

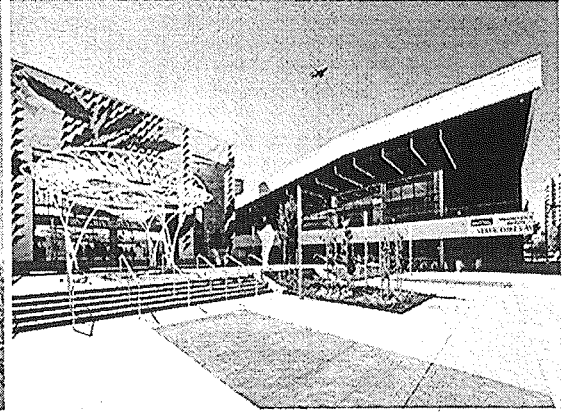
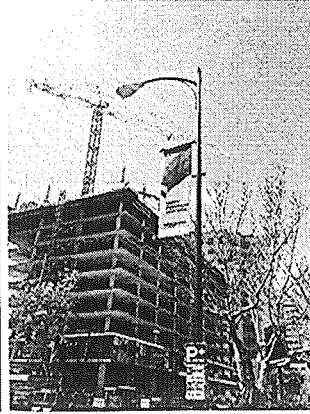
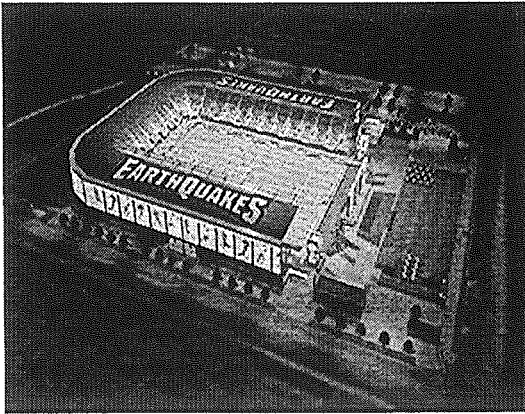
2014-2015

OPERATING BUDGET

**COMMUNITY AND
ECONOMIC
DEVELOPMENT
CSA**

**COMMUNITY AND ECONOMIC
DEVELOPMENT CSA**

Community and Economic Development



Mission: To manage the growth and change of the City of San José in order to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of employment and housing opportunities, and encourage a diverse range of arts, cultural, and entertainment offerings

Primary Partners

Economic Development
Fire
Housing
Planning, Building & Code
Enforcement
Public Works

CSA OUTCOMES

- Strong Economic Base
- Safe, Healthy, Attractive, and Vital Community
- Diverse Range of Housing Options
- Range of Quality Events, Cultural Offerings, and Public Artworks

City Service Area
Community and Economic Development
SERVICE DELIVERY FRAMEWORK

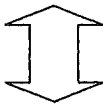
CITY SERVICE AREA
 A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

MISSION STATEMENT
 Why the CSA exists

Community & Economic Development CSA

Mission:

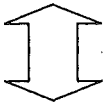
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CSA OUTCOMES
 The high level results of service delivery sought by the CSA partners

Outcomes:

- Strong Economic Base
- Safe, Healthy, Attractive, and Vital Community
- Diverse Range of Housing Options
- Range of Quality Events, Cultural Offerings, and Public Artworks



PRIMARY PARTNERS
 Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
 Primary deliverables of the organization

City Manager - Office of Economic Development

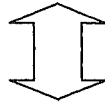
Core Services:

Arts and Cultural Development

Business Development and Economic Strategy

Real Estate Services

Regional Workforce Development



Planning, Building and Code Enforcement Department

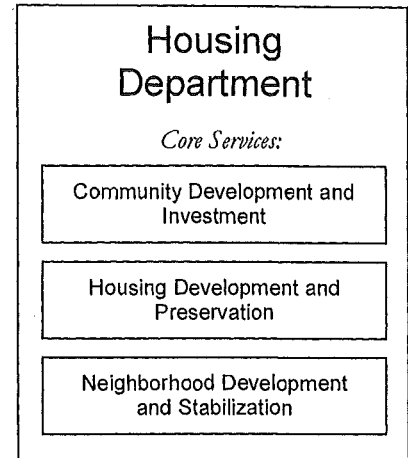
Core Services:

Development Plan Review and Building Construction Inspection

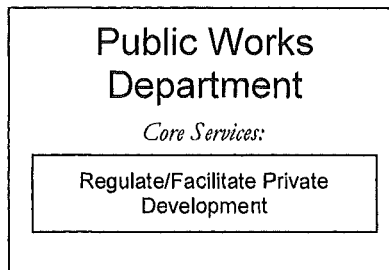
Long Range Land Use Planning

City Service Area
Community and Economic Development
SERVICE DELIVERY FRAMEWORK

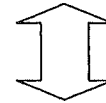
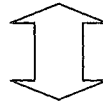
PRIMARY PARTNERS
 Departments with Core Services that contribute to achievement of CSA Outcomes



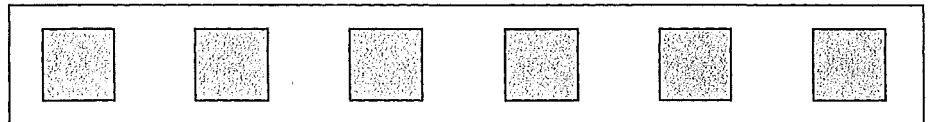
CORE SERVICES
 Primary deliverables of the organization



OPERATIONAL SERVICES
 Elements of Core Services; the "front-line" of service delivery



STRATEGIC SUPPORT
 Organization-wide guidance and support to enable direct service delivery



