

**City Manager -
Office of
Economic Development**
Kim Walesh, Deputy City Manager

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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



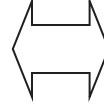

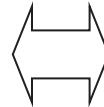
Regional Workforce Development

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

Core Service		Key Operational Services
<p>Arts and Cultural Development: <i>Support diverse cultural amenities, offerings and organizations, and authorize and coordinate outdoor special events on public and private property</i></p>		<ul style="list-style-type: none"> • Arts/Festival Grants and Assistance • Cultural Facilities • Cultural Planning, Policy and Initiatives/Arts Commission Support • Public Art & Design: Master Plan Implementation/Inter-Agency Coordination • Public Art Project Management • Event Authorization • Inter-Departmental and External-Agency Coordination
<p>Business Development and Economic Strategy: <i>Assist business location and expansion, advance San José’s Economic Strategy, and support council policy-making</i></p>		<ul style="list-style-type: none"> • Economic Strategy and Policy • Business Outreach, Retention, and Attraction • Development Project Facilitation • Clean-Tech Strategy • Downtown Management • Incentive Programs • Business Communication • Air Service Development
<p>Real Estate Services: <i>Manage the City’s real estate assets and facilitate real estate-related transactions to support City projects and generate revenue</i></p>		<ul style="list-style-type: none"> • Asset Management • Property Sales • Acquisitions • Easements • Right of Way • Leasing
<p>Regional Workforce Development: <i>Assist businesses in hiring a quality workforce through assessment, supportive services, and skills training</i></p>		<ul style="list-style-type: none"> • Business Services • work2future Program Administration
<p>Strategic Support: <i>Budget/Fiscal Management and Administrative Support</i></p>		<ul style="list-style-type: none"> • Budget/Fiscal Management • Administrative Support

City Manager – Office of Economic Development

Department Budget Summary

Expected 2016-2017 Service Delivery

- Engage and assist companies that can create jobs and expand the City's tax base, with particular focus on emerging growth companies, anchor employers and revenue-generators, clean technology firms, and incoming foreign investment. Advance development of clean tech cluster through industry engagement, demonstration partnerships, and advocacy. Facilitate development projects that generate property tax and sales tax revenue.
- Provide a range of re-employment services to residents who continue to remain unemployed by creating opportunities to earn job skills and 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 a focus on revenue generation, cost minimization, and timely transaction services.

2016-2017 Key Budget Actions

- Adds one-time funding of \$1,470,000 to continue the San José Works youth initiative, as described in the City-Wide Expenses section of this document.
- Adds one-time funding of \$1,000,000 to secure a permanent site for the San José Stage Company, as described in the General Fund Capital, Transfers, Reserves section of this document.
- Adds one-time funding of \$352,000, partially offset by grant funds from the California High Speed Rail Authority, to continue the coordination of the Council-approved Diridon Station Area Plan, as described in the City-Wide Expenses section of this document.
- Adds one-time funding of \$350,000 to increase support to the San Jose Sports Authority to attract major sporting events, as described in the City-Wide Expenses section of this document.
- Adds one-time funding of \$200,000 to support business outreach and development, economic and policy analysis and development, and program marketing and expansion.
- Adds one-time funding of \$200,000 to continue the Manufacturing Jobs Initiative as an incentive to retrofit older, vacant industrial buildings by covering the cost of permit approvals, as described in the City-Wide Expenses section of this document.
- Adds one-time funding of \$200,000 for Pre-Development Activities, as described in the City-Wide Expenses section of this document.
- Adds one-time funding of \$100,000 to support the City's partnerships with small property and business owners in creating Business Improvement Districts, as described in the City-Wide Expenses section of this document.
- Makes permanent 1.0 Arts Programs Coordinator to assist with securing a permanent site for San José Stage Company and work on various projects such as City Rotunda Lighting Program, the city-wide creative art place making initiative, San José Creates & Connects, and City Hall Plaza Artwork projects.
- Adds 1.0 Staff Technician in the Workforce Development Division to provide administrative support and help pursue grant opportunities.

