

Community & Economic Development CSA Operating Budget Presentation

2007-2008 Budget Study Sessions

Community & Economic Development Core Services

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

Community & Economic Development Core Services

- Office of Economic Development
 - Business/Job Attraction, Retention, Expansion and Creation
 - Workforce Development
 - Arts and Cultural Development
 - Outdoor Special Events
- Convention Facilities / Team San Jose
 - Convention and Cultural Facilities

Community & Economic Development Core Services

- San Jose Redevelopment Agency
 - 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 Improvement Strategies

Community & Economic Development Core Services

- Planning, Building & Code Enforcement
 - Development Plan Review and Building Construction Inspection
 - Long Range Land Use Planning
- Public Works Department
 - Regulate/Facilitate Private Development
- Fire Department
 - Fire Safety Code Compliance

Community & Economic Development Outcomes

- Strong Economic Base
- Safe, Healthy, Attractive and Vital Community
- Diverse Range of Housing Options
- Range of Quality Events, Cultural Offerings and Public Artworks

Vital Cycle of San Jose's Economy



Current Position and Trends

- Job and revenue growth in 2006
- Business growth increased demand for Office/R&D space (Impact of NSJ Policy)
- Customer surveys indicate that development services improved over the past year

Current Position and Trends

- SJ remains 'housing rich & jobs poor' (54% of County residents, 40% of jobs)
- San Jose leads the State in production of affordable housing
- Homelessness is a continuing concern

Outcome 1: Strong Economic Base

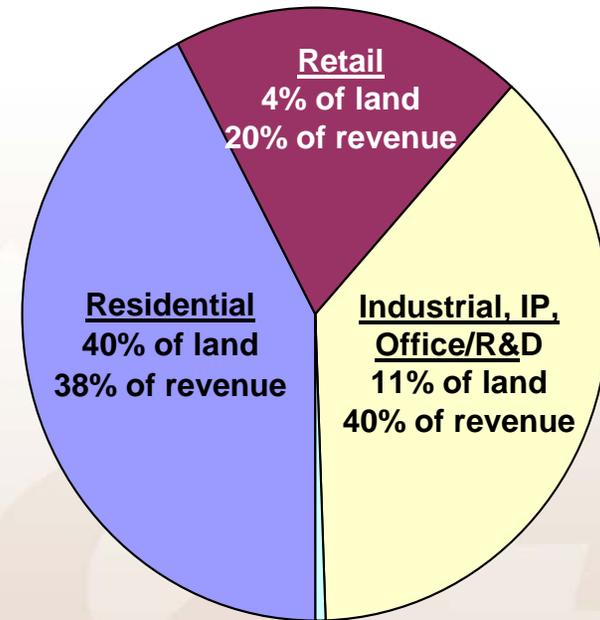
Key Strategic Goals and Objectives

- Implement Economic Development Strategy
- Generate Additional City Revenues
 - Expand Retail Opportunities
 - Facilitate Development of Driving Industries
- Enhance Workforce Training

Outcome 1: Strong Economic Base

Resources and Performance

Employment & retail uses occupy 15% of the land but contribute 60% of tax revenue



Vacant Land: 2% of Revenue

• Service/Performance Highlights

- New jobs facilitated with City/Agency effort: 11,950 ↑
- Estimated payroll from new jobs: \$589M ↑
- Increase in sales/use tax from City/RDA efforts: \$1.8M ↑

Outcome 1: Strong Economic Base

Resources and Performance

Expanded Retail Attraction Efforts

- Large-Format Retail Facilitation, Shopping Center Improvement Program, Auto Row Strategy



Westfield
Valley Fair
Expansion



**Neighborhood
Business District
Retail**

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Resources and Performance

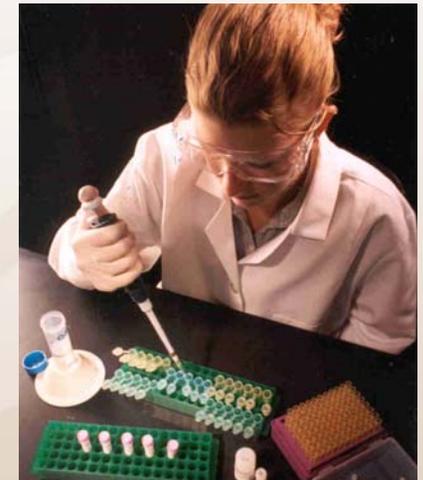
Significant Retail in the Pipeline:

- Shopping Centers: Valley Fair Expansion & Eastridge Mall
- New Development: The Plant (former GE Site), Palm Site, Hitachi Site
- Auto Dealer: Beshoff Infinity, Land Rover
- Large Format: Lowe's, Whole Foods, Costco

