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>> Councilmember Herrera: I'd like to call the meeting to order for the Community and Economic Development committee. And I guess we're -- there of us are here. Do we do roll call? Go ahead and start. We have a quorum. The first item is the City Manager's downtown advisory committee update. And there's a request to drop that item. Under orders of the day, I need a motion for that, opposed, motion carries. There is nothing on the consent calendar. So we'll move on to Kim Walesh's verbal report on economic activities.

>> Kim Walesh: Great, Kim Walesh director of economic development. Just offer an update on economic development activities last month. And you may recall our big two-prong strategy, first priority is to regain jobs and revenue as the economy recovers. The second prong is to keep creating those civic amenities and infrastructure that make us the kind of city that can continue to attract talent. So had success on many fronts. I think one that differentiates San José is we take comprehensive approach to thinking about what economic development is about. So the next slide. On just a reminder here. I think it's important to celebrate wins and with the agency, moved two very important projects forward in the last month. Of course the agreement with Maxim which will allow them to create 2250 jobs ultimately in San José by consolidating their activities here. Maxim makes them one of our top ten employers for Maxim and for San José. The other, C-8 Medasensors, a medical device company that wants to manufacture here, generate millions of dollars of sales atax for the city as they scale up for the next three to four years, a real find. Again thanks to the agency or the their success in getting this company into Edenvale. This project also represents the new model or what the new model is going to increasingly have to be, in that this was our first sales tax sharing agreement with a high-tech company. And we're able to do that in a way that makes sense for the city fiscally just because they're going to be generating so much sales tax for us. The next area of course is that we all have our eyes on accelerating emerging sectors and emerging growth companies and I think you should all have these dates. But they're coming up pretty quickly right now. Partnership with the world bank and tech BA which is the initiative that helps Mexican companies locate here. Come here to access our ecosystem. This Wednesday, March 30th from 5:00 to 9:00 in the rotunda is the open part of the day-long prom where we will have 20 international incubators and increasingly they're using this word business accelerators here in San José to both learn what we're doing and figure out how to connect more with each other globally. And then the following week on April 5th there is the dinner with the Irish technology leadership group which you all invited. If you haven't confirmed already we'll have a significant San José presence there. The ITLG

is really critical for Irish companies and Irish American entrepreneurs and has increasingly international linkages which we believe are very, very good for San José. Also on April 5th the ITLY has come up with their Silicon Valley 50, top 50 Irish American entrepreneurs and executives nationally. And they're hosting with Craig Barrett and I believe Mayor Reed a luncheon in our rotunda April 5th and we have invited the members of the CED committee to come to that. Great networking opportunity, especially with Irish-American players from large technology companies in our area and nationally. We continue to do outreach with the agency to companies in our area. And especially, trying to identify those that are venture-backed or in serious growth mode so you can see the list of ones visited in this last month. Lavonte is a really interesting company in that they're venture-backed and they're in Edenvale. They're a graduate of our E-center. They've taken advantage of score. The guys, Joe Flynn is on the Work2Future board and by the way he's he is one of the Silicon Valley 50 that's going to be awarded on April 5th. So this is one of the companies that has been totally connected to the city. And we're going to bring them to council on April 11th, which is around the time that their first patent is going to be publicly announced. We're going to work with them to get some flay on that. And their technology actually helps companies save money during tax time. So it's very timely. This is one example. Each one of these has a little story on how they touch the city and things they want to work on and why they're in our community in the first place. Last week, Work2Future hosted a job fair which I stopped by, was at Mexican heritage plaza, was really incredible. There were 20 companies there, you could see a wide variety of companies. Over 550 of our residents showed up. These are people looking for work. As a sign of the times, a year ago, when we had a similar job fair, we were begging companies to come. And I think ended up with five or six. In this case, we had to turn five companies away, and each one of those firms up there had ten, at least ten real positions they were hiring for. So that continues to be really important work. You know that we're working with the airport and the mayor's office on increasing air service to San José, continued conversations including OED and the airport meeting with British airways for more conversations about a potential flight from San José to London. And then we continue to believe it's important to attract media coverage to all of the achievements of San José, so these range from in the area of Green Vision, the sun shares employer group buyout to the earthquakes stadium demolition, to the Hitachi project, to the new fuel cell technology being deployed at sharks ice. So that's an important part, especially in down times, to keep talking about the positive momentum that this city has going for it. On enhancing -- three events there I think they're on your calendar, but April 7th the ribbon cutting for right speed at 11:00 a.m. And on

April 13th it will we're helping with getting national attention to the convention center expansion and enhancement, so there's a press conference scheduled at 10:00 a.m. on April 13th to really celebrate that significant milestone. With downtown I think you know we're working on a live music strategy in partnership with 1stAct, so just wanted you to be aware that last Friday we convened a number of the live music promoters and restaurants and bars to review the city's the ways we get in the way of implementing live music. Especially when we have the restaurants and cafes that want to do occasional live music. So OED and the police department will be bringing some changes forward to the public entertainment ordinance that starts mitigating some of these obstacles. For kinds of smaller-scale and kinds of environment-shaping live music rather than large clubs. And of course with the agency executed agreement to continue financial funding for the good work of the downtown association over the course of next year. In arts, sports and culture, this is the time of year when we have the competitive grants program review panels going forward for the arts grants. We also want you to know that we're working very closely again with the mayor's office, to make introductions to area companies who are potential partners for the earthquakes stadium. So the earthquakes leadership is very actively looking for title sponsor, as well as other kind of partnerships with area companies. And then again, more work with public art, including an alternative temporary approach to repair the damaged veterans memorial downtown. And the opening of a unique artwork at the Seven Trees community center where all of the elements are made from recycled trees. That opened this month. So I think that's it. It continues to be a time of a lot of opportunity and you can feel modify momentum growing in the private sector economy that obviously a time of a lot of concern about the Redevelopment Agency. And the staff and all of the work that we have been doing together. And what's going to happen to that and how we -- how we do whatever transition we need to do in a way that keeps the momentum going, as best we can but moves to whatever the new model is going to be.

>> Councilmember Herrera: I want to say thank you for the report, Kim, it's thorough and comprehensive and I think it's very positive. I just wanted to also reflect on and I'm sure most of you have heard the positive news coming from EDD in terms of employment figures. Santa Clara County down to 10.3, whoever thought that would be a good number but it certainly is better than 12. We've had eight straight months of job gains, 96,500 new jobs in the state in February. 50% of the national job growth occurring in California. That's all positive. And a lot of that's happening in Northern California. It's happening north. The one thing I did hear and I didn't see it in the

mercury article but I heard it somewhere is that San Francisco is really doing quite well in job growth, maybe doing better than we are. Wanted you to comment on that Kim if that's okay in the concept of the report in terms of news. Why don't you comment on that?

