



2012-2013

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

Convention Facilities
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

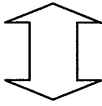
CITY SERVICE AREA
 A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

MISSION STATEMENT
 Why the CSA exists

Community & Economic Development CSA

Mission:

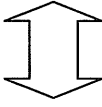
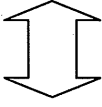
To manage the growth and change of the City of San José in order to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of employment and housing opportunities, and encourage a diverse range of arts, cultural, and entertainment offerings



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

Fire Department

Core Services:

Fire Safety Code Compliance

Housing Department

Core Services:

Community Development and Investment

Housing Development and Preservation

Neighborhood Development and Stabilization

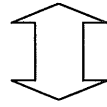
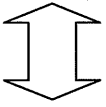
CORE SERVICES
 Primary deliverables of the organization

Public Works Department

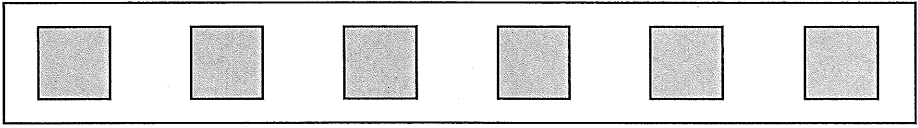
Core Services:

Regulate/Facilitate Private Development

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 2012-2013 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 incurring foreign investment.
- Provide a range of re-employment services to residents who remain unemployed as the economy slowly recovers.
- Manage City's land assets through Real Estate Services with a focus on improvements in asset management and revenue generation.
- Assist arts organizations, cultural facilities, and outdoor event producers to sustain, innovate, and adapt in fiscally challenging times. Integrate high-impact public art and urban design in high visibility areas.
- New event service models have led to partnering with private companies and organizations for sponsorship funds and/or transferring production of events for 2012, including: Amgen Tour of California, San José Cycling Classic-King of the Mountain, and Christmas in the Park.
- Compete for development projects that generate revenue and create jobs with the Economic Development/Incentive Fund.
- Complete two community-based Village Plans (Diridon and Five Wounds), including performance measures and sustainability indicators using grant funding obtained from local and State grantors.
- Complete other activities to facilitate development consistent with the Envision San José 2040 General Plan Update, including but not limited to completing the Sign Code update, completing the Zoning Code modifications, and rezoning properties along Alum Rock Avenue and The Alameda.
- Successfully manage the influx of new businesses to San José with additional staff as well as the utilization of contractual services on an as-needed basis supported by development services fees to ensure customers receive inspection, plan check, and plan review services within cycle time targets.
- In 2012-2013, the Community Development Block Grant (CDBG) will employ a place-based, neighborhood-focused strategy for the use of most of its CDBG funds. The three place-based neighborhoods are Mayfair, Santee, and Five Wounds/Brookwood Terrace.
- Continue to provide financial assistance to individuals for home purchases and rehabilitations. While there will be a major reduction in affordable housing production due to the elimination of new redevelopment funds for housing, the Housing Department will utilize State and federal funds to complete these activities.
- Continue to work with Destination: Home, a public-private partnership with the goal of ending chronic homelessness in Santa Clara County by realigning and streamlining public systems, focusing community-based homeless services on the Housing-First model, and providing permanent supportive affordable housing opportunities to the most vulnerable and long-term homeless individuals. In the coming year, a specific goal is to permanently house 1,000 people by the end of 2012-2013 working with a county-wide team to coordinate housing and services for homeless people.

2012-2013 Budget Actions

- Due to the implementation of AB X1 26 which eliminated 26 Redevelopment Agencies State-wide, the Housing Department will reduce its administrative budget by \$237,000 resulting in a net reduction of two positions through a staffing reorganization.
- Funding for peak staffing contractual services will allow the Planning, Building and Code Enforcement and Fire Departments to utilize multiple resources in order to effectively meet an anticipated surge of development activity in San José.