Outcome 1: Strong Economic Base

Resources and Performance

- **Driving Industry Attraction/Retention**
 - CleanTech, Bioscience, Computer Technology



Outcome 1: Strong Economic Base

Resources and Performance

Support for Signature Community Events



Ongoing Commitment to ZeroOne San Jose

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Outcome 1: Strong Economic Base

Resources and Performance

2007-2008 Initiatives:

Economic Development Reserve:	\$1,000,000
Shopping Center Improvement Pilot:	\$300,000
ZeroOne San Jose Festival Support:	\$300,000
National/International Identity Shaping:	\$150,000*
<u>Mexican Heritage:</u>	<u>\$100,000*</u>
General Fund Total:	\$1.85M

*Requested match from Redevelopment Agency

Outcome 1: Strong Economic Base (Convention Center)

Key Strategic Goals & Objectives

Convention Services managed by Team San Jose, supports the economy through:

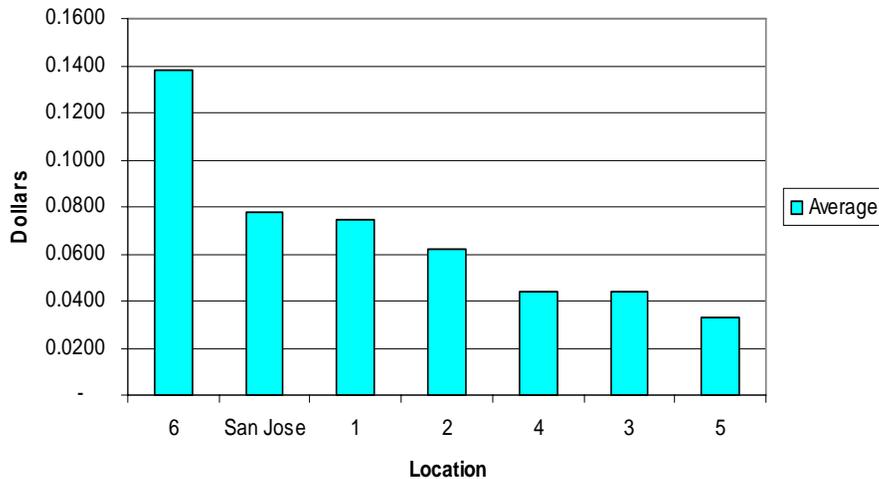
- Increasing revenues through tax resources
- Supporting local arts groups
- Creating local jobs
- Increasing hotel room night bookings
- Generating more visitors to San Jose
- Improving Customer Service

Outcome 1: Strong Economic Base

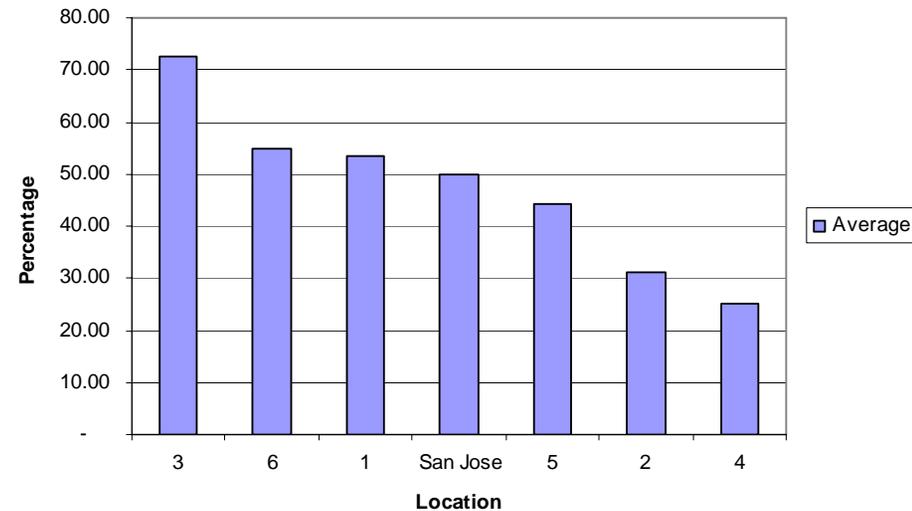
Convention Services Managed by Team San Jose

- How Does San Jose Compare to Other Convention Centers?*

Competitive Set Average Rental Revenue
Per Occupied Square Foot
July 2006 to December 2006



Competitive Set Average Occupancy
July 2006 to December 2006



*Team San Jose joined a team of established convention centers to review and compare business strategies including revenue and expenses. The benchmarking compares San Jose to Phoenix, Seattle, Vancouver, Reno, Portland, and San Diego.

