

City Manager - Office of Economic Development

Kim Walesh, Deputy City Manager

M
I
S
S
I
O
N

Catalyze job creation, private investment, revenue generation, and talent development and attraction

City Service Area

Community and Economic Development

Core Services

Arts and Cultural Development

Support diverse cultural amenities, offerings, and organizations, and authorize and coordinate outdoor special events on public and private property

Business Development and Economic Strategy

Assist business location and expansion, advance San José's Economic Strategy, and support council policy-making

Real Estate Services

Manage the City's real estate assets and facilitate real estate-related transactions to support City projects and generate revenue

Regional Workforce Development

Assist businesses in hiring a quality workforce through assessment, supportive services, and skills training

Strategic Support: Budget/Fiscal Management and Administrative Support

City Manager - Office of Economic Development

Service Delivery Framework

PROGRAM	DESCRIPTION
<i>Arts and Cultural Development Core Service</i>	
Arts and Cultural Development Administration	Sets priorities and plans for cultural development, addresses policy issues, manages cultural initiatives and programs, and assists external initiatives that affect San José arts and culture, and supports the Arts Commission.
Cultural Grants	Awards and administers over 100 grants annually for non-profit arts organizations, special events, and creative entrepreneurs with services that include technical assistance to arts organizations and creative entrepreneurs in achieving their goals.
Cultural Facilities Operations and Maintenance	Provides stewardship of city-owned cultural facilities such as the Convention Center, the Hammer Theatre Center, and Mexican Heritage Plaza, including the management of operations and maintenance agreements with nonprofit partners and the monitoring of those partners; coordinates with the Department of Public Works on maintenance and capital needs of the cultural facilities.
Outdoor Events	Authorizes and oversees over 500 annual outdoor special events citywide; leads the inter-departmental and inter-agency Special Events Team; provides event information to the public, businesses and neighborhood organizations; builds relationships with regional, national and international event producers; and creates beneficial event sponsorship opportunities for San José business community.
Public Art / Placemaking	Supports the commissioning of art for the public realm, City Hall exhibits, and the 250 artworks in the City's collection; supports the development of neighborhood business centers citywide, encourages street life activation, and increases retail amenities (in Neighborhood Business Districts and urban villages) including management of the wayfinding program, banner program, and small business inter-departmental coordination.
<i>Business Development and Economic Strategy Core Service</i>	
Business Outreach and Assistance	Works with existing and potential San José businesses and entrepreneurs to encourage business and job attraction, retention, expansion and creation including driving industry outreach, lay off prevention, small business assistance, and hiring and customized training.
Downtown Management	Manages relationships, legal agreements, joint projects and policy changes between the City and major downtown partners, including Team San José, San José Downtown Association, San José Sports Authority, San José State University, and the San José Hotels, Japantown and Downtown Business Improvement Districts; manages the City's free use program and plays a lead role in public space activation in the downtown.

City Manager - Office of Economic Development

Service Delivery Framework

PROGRAM	DESCRIPTION
<i>Business Development and Economic Strategy Core Service</i>	
Economic Policy Analysis / Communications	Leads development of economic development-related strategies (e.g., the Economic Strategy and North San José Area Development Policy), administers the Sister City and Foreign Trade Zone programs, and performs economic and data analysis to support policy development, business intelligence activities, and decision making by numerous departments and City Council.
<i>Real Estate Services Core Service</i>	
City Lease Administration	Manages leasing with the City as a lessee or lessor for facilities and/or telecommunications, including maintenance of City owned properties that are being leased to other entities or are vacant.
City Property Acquisition and Sales	Works with real estate brokers, developers and property owners to encourage new leasing and development activity while supporting businesses and developers as they move through the development and permitting processes, including acquisition of temporary or permanent property rights for City projects and initiatives; manages the sale of surplus property.
<i>Regional Workforce Development Core Service</i>	
Workforce Development Services	Provides assessments, career counseling, workshops, training, supportive services and job development support to over 4,000 youth and adult clients annually, while at the same time supporting tens of thousands of businesses with recruiting, on-the-job training, layoff aversion, and technical assistance directly and through the BusinessOwnerSpace network.
Workforce Innovation and Opportunity Act Board Support and Administration	Supports effective decision-making of the 25 member, federally mandated work2future Board and its committees through the preparation of memos, presentations and updates and development of board and committee packets; manages recruitment and onboarding of new board members; and ensures compliance with the WIOA Board governance requirements, Brown Act, Sunshine rules, Form 700, etc.
<i>Strategic Support Core Service</i>	
Economic Development Management and Administration	Provides administrative oversight for the office, including executive management, financial management, human resources, and analytical support.

