

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

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**C**atalyze 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		Program
<p><b>Arts and Cultural Development:</b>  <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"> <li>• Arts and Cultural Development Administration</li> <li>• Cultural Grants</li> <li>• Cultural Facilities Operations and Maintenance</li> <li>• Outdoor Events</li> <li>• Public Art / Placemaking</li> </ul>
<p><b>Business Development and Economic Strategy:</b>  <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"> <li>• Business Outreach and Assistance</li> <li>• Downtown Management</li> <li>• Economic Policy Analysis/ Communications</li> </ul>
<p><b>Real Estate Services:</b>  <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"> <li>• City Lease Administration</li> <li>• City Property Acquisition and Sales</li> </ul>
<p><b>Regional Workforce Development:</b>  <i>Assist businesses in hiring a quality workforce through assessment, supportive services, and skills training</i></p>		<ul style="list-style-type: none"> <li>• Workforce Board Support and Administration</li> <li>• Workforce Development Services</li> </ul>
<p><b>Strategic Support:</b>  <i>Budget/Fiscal Management and Administrative Support</i></p>		<ul style="list-style-type: none"> <li>• Economic Development Management and Administration</li> </ul>

# City Manager – Office of Economic Development

## Department Budget Summary

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### Expected 2017-2018 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 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 focus on revenue generation, cost minimization, and timely transaction services.

### 2017-2018 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 1.0 limit-dated Events Coordinator II position to the Office of Cultural Affairs through June 30, 2018 to address the demand for outdoor event coordination, requests for information, and process improvements.
- Adds one-time funding of \$1,500,000 to continue the San José Works youth initiative, as described in the City-Wide Expenses section of this document.
- Adds one-time funding of \$375,000 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 \$375,000 as a pass-through incentive for the 2018 U.S. Olympic Figure Skating Championships and for support to the Sports Authority to attract major sporting events, as described in the City-Wide Expenses section of this document.
- Adds one-time funding of \$250,000 to launch a new Storefront Activation Grant Program to support storefront activation, as described in the City-Wide Expenses section of this document.
- Adds one-time funding of \$50,000 in 2017-2018 and reserves one-time funding of \$50,000 in 2018-2019 to support the operation of Cinequest, as described in the City-Wide Expenses section of this document.
- Adds one-time funding of \$50,000 for Economic Development Pre-Development Activities, as described in the City-Wide Expenses section of this document.
- Adds one-time funding of \$50,000 to continue to support the partnership formation, project design, and implementation services provided by the Silicon Valley Talent Partnership, as described in the City-Wide Expenses section of this document.

