

The following transcript is provided for your convenience, but does not represent the official record of this meeting. The transcript is provided by the firm that provides closed captioning services to the City. Because this service is created in real-time as the meeting progresses, it may contain errors and gaps, but is nevertheless very helpful in determining the gist of what occurred during this meeting.

>> Councilmember Herrera: So I think we have a quorum. I'm going to call the meeting to order. Can we take roll, please? Roll.

>> We don't usually do it.

>> I'll just jump in.

>> Rose Herrera. Here. Sam Liccardo, here. And Pierluigi Oliverio, one absent which is Kalra.

>> Councilmember Herrera: I want to welcome everyone for the Community and Economic Development, for this year, 2011, members of the public, my council colleagues. Before we begin, I just wanted to say a few words about my philosophy and approach to the work of this committee. My priorities are focused on job creation, number one. Number two and number three probably. Strengthening our commitment to job creation for businesses and diverse range of industries and sizes. I'm an entrepreneur and a former small business owner, so I'm hoping that some of that perspective will be felt during this process. Number two, keeping the businesses we have. Company retention is a huge piece of our economic development strategy and very, very important in the move forward. Again, as a former small business owner and entrepreneur, it is very important that we understand them and support them staying in our city. And third, being fiscally responsible. We have a mighty large task in terms of this committee, economic development committee supporting our goals for the city and for our own economic goals, and a relatively small but mighty force to do it with. So I just wanted to ask you, Kim, what is the size of our budget in economic development?

>> Kim Walesh: The core team in economic development on the city side is about eight people. So the whole department includes cultural affairs and Work2Future. But the core team is, myself included, eight people.

>> Councilmember Herrera: A small but mighty team and a huge job to fulfill. And so I think we need to recognize the reality of our city's budget and how to best utilize these economic development precious resources to make the biggest impact. And throughout these priorities, priorities the common thread, and that is commitment

to the cultural vibrancy of San José that reflects our city's diversity and cosmopolitan nature of San José. I want to say to my colleagues on the committee, I want to have productive conversations, recognize and appreciate individual contributions, and all of our role in the City's economic development. As Kim has said, in memos that we've received, all of us are ambassadors in this role throughout the city to help economic development. I certainly look forward to working with you guys on that. So I look forward to working with everybody, and with that I would like to get on with the business of the committee. Our review of the work plan shows I guess that we had Mexican Heritage Plaza update that needs to be deferred until February 28th meeting.

>> Councilmember Oliverio: Motion to defer.

>> Councilmember Herrera: First do I have any comments from the public on that? Hearing that, we have a motion and second. All in favor, all opposed, motion passes, that will be deferred to February 22nd. There's nothing on the consent calendar, so let's move on to our verbal report from Kim Walesh on economic development activities.

>> Kim Walesh: Great. Thank you, chair, Councilmember Herrera, we want to welcome you also. We're excited to have you back in the leadership role, welcome back, Councilmember Liccardo and Councilmember Kalra, and special welcome to Councilmember Oliverio. To our team here, I think you all know this is probably the most important committee in the city, because this is the one that has to do with jobs and revenue, right, to literally the continuation of the city and the Redevelopment Agency. So we started last year at the request of the chair doing these brief verbal updates on economic development activities, and I just want to reiterate the purpose of this is just to provide a quick behind the scenes look at the kinds of projects and activities that we are working on. And when I say we, yes, it's the Office of Economic Development but virtually everything we do we are collaborating with other departments and the agency. So I'm really speaking on behalf of you know a team here that is working together. And this is not exhaustive. It is mostly to give you a feel on the kinds of things that are happening on a month by month. So we have success on many fronts. These are the major categories that we are using. As chairwoman Herrera said the most important thing is jobs and revenue. We have a monthly meeting of the agency and OED staff that is focused on outreach and lead generation. These are an example of some of the projects

that have moved forward in the last month. We have brought Maxim to consolidate many operations scattered throughout Silicon Valley into North San José, immediately bringing 1200 employees with the opportunity to grow to upwards of 2,000. This instantly makes Maxim our 9th largest high-tech company in San José. The agreement for capital equipment acquisition support will be on council tomorrow as a joint agency/city item along with agreement for SunPower. Just to give you some other example, staff met with B and L technologies, which is a manufacturer of energy-saving power solutions for the lighting industry who is considering a move from Canada to San José. We are working with Supermicro, to facilitate the continued expansion of their headquarters facility on Rock Avenue. This has potential again for 1200-plus jobs and property tax revenue to the city. We are working with a company called Dialogic, which was formerly called Berras networks, again, with the agency, as they are looking for a new headquarters facility in our area. Eventex is an example of a company, small company already located in Alviso, focused on commercialization of carbon capture and sequestration technology, clean energy technology. They are a great example of an early stage startup that we're in contact with because we want them to grow here. And the last example I have is another great example of collaboration, pinger is I would say our most popular BC backed startup, located in downtown. Kliner-Perkins money, one of the top Apple apps over the holidays, almost didn't renew their lease downtown because of some concerns they had about the surrounding area. Lee Wilcox in our area, in our office convened with the agency, housing, police and others, and addressed all the concerns that pinger had, and they're now renewing their lease. So I think that's just a great example of why we need to be in early, ongoing communication with our companies so as issues come up, we can be on them and address them. In the other areas of development facilitation, we are very focused on capital auto row and are pleased to announce recent expansions and relocations by Capitol Honda, Mazda and Subaru have significantly lowered vacancy rates on capital auto row. So working especially closely with Capitol Mazda right now. Continue to work with the at first project on getting the retail in there, the smaller scale retail in there that complements Target. Often we end up troubleshooting issues and we've been doing that with District 5 council office and PD regarding concerns that tenants at plaza de Cesar Chavez. So part of the development the facilities.

