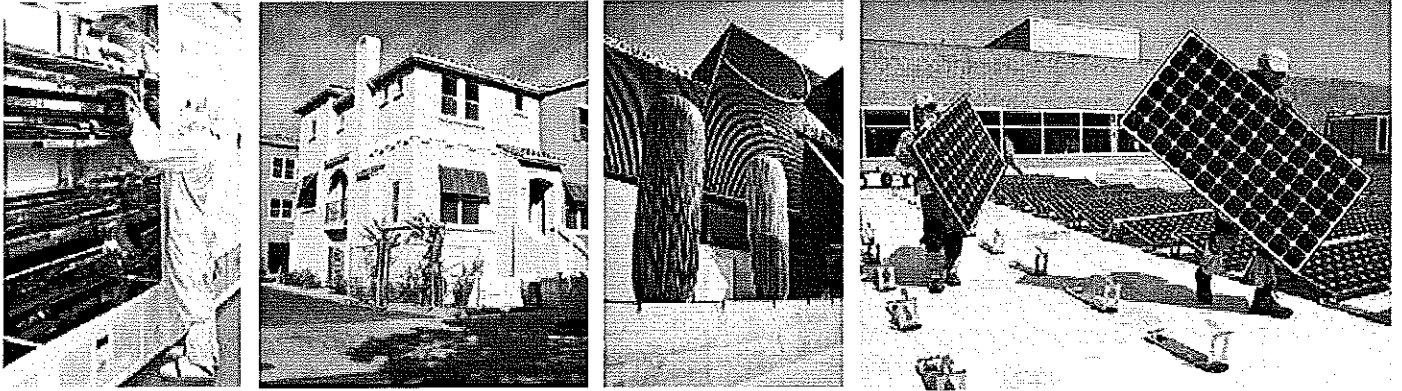


Community and Economic Development



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

Primary Partners

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

Community and Economic Development

Expected Service Delivery

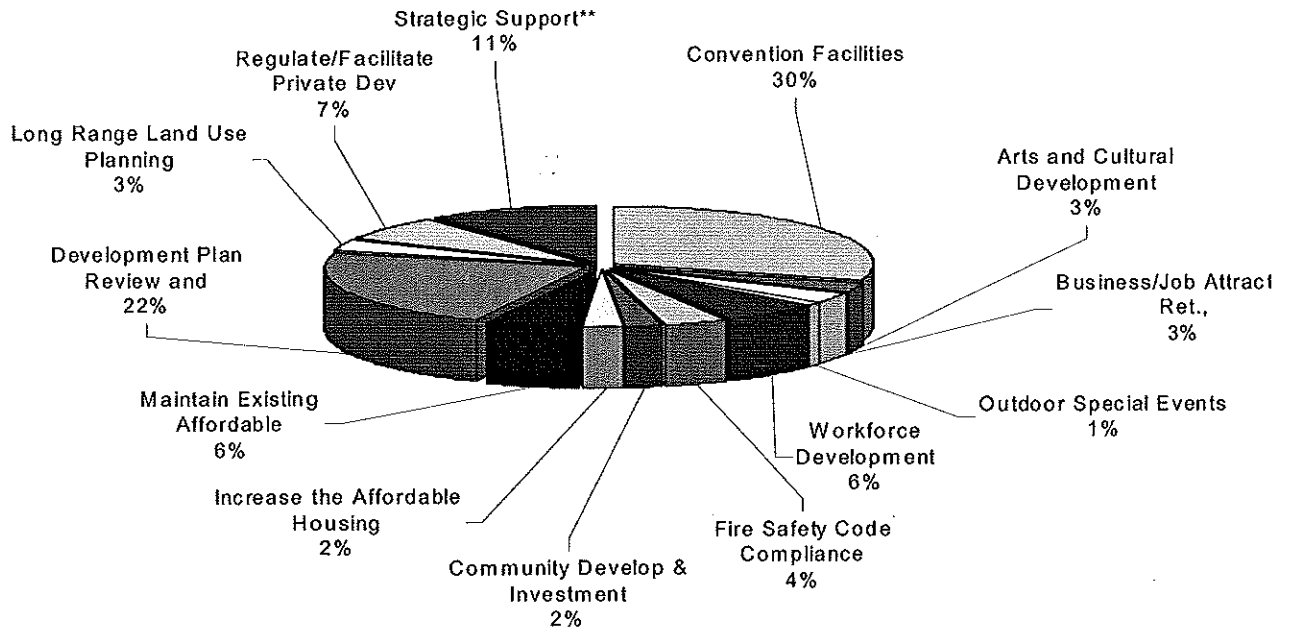
- Attract and retain companies that will create jobs and expand the tax base, with particular focus on clean technology and other emerging technology companies.
- Expand range of workforce programs and services available for workers displaced by the current recession through resources provided from the American Recovery and Reinvestment Act.
- Through arts and cultural development programs and investments, maintain a culturally vibrant San José that results in economic prosperity, an attractive built environment, a creative workforce, an engaged community and enhanced cross-cultural understanding.
- Retain high quality land use development services for all customers.
- Provide excellent customer service in the development review process through the completion of policy and ordinance initiatives including the sign code update, the Green Building policy and an ordinance for modifications to existing structures.
- Continue the community based General Plan Update, including a draft of proposed goals and policies, performance measures, and sustainability indicators.
- Provide affordable housing opportunities to lower-income households through various affordable housing programs, including multifamily development, homebuyer programs, homeless programs, and investment in our community through various grant programs.
- Achieve success through Destination: Home, a partnership between local government, and the non-profit and private sectors, working together to address the issue of homelessness by providing financial assistance and comprehensive services to the homeless and those at-risk in San José.

Impacts of Budget Actions

- Reduced resources in Office of Cultural Affairs would reduce cultural development support for non-profit arts organizations, arts education, individual artists, and the special events sector; arts granting cycles and special event planning and coordination would be delayed.
- Significant position reductions in Development Services are necessary to match the decreased permitting and inspection activity; however, when development activity rebounds, rapid reinstatement of professional staff is essential so San José can compete with other cities vying for development.
- Consolidation of management, administrative and support functions in Planning, Building and Code Enforcement are expected to increase the cycle times for the completion of contracts, payment of invoices, posting of items onto the City's website, distribution of public notices, and other administrative functions and reduced oversight of key initiatives.
- In response to anticipated reductions to activity at the convention facilities and due to the drop-off in Transient Occupancy Tax Fund collections, staffing has been dramatically reduced.
- Additional funds from various federal sources, including stimulus packages would be used to purchase properties in foreclosure, Homeless Prevention and Rapid Re-housing, and workforce training for adult and youth programs as well as clean tech job development.
- Initiate the community process for the Diridon Station Area Plan.