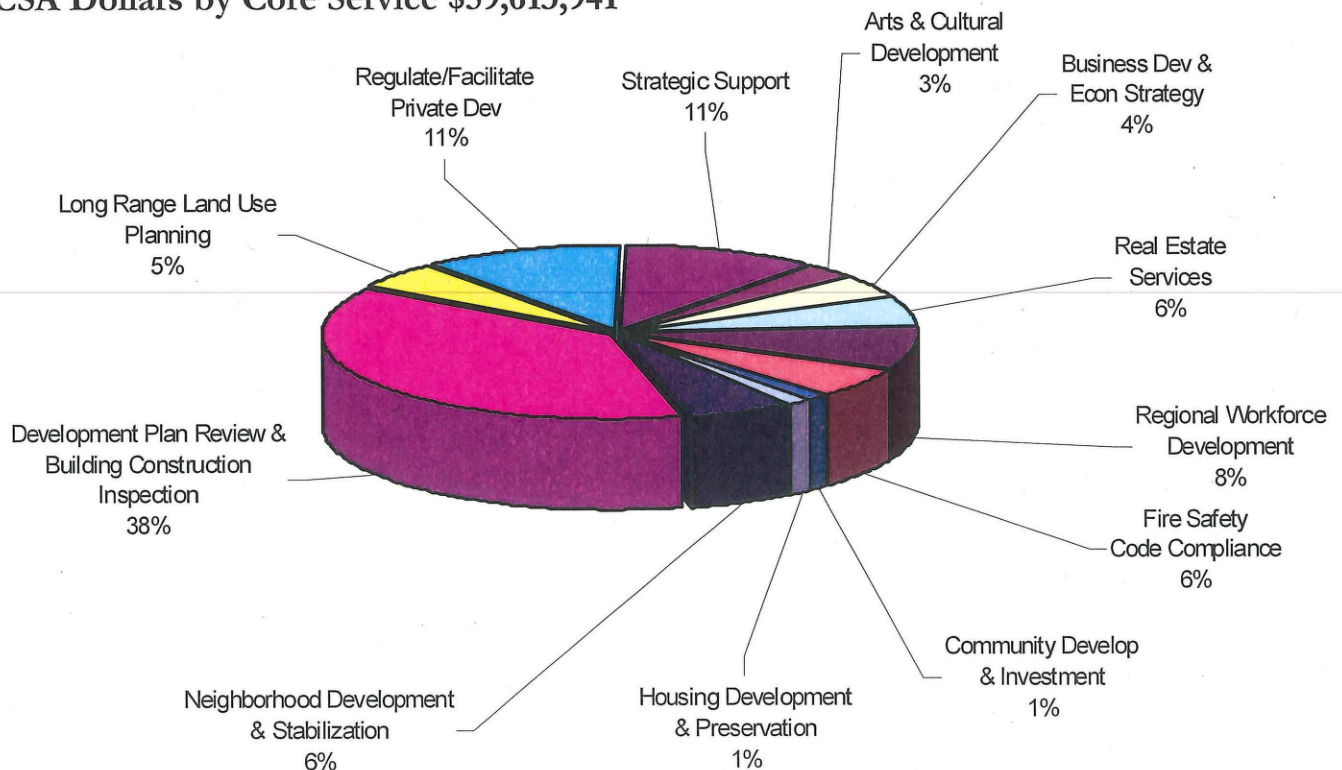
Community and Economic Development

2012-2013 Budget Actions

- ❑ Adds a new Development Services Small Business Ambassador to serve as the single point of contact for key small business projects going through the development process, providing coordinated service across all development services partners.
- ❑ New Building, Planning, and Fire Development Fee staffing for planning, inspection, and plan check will result in the City meeting its performance targets as development activity expands.
- ❑ The federal government has limited spending on the largest entitlement programs resulting in a 42% decline in funding for HOME and a 19% decline in CDBG funds. As a result of reduced CDBG funding, this budget will eliminate eight positions city-wide.
- ❑ Repair and maintenance staffing managed by Team San José will be eliminated in response to activity reductions and the variable nature of this work. Repairs and maintenance will now be performed contractually.
- ❑ A commercial paper issuance of \$10 million in the Convention and Cultural Affairs Fund will allow for necessary kitchen and HVAC repairs at the Convention Center as part of the Convention Center Expansion.
- ❑ Office of Cultural Affairs non-personal/equipment funding will be reallocated from the General Fund to the Transient Occupancy Tax (TOT) Fund. Due to an increase in TOT funding expected in 2012-2013, this reallocation is not anticipated to impact arts grant funds because the total arts grants ongoing allocation will still increase by approximately \$303,000, with one-time funding also available in the amount of \$412,000. This completes the multi-year funding shift of Arts and Cultural Development into the TOT fund.

2012-2013 Total Operations by Core Service

CSA Dollars by Core Service \$59,613,941



City Service Area
Community and Economic Development
BUDGET SUMMARY

City Service Area Budget Summary

	2010-2011 Actual 1	2011-2012 Adopted 2	2012-2013 Forecast 3	2012-2013 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
<i>Convention Facilities</i>					
Convention Facilities*	\$ 20,000,436	\$ 16,019,059	\$ 16,632,309	\$ 0	(100.0%)
<i>Economic Development</i>					
Arts & Cultural Development	1,610,593	1,849,605	1,846,901	1,846,901	(0.1%)
Business Development & Economic Strategy	2,027,786	2,289,510	2,082,820	2,435,956	6.4%
Outdoor Special Events**	541,399	138,698	0	0	(100.0%)
Real Estate Services***	0	0	3,284,288	3,313,888	N/A
Regional Workforce Development	4,636,488	4,855,127	4,935,067	4,890,331	0.7%
Strategic Support	352,874	3,845,125	452,027	452,027	(88.2%)
<i>Fire</i>					
Fire Safety Code Compliance	1,960,784	2,568,794	2,931,160	3,393,738	32.1%
Strategic Support	660,878	447,935	461,772	538,036	20.1%
<i>Housing</i>					
Community Develop & Investment	1,789,948	961,505	817,464	636,753	(33.8%)
Housing Development and Preservation	904,926	1,125,629	880,607	880,607	(21.8%)
Neighborhood Development & Stabilization	3,545,853	3,406,650	3,543,444	3,547,834	4.1%
Strategic Support	3,610,954	3,860,669	4,249,336	4,282,128	10.9%
<i>Planning, Bldg & Code Enforcement</i>					
Development Plan Review & Building Construction Inspection	14,565,470	17,695,531	19,944,203	22,643,190	28.0%
Long Range Land Use Planning	1,940,317	1,847,648	1,468,173	2,960,090	60.2%
Strategic Support	1,136,746	1,268,298	1,144,028	1,183,347	(6.7%)
<i>Public Works</i>					
Regulate/Facilitate Private Dev	3,833,076	4,448,940	5,422,185	6,609,115	48.6%
<i>Redevelopment Agency****</i>					
Strategic Support	1,284,425	0	N/A	N/A	N/A
Dollars by Core Service Subtotal	\$ 64,402,953	\$ 66,628,723	\$ 70,095,784	\$ 59,613,941	(10.5%)
Other Programs					
City-Wide Expenses	\$ 23,448,335	\$ 22,342,899	\$ 20,033,792	\$ 21,744,123	(2.7%)
Gen.Fd Cap, Trans & Reserves	7,376,184	19,585,100	7,262,646	27,873,432	42.3%
Other Programs Subtotal	\$ 30,824,519	\$ 41,927,999	\$ 27,296,438	\$ 49,617,555	18.3%
CSA Total	\$ 95,227,472	\$ 108,556,722	\$ 97,392,222	\$ 109,231,496	0.6%
Authorized Positions	348.43	334.17	354.06	374.15	12.0%

* As part of the 2012-2013 Adopted Budget, the remaining City positions supporting Team San José were eliminated. The Non-Personal/Equipment appropriation was eliminated and a new appropriation, Convention Facilities Operations, was created.

