

Letter from the President

Stage is set to realize potential

I can't help but appreciate what memorable events transpired during my two-year tenure as President of the board of the San Jose Downtown Association, while also thinking about what the future holds.

While throwing a football with **Jerry Rice** at San Pedro Square was fun, I'm now wondering if I will ever get to surf the Guadalupe River. It is such an exciting time to be in downtown San Jose, and I can't wait for the story to unfold.



Stan Vuckovich

The first big event in 2016 was the Super Bowl 50 celebration with the Carolina Panthers calling downtown San Jose home for the week leading up to the game. Who can forget the Levi Stadium turf rolled out onto San Pedro Street? At the same time, the San Jose Sharks were making their first drive to the Stanley Cup Finals.

It was great to see Music in the Park come back with record sellout crowds coming to see **WAR** at Cesar Chavez Park – while more skaters enjoyed Downtown Ice than ever. No doubt SJDA's new website and social media campaign contributed to our remarkable success bringing people downtown.

SJDA continued to lend support to beautification projects, including the PBID Street Life program, Downtown Doors, flowers, lights, murals and activation projects in collaboration with the

Sharks Foundation and Local Color. We also were involved in improvements at Cesar Chavez Park and the creation of Hart's Dog Park. The biggest news for parks, though, was the design competition for St. James Park and SJDA efforts to help create a parks management district around St. James Park to fund maintenance.

Our advocacy team continued to work with the San Jose City Planning department on an express permit process to help some of the small retail businesses downtown get through the red tape and open for business sooner. We also partnered with SVO to develop alternatives to the gross receipts tax to help modernize the business tax for San Jose that was fair to businesses. We took strong positions on BART construction methodology and station locations to best serve our members. We also led the charge to have our local leaders look at alternatives for High Speed Rail's planned aerial alignment. It was great to see how much influence our organization has at City Hall and in our community.

Even more exciting than what has happened in 2016-17 are the new possibilities on the horizon. Adobe is moving forward with another tower, including a pedestrian bridge across San Fernando



Guadalupe River Park between Santa Clara and Julian streets is transformed in a "drawing and dreaming" document released by SWENSON last month that includes a kayak run, zip lines, expansion of Little Italy and rows of high-rise buildings. See swensonbuilders.com/press-room to access the drawings.

Street. In what may be the most impactful event in downtown San Jose in decades, Google has entered exclusive negotiations to purchase 30 acres on the west side of downtown San Jose to develop a Tech Village. Early projections are for 8 million square feet of development and 20,000 jobs in our city's core located next to what will be the biggest transportation hub west of the Mississippi.

Lastly, **SWENSON** tickled our imaginations with an audacious conceptual design for the Guadalupe River Park area that includes residential, hotel and retail in an urban park setting. The design includes urban kayak and surf experiences (see graphic above).

As we draw and dream together about downtown's future, we can't help but be excited for our potential as Silicon Valley's center city.

SARA board squeezes all it can out of RDA investments

The Successor Agency to the Redevelopment Agency (SARA) of the City of San Jose continues to pick the corpse of the defunct agency. Several items of downtown consequence took place at SARA's Nov. 9 meeting:

SJ Stage: Despite a plea by State Sen. **Jim Beall**, SARA by 4-3 vote rejected the sale of San Jose Stage – 19,320-square-foot property with 6,761-square-foot building at 490 S. First St. – for \$1,010,000 to San Jose Stage Company. The Board instead asked for another appraisal since the last one was three years old.

The Redevelopment Agency acquired the property in 1999 and has leased it to the non-profit theater company ever since, and has been on a month-to-month lease since 2013. The Stage indicated its interest in buying the property in 2014, when it was appraised for just over \$1 million.

All existing bonds are expected to be refunded to JP Morgan and County of Santa Clara by the end of the year, enabling the property to be sold. The acquisition could close within 90 days of final SARA approval.

"It is vital to the Company and the surrounding community for The Stage to acquire this property, its home for over two decades," Beall said in a letter of recommendation.

366 S. First St. (Anno Domini): The price of the sale of the building at 366 S. First St. is being disputed. SARA rejected a December 2016 appraisal by Valbridge Property Advisers, one of its approved



The SARA board seeks a new appraisal on the value of The Stage property on South First Street.

appraisal firms, because the tenant had paid for it. That appraisal for the approximately 4,000-square-foot building was \$750,000.