City Service Area
Community and Economic Development
BUDGET SUMMARY

2009-2010 Total Operations by Core Service



City Service Area
Community and Economic Development
BUDGET SUMMARY

City Service Area Budget Summary

	2007-2008 Actual 1	2008-2009 Adopted 2	2009-2010 Forecast 3	2009-2010 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
<i>Convention Facilities</i>					
Convention Facilities	\$ 13,108,009	\$ 14,900,983	\$ 24,782,163	\$ 21,902,307	47.0%
<i>Economic Development</i>					
Arts and Cultural Development	2,219,811	2,204,071	2,221,253	1,982,127	(10.1%)
Business/Job Attraction, Ret., Expansion and Creation	2,122,979	2,107,926	1,855,915	2,268,024	7.6%
Outdoor Special Events	691,151	686,250	737,309	665,040	(3.1%)
Workforce Development	4,348,187	4,317,356	4,408,005	4,455,295	3.2%
Strategic Support	471,408	468,066	473,559	411,832	(12.0%)
<i>Fire</i>					
Fire Safety Code Compliance	2,622,194	3,528,706	2,928,424	2,849,637	(19.2%)
Strategic Support	542,975	940,348	819,878	753,283	(19.9%)
<i>Housing</i>					
Community Develop & Investment	804,102	814,820	1,834,664	1,761,100	116.1%
Increase the Affordable Housing Supply	1,167,134	1,680,805	1,788,319	1,788,319	6.4%
Maintain Existing Affordable Housing Supply	3,221,393	4,167,015	4,343,162	4,343,162	4.2%
Strategic Support	4,357,590	4,348,708	3,328,412	3,213,397	(26.1%)
<i>Planning, Bldg & Code Enforcement</i>					
Development Plan Review and Building Construction Inspection	24,500,786	25,437,388	20,700,707	16,389,967	(35.6%)
Long Range Land Use Planning	2,294,297	3,390,393	2,595,710	2,360,840	(30.4%)
Strategic Support	1,427,893	1,672,884	1,494,879	1,347,416	(19.5%)
<i>Public Works</i>					
Regulate/Facilitate Private Dev	6,638,119	6,050,506	6,151,443	5,066,842	(16.3%)
<i>Redevelopment Agency</i>					
Enhance Quality & Supply Hsng*	N/A	N/A	N/A	N/A	N/A
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
Promote & Imp N'hood Impvts*	N/A	N/A	N/A	N/A	N/A
Strategic Support**	1,174,790	1,897,152	2,061,797	2,061,797	8.7%
Subtotal	\$ 71,712,818	\$ 78,613,377	\$ 82,525,599	\$ 73,620,385	(0.3%)
Other Programs					
City-Wide Expenses	\$ 27,990,722	30,566,003	23,878,721	22,750,802	(25.6%)
Gen.Fd Cap, Trans & Reserves	4,530,000	18,389,611	5,768,245	4,418,245	(76.0%)
Subtotal	\$ 32,520,722	\$ 48,955,614	\$ 29,646,966	\$ 27,169,047	(44.5%)
Total	\$ 104,233,540	\$ 127,568,991	\$ 112,172,565	\$ 100,789,432	(21.0%)
Authorized Positions**	610.69	577.34	515.18	432.71	(25.1%)

* 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 includes SJRA positions that are funded in the City's Operating Budget as displayed in the City Departments section of this document.