** In 2012-2013, the Outdoor Special Events Core Service was eliminated and the funding was reallocated to the Arts and Cultural Development Core Service.

*** In 2010-2011, Real Estate Services and corresponding positions and funding was transferred from the Public Works Department to the Office of Economic Development and budgeted in Strategic Support in 2011-2012. The Real Estate Services Core Service was added in 2012-2013 with a reallocation of funding from Strategic Support.

**** As approved by the City Council on January 24, 2012, the Redevelopment Agency was dissolved consistent with AB X126. Therefore, only the 2010-2011 Actuals as well as 2011-2012 Adopted Budget are reflected as there are no actions or funding beyond this point. Budgeted funding associated with the Successor Agency was brought forward and approved separately by the Successor Agency Board in June 2012.

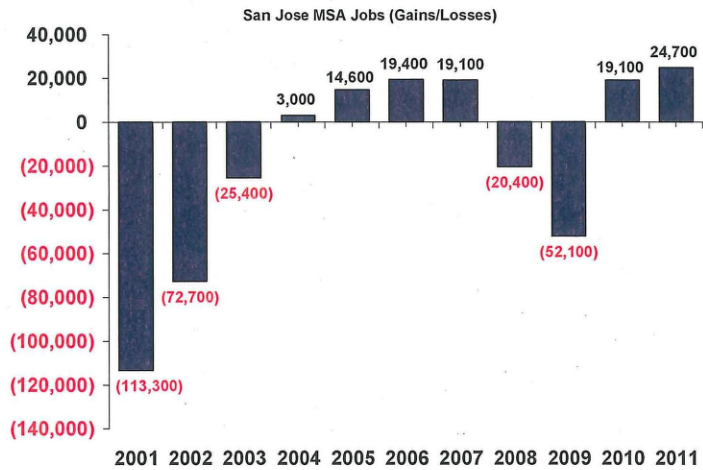
Service Delivery Accomplishments

- Successful efforts in 2011-2012 to facilitate corporate and retail expansion/relocation efforts included: Capitol Fiat, Capitol Chevrolet, Netflix, Flextronics, Polycom, Kovio, SpiderCloud, Cavium, Oracle, and Drobo.
- Construction Taxes were temporarily suspended for Office/R&D and other industrial uses, providing a favorable leasing environment for technology tenants until March 15, 2014. A temporary reduction in the North San José Traffic Impact Fee to \$5 until December 31, 2014 was implemented to incent development of 1 million square feet of industrial space.
- Real Estate Services generated \$3.8 million in real estate transactions by disposing of under utilized City properties.
- The Clean Tech Strategy adopted in 2007 has advanced the Green Vision goal of 25,000 clean tech jobs, with 7,000 clean tech jobs created since 2005.
- The Outdoor Special Events team in the Office of Cultural Affairs coordinated 311 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 Special Tenant Improvement (STI) Program issued permits for approximately 150 projects in 2011-2012, resulting in the development of approximately 2.4 million square feet of tenant space. Some notable STI projects included Qualcomm, NXP, Oracle, Flextronics, PWC, Microsemi, Adobe, Oracle, Advantest, LSI, and Atmel.
- The Industrial Tool Installation (ITI) Program issued approximately 198 permits in 2011-2012 for over \$30 million valuation of tool and system installations. Some notable projects that were served by the ITI Program are Hitachi, Sunpower, Nanosolar, Fusion-IO, Novellus, Silicon Valley Tech Center, Cisco, and Samsung.
- Approval of the Envision San José 2040 General Plan Update in 2011 generated positive community comments and provided policy direction to meet the City's economic development, transportation, and community quality of life goals.
- A number of multi-family affordable housing projects were funded prior to the elimination of redevelopment funds, resulting in an estimated 697 new affordable units that completed construction in 2011-2012.
- Over the last year, Destination: Home developed and implemented the Housing 1,000 Campaign in conjunction with the national 100,000 Homes Campaign. This program identifies and prioritizes the community's most vulnerable and long-term homeless individuals for permanent supportive housing. The Campaign's goal is to permanently house 1,000 people by 2013 with the assistance of Coming Home: A County-Wide Case Management Program and Housing ONE, which raises funds for household furnishings for Campaign participants.
- NSP2 Dream Home Program – It is anticipated that the nine homes acquired in 2011-2012 will be completed and sold in 2012-2013. Additionally, 31 new homes will be acquired, rehabilitated, and sold to low and moderate income households in 2012-2013.
- Municipal Whole House Rehabilitation Pilot (MWHRP) (PG&E Innovator Pilot) – The MWHRP Program will conclude in October 2012. The program is anticipated to serve between 40 to 50 homeowners utilizing the PG&E grant funds. The program provides critical information including practical energy efficiency models, energy savings data, and cost analysis.
- Mobilehome Seismic Retrofit Program – Staff estimates the completion of approximately 400 mobilehome seismic retrofits in 2012-2013 through the FEMA grant. It is anticipated that the program will administer approximately \$2.7 million in grant and match funds next fiscal year.
- Cultural Affairs staff are actively implementing the 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.