>> Kim Walesh: I'll have to check on that. I don't have the historical job figures like the last year for San Francisco versus San José. But every projection I have seen that's credible has us growing at more than double the rate of San Francisco over the next year. I mean clearly it's good for us when the whole Bay Area grows, but to a certain extent San José's recovery is dependent on the whole region and California and the nation recovering. But my understanding is we're projected to grow the fastest in the Bay Area and faster than San Francisco in the last year.

>> Councilmember Herrera: I think I'm talking about the last couple of months they had a big spike up there but obviously we're very competitive. I also wanted to ask you in terms of the Irish incubators, I think I heard at one of the meetings that we had during the visit from their delegation that the in job growth is actually positive for us, that these Irish companies are bringing jobs are providing jobs for American workers and I think that's an important point to make. When people hear about working with other countries, you know a lot of times folks think about outsourcing, and that we're losing jobs. We're actually gaining jobs and I wanted you to comment on that the Irish experience.

>> Kim Walesh: You are absolutely correct, that's been the experience. That job and economic benefits, especially the relations with Ireland are definitely have been two-way benefits.

>> Councilmember Herrera: Just to say I just want to encourage the ideas of incubators, accelerators, startups, all of this energy around companies that are starting here. I think that San José, we need to continue to really nurture that kind of growth in any way we can. I know that I'm actually meeting with folks in my district to create a small footprint kind of startup situation, developers both software and real estate owners very interested in creating environment in a private sector way where companies can flourish. I think there's a real energy that I'm picking up in terms of more opportunities for this. I think it just goes along with we need to keep the cool factor

here as I think we've talked about because people are still choosing where they want to work and where they want to have a company by what kind of a community it is. So we're competing with all those and I think we compete very well. I guess one of my questions for everybody is: We have many, many graduates coming out of San José State university engineering department. I don't know how many thousands of graduates we have had. Where are those guys, where are the rock star developers coming out thereof around how can we be sure that some of those folks are going to be staying in San José? And those are my comments and I want to open it up to my comments.

>> No questions.

>> Councilmember Oliverio: Kim, I notice redwood systems was on your thing as a company trying to recruit. When you have a company in Fremont how do you go about trying to close them when they're geographically further than a company in Santa Clara or something?

>> Kim Walesh: Is that one you met with them Stephen? Scott Green. In certain cases generally as a rule we don't go proactively and meet with companies in other Silicon Valley communities and we actually have an understanding among all the economic development directors that we don't do that. It's just not good practice. So we only do it if the company itself has made a inquiry or in this case there maybe some link through the Green Vision or one of our Green Vision goals or partnerships. In meeting Green Vision goals our philosophy is if they want to do a demonstration project with us or otherwise relate to our Green Vision, we'll generally do that, because it's good for growing the whole clean tech cluster here.

>> Councilmember Oliverio: Thank you.

>> Mayor Reed: Councilmember Liccardo.

>> Councilmember Liccardo: I guess along those lines I know it came out in the Merc business section, week and a half ago, a major employer was interested in moving to San José I think from Pleasanton if I'm not

mistaken. I know Nancy Kline was quoted -- Steve, I know, thank you very much, Polycon, thank you. Is there anything that publicly can be said about that, at this point, about polycom?

>> Kim Walesh: Not that I know of, but I'll have to check.

>> Councilmember Liccardo: I'll assume everybody is working away. Thank you. About San Francisco, the comparison is made I think it's an important point for us to emphasize, up in San Francisco when the Board of Supervisors or some members of the Board of Supervisors, what the mayor proposed being able to hold the payroll tax which San José would never impose a payroll tax because we actually think jobs are if the. But they have a payroll tax in San José so they proposed freezing it for twitter, twitter would have the same sort of payroll tax, an enticement to stay and grow in San Francisco rather than leaving the city. Hugely controversial, everyone from the president of the board, David Chew, to the mayor, Mayor Lee, took all kinds of shots for it. And here in San José we recognize that we want growing companies here. We disengaged in a sales tax, sort of a shared sales tax proposal which was as I recall, uniformly approved by everybody on the council and nobody objected of course we recognized this is the place we want jobs. I think this is a message we ought to be spreading more throughout the Bay Area that we recognize, we get it, that companies are -- obviously want to be in important places like San José or San Francisco, but they're partners -- there are ways to partner with them and there are ways not to.

>> Kim Walesh: That is an important point. San Francisco and L.A. for that matter have payroll taxes, city payroll taxes. They make such a big deal and get media attention when they waive it or reduce it. And we don't have it in the first place!

>> Councilmember Liccardo: Right.

>> Kim Walesh: That's the point we all need to understand.

>> Councilmember Herrera: Yes sort of like when something goes on sale but they raise the price twice as much so it's really not on sale. So I know that we have a relationship with the Silicon Valley companies that we don't poach their companies. But what about San Francisco, can we go talk to twitter and all those companies?

>> Kim Walesh: We've thought of that sometimes sending a letter and e-mail letting them know we don't have a payroll tax down here especially and we don't need to discuss that here.

>> Councilmember Herrera: We can talk offline because I have an opportunity to meet with some of those companies up in San Francisco and they want a package for us to present. I think we definitely should take advantage of that because as Councilmember Liccardo pointed out we don't have that payroll tax so right away we can reduce the cost.

>> Kim Walesh: And just to be clear I any we do have a very good working relationship with the economic development staff in San Francisco and with the Bay Area council for that matter, and times when it's not the appropriate fit for San Francisco it's handed to us here. And I think at the end of the day, there is actually a lot of complementarity between the kind of company that's going to want to be in San Francisco and fit into their real estate and the kind of company that we want here, though increasingly we want some of those office tenants and clients and developers which previously might just have looked at San Francisco.

>> Councilmember Herrera: Well from what I've heard there are many companies there who are looking for alternatives, and San José needs to be repositioning itself as one of those alternatives. Okay we'll move on to item 2.

>> Councilmember Herrera: We need a motion to accept the report.

>> Councilmember Herrera: Oh I need a motion to accept.

>> Councilmember Liccardo: Motion to accept.

>> Second.

>> Councilmember Herrera: All those in favor, opposed, passes. We have Joe Horwedel to talk to us priorities for land use and development streamlining ordinances.