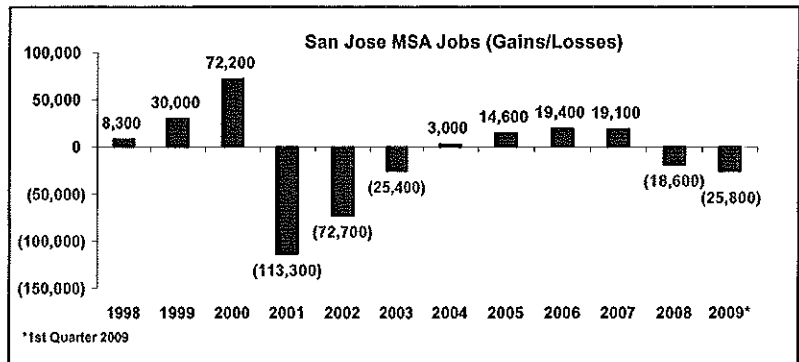
Service Delivery Accomplishments

- Despite the economic downturn, successful efforts in 2008-2009 to facilitate large corporate and retail expansion and relocation efforts included: Beshoff Infiniti, Lowe's, Solopower, Critchfield Mechanical, Twin Creeks Solar, Solar Junction, Sun Wize, BD BioScience, and Solexant, among others.
- The Clean Tech Strategy adopted in 2008 has built upon the Economic Development Strategy and advanced the Green Vision goal of creating 25,000 clean tech jobs within 15 years.
- In 2008-2009, the Special Events Program in OCA coordinated 374 cultural and sporting events citywide, including several "Signature" sporting events such as the Rock 'n' Roll Half Marathon, the Amgen Tour of California, and the LIVESTRONG Challenge, an event produced by the Lance Armstrong Foundation that featured multiple distanced bike rides.
- Special Tenant Improvement (STI) Program in 2007-2008 issued permits for 58 projects, resulting in the development of approximately 2.0 million square feet of vacant space, and the creation of approximately 2,100 jobs.
- Industrial Tool Installation (ITI) Program issued 197 permits in 2008 for over \$27 million of tool and system installations. The ITI Program also partnered with the STI Program to facilitate the tool installation associated with several companies including Nanosolar, NetGear, Tripoint, and Solopower.
- During 2007-2008, the Small Business Ambassador (SBA) Program assisted over 370 business owners, issuing 147 permits resulting in 37 new businesses opening such as: Wine Affairs, Cajun Crawfish and King Bakery.
- Long range planning efforts included completing the Renewing Action Agendas (RAA) and Neighborhood Improvement Plan Amendments for five SNI Neighborhoods and a new Neighborhood Improvement Plan for one SNI Pilot Area; participation in the Santa Clara Station Area Plan; and initiation of the Diridon Station Area Plan.
- The development fee program partners (Planning, Building, Public Works, and Fire) are implementing process improvements to address consistency, timeliness, communication, and customer service with a reduced workforce. Ongoing discussions are occurring with the development community regarding performance levels and cost recovery fees in the 2009-2010 budget process.
- Completion of a management study for Public Works Development Services with the goal of developing a new service and business model. Changes anticipated are aimed at providing faster process cycle times, increased predictability, quicker decision making, and early consultation. A concurrent fee study is being conducted with the goal of supporting all of the industry agreed upon levels of service.
- During 2008-2009, it is estimated that 324 affordable units will be completed and 396 units will have funding commitments. The Housing Department has made commitments for land acquisition loans for four projects—Rosemary Family Apartments, Rosemary Senior Apartments, Orvieto Apartments, and Brookwood Terrace Apartments.
- Since January of 2008, Destination: Home has been implementing the recommendations of the Blue Ribbon Commission (BRC) on Housing and Homelessness with the opening of two One Stop Homelessness Prevention Centers and a Medical Respite Center. Within three months of the One Stop Centers' openings, 399 homeless households moved into permanent housing, 520 households who were at-risk of homelessness were provided assistance to enable them to stay in their homes, and 37 homeless residents were reunited with their families via the provision of Greyhound bus tickets.
- The Arts Stabilization Flexible Fund has implemented a Recession Tool Kit to build capacity of non-profit arts organizations in the areas of financial and organizational effectiveness. Strategies include financial leadership training, financial based organizational assessments, and access to bridge funding.
- The Creative Entrepreneur Project, a year-long collaboration between the Office of Cultural Affairs and the Center for Cultural Innovation to investigate and develop multi-year strategies to make San José an opportunity-rich community for multidisciplinary artists, concluded in 2009 with program and policy recommendations to inform programmatic strategies and investments.

City Service Area Community and Economic Development OVERVIEW

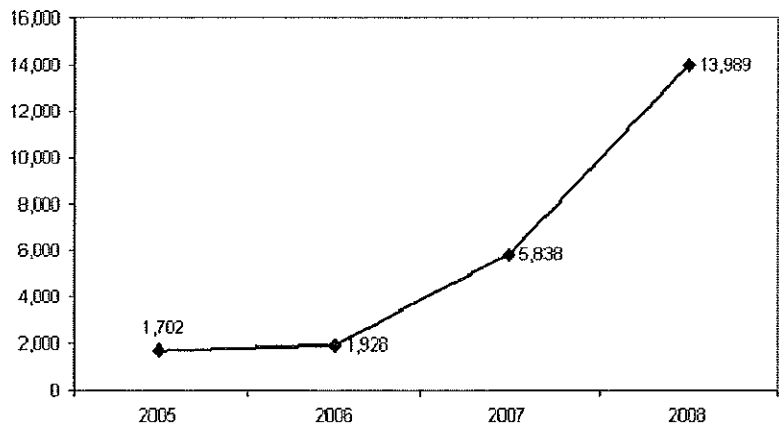
Service Delivery Environment

- National Economic Trends and Job Growth:** 2008-2009 saw the weakest national economic performance in more than half a century. The weakening world financial markets began impacting the San José Metropolitan Statistical Area (MSA) in 4th Quarter 2008. The San José MSA lost 18,600 jobs in 2008. The unemployment rate increased from 5.3% in December 2007 to 9.5% in December 2008 (The nation's unemployment rate was 8.5%).



- Opportunity for Business Growth:** San José faces aggressive global competition to maintain its position as the world's leading concentration of technical and entrepreneurial talent. San José has the opportunity to capitalize on the current economic environment of lower rents and decreasing housing values to make the city more attractive to talent and business expansion. Major employment opportunities include the North Coyote Valley, Downtown, as well as North San José and Edenvale, which are attracting cutting-edge companies in clean technology and bioscience.
- Jobs/Housing Balance:** San José continues to be 'housing rich and jobs poor.' In 2010, San José is projected to house 56% of the population in Santa Clara County but have only 42% of the County's jobs. Council's actions to slow the conversion of employment lands to residential uses will bring relatively more jobs to San José, improving the City's fiscal health.
- Housing Affordability:** According to the California Association of Realtors, in the fourth quarter of 2008, 49% of first time homebuyers in Santa Clara County could afford a median priced home – up from fourth quarter 2007 (24%). The median priced San José home in February 2009 was \$406,500, a 39% decrease from the same period during the prior year (\$669,800). The rental housing market holds steady with a 4.9% vacancy rate (Real Facts December 2008).

Foreclosure Filings in San Jose



- Foreclosures:** San José has experienced a 140% increase in foreclosures over the past two years, from 5,838 in 2007 to 13,989 in 2008. It is anticipated that foreclosures will continue to rise into 2011. To respond to the rapid increase in foreclosures, the City has convened the Foreclosure Prevention Task Force whose focus is on prevention, intervention, family re-stabilization and neighborhood stabilization activities under the ForeclosureHelp Program.

The City has established a ForeclosureHelp Program to provide counseling services to families in foreclosure or at risk of foreclosure. A ForeclosureHelp Hotline and website have been created to provide easy access to the consumers when seeking foreclosure prevention and re-stabilization guidance.

- Homelessness:** According to the City's January 2007 homeless count and survey, there were 4,309 homeless individuals residing in San José of whom 76% were living on the streets (unsheltered) and 24% were 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)

Service Delivery Environment (Cont'd.)

