

New

DOWNTOWN

Neighbors

Experienced urban developers build up housing, retail

There's a big new landowner in downtown on the brink of developing two prime pieces of property. Forest City Enterprises, Inc. is a national owner, developer and manager of real estate based out of Cleveland, Ohio. With more than \$2.8 billion in assets, and an aptitude for urban projects, Forest City has recently made major investments in the city's core.

Three prominent buildings -- the Pavilion, the Fairmont Plaza office tower and the United Artist theaters -- were purchased from Melvin Simon and Associates earlier this year. Now that ownership has changed hands, the obvious question is what will become of the Pavilion, the 119,000 square foot center which has struggled since its opening in 1989. The recent closures of San Jose Live and Sports City Cafe have left more than half of the center vacant.

Forest City spokesperson Greg Anderson describes plans for the Pavilion as "a moving target." Working closely with the Redevelopment Agency, Forest City has declared intentions to develop a mixed-use project on the Pavilion site, consisting of office space, residential units and retail. The adjacent surface parking lot, now home to the weekly Farmers' Market, has been identified as prime space for a potential office development with ground floor retail.

Expectations that Forest City will deliver on their plans for the Pavilion are bolstered by the firm's success with other local developments. Ground was broken last month on 101 San Fernando, a major rental housing project located at Fourth and San

Fernando Streets. No strangers to San Jose and building large residential projects, Forest City is currently renting its 637-unit Enclave apartments off of Great America Parkway.

The 323 rental units at 101 San Fernando will require demolition of the existing Bank of America "Washington Square" branch. The bank, which relocated to the Jippo Bank building on Third Street in March in anticipation of construction, will lease 5,000 square feet of the 10,000 commercial square feet available on the ground floor of the new project.

Rents for the 101 San Fernando project, which will consist primarily of one and two bedroom units, some studios and a few three bedroom units, have not been established. Total construction time is estimated at two years.

"There's a very strong market for residential in downtown," said Anderson. "There has been very little apartment growth to accompany the tremendous amount of job creation in the area."

Fourth and San Fernando is an intersection undergoing dramatic transformation. The Forest City project is across the street from the Paseo Villas condominiums now under construction, and the joint city/San Jose State library and multi-level parking garage still in the planning stages.



The architect's preliminary model of the 101 San Fernando project, as seen from the corner of Fourth and San Fernando Streets. The 5,000 square foot Bank of America branch will face the intersection.

Hard Hat alert

- A sidewalk project in front of the Dimensions nightclub began construction last month, and is due for an early September completion. In time for this year's SIDA Festival on September 20. The basement level, the sidewalk will be backfilled, concrete pavement to match the adjacent sidewalks, will be added, and three street trees will be planted. The five entrance parking spaces removed for the construction will be returned.

- This month the musician work on Almaden Boulevard will get under way, expected to be completed in November. Grass, auto trees and improved lighting will be added to the median between Santa Clara and San Fernando Streets. New light fixtures will also line Park Avenue.

- The median on East San Carlos Street between Second and Fourth should be complete in December. Eight new parking spaces will be created on the south side of San Carlos.

(See Hard Hat alert, back page)

EZPP tossed out by Council

Entertainment Zone Committee members claimed victory June 30 when the City Council voted 7 to 3 to do away with the year old Entertainment Zone Policing Plan. Downtown club owners, led by fuel co-owner **Tim Wilson**, testified that the plan singled out one group of businesses to pay for policing services that benefited the entire downtown. Another concern was that club owners had to supplement the police presence to cover those times when officers were patrolling other parts of the entertainment zone.

Nightclubs can now hire private security at a greatly reduced cost to fulfill the requirements of

their city entertainment permit. The nightclubs' bill for their portion of the almost \$1 million price tag for last year's EZPP has also been significantly reduced. Fees for small clubs (occupancy under 500) have been reduced to 10 percent of their original figure, while larger clubs will pay 25 percent of earlier estimates.