>> Joe Horwedel: Thank you, Madam Chair. We attach the results from the meeting in February, the council had with city management and looking at the plan and putting prioritization to it. And coming out from that we added back in it pretty much reflected where staff has been focused. One thing we did not do when we presented this to council at the workshop was to break it out by our major work areas. It's one thing to have a long list of ordinances or policies to work in but as staff we felt it's important to recognize that some of these are very much driven to helping us in economic development. Other of these help straighten our neighborhoods or protect them and then just overall modernization of the code work that needs to happen and other types of initiatives that we worked on. So coming out of the -- that workshop, very clear that the council still wants to be focused open the sign code update. We are moving forward with that next section of codes, second phase of that. We're also, very thankful that the council saw the benefit of our, we call it the quarterly modernization or the quarterly update ordinance. We have held off a little bit as we were working on other things with city staff of planning and in the attorney's office, and we're working on another one of those now, but that will be coming to the council shortly. And the alcohol process of wanting to go and make the ability for full service grocery stores to be able to have offsale alcohol in a much more streamlined process rather than kind of the convoluted double-denial process that operates today. So that's one that was high on our list and again the council thought we should move that forward. That we did also include the ones where there was not a lot of interest on here from staff standpoint, we knew at some point we would need to deal with condo conversion changes, that got zero votes coming out of the process. Noise standard updates, the one that we'd been asked to look at was payday lending as one of the ordinances that right now is not at the top of the list. So we're not putting resources to that. The last one, let's see -- bail bonds. It only got three votes coming out of the priority-setting. We have an ordinance, not a moratorium, an urgency ordinance that the council enacted that's coming up on its conclusion. Both staff from planning and the attorney's office would be working on what the next steps would be just to close that one out. That one is probably

the one where there's the biggest mismatch of prioritization compared to work to do. Right now signs, the quarterly change and medical marijuana are where our staff are at focus. Today wanted to share with the committee what those prioritizations looked like. If there are things that we should be thinking about that aren't on here, you know as we do kind of regularly match this list around with our customers as well as internally, to keep track of things, as we go through the prioritization exercise, if there's something more we should be thinking about I'm here today to talk to that.

>> Councilmember Herrera: Thank you Joe, I think this is really helpful in having it categorized and then have all the scoring. I had a couple of questions. Medical marijuana has 17 votes. But it -- I guess -- how do that in terms of the other category, where does this --

>> Joe Horwedel: So it's one because it has 17 votes it's very much a high priority. It's one that we are working on. We don't prioritize the categories themselves, what are the most pressing issues, we're going to keep moving it. We do focus on the economic development, streamlining to make ourselves more competitive but we still need to deal with basic ordinances that might not fit into that.

>> Councilmember Herrera: And the bail bonds you said there's sort of a disconnect with that. Am I hearing that there's not a lot of votes but it's a priority because it's going to come up again?

>> Joe Horwedel: Right.

>> Councilmember Herrera: Can the bail bond companies step up and pay for the work for the ordinance? Would that help?

>> Joe Horwedel: No, I don't think they're motivated.

>> Councilmember Herrera: Is there a way to motivate -- just asking.

>> Joe Horwedel: Well, it's one that is really important to the community, so it is one -- that's why we have it listed in with the neighborhood preservation and protection, and I think it's important from that end. So our goal is to minimize the amount of staff time it's going to take to work on the issue but it's to go through and not yet the urgency ordinance kind of just end and not have anything there. We did the urgency ordinance because there was a reason, and we were having problems. We want to figure out what's the best way to finish that out and get it to council before the end of the year. I don't think.

>> Councilmember Herrera: So fees recovery wouldn't be part of the new bail bonds, in terms of fee recovery, for the new -- seeing it becomes enacted?

>> Joe Horwedel: For the permit process.

>> Councilmember Herrera: But that wouldn't help pay for the staff time that is built in?

>> Joe Horwedel: No, that's General Funded.

>> Councilmember Herrera: Councilmember Liccardo.

>> Councilmember Liccardo: I just want to point out not doing the work would cost us a whole lot more in code enforcement calls and in just general nuisance than doing the work at this point. There's a lot of pent up frustration over there.

>> Joe Horwedel: Code enforcement, the attorney's office and planning or code enforcement serving general fund and code enforcement, I can move the dollars but it would be better to just be done with it.

>> Councilmember Liccardo: Yes.

>> Councilmember Herrera: Other questions?

>> Councilmember Oliverio: Joe, on the offsale grocery store question, isn't that a pendulum swing? Because the prior council wanted it to be a double denial and now we're going back to the old way?

>> Joe Horwedel: We're not going back to the old way. When the council rewrote the rules regarding the gas station mini mart question, I think the pendulum did swing a great distance but as soon as we adopted that, we were having conversations about how to make it work better. I think now we've figured out, what has worked and not worked about that. So I think it's swinging the pendulum back a bit certainly for grocery stores in a more practical manner.

>> Councilmember Oliverio: So in the end you would envision where the grocery stores, that is a simple process to open up, simpler?

>> Joe Horwedel: Much simpler process. Whether we go in and do it right which I think we should really look at hard, or to do it with a use permit, but it goes straight to the council, I think that's too much process but I think, you know, if our goal is to get fresh food and fresh meat into neighborhoods, this is a tool to do that. I think we should be very clear about that and then get out of the way of that.

>> Councilmember Oliverio: And we have other things that are allowed to go in by right?

>> Joe Horwedel: Lots of things.

>> Councilmember Oliverio: I mean, seems like a grocery store has more value than a lot of other things. Thanks Joe.

>> Councilmember Herrera: Councilmember Kalra.

>> Councilmember Kalra: When it was done, the zoning, even at the time I questioned its value, and at the time asked simply, that it be used to actually set priorities or used to help inform staff as they went forward and now it's very clear that it's being used in the manner that is setting very clear priorities, which is okay, I mean I think that we clearly see some things rise to the top for a reason. Sign code, we have a ton of work on that it's close. Medical marijuana, all of us know how important it is to get something there. In regard to payday lending, at the time that we had this discussion, the grant had not been awarded. Since that time there's been a grant awarded that allows us to do study on it. It may obligate some work on it but the grant allows us to work with partners. So I mention they'd because it's not taken into account, that needs to be taken into account in terms of leveraging other resources especially if there's a time line that provided us an opportunity to analyze something that we otherwise wouldn't have the resources for. And look, you know, I cared enough that I didn't vote for that but that being said I'm not even saying that's the top ten. I'm not going to be so myopic to say the ones I'm working on are definitely the top 10 and the sign code -- I recognize that there are 100 different things we could work on but the fact that we have a grant awarded on payday lending an issue I think that at least deserves analysis. Gives us an opportunity that I don't think could be easily reflected in putting stickers on a board. I think most of the things you're focusing on is appropriate, the highlights you've already made I think they're certainly appropriate but I do think that we also need to find opportunities to leverage some of the resources, especially since we were awarded the grant and it's been made very clear that they would like to see the work with San José at least analyzing what kind of impact these types of facilities have on the city. At the end of the day, if they determine that there's nothing or a little that can be done that's fine. I'm not presuming that there is action that has to be taken. I just think it deserves analysis and since we have funds for it, a good amount of funds that we should go forward and obviously as has been the case, my staff is willing to do as much as allowable as far as any of the work or research that needs to be done.

