

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

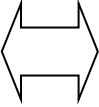
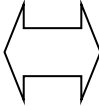
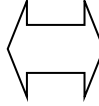
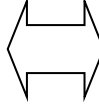
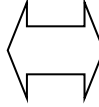
Regional Workforce Development

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 2015-2016 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.
- Facilitate development projects that generate property tax and sales tax revenue.
- Advance development of clean tech cluster through industry engagement, demonstration partnerships, and advocacy.
- 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.

2015-2016 Key Budget Actions

- Funding of \$200,000 to support business outreach, small business support, and core economic development services that were previously provided by the San Jose Redevelopment Agency. This action reallocates funds from the Economic Development/Incentive Fund budgeted in 2014-2015.
- The addition of 2.0 Arts Program Coordinators to assist with advancing the City Council-approved Cultural Connection: San José's Cultural Plan for 2011-2020 and various cultural development projects.
- One-time funding of \$1,020,000 to support SJ Works, a youth jobs initiative, as described in the City-Wide Expenses section of this document.
- One-time funding of \$250,000, as described in the City-Wide Expenses section of this document, to continue the SJ Storefronts Initiative that promotes the leasing of vacant buildings in the Downtown and Neighborhood Business Districts to small businesses.
- One-time Transient Occupancy Tax (TOT) funding to implement the San José Creates and Connects program (\$150,000) and to support the Fourth of July City Celebrations and Fireworks (\$75,000), as described in the Selected Special Funds Summaries section of this document.
- One-time funding of \$200,000 to launch 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.
- The addition of 1.0 Executive Analyst to support the expansion of the City's Small Business Ally program and enhance access to small business services in multiple languages. One-time funding of \$50,000 for the development of a multilingual small business assistance website.
- The rebudget of \$200,000 will provide funding for the development and implementation of a document imaging and records management system that meets the need of the City's Real Estate Services.

Operating Funds Managed

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|--|--|
| <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 (formerly Workforce Investment Act Fund) |
| <input type="checkbox"/> San José Arena Enhancement Fund | |

City Manager - Office of Economic Development

Department Budget Summary

	2013-2014 Actual 1	2014-2015 Adopted 2	2015-2016 Forecast 3	2015-2016 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Arts and Cultural Development	\$ 1,999,608	\$ 2,054,099	\$ 2,185,211	\$ 2,442,322	18.9%
Business Development and Economic Strategy	2,161,394	3,133,044	3,279,535	3,745,663	19.6%
Real Estate Services	1,527,432	1,606,175	1,251,641	1,480,962	(7.8%)
Regional Workforce Development	3,243,319	2,598,632	2,603,529	2,676,326	3.0%
Strategic Support	1,099,190	622,377	591,342	606,388	(2.6%)
Total	\$ 10,030,943	\$ 10,014,327	\$ 9,911,258	\$ 10,951,661	9.4%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 9,135,777	\$ 9,029,160	\$ 9,127,091	\$ 9,717,494	7.6%
Overtime	2,358	0	0	0	0.0%
Subtotal	\$ 9,138,135	\$ 9,029,160	\$ 9,127,091	\$ 9,717,494	7.6%
Non-Personal/Equipment					
Total	892,808	985,167	784,167	1,234,167	25.3%
Total	\$ 10,030,943	\$ 10,014,327	\$ 9,911,258	\$ 10,951,661	9.4%
Dollars by Fund					
General Fund	\$ 3,991,034	\$ 4,296,840	\$ 4,360,230	\$ 5,033,432	17.1%
Airport Maint & Oper	0	181,639	173,966	178,915	(1.5%)
Integrated Waste Mgmt	56,180	71,575	77,894	80,595	12.6%
SJ/SC Treatment Plant Oper	24,437	39,079	29,155	30,180	(22.8%)
Transient Occupancy Tax	1,187,738	1,561,821	1,727,976	1,967,960	26.0%
Workforce Investment Act	3,537,024	2,856,514	2,816,741	2,910,895	1.9%
Capital Funds	1,234,530	1,006,859	725,296	749,684	(25.5%)
Total	\$ 10,030,943	\$ 10,014,327	\$ 9,911,258	\$ 10,951,661	9.4%
Authorized Positions by Core Service					
Arts and Cultural Development	11.03	11.03	11.15	13.15	19.2%
Business Development and Economic Strategy	14.50	15.50	16.55	17.55	13.2%
Real Estate Services	7.70	7.70	7.25	7.25	(5.8%)
Regional Workforce Development	16.60	16.60	16.00	16.00	(3.6%)
Strategic Support	3.17	3.17	3.05	3.05	(3.8%)
Total	53.00	54.00	54.00	57.00	5.6%

