

Letter from the President

Google plans shift Earth on downtown's westside

The possibility of Google taking the lead in the development of the Diridon station area is the most exciting news we have seen for downtown San Jose since the vote to approve an arena almost 30 years ago.



Stan Vuckovich

In my role as board president of the San Jose Downtown Association, I can't help but remember a discussion we had a few years ago about what would be a truly transformational opportunity for our downtown.

At that time, we discussed a ballpark for the A's near Diridon station, but nobody saw the arrival of Google and up to 20,000 workers as a possibility. Google's arrival would legitimize downtown San Jose as a tech hub of Silicon Valley.

With Caltrain and light rail currently serving Diridon and the arrival of BART (and possibly high-speed rail) in the next decade, we can expect Diridon to be the most robust transit hub on the West Coast. The ability to bring workers into downtown to work in the Class A buildings planned for Diridon is exciting for all businesses involved in planning, construction and interiors.

The impact for my business that provides office furniture to technology companies could be huge as Google and others take advantage of the urban campus concept in San Jose.

As the Google development progresses, it will help push forward current projects in the pipeline as well. High-density housing in our city's core will undoubtedly multiply, creating the true urban center we have all dreamed about and an amazing new skyline for downtown San Jose. Ultimately, local restaurants, bars and shops will feel the impact as thousands of new workers call downtown San Jose their home and/or office.

There will be hurdles to cross, but this is a once-in-a-generation opportunity to bring jobs to our city. San Jose has long suffered from a jobs-to-residents imbalance that has affected our tax base and made providing basic services such as police difficult.

More jobs in our downtown will improve our tax base, improve our economy and make downtown San Jose more of a destination. We need to address the environmental impacts, building height restrictions and affordable housing while supporting this opportunity for our city.

The vision of thousands of Googlers living and working in Downtown San Jose is a sight we must keep in focus as plans progress.

Historic beginning

City negotiates with internet giant



Mission: "Organize the world's information and make it universally accessible and useful."

Main internet products: Search, Ads, Commerce, Maps, YouTube, Google Cloud, Android, Chrome, and Google Play.

Revenue: \$65.6 billion in 2014; \$75.5 billion in 2015; \$89.5 billion in 2016

Net income in 2016: \$19.5 billion

Revenue source: 88% from advertising. "The goal of our advertising business is to deliver relevant ads at just the right time and to give people useful commercial information, regardless of the device they're using."

Headcount: 72,053, as of Dec. 31, 2016

Headquarters: Mountain View

Source: Alphabet, Inc. 2016 annual report

Google intends to expand its operations by up to 8 million square feet and 20,000 employees on the westside of downtown around SAP Center and Diridon train station.

"We know this is just the beginning," said **Mark Golan**, vice president of real estate and work place services for Google in the Bay Area, "but we are excited about the possibility of bringing state-of-the-art office, housing, retail, civic plazas, parks and open spaces to the downtown San Jose area, all connected by a mass transit system and integrated with the surrounding community." Golan made his comments June 20 before the City Council agreed to enter into an Exclusive Negotiations Agreement (ENA) with Google for a number of properties acquired by the city and the Successor Agency of the Redevelopment Agency a decade ago to build a baseball park.

Meanwhile, developer Trammell Crow – on Google's behalf – has been purchasing parcels not owned by the city or former Redevelopment Agency in the area around the station, especially along Autumn and Montgomery streets.

The ENA process involves several steps to be completed by March 2018: the city and Google would generate a compensation agreement, memorandum of understanding and a final agreement. Then a whole new round of planning and development activity would follow. "It will take a decade or more to build out," said Mayor **Sam Liccardo**,

do, "and will include community conversation every step along the way."

Council members cited the potential benefits of Google coming to San Jose: providing jobs here, property taxes and revenues for city services, quality development in the right place, high ridership on mass transit and catalyzing additional growth in areas north and south of the train station.

The Council made its approval despite numerous objections, concerns and demands by individuals seeking Google support for wages, schools, affordable housing and open space.

"We heard the pains of growth today," Liccardo said. "Google's not in business to solve the city's problems. But it can be productive to see how they can help. It involves all of

us finding a way to work together."

The last Class A downtown office building erected was Riverpark Tower II in 2010. The 8 million square feet of office space needed by Google would nearly double downtown's office footprint.

