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.*

San José's continuing transformation as the largest city in the world's most innovation region presents four major long-term challenges to the City.

The first challenge is to sustain a vital economy despite competition from high-quality, lower-cost regions nationally and globally. The area's ability to create jobs for San José residents and revenue for City services depends ultimately on the health of "driving industries," which typically have many location options. Despite significant growth in 2006-2007, revenue generation continues to be a key concern. Maintaining small investments in revenue generation, including development of the retail tax base, will help the City avoid continuing reductions in services.

The second challenge is providing development services that make negotiating the development process easier and more predictable for both regular and one-time customers. Specific attention will continue to be given to improving the process experience of single-family homeowners and small businesses. Fee changes and service level options are regularly reviewed with representatives of the development community.

The third challenge is to create, diverse livable neighborhoods with an adequate supply of safe, affordable housing, preserving the community's distinct quality of life, natural environment, and heritage. As funding for affordable housing stabilizes, the City is in position to implement an aggressive Ten-Year Homeless Plan and propose a new Five-Year Housing Investment Plan responding to the greatest housing needs in the San José community.

The fourth challenge is growing the arts and cultural amenities of San José. The vibrancy and quality of San José's arts and cultural offerings contribute to a strong economic base by nurturing a creative environment that makes San José a desirable community in which to live, work, visit, and play.

Primary Partners

Convention Facilities
Economic Development
Fire
Housing
Planning, Building & Code Enforcement
Public Works
Redevelopment Agency

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

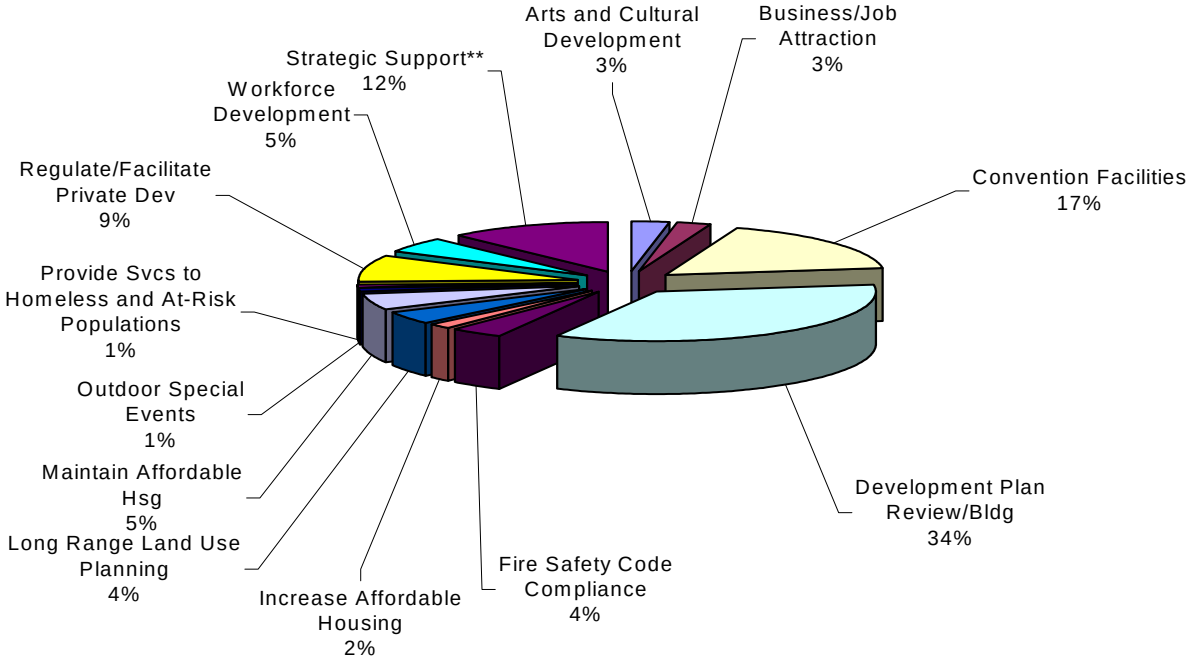
Budget at a Glance

	2006-2007 Adopted	2007-2008 Adopted	% Change
Total CSA Budget (All Funds)	$123,291,999	130,230,426	5.6%
Total Authorized Positions	589.10	610.03	3.6%

Budget & Performance Highlights

- Investments are programmed to aggressively implement the Economic Development Strategy and achieve the Six-Month Strategic Objectives, including expanding retail opportunities; attracting and retaining driving industries and small businesses; and diversifying the economic base—all of which will generate additional revenues for the City and advance the goal of eliminating the structural budget deficit.
- In an effort to increase sales tax revenues, Economic Development will expand its efforts to attract and retain retail businesses through the Auto Row strategy, the Shopping Center Improvement Pilot Program, and ongoing facilitation of major projects.
- San José will continue to create identity for itself as the epicenter of innovation through aggressive strategic communications. The next face of the national/international public relations and identity-shaping initiative will be implemented in 2007.
- The Public Art Master Plan, completed in 2007, will be implemented to enhance the City's public realm and a 'Focus Plan' will be created for Downtown.
- Following adoption in 2006, implementation of the updated Vision North San José, the updated Downtown Strategy, and the revised Transportation Level of Service Policy have encouraged increased business activity, housing development, and enhanced quality of life for residents by balancing the City's goals.
- Work2future will continue to offer universal services to residents and businesses, despite significant projected funding shortfalls. Recent relocation to a centralized facility will further improve customer service and reduce costs.
- The City will begin a three-year process to update the San José 2020 General Plan in 2007.
- The Evergreen*East Hills Vision Strategy was completed in 2007.
- The Coyote Valley Specific Plan is underway and should be completed in 2007-2008.
- The CSA will expand its 'one-voice' service delivery model to improve customer service through a predictable and timely development review process.
- The ongoing dialogue with development customers to set service goals and budget levels, resolve concerns, and set priorities for continually improving the development process and customer service will continue. These discussions help shape a balanced fee program budget package with clear cost/service impacts.
- By December 2006, over 11,543 units of affordable housing were completed or under construction, surpassing the goal of 10,000 units over an eight year period.
- The City continues to perform at the top of its class in housing production, receiving an "A+" from the Bay Area Council in its December 2004 Bay Area Housing Profile Report.
- In July 2006, the CSA facilitated the consolidation of all federal entitlement grant programs by transferring the Community Development Block Grant (CDBG) Program from PRNS to the Housing Department. This transition has provided an opportunity to implement administrative changes improving efficiencies for all federal grant programs.

2007-2008 Total Operations by Core Service



City Service Area Budget Summary

	2005-2006 Actual 1	2006-2007 Adopted 2	2006-2007 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Arts and Cultural Development	$ 1,839,761	1,946,835	1,897,964	2,089,964	7.4%
Business/Job Attraction	1,524,870	2,194,141	2,165,704	2,152,556	(1.9%)
Convention Facilities	12,336,558	12,740,792	13,578,398	13,702,003	7.5%
Development Plan Review/Bldg	22,126,682	26,311,371	25,917,729	27,273,783	3.7%
Enhance Quality & Supply Hsng*	N/A	N/A	N/A	N/A	N/A
Fire Safety Code Compliance	1,745,560	2,799,000	2,891,906	2,951,761	5.5%
Increase Affordable Housing	1,124,609	1,292,630	1,314,151	1,314,151	1.7%
Initiate & Facilitate Public Facil*	N/A	N/A	N/A	N/A	N/A
Initiate & Facilitate Private Facil*	N/A	N/A	N/A	N/A	N/A
Long Range Land Use Planning	2,168,150	3,062,614	3,253,313	3,367,748	10.0%
Maintain Affordable Hsg	3,060,212	3,873,594	3,904,020	4,139,132	6.9%
Outdoor Special Events	509,517	826,707	884,657	892,287	7.9%
Promote & Imp N'hood Impvts*	N/A	N/A	N/A	N/A	N/A
Provide Svcs to Homeless and At-Risk Populations	358,806	375,492	488,684	488,684	30.1%
Regulate/Facilitate Private Dev	6,124,491	6,455,358	6,329,034	6,765,023	4.8%
Workforce Development	2,043,576	3,750,941	3,988,551	3,988,551	6.3%
Strategic Support**	6,215,446	8,796,554	9,067,792	9,361,475	6.4%
Subtotal	**$ 61,178,238**	**$ 74,426,029**	**$ 75,681,903**	**78,487,118**	**4.1%**
Other Programs					
City-Wide Expenses	$ 25,296,368	26,284,371	21,858,918	29,869,884	13.6%
Gen.Fd Cap, Trans & Reserves	0	22,581,599	5,450,000	21,873,424	(3.1%)
Subtotal	**$ 25,296,368**	**$ 48,865,970**	**$ 27,308,918**	**$ 51,743,308**	**(41.3%)**
Total	**$ 86,474,606**	**$ 123,291,999**	**$ 102,990,821**	**$ 130,230,426**	**(13.9%)**
Authorized Positions**	**558.13**	**589.10**	**587.03**	**610.03**	**3.6%**

* The San José Redevelopment Agency (SJRA) Core Service budgets are not part of the City's Operating Budget.
** The Strategic Support and budget authorized positions total only include SJRA positions that are funded in the City's Operating Budget as displayed in the City departments section of this document.

Current Position *How are we doing now?*

- The Economic Development Strategy effort has spawned over two hundred projects in 15 strategic areas. Key initiatives include retail; the development process; business attraction and retention; national/international communications; sports teams, events, and facilities; airport service; museum/cultural growth; San José State University; Downtown development; and land use/transportation planning.
- San José has an expanded portfolio of high profile, signature events that attract outside visitors and local residents: the Grand Prix, the Amgen Tour of California, the Rock 'n' Roll Half Marathon, ZeroOne San José, San José Jazz Festival, Cinequest Film Festival, and the San José International Mariachi Festival.
- Long-range planning efforts include "renewing the action agendas" in all nineteen adopted SNI Neighborhoods, San José State University South Campus Area Plan, and the annexation of County pockets.
- During 2006, the Special Tenant Improvement Program assisted 62 projects that resulted in the development of more than 1.7 million square feet of driving industry space and created an estimated 1,900 jobs.
- The development fee program partners (Building, Planning, Public Works and Fire) are working to improve performance and take advantage of co-location and collaboration opportunities in City Hall. Consultation with the development community regarding service levels and cost recovery fees continued in the 2007-2008 budget process.
- The total construction valuation in San José increased from $809 million in 2005 to $897 million in 2006, but remained below the height of construction activity in 2000 ($1.69 billion). While commercial and industrial development is recovering from its low in 2003, residential development has remained stable over the past year.
- The City received an A+ in 2006 from the Bay Area Housing Profile for producing more than 100% of its affordable housing "fair share." This included the creation of over 18,200 new housing units.
- Between January 1999 and December 2006, over 11,573 units were completed or under construction, surpassing the goal of 10,000 units over an eight year period.
- In December, the third Project Homeless Connect Day was held assisting the chronically homeless population on the road to self-sufficiency by providing a concentration of medical, mental health, housing information, financial assistance, veteran services and an array of other services. During the three one-day events, over 1,400 individuals, who are homeless or at risk of homelessness, were provided direct services and information.

Selected Community Indicators *What external conditions influence our strategies?*

- Job Growth: Steady job growth has returned to the San José Metropolitan Statistical Area (MSA) with 21,400 jobs being added over the past year (2.4% job growth since December 2005). While job growth has improved over the past four years, the area has recovered only a small fraction of the more than 200,000 jobs lost since the height of the economy in late 2000. The unemployment rate declined in the San José MSA from 4.5% in 2005 to 4.2% in December 2006 (below the State unemployment rate of 4.6% and the national average of 4.3%).
- Jobs/Housing Balance: San José continues to be 'housing rich and jobs poor.' In 2006, San José is projected to house 54% of the population in Santa Clara County but have only 40% of the County's jobs (Benchmark: jobs should at least equal percentage of population). Repeated conversion of industrial lands to residential uses threatens to exacerbate this imbalance further.
- Vacancy Rates: Combined Office/R&D vacancy rates declined from 21% in 2005 to 18% in 2006. Industrial vacancy rates also experienced a decrease from 6% in 2005 to 5% in 2006. (Economists consider a 7 to 8% vacancy rate indicative of a healthy economy because it provides flexibility for companies to locate and expand).
- Housing Affordability: In November 2006, 27% of households in Santa Clara County could afford a median priced home, down from November 2005 (33%). The median priced San José home in February 2007 was $710,000, a 10% increase from the prior year. However, a large percentage of San José residents continue to be homeowners (61%).

