



Community Development Department

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January 3, 2014

Gilroy Chamber of Commerce
Attn: Mark Turner
7471 Monterey Street
Gilroy, CA 95020

RE: Chamber of Commerce Government Relations Committee Task Force on Gilroy's Economic Development Strategic Plan

Dear Mark:

Thank you for the comments provided today from the Chamber's Government Relations Committee (GRC) Task Force on Gilroy's Economic Development Strategic Plan. This letter should allay any fears that the GRC may have regarding the approach to the drafting of the Economic Development Strategic Plan (EDSP), particularly in terms of outreach.

The City appreciates the time and effort that went into the GRC Task Force's compilation of recommended interviewees. The City and the GRC Task Force are on the same page in that the City's EDSP consultant, Applied Development Economics (ADE), has already directly interviewed representatives from many of the business sectors recommended by GRC Task Force, including many of the specific contacts suggested by the GRC Task Force. Also in line with the GRC Task Force's recommendations, interview schedules are currently pending with other suggested contacts. In response to comments in the GRC Task Force's letter, here is an overview of some interviews conducted to date:

- ADE directly interviewed a variety of individuals in the business community, including business representatives from agriculture, construction, development, food processing, manufacturing, real estate, retail, tourism, and various other industrial uses. Many contacts suggested by the GRC Task Force, such as Mark Sanchez, Barb Granter, Gary Walton, and James Suner, were previously interviewed.
- ADE is already in the process of scheduling additional interviews with representatives from other sectors such as education, non-profits, and lodging, including Eric Gephardt, Kevin Heath, Dr. Steve Kinsella, and Dr. Debra Flores, all of whom the GRC Task Force recommended.
- ADE has been working closely with the City in the drafting of the EDSP, including the City's transportation engineer, Henry Servin. The City's work is inherently interconnected with that of the Valley Transportation Authority and the Santa Clara Valley Water District, and coordination between the City and those entities occurs on a daily basis.

- ADE directly interviewed representatives from the Economic Development Corporation, Chamber of Commerce, Welcome Center, and Downtown Business Association.

Notwithstanding the above, the Task Force provided some excellent suggestions for additional community engagement. As the City and ADE move forward in finalizing the EDSP, we will reach out to additional industry representatives, such as those from the wineries, auto dealers, and residential developers.

The GRC Task Force also recommended that the previous online survey be re-posted to provide an opportunity for a greater number of businesses to respond. The City and ADE are fine-tuning the prior survey, would be happy to provide additional response time as requested by the Chamber, and look forward to working once again with the Chamber and Economic Development Corporation in distributing the survey.

As discussed with the Chamber's GRC at their late 2013 meetings, the draft EDSP is being developed using not only targeted interviews but also analyses of a broad array of statistical and socioeconomic data. Additionally, the City's General Plan Advisory Committee, a 25-member panel representing a wide variety of interests, will provide feedback on draft EDSP materials for a third time at their meeting next Wednesday, January 8th. The public are encouraged to review the full draft EDSP, now online under GPAC Meeting #3 at <http://www.gilroy2040.com/gpac-meetings/>, and attend the meeting next Wednesday to provide comments for the Advisory Committee's consideration.

The comments received today from the GRC Task Force, as well as this response, will be provided to the General Plan Advisory Committee for their consideration next Wednesday. The City was happy to see that the GRC Task Force's comments did not disagree with any of the recommendations in the current draft of the EDSP, as those recommendations have been based on the extensive outreach and analyses conducted to date. The City looks forward to working with ADE and the Chamber to conduct additional outreach and refine the EDSP.

Should you have any questions or additional comments on the updated draft EDSP or the process moving forward, do not hesitate to contact me.

Sincerely,



Lee Butler

Development Center Manager

Lee.Butler@CityofGilroy.org

408-846-0211

cc: Tom Haglund, City Administrator
Kristi Abrams, Community Development Director
Henry Servin, Transportation Engineer
Doug Svensson, ADE



Government Relations Committee Task Force on Economic Development Strategic Plan

At the December 13 GRC meeting, Doug Svensson, Applied Development Economics (ADE), and Lee Butler, the City of Gilroy, presented their findings from a recent survey and interviews done with various business leaders. The survey, which was distributed by way of e-mail through the Chamber of Commerce and the Economic Development Corporation, only netted 19 responses. It was also communicated that ADE has interviewed less than 12 business owners/leaders.

During the December 13 GRC meeting there was a consensus that ADE lacked sufficient input from the business community. As a result, the Task Force on EDSP was formed to review and make recommendations on the Gilroy Economic Development Strategic Plan (EDSP) prepared for the City of Gilroy by ADE.

The Task Force met December 18 to address 4 key questions regarding the EDSP:

- 1) Is information missing from the plan?
- 2) Should any modification be made to the plan?
- 3) Are there specific deletions that should be made to the plan?
- 4) What implementation methods should be considered?

The Task Force primarily addressed questions 1 and 2 and have the following recommendations.

First and foremost, the Task Force feels strongly that additional interviews with business owners/leaders are necessary in order to develop a solid basis for appropriate long term economic planning.

Secondly, it appears to the Task Force that there is a number of industry/business sectors missing from the interviews conducted by ADE, such as:

- Retail
- Housing
- Non-profits
- Downtown Association
- Downtown Property Owners
- Residential and Industrial Real Estate
- Education
- Wineries
- Energy - PG&E
- Solid Waste
- Agriculture

The Task Force also feels input is missing from the community at large, specifically from Eagle Ridge and the Northwest quadrant of Gilroy. Information from these residents would be helpful in understanding what drives their buying behavior such as why and where they shop, eat and play. Gathering information as to why and whether or not these residents frequent downtown, the outlets, local restaurants, etc. would be helpful for future planning.

