



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Nanci Klein

SUBJECT: DOWNTOWN PROGRESS REPORT **DATE:** June 12, 2023

Approved

Date

6/16/23

RECOMMENDATION

Accept the informational report highlighting downtown progress from July 2022 to June 2023.

OUTCOME

The Community and Economic Development Committee will receive a progress report related to downtown commercial and residential development, economic vitality initiatives, public life and place-making, clean and safe activities, special events, and convention and cultural activities.

BACKGROUND

A vibrant city center is many things: eclectic, interesting, and inviting; with a strong and growing commercial and residential base. It is socially, economically, and ethnically diverse; easily accessible from transit; and attractive to talent and residents. Downtown San José is Silicon Valley's city center, its only true urban environment – critical to its economy and cultural heart. The City is committed to attracting investment in jobs and housing, arts and culture, and quality amenities to enhance and sustain a safe, vibrant downtown. The annual Downtown Progress Report compiles noteworthy achievements, challenges, and updates with respect to the downtown core.

ANALYSIS

Downtown San José's economic recovery has progressed over the last 12 months, with improvements seen in visitor numbers, sales tax generation, and some business activities. However, it is clear that even the official end of the pandemic emergency will not serve as a silver bullet in bringing back certain economic and lifestyle patterns. Office workers –

traditionally a major driver of the downtown economy – have been slow to return to work, thanks to the continued popularity of hybrid work schedules. And while the pandemic may be officially over, a nationwide economic chill driven by high-interest rates has cut the tech growth machine short and crimped real estate development plans. Partnership, coordination, and collaboration between the City and key stakeholders are essential to move downtown vibrancy forward.

There is much to cover in this year's Downtown Progress Report, as City departments and private partners continued exciting programs, and launched new efforts, to enhance downtown's economic and diverse cultural ecosystem. Two quantifiable bright spots are sales tax and device counts (a rough measure of foot traffic). After lagging behind the City's other neighborhoods, downtown's quarterly sales tax numbers showed a strong recovery in the calendar year 2022, with receipts up 56% from 2020. The cellular device counts – a proxy for foot traffic – are showing steady growth after years of fits and starts. The University of Toronto Urban Recovery Index pegs Downtown San José (specifically the 95113-area code) at 75% of 2019 device counts as of April 10, 2023, the most recent data available, up from 54% in April of 2022.

The Downtown Progress Report is mostly a look at the last fiscal year, but additional resources and initiatives are on the horizon worth pointing out. Pending approval of the proposed budget, a downtown coordinator position will be hired to work with the downtown manager within the Office of Economic Development of Cultural Affairs, bringing additional staff capacity for downtown coordination and initiatives. In addition, the Mayor's Office and District 3 Council Office have been hosting two working groups focused on downtown programming, and safety and security. The outputs of these groups will further contribute to the efforts to enhance the downtown experience for workers, residents, and visitors.

Work Environment and Commercial Real Estate Market

The number of jobs in the Downtown Growth Area (including San Jose State University) stood at roughly 33,700 as of June 2023, a number that has been stable for the last several years. According to City business tax data, approximately 3,050 businesses are in the Downtown Growth Area, and about 100 businesses – or just 3.3% of all companies -- are large businesses (defined as employing 35 or more workers). These are led by Adobe, Accenture, EY, and PWC. Collectively, these businesses employ 19,855 people. The Downtown Growth Area has 1,273 small businesses (42 percent of all businesses) with a headcount of two to 34 employees, contributing 8,248 jobs. About 39.3 percent of businesses in the Downtown Growth Area are sole proprietors/self-employed. The remaining 16% of business licenses do not disclose worker counts.

Commercial office inventory increased from roughly 9 million square feet to 9.8 million square feet with the completion of Adobe Inc.'s Founder's Tower in recent months. The occupancy of Adobe's iconic fourth Downtown San José tower provided a bright spot for the office market. However, office tenants have given up more space than they have leased in nine of the previous 10 quarters, and vacancy stood at roughly 24% percent at the end of Q1 2023. That is the highest it has been since 2010. The vacancy rate is expected to rise further for two reasons: the

completion of Jay Paul Co.'s roughly 1-million-square-foot 200 Park Avenue office project, which is coming to market unleased; and the continued downsizing of office-space needs as tenant leases come up for renewal. According to the Office of Economic Development and Cultural Affairs analysis, there are approximately 75 office leases comprising 525,000 square feet of space that will come up for renewal in the next 18 months.