Community and Economic Development

Expected 2014-2015 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 attracting foreign investment.
- Continue to lead collaborative initiatives such as the City Manager's Downtown Advisory Committee and Silicon Valley Manufacturing Roundtable.
- Provide a wide range of re-employment services to residents who remain unemployed as the economy recovers.
- Manage the City's land assets through Real Estate Services with a focus on streamlining the property leasing program management of the City's real estate assets and revenue generation.
- Manage the City's key operating agreements for the San José Convention Center and Cultural Facilities (Team San José) and SAP Center (Sharks Sports and Entertainment/San José Sharks).
- Support cultural vibrancy and economic vitality through arts organizations, cultural facilities, and outdoor event producers. Support creative placemaking goals through activation of the public realm and the integration of high-impact public art in high visibility areas.
- Continue to implement a new event service model that has led to partnering with private companies and organizations for sponsorship funds and/or transferring production of events. The next fiscal year will include continued partnerships to support community-based models, notably with Christmas in the Park.
- Complete the Diridon Station Implementation Plan by May 2015 and draft Urban Village Plans for the Winchester, Stevens Creek, and Santana Row Urban Villages by June 2015.
- As activity continues to increase across all Development Services divisions, the Partners will continue to take measures to adjust staffing levels in order to meet performance targets.
- Meet customers' need for immediately available information in Development Services by expanding the innovative use of technology. Projects include the Planning Chess Clock, implementation of a new Geographic Information System (GIS), and initiation of an electronic plan review process.
- Further improve the customer experience by investing in customer service training, as well as utilizing workspace consulting services to align workspace with new business processes.
- Complete the final year of federal investments identified in the 2010-2015 Consolidated Plan and begin preparation of the next five-year plan, which lays out the City's needs and goals for expenditure of federal housing and community development funding.
- Continue to use available funds to increase the affordable housing supply. Fully fund the remaining pipeline of projects and begin to seek new development opportunities.
- Partner with the County to move forward several joint affordable housing developments for the homeless. Work with the County and the Housing Authority of Santa Clara County to align efforts around homelessness.
- Wind down the Housing Department's administration of homebuyer and housing rehabilitation programs. Identify a nonprofit entity to implement single-family lending programs in the future.
- Partner with Destination: Home, a public-private partnership with the goal of ending chronic homelessness in Santa Clara County, in its regional strategic planning process. Participate in efforts to realign and streamline systems, focus on community-based homeless services, and provide permanent supportive affordable housing opportunities.
- Continue to implement the Homeless Rapid Rehousing program. Eliminate a targeted encampment by providing supportive housing and services to encampment residents, and by implementing site remediation measures.

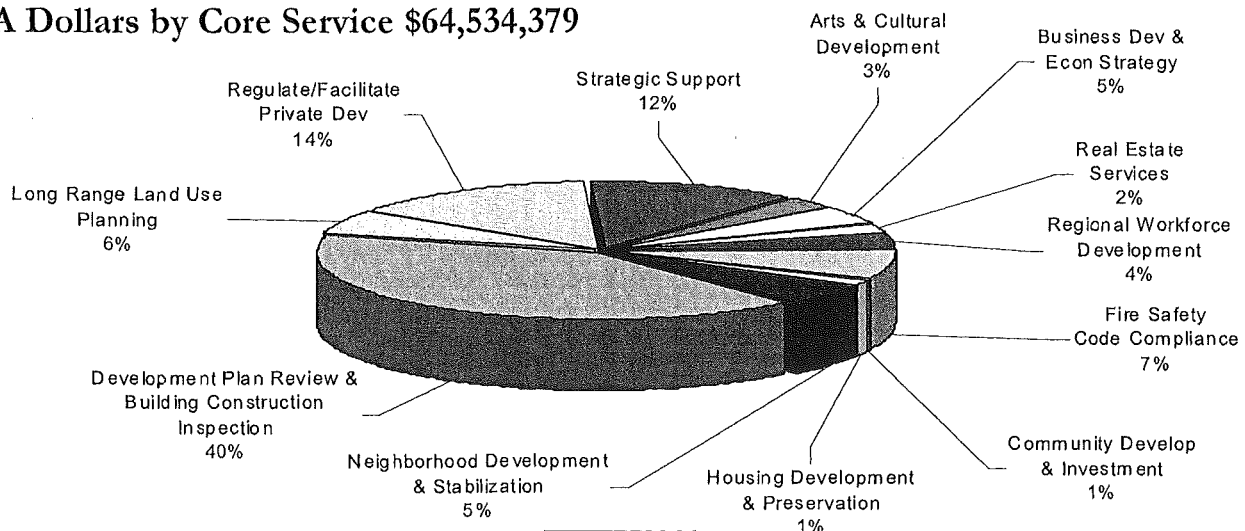
Community and Economic Development

2014-2015 Budget Actions

- ❑ The Office of Economic Development will be collaborating and executing a “Move Your Jobs to San José” communications campaign aimed at large and small Silicon Valley driving industry companies seeking new locations.
- ❑ Adds staff to support the Business Cooperation Program, a key business retention and revenue generation tool, that provides businesses a rebate of up to 30% of the local portion of the State collected use tax revenue as a result of the use tax deliberately allocated to San José by participating companies in the acquisition of equipment and/or construction materials in San José.
- ❑ The Housing Department will add two positions to support the compliance management of the City’s \$800 million affordable housing loan portfolio and its multi-family housing finance program.
- ❑ Current staffing levels in the Homeless Response Team will be extended for one year, one additional position, and \$1.1 million for encampment clean-up related services will be allocated from the Homeless Response Team Reserve. In addition, one position will be funded through the Housing Trust Fund.
- ❑ A total of \$3.5 million are set aside in reserves to continue the implementation of the homeless response team and the Homeless Rapid Rehousing program for a third year. This program provides funding for rental subsidies, case management services, and staffing required to coordinate, develop, and implement the overall strategy to find permanent housing for homeless families and individuals living in large San José encampments.
- ❑ Additional Building, Planning, Fire, and Public Works Development Fee program staffing for planning, permit intake, inspection, and plan check is expected to result in the City meeting its performance targets as development activity rises.
- ❑ One-time funding is included for initiatives that will provide Development Services with adequate staff, tools, and technology to meet performance targets and increase customer service. These initiatives include funding for customer service training, workspace improvements, and a fee study and works-in-progress analysis.
- ❑ In the Fire Department, the addition of an Associate Engineer position will improve cycle time performance for plan review. To meet after-hours and expedited inspection requests, one-time increase in overtime funding (\$179,000) and the addition of one vehicle (\$35,000) are also included.
- ❑ Funding for a GIS initiative will ensure Development Services GIS data is accurate and available for online maps and associated baseline data.