- Regional Housing Needs Allocation (RHNA): In 2008, Association of Bay Area Governments (ABAG) finalized the regional housing needs allocation (RHNA) for the 2007-2014 planning period. The City received an allocation approximately 8,000 units higher this period than in the previous cycle. San José must plan to meet its housing allocation in the Housing Element, which the City is in the process of updating to reflect its new RHNA goals. The City submitted a draft Housing Element to the State Department of Housing and Community Development (HCD) in March 2009 for review, and anticipates delivering a Council-approved final draft to HCD by the June 30, 2009 deadline.
- Non-Profit Service Providers: Several key non-profit service providers have been caught by the challenging economy and are now facing severe financial difficulties. Many agencies are looking to the City for financial support.
- Non-Profit Arts Organizations: National trends project a significant reduction in earned and contributed revenues to non-profit arts organizations.
- Transient Occupancy Tax (TOT) Revenues: The projected 2009-2010 Transient Occupancy Tax (TOT) revenues for cultural funding is projected to drop \$1.6 million resulting in decreases in the number and/or the amount of cultural arts grants resulting in a diminished capacity for arts organizations for programming and financial stability.
- Arts and Economic Prosperity: San Jose's non-profit arts and culture organizations, which spend \$63.5 million each year, leverage \$39.7 million in additional spending by arts and culture audiences—revenue into local restaurants, hotels, retail stores, parking garages, and other businesses.
- Commercial and Non-Profit Arts: According to the American for the Arts *Creative Industries Report*, there are 1,708 commercial and non-profit arts related enterprises in San José that employ 6,512 people.

City Service Area
Community and Economic Development
OVERVIEW

CSA Priorities/Key Services

- Continue to provide high quality land-use development and permitting services for all customers.
- Facilitate development of driving industry and revenue generating companies expanding or relocating in San José by aggressively implementing the City's Economic Development Strategy (Development Facilitation).
- Advance Green Vision goals of catalyzing clean technology innovation and creating green collar jobs.
- With a leaner development services workforce, ensuring that the City speaks with "one voice" on development issues with the vision of improving speed, consistency and predictability of the development review process.
- Continue to offer universal services to residents and businesses through work2future.
- Ensuring residents have a Diverse Range of Housing Options by increasing housing opportunities for Low-and Moderate)-Income Households.
- Providing a range of quality events, cultural offerings, and public artworks by building the capacity of local arts providers.
- Providing a cultural vision plan guiding cultural development in San José.
- Facilitating development of driving industry and revenue generating companies expanding or relocating in San José through the arts, cultural diversity and innovation.

City Service Area
Community and Economic Development
OVERVIEW

Budget Dollars at Work: Performance Goals

This CSA generates revenues for the City through its business attraction/retention efforts, retail development, and event activities, as well as its facilitation of private development. This CSA is responsible for a continuum of services from long-range planning 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

Strategic Goals	CSA Performance Measures	2007-2008 Actual	2008-2009 Target	2008-2009 Estimate	2009-2010 Target	5-Year Goal
Facilitate Major Corporate Development	1. Jobs generated through City/Agency attraction, expansion and retention					
	- Industrial	9,790	10,500	5,700	11,000	41,000
	- Commercial/Retail	2,440	1,500	1,400	2,000	8,700
	2. Estimated payroll from job generation	\$451M	\$400M	\$264M	\$450M	\$2.1B
	3. % change in number of jobs (Job Growth)	3.3%	2.5%	1.7%	2.0%	10%
4. # of new business applications received (retail vs. non-sales tax)	1,600/6,400	2,000/7,000	1,200/4,800	2,500/7,500	10,000/30,000	
	5. # of new businesses	8,400	9,000	6,000	10,000	40,000
Stimulate Revenue for City Services	1. Economic Impact of Convention Center and City-sponsored events* (attendee days by type of visitor)					
	- Local/Social	1,555,793	1,100,000	1,158,500	1,100,000	3,663,460
	- Out of Town	108,008	105,000	80,380	105,000	533,700
	- Exhibitors	15,948	25,000	17,475	25,000	121,800
	2. % change in attendance at outdoor events	11%	-7%	-4%	-9%	16%
	- # of outdoor special events coordinated	374	360	419	336	2,000
	- # of event attendees	1,952,000	1,760,000	2,070,000	1,880,000	9,750,000
3. Anticipated increase in tax from businesses receiving assistance in the current period	\$2.3M	\$6.0M	\$4.0 M	\$6.0M	\$28.0M	
4. Actual increase in sales and use taxes from businesses which previously received assistance from the City	\$2.1M	\$4.0M	\$3.0 M	\$4.0M	\$10M	
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)	0 jobs (0 acres)	500 jobs (Less than 20 acres)	0 jobs (0 acres)	500 jobs (Less than 20 acres)	5,000 jobs (200 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)	1,200 jobs (33 acres)	750 jobs (Less than 20 acres)	1,175 jobs (42 acres)	750 jobs (Less than 20 acres)	7,000 jobs (200 acres)
	3. Ratio of San José jobs to employed residents	0.93 jobs/resident	0.95 jobs/resident	0.88 jobs/resident	0.87 jobs/resident	1.00 jobs/resident

City Service Area
Community and Economic Development
OVERVIEW

Budget Dollars at Work: Performance Goals (Cont'd.)

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

Strategic Goals	CSA Performance Measures	2007-2008	2008-2009	2008-2009	2009-2010	5-Year
		Actual	Target	Estimate	Target	Goal
Facilitate Small Business Expansion	1. Funding made available to small businesses through loans, guarantees and grants**	\$4.7M	\$8.0M	\$1.0M	\$1.0M	\$5.0M
Be Active Partner in Developing a Skilled Workforce	1. Estimated % of Workforce Investment Act (WIA) clients employed six months after initial placement					
	- Adults	90%	80%	82%	Goals set annually by State of CA	Goals set annually by State of CA
	- Dislocated Workers	93%	85%	86%		
	- Youth	96%	80%	84%		
	2. Number of Business Clients Served by work2future Program	230	225	220	225	1,125
	3. Percent of Clients Placed in Jobs					
	- Adults	85%	76%	76%	Goals set annually by State of CA	Goals set annually by State of CA
	- Dislocated Workers	86%	80%	78%		
	- Youth	74%	75%	78%		

Changes to Performance Measures from 2008-2009 Adopted Budget: Yes¹

¹ Changes to performance measures from 2008-2009 Adopted Budget:

✕ The “percent change in economy based revenue” which aligns to the Community and Economic Development Council Committee Quarterly Performance Report is now discussed under Service Delivery Environment.

* Performance measures for 2008-2009 and may be updated and presented in an Manager’s Budget Addendum later in the 2009-2010 budget process once the budgets for the Convention and Cultural Affairs Fund: Plan of Finance for the Convention Center expansion project are updated.

** In 2007-2008 the Development Enhancement Special Fund became the Catalyst Fund and was no longer available as a small business funding tool. The Revolving Loan Fund currently is transitioning ownership and no new loans have been approved in 2008-2009 to

Budget Dollars at Work: Performance Goals (Cont'd.)

