

ECONOMIC DEVELOPMENT

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

OFFICE OF ECONOMIC DEVELOPMENT

(includes the Office of Cultural Affairs, work2future, and the Convention & Cultural Facilities)

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

OED also manages several incentive programs for businesses, among them the Foreign Trade Zone which eases duties and the Business Cooperation Program which refunds companies a portion of use taxes allocated to the City.

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

Operating expenditures for OED totaled \$10.0 million* in 2013-14. This was 20 percent less than in the year prior, primarily because some work2future services were transferred to the newly formed work2future Foundation. OED oversees various other funds in addition to its operating budget.

* OED was also responsible for \$5.8 million of Citywide expenses in 2013-14, including \$1.7 million in property leases where the City is the tenant, a \$1.0 million subsidy to the Tech Museum of Innovation, and \$784,000 for History San José. Also does not include all Workforce Investment Act, Business Improvement District, and Economic Development Enhancement funds and expenditures. The City supported the Convention & Cultural Facilities with \$8.5 million from hotel tax revenues.

KEY FACTS (2013-14)

Largest city in the Bay Area (3rd largest in California, 10th in the nation)
 Unemployment Rate 6.8%
 Median Household Income \$80,977

Sources: Bureau of Labor Statistics and 2013 [American Community Survey](#)

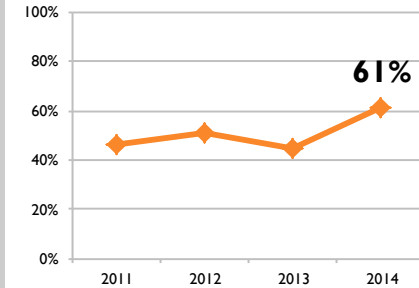
THE NATIONAL CITIZEN SURVEY™

% of San José residents who found the following "excellent" or "good"

Shopping opportunities	75%
San José as a place to work	73%
Opportunities to attend cultural/arts/music activities	60%
Overall quality of business and service establishments	58%
Quality of economic development	48%
Vibrant downtown/commercial area	40%

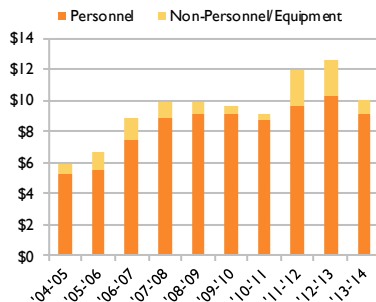
The National Citizen Survey™

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



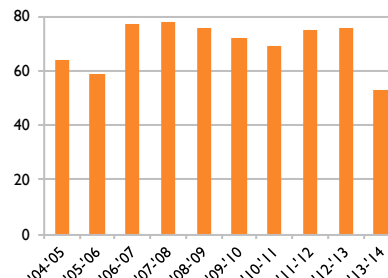
91% of San José residents found the overall economic health of San José "essential" or "very important"

OED Operating Expenditures (\$millions)



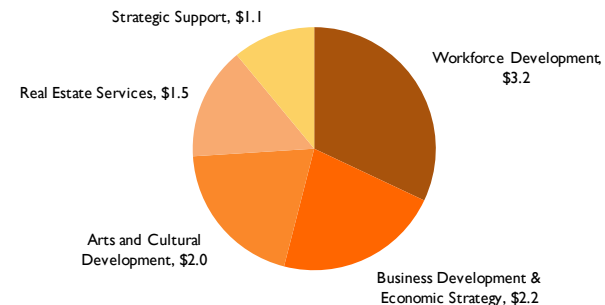
In '11-'12, Real Estate Services was added to OED.

OED Authorized Staffing



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

OED 2013-14 Expenditures by Service (\$millions)



BUSINESS DEVELOPMENT AND JOB CREATION

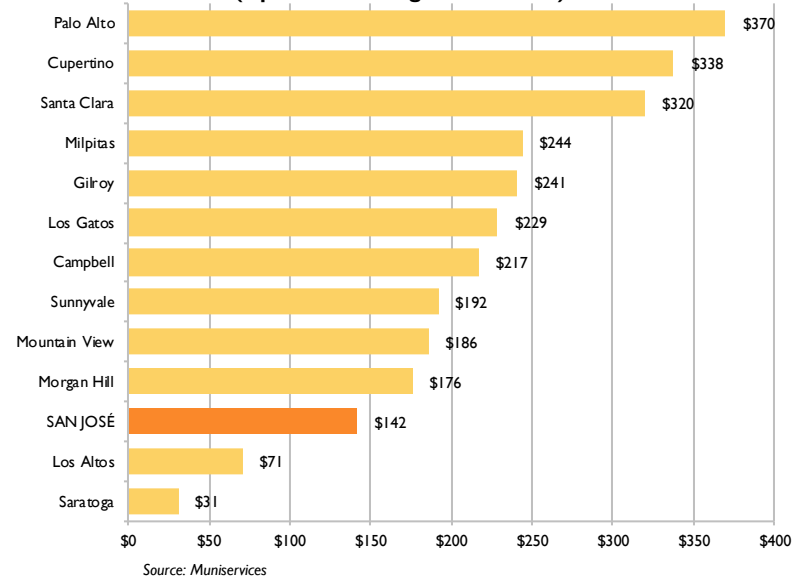
OED promotes business in the City of San José by providing assistance, information, access to services, and facilitation of the development permit process (also see *Development Services in the Planning, Building and Code Enforcement section*).

