



GREATER DOWNTOWN SAN JOSÉ ECONOMIC RECOVERY TASK FORCE

SUPPORTED BY THE OFFICE OF COUNCILMEMBER RAUL PERALEZ

November 30, 2020

Chris Dombrowski
Acting Director
Governor's Office of Business and Economic Development
1325 J Street, Suite 1800
Sacramento, CA 95818

Che Salinas
Senior Advisor
Office of Governor Newsom
State Capitol
Sacramento, CA 95814

Dear Mr. Dombrowski and Mr. Salinas,

We are voting representatives of the Greater Downtown San José Economic Recovery Task Force, a coalition of over 60 local businesses and community organizations operating in and around the Greater Downtown area. We would first like to thank you for your service and work to protect and preserve California's local economies during these challenging times. We also appreciate your quick attention and implementation of the City of San José and our Task Force's letter dated September 17, 2020.¹

The first session of our task force commenced in mid-May and the second recently convened between September through November. We came together to respond to the struggles and impacts that our business community are continuing to endure through the COVID-19 pandemic.

Our Task Force is subdivided into eight industry-based committees:

- Arts & Special Events
- Faith Based & Community Spaces
- Food & Beverage
- General Retail & Services
- Hotels & Hospitality
- Large Employers & Property Owners
- Personal Care
- Performance & Entertainment Venues

For two and half months and 40 meetings, our task force met intensively to generate policy and

¹ City of San José (2020, Sep 17) *Letter to Chris Dombrowski*. <https://sjd3.com/wp-content/uploads/2020/09/Final-Greater-Downtown-Task-Force-letter.pdf>

tactical solutions that would support the economic recovery and safe reopening of our local economy. We are pleased to share with you those recommendations.

RECOMMENDATION #1: Include in the upcoming budgetary discussion the following:

- a. Funding opportunities prioritizing the Arts Community as well as businesses that are not allowed to operate or whose operations have been significantly impacted, specifically from the budget surplus.
- b. Tax credit program for vacant/parking surface lots to open up for retail and arts/performance uses, similar to the Urban Agriculture Incentive Zone Act.
- c. Continue to work with the Board of Equalization to explore property tax relief programs for businesses incurring COVID-19 related expenditures, minimizing local impacts and funding community needs.

BACKGROUND

During this time of financial distress, we call on the State to continue providing financial relief. A year ago, the State had a \$21 billion budget surplus. However, the devastation from the pandemic had financial experts estimating in May of this year that the state would be facing a \$54.3 million budget deficit.² While the fiscal state is dire, our state leaders must work together to save the art communities as well as our local small businesses that make San José, let alone California, a wonderful place to be.

In addition to financial relief, there are other creative ways to spur activation and vibrancy in our area. In 2013, the State adopted the Urban Agriculture Incentive Zone Act (AB 551), aimed to encourage urban agricultural initiatives by offering significant tax reduction to parcel owners that are willing to have their vacant parcel used for agriculture. This model could be replicated during a time when indoor uses are no longer reliable, or even allowed, yet there are so many privately owned vacant and blighted outdoor parcels that could be repurposed for retail and arts/performance uses. This could also open doors to opportunities for temporary outdoor Privately Owned-Publicly Operated (POPO) spaces that keep communities like San José vibrant but safe.

RECOMMENDATION #2: Consider in the upcoming legislative session the following

- a. Implement permanency for allowing on-sale privileges to sell those alcoholic beverages for off-sale consumption.
- b. Conduct a pilot program that allows certain metropolitan cities to allow for open containers in a safe, controlled, prescribed location.

² Associated Press. (2020, May 7) *California faces a staggering \$54 billion budget deficit due to economic devastation from coronavirus.* <https://www.cnn.com/2020/05/07/california-faces-a-staggering-54-billion-budget-deficit-due-to-economic-devastation-from-coronavirus.html>

BACKGROUND

We are grateful to the California Department of Alcoholic Beverage Control (ABC) for swiftly implementing an array of regulatory reliefs at the onset of the COVID-19 pandemic. Paired with the observed experiences throughout many cities, California's approach to regulating alcoholic beverages revolutionized overnight, demonstrating that there are safe and creative ways that should be adopted post-pandemic. The one saving grace has been the permitting of operators with on-sale privileges to sell those alcoholic beverages for off-sale consumption, keeping numerous businesses alive during this pandemic - some even thriving. We understand that this general concept was actually being explored via Senate Bill 1114 (Allen) prior to the pandemic and we hope that our state legislators will consider revisiting such legislation in the coming session.

