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Incentives to build high

High-rise housing developers will continue to receive 50 percent reductions in construction taxes and parkland fees for downtown projects beginning construction before July 2018, the City Council unanimously decided Dec. 13.

"We're trying to get development and dollars into the community," said Councilmember **Raul Peralez**, who led the effort along with Mayor **Sam Liccardo**.

Despite record development in Silicon Valley, the last high-rise residential project to start construction downtown was Silvery Towers in February 2015.

"It's harder for developers to get money these days, and the fees we charge as a city are too high," said Councilmember **Johnny Khamis**. "If no development is breaking ground, then 100 percent of nothing is nothing."

The council did not put a cap on the number of units that could qualify for the discounts. Ten high-rise housing projects representing more than 3,600 units are currently in the city's development pipeline.

Before the Council voted, developers including KT Urban's **Mark Tersini** and CORE's **David Neale** described difficulties associated with securing financing, such as rising construction costs. Tersini has plans to develop the former Greyhound Bus Station site, and CORE has a tower project in SoFA.

"Help us fulfill all of our dreams for downtown," Neale said. "We are on the brink."

Union workers requested new labor and wage requirements to be part of the proposal. The



One of three Swenson high rise housing proposals is "The Graduate" at San Carlos and Second streets.

council included provisions to hire locally, encourage compliance with state apprenticeship program requirements and agreed to work with labor and businesses in 2017 on an agreement beneficial to both sides.

Also, a task force will form to study the parkland fees. City staff estimated that \$20 million would be dedicated to parks if an additional 2,000 downtown high-rise units are built, even with the 50 percent discount. At 2,000 units, developers would receive an \$18 million discount in park fees, but annual property taxes would increase \$10 million in the first year after they are built, the city estimated. In addition, downtown businesses would feel positive economic impact of new residents.

The incentives will help take several of the 10 projects from the "sideline to skyline," according

to SJDA Executive Director **Scott Knies**. The high-rise incentives were first passed in 2007 for parks only and then again in 2012 for parks and construction taxes. Developers have used the incentives to build 1,522 finished units and another 1,043 units currently under construction.

Supergraphics approved: Also Dec. 13, the City Council reacted to the supergraphic sign posted by Oracle on its Almaden Boulevard building during the Super Bowl last February.

The Council approved such supergraphics on non-residential buildings and parking garages in downtown for a week before a large special event or convention and a week after the event. Such large signs require a permit and fees to be determined. The fees collected will be used to abate graffiti and for beautification and mural projects.

Olla Cocina awarded Golden Nail

Olla Cocina, which brings an authentic Mexican feel and taste to San Pedro Square, won a Golden Nail Award for beautification.

Property Owner **Mike Messenger** and Habitat Design Project Director **Jorge Romero** accepted the award from SJDA's Downtown Design Committee at the Year-in-Review meeting Dec. 9 at Hammer Theatre Center.

"The open-air garage doors give Olla Cocina an indoor / outdoor feel, like being in a little village square down in Baja California," Messenger said.

The committee was impressed with the details of the restaurant architecture, including:

- 100-year-old Douglas fir salvaged from the garage across the street, used for the patio along San Pedro Street and indoor trellises;



Olla Cocina's inviting exterior appearance lures customers inside.

- Mexican cinder blocks dividing the bar from larger dining room;
- Old telephone wires to suspend lighting above the restaurant dining room;
- Hand-painted signs;
- A hostess station imported from Mexico.

"They repurposed all those materials into a fun and playful design," said **Steve Cox**, chair of the committee and president of HPC Architecture on The Alameda.

"The attention to aesthetics and detail was key to obtaining the design feel we wanted," added Romero.

The Golden Nails have recognized contributions in downtown design and architecture annually since 1996.

Olla Cocina, 17 N. San Pedro St., features pozole, ceviche, duck tacos, short rib tacos and Cadillac margaritas. Check ollacocina.com.

Business News



Artist works adorn new pop-up store.

Art pop-up: Exhibition District has opened Local Color, or LoCo, a pop-up arts and retail center at 27 S. First St. "The reimagined space is a haven for creatives, makers, artists and thinkers," said **Erin Salazar**, executive director of Exhibition District, a creative collective committed to bridging economic opportunity for artists with the beautification of San Jose.

Open daily through Jan. 30, the space activates a currently unused retail space formerly occupied by Ross Dress for Less. LoCo programs include:

- ◆ Creative workshops for the community, including art classes on Wednesday and Thursday;
- ◆ Shared studio space for independent artists;
- ◆ Pop-up bazaars for local makers
- ◆ Art by Jazz Fuller
- ◆ Pop-up retail space by Moonshine Rose Trading Co.
- ◆ Yoga on Friday
- ◆ Performances on Friday and Saturday nights.

Property owner **Mike Sarimsakci**, whose Alterra International intends to build a residential tower on the site, opened the doors of the retail space that once held his Black Sea furniture business and Woolworth's to the San Jose Downtown Association for temporary use.