>> Joe Horwedel: I think that is an important point about how we pay for this work. Is that for the last year or so we moved General Fund moneys around to actually put into this because previously we paid for this out of the developer money to do this work. And it is not reflective of nongeneral Fund resources that might augment the staffing that we do with this. So that is something I think as we go forward and do some prioritization, there are a couple of other ones that I think the landscaping ordinances is one that environmental services funding has been

used to help staff augment to make that work happen. I think the real challenge is going to be the bandwidth into the future is that come Wednesday, my planner who does this is retiring. So is that we will go back and then regroup to figure out how we staff this, as we kind of between now and July and then what does post-July look like to do all these different type ordinances. And the last piece I will put is part of the grants and the work we did with tobacco we had grants to go through and start that program. We've approved the ordinances, did the the work and still do not have the dollars in hands. There's lots of paper that moves back and forth before the dollars ever show up so kind of the risk piece of how far do we advance with General Fund dollars with the promise of stuff coming back on it. So that's kind of my one caution of doing more of those, it's been I think we've spent more time on the paperwork than actual the productive part of doing this back up ordinance.

>> Councilmember Kalra: I think that's a fair criticism and something we need to hear, certainly if you any one of us is pushing something and expect staff to have to do the work, and I think that there is certainly should be recognition if there's a argument made that hey we have resources coming from an outside agency certainly it's fair enough for us to ask the outside agency that key managers get paid as well and get paid for work accordingly. So yeah, absolutely I -- in no way would I suggest that any item just because there is outside funding, should jump to the top or jump over something. I just think there's an opportunity here to work collaborate and take advantage of resources to help better inform us on issues that are important.

>> Councilmember Herrera: Councilmember Liccardo.

>> Councilmember Liccardo: I agree with Ash's general point about leveraging resources. The one point I just add Joe, I recognize that that money that you're expecting for the alcohol -- I'm sorry the tobacco ordinances, I sit on that CPTW board, please let us know when you are having those kinds of problems so we can communicate that back to the folks who allocate the money. That's something we need to be clear to the city that we're not doing it for free, we're broke.

>> Joe Horwedel: Yeah.

>> Councilmember Liccardo: Thanks.

>> Councilmember Oliverio: Somebody come take this desk? No, I'm good.

>> Councilmember Herrera: Joe, is it -- do we routinely look at other ways to augment the cost of this to support the General Fund? So it seems like it is General Fund money that's doing this but there's nothing to prohibit us from looking at ways to support this? But I guess the other issue is staffing, so --

>> Joe Horwedel: Well, we've been pretty creative in how we've gone and put dollars together to do ordinances. We have from planning a number of different -- the main street type zoning standards, had a lot of staff help from the Redevelopment Agency to help us create that, we had project staff that were working on that as well as with Carol was doing, so we have -- we'll pull people from other parts of the department to go through and work on that. It's one that just as we have shrunk down our bandwidth to kind of be nimble on that goes away, as well as the priority, the base priority, is -- becomes the base priority which is like doing projects and it's the same challenge with -- in Ed's world in the attorney's office, is that ReneÉ cranks out a tremendous amount of work. It's just we keep asking to do more and more sorts of things. So you know there's the kind of finite bandwidth to work through some of these issues that I think we just as an organization need to go and kind of look at what we're going to -- how we're going to work through some those that if our highest priority now is like signs, is that then we stop doing other things. And the reality was that's what happened in both Ed's world and my world, being in this year because the General Fund EIR was needed to get out. So I had you know the attorneys focused 110% on getting the EIR read so I could get a draft done. Which meant I stopped getting ordinances done. Which basically I said I will not bug you for two months while you get this done, that's the type of time that is needed to get done that level of work. Our ability to do what we used to do, we're not the size of what we used to be anywhere in the city organization so that's going to be the future for a while. And we need to pick the most important put all of our efforts and go forward.

>> Councilmember Herrera: Is there a calendar, when these things will be done? There is an understanding of priorities will change. This is a goal, but as you said other things will come up and there will be interruptions.

>> Joe Horwedel: We have internally been working with one, but that before the Carol announced her retirement. So we've got to go back and re-work that.

>> Councilmember Herrera: All right, so do we have a motion to accept the report?

>> Councilmember Liccardo: Motion to accept the report and encourage Carol not to retire.

>> Councilmember Herrera: All in favor, opposed, motion carries. Now we have -- I apologize to David Wall because he had his card in to speak on item 2.

>> David Wall: It's already over.

>> Councilmember Herrera: I apologize, David, we would love to hear your comments.

>> David Wall: I was at the meeting which this exercise, Councilmember Kalra is on point. For the life of me, I never thought, out of a kindergarten school classroom that such an exercise would ever have been taken seriously. And now it's integrated into the Mayor's Budget Message, and it's impacting city departments. During the time of the greatest layoffs in city history. I think the information from those -- that exercise should be just thrown away. It is not reflective of any scientific application of thought. I think our director of PBCE has been more than generous to this council. Our attorneys have been exceptionally generous to this council with their work product and trying to get what you want done. I believe medical marijuana should be basically banned or tabled for the near future due to the workload it's impacting the attorney's office and PBCE. This offsale of alcohol in the groceries in the neighborhoods should be banned outright. There is already too much problems from this type of institution. Funding structures still have not been created to fund the different projects that PBCE has to do. And I'm talking specific funding for specific projects. Councilmember Kalra is right again, with receiving grant money. I'm always one that says, beware of grant money because of the hidden obligations behind them. He is correct. In the sense that if you've received grant money, that gives the impetus towards prioritization. Otherwise

the specter of fraud raises its ugly and perverse head. So with that, I would let my recommendation would have the director of PBCE and the attorneys tell you, what the priorities are, with reference to their staff and funding what they can get done in a very professional manner to serve the public.

>> Councilmember Herrera: Thank you. Anyone want to reconsider? All right. We're going to move on to item 3, incubator program update. We.

>> Kim Walesh: We have Richard Keith from the Redevelopment Agency and Julie Amato.

