

ECONOMIC DEVELOPMENT

The mission of the Office of Economic Development is to catalyze job creation, private investment, revenue generation, and talent development and attraction.

ECONOMIC DEVELOPMENT

The City of San José's Office of Economic Development (OED) leads the City's economic strategy, provides assistance for businesses, manages the City's real estate assets, helps connect employers with trained workers, and supports art and cultural amenities in the community.

OED manages several incentive programs for businesses, among them the Foreign Trade Zone and the Storefronts Grants Program, which helps small businesses enhance or enliven their ground-floor storefronts.

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

In 2019-20, OED's operating expenditures totaled \$11.2 million. This includes personal and non-personal expenditures. The department was responsible for \$84.5 million of other costs, including \$43 million in capital-related expenses and \$9.7 million in Citywide expenses. Citywide expenses included \$1.7 million in property leases where the City is the tenant, a \$1.3 million subsidy to the Tech Museum and \$900,000 to the SJ Works: Youth Jobs Initiative. The City also supported the Convention & Cultural Facilities with over \$10 million from hotel tax revenues.

KEY FACTS (2019-20)

Unemployment Rate*	Pre-COVID	2.6%
	Post-COVID	13.1%
Median Household Income		\$ 115,893

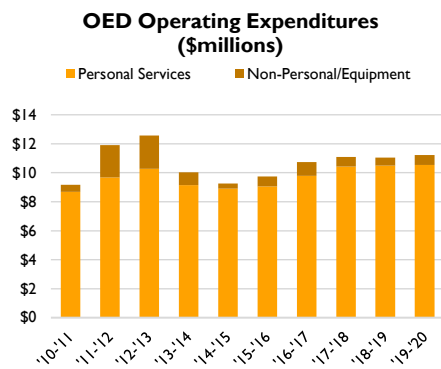
*Average of monthly unemployment rates before and after March 2020.

Sources: Bureau of Labor Statistics and 2019 American Community Survey

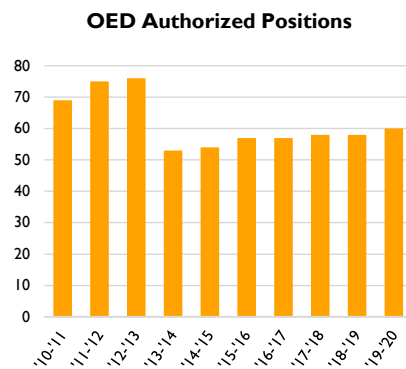
ECONOMIC STRATEGY AND COVID-19 RESPONSE

The current economic strategy workplan seeks to expand economic opportunity and mobility through business support, attraction and facilitation; talent development; business outreach; and encouraging downtown development. In 2019-20, OED re-centered much of its resources to support the City's business community in the face of unprecedented challenges and disruption caused by the COVID-19 pandemic and economic fallout. Beginning in March, all the Business Development staff were re-assigned to the Emergency Operations Center to assist in business communications, resource referrals, CARES Act funding disbursement, and layoff support. Staff led the development of the City's microenterprise grants and San Jose Al Fresco, which helped local businesses adapt during the economic downturn. Staff coordinated with inter-governmental and nonprofit partners to reach vulnerable businesses and connect them to business technical assistance resources and information to operate safely.

Source: Office of Economic Development

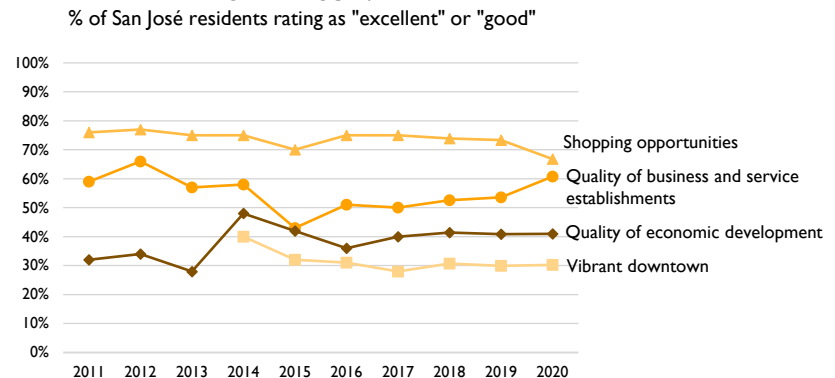


Note: In '11-'12, Real Estate Services was added to OED.