2014-2015 Total Operations by Core Service

CSA Dollars by Core Service \$64,534,379



City Service Area
Community and Economic Development
BUDGET SUMMARY

City Service Area Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
<i>Economic Development</i>					
Arts & Cultural Development	2,203,224	1,831,400	2,039,774	2,039,774	11.4%
Business Development & Economic Strategy	1,948,001	2,509,371	2,873,497	2,885,221	15.0%
Real Estate Services*	2,685,650	1,681,797	1,522,448	1,375,536	(18.2%)
Regional Workforce Development	4,890,330	3,243,319	2,553,312	2,553,312	(21.3%)
Strategic Support	839,739	703,260	613,071	613,071	(12.8%)
<i>Fire</i>					
Fire Safety Code Compliance	2,883,598	4,030,406	4,057,347	4,406,268	9.3%
Strategic Support	428,348	468,553	424,130	424,130	(9.5%)
<i>Housing</i>					
Community Develop & Investment	378,174	382,892	294,884	294,884	(23.0%)
Housing Development & Preservation	401,882	775,825	840,688	840,688	8.4%
Neighborhood Development & Stabilization	2,877,982	3,437,927	3,666,764	3,436,477	(0.0%)
Strategic Support	4,047,379	4,100,416	4,320,308	4,487,479	9.4%
<i>Planning, Bldg & Code Enforcement</i>					
Development Plan Review & Building Construction Inspection	19,626,758	24,317,200	23,963,564	26,100,134	7.3%
Long Range Land Use Planning	1,936,307	4,330,122	2,794,371	3,824,315	(11.7%)
Strategic Support	1,057,852	1,725,677	1,861,565	2,186,135	26.7%
<i>Public Works</i>					
Regulate/Facilitate Private Dev	6,056,042	8,157,133	8,153,131	9,066,955	11.2%
Dollars by Core Service Subtotal	\$ 52,261,266	\$ 61,695,298	\$ 59,978,854	\$ 64,534,379	4.6%
Other Programs					
City-Wide Expenses	\$ 20,031,021	\$ 28,306,766	\$ 21,492,760	\$ 25,441,604	(10.1%)
General Fund Capital, Transfers and Reserves	2,787,646	33,576,538	1,460,000	7,005,000	(79.1%)
Other Programs Subtotal	\$ 22,818,667	\$ 61,883,304	\$ 22,952,760	\$ 32,446,604	(47.6%)
CSA Total	\$ 75,079,933	\$ 123,578,602	\$ 82,931,614	\$ 96,980,983	(21.5%)
Authorized Positions	393.23	390.84	383.53	415.83	6.4%

* The Real Estate Services Core Service was added in 2012-2013 with a reallocation of funding from Strategic Support.

City Service Area
Community and Economic Development
OVERVIEW

Service Delivery Accomplishments

- Successful efforts in 2013-2014 to facilitate corporate and retail expansion/relocation efforts included: Electric Cloud, Apigee, Cisco, Qualcomm, IBM, and Flextronics.
- Real Estate Services generated over \$2.2 million in real estate transactions by disposing of under utilized City properties, the sale of temporary and permanent rights, and the leasing of City owned facilities.
- The Special Tenant Improvement (STI) Program issued permits for approximately 131 projects between July 1, 2013 and March 1, 2014, resulting in the development of approximately 2.1 million square feet of tenant space and \$100 million of tenant improvements. Some notable STI projects included Stanford South Bay Cancer Center, Samsung Headquarter TI, Cisco Data Center, IBM -Silicon Valley Lab major building renovations, Equinix Data Center TI, Apigee Office TI, Ernst & Young Office TI, Quantumscape Labs, and various developer's Market Ready Campus upgrades including Divco-MWest, TMG-West Tasman Campus, Boston Properties, Legacy Partners, and Sobrato Offices.
- The Industrial Tools Installation (ITI) Program issued approximately 114 permits between July 1, 2013 and March 1, 2014. Some notable projects that were served by the ITI Program are HGST Labs and Tools, Cisco SJC Labs, Lam Research, IBM – Almaden Research Center, Philips Lumileds, Verizon Data Center, and Newby Island.
- Negotiated an agreement for the United States Patent and Trademark Office to open the Silicon Valley Regional Satellite office in San José City Hall.
- The rezoning of the Alum Rock Avenue Neighborhood District with the Main Street Zoning District was approved by the City Council in October 2013.
- Successful efforts to complete the Diridon Station Area Plan and certify the Environmental Impact Report were accomplished and will be considered by the City Council in May 2014.
- Draft Urban Village Plans were completed for West San Carlos and South Bascom, as well as for the Alameda. These plans will be considered by the City Council in August 2014.
- Worked with Destination: Home and other partners on the Housing 1,000 Campaign, housing more than 620 people to date. Housing 1,000 has identified and surveyed more than 2,800 of the County's most vulnerable and long-term homeless individuals, allowing for prioritization of those most in need.
- Managed the installation of 321 mobilehome seismic retrofits, with funding made possible through a grant from the Federal Emergency Management Agency (FEMA). As a result of positive results and cost savings, FEMA approved the funding of an additional 200 homes, bringing the new total for homes to be retrofitted to 850.
- Conducted clean-ups of 48 homeless encampment sites. Deployed outreach and engagement peer workers, in addition to case managers, to connect encampment residents with housing and services. Worked closely with other regional partners to combine efforts and leverage resources.
- Cultural Affairs staff is actively implementing the City Council-adopted "Cultural Connection: San José's Cultural Plan for 2011-2020." The plan identified ten goals to help create a more vibrant San José through arts and culture.
- The Outdoor Special Events team in the Office of Cultural Affairs (OCA) coordinated 320 cultural and sporting events city-wide, including signature sporting events such as the Rock 'n' Roll Half Marathon and the Amgen Tour of California as well as neighborhood street festivals, farmers markets, and fun runs.
- The OCA continued its work on key elements of the Downtown Public Art Focus Plan: it successfully competed for a \$200,000 National Endowment for the Arts "Our Town" grant in collaboration with Movimiento de Arte y Cultura Latino Americana (MACLA), the highest eligible grant amount. The project, entitled *SoFA Creates & Connects* will create a series of public art projects, including a sculptural shade structure for Parque de los Pobladores, and an event series highlighting the work of creative entrepreneurs.

