

**The San Jose Redevelopment Agency
And
the City of San Jose**



Request For Interest (RFI)

In the

San Jose Innovation Center

July 1, 2012-September 30, 2014

I. Overview

Through this Request For Interest, the San Jose Redevelopment Agency (Agency) and the City of San Jose (City) are soliciting interest from nonprofit, private, academic, and government entities for the San Jose Innovation Center. The San Jose Innovation Center is located on the corner of 3rd Street and East Santa Clara Street in Downtown San Jose, two blocks from City Hall. Since 2009, the San Jose Innovation Center has been the home of the following Agency and City supported incubator programs: Environmental Business Cluster, the US Market Access Center and the Entrepreneur Center. The Agency has a master lease on the building through September 30, 2014.

The City and Agency have three goals for the future of these incubator programs and the San Jose Innovation Center building:

- a) To eliminate or significantly reduce the Agency's financial obligations for the lease payments for the San Jose Innovation Center building starting July 1, 2012 through September 30, 2014.
- b) To retain the existing incubators and small business support programs in the Innovation Center, or otherwise effect a smooth transition to suitable locations and sustainable operations elsewhere in San Jose.
- c) To retain the building's role as an asset to stimulate entrepreneurship and innovation in Downtown San Jose through the attraction of an entrepreneurial company/companies or organizations that provide support services for entrepreneurship, innovation, and commercialization.

Response of interest could take the following forms:

- a) Financial partnership with entities currently operating in the building or their fiscal agent; or
- b) Assume the Agency's interest as master tenant in the building or sublease a portion thereof.

The Redevelopment Agency of San Jose and City of San Jose welcome responses to this RFI from existing operators and building occupants, as well as from nonprofit, private, academic, and government entities in the Silicon Valley region.

Responses to this RFI are due by 5pm on Monday, **February 27, 2012**. There will be no exceptions to the deadline for late proposals. Responses may be submitted by mail, in person, or electronically to Alfredo.Iraheta@SanJoseCa.gov.

Please note that nothing herein obligates the Agency and City to enter into contracts or sublease agreements for the San Jose Innovation Center. Furthermore, the Agency and

City may decide based on its review of proposals submitted in response to this RFI to pursue all, some or none of the proposals at the Agency and City’s sole discretion.

II. Description of the Building and Lease



The San Jose Innovation Center is a 5-story office building located at 100 E. Santa Clara on the corner of 3rd and Santa Clara in downtown San Jose. Located in the downtown historic district, the circa 1900 building, received a facelift and updated tenant improvements in 2009. The building is plug and play ready. There are kitchen areas on each floor equipped with sinks and eating areas. The total leasable space is 26,075 square feet. Each floor is approximately 5,000 square feet with a unique floor plan. The facility has a state-of –the-art training room on the first floor, 4 conference rooms, WIFI, elevator, central air, and 30 paved parking spaces.

Facility Highlights

- | | |
|---|---|
| <input type="checkbox"/> Abundant Number of Private offices | <input type="checkbox"/> Updated Façade in 2009 |
| <input type="checkbox"/> Cubicle Spaces | <input type="checkbox"/> Fully Sprinklered |
| <input type="checkbox"/> Carpeted Floors | <input type="checkbox"/> Central Air-Conditioning |
| <input type="checkbox"/> High Speed Internet Capabilities | <input type="checkbox"/> Paved Parking |
| <input type="checkbox"/> Handicapped Accessible | <input type="checkbox"/> High Ceilings |

The San Jose Redevelopment Agency is the master tenant of the building pursuant to a lease dated September 15, 2009 with RSTP, LLP, (“Landlord”), the building owner. The initial term of the lease started on October 1, 2009 and will expire on September 30, 2014. The current monthly per square foot rent is \$1.53, with an annual increase up to 3% based on CPI in September 2012 and 2013. The remaining base rent obligation is approximately \$1,120,700. The Landlord pays for utilities from Monday thru Friday from 7am to 5:30 pm. Utility usage outside of normal work hours are currently the responsibility of the Agency, as the master tenant. The Landlord provides a monthly invoice based on usage. The additional common area utility charges range from \$5,000 to \$6,000 a month for the building.

The Agency subleases the building to San Jose State University Research Foundation (SJSURF) and Humboldt State University Sponsored Programs (HSUSP) in exchange for the management of the incubator programs located in the San Jose Innovation Center. SJSURF is the operator and fiscal sponsor of the US Market Access and Environmental Business Cluster. HSUSP is the operator and fiscal sponsor for the Entrepreneur Center. The operators are responsible for paying the common area charges for the building, daily management of the facilities, attracting high-potential companies for the programs, and providing business and commercialization services to their tenants. A list of companies currently resident in the building is attached.