Selected Community Indicators *What external conditions influence our strategies?* *(Cont'd.)*

- Homelessness: According to the City's January 2007 homeless count and survey, there are 4,309 homeless individuals residing in San José of whom 76% are living on the streets (unsheltered) and 24% are living in either emergency shelters or transitional housing. The individuals surveyed for this count cited the following as the primary reasons they were homeless: lost job (25%), alcohol or drug use (22%), incarceration (6%), and illness or medical problem (6%) (Source: Applied Survey Research 2007).

Trends / Issues / Opportunities *What developments require our response?*

- San José faces aggressive global competition to maintain its position as the world's leading concentration of technical and entrepreneurial talent.
- Relative to other South Bay locations, San José has the opportunity to capitalize on relatively low rents, large land reserves, extensive housing, and an excellent talent base to make the city more attractive to business expansion. Major opportunities include the development of Coyote Valley, North San José, Evergreen, and projects like Hitachi. Bioscience incubation will position Edenvale to capture additional biotech, life sciences, and nanotech companies.
- R&D and housing development in North San José will provide substantial job growth and increased revenues. Obsolete facilities no longer address driving industry needs and new development proposals will bring new opportunities, but will also require City development review and facilitation.
- The continued lack of housing priced at rates within reach of many residents poses social and economic problems. Housing growth continues, but overall zoning and permitting activity is lower than in previous years.
- 3,000 new housing units in greater downtown over the next five years will add tax revenue and support retail growth. 12 high-rise projects representing 2,400 units are under construction or in the planning process.
- The traditional source of funding for affordable housing programs (20% Redevelopment Tax Increment funds) has increased by 6% in 2006-2007 following a decrease of 26% from 2003 and 2005. Despite this increase, the Housing Department receives 18% less Tax Increment than the high of 2002-2003. To augment these declines in funding, the City continues to maximize State and federal funding sources to maintain current programs to the extent possible.
- Over 4,300 of San José's residents are currently homeless, based on a January 2007 survey. The City is committed to eliminating chronic homelessness over the next ten years. This is a significant task that will require dedication of time and funding from the City and all non-profit agencies serving homeless families and individuals over the next several years.
- The Association of Bay Area Governments (ABAG) is responsible for allocating the State-determined regional housing need to all jurisdictions in the Bay Area for the planning period of 2007-2014. San José will forward comments to the ABAG regarding the proposed Regional Housing Needs Methodology in 2007.

Policy Framework *What policies guide our strategies?*

- City of San José 2020 General Plan
- "Getting Families Back to Work" Direction (2003, 2004, 2005 and 2006)
- Economic Development Strategy (2003)
- "Counter to Council" (2005)
- "One Voice" Economic and Neighborhood Development (2003)
- Framework for Evaluating Proposed Conversions of Industrial Lands (2004)
- Downtown Strategy, prepared by the San José Redevelopment Agency (2000)
- 20/21 A Regional Cultural Plan for the New Millenium ("expires" mid-2007)
- Airport Public Art Master Plan (2005)
- Adopted Strong Neighborhoods Initiative Plans
- North San José Development Policy (Update 2005)
- Updated Transportation Level of Service Policy (2005)
- Five-Year Housing Investment Plan
- City of San José 2005-2010 Consolidated Plan
- Ten-Year Plan to Eliminate Chronic Homelessness
- Public Art Master Plan (2007)

General Plan Alignment

Adopted by the City Council, the San José 2020 General Plan sets forth the vision of San José, reflecting the community values of residents and business owners. It is a long-range plan identifying the location and intensity of land uses, character of future development and existing neighborhoods, and the overall quality of life of the San José community.

There are no specific service level goals stated in the General Plan for the CED CSA. However, all work of the CED CSA contributes towards the General Plan's overarching goals of facilitating economic development, creating municipal revenues to pay for City services, creating housing for all income segments of the community, revitalizing Downtown, and maintaining and enhancing the City's overall quality of life.

In addition to the General Plan, the CED CSA's business plan is guided by several other policy documents as listed above, including the Economic Development Strategy, Airport Public Art Master Plan, North San José Development Policy, and Downtown Strategy Plan. All of these documents are consistent with the General Plan, providing a greater level of detail as to how to achieve the goals set forth in the General Plan.

One of the elements of the General Plan is the Housing Element. The goal of the General Plan's Housing Element is to ensure that each municipality is addressing its housing needs across all spectrums. This is measured through housing allocations adopted by the Association of Bay Area Government's (ABAG). For the seven year period (1999-2006), ABAG's Regional Housing Need Allocation estimated that the City needed to provide adequate sites to accommodate 26,114 housing units for the period of 1999 through 2006, 7,701 of which needed to be affordable to low- and moderate-income households (1,100 units of affordable housing units per year).

Key Strategic Goals & Objectives *Where are we going?*

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 and 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

- **Implement the San José Economic Development Strategy** – To renew opportunity and prosperity for residents and continue revenue growth for City services through expansion of the economy, the City of San José adopted its first ever city-wide Economic Development Strategy in fall 2003. The Strategy provides a clear vision of the City's economic future and recommends 15 initiatives that build on San José's strengths. Many new policies and projects will continue to promote implementation of the Strategy. It reinforces San José's identity as the Capital of Silicon Valley through the use of technology and enhancement of its entrepreneurial environment. San José's role as a creative community and global business gateway will be an important element in positioning San José as the world's most livable big city. Successful implementation of the initiatives will require a community-wide effort by public, private, and non-profit sectors.

- **Strengthen Festivals and Continuing Events** - Through collaborative outreach and other tools, this CSA seeks to continue its efforts to attract and hold significant special events to San José, bringing regional, national, and international attendees.

- **Leverage Relationship with San José State University (SJSU) and Other Community/Regional Partnerships** – The City's relationship with SJSU and other education institutions as well as other important community partnerships, such as Joint Venture Silicon Valley, the Entrepreneurial Center (E-Center), 1st ACT Silicon Valley, Artsopolis, and the various Chambers of Commerce, represent a tremendous opportunity to drive economic impact and strengthen the community. Current activities with SJSU include joint planning to determine appropriate land uses and shared opportunities in the South Campus Area, a pilot Homeownership Program for new faculty at San José State University, and the Public Sector Career Initiative. Other partnerships involve support services to a diverse range of businesses, specialized workforce training programs, and regional economic development activities. Collaboration with 1st ACT Silicon Valley is an important opportunity to accelerate progress Downtown.

- **Facilitate Development** – A significant factor to capturing local business expansion is the ability to provide companies with assistance through the development process. Ongoing improvements to the development process combined with direct assistance of key projects will help San José retain and attract job- and revenue-generating companies as the economy recovers. City Hall hosts the City's Small Business Center, designed to provide the additional assistance small and new companies often need.

- **Develop Clear and Current Land Use Policies** – Long-range land-use planning is necessary to guide housing, economic development, downtown revitalization, neighborhood preservation, open space and natural resource protection, and to create public facilities and services. In addition to the City's ongoing efforts, this is also being achieved through the completion of several major efforts, including the Coyote Valley Specific Plan, Evergreen*East Hills Vision Strategy, and implementation of the updated Vision North San José policy. By the end of the five-year period, the City should complete a comprehensive update of the General Plan with extensive community involvement.

- **Economic Data and Analysis** – The Office of Economic Development (OED) serves as a resource to educate City leadership and staff about micro- and macroeconomic issues through a wide range of presentations and statistical/spatial analyses. Staff provides quarterly Economic Indicator and Demographic Reports to City officials and senior staff, and continually supports important City efforts, such as air service attraction, business linkage

Key Strategic Goals & Objectives ***Where are we going? (Cont'd.)***

Outcome 1: Strong Economic Base (Cont'd.)

analysis, and land use impact analysis. In 2007, OED partnered with academic experts to development a statistical tool to evaluate the economic and fiscal impacts of City-supported events. In addition, OED regularly provides companies with site selection analyses, which bolster the City's job retention and expansion efforts.

Outcome 2: Safe, Healthy, Attractive, and Vital Community

- **Refine Predictable and Financially Stable Development Process** – The five year goal for the development process is to make San José the best place in America to do business through:
  - Establishing a predictable and timely development review process by emphasizing a facilitation approach, providing seamless 'one-voice' service delivery, and updating the General Plan;
  - 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 requiring expedited service;
  - Continually improving the process and customer service through an ongoing dialogue with development customers about their concerns and priorities;
- **Streamline the Code Development Process** – A three-year process to update the Building Code and make minor code modifications to streamline the development process will eliminate red tape and align the City's Building Codes with the rest of the nation.
- **Develop A Current and Comprehensive General Plan** – A three-year process is expected to be underway to update the San José 2020 General Plan, which is required by State law as a basis for local agencies to issue entitlement and construction permits. The current process will include significant community involvement. The last comprehensive update of San José's General Plan was adopted in 1994.
- **Strengthen the Strong Neighborhoods Initiative (SNI)** – the CED CSA is an active participant in furthering the City's Building Strong Neighborhoods effort. Work is underway to renew the action agenda in all nineteen adopted SNI Neighborhoods. The SNI model will be expanded to include three additional neighborhoods outside of Redevelopment areas.

Outcome 3: Diverse Range of Housing Options

Despite being one of the most expensive housing markets in the nation, the City of San José maintains its commitment to fostering the creation, retention, and maintenance of affordable housing through progressive planning and development policies, aggressive leveraging of funds, unique partnerships, proactive policy analysis, skilled advocacy, and committed staff. The following are key issues facing the Community and Economic Development CSA in continuing the City's commitment to providing housing that is affordable to all of its residents.

- **Increase Housing Opportunities for Low-and Moderate-Income Households** – Starting in 2006, 20% Tax Increment funds began to recover slightly, with a projected 6% increase in 2006-2007, although still 18% lower than the high of 2002-2003. To augment the decline in Tax Increment funds, the City continues to maximize State and federal funding sources to maintain current programs to the extent possible.
- **Expand Market-Rate and Affordable Housing Opportunities** – Emphasizing housing development in the Downtown, in Neighborhood Business Districts, at transit stops and in North San José remains a priority for San

Key Strategic Goals & Objectives ***Where are we going? (Cont'd.)***

Outcome 3: Diverse Range of Housing Options (Cont'd.)

José. Directing growth to infill locations that capitalize on existing and projected transit routes will help revitalize these areas while reducing traffic.

- **Maximize Impact of Housing Resources** – The CSA will strategically use CDBG, HOME, CalHOME, and Proposition 46 funds, as well as exploration of other grant and loan sources including new Proposition 1C funds, to ensure that San José residents receive maximum benefit from these revenue sources. The City will work with the Local Initiative Support Corporation and other partners as they consider a County-wide funding source for affordable housing production.
- **Eliminate Chronic Homelessness** – The City is working in partnership with other government and private organizations to develop creative strategies to implement an aggressive plan to end chronic homelessness in the next 10 years. Action items related to this effort include holding Project Connect Days to deliver direct services, accessing additional Section 8 vouchers to provide housing opportunities, and continuing efforts with local, State and national partners to improve service delivery systems for the homeless. The City and County will create a new Blue Ribbon Task Force on Homelessness in 2007 to raise awareness of the homeless crisis.

Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks

- **Preserve Core Programs** - An increase in 2007-2008 Transient Occupancy Tax revenues will result in increased available funding for arts operating grants, arts project grants, and events grants.
- **Enhance the Built Environment** – Following adoption of a new five-year Public Art Master Plan, the City will partner with supporting constituencies (artists, community, capital project managers, policymakers) to incorporate public art and art planning into the City's urban design plans, regional infrastructure and transportation; broaden the communities that public art serves; and encourage community-based public art initiatives.
- **Strengthen Arts and Cultural Sector** — Building the capacity of San José arts providers is pursued along several paths, all of which are being carefully evaluated. The Neighborhood Arts Development Pilot, a cooperative venture of the Office of Cultural Affairs; Parks, Recreation and Neighborhood Services Department (PRNS); San José Unified School District; and three small, culturally specific arts groups at Hoover Community Center, will add a facilitated focus on building working relationships with three neighboring schools. At the same time, consultants have begun an independent assessment of the pilot project. An assessment of the City-sponsored Emerging Arts Showcase begins as it rolls out a reformatted *Festival of Cultures* to draw new and alternative audiences downtown by showcasing culturally specific artists. A recently completed assessment of the Organization Development Grants, which support technical assistance for arts groups of all sizes, has found that the program is essentially sound and needed. Staff and the Arts Commission will study and act on the consultant's recommendations. The creation of the Arts Stabilization Fund in 2006 as part of an effort to provide critical assistance to two leading arts organizations has resulted in a permanent new tool for building capacity in the arts sector. The Arts Commission is developing guidelines for this important new asset.
- **Develop Cultural Strategy** - The 20/21 Regional Cultural Plan, adopted by the City Council in 1997, was intended to have a ten-year "life." Implementation of this plan resulted in significant improvements in arts education, important incubation of multicultural arts, and launch of the ZeroOne San José festival. Recently, the Office of Cultural Affairs led development of the Public Art Master Plan, an important new strategy document. In addition, new strategic directions have been articulated and pursued in "art and technology" and special events. In the future, additional areas, such as cultural facilities, cultural participation, and arts education, will require strategy work and leadership.