>> Richard Keith, assistant director of the redevelopment of the City of San José. I just want to take us back a little bit of history, the incubator program was initiated in '93, '94 time frame with mayor Susan hammer and the president of San José State university at the time, president Bob Furrett, and it was their discussions that led to the establishment in that period to the predecessor to the U.S. market access center called the international business incubator, the software business cluster and the environmental business cluster. And it was at that time, in the same vision we have now, and that Councilmember Herrera voiced in your opening discussion, to -- how important it is to grow startup businesses, in medium size and then eventually, world-class companies. We have many success stories that have come out of these centers and then later, the biocenter when it opened up in 2004, just to name a few, Decarter is still downtown, Telcom Center, Calico Commerce, and our poster child, Agile Software that started 200 square feet and is now 150,000 square feet in Edenvale with 4,000 employees worldwide.

>> What is that?

>> Agile. A-g-i-l-e.

>> Councilmember Oliverio: They were purchased by Oracle, they're gone.

>> Well, purchased by Oracle, 4000 more employees. To that end I want to introduce four very capable and intelligence people that have graciously come with us today, Mary Sydney, is the CEO of the San José State university research foundation. Erica Cula oversees both the San José biocenter and the environmental business cluster with Melinda Richter. Unfortunately Omar Medsine, who operates the U.S. Market access center, is sick today. And Dennis King is here representing the entrepreneur center. The San José State university research foundation operates and is the fiscal agent and the day-to-day operator of the innovation centers, the U.S. market access center, environmental business cluster and the biocenter. And Humboldt State University research sponsored program foundation, a little different name, oversees the entrepreneur center. It's been about a -- okay. It's been about a year now that the innovation center has opened up on Santa Clara street and the facility is just over 26,000 square feet, five floors, we did quite a bit of work to make sure the building was really rated from class C to a class B space. And the lease expires on September 30th, 2014. The current lease rate is \$1.42 a square foot. An annual cost of \$442,900. The biocenter, of course is in Edenvale, and is 36,594 square feet. That lease expires on August 31st, 2012. And it pencils out to about 90 cents a square foot or \$395,000 annually. Quick overview of the entrepreneur center. The main focus of our discussion today is on the incubators. But I'd be remiss if I didn't talk about the entrepreneur center for a second. It's still one of the premier training centers for small business owners. It complements the City's business owner space.com with a real center had a has six providers, including two Hispanic chambers, SBA and SBDC. In fact, San José was, and still remains, the largest city in the entire nation without our own SBA office. We still rely heavily on San Francisco office even though they do have an office, part time office which is staffed maybe only once or twice a week. There are 200 events and workshops and counseling sessions held at the entrepreneur center with over 7,000 people served each year. That number actually went down from last year because most of you recall that score has its own facility now at 4 and Gish and they're still a partner but they're not housed in the entrepreneur center unfortunately but they have an excellent facility up in North San José. With that I'm going to turn it down to Julie Amato our senior development officer and who has been an integral part of the incubator center for the last five or six years. Julie.

>> Thank you Richard. Want to give you a brief overview of some of the highlights of the three incubators in 2010. I'll start with the U.S. market access center. This is our largest tenant, at the time innovation

center. Occupies three floors there. The U.S. market access center provides business development services to international companies mostly I.T. firms that are looking to establish a customer base here in the United States. The incubator has been doing very well over the past year. When they first moved into the facility they did lose a few tenants in the move but now they are almost fully leased and tenants in the facility are actually expanding inside the facility. As you can see, they have a very large number of resident and affiliate companies at the moment. One highlights among the graduates from last year is a company called edgewear TV, which graduated and chose to stay here in San José and employs more than 20 people locally. In addition the incubator really has been changing its business model over the last year. They have just started a new program which they call go-global Silicon Valley. This is a business plan competition, which is being offered in partnership with different government economic development organizations around the world. They held their first pilot program with the government of Singapore last year, and what this does is bring companies from these countries to the United States, and to the U.S. Mac to participate in this business plan competition, which of course also offers the U.S. Mac an opportunity to offer services to the winners of this competition and brings them into contact with potential partners here in the United States. This program has really taken flight right now, looking at 2011 they're anticipating doing maybe about \$200,000 worth of contracts with different governments with this program. So this is a major new source of revenue as well as lead generation for the incubator. As you can see they're also partnering with the Calhoun foundation to offer technology entrepreneur training, offer to international companies in hopes of bringing them here as well. The incubator has done exceptionally well with raising sponsorships, corporate sponsorships over the past year. The \$150,000 you see here represents about a quarter of their budget, which is very good. In addition they are now offering investor pitch reviews with different firms throughout the Bay Area, and are offering monthly webinars. This represents a change in the business model for the incubator and they are really seen results in the terms of the number of companies that are now part of the programs. Our next incubator also located in the innovation center here in downtown is the environmental business cluster. This is a clean tech commercialization center. Also as sort of part of the move to the new facility, about a year and a half ago, really kinds of undergoing a change in management approach as well as services offered. Over the past year we've seen a lot of growth in the number of affiliate companies that are use using these services at the EBC. There are 21 affiliates as last year that's about double what the organization had the previous year, and the services that it offers include one on one mentorship in different areas, both industry as

well as financial mentoring, legal services, et cetera. Right now, there are probably about -- over 60 jobs, which ten resident companies here in San José. And between the residents and affiliates, there are thousands of jobs represented worldwide. And as you can see, the companies really starting to take off in terms of fundraising. Over \$170 million have been raised to date. So other highlights of the past year, this slide lists a number of companies that have done very well with their fundraising. As well as partnerships with major corporations. We have two graduates of the program that are still here in the Bay Area and have now raised over \$85 million collectively. And the EBC has started to get a lot of traction and a lot of visibility as an organization that is really of great value to the clean tech community both in the Bay Area and nationally. And so we see that with some of the recognitions they've gotten from Forbes, from the clean tech forum, and the types of companies and organizations that have wanted to partner with them and meet the companies that are in residence, for example, PG&E, a number of different venture firms, the U.S. Department of Energy, the public utilities commission here in California. So again a year of growth, for this incubator. As they look ahead to continuing to expand their client base. Last but certainly not least the San José biocenter located in Edenvale. This is the life science laboratory and business incubator. As you can see, also very healthy number of clients. The facility is fully occupied and the tenants that are located there are expanding both internally and looking to expand outside and take space in San José. Over the past two years there have been about 400 jobs located here in San José through the resident companies at that time facility, and there are thousands of jobs worldwide. These companies have just done an amazing job raising growth capital, which I think is really testimony to the quality of the companies that have chosen to locate here. Over \$1.4 billion has been raised to date in the history of the incubator. Some highlights from the past year. I think are really great economic development statistic for us to be aware of. Is at this point fully a quarter of the resident companies chose to locate here from outside California. Net job growth for the state and obviously for our region. Quite a few of the companies in the facility right now are expanding in terms of looking for other space, and have gone through exceptional rounds of fundraising. So a few of them are named here on the slide. We have a graduate last year, actually a solar company that was taking advantage of the laboratory space at the biocenter, real solar, this company graduated to actually North San José, right now, and just had about six employees at the time of their expansion but are expecting to hire 50 people this year. So a nice win in the graduate pool. And as you can see, the rest of the bullets on the slide really speak to the reputation that the biocenter have both locally and nationally. A number of prestigious venture firms as well as major corporations

