

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

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

In 2018-19, OED's operating expenditures totaled \$11 million. This includes personal and non-personal expenditures. The department was responsible for \$83.2 million of other costs, including \$46.8 million in capital and \$9.3 million in Citywide expenses. Citywide expenses included \$1.6 million in property leases where the City is the tenant, a \$1 million subsidy to the Tech Museum and \$1 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 (2018-19)

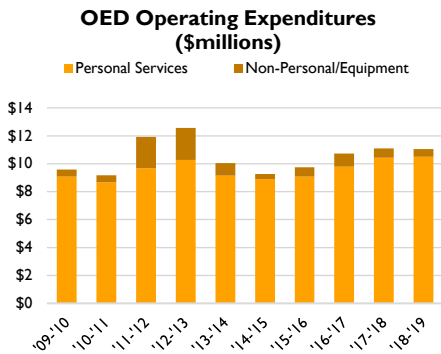
Unemployment Rate	2.7%
Median Household Income	\$ 113,036

Sources: Bureau of Labor Statistics and 2018 [American Community Survey](#)

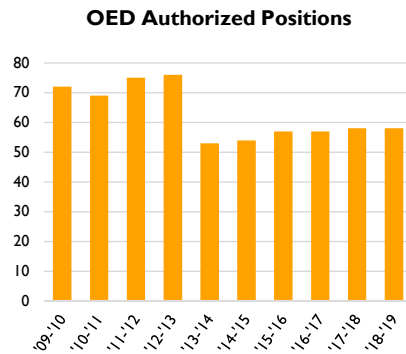
ECONOMIC STRATEGY WORKPLAN

The current workplan seeks to expand economic opportunity and mobility through business support and facilitation, talent development, supporting transportation infrastructure, and encouraging downtown development. Recent work included launching "Manufacture : San Jose", a new initiative dedicated to growing our manufacturing sector, negotiating a revenue capture agreement with eBay Inc., and the development of retail strategies for North San José, downtown, and citywide. OED staff have also taken a role in responding to the housing crisis working with the Housing Catalyst Team and on the Cost of Residential Development report and the Development Fee Framework Council priority. OED staff have also engaged in developing the Anti-Displacement Workplan with a specific focus on small business retention.

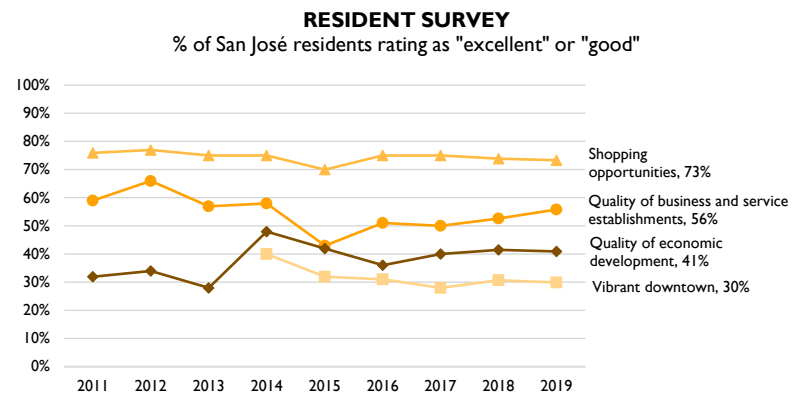
Source: Office of Economic Development



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



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



BUSINESS DEVELOPMENT AND JOBS

OED promotes business in 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 2018-19, OED provided development facilitation services to 69 businesses. It also coordinated the Business Owner Space network, through which clients receive information, technical and human resources support. Partner organizations, like SCORE, a mentoring and training provider to small businesses, provide other services.*

OED estimated companies that received its assistance generated \$3.2 million in tax revenues (business and sales taxes). In 2018-19, this included the attraction of Hewlett Packard Enterprise, Micron, and Bloom Energy. About \$3.73 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 3,300 jobs and retained about 3,600 jobs in 2018-19. With about 443,000 jobs located within the city, San José has less than one job per employed resident. Palo Alto, by contrast, 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.)

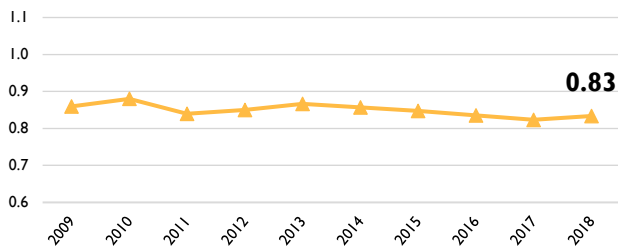
* For more information on the small business network, see www.businessownerspace.com

RESIDENT SURVEY

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

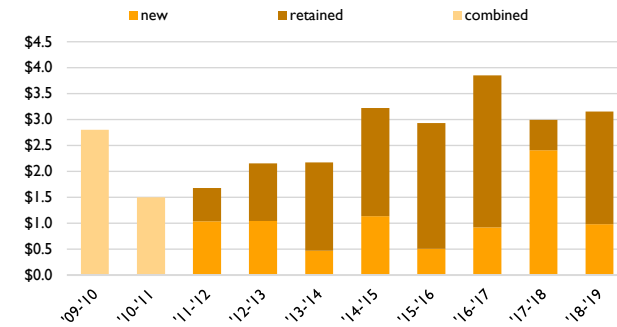
Jobs Per Employed Residents in San José

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



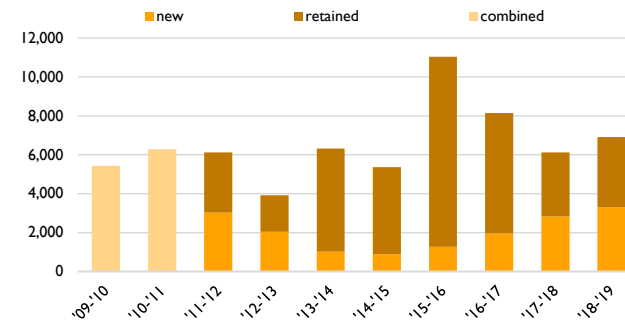
Sources: [American Community Survey 5-Year Estimates \(2010 through 2017\)](#) and 1-Year Estimate for 2018; [Association of Bay Area Governments](#) projection (prior to 2010)