SJDA is partnering with the Knight Foundation to support Local Color.

"This is a way to get lights back on in a vacant building and support local artists," said Councilmember **Raul Peralez** at the Dec. 15 opening.

Check facebook.com/LocalColorSJ.



From left, AC Hotel's Elizabeth Satingin, Sean Hadley and Lilinda Carta-Samuels show off their new lobby.

Fresh look inside: The AC Hotel on West Santa Clara Street at Highway 87 opens Jan. 4, offering "Millennial-minded" guests modern rooms that emphasize timelessness and harmony.

"This is the first of many AC Hotels planned in California," said General Manager **Sean Hadley**. "There's nothing like this in this market."

The 210-room hotel — the first new hotel to open downtown since the Marriott in 2003 — emulates the boutique chain of the same name that stretches across Europe. It is efficiently and intuitively designed with "cutting edge" systems, Hadley said. Examples include:

- ◆ Heating and air conditioning operates on a smart grid rabbit system allowing cold air and warmer air to flow into rooms where they are needed most
- ◆ Temporary media salons (work rooms) in the lobby
- ◆ Saltwater pool and outdoor fireplace
- ◆ Carpetless flooring and European-style bath and shower
- ◆ High-end windows silencing freeway and airplane noise
- ◆ Laundry room for guests
- ◆ Signature cocktails each evening
- ◆ And, a \$10,000 prosciutto-slicing machine

"The hotel is frictionless," said **Lilinda Carta-Samuels**, director of sales and marketing. "You can find everything without needing signs."

The hotel competes in the "lifestyle" category that includes Aloft. Its 55 employees are ready to serve. Visit marriott.com/hotels/travel/sjcac-ac-hotel-san-jose-downtown.

New businesses:

◆ **Cold Iron Studios**, 4 N. Second St., develops (or "forges") high-quality action games, including first-person shooters, that focus on compelling gameplay. The studio was formed by a group of seasoned game developers. Some of their titles include: Neverwinter, Star Trek Online, Bioshock Infinite, Metroid Prime 3, Doom and the Borderlands franchise. Visit coldironstudios.com.

◆ **Nubeva**, helmed by CEO **Randy Chou**, delivers a cloud-based security-as-a-service platform that meets the needs of large organizations requiring secure remote and mobile access across global locations. Nubeva is a part of the growing number of tech-centric businesses located at Harvest Properties' Valley Towers, 75 E. Santa Clara St. Go to nubeva.com.

SJDA News



Bree von Faith oversees SJDA marketing and events.

MarCom addition: **Bree von Faith** joins San Jose Downtown Association as director of marketing communications and events.

She will oversee SJDA's marketing plans and programs, including promotions, events and social media, and coordinate with other downtown marketing partners. She will also direct San Jose Downtown Foundation activities, including Downtown Doors.

Von Faith, who has an MBA from Santa Clara University, has expertise in data analytics, community development and team building. Her employment history includes 10 years serving in membership organizations, including various capacities at Girl Scouts of Northern California, plus marketing positions at VolunteerMatch and startup Kiwi Crate.

She has an undergraduate degree in political science from San Jose State University. She is also an active volunteer with the Junior League of San Jose.

Restaurant Week this month: #DTSJ Restaurant Week features specials at 24 downtown eateries from Jan. 16-26.

"This is where Silicon Valley meets the Valley of Heart's Delight," said SJDA Marketing Director **Julie Carlson**. "Try innovative chef specials made with local produce at special prices."

Find all the offers at sjdowntown.com/dtsjrestaurantweek.

Participating restaurants include: 55 South, The Blue Chip, Cafe Stritch, Cafe Tool, Curry Pundits, Deluxe Eatery & Drinkery, The Fountain at the Fairmont, The Farmers Union, The Grill on the Alley, Habana Cuba, Hawaiian Poke Bowl, Il Fornaio, La Lune Sucree, La Pastaia, Loft Bar & Bistro, Mezcal Restaurant, Mosaic Restaurant and Lounge, Nomikai Social Food + Drinkery, Olla Cocina, Our House, Pizza Bocca Lupo, Scott's Seafood San Jose, Takai Sushi & Sake Bar and Treatbot.

The #DTSJ Restaurant Week is part of Visit California's California Restaurant Week. The statewide resource for more information is visitcalifornia.com/attraction/california-restaurant-month-events-northern.

#DTSJ Restaurant Week is produced in partnership with SJDA and Team San Jose.

