about $4 million in General Fund revenues from the existing general aviation operation out there, so it seems pretty reasonable that we could achieve these kinds of revenue impacts to the airport and revenue impacts to the city's General Fund. In terms of the actual airport master plan demand projection, we looked at a comparison of the forecast activity from our existing master plan which on this slide is shown in the left most column. It's labeled 2017. If we compare that with the actual 2009 activity that's the middle column. It says that activity is not on track to hit the 2017 activity number. So we recently completed a new activity forecast and that's the one shown in the right most column. The new forecast shows achieving 17.6 million annual passengers will occur in 2027 rather than the current forecast 2017. So it's ten years later. The new forecast also shows a decrease in demand for air cargo with an increase in demand for the larger general aviation aircraft. So this is sort of the basis for the master plan update that we're doing. In terms of the environmental impacts that would come off of that, the most significant one is that the new forecast shows a 20% decrease in aircraft operations. To put that in perspective, that's 180 fewer operations per day from the 904 that were formerly forecast. And an operation basically is a takeoff or a landing. So in terms of planes coming in and planes going out, it is about 180 less per day. As a result, environmental impacts noted in this slide will be this same as or less than those addressed and mitigated in the existing EIR. So we are the same as or less. And accordingly, the Planning Department has already gone ahead and issued an addendum to the master plan EIR. That document has been issued. One of the areas that I know we focus on quite a bit is noise, and I just wanted to put that into perspective. With regard to the noise contours, there will be a decrease of a thousand acres in the forecast 65 CNEL as shown in this slide. And just as reference, that 65 CNEL is sort of the average noise level calculated under California standards. And to summarize it, we use that sort of as the level of impact where we would treat our home under our acoustical treatment program. Sort of the break point where you would want to treat something. The next slide is the blue line

CNEL forecast for 2017, the next slide is the 65 CNEL forecast for 2027. So you can see it's significantly less, primarily due to the decrease in operations and the different technology that aircraft will be flying in 2027, which is quieter. In terms of the master plan update that we will be bringing forward to council, it's needed for two reasons. The first is to incorporate the revised activity forecasts. And the second is to redesignate land uses for air cargo and general aviation on the west side. And specifically it will extend the master plan horizon year from 2017 to 2027. It will designate up to 28 acres from the current 53 on the east side for air cargo, in other words cargo will stay on the east side of the airport and it will designate over 100 acres from the current 56 for general aviation for the West side. For the most part the empire West side is dedicated to general aviation. We've been at this for a while. The process to reach out to stakeholders has been ongoing since January with outreach meetings to interested community groups, the neighborhoods around the airport and the general aviation community. Noted in the memo that went with the report. So far the airport land use commission has found the proposed amendment to be consistently with their ALUC plan and both the airport commission and the Planning Commission have had -- held public hearings on the proposed master plan amendment and approved it. Earlier this month on may 3rd, we made a presentation to the transportation and environment committee. In fact I know a couple of the members of this committee are on that and I have provided copies of the presentation so you'll have it. This will be the last outreach meeting that we're having and we plan to bring the master plan report forward to the June 8th council meeting. And lastly I've done kind of a high level view of the amount of detail supporting information on our Website available to the public. It's been there as we work through this process, it's the document shown, the master plan EIR addendum, and the two supporting studies that are sort of driving this change, it is the demand forecast update and the facility requirements update. And with that, Kerry and Bill and I would be glad to answer any questions that you may have.
>> Councilmember Pyle: Ash.
>> Councilmember Kalra: Thank you, thanks for the presentation. In regards to the investment necessary, particularly for the taxi way whiskey and other necessary infrastructure, looks like mostly for general aviation improvements, you indicate that a majority of the investment will be by private sector facility developers to be selected by RFP. And so then I take it they will be the ones that will be operating, will they be the ones in some form or fashion operating? What would be the incentive for the investment other than some kind of arrangement of that nature?
>> Yes, correct, what we would do is basically do site preparation. In other words, we would demolish any existing facilities that are there, make sure utilities are run to the site so the development can happen, and then open up the land to developers on long term leases so they could develop and operate facilities.
>> Councilmember Kalra: And so they would operate, looks like given the at least the map that there's a huge chunk that will be expanded for general aviation, so that would be their incentive then, would be to operate the general aviation facility?