Overview

In 2007-2008 the Community and Economic Development (CED) CSA will continue to invest in revenue-generating efforts while preserving essential core services in the short term. These preparations are helping the City to emerge from the recent recession in a strong position to continue to implement the General Plan, quality growth policies, and a well conceived economic development strategy. A major emphasis is to meet client expectations for service delivery while remaining within resource constraints.

A number of strategies will be employed by the CED CSA to maximize the provision of services to the public with reduced resources, including increased efficiencies and delivery consolidation, aligning costs and fees for service, pursuit of outside grants, reducing subsidies to outside groups and finally, where necessary, impacting service delivery by reducing staff and non-personal/equipment costs.

Key Investments & Objectives

How will we accomplish our goals?

Outcome 1: Strong Economic Base

Year 1: 2007-2008 – *Planned Service Strategies*

- **Continued Augmentation of Economic Development Programs** – Alignment of activities to the Economic Development (ED) Strategy, the Six-Month Strategic Outcomes, and the Counter-to-Council recommendations will continue. The following service augmentations will be accomplished through a combination of additional investments, one-time funding, redirection of existing economic development related funds, and consolidation of activities with the Redevelopment Agency.
  - **Expand retail opportunities** to improve the quality of life for residents and generate additional revenues for the City's General Fund. The Office of Economic Development will work to achieve the Six-Month Strategic Goals of 'Increasing Economic Vitality' and 'Eliminating the Structural Budget Deficit' by identifying potential retail locations and aggressively working to facilitate retail development, as well as implementing the Auto Row Strategy and the Shopping Center Improvement Pilot Program. (ED Strategy #13)

15 STRATEGIC ECONOMIC DEVELOPMENT INITIATIVES

Global Gateway
1. Build a World-Class Airport Facility and Air Services.
2. Forge Connections to Innovation Regions Globally for Mutual Economic Benefit.

Creative Community
3. Develop Strategic Partnerships with San José State and Other Universities to Drive Innovation and Economic Impact.
4. Evolve and Position Downtown as a Unique Creative and Cultural Center of Silicon Valley.

Entrepreneurial Environment
5. Support Start-Up and Growth of Local Businesses, Small and Large, in Tech as well as Non-Tech Fields.
6. Improve Speed, Consistency, and Predictability of the Development Review Process, and Reduce Costs of Operating in San José.

Tech-Savvy City
7. Make San José a Tech-Savvy City; Lead the Way in Using Technology to Improve Daily Life.

Place of Opportunity
8. Diversify San José's Economic Base and Preserve/Create Middle-Income Jobs.
9. Prepare Residents to Participate in the Region's Economic Opportunity, from K-12 to Lifelong Learning.

World's Most Livable Big City
10. Continue Emphasis on Developing New Housing, Including New Housing Types in a Variety of Neighborhood Settings.
11. Revise Key Land Use and Transportation Policies to Reflect the New Realities of the San José Economy.
12. Encourage Sporting Teams, Events, and Facilities, Professional as well as Amateur.
13. Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Livability.

Capital of Silicon Valley
14. Communicate a Compelling, Consistent Community Identity for San José.
15. Engage Private-Sector Leadership for San José's Economic Strategy.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 1: Strong Economic Base (Cont'd.)

Year 1: 2007-2008 – Planned Service Strategies (Cont'd.)

- **Communicating a compelling community identity** nationally and internationally is a fundamental element to attracting talent, investment, air service, visitors, and funding to San José. (ED Strategy #14)
- **Development facilitation** of job- and revenue-generating company expansions and relocations provides San José with a competitive edge as the local economy begins to recover. Recent designation as a California Enterprise will give San José a comparative advantage over other communities to attract/retain businesses. (ED Strategies #5, #6, #8)
- **Encouraging sporting and cultural events and activities** to locate in San José will help bring additional tourism money and raise the image of San José as a compelling destination (the San José Grand Prix, Rock 'n' Roll Marathon, ZeroOne, and Tour of California are examples of City encouraged activities). Successful augmentation of the City's special event program, including the support of ongoing signature events and activation of City Hall public spaces, requires extensive planning and coordination. Investment will continue in ZeroOne San José as a strategic cross-cutting festival that showcases the creative intersection of art and technology, integrating both local and international artists. (ED Strategy #12)

- **work2future** – Delivery of intensive services will be maintained and universal services will continue to be available to the roughly 11,000 clients served monthly. The relocated One-Stop locations will improve customer service and lower cost beginning in 2007. (ED Strategy #9)
- **Team San José** – Under the agreement approved in June 2004, Team San José will continue to manage the City's Convention and Cultural Facilities based on a new model of non-profit management. Team San José will continue to be evaluated on performance measures that include gross revenue targets, financial performance indicated by net profit or loss, economic impact, attendee day figures, and customer service results. (ED Strategy #4)
- **North San José Development Policy Implementation** – North San José is targeted for higher density office and mixed-use development. The revised land use and transportation policies reflect the new realities of the San José economy and will encourage development in the area. With a number of projects already in the pipe line, the area is positioned to move forward. (ED Strategy #11)

Year 2: 2008-2009 – *Projected Service Strategies*

- **North San José Area Development Policy Implementation** – Implementation of changes will continue in 2008-2009 and throughout the period of the current five-year Business Plan. (ED Strategy #11)

Outcome 2: Safe, Healthy, Attractive, and Vital Community

Year 1: 2007-2008 – *Planned Service Strategies*

- **Development Fee Program Coordination** – The integration of high level initiatives from the Economic Development Strategy with operational changes arising from commitments made to the development industry will continue. The coordination effort of the City's development service partners – Building, Fire, Planning and Public Works – is benefiting from co-location in City Hall and will allow the continued improvement of speed and predictability in the development review process, and enable the City to speak with 'one voice' on development issues. Work will continue on streamlining the permitting process.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 2: Safe, Healthy, Attractive, and Vital Community (Cont'd.)

Year 1: 2007-2008 – Planned Service Strategies (Cont'd.)

- **Small Business Ambassador Program** – This program helps small business owners relocate, operate, or expand in San José, facilitating job creation in the City. Providing small businesses with assistance in negotiating the development permit process will help them open for business sooner and likely reduce their "up front" costs. The program will complement existing expedited permit programs by emphasizing a facilitation approach and providing seamless "one-voice" service delivery. (ED Strategy #5)
- **Industrial Tool Installation Program** – This program helps facilitate improved customer service for high tech manufacturing and R&D companies by expediting the permitting and inspection processes of large tool installations in industrial facilities. This program will greatly support start up and expansion of driving industries. (ED Strategy #5)
- **Neighborhood Business Districts** – This program will continue in Redevelopment Agency project areas to include collaboration and support of business associations, façade improvements, and infrastructure investments. (ED Strategy #5)
- **Fee Adjustments** – The City's development services partners (Building, Planning, Public Works, and Fire) consulted with development industry groups on a fee and service level package that became the basis of fee program budget balancing adjustments. In addition, the new time-based fee methodology will be implemented for Planning environmental review applications in 2007-2008. (ED Strategy #6)
- **Long Range Land Use Planning** – Land use actions in support of Strong Neighborhood goals will continue at the reduced service levels necessitated by reductions in staff resources in 2005-2006 and years prior. These activities also influence a wide variety of initiatives and actions contained in the ED Strategy. (ED Strategy #11)
- **Comprehensive General Plan Update** – A three-year effort to comprehensively update the City's General Plan is programmed and scheduled to continue through 2007-2008. (ED Strategy #11)

Year 2: 2008-2009 – *Projected Service Strategies*

- **Comprehensive General Plan Update** – The three-year effort to comprehensively update the City's General Plan is scheduled to continue in 2008-2009. (ED Strategy #11)
- **Continuing Dialogue with Development Customers** – The dialogue between the City's development service partners and representatives of the development community will focus on service and fee levels and process improvement priorities in 2008-2009. (ED Strategy #5, #6)
- **Long Range Planning** – Any new specific area studies will require new funding commitments for staffing. (ED Strategy #11)

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 3: Diverse Range of Housing Options

Year 1: 2008-2009 – *Planned Service Strategies*

- **Housing Department Resource Reallocation** – As the City continues to invest in affordable housing throughout San José, the Housing Department's loan portfolio now totals over $500 million. In addition, the number of inclusionary housing units has increased significantly with the success of the City's Strong Neighborhoods Initiative. These units must be tracked and monitored for compliance for the term of the affordability restrictions. The growing portfolio and added oversight responsibility has led the Department to conclude that the loan management function requires a higher level manager to ensure the integrity of the portfolio and full compliance with the myriad of complex funding requirements. Additionally, the Housing Rehabilitation Program, which provides a critical service to low-income households through loans and grants to address health and safety issues within their homes, is in need of a resource reallocation to support a higher-level manager for the overall program.

- **Homeless Strategy Implementation** – The City, in partnership with the County of Santa Clara and other agencies, is using creative strategies to implement the City's aggressive plan to eliminate homelessness in the next ten years. In 2007-2008, the City will work to develop a discharge planning effort to ensure that people moving out of institutions, including foster care, hospitals, and jails, do not become homeless. The City will seek new housing opportunities for the chronically homeless, including additional Section 8 housing vouchers, new ELI housing units, and special needs housing for the disabled homeless. The City will also continue Project Connect Days to provide comprehensive services to the City's homeless residents. Finally, the City will participate in the Blue Ribbon Panel on Homelessness, which will provide leadership to move closer to the goal of eliminating homelessness.

- **Creative Housing Initiatives** – The Housing Department will continue to focus on non-monetary activities, including identifying new sites for housing development, strengthening the City's inclusionary housing program, implementing the secondary unit pilot program, addressing concerns regarding illegal units, lobbying for continued federal funding, supporting City Rent Control programs, and promoting fair and equitable lending. To direct the City's affordable housing efforts in the next several years, the City will undertake a new Five-Year Housing Investment Planning effort that will review current policies and programs and recommend new policies and programs for the five-year period beginning July 1, 2007.

- **Infill Housing Development** – By facilitating market rate infill housing development city-wide, the Redevelopment Agency and City are not only creating more market rate housing to meet demand, but are also creating hundreds of affordable units as a result of the Inclusionary Housing Policy for Redevelopment Areas. In addition, the City is pursuing inclusionary housing in Coyote Valley and Evergreen Valley.

- **Financing New Affordable Housing** – As tax increment revenues begin to grow with the recovering economy, the City will leverage new resources in order to finance new affordable housing.

Year 2: 2008-2009 – *Projected Service Strategies*

- **Inclusionary Housing Policy Implementation** – The City will continue to assist developers in managing new affordable housing units created by the inclusionary housing policy. As intensification of housing efforts in Redevelopment Project Areas and other areas in the City grow, staff responsibilities related to the management of these units will increase significantly.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 3: Diverse Range of Housing Options (Cont'd.)

Year 2: 2008-2009 – *Projected Service Strategies (Cont'd.)*

- **Homeless Program Changes** – The City will continue to focus on the Ten Year Plan to eliminate chronic homelessness by working with homeless service and shelter providers to change the intake system for the homeless, fully implementing the Housing First Concept. Additionally, the City will implement actions coming out of the Blue Ribbon Task Force on Homelessness, which will hold a series of meetings in 2007 and early 2008.

Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks

Year 1: 2007-2008 – *Planned Service Strategies*

- **Advance Strategic Initiatives** – Several areas will receive strategic attention in 2007-2008. Community arts leaders and staff will review recent assessment of City's arts education initiatives and recommend potential changes and new directions. The City Manager's Office and OED will partner with the Redevelopment Agency to develop an approach to cultural facilities planning that emphasizes long-term sustainability of facilities and programming, with an initial focus on Japantown, MACLA, San José Stage, and Mexican Heritage Plaza.

- **Enhance Leadership for Cultural Affairs** – The reinstatement of the OED Deputy Director for Cultural Affairs will help enhance the cultural development of San José and address the complex challenges facilng local cultural organizations. This position is envisioned as a change agent within the City structure, to integrate arts/culture as an important consideration involving City resource decisions and policy development, and to bring expertise and perspective to discussions that involve arts and cultural facilities, neighborhood arts development, special events, and other arts/cultural matters. The Deputy Director will support and encourage the Arts Commission as an active and effective advocate for San José's role as a regional center for arts and culture. This position will also be expected to develop a multi-layered, creative approach to build beneficial partnerships between the City, other public agencies, funders, and private industry for the sponsorship of cultural activities.