City Service Area

Community and Economic Development

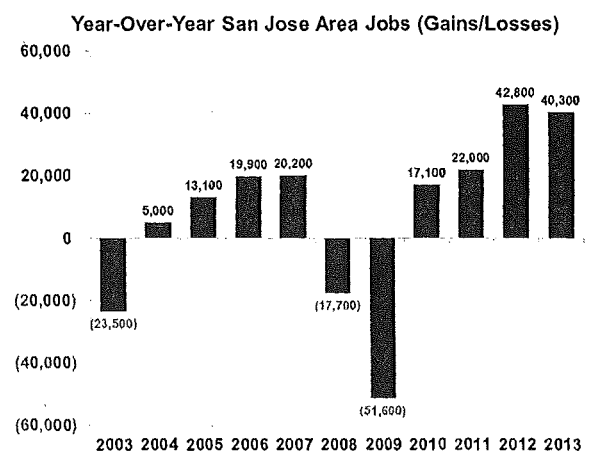
OVERVIEW

Service Delivery Accomplishments

- With a \$600,000 ArtPlace grant to illuminate downtown, the Public Art Program has been actively developing partnerships with property owners, artists and technology companies to integrate interactive artist lighting projects into downtown locations, aimed at improving the pedestrian experience.
- The Public Art Program completed an iconic artwork, *Idea Tree*, for the expanded Convention Center.
- The OCA piloted Innovation Risk Capital Grants to encourage beta-testing of innovative initiatives in the arts community. Funds for a majority of this grant came from a public-private partnership with the David and Lucile Packard Foundation.
- The OCA also piloted the Creative Industries Incentive Fund, one of the multiple initiatives of the Creative Entrepreneur Project that aligns with the City’s goal to attract, retain, and support creative talent, entrepreneurs and small business owners. Incentive awards provide project support to arts-rooted commercial businesses involved in the production and distribution of the arts.
- The responsibility to manage the six operations and maintenance contracts with the operators of the City-owned cultural facilities was fully transferred to OCA. The facilities include: the San José Museum of Art, Tech Museum of Innovation, Children’s Discovery Museum, San José Repertory Theatre (Hammer Theatre Center), History San José (History Park, Peralta Adobe and Fallon House), and the Mexican Heritage Plaza.
- The OCA staff worked closely with the Fire, Police, and Transportation Departments to create a “Pavement-to-Plaza” event permit process on South First Street between William and Reed Streets to enable greater activation of the space by SoFA’s arts organizations and businesses. The renovation of this area was part of the “Silicon Valley City’s Center: Big Deals and Small Wonders” strategy adopted by Council in 2007.

Service Delivery Environment

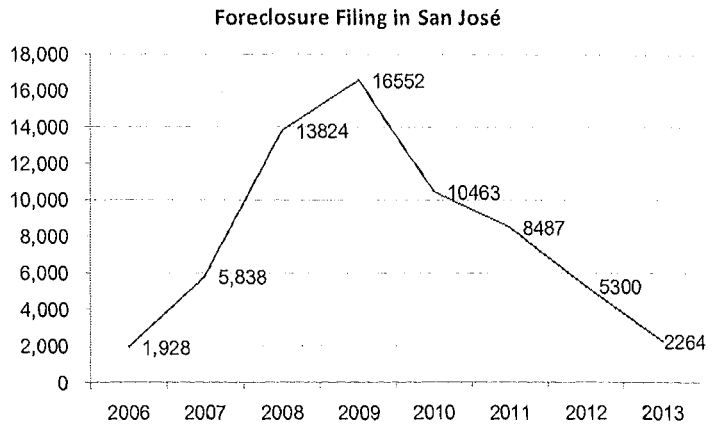
- Economic Trends and Job Growth: After significant job loss in 2008 and 2009, 2013 saw the San José metro area gain 40,300 jobs. As of February 2014, the total number of jobs is 986,900, still below the peak level of 1,085,800 achieved in 2000. The unemployment rate, according to the Bureau of Labor Statistics (reported in February 2014), decreased from 7.6% in February 2013 to 6.3% in February 2014 (the nation’s unemployment rate was 6.7%). An estimated 60,600 area residents remain unemployed.
- Housing Affordability: The median sales price of a single family home in San José as of February 2014 was \$700,000, an increase of 14% from February 2013’s median sales price of \$613,500. Median sales prices for condominiums/townhomes for the same period increased by 15% from \$370,000 to \$425,000. As long as the economy remains robust, the tight housing inventory, historically low interest rates, and strong demand for housing in San José will likely lead to higher housing costs.
- Rental Market: Rents in San José continue to remain among the highest in the nation and, therefore, unaffordable to lower-income residents. The average rent for a one-bedroom for the fourth quarter 2013 was \$1,825, which is an increase of 11% from the fourth quarter in 2012. Over the same time period, the average rent for a two-bedroom was \$2,314, an increase of approximately 10%. Assuming that no more than 30% of income goes to housing costs, a household would need to earn over \$73,000 annually to afford a one-bedroom apartment and over \$92,500 for a two-bedroom apartment in San José. In desirable San José locations such as North San José or



Service Delivery Environment

Santana Row, rental rates are significantly higher than these averages. San José's overall vacancy rate is 6.9%, which indicates a healthy balance between supply and demand and reflects the new supply of apartment homes that have recently been added to San José's rental stock.

- **Homelessness:** According to the City's January 2013 Homeless Census and Survey, there were 4,770 homeless individuals residing in San José, 77% of whom were unsheltered and 23% were sheltered. There were 1,230 homeless individuals in homeless encampments throughout the City.



- **Foreclosures:** San José experienced approximately 2,264 foreclosure filings in 2013, returning to pre-recession levels and down from the peak period in 2009 when an estimated 15,000 foreclosure filings were issued. This decline can be attributed to a number of factors, including increased foreclosure prevention capacity and expertise at the local nonprofit level, an improving economy, and the fact that the majority of subprime adjustable-rate mortgages made during the last housing bubble have passed through the system. There are signs that the current hot housing market reflects inflated conditions, with recent reports indicating that subprime mortgages have slowly returned to the portfolio of mortgage products that lenders are offering.
- **Non-Profit Cultural Organizations:** The economic downturn has greatly affected non-profit arts organizations and event producers, requiring innovation and adaptive change. Foundation support, donations, and earned revenue have not rebounded. Many organizations continue to operating on reduced programs and operations.

CSA Priorities/Key Services

- Engage driving industry and revenue-generating companies to help facilitate their retention and growth in San José.
- Support the start-up and growth of new businesses.
- Continue to provide high quality land-use development and permitting services for all customers.
- Advance Green Vision goals of catalyzing clean technology innovation and creating clean tech jobs.
- Continue to manage the City's real estate assets.
- Continue to invest in development process improvements in coordination with stakeholders to improve the speed, consistency, predictability, and customer experience.
- Ensure that the City speaks with "one voice" on development issues while improving the speed, consistency, and predictability of the development review process.
- Continue to offer re-employment services to residents and businesses through work2future.
- Support the provision of a range of quality cultural and sports offerings that appeal to San José's diverse community.
- Identify strategies to fund affordable housing, transportation, and Urban Village infrastructure needs.
- Ensure that residents have a diverse range of housing options by increasing housing opportunities for people of all income levels and household types.
- Increase housing and service opportunities for the City's homeless residents, including those living in encampments along waterways.