are very interested in placing companies at the biocenter and have an ongoing relationship with the management to do that. You'll see that the major pharmaceutical companies, as well as major federal government organizations like the national cancer institute, all come and hold regular events at the biocenter, again, with the desire to really get to know the client base there. And most most impressively right now the biocenter has a wait-list of companies that would like to be in the facility. They represent over 60,000 square feet of space and to benchmark that, that is roughly twice the square footage of the biocenter right now. So again, even though we've gone through some tough times in the past couple years we're seeing both sustainability, growth in our three incubators and I think it's pretty exciting.

>> Councilmember Herrera: Okay.

>> To just emphasize that, Julie mentioned it's not just the biocenter, the U.S. Mac is at its base in the entrepreneur center is full. In fact, meeting with the U.S. Mac director, we are trying to locate about another 5,000, 6,000 square feet of space downtown and we're looking at several buildings we're showing them some space that they would have to pay for, but hopefully, through all the programs that they've -- Julie mentioned they have sufficient funds to accommodate that. And of course, all of these incubators receive rent from the tenants. So just to conclude, and I know Scott Green mentioned at last month's meeting and we'll mention it again that the national business incubator association, they're headquartered in Athens, Ohio, will be here for the first time in April and we expect over 700 attendees. That is due to the results of having two international -- I mean two incubators that won incubators of the year and the hard work of our incubator director. So we're here to answer any questions you may have.

>> Councilmember Herrera: Thank you, Richard and thank you, Julie. I had a couple of questions that I wanted to ask. Do we know what the return on investment is from the beginning of this program? You outlined the history of this for the incubators by type, or total, that we've -- because I hear you know over a billion dollars invested. How do we measure ROI, how many jobs have been maybe created, companies retained over that long term, how has it paid off in that regard? Because I see a lot of companies starting but my question in the back of

my mind is how many of them are staying in San José, how many of them are expanding in San José and what's that return on investment to San José?

>> We don't -- councilmember we don't have the exact amount. We can try to get that information. It is difficult, because some expand almost all of them stay in the Bay Area. Which is healthy for the region, as we've been pointing out. But we could -- we can look to that and over the years. Of course some, as the Councilmember Oliverio said, they just bought up by other companies or they contract. But we do have a list. So we can get that to you.

>> Councilmember Herrera: I think it's important and going forward obviously the model's going to change with the changes in RDA, so there's going to be a need I think for transition and a lot more private investment in this. And when private companies are looking at investing, it's highly competitive. And it's -- you know those that come forward to put money are doing it because they believe there's going to be a high rate of success for those companies and of course there's always the risk, they take the risk. But when we're looking at it I'm very -- I do want to understand, maybe at some point we can get that information. Maybe I'm asking for an info memo. Or something I don't know. Maybe you can put those things together in terms of jobs, economic activity created, companies retained, what's been our success rate. Bought ultimately I believe that's what we're looking for in terms of investing in these incubators. That some of them are going to grow and invest in San José. It's important that they're in the region. But we invested in them, what did we get out of them. And I guess the other thing I want to know is how can we convert the incubators, in investment into more jobs and what barriers are there, what barriers do you see are there, for standing in the way of companies locating in San José? And maybe Julie wants to take a stab at that or --

>> Please.

>> In terms of the barriers to companies locating here, I would say visibility. I think you were speaking to this actually earlier, when you were talking about a comparison with San Francisco, and you know, San Francisco getting a lot of attention by waiving its payroll tax but what about us? I think we can always be doing a better job

by getting the word out there. Also our incubators really do have really good marketing teams. I want to stress that. I think San José has some work to do at least in terms of the life sciences industry and continuing to elevate our profile in that industry. I think we are doing quite well in terms of clean tech. I think we are recognized as a real hub for that. So I think my answer would simply just be elevating our profile.

>> Councilmember Herrera: Erica, is it Erica from -- would you mind commenting on that. Because I know the biocenter might have a different take on that. Do you see companies that are ready to go out and grow, what are some of the things we have to overcome in getting them to stay in San José? If you could come up to the microphone that would be great.

>> A little shorter than that. Oh K thank you, I apologize, I've got a little bit of a head cold. I think one of the biggest issues for a lot of the companies especially coming out of the biocenter is the need for laboratory space for them to go into, the R&D space need doesn't change once they raise significant amounts of funding. One of the companies that was listed in the presentation, Tandem diagnostics, has been at the biocenter this last year, about midyear, so been there about nine months. They have hired about 32 different people in that time frame. And they are looking for 20,000 square feet of space. So unfortunately, without having that lab space readily available in San José, they're ultimately going to potentially be looking in other regions of the Bay Area to go to. That being said they are working with one of our local developers to try to accommodate their needs. Real solar was able to find laboratory space in the region so they stayed in Edenvale, I believe it's Edenvale on the edge there. So that was a benefit to them. But it really comes down to lab space. For clean tech companies coming out of the biocenter it's lab space as well as loads. So energy load in buildings is a major need for the companies. It's kinds of an oxymoron to say a clean tech company needs energy but they need energy for doing their fabrications or manufacturing their prototype development, their R&D. So --

>> Councilmember Herrera: Do you see anything we can do to help in that? Can the city facilitate any conversations with developers? When you say energy load you're just talking about the actual capability of that building, not clean power, just talking about --

>> It's energy load.

>> Councilmember Herrera: Sheer size, scale of it. At a particular site.

>> Yeah. I think -- yeah, in terms of the building we're just looking at the amount of energy going into the buildings. I know in the past Julie and Richard and the RDA has communicated with local developers, about the need for speculative lab space for companies to go into. And I don't -- you know know all of the history of these conversations and can turn it back to Julie if she's got more information on that. But certainly one of the largest developers is the owner of the biocenter building and working with the company tandem to identify the space for them to go to. They're early in the negotiations so I'm not sure how that's going. But they do want to stay in San José, so actually San José and the biocenter won out over San Diego for Tandem to be in Northern California and stay in San José so they much prefer to work something out to stay in San José.

>> Councilmember Herrera: Okay, thank you. Any further questions? Councilmember Kalra.