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 |
| <input type="checkbox"/> San José Arena Enhancement Fund | |

City Manager - Office of Economic Development

Department Budget Summary

	2014-2015 Actual 1	2015-2016 Adopted 2	2016-2017 Forecast 3	2016-2017 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Arts and Cultural Development	\$ 2,046,931	\$ 2,442,322	\$ 2,368,207	\$ 2,464,121	0.9%
Business Development and Economic Strategy	2,545,846	3,745,663	3,548,376	3,832,737	2.3%
Real Estate Services	1,176,955	1,480,962	1,440,481	1,440,481	(2.7%)
Regional Workforce Development	2,598,632	2,676,326	2,773,134	2,773,134	3.6%
Strategic Support	899,292	606,388	699,720	699,720	15.4%
Total	\$ 9,267,656	\$ 10,951,661	\$ 10,829,918	\$ 11,210,193	2.4%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 8,886,080	\$ 9,717,494	\$ 10,053,751	\$ 10,234,026	5.3%
Overtime	16,587	0	0	0	0.0%
Subtotal	\$ 8,902,667	\$ 9,717,494	\$ 10,053,751	\$ 10,234,026	5.3%
Non-Personal/Equipment					
Total	\$ 364,989	1,234,167	776,167	976,167	(20.9%)
Total	\$ 9,267,656	\$ 10,951,661	\$ 10,829,918	\$ 11,210,193	2.4%
Dollars by Fund					
General Fund	\$ 3,777,083	\$ 5,033,432	\$ 4,993,264	\$ 5,193,264	3.2%
Airport Maint & Oper	130,394	178,915	146,562	146,562	(18.1%)
Integrated Waste Mgmt	72,618	80,595	0	0	(100.0%)
SJ/SC Treatment Plant Oper	26,270	30,180	0	0	(100.0%)
Transient Occupancy Tax	1,397,918	1,967,960	1,871,958	2,036,088	3.5%
Workforce Development	2,856,514	2,910,895	3,018,855	3,103,216	6.6%
Capital Funds	1,006,859	749,684	799,279	731,063	(2.5%)
Total	\$ 9,267,656	\$ 10,951,661	\$ 10,829,918	\$ 11,210,193	2.4%
Authorized Positions by Core Service					
Arts and Cultural Development	11.03	13.15	11.15	12.15	(7.6%)
Business Development and Economic Strategy	15.50	17.55	17.32	18.32	4.4%
Real Estate Services	7.70	7.25	7.48	7.48	3.2%
Regional Workforce Development	16.60	16.00	16.00	16.00	0.0%
Strategic Support	3.17	3.05	3.05	3.05	0.0%
Total	54.00	57.00	55.00	57.00	0.0%

City Manager - Office of Economic Development

Budget Reconciliation

(2015-2016 Adopted to 2016-2017 Proposed)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2015-2016):	57.00	10,951,661	5,033,432
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
● Rebudget: Real Estate Services Document Imaging and Records Retention System		(200,000)	(200,000)
● Economic Development/Incentive Fund Partial Reallocation to Business Development and Economic Strategy Activities		(200,000)	(200,000)
● Office of Cultural Affairs Arts Staffing (2.0 Arts Programs Coordinator)	(2.00)	(183,428)	0
● Small Business Ally Translation Staffing and Services		(50,000)	(50,000)
One-time Prior Year Expenditures Subtotal:	(2.00)	(633,428)	(450,000)
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes and the following position reallocations: - 1.0 Analyst to 1.0 Senior Analyst - 1.0 Manager of Corporate Outreach to 1.0 Economic Development Manager - 1.0 Senior Executive Analyst to 1.0 Public Information Manager		521,185	422,332
● Various non-personal/equipment adjustments in Business Development		(11,000)	(11,000)
● Vehicle maintenance and operations		3,000	0
● Professional Development Program		(1,500)	(1,500)
Technical Adjustments Subtotal:	0.00	511,685	409,832
2016-2017 Forecast Base Budget:	55.00	10,829,918	4,993,264
Budget Proposals Recommended			
1. Business Development and Economic Strategy Activities		200,000	200,000
2. Office of Cultural Affairs Arts Staffing	1.00	95,914	0
3. Workforce Development Administrative Support Staffing	1.00	84,361	0
Total Budget Proposals Recommended	2.00	380,275	200,000
2016-2017 Proposed Budget Total	57.00	11,210,193	5,193,264