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



Note: The methodology changed in '11-'12. OED revised estimates for '17-'18.

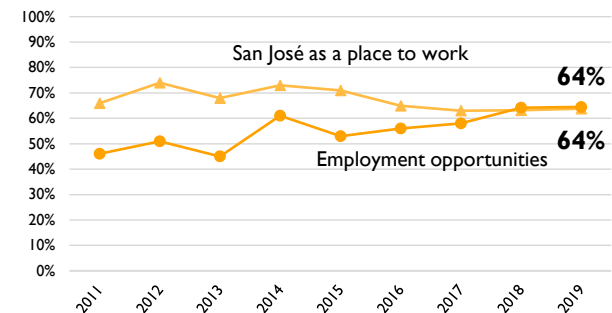
Estimated Jobs Created or Retained by OED-assisted Companies



Note: OED revised estimates for '17-'18.

RESIDENT SURVEY

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



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.

Nearly 1,500 job seekers took advantage of skill upgrades and training programs in 2018-19. Over 500 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 2018-19, San José Works provided 1,000 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 2018-19, OCA awarded 134 grants totaling \$4.7 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 308 works throughout San José, four of which are privately owned.

OCA helped facilitate 415 event days in 2018-19 with an estimated attendance of 2.2 million. Large-scale events included annual events such as the Christmas in the Park, Winter Wonderland, and the Rotary Fireworks. Other signature events included the 2018 NHL All-Star Game, Rock N Roll Half Marathon, Viva CalleS], and the College Football Playoffs Fan Central.

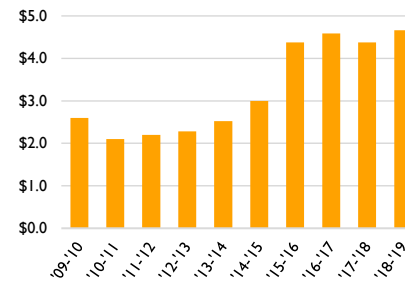
RESIDENT SURVEY
51% of San José residents attended at least one City-sponsored event

work2future Development Program Results

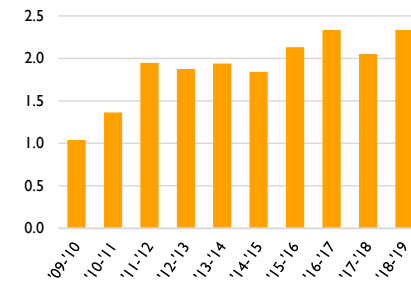
	Job Seekers	Placed in Jobs	State Goal
Adults	750	62%	54%
Dislocated Workers	475	68%	62%
Youth (14-24 years)	256	73%	62%

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 operators of City-owned cultural facilities:

- Children's Discovery Museum
- San José Museum of Art
- SJSU (Hammer Theatre Center)
- Tech Interactive
- History San José
- School of Arts and Culture at Mexican Heritage Plaza



Hammer Theatre, Photo: City Auditor's Office

REAL ESTATE SERVICES

Real Estate Services 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 2018-19, this generated about \$1 million in sales revenue and \$3.2 million in lease revenue. Real Estate Services had 80 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 (San Jose 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 2018-19, the facilities drew nearly 1.4 million people to 330 events overall. Of those events, 109 were at the convention facilities, hosting more than 870,000 visitors. Operating revenues reached \$63.2 million. The Convention Center’s occupancy rate (by square footage) was 65 percent, the highest it has been in the last decade. Ninety-eight percent of responding event coordinator clients rated overall service as “good,” “very good,” or “excellent,” higher than the target of 95 percent.

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

San Jose Civic



California Theatre



Montgomery Theater

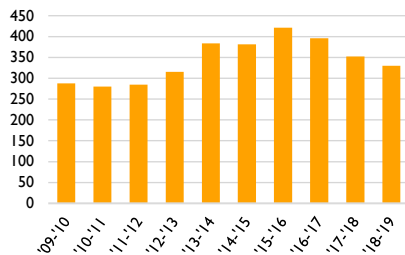


Center for Performing Arts

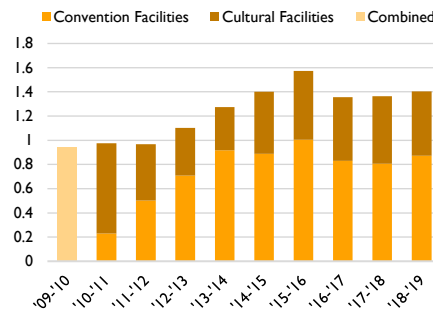


Photos: City Auditor’s Office and Team San Jose

Number of Events
(Convention and Cultural
Facilities Combined)



Attendance (millions)



Operating Revenues and Expenses (\$millions)