Outcome 1: Strong Economic Base

Convention Services Managed by Team San Jose

- **Service/Performance Highlights**
 - TOT Revenues have increased by 36.3% since 2003-2004
 - For 2005-2006, convention facilities generated \$274 million economic impact revenue
 - Team San Jose increased revenue by 47% since it began managing the Convention Center and cultural facilities with high customer satisfaction

Outcome 2: Safe, Healthy, Attractive and Vital Community

Key Strategic Goals & Objectives

- Streamline Processes and Systems
- Organize Services to Better Serve Customers
- Keep the Development Services Program Sustainable for the Future
- Clear & Current Land Use Policies

Outcome 2: Safe, Healthy, Attractive and Vital Community

Resources and Performance

Key Service/ Priority Changes

- Fiscal Stability
- Skilled Workforce
- Customer Feedback



Outcome 2: Safe, Healthy, Attractive and Vital Community

Resources and Performance



Service/Performance Highlights

- 745 Planning Applications ↓
- 10,900 Plan Checks ↓
- 202,000 Field Inspections ↑
- 42,000 Permit Center Customers ↑
- 7,000 Building Permits Issued ↑
- \$1 Billion in Project Valuation ↑

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Outcome 2: Safe, Healthy, Attractive and Vital Community

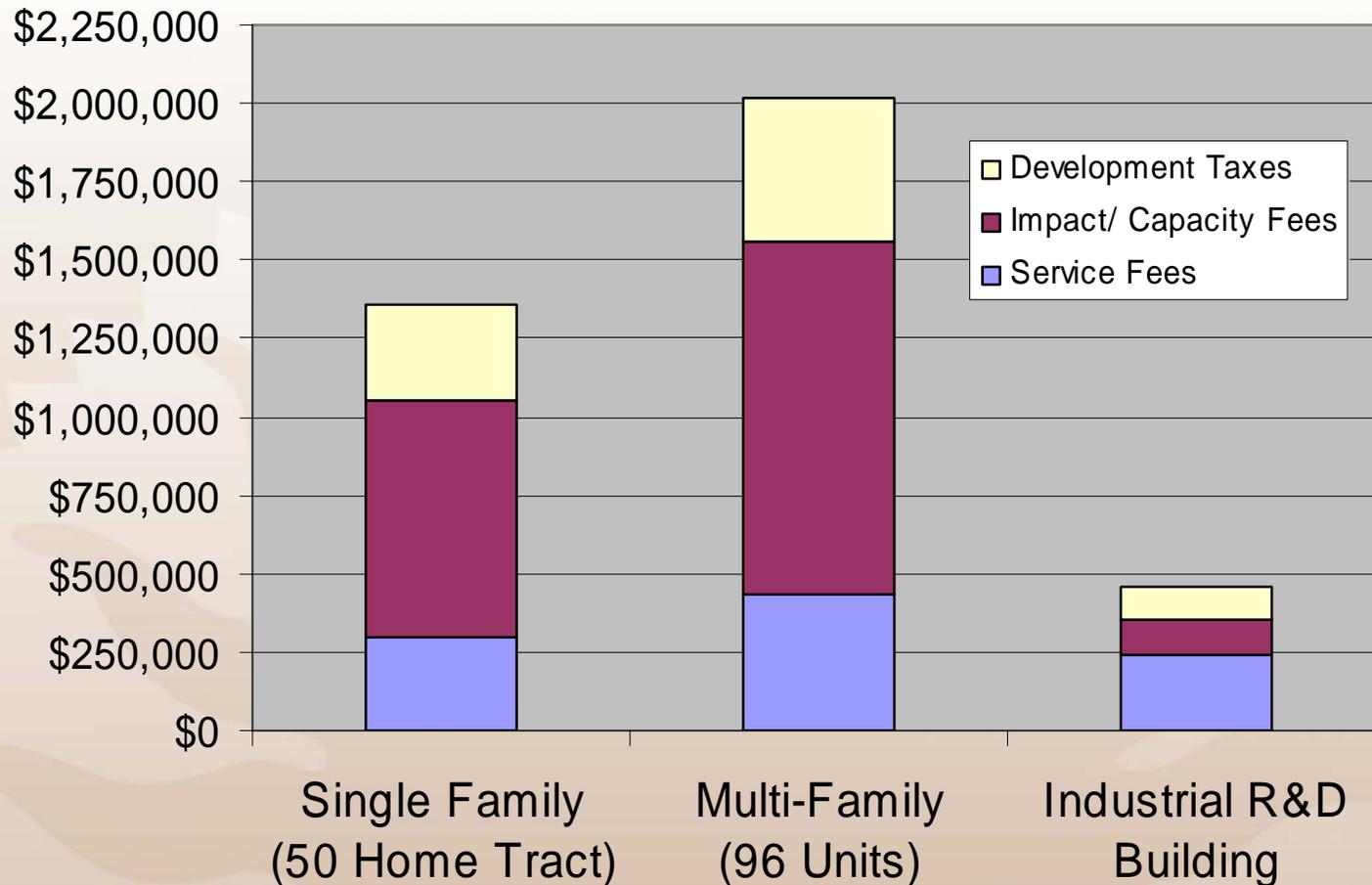
Resources and Performance

Customer Satisfaction Study

- **Public Hearing Customers:**
 - 66% satisfied with service
 - 63% indicated service improved in past year
- **Non-Public Hearing Customers:**
 - 75% satisfied with service
 - 78% indicated service improved in past year
- **Staff Performance**
 - 80% of all customers considered staff courteous, helpful and knowledgeable