>> Plaza did he San José.

>> Kim Walesh: Sorry, thank you. Plaza de San José. Partnering Scott Green clean technical lead met with Microsoft last week about how to demonstrate and deploy Microsoft technologies and energy efficiency. We're working with the new governor's office on moving forward with the I-hub program, so San José is the lead on the Silicon Valley I-hub which is an innovation hub which they named several of these throughout California, so we're the lead for the one in Silicon Valley. We are working with the mayor to develop the 2011 clean tech legislative agenda. We're in ongoing conversations with Lawrence Berkeley national labs around energy efficient technology and partnering the labs with our companies to help them commercialize technologies. Many of our -- Steven Brewster is our lead on outreach to venture-backed companies. Many of the VC backed companies that we are in contact with are in the waste to power, renewable energy, energy monitoring areas. So a lot of very positive signs there of new companies and job generation. Air service recruitment, I know you're familiar with this. Jo Hedges is in Chicago right now with Ed Nelson from the airport meeting with United. Next week we have the mayor, Carl Guardino, Ed Nelson, and I going to Tokyo to meet with ANA, so we are aggressively working in partnership between the airport, OED and the mayor's office to get momentum on international and transcontinental air service, top priority. We continue to figure out how to communicate positive messages about San José, the first week in January we started tweeting so we have about 42 followers now. So join us. The handle is SJeconomy.com. In the middle, the idea is just to blast out all the positive things that are happening in our city! Announcements so follow us and get others to follow us. We had a number of interesting interviews this week. We arranged -- or this month Madison Nguyen was interviewed on voice of America about energy, which is just great as vice mayor, that is being translated into 40 languages and broadcast globally. We also did a piece where the U.S. Department of Commerce interviewed us about the onshore phenomenon, manufacturing moving back to Silicon Valley. That's going to be on the Department of Commerce's website in conjunction with the president's state of the union tomorrow night. Move on. Event marketing and communication. So we're working on April 7th event for the solar on the central service yard in partnership with a company called DRI. On May 18th, we have the Amgen Tour of California. This year the Silicon Valley Leadership Group, we're transitioning this to a public-private partnership model. And the international conference on business incubation is happening in San José on April 10th through 13th. So we are using that conference to promote our city to people who care about incubation and entrepreneurship globally. So part of the time we are engaging companies to get them to expand, I think the rest of the time we're engaging companies to get them to connect, to sink down deep roots here. This is

a great example with Kip Harkness and Lee Wilcox with lead from the mayor's office partnering with Price Waterhouse Coopers to develop a program for their young professionals. It is a year-long program called PWC I-lead and we were able to scope it so that we have teams of PWC young professionals who are going to partner with downtown businesses and nonprofits and work on a one day event which will be in the fall to create buzz and new people coming down to support the business or the nonprofit. Has a lot of excellent dimensions to it. It's sort of like a reality show where people compete and there's a video component to it with create TV. More of that later but this is an example of once we secure a company here engaging with them. Then in arts and culture, this is coming up next week on council also announcement of national grant from the Doris Duke charitable foundation to support innovation in our arts community here. Just to mention our hands, the artwork on the airport garage, received a design of excellence award from the chain link manufacturers association, they had never seen anything quite like this before so we were hands down the winner of the excellence award.

>> (inaudible) Cultural strategy.

>> Kim Walesh: Oh, and the cultural strategy which has been deferred several times will be on the agenda next Tuesday, February 1st, with significant support from the community for that. Thanks Stephen. That's the quick tour prohibited the scenes of things happening with OED and our whole citywide team this month.

>> Councilmember Herrera: Thank you, Kim. Will we be getting a copy of this?

>> What I'll do is send this out in written copy to you and all the staff.

>> Councilmember Herrera: Okay and we don't need to vote and this is a verbal report.

>> Let me just clarify on the oral reports it is accepting to ask questions or clarifications of the report but there can't be any discussion since the public wasn't aware ever the specific items that were to be discussed. It would be possible to have a discussion to the extent the oral report was sent out on the agenda, and so that the public would know what kind of items so that you could have a full discussion of it but at this point to the extent you want

to ask clarifying questions it's possible to do this but you can't have a full discussion of any of the items. You could ask that it be agendaized for a future discussion so it was clear when the committee would be discussing the particular item.

>> Councilmember Herrera: Great, thank you. So do we have any questions?

>> Councilmember Liccardo: Just a quick question about the twitter effort. I know we're a little bit behind Ashton Kutcher on this one. What's our objective in termination of we're going to put this out on our newsletters, hey get tweeted, what's the selling point, are people going to learn more about new businesses? What are they going to hear good?

>> Kim Walesh: Go ahead.

>> Yes, they are. The editorial format for what we tweet is based around the economic strategy. So if you could get the 12 points within the economic strategy, everything we end up tweeting will somehow fall into one of those points whether it be supportive point about a piece of information or research that someone else is doing, that supports that theme or that goal, or just a regular announcement.

>> Councilmember Liccardo: Okay.

>> And sometimes there might be a few fun things that we tweet on as well.

>> Kim Walesh: We can send you a sentence or two if you want a description you want to send to other people about what this is.

>> Councilmember Liccardo: Okay, that's greatly. If we're looking on building a base when we announce the successful garnering of the national chain link manufacturers award, it's important. Thank you.

