

## ECONOMIC DEVELOPMENT

The mission of the Office of Economic Development is to catalyze job creation, private investment, revenue generation, and talent development and attraction.

# ECONOMIC DEVELOPMENT

(includes the Office of Cultural Affairs, work2future, and the Convention and Cultural Facilities)

The City of San José's Office of Economic Development (OED) leads the City's economic strategy, provides assistance for businesses, manages the City's real estate assets, helps connect employers with trained workers, and supports art and cultural amenities in the community.

OED manages several incentive programs for businesses, among them the Foreign Trade Zone and the Business Cooperation Program which refunds companies a portion of use taxes allocated to the City.

OED also oversees the non-profit operator of the City's [Convention & Cultural Facilities](#) (Team San Jose) and agreements for other City and cultural facilities.

In 2017-18, OED's operating expenditures totaled \$11.1 million. This includes personal and non-personal expenditures. The department was responsible for \$39.7 million of other costs, including \$8.9 million in Citywide expenses. This included \$1.4 million in property leases where the City is the tenant, a \$1 million subsidy to the Tech Museum and \$0.9 million to the SJ Works: Youth Jobs Initiative. The City also supported the Convention & Cultural Facilities with \$4.7 million from hotel tax revenues.

## KEY FACTS (2017-18)

Largest city in the Bay Area (3rd largest in California, 10th in the nation)

Unemployment Rate 2.9%

Median Household Income \$ 104,675

Sources: Bureau of Labor Statistics and 2017 [American Community Survey](#)

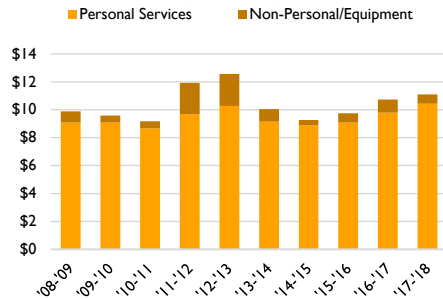
## ECONOMIC STRATEGY WORKPLAN

In early 2016, Council adopted a 24-month Economic Strategy workplan that was intended to direct work through the end of the economic cycle. The workplan sought to regain jobs and revenue through business support, funding, and streamlining City processes to reduce business costs. This included the sale of 16.6 acres of land for approximately \$36.4 million and meetings held with more than 300 companies.

The workplan also sought to invest for future success through talent development, supporting transportation infrastructure, and encouraging downtown development. This included bringing together more than 30 companies to establish an advanced manufacturing apprenticeship model in coordination with local high schools and community colleges.

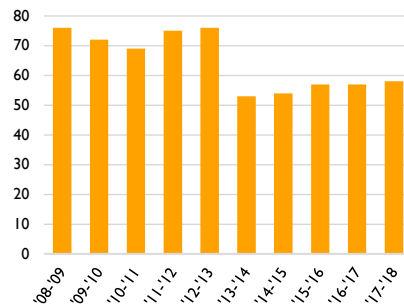
Source: Office of Economic Development

**OED Operating Expenditures (\$millions)**



Note: In '11-'12, Real Estate Services was added to OED.

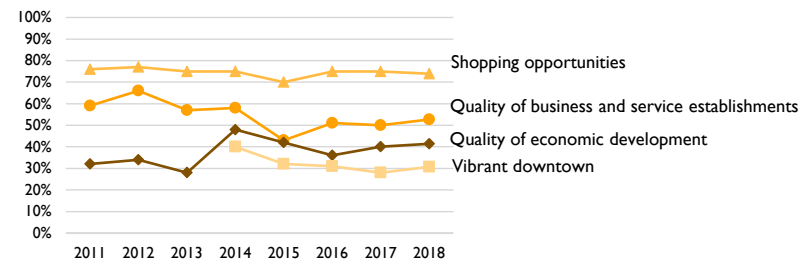
**OED Authorized Positions**



Note: In '13-'14, the transition of work2future client services to the Foundation eliminated 24 positions.

**RESIDENT SURVEY**

% of San José residents rating as "excellent" or "good"



## BUSINESS DEVELOPMENT AND JOBS

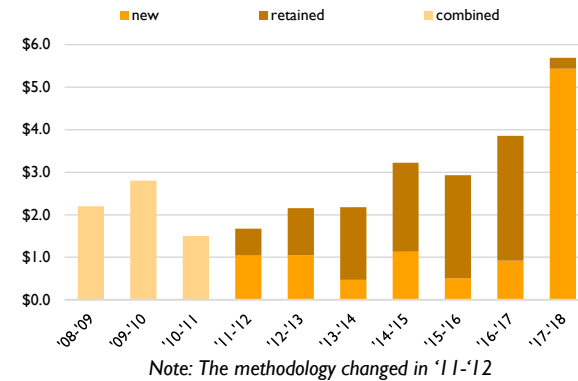
OED promotes business in the City of San José by providing assistance, information, access to services, and facilitation of the development permit process (also see *Development Services in the Planning, Building and Code Enforcement section*). In 2017-18, OED provided development facilitation services to 35 businesses. It also coordinated the Business Owner Space small business network, through which clients received information, technical/human resources support, or other services from partner organizations like SCORE, a mentoring and training provider to small businesses.\*

