

# City Manager - Office of Economic Development

Kim Welsh, Director

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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

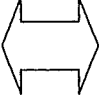

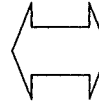
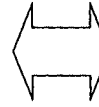
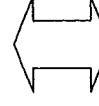
### **Regional Workforce Development**

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		Key Operational Services
<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/Festival Grants and Assistance</li> <li>• Cultural Facilities</li> <li>• Cultural Planning, Policy and Initiatives/Arts Commission Support</li> <li>• Public Art &amp; Design: Master Plan Implementation/Inter-Agency Coordination</li> <li>• Public Art Project Management</li> <li>• Event Authorization</li> <li>• Inter-Departmental and External-Agency Coordination</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>• Economic Strategy and Policy</li> <li>• Business Outreach, Retention, and Attraction</li> <li>• Development Project Facilitation</li> <li>• Clean-Tech Strategy</li> <li>• Downtown Management</li> <li>• Incentive Programs</li> <li>• Business Communication</li> <li>• Air Service Development</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>• Asset Management</li> <li>• Property Sales</li> <li>• Acquisitions</li> <li>• Easements</li> <li>• Right of Way</li> <li>• Leasing</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>• Business Services</li> <li>• work2future Program Administration</li> </ul>
<p><b>Strategic Support:</b>  <i>Budget/ Fiscal Management and Administrative Support</i></p>		<ul style="list-style-type: none"> <li>• Budget/Fiscal Management</li> <li>• Administrative Support</li> </ul>

# City Manager – Office of Economic Development

## Department Budget Summary

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### 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 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 as the economy continues to recover.
- Assist arts organizations, cultural facilities, and outdoor event producers to sustain, innovate, and adapt in fiscally challenging times.
- Manage the City's real estate assets with a focus on revenue generation, cost minimization, and timely transaction services.

### 2014-2015 Budget Actions

- The addition of a Senior Executive Analyst to support the Business Cooperation Program (BCP) is included. The BCP is 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.
- San José's Enterprise Zone (EZ) program, a fee-based business incentive program, was eliminated by the State in December 2013 resulting in the elimination of EZ staffing and contractual services funding associated with the program.

### Operating Funds Managed

- |  |  |
|--|--|
| <input type="checkbox"/> Business Improvement District Fund  | <input type="checkbox"/> San José Diridon Development Authority Fund |
| <input type="checkbox"/> San José Arena Capital Reserve Fund | <input type="checkbox"/> Transient Occupancy Tax Fund                |
| <input type="checkbox"/> San José Arena Enhancement Fund     | <input type="checkbox"/> Workforce Investment Act Fund               |

# City Manager - Office of Economic Development

## Department Budget Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Proposed 4	% Change (2 to 4)
<b>Dollars by Core Service</b>					
Arts and Cultural Development	\$ 2,203,224	\$ 1,831,400	\$ 2,039,774	\$ 2,039,774	11.4%
Business Development and 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%)
<b>Total</b>	<b>\$ 12,566,944</b>	<b>\$ 9,969,147</b>	<b>\$ 9,602,102</b>	<b>\$ 9,466,914</b>	<b>(5.0%)</b>
<b>Dollars by Category</b>					
Personal Services					
Salaries/Benefits	\$ 10,271,931	\$ 8,808,493	\$ 8,640,448	\$ 8,686,747	(1.4%)
Overtime	2,076	0	0	0	0.0%
Subtotal	\$ 10,274,007	\$ 8,808,493	\$ 8,640,448	\$ 8,686,747	(1.4%)
Non-Personal/Equipment					
<b>Total</b>	<b>\$ 2,292,937</b>	<b>\$ 1,160,654</b>	<b>\$ 961,654</b>	<b>\$ 780,167</b>	<b>(32.8%)</b>
<b>Dollars by Fund</b>					
General Fund	\$ 5,004,714	\$ 3,694,009	\$ 4,007,009	\$ 3,871,821	4.8%
Airport Maint & Oper	0	139,214	140,814	140,814	1.1%
Integrated Waste Mgmt	44,997	57,107	69,558	69,558	21.8%
SJ/SC Treatment Plant Oper	41,038	44,244	38,059	38,059	(14.0%)
Transient Occupancy Tax	1,078,164	1,263,019	1,548,253	1,548,253	22.6%
Workforce Investment Act	5,216,445	3,537,024	2,806,003	2,806,003	(20.7%)
Capital Funds	1,181,586	1,234,530	992,406	992,406	(19.6%)
<b>Total</b>	<b>\$ 12,566,944</b>	<b>\$ 9,969,147</b>	<b>\$ 9,602,102</b>	<b>\$ 9,466,914</b>	<b>(5.0%)</b>
<b>Authorized Positions by Core Service</b>					
Arts and Cultural Development	10.00	10.00	11.03	11.03	10.3%
Business Development and Economic Strategy	14.10	14.10	14.50	14.50	2.8%
Real Estate Services	8.10	8.10	7.70	7.70	(4.9%)
Regional Workforce Development	40.60	16.60	16.60	16.60	0.0%
Strategic Support	4.20	4.20	3.17	3.17	(24.5%)
<b>Total</b>	<b>77.00</b>	<b>53.00</b>	<b>53.00</b>	<b>53.00</b>	<b>0.0%</b>