City Service Area
Community and Economic Development
OVERVIEW

Development Services Budget Summary

	Revenue	Cost	% Cost Recovery*	Positions	Works-in-Progress Reserve**
2013-2014 Modified					
Building	\$ 29,000,000	\$ 30,005,335	96.6%	150.47	\$ 23,259,330
Fire	7,100,000	6,300,000	112.7%	29.66	6,435,140
Planning	4,000,000	4,169,238	95.9%	21.72	2,304,416
Public Works	9,300,000	8,067,727	115.3%	50.74	6,490,802
Total	\$ 49,400,000	\$ 48,542,300	101.8%	252.59	\$ 38,489,688
2014-2015 Proposed					
Building	\$ 25,600,000	\$ 30,062,956	85.2%	157.89	\$ 18,796,374
Fire	7,000,000	7,000,000	100.0%	32.61	6,435,140
Planning	3,600,000	5,194,893	69.3%	31.56	709,523
Public Works	9,604,000	10,124,209	94.9%	60.38	7,670,594
Total	\$ 45,804,000	\$ 52,382,058	87.4%	282.44	\$ 33,611,631

* Excludes the development fee reserves. In 2013-2014, the excess revenues over expenditures were placed in the development fee reserves, and in 2014-2015, all programs reach 100% cost recovery once the use of reserves is incorporated.

** The Works-in-Progress Reserve for 2014-2015 is the estimated reserve level once 2013-2014 revenue and expenditures are reconciled and 2014-2015 balancing actions are included.

Development Services is a \$52.4 million business for the City of San José, providing integrated technical plan review and inspection services across Planning, Building, Public Works, and Fire (Development Services Partners). Businesses, homeowners, and other customers utilize Development Services when remodeling, building new structures, or making other investments to their properties. These investments bring tax revenue, jobs, and other direct benefits to the City. Development Services are provided in an efficient, thorough, and quality-driven manner. While each partner's budget is discussed within their particular Department section, all partners are committed to working closely together to provide "one voice" to Development Services customers.

Over the last year, the Development Services Partners have continued to realize a steady and sustained increase in workload activity, with associated increases in Fee Program revenues. In order to continue to operate efficiently and attract further development to the City, a total of 29 new development fee positions are included in this budget (10.05 in Building Development Fee Program, 9.27 in Planning Development Fee Program, 1.46 in Fire Development Fee Program, and 7.93 positions in Public Works Development and Utility Fee Programs). These positions will help improve target cycle times and increase customer service.

Improved staffing, training, and updated technology will be the priorities for the Development Services Partners in 2014-2015 in order to close the gap between customer expectations and service delivery. As a result of a steady increase in activity, included in this budget are additional staffing to support Development Services: an addition of a Public Information Manager to coordinate the communications for Development Services; addition of Accounting Staff to address the cashiering, billing, and revenue monitoring needs; and several key management positions (Planning Official, Building Division Manager, and Building Inspection Manager) are included to provide oversight and span of control. Also, one-time funding of \$25,000 is included to provide customer service training to all the Development Services staff. To address technology needs, the following resources are included in this budget: funding for a Network Technician in the Information Technology Department to modernize the desktop environment and an addition of a Geographic Systems Specialist for the implementation and ongoing support of the Geographic Information System (GIS) data migration project, which will ensure Development Services GIS data is accurate and available for online maps and associated baseline data.

City Service Area
Community and Economic Development
OVERVIEW

Budget Dollars at Work: Performance Goals

This CSA generates revenues for the City through its business attraction/retention efforts, sale of permanent and temporary property rights, the leasing of City owned facilities, retail development, and event activities, as well as its facilitation of private development. This CSA is responsible for a continuum of services from long-range planning to development review to programmatic implementation aimed at job creation/retention/expansion; housing development; convention and visitor services; arts, cultural, and special event support and development; and overall quality of life in San José's diverse neighborhoods.

OUTCOME 1: STRONG ECONOMIC BASE

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Facilitate Major Corporate Development	1. Estimated jobs generated/retained by companies that received OED assistance by:					
	Type of Company:					
	- Industrial	3,895	3,500	4,880	3,200	16,000
	- Commercial/Retail	2*	500	44*	800	2,000
	Type of Job:					
	- New	2,038	2,000	4,283	2,200	10,000
	- Retained	1,859	2,000	641	1,800	8,000
	2. # of Clean Tech Jobs generated/retained from City efforts	446	200	72	200	1,500
Stimulate Revenue for City Services	1. Economic Impact of Convention Center (attendance by visitor type)					
	- Local/Social	1,043,842	992,244	1,141,080	1,100,00	N/A**
	- Out of Town	52,660	52,022	59,825	63,400	N/A**
	- Exhibitors	6,988	5,734	5,630	5,600	N/A**
	2. Estimated increases in sales and business taxes from attracted or expanding businesses which previously received assistance from the City (excludes property and utility taxes):					
	- Taxes from new companies	\$1.04 M	\$1.0 M	\$364,572*	\$1.5 M	\$4.5 M
	- Taxes from retained companies	\$1.11 M	\$1.0 M	\$949,061	\$1.0 M	\$4.5 M
	Total	\$1.15 M	\$2.0 M	\$1,313,633	\$2.5 M	\$9.0 M

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Retail jobs generated or retained by the Office of Economic Development (OED) assisted companies has underperformed due to a combination of factors including timing of projects, delays in reporting of jobs as well as the amount of jobs directly attributed to assistance by OED. The 2014-2015 Target reflects several retail projects, including Almaden Ranch and the retail portion of the Hitachi mixed-use project, that are currently in construction and will be coming online.

** The 5-Year Goal does not have a performance measure because the City is currently working with Team San José, the operator of the City's Convention and Cultural Facilities, and the City's hospitality industry advisor to modify the methodology to reflect changing industry best practices.

