



Commercial Real Estate

## **Gov. Newsom gets a wake-up call as he seeks to stem the Bay Area exodus?**



Gov. Gavin Newsom is getting plenty of attention over his unusual outreach to California's top business leaders.

JIM WILSON/THE NEW YORK TIMES

By Mark Calvey – Senior Reporter, San Francisco Business Times

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Gov. Gavin Newsom reportedly sent burner phones in recent months to the CEOs of about 100 of the largest California-based companies, encouraging them to reach out to him.

The inexpensive prepaid phones, programmed to dial up the governor, came with letters on official stationery and hand-written personal messages, Politico reported this week. The effort, some might say gimmick, is getting plenty of attention from the media and business community.

“If you ever need anything, I’m a phone call away,” according to the governor’s note on official letterhead to a prominent tech firm’s CEO, Politico reported, adding that the hand-written note encouraged the chief executive to reach out. Politico, who did not identify the CEO getting the burner phone, said a Newsom representative credited the governor’s effort for already yielding some “valuable interactions.”

Some may question whether the burner phones ever arrived on CEOs’ desks, given today’s security concerns. But the governor’s message has landed with his audience.

“We actually had a California client talk to us about this, asking ‘What’s going on here?’” site-selection consultant John Boyd, a principal at the Boyd Co. in Boca Raton, Fla., told the Business Times Thursday. “This is being positively received by the business community.”

Boyd, who advises companies on expansion plans and headquarters relocations, declined to identify the client except to say it’s a major employer in the Golden State that’s mulling its options.

“I’m not suggesting the governor’s effort is going to move the needle on whether they stay or not, but the business community, more than anything, wants accountability from their lawmakers,” Boyd said. “Businesses want their lawmakers to be sensitive to the challenges and obstacles that companies face today in California.”

Despite California’s much-publicized problems, Boyd also stresses that California has its strengths as an international gateway and being on the leading edge of AI and other technology, which helps make the state the world’s fifth-largest economy.

The Democratic governor’s burner phones arrived as he shifts toward the political center that’s causing plenty of consternation among his longtime supporters. But Boyd said the shift is being well received, if quietly, by some business leaders.

“Yeah, this is a gimmick,” Boyd said. “But in the economic development business, the idea that a CEO can contact the governor with a problem, perhaps early on ... that’s the type of access CEOs want with governors and mayors.

“It’s been part of the winning formula in Texas, Arizona, Georgia and the Carolinas in recent years.”

Perhaps even more surprising to the likes of Boyd is the speed with which Newsom made an about-face when it comes to being all ears regarding concerns of business leaders.

It was just last month that the Wall Street Journal reported on Chevron’s ugly divorce with California, where the company drilled the state’s first successful oil well more than 140 years ago.

Chevron CEO Mike Wirth tried to reach Newsom for more than a week last summer to tell him that the oil giant's headquarters was moving to Houston from San Ramon before it was announced publicly.

"We're about to make an announcement. I'd like to tell you before you read about it," Wirth texted the governor last August, according to the Wall Street Journal, which said the California governor's reply was essentially: "I don't need to talk about it. I'm good."

Granted, Chevron's departure came with all the surprise of the blaring horn of a train rushing down the tracks. In recent years, Charles Schwab, McKesson, Oracle and Tesla uprooted their California HQs and left for Texas. Persistent speculation sees Wells Fargo's headquarters eventually joining them in the Lone Star State.

Still, the significance of Newsom's burner-phone effort isn't lost on the Bay Area business community.

"I'm very encouraged by the governor taking the step of reaching out to business leaders in California and asking them to contact him with their issues and opportunities, so that problems can get solved before they become big problems," said Jim Wunderman, CEO of the business-backed Bay Area Council.