- **Fund Redeployments to Preserve Core Programs** – One of the core missions of this Outcome is to provide support to help sustain and improve the basic health of San José arts providers. Towards that end, a small but meaningful portion of Transient Occupancy Tax (TOT) revenues will be set aside each year to grow a long-term reserve that will provide essential stability to the City's Operating Grants (arts), a key source of vital general operating support for arts organizations. Using the recommendations of an independent assessment, the Organization Development Grants will be revised to improve their capacity-building value for arts groups, and their shift to non-General Fund sources will be maintained. In addition, earnings from the newly created Arts Stabilization Fund will be positioned to help organizations avoid the need for crisis assistance.

- **Interdepartmental Events Production Team** – The team's approach to the implementation and production of successful outdoor special events will continue. Production of City events, including the development of event sponsorship packages will be incorporated within the scope of services available from the Office of Economic Development. Broadening the established events coordination of staff in multiple departments, to include Risk Management, City Attorney's Office, and Finance Representatives, will strengthen the knowledge base of the events production team. In addition to the existing front-line operational team, a core senior/executive management steering team will provide oversight to ensure coordination between events as well as with business and neighborhood stakeholders.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks (Cont'd.)

Year 1: 2007-2008 – *Planned Service Strategies (Cont'd.)*

- **Public Art Downtown Focus Plan, Artwork Maintenance Strategy** – In the first half of 2007-2008, a "focus plan" will be created to articulate a specific vision for public art in Downtown San José. Implementation ordinances for the Public Art Master Plan will be developed and forwarded for adoption by City Council. A key part of implementing the plan will be addressing conservation and maintenance needs of the City's extensive Public Art Program.

Year 2: 2008-2009 – *Projected Service Strategies*

- **Cultural Development** – Implementation of new direction is anticipated to require identification of internal and external funding sources and new collaborations with local, regional, and other partners.

Outcome 1: Strong Economic Base

Economic Development Strategy

Since its adoption in November of 2003, the Economic Development Strategy has served as a blueprint for San José's economic resurgence. In the past four years, over 200 projects have advanced the 15 Initiatives identified in the Strategy. Implementation continues to be a city-wide effort involving 18 departments and more than 150 City and Redevelopment Agency staff.

Key initiatives receiving priority implementation include:

- Diversify San José's economic base and preserve/create middle-income jobs.
- Develop retail to full potential, maximizing revenue impact and neighborhood livability.
- Support start-up and growth of local businesses, small and large, in technology as well as non-technology fields.
- Develop strategic partnerships with San José State University to drive innovation and economic impact.
- Evolve and position Downtown San José as a unique creative and cultural center of Silicon Valley.

Additional staff resources added in 2006-2007 increased the capacity of the Office of Economic Development (OED) to advance the job creation and revenue generation goals of the City. Additional programmatic resources are allocated for 2007-2008 to further the efforts to expand retail opportunities and generate additional sales tax for the City.

As the San José economy began to experience job and wage growth in the past year, the City has reason to be optimistic, while still being mindful of growing competition regionally, nationally, and internationally. San José must strive to maintain its competitive advantages over other regions, including access to talent and capital, entrepreneurial expertise, a unique quality of life, and a dense concentration of innovative industries which promote creative synergies among firms. As such, OED will continue to focus its efforts on creating an economic environment that is attractive to entrepreneurs, talent, and companies in "driving industries," who have many choices of communities and countries in which to operate. (Driving Industries serve outside markets, pay above-average wages, and stimulate job growth in business-support and local-serving sectors).

Driving a Strong Economy

Retaining and attracting companies in "driving industries" is a major priority, as is nurturing the growth of new start-ups. The majority of the region's job growth will continue to come from new companies that start-up, grow, and retain their headquarters here even as they expand globally.

5 Year Strategic Goals		CSA Performance Measures	2008-2012 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
A. Facilitate Major Corporate Development	1.	Estimated jobs generated through City attraction, expansion and retention					
		- Industrial	41,000	9,600	9,900	10,100	10,500
		- Commercial/Retail	8,700	1,960	2,050	2,060	2,100
		Total	49,700	11,560	11,950	12,160	12,600
	2.	Estimated payroll from job generation	$2.1B	$587M	$589M	$400M	$450M
B. Stimulate Revenue for City Services	1.	Economic Impact of Convention Facilities					
		Attendee Days by Type of Visitor					
		- Local/Social	3,663,460	600,400	1,000,000	1,050,000	1,100,000
		- Out of Town	533,700	92,700	100,000	103,600	105,000
		- Exhibitors	121,800	19,700	19,700	22,000	25,000
	2.	Number of outdoor special event attendees	8,000,000	2,150,000	2,200,000	2,250,000	2,300,000
	3.	Anticipated increase in tax from businesses receiving assistance in the current period	$28.0M*	$5.6M	$5.8M	$5.5M	$6.0M
	4.	Actual increase in sales and use taxes from businesses which previously received assistance from the City	$10M	$1.5M	$1.8M	$3.7M	$4.0M

Changes to Performance Measures from 2006-2007 Adopted Budget: No

Outcome 1: Strong Economic Base (Cont'd.)

5 Year Strategic Goals		CSA Performance Measures	2007-2011 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
C. 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)	-5,000 jobs (-200 acres)	-3,500 jobs (-130 acres)	-750 jobs (-30 acres)	-1,000 jobs (-40 acres)	-500 jobs (-20 acres)
	2.	Jobs gained/(lost) in areas with "Industrial Park" and "Campus Industrial", and other R&D General Plan land designation (acres converted in parenthesis)	-7,000 jobs (-200 acres)	-13,280 jobs (-420 acres)	-3,200 jobs (-100 acres)	-1,500 jobs (-40 acres)	-750 jobs (-20 acres)
	3.	Ratio of San José jobs to employed residents**	1.00 jobs/resident	0.93 jobs/resident	0.93 jobs/resident	0.95 jobs/resident	0.95 jobs/resident
D. Facilitate Small Business Expansion	1.	Funding made available to small businesses through loans, guarantees and grants	$29.8M	$9.1M	$9.6M	$7.7M	$8.0M

Changes to Performance Measures from 2006-2007 Adopted Budget: No

** City estimate only; No Agency estimate

Driving a Strong Economy (Cont'd.)

As with previous waves of technological innovation, San José is well positioned to become a national leader in emerging industries—biotechnology, clean technology, nanotechnology, and informatics. As the lessons of the past five years show, diversifying San José's economic base into a wide range of technological innovations is critical to ensuring a resilient economy and providing an array of career opportunities for residents.

In 2007-2008, San José will continue its commitment to catalyzing innovation through its incubator programs. Ongoing investments in the Software Business Cluster, the U.S. Market Access Center (formerly the International Business Incubator), the Environmental Business Cluster, and the Bio Center will continue to stimulate the growth of hundreds of companies. Recent successes of the Bio Center have advanced the City's goal of developing a bioscience cluster in Edenvale. New initiatives for 2007 include the Electronic Transportation Development Center, which will be managed through the Environmental Business Cluster and will make San José an international leader in advanced transportation technology, while addressing the critical national priorities of reducing dependence on fossil fuels, reducing air pollution, and improving the security and safety of ground transportation.

The City also continues to help established companies expand their operations and growing companies relocate to San José. Some examples in the past year include Nanosolar, a thin film solar panel company which is locating its research and development and production operations to Edenvale; Hitachi Global Storage Technologies, which is working with the City on a major intensification project at their site in Edenvale, resulting in not only the retention of 3,000 jobs but the creation of 2,900 new housing units; and Xilinx which will add as many as 350 positions next year. In 2006-2007, City and Redevelopment Agency staff has worked directly with dozens of companies including Oak Tree Mazda, Cadence Design, Endwave, Creative Labs, SuperMicro, SemiFab, National Display Systems, and eBay. The City anticipates expanding these efforts in 2007-2008.

The City will continue to encourage the growth of local small businesses in all sectors. Financial support for local incubators, the City of San José Entrepreneur Center in Downtown, which served nearly 15,000 clients per year since its establishment in 2001, and other business assistance organizations, contribute greatly to increasing the capacity of local small businesses. To further these efforts, the City will continue to improve the successful Small Business Assistance Center, located on the first floor of City Hall and the Small Business Ambassador Program. In addition, work2future is developing a network of local, state, and federal resources to increase the quality and range of services available to local small businesses. The City will also continue to promote local business participation in City contracts and service agreements

Outcome 1: Strong Economic Base (Cont'd.)

Driving a Strong Economy (Cont'd.)

through procurement preferences and outreach (nearly 50% of agreements in 2006-2007 went to local firms). The success of San José State University is a strategic priority for the City. The Dr. Martin Luther King, Jr. Library collaboration demonstrates the power of City-University collaboration to drive economic impact and enhanced the livability of downtown by increasing the connectivity between the University and community.

The City and University will advance priority areas for collaboration in 2007-2008, including joint planning efforts to determine appropriate land uses and opportunities in the South Campus area and the Public Sector Career Initiative.

In 2007-2008, the City also anticipates securing an interim use for the Airport West property that will provide substantial revenue to the City until the long-term vision of 3 million square feet of high-end office, hotel, and retail uses and will generate significant lease and sales tax revenues.

Update of Land Use Policies

The City of San José is supporting Silicon Valley's next wave of innovation with updated land-use and transportation policies to remain competitive and enable job-generating industries to expand. These policies will drive continued business prosperity and high quality of life for residents by balancing economic goals with housing, transportation, environmental, and open space strategies. Of these policies, the North San José Vision 2030 plan, the Downtown Strategy 2000 and the Revised Transportation Impact Policy, have moved to the implementation phase. The City will also embark upon a General Plan Update in 2007-2008.

Vision North San José: City research and recent expansion decisions by companies such as eBay and BEA Systems demonstrate that growth companies want North San José to become a mid-rise, pedestrian friendly environment with business support amenities and mid-rise housing nearby. The current environment, initiated 30 years ago, features primarily low-rise industrial buildings.

To ensure the ongoing attractiveness of North San José, the City has adopted the North San José Development Policy which will allow taller buildings to be built near the light rail, adding up to 27 million square feet of R&D and office development (potentially 83,000 jobs). Approximately 32,000 additional housing units, primarily mid-rise apartments, will be allowed near transit through the conversion of industrial land freed up through increased industrial densities.

Downtown Strategy 2000: The development potential of the Greater Downtown area has been improved by allowing higher density in-fill development, encouraging replacement of underutilized uses, and expanding land-use intensities. These revisions have set the stage for the first high-rise housing developments in the South Bay, further diversifying San José's housing options. Efforts to implement the Downtown Strategy have been enhanced by 1st ACT Silicon Valley, which strives to accelerate revitalization of Downtown San José as Silicon Valley's City Center—a thriving cultural, social, and economic hub with a distinctive urban chemistry that integrates art and technology, fuels creativity and entrepreneurship, and leverages its multi-cultural uniqueness. The evolution of Downtown will ensure that San José remains an attractive place to live, work, shop, and play. Particular emphasis will be placed on 'small wonders' that enliven and fill in the streetscape.

Revised Transportation Impact Policy: A key pre-requisite for permitting the increased densities of the two plans above is to strengthen San José's transportation policy to build a balanced transportation system, manage congestion, and improve neighborhood livability. The updated policy broadens the options for mitigating traffic congestion in targeted areas such as transit corridors, business districts, specific plan areas, and Greater Downtown. Rather than simply widening intersections so they become pedestrian and transit unfriendly, developers will have to provide other improvements to offset congestion impacts, such as bicycle facilities, transit enhancements, and traffic calming.

Adoption of this updated policy framework will benefit all of San José by enhancing the City's fiscal health and the ability of companies to expand in the community. These policies represent best practices in encouraging 'smart growth'—creating vital live-work districts accessible by transit and avoiding development that

Outcome 1: Strong Economic Base (Cont'd.)

Update of Land Use Policies (Cont'd.)

sprawls unnecessarily into open space. San José has converted more than 1,400 acres of employment land since 1990. These lands had a combined long-term capacity between 68,000 and 110,000 jobs and represented significant ongoing revenue opportunities for the City. While the Vision North San José and Downtown Strategy 2000 plans intensify job capacity for San José, the City is continuing to receive applications for additional conversions to residential uses. The Council will consider these issues as part of the City's General Plan Update process, which is anticipated to begin in 2007.

Consistent with the adopted Economic Development Strategy and the Council's Community and Economic Development Committee and Counter-to-Council direction, staff intends to continue to work with stakeholders throughout the General Plan Update process to clarify land use policies and ordinances to facilitate economic development.