City Service Area
Community and Economic Development
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 1: STRONG ECONOMIC BASE

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Retain Industrial Jobs, Suppliers and Industrial Land Uses	1. Jobs gained/(lost) in areas with "heavy" and "light" Industrial General Plan land designation (acres converted in parenthesis)	0 jobs* (0 acres)	0 jobs* (0 acres)	0 jobs* (0 acres)	0 jobs* (0 acres)	0 jobs* (0 acres)
	2. Jobs gained/(lost) in areas with "Industrial Park" and "Campus Industrial," and other R&D General Plan land designation (acres converted in parenthesis)	0 jobs* (0 acres)	0 jobs* (0 acres)	0 jobs* (0 acres)	0 jobs* (0 acres)	0 jobs* (0 acres)
	3. Estimated ratio of San José jobs to employed residents	0.84	0.85	0.82	0.84	0.90
Facilitate Small Business Expansion	1. # of Business Owner Space participants receiving assistance, access to capital, technical or human resources support or information	40,578	25,000	38,000	30,000	100,000
	2. Unique website visitors to businessownerspace.com	14,572	32,000	12,000	10,000	50,000
Be Active Partner in Developing a Skilled Workforce	1. Number of work2future clients receiving discrete services (counseling, job placement, and occupational training)	3,627	3,523	3,535	3,230	TBD**
	- Adults	2,521	2,210	2,200	2,000	TBD**
	- Dislocated Workers	851	1,050	1,105	1,000	TBD**
	- Youth	255	263	230	230	TBD**
	2. Estimated % of clients employed six months after initial placement					
	- Adults	79%	78.7%	78.7%	78.7%	TBD**
	(% of target met)	(104%)	(100%)	(102%)	(100%)	(100%)
	- Dislocated Workers	84%	83.79%	82.4%	82.4%	TBD**
	(% of target met)	(101%)	(100%)	(104%)	(100%)	(100%)
	3. Estimated % of clients placed in jobs					
- Adults	49.6%	50.7%	50.7%	50.7%	TBD**	
(% of target met)	(113%)	(100%)	(100%)	(100%)	(100%)	
- Dislocated Workers	59.2%	57.6%	57.6%	57.6%	TBD**	
(% of target met)	(113%)	(100%)	(95%)	(100%)	(100%)	
- Youth	55.9%	67.0%	67.0%	67.0%	TBD**	
(% of target met)	(78%)	(100%)	(100%)	(100%)	(100%)	

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* No General Plan hearings were scheduled in 2012-2013 and 2013-2014. The next General Plan hearing is scheduled for July 2014 with the Planning Commission and August 2014 with the City Council. There are six privately initiated General Plan amendments and 11 Director/City initiated General Plan amendments scheduled to be considered at those hearings.

** Targets have not been negotiated with the Employment Development Department for 2014-2015 and are expected in fall 2014.

Budget Dollars at Work: Performance Goals

OUTCOME 1: STRONG ECONOMIC BASE

Corporate Development and Revenue Growth

- ✓ Providing quality development services to support companies relocating, expanding, and staying in San José remains a top priority for this CSA. With the improving construction climate and the recent temporary reductions in the North San José Traffic Impact Fee and limit-dated suspension of construction taxes for industrial projects, the work of the Development Services Project Manager/Expediter will continue to be a critical role helping to facilitate and assist the over 30 economic development proposals proceed through the approval process as quickly as possible.
- ✓ The CSA's Development Services partners will continue improvements through the Administrative Hub, allowing each department to more easily track expenses and align resources accordingly.
- ✓ The CSA's Development Services partners will continue to make ordinance changes to the sign code and zoning that allow for streamlined processing of planning development applications. The changes will continue to further job and revenue generation for the City.
- ✓ Development Services will continue to provide expedited and other service options to assist companies going through the permitting process. The Small Business Services Ally continues to provide a single point of contact for small businesses going through the Development Services permitting process.
- ✓ Staff is involved in regional and State-wide conversations about influencing financing tools needed for infrastructure, housing, and economic development after the dissolution of the former San Jose Redevelopment Agency. Staff will continue to respond to and influence State legislation and strategy to improve the State's partnership with regions and cities in ways that benefit Silicon Valley.
- ✓ Work2future will continue to improve service offerings through businessownerspace.com, a small business network of nearly 40 service providers. In addition, work2future will continue to provide a platform for small businesses to market and promote their business through the recent launch of the shopsanjose.biz website.
- ✓ Consumer spending has rebounded and sales tax revenues have shown improvement. Focused efforts on retail attraction and retention have improved the mixture of retail offering within the City leading to an increased tax base. City staff will continue to work with developers on bringing retail development to the City.
- ✓ The CSA will continue to encourage sporting/cultural events and athletic teams to locate in San José in an effort to raise the image of San José as a national destination and generate revenues by increasing tourism.

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Budget Dollars at Work: Performance Goals

OUTCOME 2: SAFE, HEALTHY, ATTRACTIVE, AND VITAL COMMUNITY

Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Quality Living and Working Environment	1. % of residents surveyed who rate the quality of architecture and landscaping design/maintenance in new development in their neighborhood as good or better	N/A*	70%	N/A*	70%	70%
Increase the City's Housing Unit Capacity	1. # of dwelling units added to the General Plan holding capacity annually	0**	0**	0**	0**	0**
	2. San José housing production compared to regional fair share number target (in parenthesis)	2,702 units (3,750)	2,250 units (3,750)	3,500 units (3,750)	3,000 units (3,750)	14,000 units (18,750)
	3. % of units receiving development permit approval compared to target (actuals in parenthesis)	90% (3,000 units)	75% (3,000 units)	117% (3,000 units)	100% (3,000 units)	93% (13,000 units)
Provide Seamless and Effective Development Review Including Implementation of Environmental Regulations, in a Customer Friendly Fashion	1. % of projects that receive thorough, complete, consistent review in the first cycle of staff review					
	- Entitlement Process	N/A***	65%	N/A***	65%	75%
	- Construction Process	N/A***	80%	N/A***	80%	80%
	2. Ratio of current year fee revenue to fee program cost	100%	100%	100%	100%	100%
	3. Development projects completed within processing time targets:					
	- Entitlement Process	75%	77%	90%	85%	85%
	- Construction Process:					
	- Plan Check	86%	85%	84%	85%	85%
	- Inspections in 24 hours	36%	75%	56%****	75%	80%
	- Inspections in 48 hours	63%	92%	85%****	92%	95%
	4. % of development services walk-in customers served in less than 30 minutes (wait time)	68%	75%	70%	75%	75%
	5. % of customers surveyed rating service as good or better					
- Discretionary*****	62%	70%	76%	70%	80%	
- Ministerial*****	73%	75%	76%	75%	80%	
6. % of customers surveyed who indicate the City has improved customer service in the past 12 months						
- Discretionary*****	51%	60%	70%	60%	80%	
- Ministerial*****	70%	65%	71%	65%	80%	