City Manager - Office of Economic Development

Department Budget Summary

Expected 2018-2019 Service Delivery

- Engage and assist companies that can create jobs and expand the City's tax base, with focus on emerging growth companies, anchor employers, revenue-generators, and incoming foreign investment. Facilitate development projects that can generate property tax and sales tax revenues.
- Provide a range of re-employment services to residents by creating opportunities to learn job skills and earn credentials.
- Assist arts organizations, cultural facilities, and outdoor event producers to sustain, innovate, and adapt in a changing fiscal environment.
- Manage the City's real estate assets with focus on revenue generation, cost minimization, and timely transaction services.

2018-2019 Key Budget Actions

- Continues one-time funding of \$200,000 to support business outreach and development, economic and policy analysis and development, and program marketing and expansion.
- Adds ongoing 1.0 Events Coordinator II position to the Office of Cultural Affairs to continue an existing temporary position to address the demand for outdoor event coordination, requests for information, and process improvements.
- Shifts 20% of an Assistant Director position from the Workforce Development Fund to the General Fund to align funding sources with the position's workload.
- Adds funding, as described in the City-Wide Expenses section of this document:
 - o \$1,580,000 one-time for Diridon Station Area Development Planning to support planning, development, and civic engagement, which is primarily offset by \$1,330,000 of revenue from a Service Reimbursement Agreement with Google;
 - o \$1.5 million ongoing to continue the San José Works youth initiative;
 - o \$300,000 one-time to establish one-time funds to support Service Year programs in the Library and Parks, Recreation, and Neighborhood Services Departments;
 - o \$500,000 one-time for San José Sports Authority to support efforts to attract and host major sporting events;
 - o \$150,000 one-time for Economic Development Pre-Development Activities;
 - o \$100,000 one-time for a variety of direct miscellaneous expenses the City may incur related to hosting the College Football Playoff National Championship in January 2019;
 - o \$100,000 one-time to the San José Downtown Association to support capital infrastructure investments to continue to produce Downtown Ice; and
 - o \$50,000 one-time to continue to support the partnership formation, project design, and implementation services provided by the Silicon Valley Talent Partnership.

Operating Funds Managed

- | | |
|--|---|
| <input type="checkbox"/> Business Improvement District Fund | <input type="checkbox"/> Transient Occupancy Tax Fund |
| <input type="checkbox"/> San José Arena Capital Reserve Fund | <input type="checkbox"/> Workforce Development Fund |

City Manager - Office of Economic Development

Department Budget Summary

	2016-2017 Actuals*	2017-2018 Adopted	2018-2019 Forecast	2018-2019 Adopted
Dollars by Core Service				
Arts and Cultural Development	n/a	37,324,939	30,074,120	32,096,511
Business Development and Economic Strategy	n/a	8,769,399	7,521,473	8,687,808
Real Estate Services	n/a	2,304,092	2,144,655	2,209,655
Regional Workforce Development	n/a	9,934,891	10,067,999	11,173,322
Strategic Support - Community & Economic Development	n/a	3,662,182	3,165,926	5,313,257
Strategic Support - Other - Community & Economic Development	n/a	1,657,765	1,173,795	1,814,058
Total	n/a	\$63,653,268	\$54,147,968	\$61,294,611
Dollars by Category				
Personal Services and Non-Personal/Equipment				
Salaries/Benefits	9,783,891	10,865,342	10,883,262	10,992,901
Overtime	1,532	0	0	0
Subtotal Personal Services	\$9,785,423	\$10,865,342	\$10,883,262	\$10,992,901
Non-Personal/Equipment	948,369	923,404	558,561	768,561
Total Personal Services & Non-Personal/Equipment	\$10,733,792	\$11,788,746	\$11,441,823	\$11,761,462
Other Costs**				
City-Wide Expenses	n/a	10,165,679	6,099,090	11,756,830
Gifts	n/a	166,884	166,884	387,118
Other	n/a	34,590,959	36,335,184	37,292,214
Other - Capital	n/a	6,866,000	0	0
Overhead Costs	n/a	0	29,987	29,987
Workers' Compensation	n/a	75,000	75,000	67,000
Total Other Costs	n/a	\$51,864,522	\$42,706,145	\$49,533,149
Total	n/a	\$63,653,268	\$54,147,968	\$61,294,611