Planned Growth Areas

Area	Housing Units	Jobs
Downtown	10,000	30,000
North San José	32,000	83,000
Airport Area		9,000
Transit Corridors	20,000	15,000
Berryessa BART Station	4,000 (Under Study)	
Evergreen	4,000 (Under Study)	
Edenvale	3,000	10,000
Coyote Valley	25,000	50,000
Total	98,000 Units 245,000 Residents	197,000 Jobs
2030 Growth Projections	355,000 Additional Residents	240,000 Jobs

Achieving a healthy balance between the number of jobs and housing units is important to ensure community livability and financial health. While the factors which affect this figure are varied and many are outside the City's control, land-use decisions do make a difference over time. In addition, the intensification made possible under these updated policies will allow for more employment opportunities for residents as well as more housing choices and greater affordability.

Convention Facilities

The Convention and Cultural Facilities (CCF) are managed by Team San José (TSJ) in an innovative approach to customer service. Through a local partnership between hoteliers, labor, the arts community, convention bureau, and Centerplate, TSJ's food and beverage partner, TSJ has a direct impact on the local economy by attracting guests for local hotels, restaurant, arts groups, and other hospitality businesses.

Since TSJ began managing the convention center and cultural facilities in 2004, it has increased revenues by 47.3%. TSJ's success includes increasing local jobs and contributing to an increase in Transient Occupancy Tax revenues through its partnership with local hotels.

During the first quarter of 2007, San José has hosted a number of events including: Spring Voice On the Net Conference & Expo, Photonics West Conference, and Embedded Systems. San José cultural facilities continue to announce great concerts and shows including Harry Connick, Jr. and Celtic Women, and performances presented by American Musical Theater San José, Opera San José, Symphony Silicon Valley, Ballet San José and Children's Musical Theater San José continue to see success as their seasons unfold.

TSJ is projected to end the year with over 1,176,000 attendees or visitors coming to the convention facilities due to over 500 events. TSJ has been able to reduce its operating loss annually to date. However, even if revenue continues to increase year after year, TSJ's projected expenses also are projected to increase mainly due to uncontrollable expenditures including utilities, employee compensation costs and overhead for City employees working in partnership with TSJ. As a result, it may not be reasonable to expect a continued decline in City subsidy costs.

Outcome 1: Strong Economic Base (Cont'd.)

Convention Facilities (Cont'd.)

Client customer satisfaction continues to be strong, however, over 94% of TSJ customers rated would return again for another event. Survey return rates continue to increase as well.

Special Events

A key Strategic Economic Development Initiative for San José is to host signature sporting and cultural events. Over the past three years, San José has benefited especially from the economic impact of outdoor special events. In addition to bringing revenues to the City and income to residents, signature events help build community cohesiveness and pride, raise City visibility, and provide a wide variety of multi-generational, multi-interest activities for residents and visitors. San José has been successful in attracting and expanding several signature events that showcase the City for hundreds of thousands of additional local, regional, national, and international attendees. Signature events include the International Mariachi Festival, the Rock 'n' Roll Half Marathon, Amgen Tour of California, Cinequest, and the King of the Mountain Race.

City investments in promoting these larger events have significant positive economic impact on San José. Direct and indirect spending associated with last year's six large summer events is estimated to have been more than $74.1 million.

In addition, the City continues to coordinate over 350 events, many of which are low- or no-cost to attend, within San José. For 2007-2008, the total attendance for these events is estimated at 2,200,000.

New Retail Development

In its Six-Month Strategic Objectives, the City has identified eliminating the structural budget deficit and increasing economic vitality as priority goals. As sales tax provide almost 20% of General Fund revenues for the City, expanding retail opportunities will help address both of these goals.

In 2004, research showed that San José was 24% under-retailed, as defined by the amount of retail spending per capita compared to resident income levels. Since 2004, San José has enjoyed significant retail growth with opening of the San José MarketCenter and the renovation of Eastridge Mall. The impact of these additions, combined with numerous smaller projects, has decreased San José's under-retailed percentage to 18%. While this marks a significant improvement, the limited retail offerings impact the General Fund revenues of the City, as residents drive to other communities to shop and eat.

The challenges facing San José's retail market are only anticipated to intensify over the next thirty years. The Association of Bay Area Government projects that San José's population will increase by more than 350,000 residents and 240,000 jobs. If the retail opportunities remain constant, the population growth will significantly exacerbate the City's retail shortage and increase the community's under-retailed percentage to over 33%.

In an effort to ensure that San José residents enjoy a wide range of retail opportunities in the future, the CED CSA is intensifying its efforts to encourage and accommodate retail interest in San José. Staff will continue to facilitate the expansion of shopping centers in San José. Recent successful development of Santana Row, MarketCenter, and Oakridge Mall have significantly enhanced City revenue. Eastridge Mall also completed its extensive renovation in 2006-2007, which includes new shopping, dining, and entertainment options, and a new AMC movie theatre. In 2007-2008, staff will continue to facilitate the expansion of Valley Fair and the opening of 600,000 square feet of retail space at the former GE site to expand the range of retail opportunities offered to residents.

Staff is also working to increase large-format retail stores in San José, which provide a wide range of products to residents and generate significant sales tax revenues. Upcoming large-format projects include Whole Foods, Costco, Lowe's, Home Depot, and Construction Warehouse. City staff also continues to advance the Auto Row strategy and has recently facilitated major expansions of Oak Tree Mazda and Stevens Creek Volkswagen. Further, staff is assisting Beshoff Infiniti and Land Rover to open new dealerships in San José.

In the last year, over twenty retail businesses opened in Downtown, including Amici's East Coast Pizzeria, Go Mobile, e-Mocha Café, Asqew Grill, Maui

Outcome 1: Strong Economic Base (Cont'd.)

New Retail Development (Cont'd.)

Wowi, Angelou's Café, Morton's Steakhouse, Express, 4th Street Pizza Company, Good Karma, Haveli Indian Cuisine, Taza Bistro & Café, Iguana's Taqueria, Laurel's Delights, Stretto Café, City Salon, and Peet's Coffee & Tea.

During the same time period, more than 25 new retail businesses opened in neighborhood business districts. Listed by neighborhood, some of these projects include: Alum Rock: Washington Mutual, Vintage Rose Consignment Closet, and Reis Gifts and More; East Santa Clara: The Hat Shop, Flowers by Ivy, and Kimba Vegetarian Bistro; Japantown: Sakura Nail Bar, Taylor Street Market, and Nijiya Market; North 13th Street: Party Play; Story Road: El Gallo Giro, Gamestop, SamKee Express Restaurant, T-Mobile, GenX, Mercados SuVianda, Tres Amigos, and Kut N'Beauty; The Alameda: City Mini Market and Peet's Coffee & Tea; West San Carlos: Venice Nail Salon, V Mart, Shampoo Dolls, and Sossy International Foods; Winchester Blvd.: Cajun Crab House, and AJ Shoes.

Revenue Enhancement

As the economy continues to recover, OED anticipates continuing increases in City revenues from private sector activity. In addition to the growth in sales tax, staff sees the opportunity to grow use-tax revenues. It is common that use-tax dollars (sales tax charged to California companies which purchase out of state goods) are not appropriately allocated to San José and instead are allocated to county wide or Statewide pools for pro-rata distribution. Thus, San José receives less than its full 1% share of sales/use tax.

In early 2007-2008, staff will bring forward a business-cooperation program to assist the City in partnering with companies to ensure new sales and use tax transactions associated with their recent capital investments are assigned to the City, as appropriate. The City is currently partnering with Hensel Phelps and Hitachi Global Storage to ensure that tax revenues are allocated appropriately. The success of this program will require significant staff commitment, extensive technical expertise, and long-term relationships with the local business community.

Revenues related specifically to actions of this CSA are trending above targets set last year, and staff has increased next year's revenue target to reflect anticipated growth. As a result of last year's addition of staff focused on business attraction and retention, additional revenue generation is expected to begin to flow into the City in 2007-2008.

Workforce Development

A strong and prepared workforce qualified for jobs that pay enough to support living in the area is of vital importance. The City's work2future provides services for residents and local businesses to develop a skilled, self-sufficient workforce. These federally funded efforts are accomplished through public and private partner organizations that form work2future.

The number of client visits to the work2future program One-Stop Service Delivery Centers in southern Santa Clara County increased by more than 10% from 2005-2006 to 2006-2007. An estimated 150 new additional business relationships were forged to provide recruitment assistance and an estimated 110,000 client visits were accommodated in 2006-2007 at the three SVWIN One-Stops. Clients are provided with access to a resource library, training rooms, and counselors for those needing additional assistance. Businesses are also encouraged to conduct seminars and recruitment activities at the One-Stops. Work2future continues to expand the number of clients served and the breadth of services offered by concentrating on five strategic industry sectors: retail, hospitality/tourism, healthcare, software, and bioscience.

Despite the success of work2future in meeting all 15 US Department of Labor identified outcome targets, ongoing budget reductions at the federal level threaten the ability of the program to provide a wide range of quality services. In 2006-2007, work2future survived a 25% budget reduction by utilizing budget savings/surplus from the previous year. An anticipated additional reduction in 2007-2008 may require reductions in staffing levels and service provision. Work2future will pursue alternative funding sources (public grants and private donations) should projected reductions materialize. If reductions do occur greater than anticipated, staff will return to Council during the fall to right size the program.

Outcome 1: Strong Economic Base (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2008-2012 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
E. Be Active Partner in Developing a Skilled Workforce	1. Estimated % of Workforce Investment Act (WIA) clients employed six months after initial placement					
	- Adults	Goals set annually by State of CA	78%	81%	Goals set annually by State of CA	Goals set annually by State of CA
	- Dislocated Workers		85%	88%		
	- Youth		80%	82%		
	2. Number of Business Clients Served by work2futureProgram	1,125	225	220	225	225
	3. Percent of Clients Placed in Jobs					
	- Adults	Goals set annually by State of CA	76%	77.5%	Goals set annually by State of CA	Goals set annually by State of CA
	- Dislocated Workers		80%	81%		
	- Youth		72%	82%		

Changes to Performance Measures from 2006-2007 Adopted Budget: No

Outcome 2: Safe, Healthy, Attractive, and Vibrant Community

Long Range Planning

Strong Neighborhoods Initiative: In 2002-2003, the City Council adopted 19 Strong Neighborhoods Initiative (SNI) Neighborhood Improvement Plans, each identifying the priority improvements for the respective plan areas. The plans, created by each community, are now being used as implementation tools to program delivery of services such as alleviation of blight, vehicle abatement, and neighborhood clean-ups as well as to identify capital improvement projects such as park improvements and traffic calming projects within each community. Though some "Top-Ten" items requiring financial resources are unavoidably delayed in the short term, the SNI effort continues by leveraging the important relationships between staff and the Neighborhood Action Coalitions (NACs) that were developed during the planning process. In this CSA, these efforts include initiating planning actions to facilitate reinvestment in the neighborhoods. In 2007-2008 work will continue to conduct Planning studies to renew action agendas, adopt new 'Top-Ten' priority projects in all adopted SNI Neighborhoods, and assist with the preparation of the SNI Neighborhood Improvement Plan Amendments in all SNI Neighborhoods. Additionally, planning studies, analyses, and public outreach to facilitate development of Neighborhood Improvement Plans for three new SNI Pilot Areas will be undertaken.

In targeting improvements to SNI areas, the City is properly applying resources to areas in need based on the Community Survey's measure of the percentage of residents' rating the overall physical condition of their neighborhoods as "good" or "excellent" (only 58% in SNI vs. 72% citywide). The City's efforts are also having an impact as demonstrated by the percentage of SNI residents who perceive that their neighborhood has improved over the last two years (57% in SNI vs. 47% citywide). An even better indicator is the 58% "good" or "excellent" rating for SNI areas is 13% higher than the 45% rating in the last survey.

General Plan Update: The last comprehensive update of San José's General Plan was adopted in 1994. Given the significant growth issues facing the City, another comprehensive update is needed to allow City staff and the City Council to engage the community in preparing a vision to direct future growth while preserving the quality of life in the neighborhoods. A new plan will assist policy makers and development interests in shaping a positive future for the community. It is estimated that the General Plan Update process would take between two to three years and cost approximately $3.2 million (plus approximately $1.5 million in existing staff resources). In the 2004-2005 Adopted Operating Budget package, the City Council approved a timetable for the two-year process beginning in mid-2006 and a General Plan Update Fee of 1.25% that is applied to "Entitlement and Building Permit Fees". This fee revenue, along with funds already earmarked in a General Plan Update reserve, should cover the Update's approximately $1 million in consultant and non-personal costs. The remainder of the costs will be borne by the General Fund. The approved Mayor's March Budget message pushed the timetable back six months. Four positions in Planning, Building and Code Enforcement and funds to support staff in several other Departments were added in the 2007-2008 budget in addition to the two positions added in 2006-2007. Preliminary work was started in 2006-2007 to identify stakeholders, begin community education, and conduct outreach activities. Formal initiation of the General Plan Update process was approved by City Council in June 2007. Considerable planning management staff time as well as contributions from almost all City Departments and Offices will be invested in this multi-year effort. Extensive community outreach and participation will occur.