OED estimated \$5.7 million in tax revenues (business and sales taxes) generated by companies that received its assistance. In 2017-18, this included the successful attraction of Costco Wholesale. About \$4.85 in tax revenue was generated for every \$1 of OED expenditure on business development.

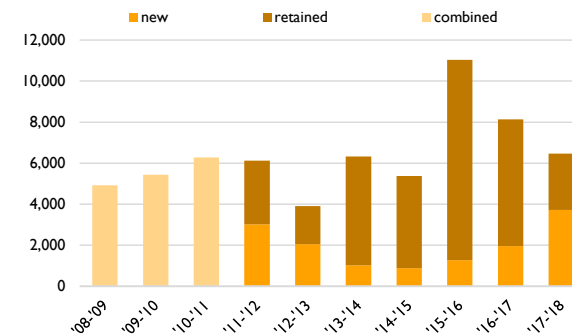
One of OED's main goals is to catalyze job creation. Companies and businesses that received OED assistance created about 3,700 jobs and retained about 2,700 jobs in 2017-18. With about 419,000 jobs located within the city, San José has less than one job per employed resident. Palo Alto, for example, has more than three jobs per employed resident. San José is the only large U.S. city where more residents commute to work outside city limits, rather than into the city. (See the CSA Dashboard chapter for additional information)

\* For more information on the small business network, see [www.businessownerspace.com](http://www.businessownerspace.com)

Estimated Tax Revenue Generated by OED-assisted Companies (\$millions)

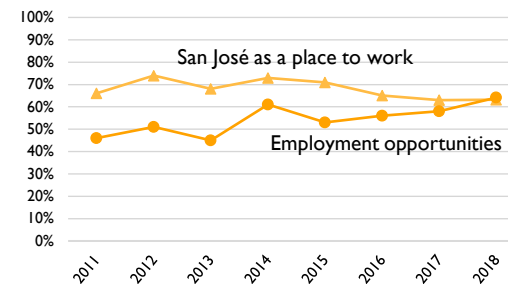


Estimated Jobs Created or Retained by OED-assisted Companies



### RESIDENT SURVEY

% of San José residents rating as "excellent" or "good"

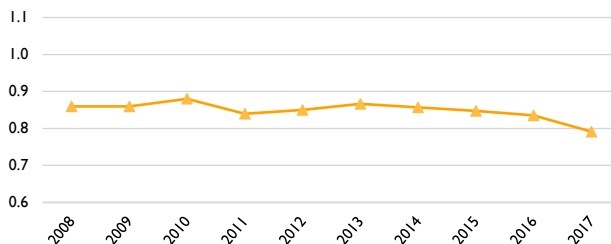


### RESIDENT SURVEY

56% of employed San José residents report they work inside the boundaries of the City

### Jobs Per Employed Residents in San José

Balance at 1.0 job per resident  
Envision 2040 target: 1.1 jobs per resident



Sources: [American Community Survey 5-Year Estimates \(2010 through 2016\)](#) and 1-Year Estimate for 2017; [Association of Bay Area Governments](#) projection (prior to 2010)

# ECONOMIC DEVELOPMENT

## WORKFORCE DEVELOPMENT

The City's workforce development program is managed by the [work2future](#) Foundation, serving adults, dislocated (laid-off) workers, and youth. It provides job search assistance, occupational training, and skills enhancement workshops.

More than 2,200 job seekers took advantage of skill upgrades and training programs in 2017-18. About 250 business clients received services, including recruitment, lay-off aversion, and business assistance. The work2future Foundation also runs San José Works, a youth jobs initiative focused on strengthening City partnerships, such as those with the Mayor's Gang Prevention Task Force, to identify, recruit, train, and place at-risk youth in jobs. In 2017-18, San José Works provided 900 youth with subsidized and unsubsidized employment opportunities. (See CSA Dashboard chapter for additional information)

## ARTS AND CULTURAL DEVELOPMENT

The Office of Cultural Affairs (OCA) promotes San José's artistic and cultural vibrancy and supports opportunities for cultural participation and cultural literacy for residents, workers, and visitors. In 2017-18, OCA awarded 131 grants totaling \$4.4 million to organizations located primarily in San José. Contributing to San José's placemaking and design goals, the public art program reported that it had 297 works throughout San José.