>> Councilmember Herrera: I understand Stephen is holding sessions on how to tweet, so we can learn how.

>> Councilmember Liccardo: I'll be tweeted.

>> Councilmember Herrera: Any further questions? Implementation on the development work plan. I think we'll be hearing from Kim.

>> Kim Walesh: We have a team that would like to journey me. Public Works and Nancy and Work2Future sit up here. I want to recognize that economic development involves 11 departments and the agency. We have a lot of folks that can answer specific questions. And we view this as a really important check-in. City council adopted this economic strategy lease April and there was an 18 month work plan that was adopted at the same time that 18 months is up on June 30th. So this is really our first only major check-in during this first 18 months. What we would anticipate then is, after the budget is met, then in July or August, we would see what capacity we have, and then take a look at the next 18 months work plan. So this is the first 18 month work plan. And what I'd like to do is, I'm going to provide a little bit of context to update where we are with the economy, just because a lot has been changing actually in a positive direction since you saw some of this last November. And then we're going to talk a little bit about the work plan progress and then we have some discussion questions, areas where we would like your feedback. And then we have staff here who can answer any specific questions about the 39 work plan items that you have in the back that you might want to just dive into. Okay. So the year-over-year job growth. So the very positive story is that look, we're ending the year, net positive of 8,300 job which midway through the year we weren't exactly sure how this was going. So this is very, very positive. The clear winner in this job growth is, high tech. So you see manufacturing and business and professional services, much of that is high-tech including information services and software. Sorry, let you see the strong growth there. As we know, government contracted significantly, and then you see sort of treading water, construction, finance, transportation, warehousing, utilities. So the fact that high tech is adding jobs is very positive. Now our external story is going to be because we're a high tech based economy we're going to lead California regions and lead the nation out of the recession. And then our inside story of course is as we know that this is going to be a slow recovery but we are very well positioned relative to other California regions especially. So the unemployment non, we see

unemployment for Santa Clara County and San Benito, at 10.7%, and then we also calculate the unemployment rate, literally for people in the city San José slightly higher, at 11.5%. Now, I think we all know that if we were also counting people seeking full-time work while working part-time, or people who have stopped looking, that rate of people affected could be double. It could be more like 20% of people in our community and in the county who are unemployed or underemployed. So we thought it would be interesting to ask the question of what do we know about these people. So we polled the unemployment rate by age. And again, not surprising, but you can see the youth and young adults and the 55 to 64-year-old population above average, and the 30 to 54 years, slightly below in terms of the unemployment rate, and we also looked at that by race and ethnicity and slightly lower rate for Latinos, and nationally and we suspect here unemployment is highly correlated with education. So the lower your education level it is still true the more likely you are to be unemployed than somebody with a college degree, than clearly more. Although we know many with college degrees are unemployed. Not surprisingly for closures and unemployment and income loss continue to affect our families, unfortunately the data through November of 2010 shows bankruptcy filings hitting historic high in the San José area, and the Mercury News has covered this. So the last quick indicator for context has to do with the vacancy rate. This chart tracks where we were at the end of '09, versus where we are at the end of 10. A little bit of good news here, especially for the office and then for the R&D, vacancy rates leveling off or improving slightly, though they still remain above the valley average. We'll continue to keep a look at that. So that's just a little bit of cop text and if we want to talk more about what we're doing to help people who are unemployed, Jeff Ruster are here for Work2Future, and our city is the go-to place for people who are out of work and looking to retrain or reconnect with a job. So just to go on to the economic strategy, just a reminder that this has two parts to it. The first part is the vision and I think we've really learned that having an attractive, compelling, clear identity for San José economically is important to get people excited about our city and to attract companies here. I think this is the vision of what it really means to be the capital of Silicon Valley, that I know inspires a lot of us, as we do this work every day. So in many ways, we are these things, somewhat. But we want to be more. More of that global gateway, more creative community. Known as an entrepreneurial environment. Continue to be a place of opportunity. Become the world's most livable big city and also be a valued contributor as a city to addressing pressing urban issues. So that's our vision. And unlike state government or national government, you know, the City of San José actually has a coherent economic strategy. Which I think is something we should be very proud of. That we took this downturn time last year and

looked at where we've been, and where we're going. And you know what we can do to really make a difference. And the best way to think about it is, it has two parts. The first part is the practical shorter term to regain jobs and revenue. Which this team is on that. We know that is priority number 1. At the same time, however, we also need to invest to ensure our long term competitiveness, that's why you see your long term development team getting involved in things like 2040 and the Diridon area plan, those long term investments that are critical for us to succeed over time. So just a reminder then, the first six strategies all have to do with regaining jobs and revenue. I'm not going to read them. You're familiar with them. And then the second set has to do with investing for future success. That includes training people, Diridon station area, air service, evolving downtown as a city center, they work with envision 2040 to develop those walkable mixed use environments and the work with sports, arts and entertainment as critical amenities. So San José takes a very comprehensive approach to economic development. Because we're also very focused on revenue, I put up our famous vital cycle chart and we're going to do more calculating for you of what our efforts in growing economy, translate into in terms of revenue for the city and the agency. So in your memo, and in an attachment, to I think it's attachment B, we articulate some of these bottom-line outcomes. And we just said since April 2010, when council adopted the strategy, how much from our collective efforts has been generated from the projects that we touch? And the chart, in the back differentiates by projects and agency areas versus nonagency, not as relevant as the 1.6 million, right, generated in new revenue from this team. Projects completed during this time. An additional 10.5 million in sales tax revenue, property tax revenue, other revenue, pipeline projects. We also are pleased to announce that in December we hit an all time high of \$4 million in building permit fees, which was directly from the work of that jobs and revenue generation committee, again interdepartmental, interagency committee that was expediting housing projects in North San José and got those over the line and generated that kind of revenue. I also want to point out the auditor's service efforts and employment report for fiscal year 09-10. I didn't tell them to point it out at all. But just to point out, every dollar invested in OED returned \$8 in city tax revenue. This is some of the bottom line outcomes which our team is very aware of and very focused on. So the last point I want to make is that we know that ultimately we need to have a cowl of economic development and that while the city has made tremendous progress, with staff in helping us all understand that economic development is a citywide business it's not just something OED does, it's not something the agency does, every single department and many, many staff people affect our ability to do economic development, generate jobs and generated revenue. And so we as a team,