Outcome 2: Safe, Healthy, Attractive, and Vibrant Community (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2008-2012 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
A. Revitalize and Rehabilitate Uses, Sites and Structures in Neighborhoods, Commercial and Industrial Areas	1. # of facades, streetscapes, and development projects completed*					
	a. Streetscapes	20	6	8	6	6
	b. Facades	140	33	41	34	35
	c. Development Agreement to Board	10	4	3	4	6
	d. Development Sites Marketed	50	10	11	9	18
B. 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	70%	70%	60%	70%	70%
C. Increase the Number of Housing Units Developed in Greater Downtown Area	1. % of target for housing unit production completed in the Greater Downtown Area	100 (3,000)	100% (600 units)	661	835	626
	- For Sale	2,400 (80%)	100%	390 (59%)	835 (100%)	626 (100%)
	- Rental	600 (20%)	0%	271 (41%)	0	0
D. Increase the City's Housing Unit Capacity	1. % of dwelling units added to the General Plan holding capacity annually	41,750	4,500	8,500	2,000	27,000
	2. San Jose housing production compared to regional fair share number target (in parenthesis)	13,500 units (18,750)	3,000 units (3,730)	3,000 units (3,730)	3,000 units (3,730)	2,500 units (3,730)
	3. % of units receiving development permit approval compared to target (actuals in parenthesis)	100% (13,000 units)	100% (3,000 units)	160% (5,000 units)	100% (3,000 units)	100% (3,000 units)
	4. % of affordable housing projects receiving building permits within 6 months of plan check submittal	65%	65%	100% (1 of 1)	65%	65%
	5. % of affordable housing projects ready to be issued building permits within 6 months of plan check submittal	80%	80%	100% (1 of 1)	80%	80%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* Currently no funding exists for private sector green building activities.

Coyote Valley Specific Plan: The City Council is also expected to consider the Coyote Valley Specific Plan (CVSP) in late 2007. The CVSP is being prepared with extensive and inclusive community involvement, and is being guided by a 20-member citizen task force co-chaired by Councilmembers Forrest Williams and Nancy Pyle. Monthly study sessions have been scheduled to update the City Council on the progress of the planning process. The CVSP seeks to create a new urban, pedestrian-friendly, transit oriented, mixed-use community that is sensitive to environmental considerations. The Plan is also creating a strategy to preserve the South Coyote Valley Greenbelt area as a permanent, non-urban buffer between the cities of San José and Morgan Hill. A draft Environmental Impact Report (DEIR) has been prepared and been circulated for public review. The Plan refinement process is underway to create a Final Draft Specific Plan for Council consideration.

Outcome 2: Safe, Healthy, Attractive, and Vibrant Community (Cont'd.)

Timely and Predictable Development Process

By working together and seeking regular feedback from representatives of the development community, the City's development service partners – Planning, Building, Fire, and Public Works – have made significant improvements in performance and customer service since moving to the new City Hall with an aim of creating a consistent, predictable, and timely development process.

Communicating with Customers: An important component of the City's effort to improve outreach and obtain feedback has been the ongoing dialog with customers including the San José Silicon Valley Chamber of Commerce Development Review Committee. In addition, staff holds regularly scheduled roundtable and technical meetings with the development industry.

City staff met with the Chamber's Development Committee on April 13, 2007 to discuss the results of its customer service survey, performance, and the proposed 2007-2008 budget and accompanying fee adjustments. Outreach meetings were also held with development customers at the Construction Roundtable, the National Association of Industrial and Office Properties (NAIOP), the Home Builders Association of Northern California (HBA), and the local chapters of the American Institute of Architects (AIA) and the National Association of the Remodeling Industry (NARI).

Customer Service Survey: In 2006-2007 the City unveiled its first annual Development Services Customer Satisfaction Survey. This scientific survey identifies process improvements customers most want implemented, reports statistically valid performance results, and balances anecdotal feedback from other qualitative customer feedback. Until now the development partners have relied upon "take one" surveys and informal written feedback. The results of the scientific survey will drive the 2007-2008 work plan of the development services partners and enable sound customer driven budget and resource decisions.

In February 2007 a consultant surveyed 20% of development service customers regarding their most recent projects. Customers were segmented into two groups—ministerial and discretionary. Ministerial projects are administrative in nature and do not require a public hearing (e.g. water heater replacement), while discretionary projects require a public hearing (e.g. zoning change, General Plan amendment). The survey sample was stratified (number of permits, permit type) to ensure proper representation and obtain data regarding customer involvement in the various stages of the development process.

Survey findings were impressive given the regulatory nature of the work performed by the Development Services Partners. 66% of discretionary customers were satisfied. 75% of ministerial customers were satisfied. 78% of ministerial and 63% of discretionary customers think service has improved in the past year. Staff was consistently praised for attitude and competency in over 80% of responses.

Given the regulatory nature of the development partner's work, the overall customer satisfaction numbers are positive. Among discretionary customers, two-thirds (66%) were somewhat or very satisfied. The development partners performed slightly better with ministerial customers, 75% of who were satisfied. In addition, 78% of ministerial and 63% of discretionary customers think that service has improved in the past year. 80% of customers gave staff high marks for being courteous, helpful, and knowledgeable and agree that they make an effort to understand customer needs. 75% of customers are satisfied with efforts to make development services information available through the website, brochures, and meetings. At least two-thirds of customers (65% ministerial, 76% discretionary) have accessed the website and, of those who had, 80% were satisfied with its content.

One of the key goals for conducting the survey was to gather the data necessary to show measurable improvement in the development process. Respondents were asked detailed questions regarding their experience related to specific steps in the development process, enabling the development partners to pinpoint and target areas needing improvement. The survey results pointed to four areas:

Communication – Perceptions of how staff performed in communicating with customers or other staff

Outcome 2: Safe, Healthy, Attractive, and Vibrant Community (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2008-2012 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
E. 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	75%	90%	62%	65%	65%
	- Construction Process	85%	80%	76%	80%	82%
	2. Ratio of current year fee revenue to fee program cost	100%	95%	99%	95%	96%
	3. Development projects completed within processing time targets:					
	- Entitlement Process	85%	100%	86%	85%	85%
	- Construction Process					
	- Plan Check	85%	100%	81%	85%	85%
	- Next Day Inspection	90%	85%	95%	90%	90%
	4. % of development services walk-in customers served in less than 30 minutes (wait time)	95%	95%	88%	95%	95%
	5. % of customers surveyed rating service as good or better	85%	75%	70%	75%	80%
	6. % of customers surveyed who indicate the City provided coordinated and consistent information on their project (one voice)r	85%	75%	65%	75%	80%

Timely and Predictable Development Process (Cont'd)

members were among the key factors that distinguished customers who were satisfied with the Partners' overall performance from those who were dissatisfied.

Consistency – Customers desire a process that is fair and predictable, which requires consistency in both the structure and application of fees, rules, policies and procedures.

Accountability – While most customers give the development partners positive reviews, some have indicated that the City needs to do a better job of processing projects according to agreed-upon schedules and taking ownership of mistakes and fixing them in a proactive manner.

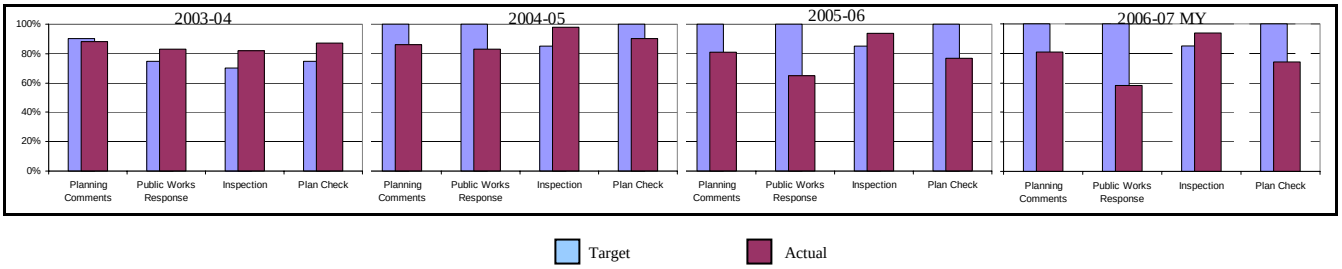
Timeliness – Despite improvements customers clearly indicated that the development partners should work to clarify and simplify the permitting process to reduce the time it takes to complete their projects.

Work Plan: In response to customer outreach and the results of the Customer Satisfaction Survey the development service partners will focus upon the following goals in their 2007-2008 work plan: 1) streamlining processes and systems; 2) organizing services to better serve customers; and, 3) keeping the development fee programs sustainable for the future.

Streamlining Processes and Systems – Both the development service partners and customers agree that the permitting process needs to be simplified to reduce the time it takes to complete projects and to reduce staff hours needed to process projects thereby controlling the growth in costs. Streamlining is intended to reduce the number of handoffs between staff; increase instances where teams of City staff interact directly with customers early in the review process to reduce miscommunication and identify issues; and to modify codes, fees and systems. An example of streamlining already underway is the consolidation of the Planning Services Division and the Plan Implementation Division into a single Planning Division. In 2007-2008 the development service partners also plan to pilot assigning plan check engineers to each major project to be the single point of contact and designating the building inspector as the "inspector of record" on major projects where multiple

Outcome 2: Safe, Healthy, Attractive, and Vibrant Community (Cont'd.)

Cycle Time Performance



Timely and Predictable Development Process (Cont'd)

inspectors review the same project to improve consistency and enhance the development partners' ability to speak with one voice.

Organizing Services to Better Serve Customers – Organize services around customer needs. To improve customer satisfaction the development service partners have been tailoring services to different customer segments. Successful examples of this are the Small Business Ambassador, Industrial Tool Installation, and the Special Tennant Improvement Programs. A Homeowner's Assistance Program is planned in 2007-2008. Following the consolidation of the Planning Divisions, a single Planner will be assigned to each project as the project manager responsible for coordinating the entire entitlement process from general plan amendments to zoning and planning permits. Planning will be shifting a position into the Building fee program to eliminate the practice of rotating Planners down to the Customer Service Center, thereby improving consistency and increasing the number of appointments that can be accommodated. Public Works also is increasing staffing by 3.0 positions to address performance issues and Planning will add two positions to make regulatory, policy and code changes to streamline the entitlement processes for smaller residential and commercial projects.

Keeping the Development Fee Programs Sustainable for the Future – The development service partners recognize the importance of preparing for the future and increasing capacity for innovation. With the adoption of the new International Building Code a significant investment will be made in 2007-2008 to train staff and educate the community. Other one-time investments will be made to purchase replacement vehicles and computers, and upgrade the telephone system. There is a $4.2 million dollar deficit in the base operating budget going into 2007-2008. A fee increase package raising approximately $2.7 million is proposed to bridge more than half of the deficit. The other half of the deficit will be covered by $618,000 in reductions occurring in the Fire and Planning Fee programs and use of reserves. Transfer of customer service positions into the Building Fee program will occur to correctly align costs. The implementation of the new time-based fee methodology in Building and Fire is complete. In 2007-2008 Environmental Review will be transitioned to the hourly time-based methodology and an analysis will be conducted for the remainder of the Planning Fee program and the Public Works Fee program.

Performance varies between the development services partners. Planning entitlement and Fire Plan Check performance is up, but will not reach targets. It is anticipated that Planning's cycle time will increase to 85% achieved in 2007-2008 due to reductions in staffing needed to balance the budget. Building Plan Check, Fire Inspections, and Public Works performance is down and will not reach targets. In the case of Building Plan Check and Fire Inspections, new staff has been hired to fill vacancies and performance has been gradually improving. The Public Works Fee program has added 3.0 positions to increase cycle time performance from 56% to 62% and the quality of projects with a "consistency and completeness of review" rating from 42% to 65%. Building Inspection performance, in which inspections occur within 24 hours, exceeds targets.