City Service Area
Community and Economic Development
OVERVIEW

Service Delivery Environment

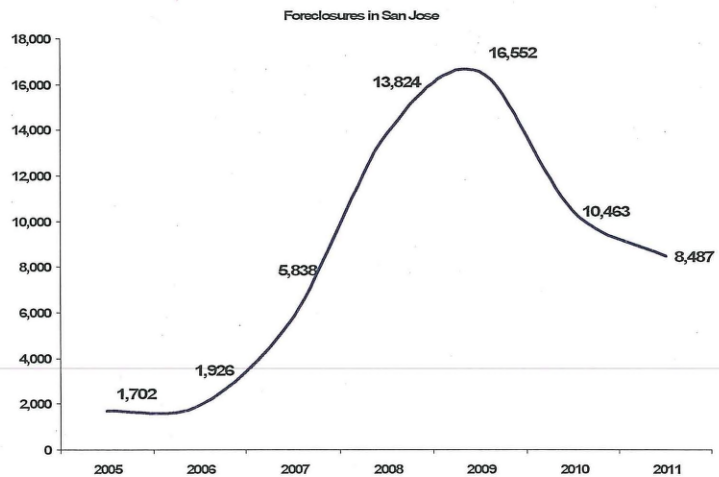
- Economic Trends and Job Growth:** After two consecutive years of significant job loss, 2011 saw the San José metro area gain 24,700 jobs. As of June 2012, the total number of jobs is 908,300, far below the peak level of 1,085,800 achieved in 2000. The unemployment rate, according to the Bureau of Labor Statistics (reported in July 2012), decreased from 10.3% in December 2010 to 8.7% in June 2012 (the nation's unemployment rate was 8.6%). An estimated 46,500 area residents remain unemployed.



- Housing Affordability:** The median sales price of a single family home in San José increased between June 2011 and June 2012, by 13% to \$588,400. Median sales prices for condominiums/townhomes for the same period also increased at the same rate to \$300,000. In spite of the decrease in for-sale homes in recent years, San José remains one of the most expensive places in which to own a home.

- Rental Market:** New rental units in North San José are leasing at rates up to 35% higher than average rates. San José's overall vacancy rate is 3.8% (as of 1st quarter 2012), which is below the natural rate of 5% and indicates a tight rental market.

- Foreclosures:** San José experienced a 19% decrease in foreclosure filings over the last calendar year, from 10,463 in 2010 to 8,487 in 2011. It is expected that the rate of foreclosure filings may continue this downward trend in 2012 for several reasons: a significant number of subprime and adjustable rate mortgages issued prior to the economic downturn in 2007 has already moved through the system; the current but nascent economic recovery could stabilize employment and the ability to make mortgage payments; the 2012 federal mortgage financing plan may help additional homeowners achieve sustainable mortgage payments; and the lack of bank capacity to process foreclosures and households in arrears on their payments has increased the amount of time it takes for a household in default to move through the process.



- Homelessness:** According to the City's January 2012 Homeless Census and Survey, there were 4,034 homeless individuals residing in San José of whom 76% were unsheltered and 24% were sheltered.

- Fragile Non-Profit Cultural Organizations:** The economic downturn has greatly affected non-profit arts organizations and event producers. Many have reduced programs, hours, staffing levels, and compensation to skeletal levels. Many agencies are looking to the City for financial support.

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.
- Improve management of City real estate assets.
- Continue to invest in development process improvements in coordination with stakeholders to improve the speed, consistency, predictability, and customer experience.
- Development Services will 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 provision of a range of quality cultural and sports offerings that appeal to San José’s diverse community.
- Ensure residents have a diverse range of housing options by increasing housing opportunities for people of all income levels.
- Plan and implement projects and improvements that create well-designed attractive, lively public gathering spaces.
- Work with City partners to implement the adopted cultural plan, aligning scarce resources for maximum impact.

City Service Area
Community and Economic Development
OVERVIEW

Development Services Budget Summary

	Revenue	Cost	% Cost Recovery*	Positions	Works-in-Progress Reserve**
2011-2012 Modified					
Building	\$ 23,577,726	\$ 18,614,260	126.7%	118.55	\$ 15,159,711
Fire	5,377,591	4,382,739	122.7%	22.47	4,064,129
Planning	2,729,000	2,706,139	100.8%	14.56	1,472,290
Public Works	6,320,261	4,256,369	148.5%	27.43	3,468,544
Total	\$ 38,004,578	\$ 29,959,507	126.9%	183.01	\$ 24,164,674
2012-2013 Adopted					
Building	\$ 19,700,000	\$ 21,331,505	92.4%	125.70	\$ 13,528,206
Fire	5,200,000	5,600,871	92.8%	26.67	3,663,258
Planning	2,600,000	3,647,832	71.3%	19.90	424,458
Public Works	5,650,000	6,123,680	92.3%	37.57	2,994,864
Total	\$ 33,150,000	\$ 36,703,888	90.3%	209.84	\$ 20,610,786

* Excludes the use of fee reserves; once use of reserves is incorporated, all programs reach 100% cost recovery.

** The Works-in-Progress Reserve for 2012-2013 is the estimated reserve level once 2011-2012 revenue and expenditures are reconciled and 2012-2013 balancing actions are included.

Development Services is a \$33.2 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 seen a steady and sustained increase in workload activity, with associated increases in Fee Program revenues. In order to continue to operate efficiently, attract further development to the City, and generate greater revenue, the City Council approved 21 new development fee positions on January 31, 2012. With the help of dedicated staffing, the partners were able to reinstate and/or recruit the positions of highest importance, helping to bring inspection and plan review cycle times closer to performance targets. As activity continues to increase, this budget includes additional development fee positions (7.0 in Building Development Fee Program, 4.75 in Planning Development Fee Program, 4.2 in Fire Development Fee Program, and 10.14 positions in Public Works Development Fee Program) intended to help the partners to work "at the speed of business."

An Administrative Hub was initiated in August 2010 to consolidate and streamline services across all of Development Services. This budget includes analytical support to the Fire Development Fee Program. The position is currently budgeted in the Planning Development Fee Program and will be partially funded by the Fire Development Fee Program to provide budget development, revenue and expenditure monitoring, and fulfilling information requests in a timely manner from the Development community.