City Manager - Office of Economic Development

Budget Reconciliation

(2014-2015 Adopted to 2015-2016 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2014-2015):	54.00	10,014,327	4,296,840
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
● Real Estate Services Document Imaging and Records Retention System		(200,000)	(200,000)
One-time Prior Year Expenditures Subtotal:		(200,000)	(200,000)
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes and the following position reallocations:		75,891	22,097
- 1.0 Executive Analyst to 1.0 Senior Executive Analyst			
- 1.0 Deputy Director to 1.0 Assistant Director			
- 1.0 Director of Economic Development to 1.0 Deputy City Manager			
- 1.0 Section Manager to 1.0 Manager of Corporate Outreach			
- 1.0 Section Manager to 1.0 Senior Executive Analyst			
- 1.0 Senior Analyst to 1.0 Administrative Officer			
● Reallocation of 1.0 Executive Analyst from the City Manager's Office for Downtown Activation function	1.00	160,440	160,440
● Reallocation of Urban Design function to the Planning, Building and Code Enforcement Department (1.0 Senior Executive Analyst)	(1.00)	(136,725)	(136,725)
● Various real estate and business development funding shifts		(1,675)	217,578
● Changes in vehicle maintenance and operation costs		(1,000)	0
Technical Adjustments Subtotal:	0.00	96,931	263,390
2015-2016 Forecast Base Budget:	54.00	9,911,258	4,360,230
Budget Proposals Approved			
1. Office of Economic Development Salary Program		314,975	131,202
2. Economic Development/Incentive Fund Partial Reallocation to Business Development and Economic Strategy Activities		200,000	200,000
3. Office of Cultural Affairs Arts Staffing	2.00	183,428	0
4. Small Business Ally Translation Staffing and Services	1.00	142,000	142,000
5. Rebudget: Real Estate Services Document Imaging and Records Retention System		200,000	200,000
Total Budget Proposals Approved	3.00	1,040,403	673,202
2015-2016 Adopted Budget Total	57.00	10,951,661	5,033,432

City Manager – Office of Economic Development

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Office of Economic Development Salary Program		314,975	131,202

Community and Economic Development CSA
Arts and Cultural Development
Business Development and Economic Strategy
Real Estate Services
Regional Workforce Development
Strategic Support

This action increases the Office of Economic Development personal services allocation (\$131,202 in the General Fund and \$314,975 in all funds) to reflect salary increases that were negotiated and agreed to by the City and 10 bargaining units, including Association of Building, Mechanical, and Electrical Inspectors (ABMEI), Association of Engineers and Architects (AEA), Association of Legal Professionals of San José (ALP), Association of Maintenance Supervisory Personnel (AMSP), City Association of Management Personnel (CAMP), Confidential Employees' Organization (CEO), International Association of Fire Fighters (IAFF), International Brotherhood of Electrical Workers (IBEW), International Union of Operating Engineers, Local #3 (OE3), and Municipal Employees' Federation (MEF), effective June 21, 2015. In addition, a salary increase is included for employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 23, 2015. Further details on the salary increases by each employee group, can be found at: <https://www.sanjoseca.gov/index.aspx?NID=505>. (Ongoing costs: \$260,749)

Performance Results: N/A (Final Budget Modification)

2. Economic Development/Incentive Fund Partial Reallocation to Business Development and Economic Strategy Activities		200,000	200,000
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Community and Economic Development CSA
Business Development and Economic Strategy

This action reallocates one-time funding of \$200,000 from the General Fund Economic Development/Incentive Fund City-Wide Expenses allocation, budgeted in 2014-2015, to the Office of Economic Development's Non-Personal/Equipment budget in order to perform economic development functions that were previously performed by the San Jose Redevelopment Agency. This funding will be used to support the City's business attraction, retention, and expansion efforts through marketing communications, business outreach, retail market analysis, and small business support. After one year of experience with this level of funding, an appropriate ongoing amount of funding for business development and economic strategy activities will be recommended for City Council consideration in 2016-2017. (Ongoing costs: \$0)

Performance Results:

Quality, Customer Satisfaction This action supports the City's Economic Strategy and assists business attraction efforts.