through our CSA are recommitting to take this economic strategy out to our departments over the next three or four months, and really engage staff at all levels about what this means for them. So they can connect the dots between the work that they're doing every day and our collective ability to achieve a vision and move forward with those 12 strategies. So I think that's all that I want to say for the opening remarks. We have three discussion questions where we would like input from you, and we are here to address any issues you would like to made. We'd like to know how comfortable you are with the progress we've made in implementation. Especially those ten items we were intended to complete for 2010 as well as for any other action items. Is there any additional information you would like? We have staff here who can either answer the question or follow up. In any guidance on action items you think we should emphasize yet this fiscal year. I mentioned in July or August, then thinking over the next 18 months, but we've got five months here to go. Is our focus in the right place? Is there anything you'd like to say from us?

>> Councilmember Herrera: I just want to say before I turn to my colleagues how grateful I think all of us are for the work of this staff. Incredible work of everyone here in achieving these goals. I'd like to open it up to questions and comments. Did you --

>> Councilmember Oliverio: Juries curious, you refer to a top ten, and you refer to top 12. I'm not sure.

>> Kim Walesh: It's top ten.

>> Councilmember Oliverio: I was looking at the strategic goals.

>> Kim Walesh: The many implementation plan.

>> Councilmember Oliverio: Different document, got you.

>> Kim Walesh: After exhibit A and exhibit B.

>> Councilmember Liccardo: It's the same document.

>> Kim Walesh: Those ones highlighted there, the mayor's office designated that as the top goals for 2010 with approval of council. We gave those extra emphasis so far.

>> Councilmember Herrera: Why don't we give a stab at getting some input on the questions that staff's asking, does anybody have any input on how comfortable you are on the progress made on implementation with the top 10 for 2010? Any other action items, any other input? Any information that anybody would like? On the action items or any guidance? Councilmember Liccardo.

>> Councilmember Liccardo: Sure, why not. On the -- I was looking specifically for the item, I know we have an item relating to international -- I thought we had --

>> Councilmember Herrera: Yes, 1C.

>> Councilmember Liccardo: 1C, thank you, that's it the target for companies. Okay. I know that Ash has been working quite a bit with Ty and councilmember Chu and myself have been working a little bit with some folks interested in developing ties with China as well. I wonder if this might be a time particularly when there is such a significant influx of foreign investment that we're seeing, with and particularly from China I know the numbers are really starting to increase both in direct foreign investment as well as companies that are looking for a Silicon Valley address that this might be something we should think about elevating more in the coming year. I know that Kim, you've been very instrumental in many of these efforts and I would just submit that for our consideration. I know it's tough when you have a lot of priorities and they're all important, obviously they can't all be the top priorities. But that would just be one I would suggest for elevation. I'm really impressed by the success we've had in moving the key housing projects that we know we needed to move forward and I know that Tolentino's been doing a great job in terms pushing through some really key strategic projects as well as where there have been challenges working them out. I got a call from somebody at Colliers, I see Ed is in the audience. I got a call from somebody at Colliers who was talking to me over the holiday break about trying to get a midsized law firm in here

that was growing very very quickly. Ed called them up over the Christmas break and worked it all out, and so I really appreciate doing that. I know that we've also talked a bit in this committee, as well as Madam Chair and I have spoken a bit about creating a customer's bill of rights around the development planning levels. And I know there's been a lot of thinking around that. I'm hoping that is something we could put into implementation in the coming year, symbolic gesture as well as meaningful gesture while people are at the window be able to say well, San José is committed to this, this is what I can count on, several less ideas, violent them.

>> Laurel Prevetti: Thank you, councilmember. Laurel Prevetti, assistant director for Planning, Building, and Code Enforcement. We actually hope to complete the customer bill of rights yet this fiscal year, so by June 2011. That way all customers who are getting a building permit will understand what their rights are as well as what their responsibilities are because it does go both ways. So that is in progress.

>> Councilmember Liccardo: Great, thanks a lot, Laurel.

>> Councilmember Herrera: Great, I think we're going to hear later on about the project manager reports, that's certainly one of the projects moving forward that's going to help I think address some of those issues. Do we have other feedback? Other questions? Councilmember Oliverio.