The tenants – Two Fish Design/Anno Domini – have expressed interest in purchasing the building and had previously included a first right of refusal to purchase the property in its lease with the Redevelopment Agency.

SARA's approved appraisal from Carneghi-Nakasako & Associates dated Aug. 29, 2017, placed the value of the property at \$1,050,000.

"The \$300,000 delta in value between the appraisals is not reasonable, justified or fair," wrote **Nicholas Petredis**, the tenant's attorney, in a letter dated Sept. 27, adding that the date of value should not be later than Dec. 2, 2016.

The tenants' lease expired Oct. 24, 2017.

Improv Comedy Club: SARA extended the lease at the 14,200-square-foot Jose Theater an additional five years to 2022.

The Comedy Club has been the only lessee since the Redevelopment Agency acquired the property in 2000 and made seismic improvements and façade upgrades. The Improv's original lease was for 10 years, and the renewals have occurred yearly for the past four years.

However, the Comedy Club requested a longer term because it wants to make more than \$500,000 in improvements to bring the technology, equipment and theater up to date compared to its other locations. The lease extension helps justify the investment, owners said.

While making the request, the owners also requested the option to purchase the venue at the end of the term, but this request could not be considered by the SARA Board because the theater serves as collateral for a HUD loan the Redevelopment Agency took out in 2008 and won't be repaid until 2025.

Monthly rent will increase 5 percent over the term and is \$6,000 a month. The Improv pays a premium when annual sales receipts exceed \$2.5 million and \$3 million, which it did last year and expects to do again this year.

For the past 16 years, besides hosting the hottest comics, the Improv has also hosted community events, charitable events and corporate events.

Downtown News

Effective Jan. 1: The minimum wage and VTA fares change on Jan. 1:

- ◆ San Jose's minimum wage will increase \$1.50 to \$13.50 per hour starting Jan. 1. It will increase again Jan. 1, 2019 to \$15 per hour.

In 2012, voters approved a minimum wage hike to \$10 per hour. The City Council accelerated that schedule to meet a \$15 wage by 2019.

The wage applies to businesses that are subject to the San Jose Business Tax.

Details are at sanjoseca.gov/minimumwage.

- ◆ Adult fares increase a quarter to \$2.25 on Valley Transportation Authority regular routes and to \$4.50 for express routes. Youth fares drop from \$1.75 to \$1. Day passes increase a dollar to \$7.

Transfers will be free for two hours, except when transferring from a local to express bus.

VTA is expanding its service and hours starting Jan. 1, too. The free DASH shuttle is slated to end its run, but not until the Berryessa BART station opens in June 2018.

Details are at vta.org.

City invests in property near arena: The City Council agreed to buy six pieces of land that will ensure adequate parking supply for Sharks games and help complete the Autumn Parkway and connect I-280 with Coleman Ave., providing an easier way to the arena, train station and future Google complex.

The city will pay \$11 million to the Milligan Family Trust for the former Milligan News site at West St. John and North Autumn streets, and another \$2.9 million to purchase 525 W. St. John St. from the Francia Family Trust.

The acquisitions have been years in the planning, said Mayor **Sam Liccardo**.

The land will be used to provide surface parking for arena events and for parking while BART and high-speed rail is built at Diridon station. The city has an obligation to provide parking for the arena. Of the money being spent for the properties, \$4 million comes from a settlement with Trammell Crow, who has plans to convert 835 spaces near the arena into a large mixed-use retail / office / housing development. The rest of the purchase comes out of a building and structure construction tax fund.



Fun and learning opportunities in Bill's Backyard.

New bridge to nature: Bill's Backyard has opened behind Children's Discovery Museum, giving kids a chance to dig, roll, climb, build and explore while learning about rain water harvesting, drought-tolerant plants, animal habitats and solar energy.

Features of Bill Backyard include a tree house with suspension bridge, lookout tower and tunnel, junior ranger station, fort, dig pit, dry creek, drought-tolerant garden, rain harvest system, bronze animals, pavilion and artist **Sam Van Aken's** Tree of 40 Fruit, an unusual grafted living tree.

