Joint Venture: A Sustainable Economy & Sustainable Buildings

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President & Chief Executive Officer

BOMA Silicon Valley
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What is Silicon Valley?
The Valley’s Distinguishing Features

- 1,500 square miles
- 40 Cities, 4 counties
- 2.6 million people, 42 percent foreign born
- 1.3 million workers
- 81 percent high school diploma; 40 percent college degree
- 25 percent of workforce in high-skill occupations
- Income average 60 percent higher than US
- 6 percent US GNP, 11 percent of US patents
- Productivity rate growing 50% higher than US average
But our most important characteristic …

Is that we keep reinventing ourselves!
The Valley spawns the leading companies in every technology generation

<table>
<thead>
<tr>
<th>1950s</th>
<th>Defense Electronics</th>
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<tbody>
<tr>
<td></td>
<td><em>Hewlett-Packard, Varian</em></td>
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<tr>
<td>1960s/1970s</td>
<td>Semiconductors</td>
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<td></td>
<td><em>National Semiconductor, Fairchild, Intel, AMD</em></td>
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<td>1980s</td>
<td>Personal Computers, Workstations</td>
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<td></td>
<td><em>Apple, Silicon Graphics, Sun</em></td>
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<td>1990s</td>
<td>Network Computing, packet switching</td>
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<td><em>Cisco Systems, Sun</em></td>
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<td>Internet</td>
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<td><em>Netscape, Yahoo, eBay, Google,</em></td>
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<tr>
<td>2000s?</td>
<td>New technologies, new companies, new business models</td>
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However, the Valley’s edge doesn’t stem from innovation alone ...
... but also from entrepreneurship

Silicon Valley has a remarkable capacity to create and grow new companies

New Companies
(Entrepreneurship)

+ 

New Technologies
(Innovation)

Endogenous Growth
New Wealth Creation
But the real story is the small companies
The Valley also proliferates new business models

- Internet-based commerce (*Netscape*)
- Free search, supported by advertising (*Google*, *Yahoo*)
- Music downloads (*Apple itunes*)
- Social networking (*Facebook*, *MySpace*)
- Consumer as producer (*You Tube*)
So what’s happening right now in Silicon Valley?
We’re adding jobs …

Silicon Valley Employment, 1997-2007

1.6 million

Source: Joint Venture: Silicon Valley Network, 2008 Silicon Valley Index
Our innovative edge continues …

Silicon Valley’s Share of US & California Patents
Silicon Valley Cities

- Share of CA: 47%
- Share of US: 12%

Venture funding hits new highs …

Venture Capital Investment

<table>
<thead>
<tr>
<th></th>
<th>Silicon Valley Cities</th>
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<tbody>
<tr>
<td>2006 Q1-Q3</td>
<td>$5.3 billion ($2007)</td>
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<tr>
<td>2007 Q1-Q3</td>
<td>$5.9 billion ($2007)</td>
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</table>

+111% over last year
We’re moving into promising new areas …

Venture Capital Investment in Cleantech
Silicon Valley Cities & Rest of State

<table>
<thead>
<tr>
<th>Year</th>
<th>Silicon Valley (SV)</th>
<th>Rest of CA</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
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</thead>
<tbody>
<tr>
<td>2005</td>
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<td>2007</td>
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+94% growth in Silicon Valley, +7% growth in Rest of California.
Incomes are on the rise ...

Real per Capita Income  Santa Clara & San Mateo Counties vs. United States

- Silicon Valley: $46,324, $66,382, $60,354
- United States: $31,686, $35,482, $38,562

(BOMA Silicon Valley)
Median Income: Silicon Valley and United States

- Silicon Valley
- United States

BOMA Silicon Valley
So what comes next for Silicon Valley?
1. We’re not finished with Information Technology yet.

Hardly!
2. Clean Technology

![Graph showing technology investment growth from Q1 2005 to Q3 2006.](image_url)
3. Convergence of biotechnology, nanotechnology, and information technology
So what's not to like?
Silicon Valley Challenges

- As a community we have many issues to address.
- It’s going to get harder and harder to participate in the innovation economy.
Issues for the Silicon Valley Region

The Usual Litany:
- Transportation
- Housing
- Infrastructure
- Tax & Fiscal Policy
- Quality of Life
- Health care, health insurance
- Education
Housing Affordability
Percentage of Potential First-Time Homebuyers able to Purchase Median-Priced Home

Source: Joint Venture: Silicon Valley Network, 2007 Silicon Valley Index
High School Achievement
Silicon Valley

Source: Joint Venture: Silicon Valley Network, 2008 Silicon Valley Index
Enrollment in Intermediate Algebra by Ethnicity
2005

Algebra Enrollment by Ethnicity
Percentage of 10th and 11th Grade High School Students
Enrolled in Intermediate Algebra by Ethnicity,
Silicon Valley High Schools 2004-2005

Source: California Department of Education
Juvenile Felony Offense Per Capita
San Mateo & Santa Clara Counties

2002-2006
SV +23%
CA -6%
Perhaps More Disconcerting ...

It will become increasingly more difficult for people to participate in the innovation economy, and in the global marketplace.
In the future *prodigious* job growth in Silicon Valley is unlikely.