### 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

	2015-2016 Actual 1	2016-2017 Adopted 2	2017-2018 Forecast 3	2017-2018 Proposed 4
<b>Dollars by Core Service</b>				
Arts and Cultural Development	n/a	n/a	n/a	\$ 35,078,966
Business Development and Economic Strategy	n/a	n/a	n/a	8,458,866
Real Estate Services	n/a	n/a	n/a	2,912,774
Regional Workforce Development	n/a	n/a	n/a	9,399,892
Strategic Support	n/a	n/a	n/a	2,506,877
Strategic Support - Other	n/a	n/a	n/a	941,063
<b>Total</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$ 59,298,438</b>
<b>Dollars by Category</b>				
<b>Personal Services and Non-Personal/Equipment</b>				
Salaries/Benefits	\$ 9,060,225	\$ 10,279,026	\$ 10,769,328	\$ 10,856,484
Overtime	8,541	0	0	0
Subtotal Personal Services	\$ 9,068,766	\$ 10,279,026	\$ 10,769,328	\$ 10,856,484
Non-Personal/Equipment	681,665	1,564,667	772,167	972,167
	9,750,431	11,843,693	11,541,495	11,828,651
<b>Total Personal Services &amp; Non-Personal/Equipment</b>	<b>\$ 9,750,431</b>	<b>\$ 11,843,693</b>	<b>\$ 11,541,495</b>	<b>\$ 11,828,651</b>
<b>Other Costs *</b>				
Economic Development Capital	n/a	n/a	n/a	\$ 6,000,000
Economic Development Funds Workers' Comp	n/a	n/a	n/a	\$ 75,000
Economic Development Gifts	n/a	n/a	n/a	166,884
Economic Development Other Departmental - City-Wide	n/a	n/a	n/a	8,652,679
Other	n/a	n/a	n/a	32,575,224
<b>Total Other Costs</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$ 47,469,787</b>
<b>Total</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$ 59,298,438</b>
<b>Dollars by Fund</b>				
General Fund	n/a	n/a	n/a	\$ 14,187,633
Airport Maint & Oper	n/a	n/a	n/a	114,179
Arena Capital Reserve	n/a	n/a	n/a	1,501,000
Business Improvement Districts	n/a	n/a	n/a	3,784,937
Building & Structure Const Tax	n/a	n/a	n/a	370,325
Construction/Conveyance Tax	n/a	n/a	n/a	214,396
Construction Excise Tax	n/a	n/a	n/a	141,224
Convention/Cultural Facilities	n/a	n/a	n/a	13,685,000
General Purpose Parking	n/a	n/a	n/a	50,000
Gift Trust Fund	n/a	n/a	n/a	166,884
SJ Municipal Stadium Capital	n/a	n/a	n/a	35,000
Transient Occupancy Tax	n/a	n/a	n/a	17,109,955

# City Manager - Office of Economic Development

## Department Budget Summary

	2015-2016 Actual 1	2016-2017 Adopted 2	2017-2018 Forecast 3	2017-2018 Proposed 4
<b>Dollars by Fund</b>				
Workforce Development	n/a	n/a	n/a	7,937,905
<b>Total</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$ 59,298,438</b>
<b>Authorized Positions by Core Service</b>				
Arts and Cultural Development	n/a	n/a	n/a	12.00
Business Development and Economic Strategy	n/a	n/a	n/a	12.92
Real Estate Services	n/a	n/a	n/a	6.05
Regional Workforce Development	n/a	n/a	n/a	17.67
Strategic Support	n/a	n/a	n/a	8.36
Strategic Support - Other	n/a	n/a	n/a	1.00
<b>Total</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>58.00</b>

\* Departmental Fund Balance, Transfers, and Reserves have been excluded from this display. This information can be found in the Source and Use Funds Statements elsewhere in this document.

# City Manager - Office of Economic Development

## Department Budget Summary

	2015-2016 Actual	2016-2017 Adopted	2017-2018 Forecast	2017-2018 Proposed	2017-2018 Proposed FTE
<b>Dollars by Program</b>					
<b>Art and Cultural Development</b>					
Arts and Cultural Development					
Administration	n/a	n/a	n/a	\$ 10,659,198	2.00
Cultural Grants	n/a	n/a	n/a	7,623,738	1.00
Cultural Facilities Operations and Maintenance	n/a	n/a	n/a	15,372,558	1.00
Outdoor Events	n/a	n/a	n/a	716,647	4.00
Public Art/Placemaking	n/a	n/a	n/a	706,825	4.00
<b>Sub-Total</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$ 35,078,966</b>	<b>12.00</b>
<b>Business Development and Economic Strategy</b>					
Business Outreach and Assistance					
	n/a	n/a	n/a	\$ 6,160,633	7.99
Downtown Management Economic Policy	n/a	n/a	n/a	1,760,095	2.00
Analysis/Communications	n/a	n/a	n/a	538,138	2.93
<b>Sub-Total</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$ 8,458,866</b>	<b>12.92</b>
<b>Real Estate Services</b>					
City Lease Administration					
	n/a	n/a	n/a	\$ 1,481,878	0.00
City Property Acquisition and Sales	n/a	n/a	n/a	1,430,896	6.05
<b>Sub-Total</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$ 2,912,774</b>	<b>6.05</b>
<b>Regional Workforce Development</b>					
Workforce Board Support and Administration					
	n/a	n/a	n/a	\$ 488,372	2.10
Workforce Development Services	n/a	n/a	n/a	8,911,520	15.57
<b>Sub-Total</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$ 9,399,892</b>	<b>17.67</b>
<b>Economic Development Strategic Support</b>					
Economic Development Mgmt and Administration					
	n/a	n/a	n/a	\$ 2,506,877	8.36
<b>Sub-Total</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$ 2,506,877</b>	<b>8.36</b>
<b>Economic Development Strategic Support - Other *</b>					
Economic Development Capital					
	n/a	n/a	n/a	\$ -	0.00
Economic Development Gifts	n/a	n/a	n/a	166,884	0.00