>> Correct. There would be about 44 acres that would be freed up for development. All of that would not necessarily be made available for development at once, probably about half of it. But I'm hearing there is a lot of interest in something and serve what is the business mark out there. An high end cooperation. That's the incentive, put that out and let the private sector develop and operate.
>> Councilmember Kalra: Thank you. The other questions I have is in regards to the approximates the. The numbers and I can understand, you know, that the last evaluation was done many years and that in an update, you're going to adjust the numbers, and it's no surprise that the adjustment will be a downturn in terms of the projected traffic. However, it refers to the current activity, 2009. Which you know is probably one of the lowest years you can choose in terms of air traffic. The projections, you know, how

were the projections developed? Using 2009, but also using kind of the ups and downs of the economy as well in order to accurately predict the amount of air traffic we can anticipate you out at the airport?
>> We took into account a couple of factors, I'll give a high level view and then Kerri can add to it. What San José is now in terms of air atraffic, what the national model would propose in temps of what that would be and then we temper that with our own forecast of what the economic outlook is for the region in terms of income growth and things like that. And then, also discussions with the airlines serving San José. And made a forecast of where we think the trend would go. In general, it's roughly flat from where we are today. Until we open the new facilities next month, and then with very modest growth think something in the order of 2 to 2.5% that would increase over time. That puts us out to 2027. Do you want to add something Kerry?
>> Only that is the forecast which we developed with assistance of a consulting firm that does this as a business, we looked at the long-term history, not just 2009, but going back to our peak years of 2000, 2001, and what has happened since then. And it's also based on national level forecast of what's going on nationwide.
>> Councilmember Kalra: And you know, obviously, I imagine just based upon prior presentations we've gotten from the department, that the growth would be a modest type growth. How much of the -- how much of the production in the pace of growth was based upon -- was based upon just a trend towards maybe less air travel in general, I mean we've seen certainly after 9/11 and now with the economic times we've seen a drop in activity in general. But how much of it is, in general, air traffic reduction versus factors specific to San José? And I don't know if that maybe a much more complex answer than requires, you can certainly follow up with me later there's something more detailed from the consultant that could be added to that. But I'm just curious because, you know, certainly we're at a regional level in competition with two other airports. We're in a 2009 and going into this year have been very, very difficult years. We have a new terminal opening and we are hopeful that the economy will turn around. Was -- you know and so I can imagine that's all factored into the projections. And the question, how much of that is factored in versus kind of general trends nationwide? I mean do we see any advantages that we have here in San José that can help us buck some of the nationwide trends?
>> I think I'd answer with, the basis isn't the national forecast. That's where you start in terms of what is the national trend going to be. And then we take a look at what's happening regionally, not just San José but what's happening in the region. It's difficult to make a long term forecast based upon competition amongst the three airports because that's dependent on decisions that the carriers are making. So as we try and regionalize what we're trying to forecast, it comes down to a region but not necessarily a specific airport.
>> Councilmember Kalra: I know it's very challenging to predict any of it. I agree with the recommendations that are being made, and know that it's a very flexible industry, and I imagine we have the room to be flexible as well in terms of going forward. But it looks like a large investment in general aviation at the expense of cargo but I trust you know the way the numbers were run are such that even if there was some significant fluctuations that we would still have capacity to adjust to an increasing cargo greater than what we anticipate with just 6800 operations by 2027 that we still have some room that if there was for whatever reason it could be because of impact because of the other regional airports maybe not being able to handle the capacity or for any other number of reasons in terms of the operations that we have here that were for some reason more amenable for cargo that we have the flexibility to be able to allow for that some even within the adjustments in the master plan.
>> Yes, I think your point is to make sure that we don't make a change that builds us out of being able to accommodate cargo in the future. I think one of the ways we can look at that is, the amount of land that is

being allocated under this recommended change is slightly more than the land we have today. We were handling, and I've not got the numbers in front of me, but in 2001 before the big drop handling air cargo in the current location where cargo is operating, you know, rather than developing the west side. And so that indicates you know that even under what we are recommending we should be able to handle the demand that's there. Plus the cargo industry has changing. There has been consolidation amongst cargo carriers and they are tending towards shipping more freight on the roadway believe it or not rather than in airplanes.
>> Councilmember Kalra: They're selecting basically regional centers, and from there kind of using trucking.
>> Right.
>> Councilmember Kalra: Thank you.
>> Councilmember Pyle: Rose.