>> Councilmember Oliverio: Yes, it just seems like the initiatives are good. I think they're things that most everyone would agree on and the 10% that people don't that's just the 10% but I think we're on focus for what we want to do. Some things are attainable, where it's easier striking distance for a city to accomplish, others are more global, macroeconomics, it may never occur but helps to have the plan in place. As always, I'm very appreciative as chair said of staff's efforts in this regard. I think we as councilmembers have to do our best to define and defend the OED budget because I think it can sometimes be looked at as a non-core or even not as big in the goals. The reality you have to have planned, and as much as we plan land use we have to plan for as much as we can and then of course what we can't control which was brought up earlier is you know the ability to make decisions quickly and get back to our clients that are you know ideally open the doors for new business. I would always say that not every permit request is created equal. Some permit requests create sales tax and jobs and

others do not and I always would still look at the preference for anything business-oriented over housing for example unless it's the housing of something that's really special that has the density to actually pay for city services but not wood town houses. Thanks.

>> Councilmember Herrera: Thank you. Anyone else?

>> Councilmember Liccardo: Can I just offer one last? I'd like to say if you look at the highlighted items, I think there's been significant progress made on these items. That's significant. We often set priorities and get lost but these ones haven't and I really appreciate the progress that's been made.

>> Councilmember Herrera: Great. Did you want to respond?

>> Kim Walesh: I just wanted to respond to Councilmember Oliverio and everyone. We are very confident that we're focused on the right things. I think our main challenge is going to maintain the capacity to move the economic program forward. Yes, it's OED but it's also the other city departments and now the sack agency. The agency at risk to move forward these efforts that we're very committed to that we know in the past have made a difference and will continue to make a difference to our City's prospects in the future. So I think that's our challenge to work with you together to make sure that we have that capacity to implement.

>> Councilmember Herrera: And I think as councilmembers we need to be mindful of that and make sure we're supporting. The strategy as you pointed out other states don't. California struggles with that we have a vision and we need to be support so we have a capacity to make it happen. I just had one question, probably more directed towards Work2Future Jeff. Looking at the unemployment numbers, and noticing that the focus is higher in the youth area, certain areas, certain demographics are suffering more youth and then those over 50. What specific things are we doing if any to try to address that or how do we get a handle on that.

>> Sure, for the older worker, basically, the older worker, age 55 to 64, is about 11% of our population. They represent about 20% of Work2Future's client base. So they're very good partnerships, the National Council on

Aging also funded under workforce investment act, the resources of two separate agencies who are actually physically co-located within and we share a lot of resources and workshops and assessment tools and job connections to help serve that clientele. I think as you look at that specific cohort of job seeker, their unemployment rates don't vary that much from other sectors. But where they really stand out in terms of the duress is in the duration of unemployment. Only 21% of older workers found employment, that were unemployed found work in the last 12 months. That compares to about 75% of workers age 25 to 54 that found employment with the last 12 months. So once they become unemployed, their duration is longer and it's much harder for them to find a job. And again, every individual tends to be different, but where you can generalize, it tends to be around they're a little bit more entrenched in terms of their understanding of the job market and what their expectations are, as our economy goes through booms and busts, it takes longer for them to adjust, so part of our role is really to provide them with the labor market information so they understand where job creation is happening and skills that are required and also a lot of the crosscutting skills, I mean a big one, is around computer literacy and the basic computer skills that folks need to succeed here in Silicon Valley. So again, we offer a lot of computer workshops, beginning, intermediate, and advanced to assist with that.

>> Councilmember Herrera: Great. Because I hear in my district, I don't know what other people hear, but I do run into both demographics and hear concerns about folks just really struggling trying to find work and not being particularly successful on occasions and not wanting to be visible, especially in the older workers, not really wanting to let folks know of their struggles, because the fear of that hindering their effort actually to get employment especially in the high tech companies.

>> There's one thing, too, and it's maybe a plug for the green vision, but one segment, one center where older workers are found much more than say in the rest of the U.S. economy is in -- within manufacturing, and also, professional services and scientific services. We actually have a higher percentage of older workers in those sectors, and we're just recently going through a green employer study right now. So as the Green Vision and green jobs begin to occur, we are actually seeing an opportunity for the older workers to transition to that segment of the work force where there are energy auditor jobs, contractor jobs, things of that nature. Where they may be

able to take their experience into manufacturing and professional service sector here and with some retraining quickly transfer into that sector.

>> Councilmember Herrera: Great, and I guess if we can get the word out to folks as we know it, and I know you are, to let folks know that these are the some of the pathways. Because it's really important to get those out of there. Any other questions or comments?

>> Councilmember Oliverio: If I recall, even before the recession, people changed their jobs X amount of times and when you started your career versus ending your career, you're going to work at 12, 14 different jobs. What was that statistic, does anybody know that -- okay, so regardless of the economy, there's an incredible amount of change that people go through in their careers. And to the point, some folks that have accustomed to one income set and one skill set don't want to change because it's painful, and they don't want to work for less. And that's what's happened for a lot of people, so it is a very difficult situation to manage. And as much as we may try to help those individuals, again, it's a bigger issue. And as you mentioned, if they're looking for software programmers and you don't have that skill set, then you've got to find out some other way to create value for yourself as an individual.

>> Councilmember Herrera: Great. So I will entertain a motion for acceptance of the report.

>> Councilmember Liccardo: Motion to accept.

>> Councilmember Oliverio: Second.

>> Kim Walesh: I would like to suggest that we cross reference this, so if you want to speak to it at council in two weeks, that you can do that, or we can do that, and that staff will make some revisions to update this information so it's current as possible going forward to council.

>> Councilmember Herrera: Great, will the maker of the motion accept the amendment? And I don't think we have any public wanting to speak. No big rush up front. All those in favor, opposed, motion carries. Next we have the development services project manager pilot status report. So I think we're going to hear from Laurel? No?