Figure 1: Historical Vacancy Rates, Downtown San Jose

Time Period	Vacancy Rate	Available Space (million sq. ft)	Average Asking Rent (\$/sq. ft.)
Q1 2023	23.6%	2.3	\$4.28
Q1 2022	19.4%	1.7	\$4.37
Q1 2021	16.7%	1.5	\$4.51
Q1 2020	14.2%	1.2	\$4.53
Q1 2019	12.8%	1.1	\$4.17
Q1 2018	13.1%	1.1	\$3.61
Q1 2017	12.1%	1.0	\$3.64
<i>Q2 2013 (most recent peak)</i>	22.9%	2.0	\$2.30
<i>Q3 2010 (all-time peak)</i>	25.1%	2.1	\$2.70

Source: Cushman & Wakefield

Despite the weak market signals, organizations continue to recognize the advantages of locating in Downtown San Jose, led by professional services and the public sector. Office renewals over the past year include the Internal Revenue Service for 124,000 square feet at 55 S. Market St. and Frank, Rimerman & Co. for 35,000 square feet at 60 S. Market St. There were also some new deals: Shutterfly took 9,100 square feet at 10 Almaden; Ciena Corp. leased 6,086 square feet at 50 W. San Fernando; and the Santa Clara County Housing Authority took 15,000 square feet at 303 Almaden. Another exciting addition to the downtown scene is Open San José, in the 18,040 square-foot ground-floor office space at 38 S. Second St. Open San José is the new home of CreaTV, which is co-locating with Chopsticks Alley Art, LEAD Filipino, Northern California Public Media, San José Spotlight, Works/San José, and Mosaic America. These organizations appreciate the access to amenities, arts and culture, transit, housing, and the labor force that downtown offers.

While 200 Park Avenue is quickly reaching the finish line, Boston Properties' 390,000 square-foot Platform 16 office project is making progress in the Diridon area at Autumn and Julian Streets. The developer recently completed the first concrete pours of the underground garage structure at the street level, and it is anticipated to reach completion in early 2025. These projects

reflect the first speculatively built office projects downtown since 2009 and are targeting a tech-oriented occupier with a focus on amenities and large floorplates those users demand.

No discussion of downtown's workplace environment is complete without discussing San José State University (SJSU), which boasts roughly 36,000 students and 4,000 faculty and staff. Students shop and eat in downtown businesses, ride public transportation, and contribute to the sense of vibrancy downtown. Downtown San José values SJSU for many reasons and one of them is SJSU-related spending. Of the \$4 billion in total economic output that SJSU created in California, \$776 million was generated in the City of San José. In recent months, SJSU has been ranked highly in the Wall Street Journal rankings of top salaries for engineering, marketing, and data science, and accounting graduates. The Charles W. Davidson College of Engineering was also ranked No. 3 best undergraduate engineering program for public learning institutions.

SJSU continues to plan growth near- and long-term, on- and off-campus. Construction on the Interdisciplinary Science Building is wrapping up, with move-in slated for fall. This state-of-the-art, 160,000-square-foot building will be the first new academic building on campus in 30 years. In South Campus, construction of the 55,000-square-foot Spartan Athletic Complex will finish this summer, housing football, men's soccer, and women's soccer, and providing facilities for SJSU's 22 athletic teams.

Commercial property sales in downtown continued to stagnate over the last 12 months, reflecting a general market chill. There were just three significant commercial sales: Brookfield acquired the San José Marriott property for \$247 million as part of a \$3.8 billion portfolio sale; the 2016-built apartment tower Centerra sold to Beverly Hills-based 3D Investments for \$185 million, or \$533,100 per unit; and the 11-acre property at Ryland and Santa Teresa streets sold to LS Power for \$56.5 million. The site will eventually serve as an important power station to support enhanced grid reliability and renewable goals in Central San José, providing a runway for future growth.

Urban Living

To realize its true potential as an active and vibrant urban core, downtown must attract significantly more residents and provide housing at varying income levels. Never was this more evident than during the pandemic, when residents stayed close to their neighborhood for meals and the fulfillment of daily needs and services. There are approximately 21,385 residents living within the boundaries of the Downtown Growth Area. According to American Community Survey 2021 five-year estimates, 34 percent of residents identify as White Non-Hispanic, 27 percent as Asian, 26 percent as Hispanic, approximately 8 percent as African American, and the remaining population as Native American or a mixture of races/ethnicities. The median household income in the area is \$114,237 compared to \$125,075 for the City overall; however, the population living below the poverty in the Downtown Growth Area is 17.6 percent compared to 7.7 percent citywide, partly due to downtown's significant student population.