The EDSP defines 7 goals. It is the recommendation of this Task Force to create a new and separate Housing Industry goal identifying the importance of the housing industry in Gilroy's economic development. Supporting facts: The direct, indirect and induced benefits of the housing industry account for over 10% of California's economic activity; more output than any other industry. This is a critical factor for the Gilroy ED strategy and should be considered independently and not simply as a means to provide workforce housing as the current Goal 7 provides

The following information is broken down per goal area. The Task Force believes ADE should make contact and set up interviews with those listed under each goal area in order to gather more data develop a more accurate trend analysis.

Goal 1: Diversify the local economy by creating jobs with career opportunities for the local work force.

- Identify existing and potential impediments to growth and job creation
- Carl Guardino, President & CEO at Silicon Valley Leadership Group 408-501-7861

Goal 2: Enhance Gilroy's position as a regional retail center.

- Commercial and Industrial Real Estate Brokers
 - Mark Sanchez at Colliers 408-842-7000 office / 408-313-8444 cell
 - Jeff Barnes at Sr. Vice President at Colliers 408-842-7000 office
 - Chris Vanni 408-847-9190
- Auto Dealers
 - Frank Bolea, Exciting Gilroy Toyota 408-848-8000
 - Gilroy Chevrolet 800-237-6318
 - South County Chrysler 408-842-8244
 - Leonard Harrington , South County Nissan-Hyundai 408-842-1777
 - Randy Scianna, See Grins 888-683-4652
 - Owner of the Morgan Hill Ford Store 408-782-8201

Goal 3: Increase tourism to Gilroy.

- Eric Gephardt, General Manager at Hilton Garden Inn 408-840-7000
- Barb Granter, General Manager at Gilroy Gardens 408-840-7100
- Jeannie Omel, General Manager at Gilroy Premium Outlets 408-842-3729
- Greg Richtarek, Guglielmo Winery, President of the Wineries of Santa Clara Valley 408-779-2145
- Brian Bowe, President, Gilroy Garlic Festival 408-842-1625

Goal 4: Establish Gilroy as a cultural center in South County.

- Kevin Heath, President of Gilroy Arts Alliance 408-842-6999
- Carol Peters, Retired Art Teacher 408-847-3476
- Connie Rogers at Historical Society

Goal 5: Enhance Downtown as a local and visitor destination.

- Gilroy Downtown Business Association - Attend Board meeting and conduct interview

Goal 6: Utilize key infrastructure to support economic development opportunities.

- VTA
- Santa Clara Valley Water District
- Henry Servin at the City of Gilroy

Goal 7: Enhance workforce quality through education and training opportunities.

- Dr. Steve Kinsella, President of Gavilan College 408-848-4800
- Dr. Debra Flores, Superintendent of Gilroy Unified School District 408-847-2700
- Gilroy Early College Academy (GECA) 408-846-4909
- Donna Garcia, Superintendent at Pacific West Christian Academy 408-847-7922
- James Dent, Executive Director at Gilroy Prep School 831-235-6650
- Sharon Waller, Principal at Gilroy Prep School 831-235-0484
- Kim Shields, Principal at St. Mary's School 408-842-2827

Goal 8: Housing.

- Trece Herder at Standard Pacific Homes 925-730-1385 office / 925-963-8735 cell therder@stanpac.com
- Tim Filice at Glen Loma Group 408-842-4224 / tfilice@glenloma.com
- Diane Atkinson, General Manager at Village Green
- Dennis Lawlor at South County Housing 408-842-9181
- Crisand Giles with the Building Industry Association of Northern California 408-961-8133 cgiles@biabayarea.org

Following are more recommendations from the Task Force:

- 1) The early winter target date to complete the EDSP does not provide adequate time for the proper amount of information to be gathered and therefore the target completion date should be moved to April/May 2014.
- 2) Noting the large participation rate and cross-section of participants in the Discover Gilroy survey done a few years ago, allow ADE to seek assistance from Articulate Solutions, who performed the Discover Gilroy survey.
- 3) The survey initially distributed by the Chamber of Commerce and the EDC in early December should be re-circulated for two more weeks.
- 4) Since API scores are not used in the Gilroy Unified School District, other options should be considered when determining areas of improvement including graduation rates.
- 5) Recognize and plan for the diversity of housing that needs to exist. Identify areas where such development can occur.
- 6) The City should investigate the use of “dark fiber” optics which has the quantity and quality of bandwidth provided by direct fiber optic connections and would produce a better product for the business community. Information pertaining to “dark fiber” presented by Palo Alto at the Santa Clara County Cities Association can be viewed at <http://www.citiesassociation.org/files/Fiber.pdf> The Task Force also recommends the City contact Walt Maslanka with Garlic City Computer and Network at 408-465-6200 to learn more.
- 7) Contact the Gilroy EDC and Carl Guardino with the Silicon Valley Leadership Group to discuss various options for job growth and creation within industry sectors that support larger Silicon Valley companies.

Other comments, questions and concerns that came out of the Task Force meeting were:

- Who has been interviewed by ADE?
- Are the notes from interviews available for review?
- What's the current sewer plant and water supply capacity and when will expansion of facilities be required?
- Evaluate demand for high end apartments.
- Evaluate demand factors for various multifamily housing types – from affordable to higher income and family comparable.
- Evaluate economic feasibility of high density downtown residential uses.
- Interview Jennifer Scheer with the Farm Bureau 408-776-1684
- Interview Pete Aiello at Uesugi Farms 408-842-1294
- The link for the General Plan information on the City web site be placed more prominently under “City News & Announcements.”