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

Corporate Development and Revenue Growth

- ✓ Providing quality development services to support company retention and expansion to preserve existing jobs and create new opportunities for residents remains a high priority for this CSA. Ongoing improvements to the development process combined with direct assistance to key projects will continue to help San José retain and attract revenue-generating driving industry and retail companies during these difficult economic times.
- ✓ Despite some growth in clean technology and other sectors in 2008, the San José economy overall suffered substantial job losses in the past year as a result of the global economic recession and did not generate the anticipated job creation outcomes. San José must be mindful of growing competition regionally, nationally, and internationally and 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.
- ✓ OED will work closely with work2future to ensure that residents affected by the current economic downturn benefit from the wide-range of training programs available, including programs funded through the American Recovery and Reinvestment Act, to seize well-paying employment opportunities.
- ✓ Work2future will continue to promote BusinessOwnerSpace.com, a small business network of nearly 40 service providers, which assists 50,000 small businesses and thousands of entrepreneurs in San José.
- ✓ Declining sales tax revenues demand an increased focus on expanding retail options in San Jose to provide a wide range of opportunities for residents and a stable revenue stream. San José has enjoyed significant retail growth with the opening of Santana Row, MarketCenter, the Plant, and the renovation of Eastridge Mall. The impact of these additions, combined with numerous smaller projects, has decreased San José's under-retailed percentage from 24% to 19%. 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.
- ✓ To adapt to the changing economic conditions, San Jose will update its citywide Economic Development Strategy in 2009-2010 to provide a clear vision for the City's economic future and strategic initiatives over the next five years.
- ✓ The first goal of San José's Green Vision is to create 25,000 clean technology jobs and it also calls for achieving many goals that will require the invention of new technologies and the adoption of new practices. San José views today's growing environmental crisis as an opportunity to demonstrate how Silicon Valley ingenuity can again solve the biggest challenges facing the world and in doing so create thousands of jobs. Key Green Vision priorities include attracting clean technology companies, accelerating energy efficiency initiatives for City facilities (projected payback period of two to three years), adopting renewable energy on City facilities, completing the Green Mobility Showcase, implementing a private sector green building ordinance, testing waste-to-energy technology, and expanding the use of recycled water.
- ✓ The CSA will continue to work to recruit sporting and cultural events and athletic teams to locate in San José in an effort to attract additional tourism money and raise the image of San José as a compelling destination.
- ✓ Based on a new model of non-profit management OED will continue to manage the City's contract with Team San José to manage the City's Convention and Cultural Facilities and will 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.

Budget Dollars at Work: Performance Goals (Cont'd.)

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

Corporate Development and Revenue Growth (Cont'd.)

- ✓ Based on a new model of non-profit management OED will continue to manage the City's contract with Team San José to manage the City's Convention and Cultural Facilities and will 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.
- ✓ In 2009-2010, San José will continue its commitment to catalyzing innovation through its incubator programs and partnerships with organizations such as the Clean Tech Open.

Retain Industrial Jobs

- ✓ Recent Council adoption of a framework for considering future conversion of employment lands is intended to preserve land critical to future job creation. These policies represent best practices in encouraging 'smart growth' - creating vital live-work districts accessible by transit and avoiding development that sprawls unnecessarily into open space. San José has converted more than 1,400 acres of employment land since 1990 representing losses in capacity between 68,000 and 110,000 jobs and ongoing revenue for the City. Recent growth by companies such as Bay Biodiesel show the potential demand for industrial land by clean technology companies that have the potential to generate substantial jobs and revenues for the City.
- ✓ Work is underway to update the sign code, address land use conflicts in Downtown, and establish a Green Building policy for renovations to existing structures. For example, 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 these policies are encouraging development in the area.
- ✓ The City is proceeding with a comprehensive update of the General Plan with extensive community involvement. In addition, San José's Green Vision includes a goal to incorporate measurable standards for sustainable development into the General Plan.

City Service Area
Community and Economic Development
OVERVIEW

Budget Dollars at Work: Performance Goals (Cont'd.)

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

Strategic Goals	CSA Performance Measures	2007-2008 Actual	2008-2009 Target	2008-2009 Estimate	2009-2010 Target	5-Year Goal
Revitalize and Rehabilitate Uses, Sites and Structures in Neighborhoods, Commercial and Industrial Areas	1. # of facades, streetscapes, and development projects completed					
	a. Streetscapes	6	3	N/A*	6	15
	b. Facades	34	30	N/A*	60	100
	c. Development Agreement to Board	6	5	N/A*	10	20
	d. Development Sites Marketed	11	9	N/A*	18	50
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	65%	70%	N/A*	70%	70%
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% (835 units)	514	N/A*	30	100 (3,000)
	- For Sale	835 (100%)	478 (93%)	N/A*	30 (100%)	2,400 (80%)
	- Rental	0 (18%)	36 (7%)	N/A*	0	600 (20%)
Increase the City's Housing Unit Capacity	1. # of dwelling units added to the General Plan holding capacity annually	2,000	2,000	N/A*	4,000	10,000
	2. San José housing production compared to regional fair share number target (in parenthesis)	3,000 units (3,730)	2,500 units (3,730)	N/A*	3,000 units (3,730)	14,500 units (18,750)
	3. % of units receiving development permit approval compared to target (actuals in parenthesis)	100% (3,000 units)	100% (3,000 units)	N/A*	100% (3,000 units)	100% (13,000 units)
Provide Seamless and Effective Development Review Including Implementation of Environmental Regulations, in a Customer Friendly Fashion	1. % of projects that receive thorough, complete, consistent review in the first cycle of staff review					
	- Entitlement Process	65%	65%	**	65%	75%
	- Construction Process	80%	80%	90%	80%	80%
	2. Ratio of current year fee revenue to fee program cost	95%	99%	**	100%	100%
	3. Development projects completed within processing time targets:					
	- Entitlement Process	80%	85%	87%	85%	85%
	- Construction Process					
	- Plan Check	81%	85%	80%	85%	85%
	- Inspections in 24 hours	86%	80%	96%	80%	80%
	- Inspections in 48 hours	97%	100%	99%	100%	100%
	4. % of development services walk-in customers served in less than 30 minutes (wait time)	92%	95%	93%	95%	95%
	5. % of customers surveyed rating service as good or better					
	- Discretionary	68%	70%	76%	72%	77%
	- Ministerial	79%	81%	81%	83%	88%
	6. % of customers surveyed who indicate the City has improved customer service in the past 12 months					
- Discretionary	68%	70%	72%	72%	75%	
- Ministerial	79%	80%	77%	82%	85%	

Changes to Performance Measures from 2008-2009 Adopted Budget: No

* Information will be available in June 2009 and will be incorporated in the 2009-2010 Adopted Operating Budget.