We can most likely expect steady, incremental growth.

The major opportunities will be in a few key clusters, and the industries that support those clusters.

Those jobs will be hard to get, and require significant training.
To survive and thrive in Silicon Valley, people must be innovative, productive, willing to re-invent themselves, and resilient.
Silicon Valley Worker of the future:

- Will work in numerous places over course of career
- Will have to re-train and re-tool
- Will have to distinguish self with a unique competency
- Will shoulder a heavier burden for coverage and benefits
- Will need high-end skills: language, writing, communication, technical expertise
New Challenges, Proven Models

How is Joint Venture Addressing Our Region’s Issues?
ABOUT JOINT VENTURE

“Joint Venture is like the United Nations of Silicon Valley.”

Rob Kwasnik, Intel
Current Joint Venture Initiatives

- Workforce Development
- Tax & Fiscal Issues
- The decline of traditional media
- Grand Boulevard (El Camino Real)
- Disaster Planning and Preparation
- Wireless Silicon Valley
- Climate Protection Task Force
- Cell Phone Coverage
- **Silicon Valley Economic Development Alliance**
- **Sustainability in the Built Environment**
Silicon Valley Economic Development Alliance: Your Business Concierge
Who is SVEDA?

- Multi-City, Multi-county Collaboration in South Bay Area
  - San Mateo County
  - Santa Clara County
  - Northern Santa Cruz County
  - Southern Alameda County
What is SVEDA doing for you?

- Recruit world-class companies - and the vendors and services they need to thrive
- Grow healthy downtowns and business districts, including community- and regional-serving retail and restaurants
- Retain companies by helping them succeed in our communities
- Champion a variety of business issues at the local level: permits, signage, land use, etc.
What we can help you with:

- State Incentives & Benefits
  - California has a generous Research & Development Tax Credit of 15%
  - 10 Year Carry-forward on Net Operating Losses
  - Several Types of Targeted Development Zones
  - Employment Development Department to assist with hiring & Employment Training Panel to assist with worker training
  - Infrastructure Bond programs for qualified capital expenditures
More that we can help you with:

- **Local Programs & Incentives**
  - Many Cities have targeted zones:
    - Enterprise Zones
    - Local Agency Military Base Recovery Areas (LAMBRA)
    - Manufacturing Enhancement Areas (MEA); and/or
    - Targeted Tax Areas (TTA)
  - Public and Private Incubators thrive here:
    - San Jose BioCenter
    - Software Business Cluster
    - Environmental Business Cluster
    - Electronic Transportation Development Center
    - Bio-Info-Nano Technology Research & Development Center at NASA-Ames
Getting Assistance

- One-stop Assistance for your workforce needs – Workforce Investment Boards:
  - Alameda County Workforce Investment Board
  - NOVA (Northern Santa Clara County)
  - San Mateo County Workforce Investment Board
  - Santa Cruz Workforce Investment Board
  - work2future (Southern Santa Clara County)

Helping you find commercial property:

www.siliconvalleyprospector.com

Complete information about Silicon Valley in one place:

www.siliconvalleyonline.org
Grand Boulevard

Improving our region’s “Main Street,” El Camino Real

- Two-County, 19-City Task Force
- Adopting Guiding Principles for Development on the Road
- Exploring Economic & Housing Opportunities:
  - How Can Development Improve the Road – and Our Tax Base?
Taking it from this …
... to this:
Or from this ...
... to this!
Sustainable Buildings Initiative

- 3 Focal Points: water, energy, and electronic building plan submittal
- Addressing new and existing, residential and commercial structures
- Launching 10/30/08 – flyers at your seat
The Issues:

• Need to reduce greenhouse gas emissions from buildings (new and existing) – AB 32

• Development patterns and practices must change to reflect new realities – rising sea levels, higher energy prices, etc.

• Local governments want to do the right thing, but need support to achieve consistency and get the right tools in place
The Leadership Team:

- Linda J. LeZotte, Berliner Cohen, Chair
- Joe Head, SummerHill Homes, Vice Chair – Residential
- Glenn Gabel, Webcor Builders, Vice Chair – Commercial
- Joe Horwedel, City of San Jose, Vice Chair – Local Government
Energy: Efficiency & Alternatives

- Promote policies and practices that take a balanced region-wide approach to energy efficiency and energy management

- Partner with Silicon Valley Energy Watch & others to deliver energy efficiency programs and educational workshops for cities and citizens
Water Management

- Develop water management policies and practices that meet regional demands
- Encourage local solutions and share best practices around reduced water use
- Increase usage and availability of recycled water systems for interior and landscaping
Electronic Building Plan Submission & Check

- Today, a majority of plans are submitted – in multiple copies – on paper
- Increase availability of electronic submission and pilot electronic review of plans
- Explore Green Building Information (BIM) models
What’s Next?

- Launch of Initiative & Work Groups on 10/30
- Outreach to Key Organizations in the Commercial Real Estate Management Community, such as BOMA Silicon Valley, to encourage participation
For More Information, or to Volunteer, Contact:

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THANK YOU FOR INVITING ME

Detailed information is available at the Joint Venture website:  [www.jointventure.org](http://www.jointventure.org)

We also welcome your calls:

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