# City Manager - Office of Economic Development

## Department Budget Summary

	2015-2016 Actual	2016-2017 Adopted	2017-2018 Forecast	2017-2018 Proposed	2017-2018 Proposed FTE
<b>Dollars by Program</b>					
<b>Economic Development Strategic Support - Other * (Cont'd.)</b>					
Economic Development					
Other Departmental - Grants	n/a	n/a	n/a	0	0.00
Economic Development					
Other Departmental - City-Wide	n/a	n/a	n/a	625,000	0.00
Economic Development					
Other Departmental - Administration	n/a	n/a	n/a	149,179	1.00
Economic Development					
Workers' Compensation	n/a	n/a	n/a	0	0.00
Economic Development					
Overhead	n/a	n/a	n/a	0	0.00
Economic Development					
Transfers	n/a	n/a	n/a	0	0.00
<b>Sub-Total</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$ 941,063</b>	<b>1.00</b>
<b>Total</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$ 59,298,438</b>	<b>58.00</b>

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# City Manager - Office of Economic Development

## Budget Reconciliation

### Personal Services and Non-Personal/Equipment

(2016-2017 Adopted to 2017-2018 Proposed)

	Positions	All Funds (\$)	General Fund (\$)
<b>Prior Year Budget (2016-2017):</b>	<b>57.00</b>	<b>11,843,693</b>	<b>5,794,764</b>
<b>Base Adjustments</b>			
<b>One-Time Prior Year Expenditures Deleted</b>			
• Rebudget: Document Imaging and Records Management System		(200,000)	(200,000)
• Rebudget: City Council District #06 Public Art Projects		(151,500)	(151,500)
• Rebudget: Branding and Marketing Campaign		(150,000)	(150,000)
• Rebudget: Business Ally Website		(50,000)	(50,000)
• Rebudget: Business Circle Improvements		(50,000)	(50,000)
• Business Development and Economic Strategy Activities		(200,000)	(200,000)
• Airport Public Art Oversight		(32,000)	0
<b>One-time Prior Year Expenditures Subtotal:</b>	<b>0.00</b>	<b>(833,500)</b>	<b>(801,500)</b>
<b>Technical Adjustments to Costs of Ongoing Activities</b>			
• Salary/benefit changes		535,902	342,190
• Non-personal/equipment adjustments in Public Art/Placemaking		(5,000)	0
• Professional development program		(600)	(500)
• Vehicle maintenance and operations		1,000	0
<b>Technical Adjustments Subtotal:</b>	<b>0.00</b>	<b>531,302</b>	<b>341,690</b>
<b>2017-2018 Forecast Base Budget:</b>	<b>57.00</b>	<b>11,541,495</b>	<b>5,334,954</b>
<b>Budget Proposals Recommended</b>			
1. Business Development and Economic Strategy Activities		200,000	200,000
2. Office of Cultural Affairs Staffing	1.00	87,156	0
<b>Total Budget Proposals Recommended</b>	<b>1.00</b>	<b>287,156</b>	<b>200,000</b>
<b>2017-2018 Proposed Budget Total</b>	<b>58.00</b>	<b>11,828,651</b>	<b>5,534,954</b>



