

Gonzales offers ideas to spur city economy

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San Jose Mayor Ron Gonzales laid out goals Thursday to spur the city's sluggish economy, including creating more jobs, attracting more venture-capital investment and increasing convention center bookings by \$4 million.

Other goals on the list: adding six international flights at Mineta San Jose International Airport, **attracting four biotech firms** and building three high-rise residential towers downtown.

"It is our responsibility to help drive our economic engines and do what we can to help out our business community," the mayor said.

City council members and other observers said they doubted all of the goals could be accomplished -- some are out of the mayor's and council's hands -- but added that others are attainable and desirable. And some already are within reach.

Gonzales' announcement comes a year after he organized a series of round table discussions with business leaders, talks that resulted in an economic development strategy aimed at stimulating downtown, partnering with universities, diversifying the city's job base and supporting new and local companies.

The mayor and council members will meet today at a Fourth Street Garage conference room with business leaders to assess the city's efforts helping to create jobs during the past year.

In his own assessment of accomplishments over the past year, Gonzales gave the city an overall grade of "B," saying efforts to lure industries and cut bureaucracy needed improvement.

Gonzales' new plan calls for shifting the banking services for the city's \$5.5 billion pension fund from a New York bank to one or more San Jose banks as a way to provide more capital for local businesses and assist venture capitalists. The city's pension board would have to approve such a change.

Some economic observers questioned whether moving the funds would have the desired effect, and whether it would lower the pension fund's rate of return. Others saw it as a merely symbolic gesture.

Nonetheless, Gonzales said: "Symbolism is very important. . . . We need to do everything we can to have venture capitalists view San Jose differently. If they understand we are going to have our money reside locally, invested locally, I think that is a clear signal to them that our banking institutions are open for business."

Already the city is making some progress on the goals.

Last week, the council waived affordable housing requirements for developers who obtain building permits for downtown residential towers before June 30, 2006. **On Wednesday, the city announced that two companies -- Cytolution and Manoa Medical -- had moved into the new bioscience incubator center in the Edenvale Technology Park.**

The new Redevelopment Agency budget includes a \$6 million expansion of the downtown convention center that would add 80,000 square feet of exhibit space to its existing 144,000 square feet.

But some of the mayor's goals are problematic and out of the city's control.

Adding six more international flights is out of San Jose's hands, said Councilman Chuck Reed. "We can't change the market. The market is either there or not," he said.

However, Councilwoman Pat Dando said she's confident flights to Taipei and Paris will be restored. She's not as assured about doubling the amount of companies with a 20 percent growth rate.

"Finding a company that grows by 20 percent a year could be a challenge," she said, "especially with an economy that is lumbering a bit."

To San Jose Silicon Valley Chamber of Commerce President Jim Cunneen, the city can help business grow by "avoiding the tendency to over-regulate."