The \$3.5 million project is named after **Bill Sullivan**, retired CEO of Agilent Technologies, a major project donor.

New effort to activate vacant spaces: The Vacant Storefront Registry 18-month pilot program approved by the City Council in November is designed to activate downtown's long-vacant ground-floor spaces.

The program does not apply to property owners who can prove they are actively trying to sell a building or find a tenant, or are making capital improvements to their building. Instead, it seeks to turn up the heat on landlords who aren't actively seeking tenants and/or are allowing their buildings to become blighted.

Those who register for the program must pay a \$202 quarterly inspection fee, which begins 30 days after a building has sat empty for 30 days.

Those in violation and covered in graffiti or appearing to be in disrepair will be monitored monthly, requiring a \$606 quarterly payment.

Empty spaces in the program should have lease signs in the windows and lights on from dusk to dawn. The city

encourages temporary pop-up uses in the spaces.

"Almost all of the property owners in downtown San Jose are doing a phenomenal job leading the way on the area's rapid growth," said **Nate LeBlanc**, business development manager. "This initiative is designed to bring the few who have not shown an interest in maintaining their property to the table." Email nleblanc@sjdowntown.com with questions.

Business News

Market quartet: Four new businesses have opened in San Pedro Square Market in the past month:

- ◆ Barber Bar, a haircut with a twist opens in the busy pedestrian corridor of the market off San Pedro Street. The twist: enjoy a cocktail from the San Pedro Market Bar while receiving a haircut from owner **James Griffiths** — also of Salon Blu — and **Nick Leonard**. The soft opening is under way as they recruit more cutters.



Now serving: Nepalese dishes.

- ◆ Urban Momo brings South Asian Fusion cuisine to the market. Momo are steamed dumplings filled with minced vegetables or ground meats and served with achar, a dipping sauce. Owner **Purna Sherpa** learned the restaurant business while at home in Kathmandu, Nepal, and has served as Sherpa and guide on Mt. Everest.



Wei Wei is a nurse who prescribes salads to customers.

- ◆ 2W Salads owner **Wei Wei** graduated from San Jose State Nursing School, went to Washington D.C. to get some nursing experience and wound up studying the food concepts of the capital city and bringing the best ideas back to her hometown. "I want people to eat healthier," she said. Base salads can be enhanced with potatoes, in a wrap or with vegetables or proteins (steak or smoked salmon) added.

- ◆ Crepes and More has eggs served four ways, smoothies and juices for breakfast, plus lunch and dinner menu of vegetarian and savory crepes, as well as sweet dessert crepes. The menu sign reminds us: "Happiness is just one crepe away."

Tech firms growing: Two downtown tech firms have moved to accommodate a growing workforce.

- ◆ **Pek Pongpaet** has moved Impekable from NextSpace into an office at 466 S. First St. Impekable is focused on improving the user experience while assisting startups and enterprise businesses of all sizes with mobile app development and UX UI design. Impekable applies emerging trends and technologies to enhance their clients' e-commerce, drones and internet. Check impekable.com

- ◆ Kika Tech continues to expand its artificial intelligence (AI) platform that enhances how people engage and interact with mobile communications. **Tami Zhu** is general manager of the company's new headquarters in San Pedro Square. Kika Keyboard, the company's flagship product, is the No. 1 rated utility app in the Google Play Store. Visit Kikatech.com.

From the Archives

10 years ago – December 2007 – Valley Transportation Authority acquired 3.6 acres of the Mitchell Block, a.k.a. Victory Parking, paying \$39.6 million, to serve as a staging area for future BART construction.

15 years ago – December 2002 – Fourth Street Garage opened at Fourth and San Fernando streets.

20 years ago – December 1997 – Monthly parkers at the Market-San Pedro Garage were treated to a free car wash, courtesy City of San Jose Department of Streets and Traffic, for enduring dust from the San Pedro Square Streetscape Project.

25 years ago – December 1992 – SJDA sponsored a San Pedro Square co-op advertisement in the San Jose City Times. Sizzler, 151 W. Santa Clara St., posted a coupon for a \$1 trip through its 24-foot-long salad bar all December.

SJDA News

Downtowner joins team:

Derrick Seaver starts his new position Jan. 1 as SJDA Director of Policy and Operations, replacing **Nate Echeverria**, who returned to his home state of Pennsylvania to serve as Kennett Square economic development director.