Coupled with the new proposal by TMG Partners and Valley Oaks Partners to develop 1 million feet of office north of SAP Center plus Trammell Crow's already-approved 1 million feet of office on the Water Company site, downtown's total workforce could also double.

"I just want to thank Google for finding its way to San Jose," said Councilmember **Raul Peralez**.

New owners get in front of possible Camera uses

In two separate deals, Imwalle Properties and real estate investor **Gary Dillabough** have partnered to acquire the building formerly known as Camera 12 Cinemas and the land it sits on.

Imwalle Properties/Dillabough was the sole bidder at \$726,000 for the 39,204 square-foot parcel, which is nine-tenths of an acre, being sold by the Successor Agency to the Redevelopment Agency (SARA). About one-quarter of the land is on the paseo itself, so the building footprint is less than 30,000 feet.

The ground purchase was tied up in a lease until 2075 with rent set at just 2 percent of actual net operating income (NOI). So Imwalle Properties and

Dillabough also acquired the ground lease to buy the three-story, 70,330-square-foot building at 201 S. Second St. from Forest City Realty Trust. "The value is in the lease we purchased from Forest City," said **Don Imwalle**. "Owning the ground will add flexibility and clean up several potential issues."

The cost of the lease was not disclosed.

Camera 12 closed in September 2016 due to increased utility costs and maintenance of an aging building with an atrium and extra-long escalators. It opened in 1996 as an eight-screen United Artists Pavilion. UA suddenly withdrew in 2000 and the building remained empty for four years until Camera

Cinemas took over, expanding the cineplex to 12 screens.

Imwalle said that the cost to rehabilitate the building could amount to \$7 million or more. Current thinking is that the critical mass of residents the Camera Cinemas banked on is finally coming to fruition, and that the entertainment use for the location may now be more appropriate.

"We are still looking at entertainment uses and have been pleased with the interest," Imwalle said. "At this point we don't know if it will be a single larger use or a myriad of interests."

Media reports about the acquisition generated

interest from parties that have considered the building before, Imwalle added.

"It has been insightful to connect and learn more of the backstory and what others have envisioned for the building," he said.

Before agreeing to team up, both Imwalle Properties and Dillabough had been working independently to buy the ground lease.

Local brokers **Nick Goddard** of Colliers International, who represented Imwalle, and **Mark Ritchie** of Ritchie Commercial, who represented Dillabough, helped put the deal together.

Downtown for the Summer

Dine Downtown returns July 7-16: Twenty of downtown's best restaurants will celebrate Dine Downtown with prix fixe meals, discounts and chefs' specials.



Dine Downtown dinners will be served July 7-16 at: 71 Saint Peter Modern European Kitchen; Café Stritch; Elyse; The Farmers' Union; The Grill on the Alley; Habana Cuba; Il Fornaio; La Pastaia; Loft Bar and Bistro; M Asian Fusion Restaurant;

McCormick & Schmick's Seafood & Steaks; Mezcal; Mosaic Restaurant and Lounge; Nemea Greek Taverna; Nomikai Social Food + Drinkery; Olla Cocina; Our House; Poor House Bistro; Scott's Seafood San Jose; and SP2 Communal Bar + Restaurant

"This is the best time of the year to explore new places and get reacquainted with long-time favorites" said **Julie Carlson**, SJDA marketing director. "The dishes originated from places all around the world. The service ranges from casual to white-table-cloth."

71 Saint Peter, Il Fornaio, The Loft and Mezcal have been involved in Dine Downtown all nine years of the event.

Sysco again will sponsor the event and provide participating restaurants a discount on restaurant supplies.

Check dinedowntownsj.com.

Blues Traveler visits Music in the Park in July: **Blues Traveler**, one of America's favorite jam bands, headlines the second Music in the Park show of the summer on July 20. The show starts at 5:30 p.m. at Plaza de Cesar Chavez with openers **Ben Henderson** and Friends plus special guest **Socorra**.

Blues Traveler, which has a cache of top-40 hits including "Run Around" and "Hook," and a six-time platinum block-busting album Four, is celebrating its 30th year in music. Front man **John Popper** calls the band's latest album, Blow Up the Moon "a misguided homage to The Beatles," featuring a slew of guest artists. bluestraveler.com.