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, 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	2010-2011 Actual	2011-2012 Target	2011-2012 Estimate	2012-2013 Target	5-Year Goal
Facilitate Major Corporate Development	1. Jobs generated through City attraction, expansion and retention					
	- Industrial	11,749	10,000	6,900	7,200	30,500
	- Commercial/Retail	365	1,000	300	350	1,600
	2. % change in number of jobs (Job Growth) from prior fiscal year	(10%)	(-22%)	(-35%)	5%	6%
	3. # of Clean Tech Jobs from City efforts	750	1,000	300	500	2,300
Stimulate Revenue for City Services	1. Economic Impact of Convention Center (attendance by visitor type)					
	- Local/Social	914,312	806,400	678,852	659,693	TBD*
	- Out of Town	53,111	35,986	40,862	35,470	TBD*
	- Exhibitors	8,127	5,719	6,722	4,695	TBD*
	2. Actual increase in revenue (property, sales, utility, and transient occupancy taxes) from businesses which previously received assistance from the City	\$1.5 M	\$2.2 M	\$1.2M**	\$2.0 M	\$11.0 M
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)	222 jobs (Less than 13 acres)	500 jobs (Less than 20 acres)	N/A***	N/A***	N/A***
	2. Jobs gained/(lost) in areas with "Industrial Park" and "Campus Industrial", and other R&D General Plan land designation (acres converted in parenthesis)	332 jobs (Less than 20 acres)	750 jobs (Less than 20 acres)	N/A***	N/A***	N/A***
	3. Ratio of San José jobs to employed residents	N/A****	0.86	0.86	0.86	0.88
		jobs/resident	jobs/residents	jobs/residents	jobs/residents	jobs/residents

Changes to Performance Measures from 2011-2012 Adopted Budget: Yes¹

¹Changes to Performance Measures from 2011-2012 Adopted Budget:

U "Jobs generated through City/Agency attraction, expansion and retention" was revised to "Jobs generated through City attraction, expansion and retention" to reflect the dissolution of the San Jose Redevelopment Agency.

* With the expansion/renovation of the Convention Center still in construction, current economic uncertainty, and construction impacts to events, estimates of attendance over the next five years are difficult to estimate at the present time.

** Sales tax revenue has not been fully realized by companies assisted by the City. Data is only available for two quarters of 2011-2012.

*** With City Council approval of the Envision San José 2040 General Plan amendments on November 1, 2011, no General Plan hearing is scheduled before the fourth quarter of 2012-2013; only three General Plan amendments remain "on file;" no new General Plan amendments have been filed since 2010.

**** 2009 Association of Bay Area Governments (ABAG) projections has not yet published updated San José jobs to employed residents data, which is released every two years. An updated report was scheduled to be released in 2011; however, there is a delay in the release of the final report because ABAG is revising the model due to the recession.

City Service Area
Community and Economic Development
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 1: STRONG ECONOMIC BASE

Strategic Goals	CSA Performance Measures	2010-2011 Actual	2011-2012 Target	2011-2012 Estimate	2012-2013 Target	5-Year Goal
Facilitate Small Business Expansion	1. # of businesses receiving assistance, access to capital, technical or human resources support or information	55,000	40,000	42,159	40,000	200,000
Be Active Partner in Developing a Skilled Workforce	1. Number of enrolled work2future clients receiving discrete services (counseling, job placement, and occupational training)	9,556	7,500	7,900	7,500	25,000
	2. Estimated % of Workforce Investment Act (WIA) clients employed six months after initial placement relative to federal mandated goals					
	- Adults	102%*	100%	98%	100%	100%
	- Dislocated Workers	96%*	100%	97%	100%	100%
	3. % of clients placed in jobs relative to federal mandated goals					
	- Adults	95%*	100%	96%	100%	100%
	- Dislocated Workers	61%*	100%	101%	100%	100%
	- Youth (Placement/Education)	104%*	100%	121%	100%	100%

Changes to Performance Measures from 2011-2012 Adopted Budget: No

* 2010-2011 actual performance reflects work2future's success rate relative to the State goals.

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 continue improvements through the Administrative Hub, allowing each department to more easily track expenses and align resources accordingly.
- ✓ The CSA's Development Services partners continue to make ordinance changes to the sign code and zoning that allow for streamlined processing of programmable signs, storage tanks, and auto uses in San José. The changes continue to further job and revenue generation for the City.
- ✓ With the recent actions by the State, staff are involved in regional and State-wide conversations about influencing new financing tools needed for infrastructure, housing, and economic development after the dissolution of the former San Jose Redevelopment Agency. Staff will be responding to and influencing State legislation and strategy to improve the State's partnership with regions and cities in ways that benefit Silicon Valley.
- ✓ Work2future continues to expand and improve service offerings through businessownerspace.com, a small business network of nearly 40 service providers. In addition, work2future continues 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 started to rebound 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 taxable base. However, the City continues to be challenged by retail leakage. City staff will continue to work with developers on bringing retail development to the City.
- ✓ Key Green Vision priorities for 2012-2013 include implementation of Clean Tech Legislative Agenda, development of demonstration partnership projects at the Environmental Innovation Center, and working with regional consortiums to create and support regional deployment models.
- ✓ The CSA will continue to encourage sporting/cultural events and athletic teams to locate in San José in an effort to attract additional tourism money and raise the image of San José as a national destination.