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Staffing vacancies have reduced capacity for soliciting feedback on new development projects.
 ** There were no General Plan amendment hearings scheduled in 2012-2013 and 2013-2014. The next General Plan hearing is scheduled for July 2014 with the Planning Commission and August 2014 with the City Council. There are six privately initiated General Plan amendments and 11 Director/City initiated General Plan amendments scheduled to be considered at those hearings.
 *** Staff are focused on front line service delivery and have not had capacity to collect data. The Department will evaluate and change the methodology of the performance measure and will bring forward recommendations as part of the 2015-2016 budget process.
 **** Additional positions were added in 2013-2014, however, some positions were filled but vacancies still remain as a result of the difficulties in filling the positions quickly with qualified candidates. The Administration continues to recruit for a wide range of development services positions.
 ***** Discretionary projects are those that require a public hearing (e.g. zoning change, General Plan amendment).
 ***** Ministerial projects are administrative in nature and do not require a public hearing (e.g. water heater replacement).

Budget Dollars at Work: Performance Goals

OUTCOME 2: SAFE, HEALTHY, ATTRACTIVE, AND VITAL COMMUNITY

Seamless and Effective Development Review

- ✓ The five-year goal for the development process is to make San José the best place in America to conduct business by:
 - Establishing a predictable and timely development review process by emphasizing a facilitation approach, providing “one voice” service delivery, and updating policies and codes;
 - Achieving financial stability and full cost-recovery for the development fee programs, adjusting hourly rates annually for changes in staff costs, and performing periodic cost of service analyses;
 - Expanding provision of enhanced service options at a premium fee for customers desiring expedited service; and
 - Continually improving processes and customer service through ongoing dialogue with development customers about their concerns and priorities, measuring performance, and conducting an annual scientific customer survey.
- ✓ Stable staffing levels will be a focus as this will likely lead to improved customer service according to the most recent customer survey.
- ✓ The Development Services partners (Building, Fire, Planning, and Public Works) continue to work together to provide consistent services to development applicants. The partners will continue to consolidate resources with the goal of building a high-performing, integrated Administrative Hub and Project Management Team.
- ✓ The City Council adopted the comprehensive update to the General Plan on November 1, 2011. The Envision San José 2040 General Plan is a “jobs first” plan, with aggressive transportation mode shift and environmental sustainability goals while continuing to meet the City’s housing needs. The 2014-2015 Budget supports ongoing implementation of the Plan to facilitate development in San José.
- ✓ Staff is working closely with the Valley Transportation Authority to bring Bay Area Rapid Transit (BART) and High Speed Rail to San José.

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OUTCOME 3: DIVERSE RANGE OF HOUSING OPTIONS

5 Year Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Increase the Supply of Affordable Housing	1. % of annual target achieved for completion of affordable housing (housing units)	49.4% (248)	100% (565)	83% (471)	100% (94)	100% (1,732)
Direct Significant Affordable Housing Resources to Lower-Income Households	2. % of Housing Department funds reserved by income levels over 5 years: - Very Low (<=50% of median) - Extremely Low (<=30% of median) - Very Low (31-50% of median) - Low (51-80% of median) - Moderate (81-120% of median)	82% 17% 65% 11% 7%	60% 30% 30% 25% 15%	19% 7% 12% 30% 51%	60% 30% 30% 25% 15%	60% 30% 30% 25% 15%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

- ✓ The Department is identifying creative ways to fund pipeline projects, using program income from loans in the City's loan portfolio, developer negotiated payments, and federal HOME Investment Partnership Program funds, among others. In 2014-2015, the City will invest approximately \$54.1 million in housing programs throughout the City, including an estimated \$11.9 million in federal housing and community development entitlement program funding.
- ✓ In order to continue to fund new affordable housing developments in the post redevelopment world, new local and State funding sources and tools need to be identified. The City will continue to advocate for new State funding sources, including the Permanent Source, work to implement the City-wide Inclusionary Housing Ordinance, and investigate the possibility of a local Housing Impact Fee. New funds will be focused on supportive housing, and rental housing with deep income targeting.
- ✓ The City will continue to implement a place-based, neighborhood focused strategy using CDBG Community Development Improvement funds in three neighborhoods (Santee/McKinley, Mayfair, and Five Wounds/Brookwood Terrace).
- ✓ The Homeless Rapid Rehousing program will place at least 100 homeless individuals living in encampments in permanent housing with ongoing subsidies provided by the City, County, or other partners.
- ✓ The City will work in partnership with the Santa Clara Valley Water District, the County of Santa Clara, and other agencies to abate 48 encampment sites, and provide outreach, case management, housing, and service opportunities to encampment residents.
- ✓ The Housing Department will continue to partner with Destination: Home and Housing 1,000 to reach the goal of housing 1,000 chronically homeless people by 2014-2015.

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Budget Dollars at Work: Performance Goals

OUTCOME 3: DIVERSE RANGE OF HOUSING OPTIONS

- ✓ A total of \$54.1 million in Housing Program funds will be available in 2014-2015 as displayed in the following chart.

2014-2015 Housing Program Funds	
\$ 24,580,000	Housing Loans and Grants
8,700,000	HOME Investment Partnership Program Fund
8,141,778	Community Development Block Grant (CDBG) Program
2,000,000	Tenant Based Rental Assistance
1,950,000	CalHome
1,670,000	Homeless Response Team (reflected in City-Wide Expenses Section)
1,400,000	BEGIN
850,000	Neighborhood Stabilization Program
849,228	Rental Rights and Referrals Program
846,484	Housing Opportunities for People with AIDS (HOPWA)
620,642	Emergency Shelter Grant (ESG)
600,000	Destination: Home
453,000	Housing and Homeless Projects
448,156	HOPWA Special Projects
330,000	Inclusionary Project
325,000	Hazard Mitigation Grant Program
250,000	Homeless Services
50,000	Emergency Assistance
\$ 54,064,288	Total Housing Program Funding Sources

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Budget Dollars at Work: Performance Goals

OUTCOME 4: RANGE OF QUALITY EVENTS, CULTURAL OFFERINGS, AND PUBLIC ARTWORKS

5 Year Strategic Goals	CSA Performance Measures	2012-2013 Actual	2013-2014 Target	2013-2014 Estimate	2014-2015 Target	5-Year Goal
Provide a diverse range of arts and cultural offerings for residents and visitors	1. % of residents rating the availability of a diverse range of quality arts and cultural activities in the City as good or excellent	42%	55%	54%	55%	55%
Encourage a full range of outdoor special events that serve diverse communities and visitors	1. % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent	47%	50%	N/A*	50%	50%
	2. Estimated City revenue from signature events (events and festivals solicited and supported by the City)	\$1.1 M	\$1.1 M	\$1.1 M	\$750,000	\$5.0 M

Changes to Performance Measures from 2013-2014 Adopted Budget: No

* Data for this measure is collected through the biennial City-Wide Community Survey. The survey was last issued in 2012-2013. The next scheduled survey will be conducted in 2014-2015, with results included in the 2015-2016 Proposed Budget.