In 2013-14, OED provided development facilitation services to 38 businesses. It also coordinated the [Business Owner Space](#) small business network, through which an estimated 71,000 clients received information, technical/human resources support, or other services from partner organizations like SCORE, a mentoring and training provider to small businesses.*

Companies and businesses that received OED assistance created an estimated 1,000 jobs and retained about 5,000 jobs in 2013-14. Tax revenues (business and sales taxes) generated by OED-assisted companies were estimated at \$2.2 million in 2013-14. More than \$2 in tax revenue were generated for every \$1 of OED expenditure on business development.

San José received less sales tax revenue per capita than most of its neighboring cities, only \$142 in 2013-14. Furthermore, San José has less than one job per employed resident, a sign that its balance of jobs and housing is tilted towards housing. In contrast, Palo Alto received \$370 in sales taxes per capita and has a jobs-to-employed residents ratio of about 3 to 1.

**Sales Tax Revenue Per Capita
Comparison of cities in Santa Clara County
(April 2013 through March 2014)**

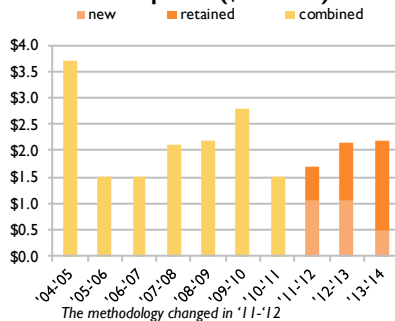


THE NATIONAL CITIZEN SURVEY™

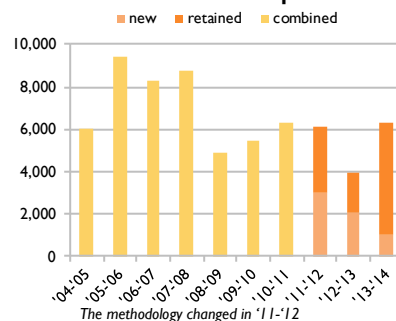
55% of San José residents work inside the boundaries of San José

* For more information on the small business network, see www.BusinessOwnerSpace.com

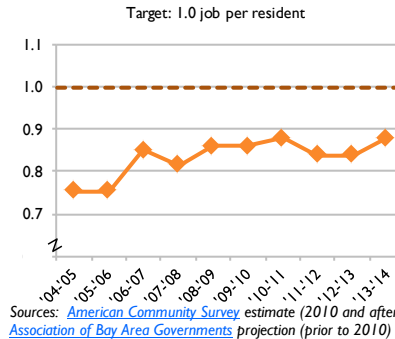
Estimated Tax Revenue Generated by OED-assisted Companies (\$millions)



Estimated Jobs Created or Retained by OED-assisted Companies



Jobs Per Employed Residents in San José



Facilitating Corporate & Retail Expansion
Successful efforts in 2013-14 to facilitate corporate and retail expansion/relocation included:

- Apigee
- Barracuda Networks
- Beshoff MotorCars
- Bestronics
- Edgewater Networks
- Loring Ward
- Qualcomm
- Super Micro Computer
- Trade Winds Aviation
- Vander-bend Manufacturing

Source: Office of Economic Development

ECONOMIC STRATEGY 18-MONTH WORKPLAN

Implementation of the Economic Strategy is a collaborative effort that involves ten City departments, with overall leadership provided by the Office of Economic Development. In April 2010, the City Council adopted the Economic Strategy 2010-2015, which was intended to align City staff and other resources in a common direction over a five-year period to aggressively regain jobs and revenue as the national economy recovers, and to create an outstanding business and living environment that can compete with the world's best cities over the long term.