Downtown San Jose is an easy-to-access, lower-cost work environment that has a growing concentration of startups, scaling businesses, and foreign companies landing in Silicon Valley. Large anchor companies like Adobe, Acer, Oracle, Deloitte, PWC,

Accenture, and Comerica are also part of the downtown San Jose skyline. Companies locating Downtown can benefit from the City's Parking Incentive Program and San Jose's Enterprise Zone, offering significant state tax credits.

In addition to San Jose's nationally recognized business incubators, other innovative private-sector co-working spaces and accelerators are locating downtown: Irish Innovation Center, NextSpace, TechShop SJ, and Citizen Space. More and more seasoned entrepreneurs such as Greg Woock of Pinger and Chris Cabrera of Xactly are choosing Downtown San Jose, because of the accessibility to public transit, highways, myriad of dining and entertainment options, parks, trails, and special events.

III. Existing Incubator Programs

The San Jose Incubator Program is comprised of three separate incubation and business service programs: the Environmental Business Cluster (EBC), the US Market Access Center (USMAC), and the San Jose BioCenter (BioCenter).

Programs Operating in San Jose Innovation Center

The Environmental Business Cluster (EBC) is an award-winning cleantech incubator that provides commercialization support and facilities for emerging clean energy and environmental technology companies. Currently, there are 25 fast-growing companies located in EBC's offices at the San Jose Innovation Center.

<http://www.environmentalcluster.org/>

The US Market Access Center (USMAC) <http://www.usmarketaccess.com/> is a specialized business incubator and accelerator that works with foreign technology companies interested in entering the United States market, primarily in Silicon Valley. The USMAC delivers workshops, seminars, boot camps and other types of training to hundreds of global entrepreneurs from over 20 countries. Currently, there are 38 companies working at USMAC's offices at the San Jose Innovation Center.

The Entrepreneur Center (eCenter) <http://sanjosecenter.org/> is a certified Small Business Administration development center that assists small businesses and entrepreneurs with business plans, information technology, website training, business administration training, coaching, mentoring and obtaining access to capital. The eCenter tenants, all non-profit organizations, include the Silicon Valley Small Business Development Center, AnewAmerica, the San Jose Silicon Valley Hispanic Chamber of Commerce, TMC Finance Corporation and the United States Small Business Administration (SBA).

IV. Criteria for Consideration

In considering responses to this RFI, the Agency and City will consider the extent to which potential partners can help advance the Agency and City's three strategic goals:

- a) Elimination or significant reduction of the Agency's financial obligations under the lease starting July 1, 2012 until expiration on September 30, 2014.
- b) Retention of the existing incubators and small business support programs in the Innovation Center building, or otherwise effect a smooth transition to suitable locations and sustainable operations elsewhere in San Jose.
- c) To retain the building's role as an asset to stimulate entrepreneurship and innovation in Downtown San Jose through the attraction of an entrepreneurial company/companies or organizations that provide support services for entrepreneurship, innovation, and commercialization.

V. The Redevelopment Agency and City's Offer

The Agency and the City are open to discuss ways we can aid success of the Innovation Center Building that do not require financial outlay. This could include naming or branding opportunities, access to networks or other City assets.

VI. Submittal

Please send a letter of interest with the following information:

Organization Name:

Address:

Contact Person:

Type of Entity

Email:

1. *Nature of Your Interest*—Describe your interest in a) financial partnership with existing building occupants/their fiscal agent, b) assignment of Agency's interest as tenant in the Master Lease or sublease a portion thereof.
2. *Background and Expertise*—Briefly describe your organization and its experience and interests in entrepreneurship.
3. *Resource Commitment*-- Describe the financial or other resources you can bring to the existing programs, the building, and/or Downtown San Jose. Describe how your participation would significantly reduce or eliminate the Agency's lease obligations on the building from July 1, 2012 through September 30, 2014.
4. *Expectations of the Agency and City*—Describe any requests or requirements of the Redevelopment Agency and City to help ensure the success of your investment.

VII. Tour of the San Jose Innovation Center

The Agency and City will provide two tour dates in January for a group of interested parties to tour the facilities. January 20, 2012 at 3pm and January 23, 2012 at 9am. Please email Sandi.Fernandez@SanJoseCa.gov to reserve a spot.

VIII. Schedule

Responses to RFI are due by February 27, 2012. Timeline for implementation starts July 1, 2012.

IX. Qualifications

All nonprofit, private, academic, and government entities are eligible to apply.

X. Attachments

Masterlease, subleases, and a list of current tenants are on-line at <http://www.sjredevelopment.org/opportunities.htm>

RFI Contact Information

Please submit all questions and final submittal via email, regular mail, or in person by February 27, 2012 to:

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