We should also take this moment where indoor dining allowance is unreliable to explore a potential pilot to allow for open containers in certain designated districts. We want to first dispel the notion that we are asking something comparable to the Las Vegas Strip or New Orleans Bourbon Street. In fact, on the contrary, we are contemplating something that has historically been done safely in many Californian cities. During special events such as a music festival, vetted adults are welcomed to traverse a secured footprint while enjoying the products of licensed vendors, sometimes restricted to only one vendor. If we allow a "district" of existing brick and mortar licensed businesses that are already safely implementing outdoor dining to essentially implement the same model, we could learn a lot.

RECOMMENDATION #3: Work with the State to explore allowing for event venues to hold smaller, safe and socially distanced events that are in compliance with Federal, State and County mandates and guidelines such as car-based events or large indoor venues with limited attendance.

BACKGROUND

As of November 2020, the State of California has not yet issued specific guidance for convention centers. Having access to this guidance in advance will provide the significant leeway time required to appropriately plan and prepare for these events once it is safe and legal to do so. It is crucial that guidance for outdoor gatherings be released in advance prior to Spring (March 2021).

Smaller scale events can be safely hosted by using large venues and outdoor spaces such as convention centers and parking lots. Our Task Force had asked the question, is there a scenario in the near future that would allow for a socially distanced 10 person event in a 500 person capacity theater for example?

Rather than placing a blanket capacity limit on events, we request that individual venues be evaluated for their capacity limitations. The San José Convention Center can normally host 8,000 people and thus has the space needed to host more than 100 people, the current maximum capacity for gatherings, while maintaining strict social distancing parameters. All events should require attendee registration to allow for effective and comprehensive contact tracing. Additional

requirements could be considered such as requiring events to cater to a regional or state audience deterring out of state travel. Team San José has prepared both employee and customer facing documents to address health and safety and their recent Global Biorisk Advisory Council (GBAC) STAR™ facility accreditation for outbreak and infectious diseases preparation and response makes them extremely qualified to safely facilitate events at the San José McEnergy Convention Center and the collection of San José Theaters.³ In addition to these accredited venues, hotels in San José are following corporate health guidelines and implementing industry recommended protocols to ensure a safe return for guests and employees and are well prepared to host modified gatherings in their conference and ballroom venues.⁴

Allowing safe gatherings will stimulate several economic industries in the greater downtown and will enable thousands of furloughed employees in the hotels and hospitality industry to return to work and receive income. If the current public health and risk reduction orders continue through January-June 2021 without allowing for modified gatherings to take place, Team San José anticipates a minimum loss of \$48 million in direct spending and \$23 million in indirect spending. San José has the foresight and expertise needed to safely host events but unfortunately is losing events to other states with more relaxed public health orders.

RECOMMENDATION #4: Prioritize service workers for the COVID-19 vaccine once it is ready to distribute, this would include hotel and hospitality employees, food service and maintenance workers. These workers should be considered for priority following essential workers.

BACKGROUND

Individuals employed as service workers have been most negatively impacted by COVID-19 and are considered one of our most vulnerable populations. Once the vaccine is readily available, it is necessary that service workers who can only perform their job in-person are given priority consideration for the vaccine so that they can safely return to work and receive income.

In addition to protecting workers who have a higher likelihood of interacting with many different people, ensuring that service workers have access to the vaccine will serve to restore consumer confidence and thus has the potential to positively stimulate the economy.

IN CONCLUSION, we ask that the State implement these recommendations as expeditiously as possible. As we enter the winter and a new year, there are many unknowns that could possibly threaten the livelihoods of not only our businesses, but the very fabric of the Greater Downtown area that we wholeheartedly believe in.

³ Team San José. (2020, Jul 23) *San José McEnergy Convention Center & San José Theaters Are First in Northern California to Receive GBAC Accreditation*. <https://www.sanjose.org/press/pressrelease/sanjose-gbac-accred>

⁴ Team San José (2020) *How San José Hotels Are Keeping You Safe*. <https://www.sanjose.org/blog/hotels-safe>

Sincerely,

Dalia Rawson, *Task Force Co-Chair*
Performance & Entertainment Venues Co-Chair
Executive Director, New Ballet

Adriana Amador
Food & Beverage Committee Co-Chair
Assistant General Manager, Enoteca La Storia

Gabrielle Antolovich
Faith Based and Community Spaces Committee
Co-Chair
*Executive Director, Billy DeFrank LGBTQ+
Community Center*

Jeff Arrillaga
Large Employers & Property Owners
Committee Co-Chair
Property Owner, Urban Community

Fernanda Carreira
Food & Beverage Committee Co-Chair
Owner, Adega / Pastelaria Adega

Scott Guggenheim
Performance & Entertainment Venues Co-Chair
Owner, 3Below Theaters

Enrique Fernandez
Hotels & Hospitality Committee Co-Chair
Business Manager, Unite Here Local 19