City Service Area
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Budget Dollars at Work: Performance Goals

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

Strategic Goals	CSA Performance Measures	2010-2011 Actual	2011-2012 Target	2011-2012 Estimate	2012-2013 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	151	100	0**	0**	0**
	2. San José housing production compared to regional fair share number target (in parenthesis)	2,500 units (3,750)	1,750 units (3,750)	2,000 units (3,750)	2,250 units (3,750)	11,500 units (18,750)
	3. % of units receiving development permit approval compared to target (actuals in parenthesis)	102% (3,054 units)	58% (3,000 units)	67% (3,000 units)	75% (3,000 units)	88% (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	62%	70%	74%	75%	80%
	- Construction Process:					
	- Plan Check	87%	85%	81%	85%	85%
	- Inspections in 24 hours	73%	80%	52%	80%	80%
	- Inspections in 48 hours	93%	95%	69%	95%	95%
	4. % of development services walk-in customers served in less than 30 minutes (wait time)	64%	65%	60%	65%	75%
	5. % of customers surveyed rating service as good or better					
	- Discretionary****	68%	70%	62%	70%	80%
- Ministerial*****	71%	75%	71%	75%	80%	
6. % of customers surveyed who indicate the City has improved customer service in the past 12 months						
- Discretionary****	52%	60%	53%	60%	80%	
- Ministerial*****	62%	65%	60%	65%	80%	

Changes to Performance Measures from 2011-2012 Adopted Budget: Yes¹

- * Staffing reductions have reduced capacity for soliciting feedback on new development projects.
- ** There were no General Plan amendment hearings scheduled in 2011-2012. The Envision San José 2040 General Plan was approved by City Council on November 1, 2011, which adds 120,000 dwelling units of housing capacity through 2040.
- *** Staffing reductions have reduced capacity for quality control work, with supervisors and staff focusing on front line service delivery.
- **** 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).

¹ Changes to Performance Measures from 2011-2012 Adopted Budget:

- The following measures were eliminated as a result of the dissolution of the San Jose Redevelopment Agency:
 - × “Revitalize and Rehabilitate Uses, Sites and Structures in Neighborhoods, Commercial and Industrial Areas”
 - × “Increase the City’s Housing Unit Capacity”

Budget Dollars at Work: Performance Goals

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

Seamless and Effective Development Review

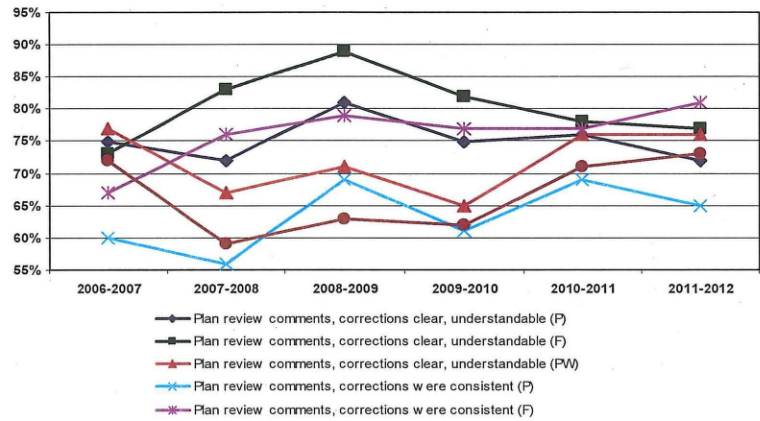
✓ The five year goal for the development process is to make San José the best place in America to conduct business by:

- 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;
- 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;

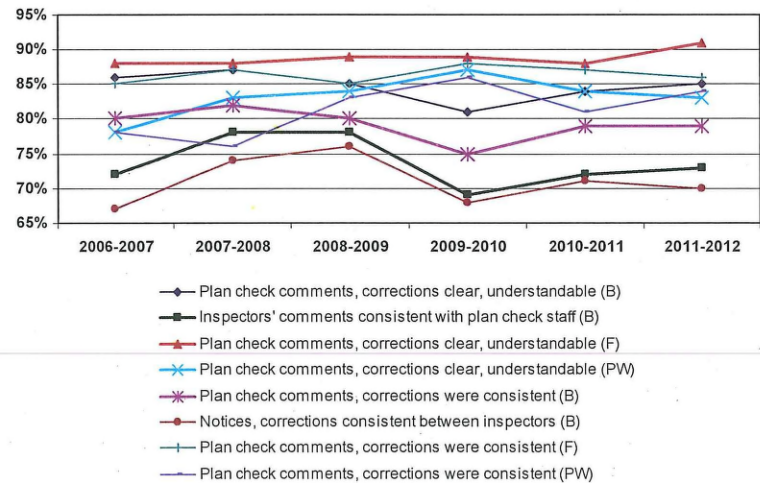
✓ As noted in the graphs on this page, stable staffing levels likely led to improved customer service according to the most recent customer survey; and

✓ 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.

Comments and Corrections Clear, Consistent & Understandable: Discretionary Permits



Comments and Corrections Clear, Consistent & Understandable: Ministerial Permits



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Budget Dollars at Work: Performance Goals

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

Revitalize and Rehabilitate Uses, Sites and Structures in Neighborhoods

- ✓ 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 2012-2013 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.

OUTCOME 3: DIVERSE RANGE OF HOUSING OPTIONS

5 Year Strategic Goals	CSA Performance Measures	2010-2011 Actual	2011-2012 Target	2011-2012 Estimate	2012-2013 Target	5-Year Goal
Increase the Supply of Affordable Housing	1. % of annual target achieved for completion of affordable housing	6% (19)	100% (685)	103% (699)	100% (502)	100% (1,000)
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)	67% 28% 39% 22% 11%	60% 30% 30% 25% 15%	66% 21% 45% 21% 13%	60% 30% 30% 25% 15%	60% 30% 30% 25% 15%

Changes to Performance Measures from 2011-2012 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2011-2012 Adopted Budget:

✗ “Disperse Affordable Housing Throughout the City (Dispersion Policy)” was eliminated because the dispersion policy needs to be modernized to align with the direction of the City’s new Envision San José 2040 General Plan for focused development in identified urban villages and specific plans. This measure no longer reflects a current City policy.

✗ “Reduce Homelessness” was eliminated as the measure does not provide an accurate picture of the results of the City’s efforts to end chronic homelessness. Other measures are more useful in evaluating this progress and are reflected in the Housing Department Section.