* Some data for the 2016-2017 Actual column are not available. With the change to a program-based budgeting model in 2017-2018, historical budget data by the new programs and core services is not available for prior periods.

** Fund Balance, Transfers, and Reserves for funds that may be managed by this department have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document.

City Manager - Office of Economic Development

Department Budget Summary

	2016-2017 Actuals*	2017-2018 Adopted	2018-2019 Forecast	2018-2019 Adopted
Dollars by Fund				
General Fund (001)	n/a	15,876,667	11,633,933	17,582,739
Airport Maintenance And Operation Fund (523)	n/a	117,045	185,427	185,427
Business Improvement District Fund (351)	n/a	3,784,937	3,784,937	4,031,683
Convention And Cultural Affairs Fund (536)	n/a	15,847,750	8,981,750	7,830,000
General Purpose Parking Fund (533)	n/a	81,000	0	0
Gift Trust Fund (139)	n/a	166,884	166,884	387,118
San José Arena Capital Reserve Fund (459)	n/a	1,501,000	1,501,000	3,997,750
San José Municipal Stadium Capital Fund (476)	n/a	35,000	35,000	39,000
Transient Occupancy Tax Fund (461)	n/a	17,054,136	17,086,367	16,926,636
Workforce Development Fund (290)	n/a	8,462,904	10,108,370	9,649,958
Capital Funds	n/a	725,945	664,300	664,300
Total	n/a	\$63,653,268	\$54,147,968	\$61,294,611
Positions by Core Service				
Arts and Cultural Development	n/a	12.00	11.00	12.00
Business Development and Economic Strategy	n/a	9.75	11.73	11.73
Real Estate Services	n/a	4.20	3.20	3.20
Regional Workforce Development	n/a	17.67	17.67	17.47
Strategic Support - Community & Economic Development	n/a	10.21	10.23	10.43
Strategic Support - Other - Community & Economic Development	n/a	4.17	3.17	3.17
Total	n/a	58.00	57.00	58.00

* Some data for the 2016-2017 Actual column are not available. With the change to a program-based budgeting model in 2017-2018, historical budget data by the new programs and core services is not available for prior periods.

** Fund Balance, Transfers, and Reserves for funds that may be managed by this department have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document.