** Planning staff constraints limited the ability to conduct a quality review of a thorough, complex, and consistent processing in the first review.

Budget Dollars at Work: Performance Goals (Cont'd.)

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

Seamless and Effective Development Review

- ✓ The five year goal for the development process is to make San José the best place in America to conduct business by:
 - Establishing a predictable and timely development review process by emphasizing a facilitation approach, providing seamless 'one-voice' service delivery, and updating policies and codes;
 - Achieving financial stability and full cost-recovery for the development fee programs, adjusting hourly rates annually for changes in staff costs, and performing periodic cost of service analyses;
 - Expanding provision of enhanced service options at a premium fee for customers desiring expedited service; and
 - Continually improving the process and customer service through ongoing dialogue with development customers about their concerns and priorities, measuring performance, and conducting an annual scientific customer survey.
- ✓ Although activity is clearly down from levels reported last fiscal year, staff continues to be challenged with a backlog of projects that must be processed along with new, incoming projects. With fewer staff, processing times may increase as the remaining staff continues to uphold quality standards.
- ✓ In response to projected revenues, a downsizing of the development partners will necessitate additional collaboration among Planning, Building, Fire and Public Works in order to support development.

Revitalize and Rehabilitate Uses, Sites and Structures in Neighborhoods

- ✓ Given funding constraints, the Redevelopment Agency will now have the responsibility for updating the remaining Action Plans for SNI neighborhoods and attending SNI Neighborhood Action Coalition (NAC) meetings. Resource and staffing constraints of the other CED CSA partner departments could lead to reduced involvement in the next set of actions.
- ✓ 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 allowed the first high-rise housing developments in the South Bay.
- ✓ Efforts to implement the Downtown Strategy have been enhanced by partnerships with San Jose State University and with 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. The evolution of Downtown will ensure that San José remains an attractive place to live, work, shop, and play with an emphasis on 'small wonders' that enliven the pedestrian experience.
- ✓ A key pre-requisite for permitting increased densities 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.

Budget Dollars at Work: Performance Goals (Cont'd.)

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

Revitalize and Rehabilitate Uses, Sites and Structures in Neighborhoods (Cont'd.)

- ✓ Staff is working closely with Valley Transportation Authority to bring Bay Area Rapid Transit and High Speed Rail to San José.
- ✓ A three-year process is underway to update the General Plan, which is required by State law as a basis for local agencies to issue entitlement and construction permits. The General Plan not only serves as land use and transportation policy but also sets service delivery goals. The process includes significant community involvement.

Community and Economic Development

OVERVIEW

Budget Dollars at Work: Performance Goals (Cont'd.)

Outcome 3: Diverse Range of Housing Options

5 Year Strategic Goals	CSA Performance Measures	2007-2008 Actual	2008-2009 Target	2008-2009 Estimate	2009-2010 Target	5-Year Goal
Increase the Supply of Affordable Housing	1. % of annual target achieved for production toward affordable housing	86% (607)	100% (550)	59% 324	100% (200)	100% (1,000)
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)	87%	85%	66%	85%	85%
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) - Extremely Low (<=30% of median) - Very Low (31-50% of median) - Low (51-80% of median) - Moderate (81-120% of median)	98% 36% 62% 2% 0%	60% 30% 30% 25% 15%	64% 25% 39% 28% 6%	60% 30% 30% 25% 15%	60% 30% 30% 25% 15%

Changes to Performance Measures from 2008-2009 Adopted Budget: No

2009-2010 Housing Program Funds	
3,200,000	CalHome
443,313	Emergency Shelter Grant
6,793,356	HOME Investment Partnership Program Fund
744,000	Housing Opportunities for People with AIDS (HOPWA)
408,833	HOPWA Special Projects
5,628,283	Neighborhood Stabilization Program
4,495,840	Infill Infrastructure Grant
4,635,000	Proposition 1C BEGIN
485,198	Rental Rights and Referrals Program
220,000	Revolving Loan Fund, Teacher Housing Program
10,741,268	Community Development Block Grant Program (CDBG)
41,241,860	20% Redevelopment Tax Increment
2,000,000	In-Lieu Fee Revenue
16,463,500	Project Loan Repayments, Interest Income, & Misc. Revenue
620,000	San Jose State University
4,200	Homebuyer Subordination Fee
2,550	Multi-Family Project Ownership Transfer Fee
25,000	Lifeline Transportation Grant Program
240,000	Job Training Grant Program
300,000	Roundtable/Jeanne King
1,563,585	Workforce Housing Program
900,000	Bond Administration Fee
85,000,000	Bond Sale Proceeds
2,700,000	CDBG Stimulus
4,100,000	Homeless Prevention and Rapid Rehousing Program
192,955,786	Total Program Funding Sources

Budget Dollars at Work: Performance Goals (Cont'd.)

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

5 Year Strategic Goals	CSA Performance Measures	2007-2008 Actual	2008-2009 Target	2008-2009 Estimate	2009-2010 Target	5-Year Goal
Reduce Homelessness	1. Cumulative % of homeless households assisted in securing permanent housing over a 10-year period, 2004-2013 (based on 2004 census)	24%	10%	10%	10%	50%
Provide Housing Assistance to Teachers	1. % target achieved for Teacher Homebuyer Program	65% 45	100% 48	125% 60	100% 46	100% 222

