



MEMORANDUM

To: Alex Andrade and Daniel Degu, City of Milpitas
From: Sujata Srivastava, Derek Braun, and Evelyne St-Louis
Date: February 7, 2020
Project: Milpitas Economic Development Strategy
Subject: Economic Development Strategy Document Framework (**interim working draft**)

This memo provides an initial framework for the Milpitas Economic Development Strategy. The framework consists of an outline of preliminary draft strategies, broken out by topic area. Strategic Economics is sharing these initial strategies for the purpose of review by staff in the Economic Development Department and subsequent discussion with Strategic Economics staff to accept, reject, refine, or add strategies. As such, the topic areas and strategies represent early ideas and concepts subject to substantial revision. The framework does not include detailed implementation actions for the strategies; Strategic Economics will develop this content after the initial strategies are refined.

The strategies in this document are broken out into the following topic areas. These topic areas can also be reconsidered as part of review and discussion.

1. High Tech and Advanced Manufacturing Sector
2. Light Industrial/Manufacturing and Warehouse/Distribution
3. Retail and Restaurant
4. Small Business, Entrepreneurship, and Displacement Protection
5. Innovation District and Transit-Oriented Development Strategies
6. Amenities and Public Realm
7. City Marketing and Processes
8. Workforce Development and Education Resources

High Tech and Advanced Manufacturing Sector Strategies

1. Pursue growth and retention of businesses engaged in Milpitas's highly concentrated and specialized advanced manufacturing and related research and development sector.
2. Ensure land use policies and permitting processes encourage the growth and attraction of companies engaged in advanced manufacturing and research and development activities.
3. Pursue opportunities to leverage existing strengths in electronics and materials science research and development, advanced manufacturing processes, and engineering to diversify the types of production and research and development activities and businesses in Milpitas.
4. Explore creating a "demonstration partnership policy" for developing, testing, and demonstrating innovative solutions to City needs.
5. Assist in the marketing, promotion, and tenanting of available office and flex/R&D spaces.
6. Ensure zoning and land use policies allow flexible reuse, reinvestment, and redevelopment of older office and research and development spaces.

Implementation Examples:

- Develop and regularly convene industry group(s) representing advanced manufacturing, medical devices, electronics, and software, with a goal of maintaining relationships with these companies and understanding emerging challenges, opportunities, and potential opportunities for city assistance.
- Preserve sites for advanced manufacturing and R&D space.
- Work with property owners and brokers to assist with marketing and leasing of vacant R&D buildings.
- Develop promotional marketing materials for brokers and site locators.
- Update the city's website with a database of major property availability.
- Leverage ongoing participation in SVEDA and other regional economic development organizations to identify new opportunities.
- Promote access to a diverse workforce as a competitive advantage.

Light Industrial/Manufacturing and Warehouse/Distribution Strategies

7. Review policies to ensure light industrial/manufacturing uses are prioritized in land use regulations and infrastructure investments.
8. Limit locations where warehouse/distribution uses are allowed.
9. Support conversion or redevelopment of warehouse/distribution properties to office, production, and research and development uses.

10. Monitor business-to-business sales tax collection in commercial and industrial subareas.

Implementation Examples:

- Update zoning code and land use policies to ensure that light industrial/manufacturing uses are preserved, and not converted into warehouse/distribution centers
- Track business to businesses sales tax data on an annual basis for each commercial and industrial subarea of the city.
- Conduct outreach to property owner of large vacant site adjacent to rail line to explore potential for redevelopment.

Retail and Restaurant Strategies

11. Assist in promotion of Milpitas's shopping districts.
12. Promote and support Milpitas's globally diverse mix of restaurants and retailers.
13. Monitor performance of retail centers and proactively reach out to property owners and businesses if sales tax revenues decline.
14. Continuously engage with Great Mall ownership to identify and address challenges and explore the property's potential to become a mixed retail, office, and/or residential anchor of the emerging transit-oriented district.
15. Provide support for redevelopment/re-tenanting/upgrading of Serra Center as a mixed-use anchor for the Midtown area.
16. Explore the creation of a property-owner/business improvement district (PBID or BID) in Midtown.
17. Explore potential to position Midtown as a community destination for local, non-chain retailers and restaurants.
18. Continue community and property owner engagement efforts to build awareness for the potential to reposition Midtown as a walkable, mixed-use district.

Implementation Examples:

- Continue to work with Better Block to identify opportunities to identify locations for an activity node on Main Street that can serve as a community gathering space and attract new businesses.
- Lead area planning efforts to revitalize Serra Center, incorporating surrounding properties owned by MUSD and Santa Clara County.
- Pursue opportunities to integrate ground-floor retail into proposed residential projects in the TASP area.