>> Councilmember Kalra: Yes, certainly appreciate the work done by all the incubators, I consider them a successful model and at the biocenter there is the need for more space, but the buildout cost \$7 million and there's no place we can identify that number, maybe federally if there continues to be an investment in science there could be seed money enough to see if there's private investment to put into it. But we definitely need more lab space as was already indicated, and larger laboratories for the biocenter that could be a goal that we can have, it's actually a goal that's already been top of the list for a while when it comes to the biocenter but it's just you know it's a lot of money. And the owner of the property has been real cooperatively in especially helping companies that want to move out trying to find space there. Edenvale or San José, doesn't matter as long as they stay in San José, we don't necessarily have all the facilities so they sometimes move up the peninsula where there are laboratory possibilities further north. I appreciate the staff because I know that's been a high priority, and they've been looking for any opportunity to get interest or funding, for expand, that's ultimately the goal to expand out the first floor. In the meantime, keep up the good work and hope we can retain as many companies as possible.

>> Councilmember Herrera: Councilmember Oliverio.

>> Councilmember Oliverio: So on the leases and the rent am I correct that the Redevelopment Agency pays for that lease?

>> That is correct. We pay 100% of the rent to the respective landlords.

>> Councilmember Oliverio: We pay by the month?

>> We pay monthly.

>> Councilmember Oliverio: So should the Redevelopment Agency end, then the council would be faced with the decision, that if you want to continue to be in the incubator game, you need to find that rent.

>> That is correct, whatever a successor agency is under similar circumstances.

>> Councilmember Oliverio: When we have obligations to the Redevelopment Agency, when we've given money for SunPower to expand their payroll or Maxim, et cetera, is this considered an obligation that we have to pay the rent until the lease is over or sorry, month by month?

>> It depends on the lease, lease is a contract. If in the contract you agree to pay the lease, in the provision of the lease you have an obligation. The question would be, did the -- did the landlord understand the source of funds or did they just look at the city and Redevelopment Agency as both being obligated or did they both fully look at the agency and look at the tax increment fund as the full source of the payment or payment of the leases. So clearly, when -- if there is any legislation dealing with the Redevelopment Agency's existence we will be looking at all those contracts, all those leases to determine what the continued obligation is for the successor agency that will take it over.

>> Councilmember Oliverio: Hopefully, they will view it as an obligation until the lease is done since there would be I assume a challenge for the council to find money elsewhere but it's a matter of priorities, I guess. And then for you down at the end the plug and play center in Sunnyvale, how is that funded, who funds that?

>> It is private money. The owners of the building are the management of the facility.

>> Councilmember Oliverio: Okay, are there any of our cities that have government funded incubators like in the South Bay or peninsula?

>> I'm not sure how mission bay operates. I don't know, Erica do you know anything about it?

>> Councilmember Herrera: San Francisco does don't they?

>> I'm not sure how the mission bay facility is operated. Councilmember --

>> Councilmember Liccardo: I've read that San Francisco does the same as you.

>> Councilmember Herrera: Councilmember Liccardo --

>> Councilmember Oliverio: I was going to say inherently there's a risk you're trying to seed investment and hope some of that seed comes your way. But I can tell you, just looking on this one sheet of paper, and looking on my blackberry, you know, move to Sacramento, move to SF, move to Fremont, Santa Clara. So now, of course this is just the ones on this one page, and I don't think anyone is obligated at any time to stay in a certain place but I think it's been a strategy that's worked for some, right, it's given us some companies that we might not have had a chance on. And you've brought up I think an important point, it's help us to grow our profile in life sciences, because we really didn't have it. Right, it was all peninsual, everyone that lived around Stanford and a lot of great medical device companies there that pay really great wages and stay in business for a long time. I really

appreciate the work, at the end we're going to see if we still get to talk about this at CED in the future but ready appreciative of everyone's work in this capacity.

>> Councilmember Herrera: Before Sam speaks I wanted to ask one thing about the transition. I think that we will be talking about this in CED in some form, because whether or not RDA continues the incubators need to continue. And there should be some sort of a transition as we look at this. And I wanted to ask a couple of questions about that. What is the amount and nature of public subsidy needed for incubators infrastructure and management? I don't know if I'm directing that to you Kim or --

>> I can add two points to that councilmember. One, I've already been -- had some discussions with Kim in OED and as well as with Mary Sydney from the foundation. But for right now we would have to be three partners in any transition that would occur. But the second point of your question I think if I'm answering it correctly is, other than staff time, there's no cost to the city, except for this explicit for the lease agreements at this point.

>> Councilmember Herrera: Okay.

>> And each incubator has its own budget that works through the foundation.

>> Councilmember Herrera: And what -- how much time do you think we need to transition from RDA to a new model? Whatever that model might be if we need to do that, how much time would that take, do you think?

>> Councilmember says two weeks. I think it would depend on the model. If we put together comprehensive plan, I could see a month, just to put the plan together, it shouldn't be too hard. But of course it all accommodation down to dollars. But to lay out the alternatives seasonality that difficult. It's coming up with the dollars that is most. And just to that end, at least I've been told by my executive director that we're putting together a budget for next year, for July, and just starting that, that we have accounted for the lease arrangements in the budget. What happens June 30th, of course, is dependent on the state at this point.

>> Councilmember Herrera: And what opportunities do you see for private entities or nonprofits to engage takeover, assist in the transition, do you see opportunities in the horizon?

>> I think Julie pointed out and certainly, Mary, if you want to speak to this any further, but the level of sponsorship has been an increasingly important part of the -- each incubator's overall budget. Where that can offset the cost of rent, at this time, is questionable. But I think that's a good goal and a good strategy, regardless of redevelopment's capacity to fund it or the city's.

>> Councilmember Herrera: Councilmember Liccardo.

>> Councilmember Liccardo: Thank you very much. I just wanted to thank Julie and Richard for all your great work and all the executive directors that are here. Obviously this is a great success and none of us want to see the RDA go away. We hope that you continue to be pushing on this effort. For many years to come. But should the -- should the very bad news come from Sacramento I think this is a great legacy to leave for the city and I think it's something everyone can really be very proud of. I just wanted to ask a couple of questions about the challenges we've had in terms of capacity here. We understand there are real restrictions in terms of square footage and a lot of enthusiasm from a lot of companies. What do we tell companies when there's no room at the inn? What do we tell them to do?

>> Can I ask Erica to answer that? Because I know she's had to deal with this regularly.