Changes to Performance Measures from 2008-2009 Adopted Budget: No

- ✓ **Destination: Home** – In an effort to increase the number of homeless households moving into permanent housing, the following is a list of goals for the upcoming fiscal year: raise funds to hire intensive case managers to ensure that chronically homeless households become and remain permanently housed; coordinate with the Housing Authority to set aside one third of all new, returned and project based Section 8 Vouchers for chronically homeless households; and coordinate with the County's Department of Mental Health to implement a tenant based rental subsidy program for approximately 100 chronically homeless households.
- ✓ **Affordable Housing Production** – In 2008-2009 the estimate for meeting the affordable housing production goal is 59% (324) of the target. This is due to the instability in the financial markets causing both private and public funds for affordable housing to be delayed. The City is working to get shovel-ready projects funded as quickly as possible, given these financial constraints, to create jobs and provide fee revenue to the City.
- ✓ **Non-profit Efforts** – Non-profit agencies are facing a dramatic drop in revenue at the same time as experiencing an increased demand for their services. Current initiatives underway include streamlining application forms and outcome measurements, considering new approaches to sharing required financial information and reports, and assisting in identifying methods to expand non-profit capacity. The City is coordinating this effort with the County of Santa Clara, United Way and multiple foundations. The City is concerned about non-profits facing unstable financial challenges and is working to develop a plan to assess non-profits, develop corrective plans, and ensure systems are in place to identify problems.
- ✓ **Policy Initiatives** – In 2009-2010, the City will continue to focus on non-monetary activities which promote affordable housing. These include identifying new sites for housing development, adopting an ordinance and implementation of a city-wide inclusionary policy; studying the city's dispersion of affordable housing and impacts on parks; lobbying for more Section 8 funding, a National Housing Trust Fund, and protecting Community Development Block Grant (CDBG) and other federal funding; and addressing the City's foreclosure crisis through prevention strategies. In addition, the City continues to support the Rent Control programs, and promote fair and equitable lending.

City Service Area
Community and Economic Development
OVERVIEW

Budget Dollars at Work: Performance Goals (Cont'd.)

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

5 Year Strategic Goals	CSA Performance Measures	2007-2008 Actual	2008-2009 Target	2008-2009 Estimate	2009-2010 Target	5 Year Goal
Provide a diverse range of arts and cultural offerings for residents and visitors	1. % of residents rating the availability of a diverse range of arts and cultural activities in the City as good or excellent	47%	50%	47%	50%*	55%
	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	47%	50%	47%	50%*	65%
Enhance San Jose's public spaces through public art and design amenities	1. % of public art works completed and installed on schedule	86%	90%	90%	90%	90%
	2. % of residents rating the City's efforts at enhancing public spaces with public art as good or better					
	Point of Service Survey	69%	87%	75%	89%	90%
	Community-wide Survey	46%	50%	46%	50%*	50%
Encourage a full range of outdoor special events that serve diverse communities and visitors	1. % of residents rating the City's efforts at providing adequate number of variety of outdoor special events as good or excellent	46%	50%	46%	45%*	55%

Changes to Performance Measures from 2008-2009 Adopted Budget: No

* The next San José Community Survey will occur in 2009-2010.

Public Art and Design Amenities

- ✓ The Public Art Program will seek out strategic partnerships to leverage its investments in landmark public art projects in regional destinations like the Airport and Downtown San José; and will promote the integration of public art in private development in North San José.
- ✓ During 2009-2010, the Public Art Program will continue implementation of the Focus Plans for Downtown and North San José. Downtown projects will address the concept of Big Deals and Small Wonders, adapted by 1st ACT Silicon Valley, the City of San José and the San José Redevelopment Agency (SJRA). A major Downtown public art initiative will be a Climate Clock, an artwork using information and measurement technologies to gather and display climate change data. This project is a partnership between the Public Art Program, CADRE at San José State University, SJRA, Montalvo Art Center, and 1st ACT.
- ✓ As recommended in the Public Art Master Plan, the Public Art Program has continued to support community projects, integrating 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. Work has also begun on developing public art on San José's trail system, which creates connections between neighborhoods.

Arts Grants and Cultural Development

- ✓ To inform the arts and culture element of the *Emission San José 2040* general plan update, OCA will embark upon a cultural planning process in 2009-2010. This cultural vision plan will crystallize a set of high level strategies to guide policy, investments and programs related to cultural development over the next decade.

Budget Dollars at Work: Performance Goals (Cont'd.)

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

Arts Grants and Cultural Development (Cont'd.)

- ✓ A projected decrease in 2009-2010 Transient Occupancy Tax revenues of approximately 44% will result in drastically decreased funding for arts operating grants and arts project grants.
- ✓ Total audience and participant tallies reported by the City's arts grantees at the end of 2007-2008 fell slightly overall. Early indicators are that it will have remained fairly stable in 2008-2009. Reported attendance and participation will likely fall again by the end of 2009-2010.
- ✓ One of the City's largest arts providers, American Musical Theatre of San José (AMTSJ) closed its doors at the end of 2008. At the time of its bankruptcy filing, AMTSJ had fully drawn on its \$1 million line of credit from the City's Arts Stabilization Loan Fund. In coordination with the City, Team San José embarked on negotiations with a leading for-profit national musical theater company to fill the void in the Center for the Performing Arts.
- ✓ The San José Repertory Theatre (SJRT), the other recipient of a line of credit from the Loan Fund (\$2 million) continues to work toward financial sustainability. The City plans to take a number of additional corrective measures to assist SJRT in improving its fiscal health while protecting the substantial public assets invested in its recovery.
- ✓ Also in 2008-2009, the reorganization of Mexican Heritage Plaza was initiated, with the General Services Department administering the Plaza on a day-to-day basis. A community-based steering committee will guide the development of a new business plan for the Plaza.
- ✓ Drawing on resources provided by the Arts Stabilization Flexible Fund, a Recession Tool Kit was developed to improve the sustainability of San José arts providers, comprised of several strategies:
 - Financial leadership training and assessments of targeted at organizations that identified as needing improvement in operational effectiveness or experiencing financial capacity issues; and
 - Participation in the Bay Area Arts Loan Fund, administered by Northern California Grantmakers, to assist organizations with cash-flow management through a program of short-term bridge and opportunity loans.
- ✓ In 2008-2009, the City kicked off the development of a long-term strategy for substantial improvement in access to arts education for new generations of San José students and the enhancement of lifelong learning opportunities in arts and culture. Plan development is scheduled to be finalized in mid-2009-2010.

Special Events

- ✓ "Signature" events in 2008-2009 included: the 2008 Rock 'n' Roll Half Marathon, the Amgen Tour of California, the LIVESTRONG Challenge, 01SJ 2008, San Jose Jazz Festival, Cinequest, and San Jose International Mariachi Festival. In 2009-2010 these events and Cirque du Soliel are anticipated to return to San José.
- ✓ In February 2009, the Special Events Program produced the San José Cycling Classic, which included the third San José King-of-the-Mountain Time Trial & Ride and an inaugural event, the Webcor Criterium. Significant corporate sponsorships were secured for this inaugural event. The San José Cycling Classic also included an array of non-competitive ancillary events, including movies, lectures, and a bike art exhibit.