Another outgrowth of the EZPP process is the formation of a "Secure Downtown Partnership." The new safety initiative, consisting of residents, business owners, city officials and other community representatives, will meet quarterly to talk about security and policing issues in downtown. Call **Astrid Thompson** for more information.

Downtown Today

New members and old are invited to join Executive Director **Scott Knies** for an orientation about the Association and downtown in general. Any and all questions regarding downtown are encouraged. Breakfast will be served and guests are welcome. Call **Patti Bentley** to RSVP.

Downtown Today

August 25

8:15 - 9:30 AM

SIDA offices, 28 N. First Street, Suite 1000



The Downtowner



will open in August next to White Lotus on Market Street. **Bill Ryan** of Barry Swenson Builders reported at the July Board meeting that Gekko Island Grill, from the backers of San Francisco's E & O Trading Company, is negotiating for the prime northeast corner at First and San Fernando Streets. Gekko Island Grill, featuring a southeast Asian grill menu, expects to open next February.

■ **Accounting firm Shilling and Kenyon** and their consulting group, SK Consulting, has outgrown its space at 60 S. Market Street, and will lease the top floor of the three story Security building for its 50 employees starting December 1. Another historic building in the same block will have new occupants as well. Law firm Hopkins and Carley will move its 100 personnel from 10 Almaden to take over the entire Leitia building in December next year. Former Technology Drive company SuperBusinessNET brought 57 of its web designers to downtown last month. SuperBusinessNET leased the entire fifth floor at 150 Almaden Boulevard from Divco West, the new owners of Park Center Plaza.

■ **Will downtown bid farewell to 30 Year landmark retailer Recycle Bookstore?** Customers thought so, as they went to stock up on used books that were drastically discounted last month. "I would have hated to see this place close down," said owner **Joan Hayes**, who is moving out of state. Helping to keep the venerable institution open, hopefully, is the City's Development Enhancement Fund, guaranteeing the loan for new owners **Cynthia and Eric Johnson**. Escrow should close in September. . . . If all the loans are approved on schedule.

SJDA News

Arts Card achieves purpose: August marks the final month arts patrons can use their 1997-98 Arts Card. The Arts card, which premiered in 1990, offered special discounts to patrons of downtown arts groups, encouraging them to explore the core's fine dining scene. Existing in various forms throughout the years, the current arts card offers users a complimentary appetizer, dessert, or parking, and discounts at performing and visual arts venues.

Recent surveys indicate that the card, a project of SJDA's Downtown Arts and Dining Committee, has accomplished its goal. Patrons who would previously dine in surrounding cities before enjoying a downtown performance now regularly frequent nearby restaurants. The Downtown Arts and Dining committee is now considering a new gift certificate promotion. The \$10 certificate would be distributed to arts groups' members for use at participating downtown restaurants. For more information, contact **Julie Carlson**.

SJDA to interview candidates: Bring questions to the August Board meeting for District 3 candidates **Cindy Chavez** and **Tony West** who face a runoff in the November election for the downtown City Council seat. The Board meeting takes place August 14 at 8 a.m. at Mongo's, 83 S. Second Street. Call SJDA to RSVP.

Mayoral contenders Ron Gonzales and Patricia Dando will attend the September Board of Directors gathering, co-sponsored with the Hispanic Chamber of Commerce. SJDA Board meetings take place on the second Friday of each month at 8 a.m. at various downtown locations and are open to the public. Call **Peter Kuchenhrod** for more information.

Retail progress: Momentum is building behind the development of a downtown retail strategy. The Downtown Center Plaza/Transit Mall area has been tentatively selected by SJDA as the initial focus area. This downtown neighborhood was targeted because of its concentration of building ownership, proximity to other retail projects, central location and quality of existing and potential retail space. Board members will vote on the final recommendations of the Retail Task Force, chaired by SJDA Vice President of Operations **Chuck Hammers**. Call **Judy Stable** for more information.