Derrick Seaver

Seaver is Executive Vice President at The SVO (Silicon Valley Organization, the former San Jose Silicon Valley Chamber of Commerce). He has held various positions at SVO the past four years. Prior to his chamber work, he held positions as a political and public policy consultant in Washington D.C. and California.

As an undergrad, he was elected to three two-year terms in the Ohio State House of Representatives. Seaver lives downtown and has a master's degree in International and Comparative Politics from Wright State University.

The policy and operations director leads SJDA's economic development, planning, transportation and advocacy initiatives and directs the Property Based Improvement District.



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December Events

More performing arts events at sjdowntown.com/events
Daily through Jan. 15 – Downtown Ice, Circle of Palms; downtownicesj.com

Daily through Jan. 7 – Christmas in the Park, Plaza de Cesar Chavez; christmasinthepark.com

Daily through Jan. 7 – Winter Wonderland, Park Avenue; winterwonderlandsj.com

Dec. 1 – South First Fridays Art Walk; southfirstfridays.com

Dec. 1, 8 and 15 – Fountain Alley Fridays: music, painting, stand-up comedy and games; 7:30-9:30 p.m.

Dec. 1-10 – San Jose Dance Theatre 52nd annual "The Nutcracker," Center for the Performing Arts; sanjosetheaters.org

Dec. 4 – 38th annual You-Sing-It-Messiah by San Jose Symphonic Choir; sanjosesymphonicchoir.org

Dec. 9 – Carols in the California with Symphony Silicon Valley; symphonysiliconvalley.org

Dec. 13-25 – Season of Hope, Cathedral Basilica of St. Joseph; stjosephcathedral.org

Dec. 15-24 – Symphony Silicon Valley's "The Nutcracker," Center for the Performing Arts

Dec. 16-24 – My Very First Nutcracker, Hammer Theatre

Dec. 17 – Santa Run Silicon Valley; santarunsv.com

Dec. 28-30 – Shen Yun 2018, Center for the Performing Arts; shenyunperformingarts.org

Ice skating daily: December will be the busiest month of Toyota / **Kristi Yamaguchi** Downtown Ice this season. During the holiday break, when Downtown Ice is open from 11 a.m. to midnight daily, the rink averages more than 1,500 people per day.

The 8,000-square-foot rink amid the Circle of Palms can handle up to 200 people on the ice at one time, or more than 2,000 per day.

Downtown Ice will be extra busy between Dec. 29 and Jan. 7, when the U.S. National Figure Skating Championships come to San Jose's SAP Center. Yamaguchi, the 1992 gold medalist in women's figure skating, noted that several local skaters locals will compete for national titles and a spot on the U.S. Olympic Team. The Winter Olympics will be Feb. 9-25 in Pyeongchang, South Korea.

Young skaters can get their start with free lessons offered by U.S. Figure Skating and Toyota at Downtown Ice on Dec. 17 and Jan. 6. Registration information is at downtownicesj.com. Also, Toyota will host Ride and Drive Events at the rink on Dec. 16-17 and Jan. 6-7, featuring the 2018 Camry.

In addition to Toyota and Yamaguchi, **Swenson** and **Linda L. Lester** are co-presenting sponsors of the rink, which remains open daily through Jan. 15. The sixth annual Google Santa Run SV on Dec. 17 is also a major funder of Downtown Ice. Santa Run registration happens at santarunsv.com.

SJDA Year-in-Review on Dec. 8

Hammer Theatre Center to host: San Jose Downtown Association's Year-in-Review meeting includes the end-of-year pictorial, **Jim Fox** Golden Nail Award, and farewell to term-limited board members.

Meet Dec. 8 at 8 a.m. at Hammer Theatre Center. The meeting is open to the public. RSVP at sjdarsvp@sjdowntown.com.

At the Convention Center

Dec. 2-3 – Heroes & Villains Fan Fest (15,350) heroes-fanfest.com/sanjose

Dec. 6-7 – BIOMEDevice (5,100) biomeddevicesj.mddionline.com/conference

Dec. 16-17 – SJMADE Holiday Market (5,000) biomeddevicesj.mddionline.com/conference

DOWNTOWN DIMENSION

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