City Manager – Office of Economic Development

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. Office of Cultural Affairs Arts Staffing	2.00	183,428	0

Community and Economic Development CSA
Arts and Cultural Development

This action adds 2.0 Arts Program Coordinator positions through June 30, 2016 to assist with advancing the City Council-approved Cultural Connection: San José’s Cultural Plan for 2011-2020 and various cultural development projects. Due to urgent cultural arts facility needs such as the recent vacancy of the Hammer Theater Center, the Children’s Discovery Museum expansion, and the Levitt Pavilion feasibility work, core cultural work plan priorities and cultural development projects have been delayed. These positions will ensure continuation of the programmatic and project support necessary to address the urgent needs at various cultural facilities while still maintaining other core cultural priorities such as the management and support of the Cultural Funding Portfolio (\$3.0 million) comprised of 90 art pieces, the administration of additional grants, and the implementation of various cultural initiatives. These costs in the Transient Occupancy Tax Fund are partially offset by the elimination of funding for a temporary part-time Student Intern (\$13,000). (Ongoing costs: \$0)

Performance Results:

Quality, Customer Satisfaction This action assists in continuing various cultural development projects and cultural work plan priorities that were set aside to address the urgent cultural facility projects.

4. Small Business Ally Translation Staffing and Services	1.00	142,000	142,000
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Community and Economic Development CSA
Business Development and Economic Strategy

This action adds 1.0 Executive Analyst position to provide additional support to small businesses in multiple languages with the intent of fostering the creation and growth of immigrant small businesses in San José. Recognizing the vitality that small businesses bring to San José, the City Council’s adoption of the 2012-2013 Operating Budget included the creation of the Small Business Ally program. The program provides a single point of contact to support small businesses with the City’s permitting process. The services currently provided by the program includes English and Spanish languages. There is a significant demand for support and materials in other languages including Vietnamese. In addition, this action provides one-time funding of \$50,000 for development of a more user-friendly, resource enhanced, and multilingual website for BusinessOwnerSpace.com and the City’s small business assistance website, *Your Business Coaching Center*. (Ongoing costs: \$92,000)

Performance Results:

Cycle Time, Quality, Customer Satisfaction This action enhances the City’s current Small Business Ally program, as well as expands the services that are being delivered to address the significant demand for support to small businesses in other languages.

City Manager – Office of Economic Development

Budget Changes By Department





Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
5. Rebudget: Real Estate Services Document Imaging and Records Retention System		200,000	200,000
<i>Community and Economic Development CSA</i>			
<i>Real Estate Services</i>			
<p>This action rebudgets unexpended 2014-2015 non-personal/equipment funds for the implementation of a document imaging and records management system which has been identified as a critical component in establishing a streamlined asset management system for the City's real estate portfolio. The system will ensure the safe keeping of vital records related to City-owned properties and leases. (Ongoing costs: \$0)</p>			
Performance Results: N/A (Final Budget Modification)			
2015-2016 Adopted Budget Changes Total	3.00	1,040,403	673,202

City Manager – Office of Economic Development

Performance Summary

Arts and Cultural Development

Performance Measures

	2013-2014 Actual	2014-2015 Target	2014-2015 Estimated	2015-2016 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	\$2.5 million	\$2.75 million	\$2.9 million	\$3.0 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	N/A	42%	38%	42%

Changes to Performance Measures from 2014-2015 Adopted Budget: No

Activity and Workload Highlights

	2013-2014 Actual	2014-2015 Forecast	2014-2015 Estimated	2015-2016 Forecast
# of arts and cultural grants awarded	82	88	88	90
# of public art works in the City's permanent collection	267	273	277	282
# of outdoor special events coordinated by OCA	366	320	397*	320
# of reported attendees at OCA coordinated events	1,900,000	1,300,000	1,600,000*	1,300,000
Grant funding for special events	\$300,000	\$300,000	\$300,000	\$300,000

Changes to Activity and Workload Highlights from 2014-2015 Adopted Budget: No




* The 2014-2015 Estimated includes the inaugural Holiday Pop-Up event, 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

	2013-2014 Actual	2014-2015 Target	2014-2015 Estimated	2015-2016 Target
 Estimated jobs generated/retained by companies that received OED assistance	6,319	4,000	5,027	4,500
 Ratio of tax revenues (e.g. sales and business taxes, excludes property taxes) generated by assisted companies per estimated OED outreach expenditure	2.7:1	2:1	3.1:1	2:1
 Ratio of City's investments per job generated	\$637:1	\$608:1	\$564:1	\$649:1