Board grows, nominations open: Two new members were appointed to vacant positions on the Board of

the Montgomery Hotel, the project is primed to proceed. The Agency is anticipating resolution of the lawsuit early next year.

The revised business terms for Phase V of the Ryland Mews condominium project were also given the nod in June. The 30-unit project includes both one-bedroom and townhouse units and 750 square feet of street level commercial space. All but the facade of the historic Border Brothers' building will be demolished to make way for the project.

The Board also authorized RDA staff to make the first annual loan payment that comes due for the Zanotto's Family Market on Second Street. Zanotto's opened in downtown last September with the help of the Agency's new retail loan program. If necessary, RDA has permission to make the \$249,400 payment again in 1999. Delays in construction of nearby housing projects have been cited as the reason for Zanotto's inability to draw a "critical mass" of shoppers to their downtown location.

Hard Hat alert: (from front page)
• Construction on the 323 unit apartment project at Fourth and San Fernando is underway. Forty-four metered parking spaces on Third and Fourth Street were removed July 30 for the project's two year building phase.

• Another big development also broke ground last month, the 340,000 square foot Opus West office building. Surrounded by metered parking on Santa Clara, Carlisle, Notre Dame and Almaden Avenue, 31 spaces were removed July 31. All but the 13 spaces on the west side of Almaden Avenue are expected to be returned after the project's construction is completed in two years. The bus stop on Santa Clara Street between Notre Dame and Almaden Avenue will also be removed throughout the construction period.

Promotions & Events

Cooking at the Farmers' Market: Chef at the Market **Edouard Wehr** from Jou Jou Bistrot will be demonstrating elegant French cuisine by preparing samples of light, savory crepes, featuring market fresh eggs on August 6.

On August 20, the Downtown Farmers Market at the Pavilion burns up the heat at their "Grill Crazy Grilled Vegetables Day." Learn how to grill and prepare summer vegetables on the barbecue. Samples will be provided. The Downtown Farmers' Market at The Pavilion takes place every Thursday from 10 a.m. to 2 p.m. through November at The Pavilion parking lot at the corner of First and San Fernando Streets. For more information, call **Sara Todd**.

Decade of Tunes: The Association's signature downtown event, Music in the Park, kicked off its tenth annual season in July, and shows no signs of growing old.

Melior's Music in the Park features this month the rhythm and blues sounds of **Sista Monica** on

August 6; blues guitarists **Chris Cain, Tommy Castro** and **Coby Yates** on August 13; spicy salsa performed by the all female **Dulce Mando** band on August 20; and the reggae beat of **Eek-A-Moose** on August 27. Rounding out the series is legendary vocalist **Phoebe Snow** on September 3. Bring a smile, blanket and friends and celebrate 10 years of great music at Music in the Park every Thursday from 5 to 8 p.m. at Plaza de Cesar Chavez Park. For more information call 279-1775. extension 42

Downtown Facts

The General Fund portion of the city's budget for Fiscal Year 1998-99 totals \$556 million. Public safety (police and fire) represents 43 percent of General Fund expenses. The remaining expenses include capital maintenance, community services and general government.

General Fund revenue sources by percentage:

Sales tax	22
Local, state and federal government	13
Property tax	11
Licenses and permits	11
Interfund transfers	9
Utility taxes	9
Fund carryover	8
Franchise fees	5
Departmental charges	4
Other	8

Source: City of San Jose

At the Convention Center

August 8-10	Face & Body '98	Estimated attendance: 4,000
August 12-14	art. office	Estimated attendance: 6,000
August 25-27	Surface Mount International	Estimated attendance: 4,000



Downtown Dimension is published monthly by the San Jose Downtown Association, a nonprofit membership organization established in 1986 to serve the downtown business community. Call (408) 279-1775 for information.

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General News

RDA Board round-up: Before the RDA Board recessed for the summer, they moved ahead on a number of key downtown projects. The Fairmont Hotel Annex's Disposition and Development Agreement (DDA) was approved June 19. Pending the outcome of litigation aimed at blocking the demolition



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