Following the completion of several large residential projects – particularly in the North San Pedro district – unit deliveries dropped over the last year. Just one project was completed since

the last Progress Report in July 2022: 130 units in The Taft apartments in downtown's SoFA District. A challenging interest-rate environment – combined with stubbornly high construction costs – has slowed near-future groundbreaking. Still, projects totaling roughly 5,500 units have current entitlements or are under planning review in the downtown core, and developers continue to look for opportunities to move units forward. One of them, WestBank, is looking to move forward on The Orchard, a 540-unit project at the former Bo-Town restaurant in SoFA. WestBank is also partnering with PATH and the City on the Pacific Motor Inn project, which would create an additional 500 units immediately adjacent to the Orchard. The PMI project will include roughly 140 units of affordable housing, 72 of which would be permanent supportive housing. The remaining roughly 350 units would be market-rate.

Roughly 730 units are under construction in the downtown area. Notably, a 23-story tower now under construction at 600 S. First Street will change the landscape and skyline in SoFA, adding 336 units. The developer, Scape, focuses on university student-oriented housing and underscores the importance of SJSU as an economic driver and anchor in the downtown. A short distance away, the 87-unit Arya is rapidly reaching completion. This project from developer Satellite Affordable Housing Associates will be targeted to families and artist households making 30-60% of the area's median income.

Dining and Consumer Services

Downtown has seen somewhat of a mini-boom in new food and drink options over the past year, with much of it centered on the Historic District. Many of these entrepreneurs are immigrants and people of color with longstanding ties to the community and a product offering that is unique, authentic, and culturally inclusive. Almost all of them are small businesses, that can receive services from the City's Small Business Ally and the San José Downtown Association's Business Development team, who assist with navigating permitting and procedures. While it is impossible to capture every business coming and going, below are some notable moves and developments over the past year.

Historic District – On Fountain Alley, Goodtime Bar, the city's first "natural" wine bar also offering seasonal bites, opened this past April and was called "a reason not to travel to San Francisco or Oakland" by the San Francisco *Chronicle*. It's a new neighbor to Scratch Cookery, the popular Nashville hot chicken restaurant (and food-truck favorite) that opened in June 2022. A new bar concept focused on bitters from the proprietors of Academic Coffee is being planned in a third tenant space next to Goodtime Bar. These additions have contributed to a dramatic change in the sense of vibrancy in a pocket of downtown that had long been overlooked. Around the corner on Santa Clara Street, between First and Second streets, two new eateries have joined the popular Pasteleria Adegá and The City Fish: Hula Bar (also originally a food truck), which offers Filipino favorites; and Foxtale Fermentation Project, a brewery and social space that celebrates all things fermented. The neighborhood's revitalization was celebrated on May 18 with a "block party" event hosted by the Urban Vibrancy Institute that brought hundreds of attendees out to the area, many for the first time.

Positive change is also afoot on First Street at San Fernando, where pandemic impacts shuttered several food/retail spaces in the historic Security Building. Modern French-Vietnamese Elyse Restaurant is moving from South Second Street (where its building will soon be renovated by a new landlord) to the former Nemea Greek Taverna space at 96 S. 1st St. Next door, Angkor Chef, a Cambodian restaurant, is opening later this summer. Angelou's Mexican Grill will fill a space formerly occupied by Pizza Flora a few spaces down. In the middle of it all is Egghead Sando Café, which opened last year and has become a hit with its creative sandwiches featuring – what else? -- eggs as a key ingredient.

In May, El Cabrón Kitchen & Cantina celebrated a grand opening in the former Tony DiMaggio's space at San Pedro and San Fernando streets, and Mas Pizza will soon occupy the former Mumbai Local restaurant/nightclub at Second and San Fernando streets.

San Pedro – Bun Me Up featuring Chicken Paddy opened inside Tiki Pete on Santa Clara Street, in the San Pedro district. The business – which offers bao on made-to-order buns and healthy chicken bowls – held an April opening after working out of a shared kitchen space for a couple of years. Also in the San Pedro neighborhood, Slice of Homage Slice House opened inside San Pedro Social after operating within Myth Taverna & Lounge down the street on Post Street.