Changes to Performance Measures from 2014-2015 Adopted Budget: No

Activity and Workload Highlights

	2013-2014 Actual	2014-2015 Forecast	2014-2015 Estimated	2015-2016 Forecast
# of companies receiving permitting assistance	38	25	25	25
# of firms with which OED held meetings	320	250	300	350
# of establishments participating in business assistance programs (Foreign Trade Zone and Business Cooperation Program)	NEW	10	14	15

Changes to Activity and Workload Highlights from 2014-2015 Adopted Budget: No

City Manager – Office of Economic Development

Performance Summary

Real Estate Services

Performance Measures

	2013-2014 Actual	2014-2015 Target	2014-2015 Estimated	2015-2016 Target
\$ Revenue Generated:				
a) Leases	\$1,121,922	\$605,000	\$605,000	\$605,000
b) Telecom	\$1,240,752	\$1,000,000	\$1,200,000	\$920,000*
c) Surplus property sales	\$1,510,920	\$1,220,000	\$1,500,000	\$915,000**

Changes to Performance Measures from 2014-2015 Adopted Budget: No

* The lower revenue projection reflects various telecommunication leases that are set to expire in 2014-2015.

** The lower revenue projection reflects lower number of properties available for sale in the City's inventory.

Activity and Workload Highlights

	2013-2014 Actual	2014-2015 Forecast	2014-2015 Estimated	2015-2016 Forecast
# of properties managed	50	48	50	48
# of real estate transactions within 12 months	120	118	120	118



Changes to Activity and Workload Highlights from 2014-2015 Adopted Budget: No

City Manager – Office of Economic Development

Performance Summary

Regional Workforce Development

Performance Measures

	2013-2014 Actual	2014-2015 Target	2014-2015 Estimated	2015-2016 Target
 Estimated % of clients placed in jobs		Goals set annually by State of CA	Goals set annually by State of CA	
- Adults	50%	51.5%	46.6%	TBD*
- Dislocated workers	59%	58.5%	59.2%	TBD*
- Youth	56%	60.0%	58.0%	TBD*
 Estimated % of clients employed six months after initial placement		Goals set annually by State of CA	Goals set annually by State of CA	
- Adults	79%	79.0%	79.0%	TBD*
- Dislocated workers	84%	83.0%	84.0%	TBD*

Changes to Performance Measures from 2014-2015 Adopted Budget: No

* Targets have not been negotiated with the Employment Development Department for 2015-2016 and are expected in fall 2015.

Activity and Workload Highlights

	2013-2014 Actual	2014-2015 Forecast	2014-2015 Estimated	2015-2016 Forecast
# of business clients served by the Business Services Unit	507	250	250	250

Changes to Activity and Workload Highlights from 2014-2015 Adopted Budget: No

City Manager - Office of Economic Development

Departmental Position Detail

Position	2014-2015 Adopted	2015-2016 Adopted	Change
Accountant II	2.00	2.00	-
Administrative Officer	0.00	1.00	1.00
Analyst I/II	6.00	6.00	-
Arts Program Coordinator	0.00	2.00	2.00
Assistant Director	1.00	2.00	1.00
Assistant to the City Manager	2.00	2.00	-
Deputy City Manager	0.00	1.00	1.00
Deputy Director	2.00	1.00	(1.00)
Director of Economic Development	1.00	0.00	(1.00)
Division Manager	2.00	2.00	-
Economic Development Officer	1.00	1.00	-
Events Coordinator II	1.00	1.00	-
Executive Analyst II	1.00	2.00	1.00
Executive Assistant	1.00	1.00	-
Manager of Corporate Outreach	0.00	1.00	1.00
Real Property Agent II	4.00	4.00	-
Secretary	1.00	1.00	-
Section Manager	2.00	0.00	(2.00)
Senior Account Clerk	2.00	2.00	-
Senior Analyst	4.00	3.00	(1.00)
Senior Arts Program Coordinator	5.00	5.00	-
Senior Events Coordinator	1.00	1.00	-
Senior Executive Analyst	11.00	12.00	1.00
Staff Specialist	1.00	1.00	-
Staff Technician	2.00	2.00	-
Supervising Accountant	1.00	1.00	-
Total Positions	54.00	57.00	3.00

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