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

RESIDENT SURVEY



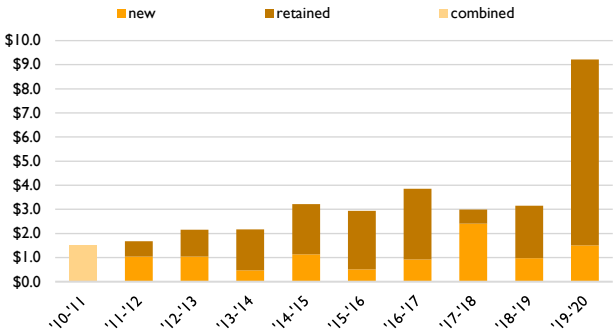
BUSINESS DEVELOPMENT AND JOBS

OED promotes business in San Jose by providing assistance, information, access to services, and facilitation of the development permit process, though many of these services changed due to the COVID-19 emergency (also see Development Services in the Planning, Building and Code Enforcement section). In 2019-20, OED provided development facilitation services to 111 businesses. It also coordinated the Business Owner Space network, through which clients receive information, technical and human resources support. Partner organizations, like SCORE, a mentoring and training provider to small businesses, provide other services. (See www.businessownerspace.com.)

OED estimated companies that received its assistance generated \$9.2 million in tax revenues (business and sales taxes), nearly triple the amount from 2018-19, primarily driven by a revenue-sharing agreement with eBay. In 2019-20, this also included the attraction of Roku, Living Spaces, and Outdoor Hardware Supply. About \$11.30 in tax revenue was generated for every \$1 of OED expenditure on business development.

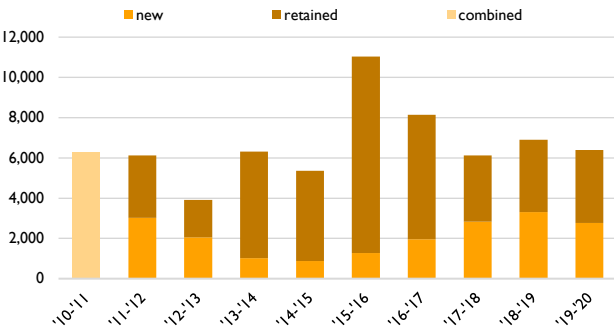
One of OED’s main goals is to catalyze job creation. Companies and businesses that received OED assistance created about 2,800 jobs and retained about 3,600 jobs in 2019-20. With about 447,000 jobs located within the city, San José has less than one job per employed resident. Palo Alto, by contrast, has more than three jobs per employed resident. San José is the only large U.S. city where more residents commute to work outside city limits, rather than into the city. (See the CSA Dashboard chapter for additional information.)

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



Note: The methodology changed in '11-'12. The growth in '19-'20 is primarily driven by a revenue-sharing agreement with eBay.

Estimated Jobs Created or Retained by OED-assisted Companies

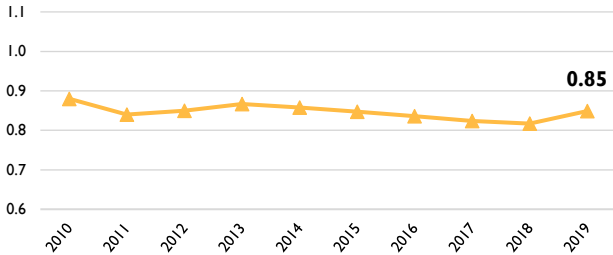


RESIDENT SURVEY

68% of employed San José residents report they work inside the boundaries of the City

Jobs Per Employed Residents in San José

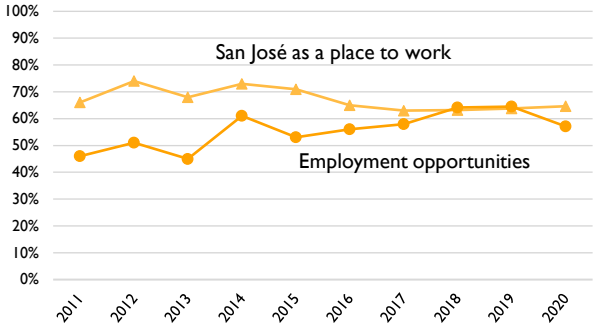
Balance at 1.0 job per resident
Envision 2040 target: 1.1 jobs per resident



Sources: American Community Survey 5-Year Estimates (2010 through 2018) and 1-Year Estimate for 2019

RESIDENT SURVEY

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



ECONOMIC DEVELOPMENT

WORKFORCE DEVELOPMENT

The City's workforce development program is managed by the [work2future](#) Foundation, serving adults, dislocated (laid-off) workers, and youth. It provides job search assistance, occupational training, and skills enhancement workshops.

The work2future Foundation continued to provide services during the COVID-19 emergency, although their services moved online. Over 1,100 job seekers took advantage of skill upgrades and training programs in 2019-20. Nearly 400 business clients received services, including recruitment, lay-off aversion, and business assistance. (See CSA Dashboard chapter for additional information.) The work2future Foundation also runs San José Works, a youth jobs initiative focused on strengthening City partnerships, such as those with the Mayor's Gang Prevention Task Force, to identify, recruit, train, and place at-risk youth in jobs. In 2019-20, San José Works provided 900 youth with subsidized and unsubsidized employment opportunities.

ARTS AND CULTURAL DEVELOPMENT

The Office of Cultural Affairs (OCA) promotes San José's artistic and cultural vibrancy and supports opportunities for cultural participation and cultural literacy for residents, workers, and visitors. In 2019-20, OCA awarded 132 grants totaling \$5.3 million to organizations that are located in San José or host events in San José. Contributing to San José's placemaking and design goals, the public art program reported that it had 312 works throughout San José, four of which are privately owned.