# City Manager - Office of Economic Development

## Budget Reconciliation

**(2013-2014 Adopted to 2014-2015 Proposed)**

	Positions	All Funds (\$)	General Fund (\$)
<b>Prior Year Budget (2013-2014):</b>	53.00	9,969,147	3,694,009
<b>Base Adjustments</b>			
<b>One-Time Prior Year Expenditures Deleted</b>			
• Real Estate Services Document Imaging and Records Retention System		(200,000)	(200,000)
<b>One-time Prior Year Expenditures Subtotal:</b>		(200,000)	(200,000)
<b>Technical Adjustments to Costs of Ongoing Activities</b>			
• Salary/benefit changes and the following position reallocation: - 1.0 Staff Specialist to 1.0 Secretary		785,587	513,000
• Annualization of work2future - Service Delivery Model Change		(953,632)	0
• Changes in vehicle maintenance and operation costs		1,000	0
<b>Technical Adjustments Subtotal:</b>	0.00	(167,045)	513,000
<b>2014-2015 Forecast Base Budget:</b>	53.00	9,602,102	4,007,009
<b>Budget Proposals Recommended</b>			
1. Business Development and Economic Strategy Staffing	1.00	0	0
2. Enterprise Zone Program Elimination	(1.00)	(135,188)	(135,188)
<b>Total Budget Proposals Recommended</b>	0.00	(135,188)	(135,188)
<b>2014-2015 Proposed Budget Total</b>	53.00	9,466,914	3,871,821

# City Manager – Office of Economic Development

## Budget Changes By Department





Proposed Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<b>1. Business Development and Economic Strategy Staffing</b>  <i>Community and Economic Development CSA</i> <i>Business Development and Economic Strategy</i> <i>Real Estate Services</i>  <p>This action adds 1.0 Senior Executive Analyst position in the Business Development Division, offset by a non-personal/equipment reduction of \$146,912 for a net-zero impact on the General Fund. The position will support the Business Cooperation Program (BCP), 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. While BCP was being developed, the Real Estate Services Division was exploring ways to streamline real estate transactions with a focus on reducing reliance on external resources for property appraisal, title company, and brokerage services. The Real Estate team has expanded their services by completing property valuation estimates and property title searches when appropriate. Due to the internal knowledge, experience, and change in business model, OED is able to reduce its non-personal/equipment funding with no service level impact anticipated. (Ongoing costs: \$0)</p> <p><b>Performance Results:</b>  <b>Customer Satisfaction</b> The BCP is one of the tools that the Business Development Division utilizes to assist in retention and growth of businesses in San José. This action supports and promotes this business incentive program as an innovative solution to generate jobs and revenues for the City.</p>	1.00	0	0
<b>2. Enterprise Zone Program Elimination</b>  <i>Community and Economic Development CSA</i> <i>Business Development and Economic Strategy</i>  <p>This action eliminates 1.0 Senior Executive Analyst position and contractual services funding of \$34,575 for the Enterprise Zone Program, offset by a corresponding reduction in associated fee revenue for a net-zero impact on the General Fund. The Enterprise Zone, designed to encourage business investment and promote job creation in economically distressed areas throughout California, was terminated on December 31, 2013 by the passage of AB93 and SB90. (Ongoing savings: \$135,514)</p> <p><b>Performance Results:</b>  <b>Cost</b> The termination of this fee-funded program by the State of California will have some impact to the businesses that could have benefited from the special tax incentives, which were designed to stimulate economic development. City staff is in the process of completing the applications that were received through December 2013 and anticipate completing all activities by June 30, 2014.</p>	(1.00)	(135,188)	(135,188)
<b>2014-2015 Proposed Budget Changes Total</b>	0.00	(135,188)	(135,188)

# City Manager – Office of Economic Development

## Performance Summary

### Arts and Cultural Development

#### Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 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	\$2.4 million	\$2.4 million	\$2.5 million	\$2.75 million
 % of responding funded cultural organizations rating the arts grants program good to excellent based on responsiveness and timeliness	85%	85%	94%	90%
 % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent*	41%	40%	N/A*	42%

*Changes to Performance Measures from 2013-2014 Adopted Budget: Yes<sup>1</sup>*

\* 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.