In addition, MOMENT, four micro-retail kiosks on the ground floor of the Market/San Pedro Garage, celebrated its fifth anniversary in May. From July 1 to the present, the MOMENT storefronts collectively saw their highest annual sales ever, nearly doubling the previous record in annual sales. Additionally, MOMENT launched two new storefronts since July 2022. Tiny Keyboard Shop features unique mechanical keyboards and accessories. Woofboard offers all-natural dog treats and toys.

SOFA – K&J's Sweets & Bakery opened in the space formerly occupied by Cinnaholic. K&J's offers tarts, cupcakes, conchas, flan, and custom cakes and tortas at San Carlos and South Third streets. The opening represents a brick-and-mortar upgrade for the formerly home-based business. The Grad student-apartment tower's retail space began to fill up over the last year. Lee's Sandwiches opened an outpost last fall, offering breakfast, lunch, and dinner. Ding Tea joined next door in April 2023, adding to downtown's milk tea and boba offerings. Pizza is on the menu again at SoFA Market with the opening of Pizza Way earlier this year.

Little Italy – In Little Italy, The Littlest Little Italy opened inside the former Enoteca La Storia. The food hall-style operation brings together five eateries: Torino Panino, Bibo's Little Italy, Birre by Pour Decisions, Salumi Bar, and Ancora Vino. Soon to open is Famiglia Meduri's Poor House Bistro, which has been relocated to Little Italy from its longtime home on Barack Obama Boulevard. Next door, nonprofit organization Little Italy San José is also moving quickly to restore the 1910 "Beltramo" home as the Little Italy Cultural Center and Museum, which will highlight the numerous contributions Italian Americans have made to Santa Clara County. The house's basement will be turned into a speakeasy-style member's bar and wine cellar. These and other efforts underway hold the potential to dramatically raise the profile of Little Italy.

Unfortunately, downtown also lost some well-loved staples. After more than 13 years, Flames Eatery and Bar closed in January. Pizza Flora, Ludwig's, Scott's Chowder House at St. John and Market Streets, and Nox Cookie Bar also closed their doors. The latter is one of several departures that will take place along the retail frontage of the Pavilion building on Second Street as new owner Hines executes on an ambitious renovation plan. Circle A Skateboards and Coffee relocated in May to SoFA after many years on the Paseo de San Antonio, though plans are in the works to convert the space to a burger eatery.

Coleman Center – San José Market Center serves downtown residents through access to major retailer services such as Target, Marshalls, and Trader Joe's. In May, Sprouts Farmers Markets opened at the former Office Depot space, providing a full-service grocery option for the downtown and near-downtown community.

Nonfood Services – There remains a significant unmet need for nonfood retail and services downtown. However, several additions brightened the picture over the last 12 months. These include a triplet of barber shops – Mysterieux, Backroads and Concept; candle (and candle-making) store Ashy Aromas at San Pedro Square Market; Contempo Furniture at 9th and East Santa Clara, and Punch King Fitness on Bassett Street.

Programs Making a Difference

The Storefronts grant program is an important tool for supporting small businesses activating vacant spaces or wanting to improve their exteriors or outdoor seating. In FY 2022-23, 15 out of 49 Storefronts Assistance Grants were awarded to downtown businesses, totaling \$190,000: Vacant Storefronts Grants recipients were Contempo Furniture and Goodtime Bar; Outdoor Seating/Activation grants recipients were Island Taste Grill, The City Fish, Hula Bar and Kitchen, Contempo Furniture, Goodtime Bar, Blacksuit, La Victoria Taqueria, Nick the Greek, and Pageboy; Al Fresco grant recipients were Mezcal and Rookie's Sports Lodge. Pending approval of the budget, staff is preparing to launch a new pop-up program that would activate vacant spaces while providing a spot for up-and-coming entrepreneurs to sell their wares at six to eight spots in the downtown core.

Arts, Entertainment, Events, and Activation

Under the stewardship of the Office of Cultural Affairs' Public Art Program, downtown boasts a strong and growing portfolio of public art. Following the permanent installation of Sonic Runway at City Hall in 2022, the Office of Cultural Affairs began programming regular activations in the Experiments in Sound series, which includes regional performers and musicians that invite attendees to listen, participate and imagine. Over the last year, OCA also completed the restoration of the Muwekma Ohlone Tribute on Park Avenue, which honors the Native Americans who once lived along the Guadalupe River.