City Manager - Office of Economic Development

Department Budget Summary

	2016-2017 Actuals*	2017-2018 Adopted	2018-2019 Forecast	2018-2019 Adopted	2018-2019 Adopted Positions
Dollars by Program**					
Arts and Cultural Development					
Arts and Cultural Development Administration	n/a	8,721,378	8,678,192	8,621,942	2.00
Cultural Grants	n/a	9,626,737	9,635,795	9,432,675	1.00
Cultural Facilities Operations and Maintenance	n/a	17,235,308	10,381,028	12,284,028	1.00
Outdoor Events	n/a	866,648	669,855	929,494	4.00
Public Art/Placemaking	n/a	874,868	709,250	828,372	4.00
Sub-Total	n/a	37,324,939	30,074,120	32,096,511	12.00
Business Development and Economic Strategy					
Business Outreach and Assistance	n/a	6,494,773	5,764,862	7,120,797	6.80
Downtown Management	n/a	1,314,587	993,303	803,703	2.00
Economic Policy Analysis/Communications	n/a	960,039	763,308	763,308	2.93
Sub-Total	n/a	8,769,399	7,521,473	8,687,808	11.73
Real Estate Services					
City Lease Administration	n/a	1,481,971	1,551,500	1,551,500	0.00
City Property Acquisition and Sales	n/a	822,121	593,155	658,155	3.20
Sub-Total	n/a	2,304,092	2,144,655	2,209,655	3.20
Regional Workforce Development					
Workforce Development Services	n/a	9,446,520	9,589,047	10,694,370	15.37
Workforce Innovation and Opportunity Act Board Support and Administration	n/a	488,371	478,952	478,952	2.10
Sub-Total	n/a	9,934,891	10,067,999	11,173,322	17.47
Strategic Support - Community & Economic Development					
Economic Development Management and Administration	n/a	3,662,182	3,165,926	5,313,257	10.43
Sub-Total	n/a	3,662,182	3,165,926	5,313,257	10.43
Strategic Support - Other - Community & Economic Development					
Economic Development Gifts	n/a	166,884	166,884	301,147	0.00
Economic Development Other Departmental - City-Wide	n/a	750,000	306,000	816,000	0.00
Economic Development Other Operational - Administration	n/a	665,881	595,924	599,924	3.17
Economic Development Overhead	n/a	0	29,987	29,987	0.00
Economic Development Workers' Compensation	n/a	75,000	75,000	67,000	0.00
Sub-Total	n/a	1,657,765	1,173,795	1,814,058	3.17
Total	n/a	\$63,653,268	\$54,147,968	\$61,294,611	58.00

* Data for the 2016-2017 Actual column are not available. With the change to a program-based budgeting model in 2017-2018, historical budget data by the new programs and core services is not available for prior periods.

** Fund Balance, Transfers, and Reserves for funds that may be managed by this department have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document.

City Manager - Office of Economic Development

Budget Reconciliation

Personal Services and Non-Personal/Equipment

(2017-2018 Adopted to 2018-2019 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2017-2018):	58.00	11,788,746	5,710,988
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Council District #06 Public Art Projects		(68,000)	(68,000)
• Rebudget: Airport Public Art Maintenance		(2,043)	0
• Business Development and Economic Strategy Activities		(200,000)	(200,000)
• Office of Cultural Affairs Staffing (1.0 Events Coordinator II)	(1.00)	(87,156)	0
• Ethnic and Minority-Led Small Business Grant Program		(50,000)	(50,000)
• Silicon Valley Initiative to Drive Economic Advancement		(50,000)	(50,000)
One-time Prior Year Expenditures Subtotal:	(1.00)	(457,199)	(368,000)
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocation: - 1.0 Real Property Agent II to 1.0 Executive Analyst I/II - 1.0 Assistant to the City Manager to 1.0 Deputy Director		106,476	125,327
• Economic Development Management and Administration Program staffing fund shift from capital funds to General Fund		0	61,908
• City lease administration		5,200	5,200
• Professional development program		(1,400)	(580)
Technical Adjustments Subtotal:	0.00	110,276	191,855
2018-2019 Forecast Base Budget:	57.00	11,441,823	5,534,843
Budget Proposals Approved			
1. Business Outreach and Support Services		200,000	200,000
2. Outdoor Special Events Coordinator	1.00	109,639	0
3. Strategic Partnerships Assistant Director	0.00	0	81,066
4. Rebudget: Council District 6 Public Art Project		10,000	10,000
Total Budget Proposals Approved	1.00	319,639	291,066
2018-2019 Adopted Budget Total	58.00	11,761,462	5,825,909