Outcome 2: Safe, Healthy, Attractive, and Vibrant Community (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2008-2012 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
F. Community and Economic Development CSA delivers quality Capital Improvement Program (CIP) projects on-time and on-budget	1. % of CIP projects delivered* within 2 months of approved baseline schedule	85%	85%	86% (6/7)	85%	85%
	2. % of CIP projects that are completed** within the approved baseline budget	90%	90%	100% (1/1)	90%	90%
	3. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after first year of use	80%	80%	***	80%	80%
	4. % customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5	85%	85%	***	85%	85%

Changes to Performance Measures from 2006-2007 Adopted Budget: Yes[1]

* Projects are considered to be "delivered" when they are available for their intended use.
** Projects are considered to be "completed" when final cost accounting has occurred and the project has been accepted.
*** Public customers were not involved in the fire station projects delivered in 2005-2006, and therefore no surveys will be sent.

[1]Changes to Performance Measures from 2006-2007 Adopted Operating Budget:
- The % of project delivery costs as % of total construction cost for completed projects" measure was eliminated from each CSA and replaced by a new measure in the Public Works Plan, Design and Construct Public Facilities core service. The revision introduces an improved methodology which captures more complete project delivery costs and sets targets based on benchmarks by project type.

Timely and Predictable Development Process (Cont'd)

Service Levels and the Cost of Service: Planning, Building, Public Works, and Fire have projected cost recovery shortfalls for 2007-2008 ranging from 5.9% to 16.5%, with a combined 2007-2008 base budget shortfall totaling approximately $4.2 million. The primary drivers for projected cost increases are salary and overhead increases, retirement contributions, fringe benefits (primarily health insurance costs) and office space. 90% of the development partners budget is personnel related. Therefore, to balance the budget and meet agreed upon service targets the development partners will continue to rely upon a mix of fee increases, staff reductions, work process efficiencies, and use of reserves in 2007-2008.

Discussions with industry groups had revolved around 2007-2008 fee increases of 5% for Building and Fire, 8% for Planning, and 8.9% for Public Works. Also discussed were staffing reductions, performance, and work plan goals. Discussions regarding business process improvements were very positive with customers encouraging staff to continue moving forward with communication, consistency, accountability, and timeliness initiatives already begun.

Capital Improvement Projects

Performance in the Capital Improvement Program area exceeded targets.

Outcome 3: Diverse Range of Housing Options

Diverse Range of Housing Opportunities

San José continues to be a leader in affordable housing production in the State and region. The City is committed to producing affordable housing for families of all income levels. In 2006, the City exceeded the goal of producing 10,000 affordable housing units (under construction and completed) in the eight-year period from 1999 through 2006, with over 12,200 units achieved. When comparing the affordable housing production in California's ten largest cities, San José has produced nearly 30% of all the units built in these cities while making up 10% of the combined population.

In 2007-2008, the City will focus attention on adopting and incorporating the new Regional Housing Needs Allocation (RHNA) numbers, which are being finalized by the Association of Bay Area Governments (ABAG). Every seven years, ABAG and the State of California set new target numbers for market rate and affordable housing production for each region and jurisdiction in the State. These numbers are based on an in-depth analysis of the housing needs throughout the region. In the last cycle (1999-2006), San José exceeded its goal for all housing (market and affordable) produced. By late 2007, the new RNHA numbers will be provided to the City and are expected to be incorporated into the jurisdiction's General Plan Housing Element. The City anticipates a much higher number than the previous cycles' allocation, but will continue to work toward the goal of providing its fair share of housing and a leader in providing affordable housing opportunities.

In 2007-2008, the Housing Department expects to utilize up to $39 million to finance the construction of new affordable housing units. The City will continue to explore innovative funding in the pursuit of this goal.

Increasing Homeownership Opportunities

The City will continue to provide home loans of up to $65,000 through the Teacher Homebuyer Program (THP), which serves teachers in San José schools. In 2007-2008, the Housing Department will fund the program with $4 million, (approximately 62 loans). In addition, in 2006-2007, the City launched a pilot program with San José State University to provide homebuyer loans to tenure-track teachers to purchase their first homes. In 2007-2008, this program may be expanded to include other educational professionals at the University. Operating under guidelines similar to the THP, the pilot program will provide loans of up to $60,000. Funding for the pilot is $1 million, half of which is funded from 20% Redevelopment Tax Increment Revenue and half from the University.

Outcome 3: Diverse Range of Housing Options (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2007-2011 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
A. Increase the Supply of Affordable Housing	1. % of annual target achieved for production toward affordable housing	NEW	NEW	NEW	100% (607)	100% (600)
B. Disperse Affordable Housing Throughout the City (Dispersion Policy)	1. Five year cumulative % of City funded lower income housing located outside of impacted neighborhoods (neighborhoods with a high concentration of low incomes)	85%	85%	69%	85%	85%
C. Direct Significant Affordable Housing Resources to Lower-Income Households	1. % Housing Department funds reserved by income levels over 5 years:					
	- Very Low (<=50% of median)	60%	60%	60%	60%	60%
	Extremely Low (<=30% of median)	30%	30%	19%	30%	30%
	Very Low (31-50% of median)	30%	30%	41%	30%	30%
	- Low (51-80% of median)	25%	25%	40%	25%	25%
	- Moderate (81-120% of median)	15%	15%	0%	15%	15%

Changes to Performance Measures from 2006-2007 Adopted Budget: Yes[1]

[1] Changes to Performance Measures from 2006-2007 Adopted Budget:

↺ "% of cumulative target achieved toward 1999-2006 affordable housing production goal of 10,000 units" was revised to reflect a new, updated target set by the Association of Bay Area Governments.

Outcome 3: Diverse Range of Housing Options (Cont'd.)

Housing Program Funding Sources

For 2007-2008, the Housing Department will manage funding of approximately $97.9 million from a variety of sources to support services and programs. A portion of these funds is used to administer housing programs and pay debt service. The large majority of these funds, however, are spent on direct program expenses. The chart below lists all funding sources for 2007-2008.

	2007-2008 Housing Program Funds
1,150,000	CalHome
444,800	Emergency Shelter Grant
7,927,800	HOME Investment Partnership Program Fund
739,000	Housing Opportunities for People with AIDS (HOPWA)
460,000	HOPWA Special Projects
1,290,000	Proposition 46 - Building Equity & Growth in Neighborhoods (BEGIN)
76,000	Rental Rights and Referrals Program
2,500,000	Revolving Loan Fund, Teacher Housing Program
17,198,000	Community Development Block Grant Program (CDBG)
34,400,000	20% Redevelopment Tax Increment
12,972,000	Project Loan Repayments, Interest Income, & Misc. Revenue
350,000	San Jose State University
2,900,000	Line of Credit
15,500,000	Bond Sales
97,907,600	**Total Program Funding Sources**

Targeted Funding

The City Council has established funding goals by income level, targeting most of the funds for those households with the least ability to pay for housing. Since 1988 it has been City Council policy that a minimum of 30% of funding is targeted to housing for extremely low-income households, 30% for very low-income households, 25% for low-income households, and 15% of funding will be reserved for moderate-income households. In addition, in 2004, the City Council approved a funding strategy for the Housing Development Program that requires developers to compete for housing subsidies and one of the criteria used in selecting projects to be funded is that they make 25% of the units affordable to extremely low-income households.

Proactively Identifying Funding Sources

Over the last four years, the Housing Department and its partners have aggressively pursued funds made available under State Proposition 46 (2002) and received over $50 million from this source. The Department will take a similar approach once funds are available under Proposition 1C (passed in 2006). In 2007-2008, the Department plans to utilize about $1.3 million in BEGIN funds for first-time homebuyers. It is also anticipated that our developer partners will seek over $27 million from various State funding sources for housing construction and infrastructure projects.

Outcome 3: Diverse Range of Housing Options (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2007-2011 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
D. Reduce Homelessness	1. Cumulative % of homeless households assisted in securing permanent housing over a 10-year period, 2004-2013 (based on 2004 census)	30%	20%	6%	10%	16%
E. Provide Housing Assistance to Teachers	1. % target achieved for Teacher Homebuyer Program	100% (310)	100% (70)	83% (58)	100% (62)	100% (62)

Changes to Performance Measures from 2006-2007 Adopted Budget: : Yes[1]

[1] Changes to Performance Measures from 2006-2007 Adopted Budget:
↺ Cumulative % of qualified clients who moved from homelessness to permanent housing during the ten-year period from 2004-2014" was revised to be consistent with the rapid rehousing component of the City's Ten-Year Plan to end chronic homelessness.

Creative Solutions

Implementing creative solutions to the housing crisis continues to be a priority for the City.

Homeless Strategy Implementation – The City is placing a strong focus on using creative strategies to implement the City's aggressive plan to eliminate chronic homelessness in the next ten years. In December 2005, the City hosted its first Project Homeless Connect, an event that gathers representatives of a variety of agencies offering homeless services in one place so that individuals and families can readily access those services. The City will continue to host these events approximately twice a year. In 2007-2008 the City will implement a pilot program for Tenant Based Rental Assistance to provide rental assistance and supportive case management to transition homeless families into permanent housing and self-sufficiency.

Policy Initiatives – In light of reduced program funding, the City will focus on non-monetary activities which promote affordable housing. These include identifying new sites for housing development, pursuing a permanent secondary residential unit program, implementing actions in a new Five-Year Housing Investment Plan, lobbying for more Section 8 funding and a National Housing Trust Fund, and protecting Community Development Block Grant (CDBG) funding. In addition, the City continues to support the Rent Control programs, and promote fair and equitable lending.

Strong Neighborhoods Initiative Rehabilitation Program (Project Alliance) – The housing rehabilitation program has been a critical component of the partnership between the City and the SNI communities to revitalize neighborhoods. Despite the financial challenges, the Housing Department and the San José Redevelopment Agency continue to work together with other City Departments in Project Alliance to develop new neighborhood improvement strategies, and sources of funding to assist the Strong Neighborhoods program to achieve their neighborhood revitalization goals. The program will continue to provide loans and grants and construction oversight to extend the useful life of affordable housing, including single-family homes, mobile homes, and special SNI Rehabilitation Multi-family projects.

Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks

Events, Arts, and Cultural Offerings Overview

This CSA is responsible for a broad range of programs and activities that contribute to the quality of life of this community; attract regional, national, and international visitors; help establish San José as a creative and vibrant hub of the region; and provide life-long arts and cultural learning opportunities for its residents. In partnership with dozens of arts and cultural organizations, City grants are leveraged significantly to provide hundreds of music, dance and theatrical performances, exhibits and other arts projects that appeal to a diverse and multi-generational audience.

Through collaborative education programs, this CSA provides quality arts enrichment and arts education for thousands of San José students each year - for many students, the only opportunity they would have to encounter traditional and emerging art forms that can enrich their understanding of the world and their future life choices.

The public art program enhances the City's parks, libraries, community centers, major public centers such as the Airport and City Hall, and private developments; assists local artists to develop professionally; and has given residents and visitors the opportunity to enjoy an increasingly diverse and valuable public art collection. The special events program supports the production of a wide range of outdoor special events year-round, taking place not only in the heart of Downtown, but celebrating the City's unique neighborhoods as well.

The majority of arts, cultural and event programs, and related policy development, are housed in the Office of Cultural Affairs (OCA), a division of the Office of Economic Development.

Arts and Cultural Development

The curtain rose in August 2006 on an event that added substantially to the uniqueness of San José and energized the local arts community, *ZeroOne San José: A Global Festival of Art on the Edge*. Capitalizing on San José's role as the gateway to Silicon Valley, San José's first biennial arts and technology festival hosted the international convention of the Inter-Society for Electronic Arts and drew more than 20,000 visitors from around the region, the country, and world. ZeroOne garnered more press attention than any other San José arts event in recent memory, attracting weeks-long coverage in the local media, as well as stories in national and international media. The City is a lead backer of ZeroOne, along with San José State University, Adobe Systems, and other private businesses.

In the arts sector generally, audience and participant tallies reported by the City's arts grantees increased by more than 10 percent. Most grantees reported break even or better years. The San José Institute of Contemporary Art (SJICA) purchased a permanent new space for itself and, with Redevelopment Agency assistance, WORKS/San José moved into SJICA's former space after several anxious months anticipating the loss of their long-term, low-cost lease. The City's major arts granting programs had a second improved year after hitting their lowest level in more than six years in 2004-2005.

The city-wide arts exposure program for schoolchildren, Arts Express, served an increased number, and the Neighborhood Arts Pilot at Hoover Community Center continued to offer arts classes there. Art Ark, the first major affordable housing development aimed primarily at artists, on the southern edge of downtown, accepted its first tenants.