OCA helped facilitate 438 event days in 2017-18 with an estimated attendance of 2.1 million. Large-scale events included annual events such as the Christmas in the Park, Winter Wonderland, and the Rotary Fireworks. Other signature events include the Amgen Tour of California, Viva CalleSJ, and the Rock n Roll Half Marathon.

### RESIDENT SURVEY

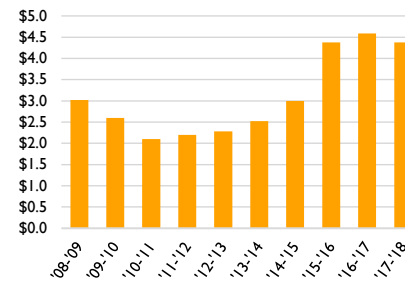
**51%** of San José residents attended at least one City-sponsored event

## work2future Development Program Results

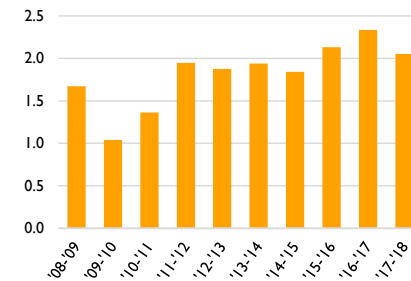
	Job Seekers	Placed in Jobs	State Goal
Adults	1,226	62%	58%
Dislocated Workers	731	64%	64%
Youth (14-24 years)	282	64%	62%

\*Note: work2future serves San José, Campbell, Morgan Hill, Los Altos Hills, Gilroy, Saratoga, Monte Sereno, and unincorporated areas of Santa Clara County.

**Grant Awards for Arts and Cultural Development (\$millions)**



**Estimated Attendance at Outdoor Special Events (millions)**



## Funding to City-owned Cultural Facilities

OCA provided operations and maintenance funds totaling about \$3.3 million from the General Fund to the following nonprofit operators of City-owned cultural facilities:

- Children's Discovery Museum
- San José Museum of Art
- Hammer Theatre Center
- Tech Museum of Innovation
- History San José
- Mexican Heritage Plaza



Hammer Theatre, [Photo: City Auditor's Office]

## REAL ESTATE SERVICES

Real Estate Services and Asset Management manages the City’s real estate portfolio, provides real estate services to City departments, and represents the City in third-party transactions. This includes acquisition, disposition, surplus sales, leasing, relocation, valuation, telecommunications, and property management. In 2017-18, this generated about \$1.5 million in sales revenue and \$3.1 million in lease revenue. Real Estate Services had 83 property leases in its real estate portfolio.

## CONVENTION & CULTURAL FACILITIES

The City’s convention facilities (San José McEnery Convention Center, Parkside Hall, South Hall) house exhibitions, trade shows, and conferences. The City’s cultural facilities (City National Civic, Montgomery Theater, California Theatre, Center for the Performing Arts) are home to concerts, plays, and other performances. These facilities have been managed by *Team San Jose*, a non-profit, on behalf of the City since July 2004.

In 2017-18, the facilities drew nearly 1.4 million people to 352 events overall. Of those events, about 123 were at the convention facilities, hosting more than 800,000 visitors. Operating revenues reached \$54.8 million. The Convention Center’s occupancy rate (by square footage) was 53.3 percent, slightly lower than the prior year. One hundred percent of responding event coordinator clients rated overall service as “good,” “very good,” or “excellent”; this is well above the target of 95 percent.

For more information about the Convention and Cultural Facilities, see our [annual performance audits](#) of *Team San Jose*.

City National Civic



California Theatre



Montgomery Theater

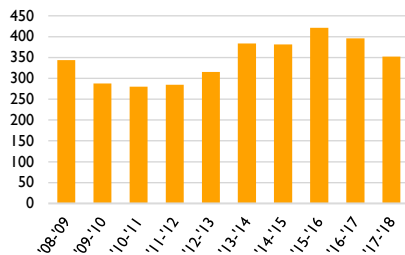


Center for Performing Arts

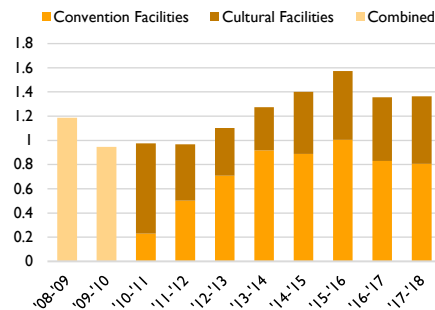


Photos: City Auditor’s Office and Team San Jose

Number of Events  
(Convention and Cultural  
Facilities Combined)



Attendance (millions)



Operating Revenues and Expenses (\$millions)