City Manager - Office of Economic Development

Budget Changes By Department Personal Services and Non-Personal/Equipment

2018-2019 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Business Outreach and Support Services <i>Community and Economic Development CSA</i> <i>Business Development and Economic Strategy Core Service</i> <i>Business Outreach and Assistance Program</i>		200,000	200,000
<p>This action adds one-time funding of \$200,000 to continue to support business outreach and development, economic and policy analysis and development, and city identity program expansion. One-time funding of \$200,000 was approved in 2017-2018 for projects that included the continuation of the Strategic Communications Initiative, Customer Relationship Management system, expansion of banner hardware into new areas of San José, and targeted marketing, outreach, and business development to attract new users to the Business Cooperation and Foreign Trade Zone programs. One-time funding in 2018-2019 will support Urban Villages, Mayor’s Housing Crisis Plan, and the continuation of the City’s branding and marketing campaign. (Ongoing costs: \$0)</p>			
2. Outdoor Special Events Coordinator <i>Community and Economic Development CSA</i> <i>Arts and Cultural Development Core Service</i> <i>Outdoor Events Program</i>	1.00	109,639	0
<p>This action makes permanent 1.0 Events Coordinator II position in the Office of Cultural Affairs (OCA), funded by the Transient Occupancy Tax Fund. The OCA serves as a “one-stop shop” for outdoor special events, coordinating City services for all special events each year, which includes festivals, commercial filming, and races. The annual number of events coordinated by OCA has increased from 248 events in 2000-2001 to 512 events during 2017-2018. This position, which was previously budgeted through June 2018, will help meet the increased demand for events coordination services and be responsive to the increasing complexity of larger-scale events and requests for information. (Ongoing costs: \$111,979)</p>			

City Manager - Office of Economic Development

Budget Changes By Department Personal Services and Non-Personal/Equipment





2018-2019 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. Strategic Partnerships Assistant Director <i>Community and Economic Development CSA Regional Workforce Development and Strategic Support Core Services</i> <i>Workforce Development Services and Economic Development Management and Administration Programs</i> This action shifts 20% of an Assistant Director position from the Workforce Development Fund to the General Fund to align funding sources with the position's planned workload in 2018-2019. The position is currently funded 40% to the Workforce Development Fund, which funds the work2future program, and 60% to the General Fund. A change in the service model in 2013-2014 shifted much of the oversight of the work2future program from the Assistant Director position to the work2future Investment Board. In addition, the Assistant Director position has been tasked with advancing the Mayor's Office and City Manager's Office priorities such as San José Works, SJ Learns, and 2020 Census. (Ongoing costs: \$112,721)	0.00	0	81,066
4. Rebudget: Council District 6 Public Art Project <i>Community and Economic Development CSA Arts and Cultural Development Core Service</i> <i>Arts and Cultural Development Administration Program</i> This action rebudgets unexpended 2017-2018 non-personal/equipment funding for public art on underpass columns in the Willow Glen neighborhood. (Ongoing costs: \$0)		10,000	10,000
2018-2019 Adopted Budget Changes Total	1.00	319,639	291,066

City Manager - Office of Economic Development

Performance Summary

Arts and Cultural Development

Performance Measures

	2016-2017 Actual	2017-2018 Target	2017-2018 Estimated	2018-2019 Target
 % of public art works that are in the City's permanent collection that are in good to excellent condition based on their physical and operational condition	83%	75%	75%	80%
 Total OCA grant awards	\$4.6 million	\$4.4 million	\$4.2 million	\$4.2 million
 % of responding funded cultural organizations rating the arts grants program good to excellent based on responsiveness and timeliness	100%	90%	96%	90%
 % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent	40%	41%	N/A ¹	45%

¹ Data for this measure is collected through the biennial City-Wide Community Survey. The next community survey will be conducted in the fall of 2018, and those results will be reported in the 2019-2020 Proposed Budget.