- Provide technical support for property owners and business owners on Main Street to assist with the formation of a PBID or BID.
- Work with Chamber of Commerce to establish a strategy for marketing shopping districts, and promoting locally-owned restaurants and retail.

Small Business, Entrepreneurship, and Displacement Protection Strategies

19. Identify areas planned for or undergoing major reinvestment and redevelopment activity, and prioritize outreach, education about resources, and targeting of available resources to those businesses to support continued operation, prevent displacement, or assist in relocation.
20. Ensure adequate signage and access are provided to businesses during construction projects.
21. Develop/enhance reference materials and ongoing relationships to connect small businesses with technical assistance providers and lenders.
22. Require that new development projects provide space and/or relocation funding for local retail/restaurant businesses displaced as a result of the project.
23. Leverage the Chamber of Commerce to conduct outreach to small businesses.
24. Expedite and reduce the cost of permits for new and existing small businesses.

Implementation Examples:

- Restart the small business outreach program in close coordination with Chamber of Commerce.
- For new development projects, require property owners and developers to establish a plan for relocating or accommodating small businesses that are displaced.

Innovation District, Real Estate, and Transit-Oriented Development Strategies

25. Maximize the economic benefits of BART's introduction for Milpitas's businesses through improvements to "last-mile" mobility options, including bicycle infrastructure, pedestrian infrastructure, and local transit.
26. Identify and preserve high-priority office/R&D development sites in and near the TASP, including changes to land use policy.

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27. Pursue the creation of a Strategic Property Acquisition Revenue (SPAR) Fund to incentivize development of properties in Midtown and the TASP that will help to achieve the City's economic development goals.
28. Explore development partnership opportunities to add employment uses at the existing VTA Great Mall Transit Center and the Great Mall.
29. Explore opportunities to assist in development of centrally located properties in Midtown.
30. Assist in the placement of event programming and temporary "pop-up" uses in the TASP to enliven public spaces and vacant retail spaces until sufficient demand exists to maintain this vibrancy without assistance.
31. Reach out to existing business incubators, area property owners, and other partners to explore potential siting of incubators and co-working spaces in the TASP, potentially as an interim temporary use.
32. Continue to leverage City-owned properties for revenue generation and provision of community benefits.

Implementation Examples:

- Explore potential for dedicating City revenues (such as a portion of transient-occupancy tax or lease revenues from billboards), to help incentivize office development projects in the TASP.
- Continue discussions with the VTA Real Estate Department on potential for innovation district and/or office uses on VTA-owned sites in the TASP.
- Identify funding sources to add staffing capacity in the Economic Development Department for real estate activities.
- Develop a strategy for the existing portfolio of city-owned properties, including disposition and leasing agreements to generate more revenues for economic development.

Amenities and Public Realm

33. Modernize Milpitas's public realm by pursuing the creation of modern mixed-use districts with amenities targeted to pedestrians at the TASP and in Midtown, including strong non-automobile connections to surrounding areas.
34. Allow flexible uses in business park areas to encourage placement of retail, restaurants, services, and amenities near office space.

Implementation Examples:

- Identify funding sources to invest in place-making and infrastructure in the TASP and Midtown to create a more walkable environment.

- Consider allowing amenities like child care centers, gyms, and other services in office districts.

City Marketing and Processes

35. Develop consistent, modern branding based on City goals for business attraction/retention.
36. Address delays and challenges in City permitting processes and permitting requirements, especially regarding certificate of occupancy requirements for changes of business ownership.
37. Continue implementation of Matrix study recommendations through interdepartmental coordination.
38. Update the City's economic development webpage and integrate with City's main website.

Implementation Examples:

- Partner with Building Department to expedite permitting for tenant improvements for qualifying projects.
- Post updated marketing materials that present the city's brand and assets for potential employers and businesses.
- Implement recommendations from the Matrix study on permitting processes.

Workforce Development and Education Resources

39. Establish regular meetings with workforce development organizations, the Milpitas Unified School District, and community colleges to coordinate their activities around training and educational programs to prepare youth and adults for employment in growing target industries, including advanced manufacturing/high tech sectors.
40. Collaborate with MUSD Board and staff leadership to develop a shared work program that clarifies Milpitas City staff roles in connecting school district programs and students with training and exposure opportunities at businesses in the city.
41. Explore collaborations with regional educational resources, such as apprenticeships via the Advanced Manufacturing Bay Area Community Colleges office.
42. Continue to provide support for the FlexFactor program and Manufacturing Day to expose youth to potential opportunities and to connect job-seekers with employers.

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Implementation Examples:

- Identify funding sources to add staffing capacity in the Economic Development Department for workforce development activities.
- Create a Workforce Development Working Group composed of the workforce board, nonprofits, MUSD, community colleges, and employers that meets regularly to discuss programs for training and education.

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