# City Manager – Office of Economic Development

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





2017-2018 Proposed Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<b>1. Business Development and Economic Strategy Activities</b>  <i>Community and Economic Development CSA                      Business Development and Economic Strategy Core Service                      Business Outreach and Assistance Program</i>  This action continues one-time funding of \$200,000 for business outreach and development, economic policy analysis and development, and program marketing and expansion. One-time funding of \$200,000 was continued in 2016-2017 for projects including: production and development of marketing materials (Why San José? ad series), event participation and sponsorship, hosting and travel expenses related to international relations (Sister City), consulting services for the Downtown Retail Study, photography/videography services, business support programs, and subscriptions. Additional planned projects for 2017-2018 include continuation of the Strategic Communications Initiative, technology reorganization and consolidation (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. (Ongoing costs: \$0)		<b>200,000</b>	<b>200,000</b>
<b>2. Office of Cultural Affairs Staffing</b>  <i>Community and Economic Development CSA                      Arts and Cultural Development Core Service                      Outdoor Events Program</i>  This action adds one limit-dated Events Coordinator II position, effective September 1, 2017, to the Office of Cultural Affairs (OCA) through June 30, 2018, funded by the Transient Occupancy Tax Fund. OCA serves as a “one-stop shop” for outdoor special events, coordinating City services for all special events each year, which include festivals, commercial filming, and races. The annual number of events coordinated by OCA has increased from 248 events in 2000-2001 to 516 events during 2016-2017. This limit-dated position will assist OCA to meet the increased demand for events coordination services, increasing complexity of larger-scale events, and requests for information. It will also facilitate succession planning and interdepartmental process improvements and efficiencies that will be explored with assistance from the Office of Civic Innovation. (Ongoing costs: \$0)	<b>1.00</b>	<b>87,156</b>	<b>0</b>
<b>2017-2018 Proposed Budget Changes Total</b>	<b>1.00</b>	<b>287,156</b>	<b>200,000</b>

# City Manager – Office of Economic Development

## Performance Summary

### Arts and Cultural Development

#### Performance Measures

	2015-2016 Actual	2016-2017 Target	2016-2017 Estimated	2017-2018 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%	80%	80%	75% <sup>1</sup>
 Total OCA grant awards	\$4.3 million	\$4.0 million	\$4.3 million	\$4.3 million
 % of responding funded cultural organizations rating the arts grants program good to excellent based on responsiveness and timeliness	100%	90%	90%	90%
 % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent	N/A <sup>1</sup>	41%	N/A <sup>1</sup>	N/A <sup>2</sup>

<sup>1</sup> The reduced 2017-2018 Target reflects the impact of inclement weather during winter 2016-2017 and the increasing complexity of repairs for aging artworks. As of April 2017, 17 artworks require repair.

<sup>2</sup> Data for this measure is typically collected in the fall through the biennial City-Wide Community Survey. This survey was not issued last fall, however, which limits the information available to report. The next community survey will be conducted in spring 2017, and those results will be reported in the 2017-2018 Adopted Budget.

#### Activity and Workload Highlights

	2015-2016 Actual	2016-2017 Forecast	2016-2017 Estimated	2017-2018 Forecast
# of arts and cultural grants awarded	115	95	110	110
# of public art works in the City's permanent collection	274	281	285	290
# of outdoor special events coordinated by OCA <sup>1</sup>	432	330	479	400
# of reported attendees at OCA coordinated events	2,000,000	1,400,000	2,200,000	2,000,000
Grant funding for special events	\$430,321	\$400,000	\$500,000	\$500,000




<sup>1</sup>The estimated number of events and attendees for 2016-2017 is expected to exceed forecast due to Cirque du Soleil performances and attendance, demonstrations that drew crowds of over 38,000 persons, and increasing events related to filming opportunities within the City.