STRATEGIC GOALS (Economic Strategy 2010-2015)	SAMPLE of MAJOR CITYWIDE ACCOMPLISHMENTS in 2013-14
#1 Encourage Companies and Sectors that Can Drive the San José/Silicon Valley Economy and Generate Revenue for City Services and Infrastructure	Recent business expansions included: Apigee, Edgewater Networks, Nimble Storage, Xicato, Continuum, Zoll Medical, and Extreme Networks.
#2 Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Vitality	Launched the San José Storefronts Initiative , providing grant funding to fill vacant storefronts. OED also worked with the Almaden Ranch retail power center through development permits.
#3 Preserve and Strengthen Manufacturing-Related Activity and Jobs	Partnered with Manex and local manufacturers to market National Manufacturing Day in October, which provided students, residents, and entrepreneurs the opportunity to tour manufacturing facilities.
#4 Nurture the Success of Local Small Businesses	OED continued improving the Business Coaching Center website after the launch. A new partnership with the Better Business Bureau provides additional resources on business trust and ethics.
#5 Increase San José's Influence in Regional, State, and National Forums in Order to Advance City Goals and Secure Resources	The City's partnership with Destination Home received a 2014 Award of Merit from the National Association of Housing and Redevelopment Officials for its continued efforts to address chronic homelessness in the City and the county.
#6 Improve the Speed, Consistency, and Predictability of the Development Review Process, and Reduce Costs of Operating a Business in San José	The Silicon Valley Leadership Group presented the City awards for turning "red tape into red carpet." City staff members were recognized for permitting the Samsung headquarters in 78 days.
#7 Prepare Residents to Participate in the Economy Through Training, Education, and Career Support	Work2future provided nearly 3,900 individuals with skill-building activities, including certificated workshops, for-credit college courses, and online classes, from training providers on the State's Eligible Training Provider List (ETPL).
#8 Advance the Diridon Station Area as Key Transportation Center for Northern California	The City Council approved the Environmental Impact Report and the Near Term Development Plan for Diridon Station in June 2014.
#9 Keep Developing a Competitive, World Class Airport, and Attract New Air Service	Alaska Airlines and Southwest Airlines expanded air service at Mineta San José International Airport. Construction of a new general aviation terminal has begun on the Airport's westside.
#10 Continue to Position Downtown as Silicon Valley's City Center	The U.S. Patent and Trademark Office signed a lease for office space at San José City Hall. Furthermore, two highrise residential towers are under construction in downtown.
#11 Create More Walkable, Vibrant, Mixed-Use Environments to Spur Interaction and Attract Talent	The City participated in a newly launched regional bicycle sharing program ; 15 stations with 150 bicycles are located throughout downtown San José. City staff also completed Urban Village Plans for Five Wounds, 24th and William, and Alum Rock.
#12 Develop a Distinctive Set of Sports, Arts, and Entertainment Offerings Aligned With San José's Diverse, Growing Population	Construction of the San José Earthquakes stadium is underway and will be completed for the 2015 Major League Soccer season.

Source: Office of Economic Development. More information about the full Economic Strategy, Workplan updates, and a list of major accomplishments are [online](#).

WORKFORCE DEVELOPMENT

Under the Workforce Investment Act (WIA), job-seeking clients receive customized services based on an individual needs assessment. The City’s [work2future](#) WIA programs serve adults, dislocated (laid-off) workers, and youth, providing job search assistance, occupational training, and skills enhancement workshops through one-stop centers*. Nearly 3,900 job seekers took advantage of skill upgrades and training programs throughout 2013-14. Work2future’s Business Services Unit served 557 business clients, including carrying out recruitments for large retailers like Target and small businesses. Work2future also hosted job fairs for a variety of companies and job seekers. In 2013-14, the City transitioned its service delivery to the newly formed work2future Foundation.

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 2013-14, OCA awarded 82 grants totaling \$2.5 million to San José organizations. Contributing to San José’s creative placemaking and high-quality design goals, the public art program maintains 259 permanent works throughout San José.

OCA helped facilitate 366 events in 2013-14 with an estimated attendance of 1.9 million. Large-scale events included the San José Jazz Summerfest, Italian Family Fest, Dancin’ on the Avenue, the Rock ‘n’ Roll Half Marathon, SubZERO Festival, the Veterans Day Parade, Christmas in the Park, Downtown Ice, and Winter Wonderland. OCA was instrumental in the attraction of signature events such as the Amgen Tour of California.

THE NATIONAL CITIZEN SURVEY™
40% of San José residents attended at least one City-sponsored event

REAL ESTATE SERVICES

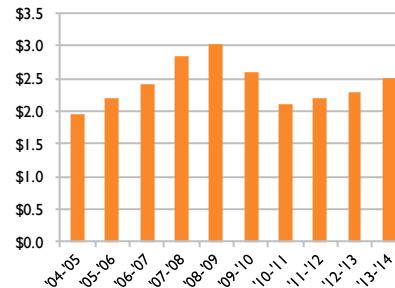
Real Estate Services and Asset Management (RESAM) manages the City’s real estate portfolio, provides real estate services to City departments, and represents the City in third-party transactions. RESAM’s areas of expertise include acquisition, disposition, surplus sales, leasing, relocation, valuation, telecommunications, and property management. RESAM generated nearly \$1.5 million in sales revenue and \$2.4 million in lease revenue in 2013-14.