August dates:

- ◆ Aug. 3: **Brenton Wood** brings his chest of R&B hits up from Los Angeles to perform for his South Bay audience. Wood, of "Oogum Boogum" fame, will perform in lieu of **Bootsy Collins**, who had to cancel. twitter.com/brentonwood

- ◆ Aug. 25: **WAR**, self-described as "The Original Afro Cuban Jazz Rock Blues band." Hit parade includes "Why Can't We be Friends," "Low Rider," "Cisco Kid," "The World is a Ghetto" and more classics. **Eric Burden** of the Animals co-founded the band in 1969. war.com

Advanced tickets are \$10 per adult and free for 12-under when accompanied by an adult. Tickets and information are available at musicintheparksj.com.

Starlight Cinemas in August: Starlight Cinemas free outdoor movies presents four family classics each Saturday in August at St. James Park:

- ◆ Aug. 5: *Harry Potter and the Sorcerer's Stone*, the original 2001 film with young Harry discovering a magnificent wizard world.
- ◆ Aug. 12: Disney-Pixar's *Cars*, presented by Del Grande Leadership Group.
- ◆ Aug. 19: *Nacho Libre*
- ◆ Aug. 26: *Star Wars – The Force Awakens*

Movies are shown at dusk. San Jose Downtown Association produces Starlight Cinemas on behalf of the City of San Jose Parks, Recreation and Neighborhood Services, which has an entire slate of events scheduled for Summer in St. James Park.

For more information about the movies visit sjdowntown.com/starlight. To learn more about other events in St. James Park, including Friday concerts, yoga and "dogga" (yoga with pets), movement classes, poetry in the park, pick-up soccer and other special events, visit sanjoseca.gov/itshappening.

Also in July:

Every Friday 10-2 p.m.: Farmer's Market, San Pedro Street
Fourth of July Rotary Club fireworks in Discovery Meadow

Downtown News

How high can we go? San Jose is ready to take on the debate regarding how high its next wave of downtown buildings might go.

In a budget addendum, Mayor **Sam Liccardo** has asked for a \$100,000 study of the economic trade-offs that has downtown development interests squaring off against airlines flying San Jose International Airport.

The two sides started the debate 10 years ago, but put it on hold while recession gripped the country, limiting new development and new flights.

The current city practice of limiting height in the Diridon Station area to 110 feet so airlines can have favorable operations is about 90 feet lower than what the Federal Aviation Administration would allow.

Liccardo thinks that the buildings may be able to go higher this time around because jet technology has improved and the mix of airlines flying in and out of SJC has grown more diverse, making it possible for the busy airport and higher downtown to co-exist.

"Transforming our downtown skyline and maintaining a world-class international airport each constitute important fundamental long-term economic objectives," Liccardo said. "We've had to manage conflicts between the two."

Liccardo invited stakeholders including the Downtown Association and SPUR to the debate, but made it clear that any changes made need to be "consistent with FAA and airline safety requirements."

The new study will examine height requirements for buildings with regards to the possibility of one of two engines becoming inoperable at takeoff during the small minority of southern departures from the airport.



Urban Rooms shows its cool

Parque de los Pobladores has been outfitted with a functional artwork that provides shade for the plaza at William, South First and Market streets. Its debut was SubZero in June.

Greyhound site off to the races: Two residential towers proposed for the former Greyhound bus site at 70 S. Almaden Ave. are on track to be built by 2020 so they qualify for the Downtown High-Rise Incentive Program.

The City Council approved permits and environmental studies for the 708 units contained in 23- and 24-story towers proposed by KT Urban on May 23. The site will also include about 14,000 square feet of retail.

Project ground-breaking is planned for July 2018.

The incentive to developers amounts to a 50 percent reduction in parkland fees that run about \$20,000 per unit. It originated in 2007 and was updated in 2012, 2014 and most recently in December 2016, applying to the first 2,550 units built or under way by July 2018.

Silvery Towers, north of San Pedro Square is the last downtown high-rise to start construction since 2015.

Knight awards urban projects: Local Color and the City of San Jose were awarded Knight Cities Challenge grants in 2017.

Local Color will receive \$180,000, which will be used to hire a program manager for the community space at 28 S. First St. that features artist studios alongside modular open spaces for movie nights, yoga, music performances and other creative programs. It is headed by Exhibition District's **Erin Salazar** and receives support from property owner **Mike Sarimsakci**, Councilmember **Raul Perez** and the Downtown Association.