# City Manager – Office of Economic Development

## Performance Summary

### Business Development and Economic Strategy

#### Performance Measures

	2015-2016 Actual	2016-2017 Target	2016-2017 Estimated	2017-2018 Target
 Estimated jobs generated/retained by companies that received OED assistance	8,438	4,000	7,555	5,500
 Ratio of tax revenues (e.g. sales and business taxes, excludes property taxes) generated by assisted companies per estimated OED outreach expenditure	3.05:1	2:1	2.25:1	2.2:1
 Ratio of City's investments per job generated <sup>1</sup>	\$316:1	\$650:1	\$758:1	\$1,650:1

<sup>1</sup> 2016-2017 Estimated and 2017-2018 Target increases in the ratio of city investment per job generated are attributable to business size and City share of investment, indicating greater expected activity for smaller businesses with lower total employment.

#### Activity and Workload Highlights

	2015-2016 Actual	2016-2017 Forecast	2016-2017 Estimated	2017-2018 Forecast
# of companies receiving permitting assistance	58	25	34	30
# of firms with which OED held meetings	361	250	388	350
# of establishments participating in business assistance programs (Foreign Trade Zone and Business Cooperation Program)	20	15	13	15

# City Manager – Office of Economic Development

## Performance Summary

### Real Estate Services

#### Performance Measures

	2015-2016 Actual	2016-2017 Target	2016-2017 Estimated	2017-2018 Target
<b>\$</b> Revenue Generated:				
a) Leases	\$1,646,841	\$824,365	\$1,786,640	\$1,750,000
b) Telecom	\$1,167,133	\$524,295 <sup>1</sup>	\$1,018,260	\$975,000 <sup>2</sup>
c) Surplus property sales	\$3,847,700	\$1,035,000	\$1,300,000	\$800,000

<sup>1</sup>The lower revenue projection for 2016-2017 reflects telecommunication leases that expired in 2015-2016 and 2016-2017. Continued revenue expectations for 2016-2017 Estimated are based on sites for which leases have expired but tenants remain on a month-to-month basis.

<sup>2</sup>The 2017-2018 Target is projected to be lower than 2016-2017 Estimated as additional leases are set to expire in 2017-2018.

#### Activity and Workload Highlights

	2015-2016 Actual	2016-2017 Forecast	2016-2017 Estimated	2017-2018 Forecast
# of properties managed	48	48	50	52
# of real estate transactions within 12 months	100	120	105	130

# City Manager – Office of Economic Development

## Performance Summary

### Regional Workforce Development

#### Performance Measures

	2015-2016 Actual	2016-2017 Target	2016-2017 Estimated	2017-2018 Target
Estimated % of clients placed in jobs <span style="float: right; font-size: small;">Goals set annually by State of CA</span>				
- Adults	56.65%	TBD <sup>1</sup>	57.5%	58.0%
- Dislocated workers	64.85%	TBD <sup>1</sup>	63.4%	64.0%
- Youth	73.58%	TBD <sup>1</sup>	62.4%	62.4%
Estimated % of clients employed six months after initial placement <span style="float: right; font-size: small;">Goals set annually by State of CA</span>				
- Adults	83.48%	TBD <sup>1</sup>	55%	55%
- Dislocated workers	86.54%	TBD <sup>1</sup>	62%	62%

<sup>1</sup>Targets were negotiated with the Employment Development Department for 2016-2017 following issuance of the 2016-2017 Adopted Budget.

#### Activity and Workload Highlights

	2015-2016 Actual	2016-2017 Forecast	2016-2017 Estimated	2017-2018 Forecast
# of business clients served by the Business Services Unit	317	250	300	225

## City Manager - Office of Economic Development

### Departmental Position Detail

Position	2016-2017 Adopted	2017-2018 Proposed	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	2.00	-
Deputy City Manager	1.00	1.00	-
Deputy Director	1.00	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	1.00	2.00	1.00
Executive Analyst I/II	2.00	2.00	-
Executive Assistant	1.00	1.00	-
Public Information Manager	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	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	-
<b>Total Positions</b>	<b>57.00</b>	<b>58.00</b>	<b>1.00</b>