Upgraded and associate members: Thanks to the following businesses for upgraded and associate memberships with the San Jose Downtown Association in 2016:

◆ **Upgraded Members:** AIA Santa Clara Valley; Arepa & Mas, Inc.; Ballet San Jose, Silicon Valley; Barry Swenson Builder; Berliner Cohen; Cafe Frascati; California Labor Force Employment; Cafe Tool / Catered Tool; Cathedral Gift Shop; Children's Discovery Museum; Colliers International; Cord Associates; The Core Companies; Eco City Cycles; Fairmont San Jose; Filco Events; Frank, Rimerman & Co.; Garden City Construction; Gensler; The Grill on the Alley; Guadalupe River Park Conservancy; Hoge, Fenton, Jones & Appel; Hood & Strong LLP; Hopkins & Carley; Insight Realty Company; KBM Workspace; **Michael Rewkiewicz**; Notre Dame High School; Pacific Gas &

Electric; Pacific Motor Inn; Pinger, Inc.; Pizza My Heart; San Jose Jazz Society; San Jose Museum of Quilts and Textiles; San Jose Sharks; Scott's Seafood Grill and Bar; Silicon Valley Creates; Silicon Valley Lofts & Condos; Steinberg; Team San Jose; The Tabard Theatre Company; and The Tech Museum of Innovation.

◆ **Associate Members:** A&R Booth Rental; All Bay Landscaping; Almaden Press, Inc.; Biggs Cardosa Associates, Inc.; Bill Wilson Center; Boston Properties; Bozzuto & Associates Insurance Services, Inc.; Cornish and Carey Commercial; D&V Sound; Discover Silicon Valley; J. Lohr Vineyards & Wines; Jamboree Housing; **Julie Riera Matsushima**; Open Space Authority; Republic Services Inc.; Salas O'Brien Engineers, Inc.; San Jose Counseling & Psychotherapy; San Jose State University; Teifeld & Company Insurance Services; and TMG Partners.

Examine the benefits of upgraded membership by calling **Danielle Ratliff** at 279-1775 or visiting sjdowntown.com.

Downtown News

Flipping over Market Square: Ridge Capital Investors, LLC, acquired the newly named 111 Market Square twin towers at North Market and West St. John streets for \$65 million. Swift Capital dressed up the former Community Towers with about \$6 million in improvements after purchasing them for \$40 million in 2014. The 310,000-square-foot towers are about 78 percent leased.



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Groundwerx / PBID News



Good "Afternoon"

"**Afternoon**" is Polish muralist **Sainer's** first solo offering in the U.S., depicting a grandmother watching over a boy playing flute. **Sainer** has teamed with **Etam Cru** on a number of murals across Europe. He painted the work at Almaden and St. John over the Thanksgiving holiday weekend. The San Jose Downtown Association and PBID commissioned the project through Empire 7 Studios. It's the PBID's fourth mural of 2016.

At the Convention Center

Jan. 5-8 - Silicon Valley Auto Show (315,000 estimated)
Jan. 13-16 - Further Confusion (3,060)
Jan. 18-23 - NeedleArts Winter Trade Show (4,200)
Jan. 20-22 - Super Smash Bros. Video Tournament (4,310)
Jan. 28-29 - The American Masterpiece (5,005)

From the Archives

10 years ago – January 2007 – SJDA led a team of 19 partners to give newly elected Mayor **Chuck Reed**, new District 3 Councilmember **Sam Liccardo** and the rest of the City Council a "First 500 Days" plan of Big Deals and Small Wonders. The list included Convention Center expansion, incentives for corporations to set up headquarters downtown, a medical center, beautiful streets and sidewalks, connecting trails with Guadalupe River Park and streamlined permitting processes.

15 years ago – January 2002 – Three years after opening, a \$30.8 million construction price tag was agreed upon by the Redevelopment Agency and builder of the Repertory Theatre, amounting to \$15 million in cost overruns.

20 years ago – January 1997 – NHL All-Stars including **Wayne Gretzky**, **Mark Messier**, **Mario Lemieux**, **Eric Lindros** and **Brett Hull** gathered in San Jose for a game won by the East, 11-7. **Mark Recchi** led the winners with four goals, and the Sharks' **Owen Nolan** pulled off a hat trick. The event also featured a 200,000-square-foot NHL FANTasy theme park at the Convention Center.

25 years ago – January 1992 – PG&E started working with SJDA to replace electrical utility box grates in the street that were "popping" along the Transit Mall – the result of bolts being broken by bus traffic. A more heavy-duty model of grate would minimize the irksome sound.

Downtown Facts

Park SJ: Average Peak Occupancy Snapshot

Garage	Oct. 2011	Oct. 2016
	6 a.m.-6 p.m.	6 a.m.-6 p.m.
Market/San Pedro	37%	86%
Third Street	59%	67%
Second/San Carlos	52%	72%
Fourth / San Fernando	37%	71%
	After 6 p.m.	After 6 p.m.
Market/San Pedro	22%	60%
Third Street	25%	19%
Second/San Carlos	46%	45%
Fourth / San Fernando	18%	37%

Source: City of San Jose Department of Transportation

DOWNTOWN DIMENSION

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sjdowntown.com