Local Color seeks a permanent home, and has an agreement to remain in its current location for another six months.

The City of San Jose is able to create a new position with its \$150,000 grant: hiring **Tim Rood** to be principal city designer. Rood will help flesh out the "urban village" concept and assist in the design of the area around the arena and train station, providing development and parking guidelines for the fledgling transit hub.

New parking system coming soon: The city is looking for new technology to replace its Parking Access and Control System (PARCS) in eight downtown garages.

Parking staff hopes for a total makeover of the 10-year-old Scheidt & Bachmann system that would include some new features. The city requests a fully integrated system that:

- ◆ Handles revenue-control of cash and credit purchases, data processing and security.
- ◆ Takes care of ticketing on site, with time entered and exited facility, and adjusting for validations, hourly charging, flat rates, early bird rates, pre-pay rates and hybrid rates.
- ◆ Manages parking communications including 13 parking guidance signs on downtown streets, 14 garage message signs and real-time information posted on the signs and parksj.org website.

Proposals are due July 26.

At the Convention Center

July 29-30 – NorCal Fitness Expo (5,950)
thefitexpo.com/TFESJ_maxreps



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From the Archives

10 years ago – July 2007 – A fire severely destroyed much of the Houghton-Donner house built in 1881 at St. John and Fourth streets that once served as home to a San Jose mayor and his wife, a Donner Party survivor.

15 years ago – July 2002 – Monopoly in the Park, a permanent game board of 930 square feet, opens for business in Discovery Meadow.

20 years ago – July 1997 – SJDA's Board of Directors approved a proposal to purchase office space on the 10th floor of the Commercial Building at 28 N. First St. to secure long-term occupancy costs for the growing organization.

25 years ago – July 1992 – Downtown prepared for the second America Festival, a 12-day shindig around the Fourth of July fireworks that include "Kidland," "The Great Taste Food and Music Fair," "Multicultural Arts Showcase," "International Mariachi Conference," and events and exhibitions.

Aug. 11 SJDA Meeting

Public meeting: San Jose Downtown Association's next public meeting featuring San Jose Police Chief **Eddie Garcia** will be Aug. 11, 8 a.m. at San Jose Museum of Art. RSVP at sjdersvp@sjdowntown.com.

Business News

Causing an Uproar: After several years of preparation, Minnesota transplants **Steve and Christina Vandewater** have opened their Uproar Brewery at 439 S. First St. in SoFA.

Vandewater was smiling on opening day when all he had left to do was make food, pour brews and greet guests. The building required two years of work on the substructure to handle the weight of making beer on premises and in the reconditioned rafters overhead.

Menu includes all the favorites that go with beers: pizzas, tri-tip sandwiches, sliders and fries, salads and a "Ploughman's Lunch" of cured meats, cheeses and house-made peasant bread. The beer list includes 15 locally crafted favorites as well as house-made saison, ESB, pils, porter and more.

Logos, interior touches including sleds and snow shovels from the Vandewater's native Minnesota are all homemade. **Brewtus**, the Uproar elephant mascot, is the creation of Christina Vandewater.

The beer-making part of the total 15,000-square-foot facility includes stainless steel drums capable of handling more than 300 gallons at a time, plus French oak barrels previously used to age a variety of wines in the Napa Valley.

Check facebook.com/UproarBrewingCompany.

Enso it goes: Enso dance and night club opened June 17 in the former Freddie J's at 97 E. Santa Clara St., offering open format music spun by DJ's from all over the world. Check facebook.com/EnsoNightclub.

Club 81: EightyOne celebrated its grand opening May 23, opening in the former Gold Club at 81 W. Santa Clara St. It is a dance club offering mixology-inspired cocktails and space for group parties. Visit eightyonesj.com.

More at SJDowntown.com/sjda-news

More news from June:

- ◆ SJDA hosted an update on the homeless situation
- ◆ Hotel Clariana opened at Second and Santa Clara streets
- ◆ Fooda brings pop-up dining to CityView Plaza.

Find these stories and more breaking downtown news and photos each month at sjdowntown.com/sjda-news.

DOWNTOWN DIMENSION

Downtown Dimension is published monthly by the San Jose Downtown Association, a nonprofit organization established in 1986 to serve the Downtown business community. It is printed on recycled paper.

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