>> Councilmember Herrera: Following up on what Ash was asking, how confident are you in the forecast? Is there a mathematical confidence level that you are looking at in terms of -- just to start with.
>> Forecasts are forecast. You base it on the best information available, and I mean we do, you know, track our activity levels over time. And if we see a few years from now that our forecasts are a little off again, we will be back with a newer analysis and another amendment.
>> Councilmember Herrera: Okay, and in terms -- I was wondering about trends too in terms of reducing the cargo. You mentioned there's more trucking that's taking place, I imagine rail car too, there seems to be some -- something by rail, I don't know, there were some investments in rail I was wondering about that too.
>> I don't know about rail, but I do know there's been a consolidation amongst the cargo carriers themselves, and in a trend towards trying to put more on the road than in the air, where they can.
>> Councilmember Herrera: So I guess my question, too, and just help me understand this, I'm not an expert in airport at all. The passenger side of the house, the percentage of the airport that's being devoted to passenger, that's not changing at all, in this forecast? I guess what I'm wondering is, if things change and we needed the airport to grow in terms of passenger utilization, if our forecast was not as optimistic or if things grew faster and we needed more space for passenger or cargo, how -- how does this plan -- how could this plan be adjusted for that?
>> We would need to come back for another master plan amendment and dedicate more land for the passenger terminal zone. But I would point out that what we're building out in our current program is 28 gates. And there's actually authorization or ordinance that limits us to a 40-gate development. And so we still have another 12 gates worth of development that could occur.
>> Councilmember Herrera: Okay.
>> Between now and that 2027 time period. There's actually triggers in our airline agreements where when we hit a certain level, I believe it's 217 commercial operation or 12 million annual passengers that's a trigger for us to start designing the next phase. There are built in ways of dealing with increased passengers. But beyond those 40 gates would take council action and master plan amendment.
>> Councilmember Herrera: I guess what I'm trying to ask you is percentage. What's the percentage in terms of the whole airport configuration, GA and cargo, what was it, and then what is it now just percentage wise in terms of if that makes sense --
>> You'd probably want to look at it in terms of operation.
>> Basically, the pace of activity is almost the, right now, is mostly the use out of the airport, you know, that's the terminals, the roadways, the park lots --
>> Councilmember Herrera: Is that half of it? Is about half then? That's what I'm trying to -- just gross

numbers like what percentage.
>> Yes, with the parking that's temporarily on the West side, it's more than half. With the buildout of the master plan as the recommendation for year 2027 it would probably be about half the airport. Basically the Eastside.
>> Councilmember Herrera: And then cargo and GA would be the rest, and then cargo would be what percentage of that, and GA would be what percentage of the remaining?
>> Cargo would be a very small percentage, because it's basically the cargo facilities, a couple of terminals for freight to be delivered and hauled out of the airport. And some aircraft ramp airs for aircraft to park, handling cargo. And GA is basically all the land for where the aircraft are actually based and in hangars and open tie-downs. And so GA would be almost the entire west side of the airport.
>> Councilmember Herrera: So it's the other half, almost 50% would be GA and 50% would be passengers and the whiskey taxi way is GA?
>> No, that --
>> Councilmember Herrera: That's just --
>> We call that air field. So survey, any aircraft.
>> Councilmember Herrera: Just to understand in terms of percentages. How does that compare in San Francisco and Oakland in terms of their plans? Not that we're like them, I'm just curious in terms of roughly how they look out there, do we have more of an opportunity with general aviation because of the companies that exist in our valley?
>> Paul Krutko: That's right, you got the key point. The issue for us is that we want to take advantage of the fact that many of our companies would like to have their planes here. And one of the things that Bill and I have talked about in the past is that for a Silicon Valley executive, sometimes the operations can be deceiving because there's actually four operations that occur. The plane has to cox in from someplace else, take the executive out, on the trip, bring the executive back, and then fly back to the other airport. If we build the facilities, that will be -- the plane will be here and it will be one time in and out and so from an objective of impact on the surrounding neighborhood we've actually cut for that particular executive the plane's flights in half. So we think it's a real good place for us to try to enhance airport revenues. And I think the other thing just to clarify, I think is that this is a whole area where it's nonairline revenue which is a place where we really want to generate. We want to generate airline revenue but the point is nonairline revenue is really really vital to the airport's future economic health because then it keeps down -- keeps the price per passenger down, because we have other sources of revenue. So I think Bill's really pursuing and his team are pursuing a very smart strategy to take what's really parking area and turn it into a very -- a very good asset for our company base here, not only just in San José but surrounding Silicon Valley.