City Manager – Office of Economic Development

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Business Development and Economic Strategy Activities		200,000	200,000

Community and Economic Development CSA
Business Development and Economic Strategy

This action adds one-time funding of \$200,000 to the Business Development Division to support business attraction, retention, and expansion efforts through marketing communications, business outreach, retail market analysis, and small business support. Many of these economic development functions were previously performed by the San Jose Redevelopment Agency. Over the past three years, as a result of an improving economy, there have been significant increases in development opportunities and expansion of businesses. In addition to supporting core operational functions, such as managing several business assistance programs and one-time incentive programs, the economic development team also plays a significant role in managing international relationships and delegations that visit the City. Funding will be used for projects including, but not limited to: consultant support for policy review; data and analytics purchases to support economic analysis; event participation and sponsorship; development and production of marketing materials, such as maps and brochures; maintenance and distribution of the SJEconomy.com website and NewsBrief; support of one-time special events; hosting and travel expenses related to international relations; and business operations upgrades, such as banner system modifications and Customer Relationship Management System/NewsBrief integration. (Ongoing costs: \$0)

2. Office of Cultural Affairs Arts Staffing	1.00	95,914	0
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Community and Economic Development CSA
Arts and Cultural Development

This action makes permanent 1.0 Arts Programs Coordinator and shifts 0.6 Senior Arts Programs Coordinator from capital funds to the Transient Occupancy Tax Fund. The positions will assist with securing a permanent site for the San José Stage Company; work on the City Rotunda Lighting Program; work on the city-wide creative art place making initiative, San José Creates & Connects; and work on City Hall Plaza Artwork projects. The positions will also participate on policy work and develop Requests for Proposals for the aforementioned projects. Additionally, these positions will continue to coordinate the facility management of the Hammer Theatre and the Children's Discovery Museum. (Ongoing costs: \$96,930)

City Manager – Office of Economic Development

Budget Changes By Department





Proposed Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. Workforce Development Administrative Support Staffing	1.00	84,361	0
<i>Community and Economic Development CSA</i> <i>Business Development and Economic Strategy</i>			
This action adds 1.0 Staff Technician in the Workforce Development Division to provide administrative support for its programs, identify grant funding opportunities, prepare grant applications, and monitor grant revenues and expenditures. The addition of a Staff Technician will help ensure the continued success of the division's operations in leveraging outside funding opportunities to assist businesses and individuals in meeting the workforce demands and opportunities of a global economy. (Ongoing costs: \$85,237)			
2016-2017 Proposed Budget Changes Total	2.00	380,275	200,000

City Manager – Office of Economic Development

Performance Summary

Arts and Cultural Development

Performance Measures

	2014-2015 Actual	2015-2016 Target	2015-2016 Estimated	2016-2017 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	80%	80%	80%	80%
 Total OCA grant awards	\$3.0 million	\$3.0 million	\$3.7 million	\$4.0 million
 % of responding funded cultural organizations rating the arts grants program good to excellent based on responsiveness and timeliness	94%	90%	100%	90%
 % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent	38%	42%	N/A*	41%

* Data for this measure is collected through the biennial City-Wide Community Survey. The next community survey will be conducted in fall 2016, and those results will be reported in the 2017-2018 Proposed Budget.

Activity and Workload Highlights

	2014-2015 Actual	2015-2016 Forecast	2015-2016 Estimated	2016-2017 Forecast
# of arts and cultural grants awarded	83	90	99	95
# of public art works in the City's permanent collection	237	282	273	281
# of outdoor special events coordinated by OCA	516*	320	355**	330
# of reported attendees at OCA coordinated events	1,800,000*	1,300,000	1,800,000**	1,400,000
Grant funding for special events	\$331,200	\$300,000	\$454,158	\$400,000

* The 2014-2015 Actual includes the inaugural Holiday Pop-Up event, which increased the number of outdoor special events and number of reported attendees.




** The 2015-2016 Estimated includes Super Bowl 50 events, which increased the number of outdoor special events and number of reported attendees.