<sup>1</sup> Changes to Performance Measures from 2013-2014 Adopted Budget:

- ⊆ “% of responding funded cultural organizations rating the arts grants program good to excellent based on responsiveness, timeliness, and integrity” was revised to “% of responding funded cultural organizations rating the arts grants program good to excellent based on responsiveness and timeliness” to reflect the actual survey question.

#### Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of arts and cultural grants awarded	70	70	80	88
# of public art works in the City's permanent collection	267	273	267	273
# of outdoor special events coordinated by OCA	400	385	320*	320
# of reported attendees at OCA coordinated events	1,800,000	1,700,000	1,400,000*	1,300,000
Grant funding for special events	\$300,000	\$289,000	\$300,000	\$300,000

*Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget: No*

\* The 2013-2014 Forecast for the number of outdoor special events and number of reported attendees are higher than estimated due to a change in reporting methodology by several organizers including the San José Jazz Festival. Information Only events were excluded in the 2013-2014 Estimate and 2014-2015 Forecast numbers.

# City Manager – Office of Economic Development

## Performance Summary

### Business Development and Economic Strategy

#### Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
🎯 Estimated jobs generated/retained by companies that received OED assistance	3,919	4,000	3,919	4,000
💰 Ratio of tax revenues (e.g. sales and business taxes, excludes property taxes) generated by assisted companies per estimated OED outreach expenditure	2:3	2:1	2.3:1	2:1
💰 Ratio of City's investments per job generated	NEW	NEW	NEW	\$608:1

*Changes to Performance Measures from 2013-2014 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Performance Measures from 2013-2014 Adopted Budget:

- + "Ratio of City's investments per job generated" was added to measure the economic impact of the City's financial incentives programs (through equipment reimbursement agreements and grants) by tracking the net new jobs created of participating companies that moved into or expanded in San José through this program.

#### Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of companies receiving permitting assistance	25	25	25	25
# of firms with which OED held meetings	245	250	245	250
# of establishments participating in business assistance programs (Foreign Trade Zone and Business Cooperation Program)	NEW	NEW	NEW	10

*Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget:

- + "# of establishments participating in business assistance programs (Foreign Trade Zone and Business Cooperation Program)" was added to inform City Council of the impact of business assistance programs on businesses.



City Manager – Office of Economic Development

**Performance Summary**

**Real Estate Services**

*Performance Measures*

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
<b>\$</b> Revenue Generated:				
a) Leases	\$921,851	\$805,000	\$805,000	\$605,000*
b) Telecom	\$1,240,682	\$1,200,000	\$1,200,000	\$1,000,000**
c) Surplus property sales	\$6,197,831***	\$1,320,000	\$1,320,000	\$1,220,000

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

- \* The lower revenue projection reflects the loss of the lease from Park N Travel due to the sale of the Airport West/FMC property.
- \*\* The lower revenue projection reflects various telecommunication leases that are set to expire in 2014-2015.
- \*\*\* The number includes revenue of \$4.97 million for sale of the Airport West/FMC property received in 2012-2013.

**Activity and Workload Highlights**

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of properties managed	50	50	50	48
# of real estate transactions	146	120	120	118

*Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget: No*

# City Manager – Office of Economic Development

## Performance Summary

### Regional Workforce Development

#### Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated*	2014-2015 Target
Estimated % of clients placed in jobs <div style="margin-left: 20px;">                     - Adults                      - Dislocated workers                      - Youth                 </div>	50%	50.7%	49.6%	TBD**
	59%	57.6%	59.2%	TBD**
	56%	67.0%	58%	TBD**
Estimated % of clients employed six months after initial placement <div style="margin-left: 20px;">                     - Adults                      - Dislocated workers                 </div>	79%	78.7%	79%	TBD**
	84%	82.4%	84%	TBD**

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

\* Estimated percentages reflect the estimated attainment by work2future's performance outcomes, which are expected to be higher than the goals set by the State.

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

### Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of business clients served by the Business Services Unit	506	350	450	250*

*Changes to Activity and Workload Highlights from 2013-2014 Adopted Budget: No*

\* The 2014-2015 Forecast for the number of business clients served is expected to decline due to the work2future – Service Delivery Model Change and continued decline of grant funding.

## City Manager - Office of Economic Development

### Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Proposed	Change
Accountant II	2.00	2.00	-
Analyst I/II	6.00	6.00	-
Assistant Director	1.00	1.00	-
Assistant to the City Manager	2.00	2.00	-
Deputy Director	2.00	2.00	-
Director, Economic Development	1.00	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	1.00	-
Executive Assistant	1.00	1.00	-
Real Property Agent II	4.00	4.00	-
Secretary	0.00	1.00	1.00
Section Manager	2.00	2.00	-
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	10.00	10.00	-
Staff Specialist	2.00	1.00	(1.00)
Staff Technician	2.00	2.00	-
Supervising Accountant	1.00	1.00	-
<b>Total Positions</b>	<b>53.00</b>	<b>53.00</b>	<b>0.00</b>

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