April Gee
General Retail & Services Committee Co-Chair
Owner, Petite Galleria

Wisa Uemura, *Task Force Co-Chair*
Arts & Special Events Committee Co-Chair
Executive Director, San José Taiko

Takahiro Kitamura
Personal Care Committee Co-Chair
Owner, State of Grace Tattoo

Alan “Gumby” Marques
Personal Care Committee Co-Chair
Owner, Heroes Martial Arts

Phil Mastrocola
Faith Based and Community Spaces
Committee Co-Chair
Director of Outreach, Grace Baptist Church

Chris Patterson-Simmons
General Retail & Services Committee Co-Chair
Owner, Neu2U Thrift Boutique / Urban Kiosk

Brendan Rawson
Arts & Special Events Committee Co-Chair
Executive Director, San José Jazz

Jay Ross
Large Employers & Property Owners
Committee Co-Chair
Shareholder, Hopkins & Carley

Jimmy Sarfraz
Hotels & Hospitality Committee Co-Chair
General Manager, Hilton San José

CC:

Members of the San José Delegation

Keely Bosler, *Director of California Department of Finance*

Stuart Thompson, *Chief Deputy Legislative Secretary for Alcoholic Beverage Control and Labor*

Ronda Paschal, *Deputy Legislative Secretary for Local Government and Economic Development*

Jacque Roberts, *Deputy Cabinet Secretary for Alcoholic Beverage Control*

Jamie Callahan, *Deputy Cabinet Secretary for Economic Development and Labor*

ATTACHMENT A

Greater Downtown San José Economic Recovery Task Force Committee Roster - September to November 2020

Arts & Special Events

Anjee Helstrup-Alvarez, *MACLA*
Brendan Rawson, *San José Jazz**
Trami Nguyen Cron, *Chopsticks Alley*
Chris Esparza, *Giant Creative*
Dana & Yori Seeger, *School of Visual Philosophy*
Daniel Garcia, *Content Magazine*
Nick Nichols, *Symphony Silicon Valley*
Sayre Batton, *San José Museum of Art*
Wisa Uemura, *San José Taiko**
Nathan Svoboda, *ProjectMORE*

Faith Based & Community Spaces

Gabrielle Antolovich, Billy DeFrank LGBTQ+
Community Center*
Jill Bourne, *MLK Library*
Milan Balinton, *AACSA*
Phil Mastrocola, *Grace Baptist Church**
Rev. Gerald Sakamoto, *San José Buddhist Church Betsuin*
Rev. Joseph Benedict, *St. Joseph's Cathedral*
Rev. Julia McCray-Goldsmith, *Trinity Cathedral*

Food & Beverage

Adrian Kalaveshi, *Clandestine Brewery*
Adriana Amador, *Enoteca La Storia**
Cache Bouren, *Haberdasher SJ*
Fernanda Carreira, *Adega/Pasteleria Adega**
Jasmine Rast, *Roy's Station Coffee Shop*
Liana Ryan, *Devine Wine & Cheese*
Ryan Summers, *Good Karma/Pizza Flora*

General Retail & Services

April Gee, *Petite Galleria*
Chris Patterson-Simmons, *Neu2U/Urban Kiosk**
Cindy Ahola, *Community Cycles*
Ivy Vuong, *Flowers by Ivy*

* = Committee Co-Chairs

Hotels & Hospitality

Dan McGowan, *Fairmont San José*
Enrique Fernandez, *Unite Here Local 19**
Jimmy Sarfraz, *Hilton San José**
John Southwell, *Marriott Hotel*
Misoon Kong, *DoubleTree*
Tanya Fleming, *Holiday Inn San José*

Large Employers & Property Owners

Alicia Forbrich, *Forbrich Properties*
Edwin Tan, *San José State University*
Gary Dillabough, *Urban Community*
Jay Ross, *Hopkins & Carley**
Jeff Arrillaga, *Urban Community**
Judy Ross, *San José Airport*
Nathan Ulsh, *San José Downtown Association*
Scott Ekman, *Adobe*

Performance & Entertainment Venues

Bill Fairweather, *134 IATSE*
Cathleen King, *San José Stage Company*
Chris Burrill, *Hammer Theater*
Dalia Rawson, *New Ballet**
Dana Zell, *Children's Musical Theater*
John Ciulla, *Team San José*
Marilee Jennings, *Children's Discovery Museum*
Matthew van Cleave, *The Rtiz San José*
Rob Lindo, *Casino M8trix*
Scott Emmert, *SAP Center/SSE*
Scott Guggenheim, *3Below Theaters**

Personal Care

Alan "Gumby" Marques, *Heroes Martial Arts**
Takahiro Kitamura, *State of Grace**

At-Large Members

Blage Zelalich, *City of San José*
Jonathan Perez, *Senate District 15*
Laura Chmielewski, *Team San José*
Stacie Shih, *Assembly District 27*