The San José Downtown Association completed several public art projects over the last year, including whimsical works at the prominent (but underused) building at 43 E. Santa Clara St. called "Eyes Eyes Eyes," and "A Pact for Unity" by Anthony Combs surrounding the

construction work at the under-renovation 19 S. First Street. These works are untitled but add visual interest and liveliness as these structures transition.

Outdoor special events continued to recover in calendar year 2023. For the calendar year, the Office of Cultural Affairs has to date permitted 61 events totaling 256 event days and drawing an estimated 1.75 million attendees. However, staff expects to surpass the number of events that took place in 2022 (70) as more events are reserved for the rest of the year. Just a few events included the SubZero Festival and SoFA Street Fair in the SoFA district; Little Italy San José Festival; Qmunity Night Circus 2022; the World Cup celebration; the Juneteenth festival, and the suite of holiday-season events that includes the Silicon Valley Turkey Trot, Christmas in the Park, Santa Run Silicon Valley.

The Department of Parks, Recreation and Neighborhood Services continues to play a huge role in downtown activation and community building through two flagship programs: Viva Parks and Viva CalleSJ. Viva CalleSJ has emerged as a marquee program and identifier for San José, drawing 100,000 participants per event and offering a unique experience of walking, riding or rolling car-free streets through iconic neighborhoods. The three Viva CalleSJ events in Fiscal Year 2022-2023 featured activity hubs throughout downtown including Japantown, Roosevelt, Parque de Los Pobladores, Arena Green and SJSU. The events are great business-development opportunities because they bring in people from out of the area and show off what's in downtown.

The Viva Parks Downtown program has activated Plaza de Cesar Chavez and St. James Park for nearly a decade. In 2022, Parks, Recreation and Neighborhood Services organized 79 activations, catering to both midday and evening crowds. Offerings include lawn games, live music, food trucks, wine-and-paint nights, and wellness activities. The diverse range of offerings has appealed to residents and visitors of all ages and interests. Parks, Recreation and Neighborhood Services expects to host 40 evening events in the upcoming year, including live music, art showcases, and themed gatherings.

Looking ahead, the Downtown Vibrancy Pilot will provide free use and simplified permitting for events held in selected locations that include downtown parks, paseos, and City Hall, further enriching street-level activation for up to 500 participants.

The San José McEnery Convention Center and Team San José-managed theaters continued a path of recovery after being closed for over 15 months due to public health orders related to the COVID-19 pandemic. In FY 2022-2023, the theaters returned to close to 98% of pre-pandemic occupancy while hosting more patrons than in FY 18-19. Programming included: Symphony San José; Opera San José; Children's Musical Theater; Broadway productions of *The Lion King* and *The Book of Mormon*; and touring acts such as: Jerry Seinfeld, Jeff Beck, Omar Apollo, Junior H, Ringo Starr, and Amy Schumer.

While most of the large-scale tech conferences that defined San José's convention industry pre-COVID-19 continued to either cancel their events or produce them virtually, the convention center hosted numerous events including professional events like: ZoomTOPIA, Intel

Innovation, CLEO, Open Computing Foundation, and GreenBiz Verge; and public events like: Crunchyroll Expo, Further Confusion, Genesis Gaming, and Fanime.

Overall, the San José Convention and Cultural Facilities brought more than \$50 million in direct visitor spending to San José businesses, a 50% increase over the previous fiscal year.

Public Realm

Downtown Property-Based Business Improvement District services through Groundwerx have had a significant positive impact on cleanliness and safety in the core since 2008. The Groundwerx clean team has received an approval rating of 90 percent or more in the last nine years. In June 2022, the PBID renewed for an additional 10 years and expanded the district to include Downtown West, along East Santa Clara Street, and into downtown's North San Pedro area. Crews provided the following services on average each month from July 2022 to May 2023. Since the PBID boundary expansion, services have increased among many of these categories.

- 1,401 pan and broom hours
- 676 power washing hours
- 954 safety ambassador hours
- 53,973 pounds of trash collected
- 2,269 graffiti/sticker removal
- 449 hot spots (biohazards or other immediate cleaning needs) addressed
- 180 hours of enhanced security through SJPD Secondary Employment Officers/per month

Following the Downtown PBID renewal and expansion in June 2022, PBID staff set to work on launching a new Social Impact Team that will focus on building trust with downtown's unsheltered population while connecting them to vital services. The team will consist of four people including a manager, and three outreach ambassadors, who will enhance the resources already provided by public and private partners. A manager was hired in Q2 2023 and services are expected to begin July 1, 2023. The PBID also hired a full-time painter to support graffiti remediation efforts on private property.

