

## **ECONOMIC DEVELOPMENT**

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

## OFFICE OF ECONOMIC DEVELOPMENT

(includes the Office of Cultural Affairs and work2future)

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

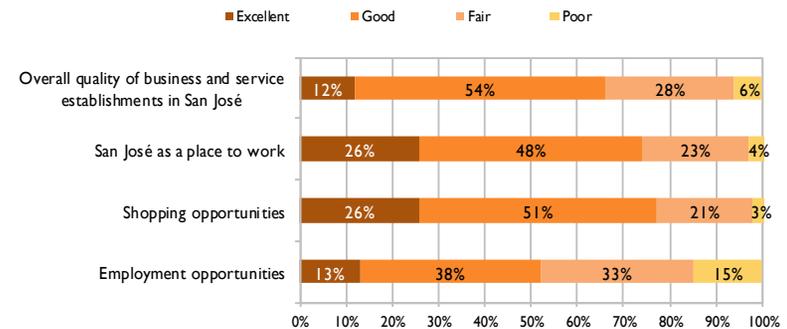
OED also manages a variety of incentive programs for businesses.

Operating expenditures for OED totaled \$11.9 million\* in 2011-12. This includes federal workforce development dollars for the City's work2future office. Additionally, OED also oversees various other funds.

### THE NATIONAL CITIZEN SURVEY™

**34%** of San José residents surveyed rated the quality of economic development in San José as "excellent" or "good"

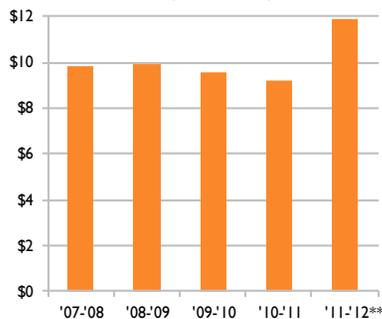
#### Residents' Ratings of Economic Sustainability & Opportunities



Source: The National Citizen Survey™

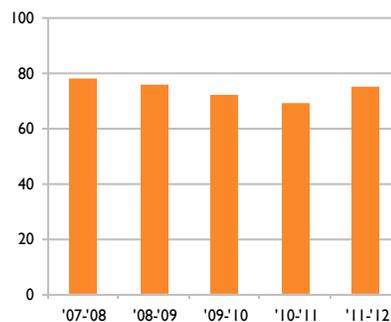
\* OED was also responsible for \$6.1 million of Citywide expenses in 2011-12, including a \$1.1 million subsidy to the Tech Museum of Innovation, \$1.1 million for the Economic Development/Incentive Fund, \$784,000 for History San José, and \$554,000 for the Convention and Visitors Bureau Marketing Program. Also does not include all Workforce Investment Act, Business Improvement District, and Economic Development Enhancement funds and expenditures.

#### OED Operating Expenditures (\$millions)

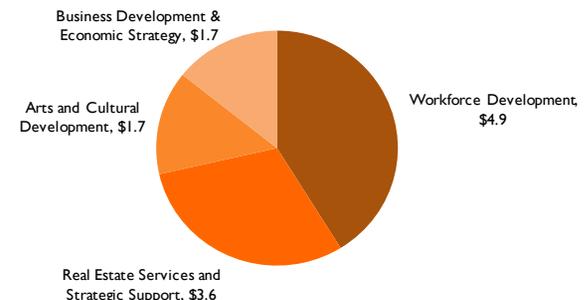


\*\* The '11-'12 increase reflects the addition of Real Estate Services and Asset Management to OED's budget.

#### OED Authorized Staffing



#### OED 2011-12 Expenditures by Service (\$millions)



**BUSINESS DEVELOPMENT AND JOB CREATION**

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

In 2011-12, OED provided development facilitation services to 46 businesses. An estimated 25,000 clients received information, technical/human resources support, or other services from partner organizations in the Business Owner Space small business network, for example from the San José Silicon Valley Chamber of Commerce and SCORE\*.