>> Councilmember Herrera: So GA would essentially subsidize some of the -- the passengers side in a way and then we're not subject to the whims of airlines who can up and move in a weekend. So we've got more of a stable base so it sounds like a really good plan. I was just concerned with we have plenty of space to accommodate passengers, so we wouldn't be sort of taking advantage of this and short circuiting the growth on the other side if we need it to gross up. Sounds like really a very good move.
>> Councilmember Pyle: Sam.
>> Councilmember Liccardo: I wanted to follow up on one of Ash's questions, which I guess just to put in numeric terms, I think that the assumption is that our traffic and operations on the passengers side, commercial passenger side will grow about 2 to 2 and a half percent a year, that's how we get to the end number. Is that higher or lower than we would expect nationally based on what you are seeing?
>> I think the FAA just dropped the national estimate down from like 4.5% down to the low 3, do you remember Bill?

>> Councilmember Liccardo: So we'd actually be a little slower than --
>> Is it about 3 now? It's about 3 now nationally. Ours wasn't escalating, started 2, 2.5% and then escalated out in the final years. But as Kerry said, a forecast is a forecast. It's the best information we have today. We are looking almost two decades.
>> Councilmember Liccardo: I appreciate, it's a little speculative, it has to be. Are we trying to keep pace with sort of the national trend or are we expecting to be consistently behind?
>> I think we're keeping pace. We're not a straight line like the FAA is using or sort of an escalating.
>> Councilmember Liccardo: We use that because we expect that San Francisco can e-is going to hit a cap at some point and some of that cap is going to be shifted down here?
>> Bill Sherry: Bill Sherry aviation director for the City of San José. Councilmember, I think that our forecast are, the theory behind them we're going to continue to struggle for a while, because there's industry consolidation and the legacy carriers are moving more towards hubs, consolidating their traffic in the hubs. And obviously, San Francisco is one of those hubs. However, that said, I think we've also built in that in the Bay Area, Northern California, there's three airports, as everyone's well aware. San Francisco is operating today at 92% of capacity.
>> Councilmember Liccardo: Right.
>> Bill Sherry: And their capacity constraint is their air field. They don't have enough runways and taxi ways to handle much more traffic and the odds of them building another runway is nil. So we know at some point in time unless other measures are taken into account, that San Francisco's going to cap out. Oakland is also constrained not on the air field but on the terminal side. And for them to trigger a terminal complex and start constructing and have that operational is at least a ten-year process. So when you look at San José, we have an air field, we have a terminal complex that is more than capable of handling today's traffic and traffic for the foreseeable future say out 3 to 5 years. Then is easily expandable because of the expansion that Dave talked about in phase 2 and adding those 12 gates. So we think that San José is well positioned to be able to handle future growth, both passenger, cargo and GA. And when you're referencing cargo, you know it's the C word, it's the curfew. Cargo and curfews don't go hand in hand. So I think that this city is behind its curfew. And if we are, then we've got to be less generous with allocation of land to cargo, cargo operations at San José will be an incidental use. International cargo and overnight cargo, is really handled in San Francisco and Oakland. Oakland has a large FedEx base there. So the way we're seeing this is, this is a win win win. It's a win win win because it addresses the passenger need in capacity. It addresses -- it resizes the cargo to fit with the realistic issues of today. And then it opens up the west side of the airport to help supplement general aviation activities, and better suit our corporate customer base and citizenry. It also helps, I wouldn't say it subsidizes the commercial activities, but it helps to generate a new source of income. And then, in terms of the community, it's fewer operations, less noise, and as Paul noticed noted, today many times corporate CEOs that have flight departments or aircraft have to ferry those planes in to pick them up at our airport, they fly out on a business trip, they come back, get dropped off, and fly back out. That's four operations for one flight, and the city doesn't get anything. Doesn't get land use revenue, doesn't get fuel and doesn't get property tax. This changes that by opening up land up for that company, that CEO and lets them base and invest in San José. And we think it's a great way.
>> Councilmember Liccardo: Thanks Bill, just to go back to where we started, what we're seeing slower than mean growth, slower than normal growth, as first, as other airports hit capacity, we'll probably accelerate.
>> Bill Sherry: Pick up.