- ✓ On June 28, 2011, the California Legislature adopted AB X1 26 a trailer bill to the 2011-2012 State budget dissolving redevelopment agencies State-wide. This bill was challenged at the California Supreme Court and on December 26, 2011, the legislation was upheld by the court. Since this time, the City has worked diligently to meet all required deadlines and completed all activities required by the legislation and court ruling. The implementation of AB X1 26 will continue in 2012-2013 and will include activities such as development of a Recognized Obligation Payment Schedule (ROPS) on a bi-annual basis, providing staff support to the Oversight Board tasked with overseeing winding down redevelopment, coordinating with County staff in managing cash flow, and managing assets held by the Successor Agency.

Budget Dollars at Work: Performance Goals

OUTCOME 3: DIVERSE RANGE OF HOUSING OPTIONS

- ✓ In 2012-2013, the City will implement a new place-based strategy, recognizing the importance of a coordinated effort to provide services to its neighborhoods. This strategy will focus the award of federal funds and attract the investment of other public and private grant funds and other City programs and funds three neighborhoods (Santee/McKinley, Mayfair, and Five Wounds/Brookwood Terrace). The primary focus of the place-based strategy is to create clean and safe communities in the three neighborhoods identified for investment. The strategy builds on the Strong Neighborhoods Initiative Program that was funded for many years by the former San Jose Redevelopment Agency (SJRA). Now that the SJRA no longer exists, the City is redirecting some programs in order to realize significant improvements for a few neighborhoods at a time. The strategy funding is not expected to be a long-term funding source for these neighborhoods. Rather, it is expected that they will be provided “interim funding” for a period of two to five years to get them to the point of independence. At that time, new neighborhoods that have taken the steps to organize and become ready can become new place-based neighborhoods.

- ✓ In 2012-2013, the City will invest \$62.8 million in housing programs throughout the City. In prior years, the largest source of funding for affordable housing was 20% redevelopment funds, now other local funds such as revenue from the loan portfolio (\$12.0 million) and Inclusionary In-Lieu Fees/Development Agreements (\$6.5 million) will provide significant funding for affordable housing. Federal entitlement programs including HOME, CDBG, ESG, and HOPWA provide a combined \$20.0 million for housing programs.

2012-2013 Housing Program Funds	
\$ 12,000,000	Housing Loans and Grants
8,889,263	HOME Investment Partnership Program Fund
7,840,284	Community Development Block Grant Program (CDBG)
7,371,000	Redevelopment Tax Increment (Multi-Family Projects)
7,352,753	Neighborhood Stabilization Program
6,200,000	Development Agreement Projects
2,494,092	BEGIN
2,184,392	Hazard Mitigation Grant Program
1,296,910	Tenant Based Rental Assistance
1,275,390	CalHome
1,014,242	Emergency Shelter Grant (ESG)
1,000,000	HOME Housing Rehabilitation Program
858,690	Housing Opportunities for People with AIDS (HOPWA)
820,995	Welcome Home Program
500,000	Housing and Homeless Projects
485,246	Rental Rights and Referrals Program
406,952	HOPWA Special Projects
400,000	Destination: Home
330,000	Inclusionary Project
50,000	Emergency Assistance
30,000	Lifeline Transportation Grant Program
\$ 62,800,209	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	2010-2011 Actual	2011-2012 Target	2011-2012 Estimate	2012-2013 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	N/A*	55%	N/A*	55%	55%
Enhance San José's public spaces through public art and design amenities	1. % of residents rating the City's efforts at enhancing public spaces with public art as good or better	N/A*	50%	N/A*	50%	50%
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	N/A*	50%	N/A*	50%	50%
	2. Total fiscal impact from signature events (events and festivals solicited and supported by the City) including direct and indirect spending	\$1.2 M	\$40 M**	\$1.8 M	\$1.1 M	\$5.5 M

Changes to Performance Measures from 2011-2012 Adopted Budget: Yes¹

* Data for these measures is collected through the biennial City-Wide Community Survey. The survey was temporarily suspended in 2011-2012 and will be reinstated in 2012-2013.

** The 2011-2012 Target is higher because the methodology for this measure was changed from economic impact to fiscal impact.

¹ Changes to Performance Measures from 2011-2012 Adopted Budget:

U "Total economic impact from signature events (events and festivals solicited and supported by the City) including direct and indirect spending" was revised to "Total fiscal impact from signature events (events and festivals solicited and supported by the City) including direct and indirect spending" to better reflect the actual General Fund revenue that flows to the City of San José.

Public Art and Design Amenities

- ✓ During 2012-2013, the Public Art Program will continue implementation of the Focus Plans for Downtown and the Airport. The program will fabricate and install art for the Convention Center expansion, work collaboratively with Downtown stakeholders on Gore Park activation, and efforts to enliven Downtown with lighting projects. The program will focus efforts on developing strong partnerships, continuing its work with San José State University, San José Downtown Association, Montalvo Art Center, and 1st ACT Silicon Valley.
- ✓ The Office of Cultural Affairs (OCA) continued its work on key elements of the Downtown Public Art Focus Plan: it successfully competed for a \$250,000 National Endowment for the Arts "Our Town" grant in collaboration with ZERO1. The project, entitled Silicon Valley Inside/Out will create pilot public art platforms and temporary artworks in the SoFA District, culminating during the September 2012 ZERO1 Biennial. The Public Art Program was also invited to compete for an ArtPlace grant to illuminate Downtown. The Program selected artist Soo-in Yang for the Convention Center expansion project and completed design for light sculptures on the San Carlos Corridor as part of the Department of Transportation's streetscape improvements.
- ✓ The OCA continued to implement recommendations in Public Art NEXT!, San José's Public Art Master Plan, completing the initial project for the Alum Rock Cultural History Corridor at King and Story Roads and public art at the Educational Park branch library. The Public Art Program also commissioned and displayed a demonstration solar shade structure at San José's Solar City demonstration site opposite City Hall.