Prior to COVID, OCA helped facilitate 371 event days in 2019-20 with an estimated attendance of 2.2 million. Large-scale events included annual events such as Christmas in the Park, Winter Wonderland, and the Rotary Fireworks. Other signature events included the Rock N Roll Half Marathon, Viva CalleSJ, and the SAP Center 25th Anniversary Festival. Despite COVID, annual attendance barely declined, compared to 2018-19, because there was higher attendance at some annual events.

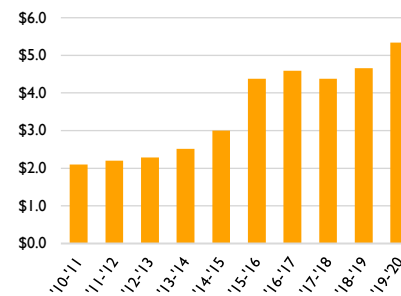
RESIDENT SURVEY
39% of San José residents attended at least one City-sponsored event

work2future Development Program Results

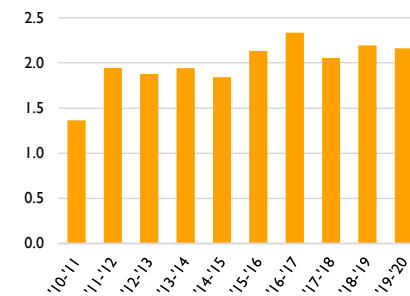
	Job Seekers	Placed in Jobs	State Goal
Adults	540	66%	55%
Dislocated Workers	320	70%	64%
Youth (14-24 years)	252	76%	63%

**Note: work2future serves San José, Campbell, Morgan Hill, Los Altos Hills, Gilroy, Saratoga, Monte Sereno, and unincorporated areas of Santa Clara County.*

Grant Awards for Arts and Cultural Development (\$millions)



Estimated Attendance at Outdoor Special Events (millions)



Funding to City-owned Cultural Facilities

OCA provided operations and maintenance funds totaling about \$3.7 million from the General Fund to the following operators of City-owned cultural facilities:

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



Hammer Theatre, Photo: City Auditor's Office

REAL ESTATE SERVICES

Real Estate Services manages the City’s real estate portfolio, provides real estate services to City departments, and represents the City in third-party transactions. This includes acquisition, disposition, surplus sales, leasing, relocation, valuation, telecommunications, and property management. In 2019-20, this generated about \$5.4 million in sales revenue; the City generated \$4.75 million alone when it sold a 13,000 square-foot parcel in downtown. The division also generated \$3.1 million in lease revenue. Real Estate Services had 80 property leases in its real estate portfolio.

CONVENTION & CULTURAL FACILITIES

The City’s convention facilities (San José McEnery Convention Center, Parkside Hall, South Hall) house exhibitions, trade shows, and conferences. The City’s cultural facilities (San Jose Civic, Montgomery Theater, California Theatre, Center for the Performing Arts) are home to concerts, plays, and other performances. Team San Jose, a non-profit organization, manages these facilities on behalf of the City. Ninety-eight percent of responding event coordinator clients who used the facilities rated overall service as “good,” “very good,” or “excellent,” higher than the target of 95 percent.

In 2019-20, prior to COVID-19, the facilities drew over 700,000 people to 240 events overall. Of those events, 75 were at the convention facilities, hosting 300,000 visitors. On March 16, 2020, Santa Clara County issued a shelter-in-place order, providing that individuals could only leave their residence to perform essential activities. As a result, all events at the City’s convention and cultural facilities were canceled for the rest of 2019-20. As a result, operating revenues declined 44 percent to \$35.6 million. The Convention Center’s occupancy rate (by square footage) was 56 percent.

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

San Jose Civic



California Theatre



Montgomery Theater

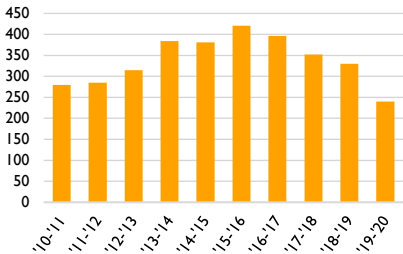


Center for Performing Arts

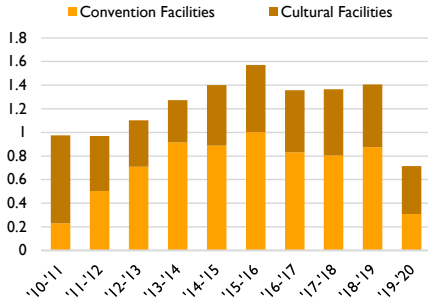


Photos: City Auditor’s Office and Team San Jose

Number of Events (Convention and Cultural Facilities Combined)



Attendance (millions)



Operating Revenues and Expenses (\$millions)