>> Kim Walesh: Harry Freitas from Public Works and Lee Butler.

>> Councilmember Herrera: Okay, great.

>> Madam Chair, members of the committee, my name's Harry Freitas, deputy director of Public Works. We're here today to tell you about our progress on two pilots that were adopted with last year's budget. One was the administrative hub expediter, I have Lee Butler here to address that issue, and the creation of an administrative hub in development services which is really cost savings and efficiency measure. And I have Katherine Roland here to address that item. I'm really here just to introduce it, and also to introduce myself as having replaced Tim Borden, who you've probably seen for the last few years, attending these committee meetings. So I haven't been here for the past two years and with the restructures of Public Works as a result of Tim's leaving I'll be attending this committee meeting more often and working more closely with you. With that I'd like to turn it over to Lee.

>> Thanks, Harry. Thank you, Madam Chair and councilmembers. I'm Lee Butler, and since September of 2010 I've been working in the role as the development services project manager/expediter for the city. And my focus has been primarily on streamlining and fast-tracking key economic development proposals. Those typically are projects that are either generating significant amounts of revenue for the city, bringing in significant numbers of jobs to the city, or furthering the City's Green Vision. And so what I do is work with the applications that come in, and make sure that if any issues arise, that those are expeditiously addressed and advocate on behalf of applicants for streamlined processes, for creative interpretations of codes. I also work with the Office of Economic Development and the Redevelopment Agency in business recruitment. When they're trying to lure companies to invest in San José we meet with those companies ahead of time and introduce myself to let them know that I can help guide them through the development service permitting processes. So that would be planning and building and Public Works and fire prevention. So in addition to this we set -- in addition to the expedited time lines for

these development projects, I also look to implement process improvements whenever I have an ability to carve out some time towards that. There are a number of efforts that are underway and some that have already been implemented. And the big one that I want to focus on in moving forward is an expedited planning permit process. And that will be building on the special tenant improvement, the building division model that's already been successful, and then also, the work that we've done as I've been in this role, for the past few months. Building on that to learn from it and see how we can expedite planning processes for all future developments, or those that choose to do so. With that, turn it over to Kathy.

>> Thank you, Madam Chair and fellow councilmembers. My name is Kathy Roland, I'm the administrative officer for the Department of Planning, Building and Code Enforcement. And I wanted to let you know a little bit about the administrative hub and how that is progressing. The development services administrative hub was created in August 2010, for three major reasons. The first line is streamlining development services, administrative processes, the second is reducing the amount of budget buckets and also, examining the year of head costs. Daylight subsidized services for the development partners. Today the administrative hub has focused mainly on streamlining administrative functions and absorbing the administrative work of each partner into the hub. The hub, which is staffed primarily with administrative folks from PBCE has absorbed some of Public Works accounting functions and we've identified a position in Public Works who can help us where we can farm out our contracting work such as creating RFPs and RFIs. By doing this, we have and will continue to realize efficiencies in the development services functions and have been better able to provide consistent and streamlined services to the development community. We're also working with fire, our goal is to continue streamlining and absorbing work from the partners as we can or to farm it out to the partners if they have someone that can help us with different functions. Particularly, accounting and analytical functions. And in this way we can realize cost savings and efficiencies in development services. The savings we have realized so far will be reflected in the 11-12 proposed budget. Since our last update we've created a dashboard which provides a high level overview of the revenues, expenditures and projected earnings for the development services where we can look at one dashboard instead of looking at each partner's separately. We think that will help us a lot in analyzing our revenues and expenditures as a whole. Working with the budget office, our next milestone will be to present a

development services section in this year's annual budget, where anyone can go to see the proposals and costs associated with development. Thank you.

>> And with that we'd be glad to entertain any questions you might have about both of the programs.

>> Councilmember Herrera: Do we have any questions?

>> Councilmember Kalra: Just a comment. I just want to thank all of you, for the work you're doing. I think this project is one of the more significant things that we've done during this economy to really help, to help our businesses. Whether it be small business, whether it be retail, some of the companies, I know a couple are in my district and they've really benefited from the expedited service and I think that's one thing that government doesn't have to be able to mooch through quibble. I think now it looks like we're even a better job with less resources I'm really impressed with by that and I want to thank all of you for the work.

>> Thank you.

>> Councilmember Oliverio: Mr. Butler how many of these permits are you juggling? What's on your workload?

>> Right now I have about 30 projects that I'm tracking on a regular basis, and there are varying levels of involvement in each of those.

>> Councilmember Oliverio: And so any of those, your work load would go up based on when those are hitting at different times, if staff gets back to here, or the client gets back or you?

>> That's correct, it varies significantly and as any time opens up that's when I have the opportunity to dedicate some times towards process improvements. But the primary priority is the facilitation of business applications.

>> Councilmember Oliverio: And in your business facilitation, and you mentioned the words creative interpretations of the code, so when you get together with others, other staff, is it simply just saying hey, I've worked here a long time, I can see this is being done differently or do you come with any authority to say we need to move this along?

>> Typically I work with the management and with different departments and divisions to see if they are willing to take an alternative approach to something that we may have done in one way during a previous encounter with the same situation.

>> Councilmember Oliverio: And then if you find that it's impossible to do it differently then you just convey that immediately to the client?

>> I do but if it's a business that we're trying to really help, we'll look at how we can within the parameters of our code, expedite that permit and get them through the process so that yes, you've got to go through this process. There's no way around that. But what we can do is, we can work within the time lines that you have so that your permits are being approved or issued as your business is ready to open.