In the midst of the generally better news, however, there were still bumps in the road. Two of the City's largest arts providers, American Musical Theatre of San José (AMTSJ) and San Jose Repertory Theatre (SJRT), for different reasons suffered crises that threatened their very existence. Mexican Heritage Corporation (MHC), the City's largest culturally-specific arts organization, wrestled with a looming crisis as it grappled with the continuing challenge of managing the Mexican Heritage Plaza successfully. After careful investigation, the City established the Arts Stabilization Fund and extended to AMTSJ and SJRT substantial lines of credit to give both organizations the time to effect needed change. It is continuing to work with MHC to find a satisfactory approach to solving its challenges.

The City's after-school arts offerings took an unexpected turn with the rest of the City's after-school enrichment programs despite the implementation of Proposition 49's promised increase in after-school

Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks (Cont'd.)

Arts and Cultural Development (Cont'd.)

funding. Numerous San José schools that had contracted with the City for after-school programming decided to go in other directions, instead of renewing their partnerships with the City. The Parks, Recreation and Neighborhood Services Department, which manages the after-school program overall, continues to search for a solution to this turn of events.

Nonetheless, arts and cultural offerings in San José should continue to grow, on the whole. The SoFA area, San José's designated arts and entertainment district, is now home to six arts organizations, as well as the California Theatre. Planning continues for new facilities in SoFA for Movimiento des Artes y Cultura Latino Americana (MACLA) and the San Jose Stage Company. In June 2008, ZeroOne San José will be staged for the second time, this time with plans for an increased involvement with local artists and arts groups, and the performing arts.

The City's cultural plan, the *20/21 Regional Cultural Plan*, expires in 2007. In 2006-2007, the Office of Economic Development's Office of Cultural Affairs (OCA) began a series of efforts that serve as foundational steps towards the development of an overall cultural development strategy to succeed *20/21*. The first and most substantive of these was the development of a new Public Art Master Plan that was submitted to and approved by the City Council in early 2007. In addition, the OCA launched an international cultural exchange pilot with East England; developed a City Hall Exhibits Policy for presentation to Council in spring 2007; participated in cultural facility planning for MACLA, San José Stage Company and Japantown; developed an Economic Impact Methodology Tool for events and selected City facilities; and developed a number of initiatives around the strategic theme of Art and Technology. OCA commissioned research into local government support for the arts in other communities around the country, and implemented a crucial independent assessment of OCA's arts education programs. The latter's findings and recommendations offer guidance for the fine-tuning of existing programs, and also enrich the discussion of whether the City has a strategic role to play in improving arts education for the community, and in improving public education in the schools. In 2007-2008, these foundational steps will be built upon with investigations into cultural development from a strategic perspective, including funding and the larger strategic questions around arts education.

Public Art

During the last year, the Public Art Program has continued to integrate public artworks into the Parks, Library and Public Safety Bond projects as described in Council-approved public art plans for these bonds. As a result, San José's public art collection has grown in quality and visual diversity. The Public Art Program has maintained its emphasis on community involvement and has increased its efforts to recruit and train local and regional artists. To that end, the program has developed an ongoing relationship with San José State University's art school to train local artists and charge them with developing a community-based project annually.

The Public Art Program has been building its art and technology focus with the development of the arts activation plan for the Norman Y. Mineta San José International Airport, and by supporting two projects at the ZeroOne San José festival. In addition, the Public Art Program has built its collaborations with the San José Redevelopment Agency, ensuring that public art is included at the earliest opportunity in all eligible private and agency-assisted development projects.

During 2007-2008, the Public Art Program will begin the second stage of its Public Art Master Plan process. Working with the master plan team of Brown & Keener Bressi, the Program will develop a Downtown Public Art Focus Plan that considers urban design directions, planned development, funding opportunities and ongoing maintenance of the collection. The Focus Plan is being guided by a City resource team and a steering committee including community, arts, development, and business leaders.

Outdoor Special Events

The Special Events Program oversees all outdoor special event planning. It coordinates the delivery of

Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks (Cont'd.)

Outdoor Special Events (Cont'd.)

services from multiple City departments to support events, permits and authorizes events on public and private property throughout the City, develops policies, regulations and ordinances related to special events, and is a key participant in planning new or improved outdoor event venues.

In 2006-2007, the Special Events Program continued a significant shift due to the City's new role as an "active investor" through Council-approved agreements by adding the Rock 'n' Roll Marathon to the existing roster of successful "signature" outdoor events – the 2006 San José Grand Prix and the 2007 Amgen Tour of California. A cross-departmental City team worked seamlessly to implement these three exciting events, serving over 200,000 attendees and creating new sources of economic impact for the City. In February 2007, the Special Events Program produced the Webcor, San José King-of-the-Mountain Ride, a City kick-off event to celebrate the return of the Amgen Tour. In 2007-2008, the San José Grand Prix will return; a City bid proposal will be submitted to host the Amgen Tour in early 2008; and two returning signature events are anticipated – the ZeroOne San José Festival and the Rock 'n' Roll Half Marathon. Planning is underway for an inaugural City-produced signature event – the San José Cycling Classic.

While major events help position San José as a creative urban center and drive the economy, smaller events can unite communities, celebrate heritage and contribute to the vibrancy of small business districts. To that end, this Program continues to assist community groups throughout the City to plan unique events.

The number of special events has trended upward over the last 15+ years, with some deviations due to the economic downturn. Staff resources have been used more efficiently each year, and program policies and practices have been streamlined to the extent possible while still ensuring public health and safety at events. The 2006-2007 staff augmentation in the Special Events Program supported recruitment of new events and sponsorship development, while providing continued quality service to existing events. The program manager will continue to focus on improvements in the City's event policies and processes.

In 2006-2007, Special Events staff assumed the lead role in development and implementation of the $200,000 Destination Event Marketing Fund competitive grant program, to assist proven San José special events expand their success through enhanced marketing. Three local events – San José Jazz Festival, Mariachi Festival, and Cinequest Film Festival – were successful in attaining grants. Although the fruits of those efforts may be realized over several years, it is anticipated that this additional City marketing support coupled with recruitment of new signature events will increase the community's awareness of, and satisfaction with, the number and variety of outdoor special events.

OCA also administers the Festival, Parade and Celebration Grant Program, an annual competitive program to support events that contribute to the economic enhancement, cultural enrichment and promotion of the City of San José. The "multi-year rating" opportunity continues to be a popular, streamlined method for grant application: previous grantees that had received a high (85 points or above) rating in the previous year could elect to file a simple declaration to use the previous rating, rather than going through the entire application process.

Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2008-2012 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
A. Provide a diverse range of arts and cultural offerings for residents and visitors	1. % of residents rating the availability and variety of arts and cultural offerings in or near their neighborhoods as good or excellent	55%	43%	43%	44%	44%
	2. % of residents rating the City's efforts at supporting a diverse range of arts and cultural activities in the City as good or excellent	65%	54%	54%	55%	55%
B. Enhance San José's public spaces through public art and design amenities	1. % of public art works completed and installed on schedule	90%	90%	90%	90%	90%
	2. % of residents rating City efforts at enhancing public spaces with public art as good or better					
	Point of Service Survey	90%	85%	85%	87%	89%
	Community-Wide Survey	47%	44%	44%	45%	45%
C. 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 better	55%	48%	48%	50%	50%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Outcome: **STRONG ECONOMIC BASE**			
Business/Job Attraction, Retention, Expansion and Creation (Office of Economic Development)			
• Community-Based Organizations Funding Reduction		(13,148)	(13,148)
• Revolving Loan Fund Staff Funding Transfer		0	(49,327)
Convention and Cultural Facilities (Convention Facilities)			
• Convention Center Customer Service Staffing	1.00	123,605	0
Workforce Development (Office of Economic Development)			
• Revolving Loan Fund Staff Funding Transfer		0	0
Subtotal	**1.00**	**110,457**	**(62,475)**
Outcome: **SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY**			
Development Plan Review and Building Construction Inspection (Planning, Building and Code Enforcement)			
• Planning Fee Program	(4.50)	(422,001)	(422,001)
• Planning Special Projects Staffing (CDBG)	(0.50)	(49,251)	0
• Vehicle Maintenance Staffing		(2,000)	(2,000)
Development Plan Review and Building Construction Inspection (Planning, Building and Code Enforcement)			
• Building Fee Program	9.00	933,902	933,902
• Permitting Process Improvements	2.00	199,900	199,900
• Green Building Program Planner*	1.00	99,504	0
• Rebudgets: Building and Planning Fee Program Efficiency and Service Improvements		596,000	596,000
Fire Safety Code Compliance (Fire)			
• Fire Fee Program	(0.10)	59,855	59,855
Long Range Land Use Planning (Planning, Building and Code Enforcement)			
• Planning Special Projects Staffing (CDBG)	(1.00)	(80,565)	(79,486)
• Comprehensive General Plan Update	4.00	0	0
• Sign Ordinance Update*		150,000	150,000
• Special Long Range Planning Efforts	7.00	0	0
• Rebudgets: Neighborhood Revitalization and Comprehensive General Plan Update Outreach		45,000	45,000
Regulate/Facilitate Private Development (Public Works)			
• Public Works Non-Personal/Equipment Efficiencies		(15,000)	(15,000)
• Public Works Fee Program	3.00	450,989	450,989
Strategic Support (Fire)			
• Fire Fee Program	(0.90)	(55,317)	(55,317)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Outcome: **SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY (CONT'D.)**			
Strategic Support (Planning, Building and Code Enforcement)			
• Computer Hardware/Software Replacement		249,000	249,000
• Rebudgets: Web Site Development		100,000	100,000
Subtotal	**19.00**	**2,260,016**	**2,210,842**
Outcome: **DIVERSE RANGE OF HOUSING OPTIONS**			
Maintain the Existing Affordable Housing Supply (Office of Economic Development)			
• Housing Program Management Staffing	2.00	235,112	0
Subtotal	**2.00**	**235,112**	**0**
Outcome: **DIVERSE RANGE OF QUALITY EVENTS, CULTURAL OFFERINGS, AND PUBLIC ARTWORKS**			
Arts and Cultural Development (Office of Economic Development)			
• Office of Cultural Affairs Staffing	1.00	152,000	
• Rebudget: Cultural Strategy Plan		40,000	40,000
Outdoor Special Events (Office of Economic Development)			
• Rebudget: Festival Grant Program		7,630	7,630
Subtotal	**1.00**	**199,630**	**47,630**
Other Changes			
City-Wide Expenses (City-Wide)			
• Arts Venture Fund		(223,237)	(223,237)
• Community-Based Organizations Funding Reduction		(140,336)	(140,336)
• Comprehensive General Plan Update		820,000	820,000
• Economic Incentive Fund*		1,000,000	1,000,000
• FMC Operating Site Costs		(200,000)	(200,000)
• Mariachi Festival		50,000	50,000
• Mexican Heritage Plaza Facility Use Consultant*		50,000	50,000
• San José Brand Media Outreach Plan		150,000	150,000
• Shopping Center Improvement Program*		300,000	300,000
• Sports Opportunity Fund		100,000	100,000
• Teacher Recruiting Program		(10,000)	(10,000)
• ZeroOne San José Festival Support		300,000	300,000
General Fund Capital, Transfers, and Reserves (City-Wide)			
• Earmarked Reserves: Comprehensive General Plan Update Reserve Liquidation		(1,020,000)	(1,020,000)
• Earmarked Reserves: Rebudgets		17,443,424	17,443,424
Subtotal	**0.00**	**18,619,851**	**18,619,851**
Total Core Service Changes	**23.00**	**21,425,066**	**20,815,848**

** Approved investment change is a new initiative/spending item since the 2006-2007 Adopted Budget.*

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 Jose in order to encourage a strong economy, ensure a diverse range of arts, cultural entertainment offerings, and create and preserve healthy neighborhoods.

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/Job Attraction, Retention, Expansion and Creation
- Outdoor Special Events
- Workforce Development

Planning, Building and Code Enforcement Department

Core Services:

- Development Plan Review and Building Construction Inspection
- Long Range Land Use Planning

Community & Economic Development CSA (Cont'd.)

PRIMARY PARTNERS (CONT'D)
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES (CONT'D)
Primary deliverables of the organization

Convention Facilities Department

Core Services:

- Convention Facilities

Public Works Department

Core Services:

- Regulate/Facilitate Private Development

Fire Department

Core Services:

- Fire Safety Code Compliance

Housing Department

Core Services:

- Increase the Affordable Housing Supply
- Maintain the Existing Affordable Housing Supply
- Provide Services to Homeless and At-Risk Population

Redevelopment Agency*

Core Services:

- Enhance the Quality and Supply of the City's Housing Stock
- Initiate and Facilitate Private Development
- Initiate and Facilitate Public Facilities and Spaces
- Promote and Implement Neighborhood Improvements Strategies

* The San José Redevelopment Agency (SJRA) Core Service budgets are not part of the City's Operating Budget.

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

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