Companies and businesses that received OED assistance created an estimated 3,000 jobs and retained about 3,100 jobs in 2011-12. Tax revenues (e.g. business and sales taxes) generated by OED-assisted companies are estimated at \$1.7 million in 2011-12; this was 12 percent more than in 2010-11. Nearly \$2 in tax revenue were generated for every \$1 of OED expenditure on business development\*\*.

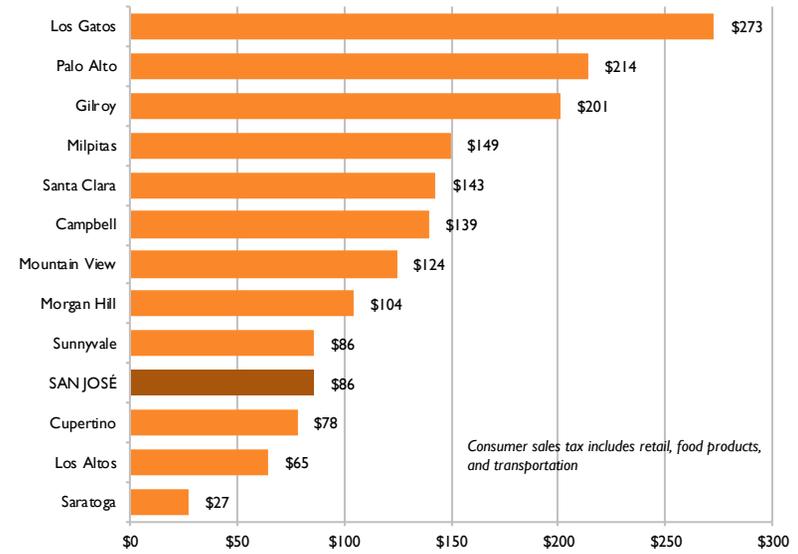
\* For more information on the small business network, see [www.BusinessOwnerSpace.com](http://www.BusinessOwnerSpace.com)

**KEY FACTS (2011-12)**

Largest city in the Bay Area (3<sup>rd</sup> largest in California, 10<sup>th</sup> in the nation)  
 Unemployment Rate 8.7%  
 Median Household Income \$76,593

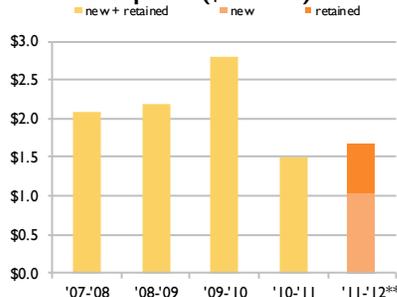
Sources: Bureau of Labor Statistics and Bureau of Economic Analysis (Metro Area includes San José, Sunnyvale, and Santa Clara.)

**Consumer Sales Tax Per Capita  
 Santa Clara County Comparison (Q4 2011)**



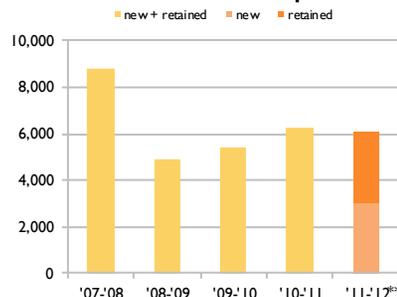
Source: Muniservices

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

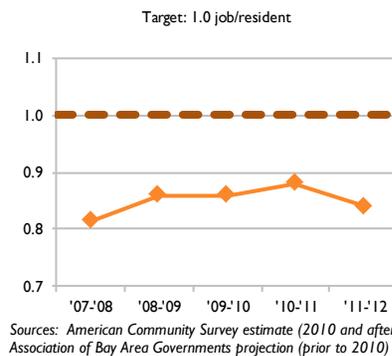


\*\* The methodology changed in '11-'12

**Estimated Jobs Created or Retained by OED-assisted Companies**



**Jobs Per Employed Residents in San José**



Sources: American Community Survey estimate (2010 and after)  
 Association of Bay Area Governments projection (prior to 2010)