Workforce Development Program Results

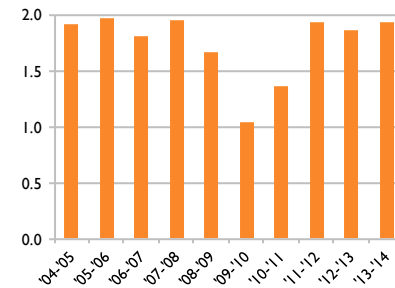
	Number of Participants July '13—June '14	Placed in Jobs Oct '12—Sept '13	Federal Goal	Employed 6 Months after Initial Placement Apr '12—Mar '13	Federal Goal
Adults	2,413	53%	51%	82%	79%
Dislocated Workers	1,555	61%	58%	85%	82%
Youth	311	65%	67%	not applicable	not applicable

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

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



Estimated Attendance at Outdoor Special Events (millions)



OCA manages operations and maintenance agreements with the following nonprofit operators of City-owned cultural facilities: Children’s Discovery Museum, History San Jose, San Jose Museum of Art, School of Arts and Culture at Mexican Heritage Plaza, and The Tech Museum of Innovation. OCA is also identifying new uses for the Hammer Theatre Center (formerly run by the Repertory Theatre).



Photo: Courtesy of San Jose Museum of Art

OFFICE OF ECONOMIC DEVELOPMENT

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](#) (City National Civic, Montgomery Theater, California Theatre, Center for the Performing Arts) are home to concerts, plays, and other performances. These facilities have been managed by Team San Jose, a non-profit, on behalf of the City since July 2004.

Operating revenues quadrupled compared to ten years ago, reaching \$28.5 million. Revenues have increased as a result of bringing new lines of business in-house, such as food and beverage services and event production services. With operating expenses of \$37.0 million, operating losses amounted to \$8.5 million in 2013-14. The facilities relied on support from transient occupancy (hotel) taxes to make up the difference.

In 2013-14, the facilities drew 1.3 million people to 384 events overall. The number of events increased by 22 percent compared to the prior year, but was still lower than before the economic downturn. Of those events, 184 were at the Convention Facilities, hosting 916,000 visitors. The Convention Center's occupancy rate (by square footage) was 53 percent, down 3 percentage points compared to the prior year.

98 percent of event coordinator clients rated overall service as "good," "very good," or "excellent," a result consistent with prior years.

Expansion and Renovation of McEnery Convention Center

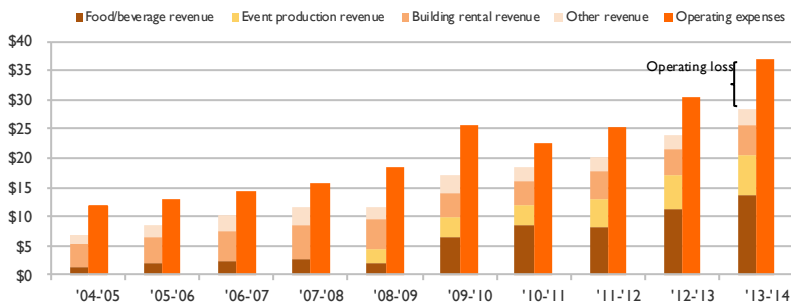
In the fall of 2013, the Convention Center celebrated its grand re-opening after adding 125,000 square feet of flexible ballroom and meeting room space, as well as renovating the existing 425,000 square feet of exhibit, ballroom, and meeting space. The cost of the expansion and renovation was \$130 million, financed mainly through hotel tax revenue bonds.

Expansion and renovation included the installation of a new central utility plant, a new fire alarm system, a direct digital control building management system, Americans with Disabilities Act improvements, and other upgrades. Construction had begun in the summer of 2011.



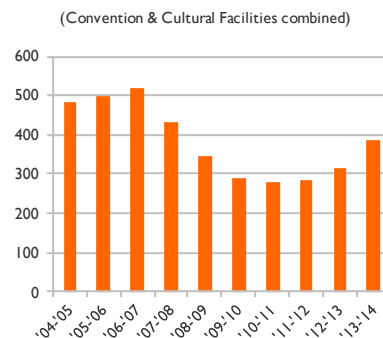
Photo: Courtesy of Team San Jose

Operating Revenues and Expenses (\$millions)



Source: [Audited financial statements](#)

Number of Events



Attendance (millions)