>> Councilmember Oliverio: Got it and for Kim Walesh will there be some type of, whether it's once a year twice a year some type of report back on the effectiveness of the position?

>> Kim Walesh: Yes I think we'll be reporting back every six months and we'll definitely be recommending continuation of this pilot in the next year.

>> Councilmember Oliverio: I don't want to task anyone with providing a bunch of data, because I think you just need to do the work, but do you see at that six-month interval we might come back with some anecdotal stories or some type of things that we helped company X? I mean, I see that in the document here on the (inaudible) semiconductor, for example, moving here, but there might be more of that next time we talk.

>> Yes.

>> Perhaps I can put a little more light on the subject by explaining my role in the process. So as Lee described, he's got 30 projects that he's juggling right now. Lee's professional training is as planner, so he's obviously got -- most of his strength is in that process with a good understanding of the building department's process and perhaps lesser so when it comes to Public Works and fire. So he's troubleshooting applicants, helping applicants get through the process in those four areas what we call the development services partners. I meet with him once a week, I'm essentially his day-to-day supervisor and have a one on one with him then on Friday afternoons division management level which is mid management level in all four departments come together and we go through all 30 of those projects and I lead that group. So it's not simply Mr. Butler going and let's say waging these battles in these various parts of the city. We actually have a fair amount of management oversight that is helping with that troubleshooting process and helping with the process.

>> Councilmember Oliverio: I appreciate and had a fine visual of that Friday afternoon meeting so thank you.

>> Councilmember Herrera: Councilmember Liccardo.

>> Councilmember Liccardo: Thanks. Lee, I guess the word got out about the \$4 million in revenue. I know it's a terrible rumor to get out there. But with all that money, not that you guys are watching money, I know it's been incredibly lean over in planning and building is there more opportunity to create single points of contact for businesses of, for instance, just like we have with the small business ambassador program. Obviously you're a single point of contact for the big projects but there's that enormous sea of businesses, that are looking to expand or come in or whatever. Do we have opportunities now to be funding those kinds of positions, for other folks?

>> Well, I think that's always a challenge. Because we have -- I have small businesses coming to me, on a regular basis, and while I do help them out, there is only a limited amount that I can do because I am focusing on the key economic development drivers. One of the challenges that we have and I think Kathy or laurel may want

to speak to this more is that the \$4 million that was taken in, is something that is -- is partially down the road money.

>> Councilmember Liccardo: Right.

>> So that's going towards inspections and plan checks that haven't actually occurred yet so we're basically banking that money for a significant number of man hours and woman hours that need to be invested in reviewing plans and inspecting projects. Not now, but within six months and within one year and within 18 months from now.

>> Councilmember Liccardo: Good point. I didn't mean to suggest we were charging anything more than full cost recovery. I'm sorry Laurel did you want --

>> Laurel Prevetti: I just wanted to add that as Lee mentioned we are looking very carefully about not only how we can serve those customers who are coming forward with those building permits and inspections but also keeping the smaller businesses going. So we're constantly monitoring our revenues as well as our workload to make sure we're meeting our performance targets. If we need to add temporary resources to keep up with our inspections, then that's really where we want to be able to continue to work at the speed of business. The council did provide us with a little bit of General Fund seed money. So to the extent the fee program and Lee's position and Katherine's work is cost recovery we are looking at in ways to invest that so we can continue to be ahead on economic development, particularly related to permit streamlining. Because that's the continuous comment we get. We need the quality but they also want to get in and out as quickly as possible.

>> Councilmember Liccardo: And then on that question of streamlining I guess that's a key task of yours, Lee. I know that we constantly beat up against the reality that obviously, it costs money to employ people to do the kind of work it takes to approve many of these permits. Are there opportunities to create safe harbors for particular processes and where we simply don't require permits? I know I've asked this question in other ways, but I wanted to see if I can be more direct. For example, we believe we want more sidewalk cafes in the downtown. We simply

say, any sidewalk cafe that's no larger than X size that doesn't fill up more than this much of the sidewalk, just automatically, is allowed to operate, without any permit. I know there are all kinds of issues about use of right-of-way and all that kind of thing but are there opportunities for us to do that or for signs for instance that are no longer bigger than X size?

>> There are many opportunities similar to that and obviously we'd have to look at them on a case-by-case basis and determine what sort of requirements would need -- would be needed. Providing adequate clearance for a sidewalk cafe and providing indemnification for the city. But certainly expedited processes are one of the things we're looking at and some of the title 20 that's the zoning ordinance process improvements, that will be coming to council in the coming months, will be deregulation items, where we're moving from a site development permit that involves the public hearing, to administrative permit, just a permit adjustment. So things like that definitely help businesses meet their time lines and really I think we always need to question the types of value that we're adding in the situations and to the permits that we're reviewing to see where we can streamline.

>> As an example can you site the work that did you with the storage tank in North San José and --

>> Sure. The -- right now the -- and this has happened in a number of instances. Most recently, with Stion, a solar manufacturing company. They are putting in storage tanks to help their business grow. And those tanks are over the threshold of 2,000 gallons that triggers a site development permit, versus an administrative adjustment process. So under 2,000 you can currently go with an administrative permit. Because these are over that threshold it's a public hearing process. And we're looking to rectify that situation for industrial users where tanks are an expected part of the urban form and are a necessity for furthering some of these businesses. So looking to streamline that process is one of the things that will be coming to the council in the near future.

>> Councilmember Liccardo: Great, thanks Lee.