Budget Dollars at Work: Performance Goals

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

Arts Grants and Cultural Development

- ✓ Cultural Connection: *San José's Cultural Plan for 2011-2020* was adopted by City Council in February 2011. This cultural plan will guide policy, partnerships, investments, and programs related to cultural development over the next decade and will help attract outside financial resources.
- ✓ 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 was awarded \$10,000 from the Creative Capital Professional Development Program to present a bilingual (Spanish/English) workshop providing an intensive introduction to strategic planning, fundraising, and promotion for Spanish-speaking artists. The OCA successfully co-presented with the San José Institute of Contemporary Art a professional development workshop series for 50 visual artists to build their career development skills.
- ✓ The responsibility to manage the six operation and maintenance contracts with the operators of the City-owned cultural facilities has transferred to the 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.
- ✓ Through the coordination of the OCA, over 40 participants representing 14 San José arts organizations across a diverse group of disciplines, budget sizes, and cultures recently completed the year-long New Pathways | San José program. New Pathways | San José was made possible in part through \$182,500 in grants from the Doris Duke Charitable Foundation, the Knight Foundation, the Hewlett Foundation, and the Packard Foundation.
- ✓ The OCA has collaborated with 1st ACT Silicon Valley to provide grants to arts organizations to adopt the Discover the Unexpected audience engagement campaign and the new LiveSV website, launched by Arts Council Silicon Valley in December 2011.

Special Events

- ✓ "Signature" events in 2011-2012 include: the Rock 'n' Roll Half Marathon, the Amgen Tour of California, San José Jazz Festival, ZER01, Cinequest, San José International Mariachi Festival, and Cirque du Soleil production of "Totem."
- ✓ The City will continue the private-public partnership with the Christmas in the Park Board to continue the production of Christmas in the Park. The Board hired an Executive Director to lead the production of the event. City staff will continue to manage the private-public partnership with the Christmas in the Park Board.
- ✓ The Special Events Program transitioned the coordination for the 7th annual 2012 Amgen Tour of California to the San José Sports Authority. The City continues to provide technical support to the San José Sports Authority on the event.
- ✓ Staff continues to create ways to lower costs related to the production of outdoor special events for event organizers by offering different models and venues to event organizers.

**Community and Economic Development
ADOPTED BUDGET CHANGES**

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
CONVENTION FACILITIES			
• Non-Personal/Equipment Recategorization		(15,471,756)	0
• Convention Facilities Staffing	(9.00)	(1,160,553)	0
<i>Subtotal</i>	(9.00)	(16,632,309)	0
ECONOMIC DEVELOPMENT			
• Arts and Cultural Development Non-Personal/Equipment Funding Reallocation		0	(212,806)
• Work2future Program and Webgrants Coordination Staffing	0.00	(6,687)	38,049
• Enterprise Zone Program	1.00	189,349	189,349
• Small Business Advocate	1.00	125,738	125,738
• Spartan Keyes Neighborhood Action Center Lease		29,600	29,600
<i>Subtotal</i>	2.00	338,000	169,930
FIRE			
• Fire Development Fee Program	4.20	538,842	538,842
<i>Subtotal</i>	4.20	538,842	538,842
HOUSING			
• Housing Department Staffing Reorganization	(2.00)	(265,106)	0
• Community Development Block Grant Staffing	(1.00)	(132,285)	0
• Neighborhood Services Team Reorganization (formerly Neighborhood Engagement Team)	2.00	253,862	253,862
<i>Subtotal</i>	(1.00)	(143,529)	253,862
PLANNING, BUILDING AND CODE ENFORCEMENT			
• Urban Runoff Staffing Reorganization	(2.00)	(272,234)	0
• Building Fee Program	7.00	1,560,977	1,560,977
• Envision 2040 General Plan Implementation	2.00	817,865	817,865
• Planning Fee Program	4.75	588,675	649,787
• Planning Services Grants Staffing	1.00	128,984	128,984
• City Ordinance Staffing	1.00	113,446	113,446
• Rebudget: Building Development Services		728,000	728,000
• Rebudget: Envision 2040 General Plan Update		260,600	260,600
• Rebudget: Alameda Urban Village Master Plan and Zoning		150,000	150,000
• Rebudget: Planning Development Services - Peak Staffing Agreements		100,000	100,000
• Rebudget: Alum Rock Main Street District Rezoning		35,410	35,410
• Rebudget: Bay Area Air Quality Management District Risk Reduction Plan		18,500	18,500
<i>Subtotal</i>	13.75	4,230,223	4,563,569
PUBLIC WORKS			
• Public Works Development Fee Program	8.21	948,155	948,155
• Public Works Utility Fee Program	1.93	238,775	238,775
<i>Subtotal</i>	10.14	1,186,930	1,186,930
Subtotal Departments	20.09	(10,481,843)	6,713,133

City Service Area
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ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
CITY-WIDE EXPENSES			
• Arena Authority		60,000	60,000
• Convention and Visitors Bureau Marketing Program		(554,369)	(554,369)
• Cultural Affairs Special Projects		14,000	14,000
• Cultural Facilities Capital Maintenance Cost Sharing		(69,500)	(69,500)
• Economic Development/Incentive Fund		750,000	750,000
• Neighborhood Business Districts		45,000	45,000
• Miscellaneous Rebudgets		1,465,200	1,465,200
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Earmarked Reserves: General Plan Update		(951,593)	(951,593)
• Earmarked Reserves: Planning Development Fee Program		(520,821)	(520,821)
• Earmarked Reserves: Building Development Fee Program		(124,703)	(124,703)
• Earmarked Reserves: Rebudgets		22,207,903	22,207,903
Subtotal Other Changes	0.00	22,321,117	22,321,117
Total Adopted Budget Changes		20.09	11,839,274
			29,034,250

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