One of the resources downtown residents and businesses can access for support with issues related to homelessness is People Assisting the Homeless (PATH), the City's downtown outreach services provider. Despite the challenges brought on by COVID-19, PATH's team of essential workers continued their field-based work, meeting with unsheltered people to provide supportive services geared towards obtaining housing. During the last three quarters (Q1-Q3), PATH served 499 people in the downtown/Guadalupe River areas; conducted 4,025 hours of street outreach and engagement; provided 399 hours of clinical case management; completed 70 shelter placements and 19 permanent housing placements.

PATH outreach providers are available five days a week Monday through Friday from 7 a.m. to 5 p.m. Individuals may call the PATH hotline at (408) 753-8735. Residents, workers and visitors

are also encouraged to download the Groundwerx app to report safety concerns, trash/waste, and cleanliness issues. The Groundwerx dispatch line is (408) 287-1520.

Just at the end of Fiscal Year 2022-2023, the San José Downtown Association announced the new Social Impact Team with the hiring of the Social Impact Manager. Complementing the Groundwerx services, the new Team will help address the needs of unhoused individuals through case management and other services. Staff from the Department of Parks, Recreation and Neighborhood Services continues its capital design and implementation work to ensure downtown parks are a significant contributor to public life in the city center. The Pellier Park project is nearing completion and should be open for public use in the fall. Design on the two other public parks in the North San Pedro area is underway and construction should commence. Currently, an evaluation of expanding Parque de Pobladores to enhance street life in the SoFA district is underway.

The St. James Park redesign is progressing. The consultant has completed the St. James Park 65% design plans and will be starting the 100% design plans later this year. Earlier this year, the City received a favorable judgment regarding the legal challenges associated with St. James Park. However, the plaintiff has appealed the decision and the City is awaiting the scheduling of the appeal process from the courts. The team continues working with the Friends of Levitt San José to execute a contract to facilitate fundraising by this important non-profit partner.

The Guadalupe River Park Conservancy continues to be a trusted partner for the operation and management of the Guadalupe River Park. Their volunteers and community partnerships provided 6,606 park service hours and removed 65,049 pounds of trash and debris in 2022. More than 75,000 visitors enjoyed the Rotary PlayGarden in 2022. The Conservancy hosted over 126 programs, 1,957 volunteers, and provided free environmental education programs to over 1,000 students from Title One schools offerings. They have been immersed in upcoming City park development projects over the past year including breaking ground on the PlayGarden expansion project. Other highlights include completing the restoration at the Historic Orchard, renovating the Visitor & Education Center, and continuing the SJ Walls mural program which will produce eight new murals throughout the River Park between Park Avenue and Woz Way.

After two years of intensive work and community engagement, City Council adopted the Downtown Transportation Plan in November 2022. The DTP is a community-based, long-range transportation plan for the Greater Downtown San José area. The plan proposes a prioritized list of transportation projects, programs, and policies designed to improve getting around downtown on foot, by bike, by transit, and by car. The list includes transforming Santa Clara Street, closing select streets to vehicles, converting one-way streets to two-way, and establishing a downtown-wide transportation management association. In April 2023, the Department of Transportation hosted a community workshop to kick off a process for re-envisioning Santa Clara Street as a main drag for San José that is more vibrant, attractive, and safe for everyone.

Finally, City staff are committed to fostering the vibrancy that exists along North San Pedro Street while providing a safe and equitable environment for residents, visitors, and businesses. In May 2023, City staff provided to City Council with a preferred layout and cost estimate for the

June 12, 2023

Subject: Business Development and Small Business Update

Page 11

potential permanent closure to street traffic of this stretch of San Pedro Street. Staff plans to proceed with additional analysis and community engagement for the future pedestrianization of the street, a multi-year process that will require additional City Council approvals. In the meantime, San Pedro Street, between Santa Clara and St. John streets remains free of vehicular traffic creating an enhanced outdoor dining experience for patrons.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, Department of Parks, Recreation and Neighborhood Services, Department of Transportation, Team San José, PATH, Guadalupe River Park Conservancy, and the San José Downtown Association.

/s/

Nanci Klein
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For questions, please contact Nathan Donato-Weinstein, Downtown Manager/Assistant to the City Manager, at (408) 535-8178.