**Facilitating Corporate & Retail Expansion**

Successful efforts in 2011-12 to facilitate corporate and retail expansion/relocation included, but were not limited to:

- Capitol Chevrolet
- Capitol Fiat
- Cavium
- Drobo
- Flextronics
- Kovio
- Netflix
- Polycom

Source: Office of Economic Development

## ECONOMIC STRATEGY 18-MONTH WORKPLAN

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

***The following provides a sample of major accomplishments achieved during the second 18-month Economic Strategy Workplan, covering the time period from July 2011 to October 2012:***

STRATEGIC GOALS (Economic Strategy 2010-2015)	SAMPLE of MAJOR CITYWIDE ACCOMPLISHMENTS in 2011-12
#1 Encourage Companies and Sectors that Can Drive the San José/Silicon Valley Economy and Generate Revenue for City Services and Infrastructure	Additional relocations, expansions and new openings include Polycom, Drobo, Flextronics, Netflix, and Cavium.
#2 Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Vitality	Assisted attraction and opening of significant new retail offerings, including Capitol Fiat and Capitol Chevrolet and the approval of 400,000 retail square feet at Almaden Ranch.
#3 Preserve and Strengthen Manufacturing-Related Activity and Jobs	Staff met with a range of manufacturing firms including original equipment manufacturers, supply network manufacturers and contract manufacturers, and with their input produced a five-part strategy to retain and strengthen San José's extensive capabilities in advanced manufacturing.
#4 Nurture the Success of Local Small Businesses	The BusinessOwnerSpace.com website served 37,000 visitors, while an estimated 25,000 clients participated in partner organizations' programs. Translated website into Spanish and Vietnamese; provided business assessment tools.
#5 Increase San José's Influence in Regional, State and National Forums in Order to Advance City Goals and Secure Resources	Secured a seat for San José on the Metropolitan Transportation Commission (MTC), the Bay Area's federally designated metropolitan planning organization.
#6 Improve the Speed, Consistency, and Predictability of the Development Review Process, and Reduce Costs of Operating a Business in San José	Since March 2012, Development Services staff have processed 274 Special Tenant Improvement (STI) and Industrial Tool Installation (ITI) projects including Adobe, Advantest, Cisco, Flextronics, Hitachi GST, Lam Research, Polycom, Qualcomm, and Valin.
#7 Prepare Residents to Participate in the Economy Through Training, Education, and Career Support	Work2future provided over 3,300 individuals with skill-building activities, including certificated workshops, for-credit college courses, and online classes, from training providers on the State's Eligible Training Provider List (ETPL).
#8 Advance the Diridon Station Area as Key Transportation Center for Northern California	OED and DOT staff are partnering with VTA and Caltrain to explore governance models and a solicitation process to jointly engage a developer for the core Diridon Area site.
#9 Keep Developing a Competitive, World Class Airport, and Attract New Air Service	All Nippon Airways (ANA) will launch the Tokyo Narita-San José flight on January 11, 2013 and plans are underway with many partners to actively promote the flight.
#10 Continue to Position Downtown as Silicon Valley's City Center	City Council approved a range of incentives for high rise projects. Incentives for residential downtown high rise projects include a 50% reduction in taxes, fee deferral until occupancy, and continuation of park fee reductions and suspension of affordable housing requirements.
#11 Create More Walkable, Vibrant, Mixed-Use Environments to Spur Interaction and Attract Talent	Urban Village Plans are underway including the Diridon Station Area, Five Wounds Neighborhood, The Alameda, Bascom Avenue, San Carlos Street, and Stevens Creek Boulevard.
#12 Develop a Distinctive Set of Sports, Arts, and Entertainment Offerings Aligned With San José's Diverse, Growing Population	The City approved a Planned Development Permit to allow for the construction of an outdoor soccer stadium for the San José Earthquakes with a capacity of up to 18,000 people. In August 2012, the Earthquakes exercised their option to buy the 14-acre stadium site at Airport West from the City.