>> So as we come and these things come to us and they seem obvious that they need a fix, that's when we're going to bring things forward to essentially deregulate the -- to the extent possible, the degree of difficulty, if you

may, of the permit. Going from one that requires a trip to council to maybe Planning Commission, Planning Commission to maybe administrative to director's hearing to even not permitting it at all.

>> Councilmember Liccardo: Right, much appreciated. I know that there's support we need to support processes, but it is helpful that we not have a process. I appreciate your focusing on those issues. Thanks.

>> Councilmember Herrera: Do we have any other comments? And in terms of the deregulation you're talking about I really applaud you for going in that direction, obviously regulation and maintaining our standards are very important. In terms of the outdoor cafe example that Sam raised here, would that come forward if there were enough businesses that were in that sort of situation? How would that meet a threshold where you'd start to look at something like that, for example?

>> Well, I think as far as any process improvements go, the -- any time I'm able to carve out a time away from the projects I'm focusing on those. The issue of sidewalk cafes themselves I think that the image that it creates for San José is a very positive one. An active and lively area and while it -- the cafes themselves may not have a significant economic benefit, the spillover effect of the City's image, in being a fun place and capitalizing on the outdoor activities and the great weather that San José has, can have a significant economic impact. And so as I discuss priorities with my supervisor and the other division managers, we can certainly include that on the list as one that should be looked at.

>> Councilmember Herrera: I was using that as an example but I guess I'm just trying to understand the process where you would elevate that to something that you would want to put on the list or take up as lessening the regulatory process.

>> Laurel Prevetti: If I may. One of the ways that we're doing this is really just through the inquiries that we get through our permit center so we do keep tabs on what kinds of questions that we're getting and if we start seeing a theme or we start seeing where staff themselves are just frustrated because the code mandates a particular process but we know we can do it faster without a public hearing. So a lot of them are just through our own

empirical experience with our businesses themselves and then also as we continue to work with our code and think forward about the vision for our city, and how we would like to become more vibrant, anticipating what those needs are going to be, and then streamlining either through code changes or through our own internal procedures. Because there may be certain things that we can handle just in terms of which are staff handle those projects that can gain some certain efficiencies as well.

>> Councilmember Herrera: Well it sounds like things are moving ahead and I think all of us have indicated how pleased we are in terms of this progress. I guess I had one last question and that is, do you see this pilot having any impact on the culture? Because part of this is the culture that we're trying to as we talked about making economic development part of the DNA or part of the culture of the city, and everybody playing a role. Do you seize this pilot project, what kind of impact on the culture of planning and building code and all of these services do you think it is having an effect and ask any of you comment on that? .

>> Laurel Prevetti: I'll start but I'm sure there are other opinions. Actually, this pilot is intended to show that we all are ambassadors for the work that we do. That we do want to get businesses into San José, that we are here to help those businesses be successful, for the restaurateur to realize their dream for all of those companies to be located here. So we are starting to see that. Our biggest issue, as Kim alluded to earlier, is talent management. And so as we are struggling with the fiscal realities, we do also want to be able to grow our employees so that they can see they have a career and future here and can continue to make those positive inroads. But it's not just the development services partners, it's all of us who might be interacting with those customers.

>> Councilmember Herrera: So could maybe -- I guess I was envisioning replicating Lee or that kind of role, not any intense way he's doing it but sort of replicating that quality or that ability to be that single point and to be that project manager in many different areas and I just wondered if that was the direction we were going and you're looking at it as a pilot for now.

>> Laurel Prevetti: We are looking at it as a pilot in terms of the specific service that Lee himself is providing, but we're also learning in terms how we can all do a better job in terms of our interactions with those businesses as they come into the permit center, or wherever they enter our system.

>> Councilmember Herrera: Great, any other comments? If not, I'll entertain a motion to accept. This is for open forum.

>> Councilmember Liccardo: Motion to accept the report.

>> Second.

>> Councilmember Herrera: All those in favor? Opposed? Motion accepted. Okay, I think we're at open forum and David wall. If you would like to come up.

>> David Wall: Good afternoon, and congratulations, Madam Chair, upon your appointment. Couple of issues, one you've already covered, and I don't want to alleviate the issue. On A-5 there's a factually factual impossible that there will be a 2-10 vote for baseball as on the form. I believe that just to be a typo. At least I hope it's a typo. Other thing with Councilmember Oliverio's interesting and wise approach to performance, I would like to see a menu of performance targets for a variety of programs by staff. With reference to how much money they're actually bringing into the city. Now, there's a lot of what I call fanfare within today's agenda but that's personal opinion. And I would like to see, if it's appropriate, to hold them accountable. Folks are make big bucks. They say they can do things for the city. All power to them. But at the end of the day, was it just systematic appeasement of Your Honors and nothing but air for the taxpayers? And it's in keeping with performance accountability issues. And I think that you should really look into that. The other thing, too, Madam Chair, I don't know how much money is left in the catalyst program. Whatever. There's one area of manufacturing that you might consider doing. As an experimental basis. I called it Hecho in San José. Made in San José. Textile uniforms. Just for a thought. We got a lot of city people in different uniforms. Could you use some of those buildings up on North first Street in Councilmember Chu's district as a sort of rent-space, whatever type of model, that's for the staff to

create. But if you start making things here on small scale I believe it will be good. The other thing is, another whole year has passed and we're losing food production. We need to look at local food production to help out and I'm write on that on the public records. Glad to see you back, hope you didn't bore you Councilmember Kalra.

>> Councilmember Herrera: Thank you, with that the meeting's adjourned.