>> While Erica is coming up, the U.S. Mac we're looking for additional space downtown. That's entirely different than lab space but one thing I think as the city moves forward and remember we've talked to environmental services about that, if one of the challenges that we have not been able to get EDA funding, SEDA funding we have to own the facility which in neither case we own the building. If the city owns the facility they are much more likely to participate in a program to -- so especially, off of economic development, environmental services should be part of that discussion, as whether it's Los Plumas or anywhere else where we can create lab space and maybe not biocenter lab space but at least enough for the clean tech environmental industry.

>> Councilmember Liccardo: Can I probe just a little more deeply before we move on, thank you, I appreciate you coming forward to answer the question.

>> Sorry, Erica don't go away.

>> Councilmember Liccardo: What size grants do we typically see from EDA and you how narrowly purposed do they need to be focused?

>> I can't say focus but there are grants that are as high as three and \$4 million that are attainable.

>> Councilmember Liccardo: So significant capital that we need to build out in terms of EDI.

>> Can I answer? About two years ago we submitted obligation to the national institutes of health to expand the biocenter. This was the time when tall ARRA funding was coming through the pipeline. It was probably one of the most competitive processes that the NIH had ever gone through so unfortunately money went mostly to universities and medical research institutes but nevertheless we put our best foot forward, submitted an application. In other words, we've been keeping our eyes out there thinking about looking at EDA possibilities for wide a while. We've talked to our local represent a number of times and we continue to look for those opportunities.

>> Councilmember Liccardo: Sorry, I know you were ready with an answer to the original question.

>> That's okay, no problem. It's tough to say we don't have space. Of that 60,000 square feet that was mentioned in the report some of that is internal clients that need additional space. Luckily, none of them seem to be busting at the seams and are making do. At the time when the company does need to go outside the biocenter because we don't have space we do engage the Redevelopment Agency to help the company find space in San José. To that end real solar stayed in San José because of that engagement with the RDA. Because of that 60,000 square

feet of space, we have companies that would be amazing to have into the envirocenter. So on the list founders fund is a company at the biocenter last year, they stayed for about six months, needed more space, moved out and we had another company move in immediately. We have another founders funds company that wants to move into the biocenter so it's a huge track record.

>> Councilmember Liccardo: I know it's tempting to concentrate on the fish that got away, I don't want in any way to minimize what we are going through, so companies that are there but are we partnering with Colliers with somebody locally who's really focused on placing these companies in affordable space in San José? You know for those companies that are not able to get in or maybe are outgrowing their current space?

>> The brokerage community is aware but without the lab space, that's significant because almost any I would imagine 100% of the affirms that come out of the biocenter anyway need lab space.

>> Councilmember Liccardo: Okay, okay, thank you. Thank you, that's very helpful.

>> Sure.

>> Councilmember Liccardo: And then on the matter of the lease, I'm guessing you haven't looked at the leases in say the last few weeks to be able to know. But is it the RDA that is a party or is the RDA and the party jointly as a matter on these leases?

>> I think Sal Merta with the general counsel answer office is most familiar. My assumption is it's the RDA.

>> I'm sorry, I can answer that on these leases it is Redevelopment Agency.

>> Councilmember Liccardo: Okay, so the city isn't necessarily obligated as the successor entity --

>> Unless the successor entity assumes the obligation and the city can be or at least it's proposed that the city could be the successor agency. The question is does the city want to assume the obligation in that it would assume the obligation to continue the payments under the leases.

>> Councilmember Liccardo: I see, okay, thank you.

>> Councilmember Herrera: And I think the transition is something we'll be talking about so I just wanted to get that discussion started because I'm not sure the city is going to want to be assuming those leases and I think we really need to understand what that would mean and I think it's really important to get the private sector very involved in this. Because there is certainly the Y Combinator, all kinds of other private entities. You don't have a private situation in San José similar to Ycombinator.

>> Councilmember Liccardo: The Irish innovation center.

>> Councilmember Herrera: So that would be our Y Combinator?

>> Kim Walesh: If I could add, just to frame this a little bit and just appreciate what has been accomplished here. This strategy goes back a good 15 years, and it was highly innovative at the time. To the extent we can say we have the most extensive local government-backed business incubator program in the nation and people come here from all over the world to look at what we've done. If you go back to Mayor Hammer's original intentions, it was a place based strategy, it was prompted to get something going in downtown. Especially as Adobe came if you had the big Goliath, and the thought was, let's get a little Davids here, lots of little software companies here, and for a while there it really worked exceptionally well. Same thing with the biocenter in Edenvale. It was really a place based strategy to put Edenvale on the map as people would even think of as a life science center and therefore put San José on the map. So we have been really the leaders in creating the model and had the blessing of serious financial resources to put in it. But that being said, as time has gone on, you have had the sort of next wave of incubators and accelerators which are instructedly private models. Like ones you've mentioned like plug and play, Y Combinator and now right in downtown San José the Irish innovation center, so I think as we

think about the transition as how we build on this base and expertise that we have in incubation which is truly unique for a public sector and university and partners to have, but it may be that our role going forward is more to enable or influence these private models of incubation, literally within walls and offices, but also to acknowledge that our whole community needs to be an incubator and make sure we're doing the right things to attract startups and nurture their growth wherever they might be.

>> Councilmember Herrera: I totally agree, I want to thank staff and I want to acknowledge all the work. And my focus also is not wanting to lose the equity and investment we've made on this. So I think incubators and startups are absolutely incredible. I had a startup, I've been there done that as an entrepreneur, I think we need to encourage seeding these in the community. I've said that a number of times on the dais. It's incredible work. We need to help this continue and I look forward to working with this as it moves forward in new forms. Do we have a motion to accept the report? All in favor, opposed, and that brings us to open forum. And David Wall.

>> David Wall: Before I decide to come down here today, I had the opportunity to plant lettuce, Romaine, onions and a few other vegetables which I will do when I leave here today. I felt a duty to come down here to tell you, to stimulate the economy, you have to reduce the cost of commodities that the citizens have to spend their money for. Food. Creating food locally is one of these Green Vision things that kind of escapes the council's purview for some reason. I think you folks should really go after people to tell them to chew up their front yards and plant gardens in their front yards. There's nothing discussed either about an economic model for kids for employment. And I heard of something today that is farming in nature. This sharing of the payroll taxes. If you think of it, from a farming perspective, you're going from a land owner-occupier of a land to a sharecropper. That's what City of San José is. It's going in reverse, the next step is serfdom or slavery. But if you can construct legally some function or fraction of these tax revenues to fund for kids for their development of their economy, such as growing food for tax free sales to whomever, restaurant, bartering with other people, whatever. But on a large scale, there's a lot of money here. And of course, if you don't, if you go on the similar way, you almost ought to just disband this committee. Because there's no real money being made. Thank you.

>> Councilmember Herrera: Okay. Meeting -- I think we're concluded. Meeting adjourned.