Source: Office of Economic Development. For the full Economic Strategy, Workplan updates, and list of major accomplishments, please visit [www.sanjoseca.gov/index.aspx?NID=3331](http://www.sanjoseca.gov/index.aspx?NID=3331).

**WORKFORCE DEVELOPMENT**

Under the Workforce Investment Act (WIA), job-seeking clients receive a customized package of services based on an individual needs assessment. The City’s work2future WIA programs serve adults, dislocated (laid-off) workers, and youth, providing job search assistance, occupational training, and skills enhancement workshops through one-stop centers\*. Over 3,300 job seekers took advantage of skill upgrades and training programs throughout 2011-12. Work2future’s Business Services Unit served 304 business clients, conducting a broad range of activities, including job fairs for workers impacted by the NUMMI, Cisco and Solyndra workforce reductions, and specialized recruitments for Clean Solar, Target and PG&E.

**Workforce Development Program Results**

	Number of Participants July '11—June '12	Placed in Jobs Oct '10—Sept '11	Federal Goal	Employed 6 Months after Initial Placement Apr '10—Mar '11	Federal Goal
Adults	4,125	44%	44%	77%	76%
Dislocated Workers	2,137	53%	52%	81%	83%
Youth	274	77%	65%	not applicable	not applicable

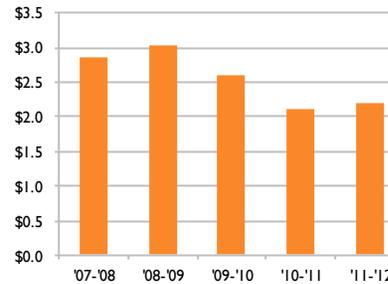
\* work2future serves San José, Campbell, Morgan Hill, Los Altos Hills, Gilroy, Los Gatos, Saratoga, Monte Sereno, and unincorporated areas of Santa Clara County

**ARTS AND CULTURAL DEVELOPMENT**

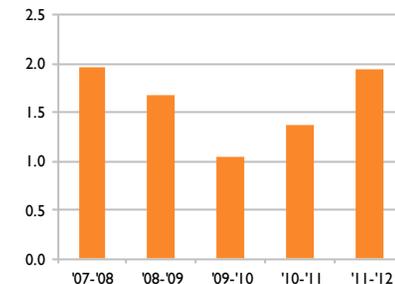
The Office of Cultural Affairs (OCA) promotes the development of San José’s artistic and cultural vibrancy, managing resources to support opportunities for cultural participation and cultural literacy for residents, workers and visitors. In 2011-12, through its transient occupancy tax-funded *Cultural Funding Portfolio: Investments in Art, Creativity and Culture*, OCA awarded 87 grants totaling \$2.2 million to San José organizations. Contributing to San José’s creative placemaking and high quality design goals, the public art program maintains 256 permanent works throughout San José.

OCA helped facilitate 324 events in 2011-12 with an estimated attendance of over 1.9 million. Large-scale events included the San José Jazz Festival, Italian Family Fest, Dancin’ on the Avenue, the Rock ‘n’ Roll Half Marathon, Sub Zero Festival, the Veteran’s Day Parade, Christmas in the Park, Downtown Ice, and Winter Wonderland. OCA was instrumental in the attraction of signature events such as the Amgen Tour of California, Cavalia and Cirque du Soleil, contributing to the City’s cultural and economic development goals.

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



**Estimated Attendance at Outdoor Special Events (millions)**



**REAL ESTATE SERVICES**

The Real Estate Services and Asset Management (RESAM) unit manages the City’s real estate portfolio, provides real estate services to City departments, and represents the City in third-party transactions. RESAM’s areas of expertise include acquisition, disposition, surplus sales, leasing, relocation, valuation, telecommunications, and property management. RESAM generated over \$3.9 million in sales revenue and over \$2.1 million in lease revenue in 2011-12.

