



# Memorandum

**TO:** COMMUNITY AND ECONOMIC  
DEVELOPMENT COMMITTEE

**FROM:** Paul Krutko

**SUBJECT:** WORKPLAN TO UPDATE 2003  
ECONOMIC STRATEGY

**DATE:** April 10, 2009

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Approved

Date

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## RECOMMENDATION

Approve workplan for staff-initiated effort to update the 2003 Economic Development Strategy.

## BACKGROUND

San Jose's first comprehensive Economic Development Strategy was adopted by Council in November of 2003, and was intended to "last" for about five years.

Over the last five years, the City (including RDA) and its partners have made significant strides in implementing the 15 Strategic Initiatives. Also over the last five years, change continues relentlessly in San Jose/Silicon Valley, nationally, and globally.

Staff believes it is now important to update the City's Economic Development Strategy. Staff would like to present the Workplan (attached) to the CED Committee for information, feedback, and concurrence.

  
PAUL KRUTKO  
Chief Development Officer

For questions please contact Kim Walesh, Chief Strategist, at 408-535-8177.

## Workplan

### Workplan: Economic Development Strategy 2.0 (Update)

#### Purpose of the Strategy Update

There are four main reasons to update the Strategy:

1. *Framework for Next Five Years.* The City should update the Economic Development Strategy so that the Strategy can guide citywide priorities, policies, and projects for the next five years.
2. *Integration with General Plan.* There is also opportunity to integrate key themes and desired outcomes from the Strategy into the Envision 2040 Plan.
3. *Reignite Economic Education.* Updating the Strategy will create a significant opportunity for education of the City leaders, employees, residents and other stakeholders about the elements of the economy, about economic challenges and changes, and about the role of local government in supporting the economy.
4. *Reactivate "Listening Post" on Economy.* The update process is an opportunity to reach out and listen to local industries and other stakeholders in the San Jose economy, as well as to economic experts. In 2003, staff learned a lot and developed important relationships with employers through the outreach process.

This Workplan offers a suggested approach for updating the Strategy. This Update process, which will take place in 2009, is not envisioned to be as time-intensive as creation of the original strategy creation in 2003. This is not necessary, and staff and other resources are significantly more constrained.

#### Main Elements of Update

The Update project would include several elements.

- *Update Quantitative Fact Base*—The staff team would update the quantitative indicators of Economic Outcomes (p.91 of 2003 Strategy) and Economic Structure (p.92) for the 2000-2007 period. The team would also update the "Community Success" factors.
- *Update Key Findings.* Identify the Key Findings in the 2003 Strategy about forces of change, new opportunities, and competitive factors for the San Jose economy.
- *Assess Accomplishments.* The Update would document the main accomplishments of each of the 15 Strategic Initiatives, as well as where we fell short.

- *Reaffirm the Aspirational Vision and 15 Strategic Initiatives.* The update would affirm the previously adopted Economic Vision for San Jose (six unique aspirational attributes that make San Jose the “Capital of Silicon Valley”) and affirm (or suggest modifications to) the *15 Strategic Initiatives*.

### **New Factors for Consideration Since 2003**

The Economic Strategy Update will consider and integrate several new factors:

- *Green Vision*—the Update will integrate the current emphasis on CleanTech and environmental sustainability
- *Local Government Revenue/Economic Development Link*—the Update will articulate the link between different kinds of job-related land use and revenue to the City (in collaboration with General Plan)
- *Small Business*—the Update will provide a clearer, robust framework for understanding the “small business” sector—such as family businesses, growth-oriented start-ups, self-employment, niche professional businesses, etc.
- *Changing Workforce, Workstyles, and Workplace*—the Update will consider the effects of factors such as demographic shifts and workforce mobility on economic development
- *Local Consumer Market*—the Update will develop a more powerful characterization of the local consumer market and the economic impact of local consumption
- *“Quality” of Jobs*—the Update will explore the quality-of-jobs issue in a regional economy with a diverse workforce

### **Final Product: Strategy 2.0**

The final product will be a 15-20 page document (high-quality, easy-to-use design) that chiefly includes the Recommendations.

The major “Facts and Findings” (content like Part III of 2003 Economic Development Strategy) will be in a Powerpoint presentation form.

Note: Staff experience with the 2003 Strategy was that it was very important to have the 9-page Executive Summary document, but few people requested or read the 99-page detailed document. The Powerpoint presentations focusing on specific findings (e.g., results of corporate interviews, economic data) and delivered in segments, were very well received.

### **Staffing the Strategy Update**

Since the City budget is tight, the workplan will be implemented by staff without using specialist consultants. Staff has the capability and expertise to do the update; the challenge will be to move steadily forward on the update in 2009 while managing other more urgent priorities. The goal will be to substantially complete the Update by December 2009.

The Update will be led by Kim Walesh, and will be overseen by Paul Krutko. The staff team will include Nanci Klein (OED), Jeff Ruster (work2future), John Lang (OED), John Weis (RDA), Leslie Parks (RDA), Abi Maghamfar (RDA), and Laurel Prevetti (PBCE). The Community and Economic Development CSA will serve as an important sounding board and mechanism for other development-related Departments to contribute.

### **Expert Advisory Team for City Manager**

Staff would like to invite a group of economic experts to serve as Advisors to the City Manager and to the lead staff working on the Update. Advisor participation would be requested for a group discussion and a one-on-one interview; advisors would also be asked to review draft documents.

Staff would prepare the Economic Strategy Update for approval by Council, taking expert advisor input into consideration along with other factors. Staff will not set expectations that the expert advisors must approve or get consensus on the recommended strategy update.

Staff intends to invite economic experts like the following to be advisors:

Bob Brownstein, Policy Director, Working Partnerships USA  
Pat Dando, President & CEO, San Jose Silicon Valley Chamber of Commerce  
Carl Guardino, President and CEO, Silicon Valley Leadership Group  
Virginia Hamilton, Executive Director, California Workforce Association  
Russ Hancock, President, Joint Venture Silicon Valley  
Doug Henton, Chairman and CEO, Collaborative Economics  
Dr. Steve Levy, Director and Senior Economist, Center for Continuing Study of the California Economy  
Lenny Mendonca, Director, McKinsey & Co.  
Dr. Sean Randolph, President, Bay Area Council Economic Institute  
Dr. AnnaLee Saxenian, Dean, School of Information Management and Systems, UC Berkeley

### **Outreach Process/Focus Groups**

In addition to new data/secondary research, the update project will include outreach to economic development stakeholders and partners, mostly in the form of focus groups. Since staff resources are limited, this outreach needs to reach appropriate stakeholders in an efficient, well-focused manner. It would be most helpful to have partner organizations assist in hosting the focus groups and attracting participants.

Examples of potential Focus Groups include the following:

<b>Potential Focus Group Discussions</b>
“Future Workplace” Experts
Workforce Development Experts
Small Business Owners and Advisors
Driving Industry Executives
Neighborhood Leaders
Labor Community
Young Professionals
Real Estate/Development
Retailers and Retail Experts
Latino Business Leaders and Entrepreneurs
Vietnamese Business Leaders and Entrepreneurs
Taiwanese Business Leaders and Entrepreneurs
Indian American Business Leaders and Entrepreneurs
Others