City Service Area
Community and Economic Development
PROPOSED BUDGET CHANGES

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
CONVENTION FACILITIES			
<i>Convention Facilities (Convention Facilities)</i>			
• Convention Center Staffing Right-Sizing	(29.75)	(2,879,856)	0
<i>Subtotal</i>	(29.75)	(2,879,856)	0
ECONOMIC DEVELOPMENT			
<i>Arts and Cultural Development</i>			
• Office of Cultural Affairs Management Staffing	(2.00)	(236,937)	(236,937)
• Office of Economic Development Non-Personal/ Equipment Funding COLA		(2,189)	(2,189)
• Public Arts Program Staff Funding Reallocation	0.00	0	(137,440)
• Arts Program Management Funding Reallocation	0.00	0	(35,927)
<i>Business/Job Attraction, Retention, Expansion and Creation</i>			
• Office of Economic Development Administrative Staffing	(0.20)	0	0
• Office of Economic Development Non-Personal/ Equipment Funding COLA		(2,190)	(2,190)
• Work2Future Program Staffing Funding Reallocation	(0.50)	(47,290)	(47,290)
• Non-Profit Oversight Management Continuation	1.00	326,594	116,510
• City Manager's Downtown Coordinator Staffing Continuation	1.00	134,995	134,995
<i>Outdoor Special Events</i>			
• Special Events Coordination Staffing	(1.00)	(70,080)	(70,080)
• Office of Economic Development Non-Personal/ Equipment Funding COLA		(2,189)	(2,189)
<i>Workforce Development</i>			
• Work2Future Program Staffing Funding Reallocation	0.50	47,290	0
<i>Strategic Support (Office of Economic Development)</i>			
• Office of Economic Development Administrative Staffing	(0.80)	(59,537)	0
• Office of Economic Development Non-Personal/ Equipment Funding COLA		(2,190)	(2,190)
<i>Subtotal</i>	(2.00)	86,277	(284,927)
FIRE			
<i>Fire Safety Code Compliance</i>			
• Fire Development Fee Program	(1.00)	(78,787)	(78,787)
<i>Strategic Support</i>			
• Fire Development Fee Program	(1.00)	(81,805)	(81,805)
• Fire Administrative and Information Technology Support Staffing	(0.15)	(12,017)	(12,017)
• Employment Services Consolidation	(0.06)	(7,517)	(7,517)
• Fire Data Management Staffing	0.26	34,744	34,744
<i>Subtotal</i>	(1.95)	(145,382)	(145,382)

City Service Area
Community and Economic Development
PROPOSED BUDGET CHANGES

<u>Proposed Core Service Changes</u>	<u>Positions</u>	<u>All Funds (\$)</u>	<u>General Fund (\$)</u>
HOUSING			
<i>Community Development and Investment</i>			
• Housing Department Administrative Staffing	(1.00)	(73,564)	0
<i>Strategic Support</i>			
• Employment Services Consolidation	(1.00)	(115,015)	0
<i>Subtotal</i>	(2.00)	(188,579)	0
PLANNING, BUILDING AND CODE ENFORCEMENT			
<i>Development Plan Review and Building Construction Inspection</i>			
• Building Fee Program	(30.35)	(4,340,272)	(4,297,115)
• Planning Fee Program	(0.70)	(24,094)	(24,094)
• City-Wide Address Database Project	0.50	53,626	53,626
<i>Long Range Land Use Planning</i>			
• Special Long Range Planning Efforts	(4.45)	(234,870)	(51,859)
• General Plan Update	(1.00)	0	0
<i>Strategic Support (Planning, Building and Code Enforcement)</i>			
• Planning Fee Program	(1.00)	(117,119)	(117,119)
• Planning, Building and Code Enforcement Non-Personal/ Equipment Funding COLA		(27,082)	(27,082)
• Planning, Building and Code Enforcement Non-Personal/ Equipment Funding Efficiencies		(3,262)	(3,262)
<i>Subtotal</i>	(37.00)	(4,693,073)	(4,466,905)
PUBLIC WORKS			
<i>Regulate/Facilitate Private Development (Public Works)</i>			
• Public Works Fee Program	(9.47)	(1,090,886)	(1,090,886)
• Public Works Staffing Funding Reallocation	(0.14)	(209)	(209)
• Utility Management Funding Reallocation	0.00	0	0
• Public Works Utility Fee Program	(0.16)	6,494	6,494
<i>Subtotal</i>	(9.77)	(1,084,601)	(1,084,601)
<i>Subtotal Core Services</i>	(82.47)	(8,905,214)	(5,981,815)
OTHER CHANGES			
<i>City-Wide Expenses</i>			
• Auditorium and Center for Performing Arts Rental Payments		(216,931)	(216,931)
• Comprehensive General Plan Update		(68,388)	(68,388)
• Convention and Visitors Bureau Marketing Program		(660,000)	(660,000)
• Convention Center Expansion Staff Relocation		130,000	130,000
• Emergency Housing Consortium Fireworks		(25,441)	(25,441)
• Mexican Heritage Plaza Maintenance and Operations		16,029	16,029
• San Jose Stage Company Funding		(69,276)	(69,276)
• Sister Cities Programs		(20,000)	(20,000)
• Sports Opportunity Fund		(100,000)	(100,000)

City Service Area
Community and Economic Development
PROPOSED BUDGET CHANGES

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
OTHER CHANGES (CONT'D.)			
<i>City-Wide Expenses</i>			
• Community-Based Organizations Funding Reduction		(113,912)	(113,912)
<i>General Fund Capital, Transfers, and Reserves</i>			
• Transfers to Other Funds: Community Facilities Revenue Fund/Hayes Mansion Conference Center		(1,400,000)	(1,400,000)
• Transfers to Other Funds: Redevelopment Agency/Mariachi Festival		50,000	50,000
<i>Subtotal Other Changes</i>	0.00	(2,477,919)	(2,477,919)
Total Proposed Budget Changes	(82.47)	(11,383,133)	(8,459,734)