>> Councilmember Liccardo: That's real helpful. And congratulations, by the way, on -- I know that

Golden Gate helicopter just sited their headquarters here. Which is wonderful news. I think it certainly speaks to your strategy of pushing general aviation. That's great news. And I guess the next question related to -- oh, you mentioned cargo. We've had significant drop in cargo also because of the dropping in manufacturing activity here, hasn't that been a complete driver?
>> Bill Sherry: Yeah I mean if you look at the master plan the way it was designed ten, 15 years ago, maybe even a little bit longer, this was a manufacturing region. And so the thought process was that we were going to have to export our goods. I heard the conversation about rail and truck and air. Air tends to transport time sensitive cargo. Bulk cargo is either done on the highways or on rail or on ship. But all that said, our business here has shifted from a heavy manufacturing base to intellectual property. And we don't need cargo or planes. We need planes to transport people, not packages.
>> Councilmember Liccardo: Thanks.
>> Councilmember Pyle: Thank you. I believe the questions are answered?
>> Councilmember Liccardo: Uh-huh.
>> Councilmember Pyle: Thanks, we appreciate that wonderful presentation. I understand a whole lot more than I did before. May I have a motion to approve?
>> Councilmember Herrera: Motion to approve.
>> Second.
>> Councilmember Pyle: All all those in favor? At this point we are all behind you. And David Wall would like to speak to that. David, here you go.
>> David Wall: I think the economic salvation for San José airport relies in the general aviation formula. The business jets, you want several flocks of those nice gulf 5s in there in reference to all those companies you want to entice. The cargo aspect has been discussed already and it should be a dead issue. The $78.5 million left for the first bond issuance should not go for any CPE reductions, should be held for the director's prerogative for the variety of construction projects that are going to come forward. What are important to help the airport is the repeal of the prevailing wage, and the living wage ordinances that you've hoisted on them, in other words, to buy votes. The arts tax, now, I'm not sure what's called the arts ordinance, or the percentage for any type of construction that they tack their little funds, to support the Office of Economic Development's arts funds program, that has to be eliminated. Without these three -- and also, light rail is mandatory to get to the airport. You have to have it if you're going to be environmental. Now, there are ideas to reduce CPE such as some of the airport revenues, can that be used to offset the CPE? And whether or not the calculations that are made is not forthcoming? Lastly, I would like to note if any of the forecasting models ever utilized the Libor or currency market rates and their fluctuations and their impacts on City of San José economies, I personally have not heard anybody talk about that accept for one citizen back on February the 8th where this expert panels from OED came in to speak. There was only one person that spoke about the collapse of the European markets. And I think the Libor and currency markets should be figured very frequent in any type of economic discussions. Thank you.
>> Councilmember Pyle: We're knot now at open forum. David, don't go away. We're at open forum.
>> David Wall: I got to get my (inaudible) just a minute.
>> Councilmember Pyle: We'll let you do that. And so David is last, but certainly not least.
>> David Wall: There's a couple of issues that affect the overall economic development and cost to city operations. One of which showed up at the Public Safety, finance and strategic support committee. This consortium for police leadership and equity, I have yet to speak on it so I will do so now. This program has inherent hidden cost, that aren't hidden, that are real ongoing. This program should be abolished on a variety of issues. Mainly because it's costing the police department way too much money and staff time to

give this group of people from Los Angeles some form of credibility. The use of booking photographs for example is going to take a lot of police and county sheriff time alone and then CPLE tries to write City of San José a regional police policies by the use or miss use of statistics and how they formulate their program. CPLE should be eliminated. In the budget hearings we heard talk about the use of the $1.5 million reserve and the catalyst fund. To be one idea that was floated was to use to entice businesses. That is a foolish waste of money. That money should be used to utilize some variation, whatever that variation is of the works projects administration, to put some form of way to hire people to do something so they can have income to start spending. Now what model that can come up? You have enormous resources at your command, and they haven't even floated this idea, which gives credence to my argument that the office of economic development should be eliminated in its entirety. And then lastly, that's right, it's the same thing over and over again, you have not performed, Mr. Director, simple as that. You celebrated last meeting, 426 jobs. The city is on the verge of losing three times that amount. Not one word has been said about sustainable agriculture, go ahead and make another recurring gesture. There's a lot of money in that. Thank you very much.
>> Councilmember Pyle: Thank you. And with that we are finished. Unless you want to stick around a little longer.