Activity and Workload Highlights



	2016-2017 Actual	2017-2018 Forecast	2017-2018 Estimated	2018-2019 Forecast
# of arts and cultural grants awarded	117	110	120	110
# of public art works in the City's permanent collection	283	290	288	292
# of outdoor special events coordinated by OCA	534	400	512	470
# of reported attendees at OCA coordinated events	2,300,000	2,000,000	2,200,000	2,200,000
Grant funding for special events	\$430,321	\$500,000	\$500,000	\$500,000

City Manager - Office of Economic Development

Performance Summary

Business Development and Economic Strategy

Performance Measures

	2016-2017 Actual	2017-2018 Target	2017-2018 Estimated	2018-2019 Target
 Estimated jobs generated/retained by companies that received OED assistance	8,438	5,500	5,800	5,500
 Ratio of tax revenues (e.g. sales and business taxes, excludes property taxes) generated by assisted companies per estimated OED outreach expenditure	3.55:1	2.2:1	2.4:1	2.5:1

Activity and Workload Highlights

	2016-2017 Actual	2017-2018 Forecast	2017-2018 Estimated	2018-2019 Forecast
# of companies receiving permitting assistance	33	30	45	50
# of firms with which OED held meetings	435	350	300	350
# of establishments participating in business assistance programs (Foreign Trade Zone and Business Cooperation Program)	18	15	18	20

City Manager - Office of Economic Development

Performance Summary

Real Estate Services

Performance Measures

	2016-2017 Actual	2017-2018 Target	2017-2018 Estimated	2018-2019 Target
\$ Revenue Generated:				
a) Leases	\$2,347,738	\$1,750,000	\$1,821,000	\$1,803,897
b) Telecom	\$1,223,084	\$975,000	\$1,015,736	\$1,035,900 ¹
c) Surplus property sales	\$155,570	\$800,000	\$1,600,000	\$1,360,700

¹ Excludes revenue from Small Cell utility permits that are under development.

Activity and Workload Highlights



	2016-2017 Actual	2017-2018 Forecast	2017-2018 Estimated	2018-2019 Forecast
# of properties managed	48	52	52	52
# of real estate transactions within 12 months	111	130	130	130

City Manager - Office of Economic Development

Performance Summary

Regional Workforce Development

Performance Measures

	2016-2017 Actual	2017-2018 Target	2017-2018 Estimated	2018-2019 Target
 Estimated % of clients placed in jobs				Goals set annually by State of CA
- Adults	56.33%	58.0%	58.0%	TBD ¹
- Dislocated workers	66.71%	64.0%	64.0%	TBD ¹
- Youth	60.22%	62.4%	62.4%	TBD ¹
 Estimated % of clients employed six months after initial placement				Goals set annually by State of CA
- Adults	82.70%	55.0%	55.0%	TBD ¹
- Dislocated workers	87.62%	62.0%	62.0%	TBD ¹

¹ The 2018-2019 Targets have not yet been set by the Employment Development Department.

Activity and Workload Highlights

	2016-2017 Actual	2017-2018 Forecast	2017-2018 Estimated	2018-2019 Forecast
# of business clients served by the Business Services Unit	397	225	242	200

City Manager - Office of Economic Development

Departmental Position Detail

Position	2017-2018 Adopted	2018-2019 Adopted	Change
Accountant II	2.00	2.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	5.00	5.00	-
Arts Programs Coordinator	1.00	1.00	-
Assistant Director	2.00	2.00	-
Assistant to the City Manager	2.00	1.00	(1.00)
Deputy City Manager	1.00	1.00	-
Deputy Director	1.00	2.00	1.00
Division Manager	2.00	2.00	-
Economic Development Manager	1.00	1.00	-
Economic Development Officer	1.00	1.00	-
Events Coordinator II	2.00	2.00	-
Executive Analyst I/II	2.00	3.00	1.00
Executive Assistant	1.00	1.00	-
Public Information Manager	1.00	1.00	-
Real Property Agent II	4.00	3.00	(1.00)
Secretary	1.00	1.00	-
Senior Account Clerk	2.00	2.00	-
Senior Analyst	4.00	4.00	-
Senior Arts Program Coordinator	5.00	5.00	-
Senior Events Coordinator	1.00	1.00	-
Senior Executive Analyst	11.00	11.00	-
Staff Specialist	1.00	1.00	-
Staff Technician	3.00	3.00	-
Supervising Accountant	1.00	1.00	-
Total Positions	58.00	58.00	0.00

PAGE IS INTENTIONALLY LEFT BLANK