Public Art and Design Amenities

- ✓ During 2014-2015, the Public Art Program will prioritize projects in high traffic transportation corridors, pedestrian areas, and in key areas of city development such as Urban Villages.
- ✓ The program will continue implementation of the Focus Plans for Downtown. The program will advance Phase 1 of the Illuminating Downtown Project, comprised of a series of interactive artist lighting projects.
- ✓ Other significant activities will include projects in collaboration with the Environmental Services Department, aimed at community awareness of the sewer collection systems, and art in key transportation projects such as Berryessa BART and Bus Rapid Transit. The program will focus efforts on developing strong partnerships, continuing its work with San José State University, San José Downtown Association, and the private sector.

Arts Grants and Creative Entrepreneurs

- ✓ The City awards arts grants through the *Cultural Funding Portfolio: Investments in Art, Creativity and Culture* administered by the OCA. This includes the three core grant programs: Festivals, Parades and Celebrations; *take pART*, cultural participation project grants; and Operating Grants. The OCA will foster cultural vibrancy and understanding through investments in community-based arts partners. The OCA will foster a vibrant, sustainable ecosystem of healthy nonprofit arts and cultural organization through the provision of training for nonprofit arts and cultural organizations.
- ✓ The OCA will enhance support for creative entrepreneurs and the commercial creative sector through professional development grants and the Creative Industry Incentive Fund.

Budget Dollars at Work: Performance Goals

OUTCOME 4: RANGE OF QUALITY EVENTS, CULTURAL OFFERINGS, AND PUBLIC ARTWORKS

Cultural Facilities

- ✓ Stewarding the sustainability of City-owned cultural facilities will be a goal, which will be to identify funding mechanisms to meet maintenance and capital needs. The OCA, in partnership with the Department of Public Works, will work with non-profit cultural facility operators to prioritize maintenance and capital repair projects.

Special Events

- ✓ Fostering destination quality events in San José is a goal of the City. OCA cultivates partnerships with event organizers, such as the new Silicon Valley Contemporary and the Downtown Rotary, to support the successful launch of new events.
- ✓ The City continues the private-public partnership with the Christmas in the Park Board to continue the production of Christmas in the Park (CITP), after a transition to a community-based production model. CITP intends to grow sponsorships, concessions, and other revenues to sustain the finances needed to produce this holiday festivity.
- ✓ Staff continues to create ways to develop public policy and strategies to support outdoor public venues and cultural enrichment. Strategies may include lowering costs related to the production of outdoor special events for event organizers by offering different models and venues to event organizers, and updating and reviewing pertinent policies with various City Departments. One of the most significant efforts underway, in conjunction with the Police and Transportation Departments' staff, is the solidification of a new traffic control model for street closures.
- ✓ Staff will be implementing the City's first Urban Activation Zone in St. James Park in summer and fall 2014. This will include an interdepartmental approach to remove barriers for activation and coordination of events and programming in the park.

**Community and Economic Development
PROPOSED BUDGET CHANGES**

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
ECONOMIC DEVELOPMENT			
• Business Development and Economic Strategy Staffing	1.00	0	0
• Enterprise Zone Program Elimination	(1.00)	(135,188)	(135,188)
<i>Subtotal</i>	0.00	(135,188)	(135,188)
FIRE			
• Fire Development Fee Program	1.00	348,921	348,921
<i>Subtotal</i>	1.00	348,921	348,921
HOUSING			
• Homeless Response Team	2.00	130,098	0
• Housing Asset Management Program	1.00	109,452	0
• Housing Department Staff Funding Realignment	0.00	0	0
• Housing Analytical Staffing Realignment	(2.00)	(302,666)	0
<i>Subtotal</i>	1.00	(63,116)	0
PLANNING, BUILDING AND CODE ENFORCEMENT			
• Building Development Fee Program	8.91	1,773,370	1,773,370
• Planning Development Fee Program	9.06	1,012,378	1,012,378
• Fire and Public Works Development Fee Programs and Other Programs	1.33	402,604	420,048
• Urban Villages Implementation Staffing	2.50	302,732	302,732
<i>Subtotal</i>	21.80	3,491,084	3,508,528
PUBLIC WORKS			
• Public Works Development Fee Program	6.50	704,909	704,909
• Public Works Utility Fee Program	1.00	106,213	106,213
• Urban Villages Implementation - Public Works Staffing	1.00	97,299	97,299
• Electric Vehicle Lease Renewal		5,403	5,403
<i>Subtotal</i>	8.50	913,824	913,824
Subtotal Departments	32.30	4,555,525	4,636,085
CITY-WIDE EXPENSES			
• CommUniverCity Program		100,000	100,000
• Cultural and Arts Facilities Capital Replacement and Maintenance (TOT Growth)		0	0
• Homeless Rapid Rehousing		2,000,000	2,000,000
• Homeless Response Team		1,670,000	1,670,000
• Move Your Jobs to San José Communications		100,000	100,000
• Property Leases		(271,156)	(271,156)
• San José Downtown Association		250,000	250,000
• SAP Center Renegotiation		100,000	100,000

City Service Area

Community and Economic Development
PROPOSED BUDGET CHANGES

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Transfers to Other Funds: Ice Centre Revenue Fund - Former RDA SERAF Loan Repayment		2,045,000	2,045,000
• Earmarked Reserves: 2015-2016 Homeless Rapid Rehousing Reserve		2,000,000	2,000,000
• Earmarked Reserves: 2015-2016 Homeless Response Team Reserve		1,500,000	1,500,000
Subtotal Other Changes	0.00	9,493,844	9,493,844
Total Proposed Budget Changes	32.30	14,049,369	14,129,929

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