City Manager – Office of Economic Development

Performance Summary

Business Development and Economic Strategy

Performance Measures

	2014-2015 Actual	2015-2016 Target	2015-2016 Estimated	2016-2017 Target
 Estimated jobs generated/retained by companies that received OED assistance	5,367	4,500	5,400	4,000
 Ratio of tax revenues (e.g. sales and business taxes, excludes property taxes) generated by assisted companies per estimated OED outreach expenditure	2.9:1	2:1	2:1	2:1
 Ratio of City's investments per job generated	\$590:1	\$649:1	\$642:1	\$650:1

Activity and Workload Highlights

	2014-2015 Actual	2015-2016 Forecast	2015-2016 Estimated	2016-2017 Forecast
# of companies receiving permitting assistance	29	25	40	25
# of firms with which OED held meetings	427	350	350	250
# of establishments participating in business assistance programs (Foreign Trade Zone and Business Cooperation Program)	17	15	18	15

City Manager – Office of Economic Development

Performance Summary

Real Estate Services

Performance Measures

	2014-2015 Actual	2015-2016 Target	2015-2016 Estimated	2016-2017 Target
\$ Revenue Generated:				
a) Leases	\$708,438	\$605,000	\$692,365	\$824,365
b) Telecom	\$1,358,497	\$920,000	\$1,025,000	\$524,295*
c) Surplus property sales	\$1,551,756	\$915,000	\$915,000	\$1,035,000

* The lower revenue projection for 2016-2017 reflects various telecommunication leases that are set to expire in 2015-2016 and 2016-2017.

Activity and Workload Highlights



	2014-2015 Actual	2015-2016 Forecast	2015-2016 Estimated	2016-2017 Forecast
# of properties managed	48	48	48	48
# of real estate transactions within 12 months	110	118	110	120

City Manager – Office of Economic Development

Performance Summary

Regional Workforce Development

Performance Measures

	2014-2015 Actual	2015-2016 Target	2015-2016 Estimated	2016-2017 Target
 Estimated % of clients placed in jobs Goals set annually by State of CA				
- Adults	58.1%	51.5%	51.5%	TBD*
- Dislocated workers	66.7%	58.5%	58.5%	TBD*
- Youth	77.7%	60.0%	60.0%	TBD*
 Estimated % of clients employed six months after initial placement Goals set annually by State of CA				
- Adults	83.2%	79.0%	79.0%	TBD*
- Dislocated workers	86.9%	83.0%	83.0%	TBD*

* Targets have not been negotiated with the Employment Development Department for 2016-2017 and are expected in fall 2016.

Activity and Workload Highlights

	2014-2015 Actual	2015-2016 Forecast	2015-2016 Estimated	2016-2017 Forecast
# of business clients served by the Business Services Unit	321	250	250	250

City Manager - Office of Economic Development

Departmental Position Detail

Position	2015-2016 Adopted	2016-2017 Proposed	Change
Accountant II	2.00	2.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	6.00	5.00	(1.00)
Arts Programs Coordinator	2.00	1.00	(1.00)
Assistant Director	2.00	2.00	-
Assistant to the City Manager	2.00	2.00	-
Deputy City Manager	1.00	1.00	-
Deputy Director	1.00	1.00	-
Division Manager	2.00	2.00	-
Economic Development Manager	0.00	1.00	1.00
Economic Development Officer	1.00	1.00	-
Events Coordinator II	1.00	1.00	-
Executive Analyst II	2.00	2.00	-
Executive Assistant	1.00	1.00	-
Manager of Corporate Outreach	1.00	0.00	(1.00)
Public Information Manager	0.00	1.00	1.00
Real Property Agent II	4.00	4.00	-
Secretary	1.00	1.00	-
Senior Account Clerk	2.00	2.00	-
Senior Analyst	3.00	4.00	1.00
Senior Arts Program Coordinator	5.00	5.00	-
Senior Events Coordinator	1.00	1.00	-
Senior Executive Analyst	12.00	11.00	(1.00)
Staff Specialist	1.00	1.00	-
Staff Technician	2.00	3.00	1.00
Supervising Accountant	1.00	1.00	-
Total Positions	57.00	57.00	0.00