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

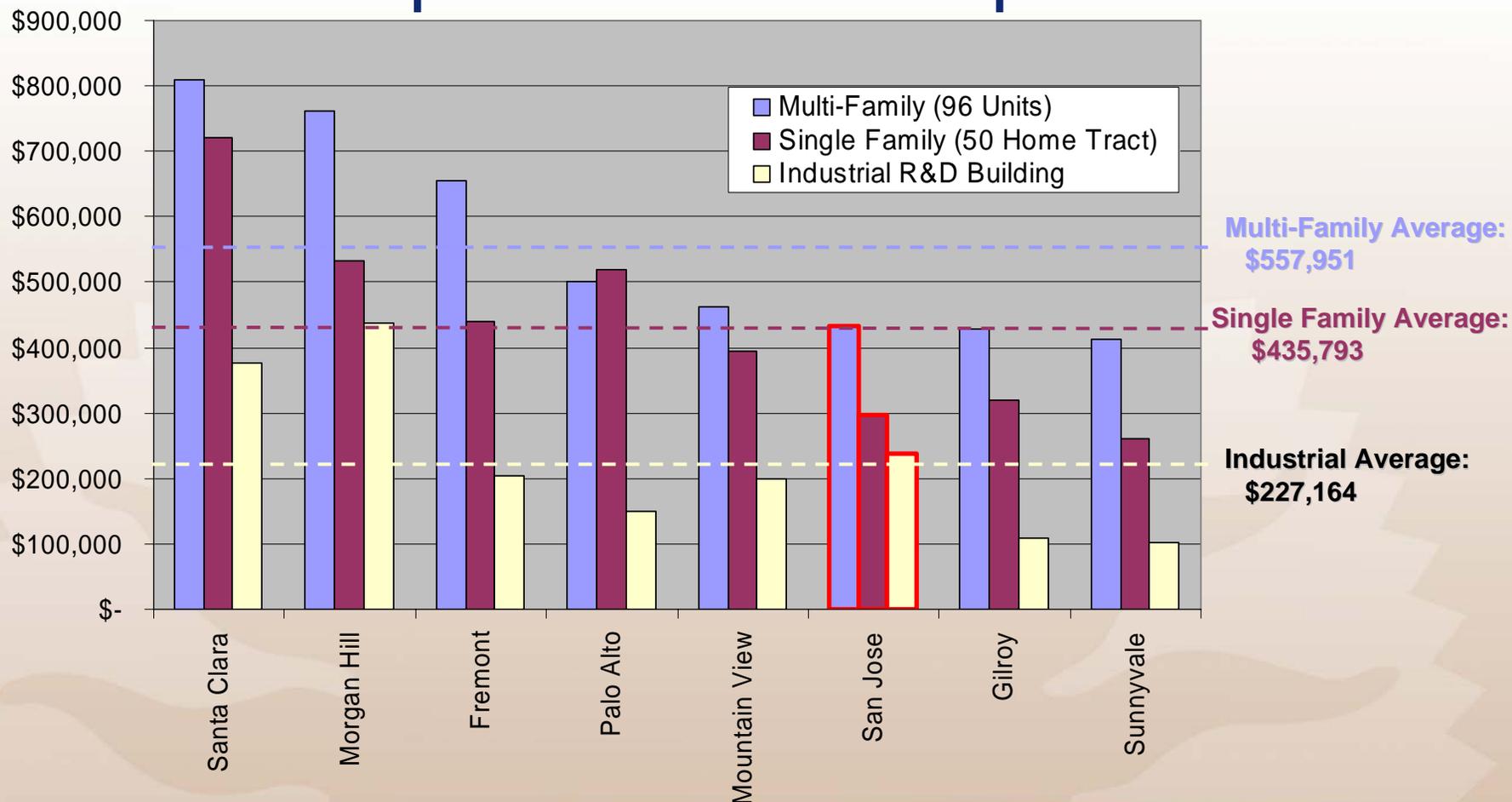
Development Cost Components



Outcome 2: Safe, Healthy, Attractive and Vital Community

Resources and Performance

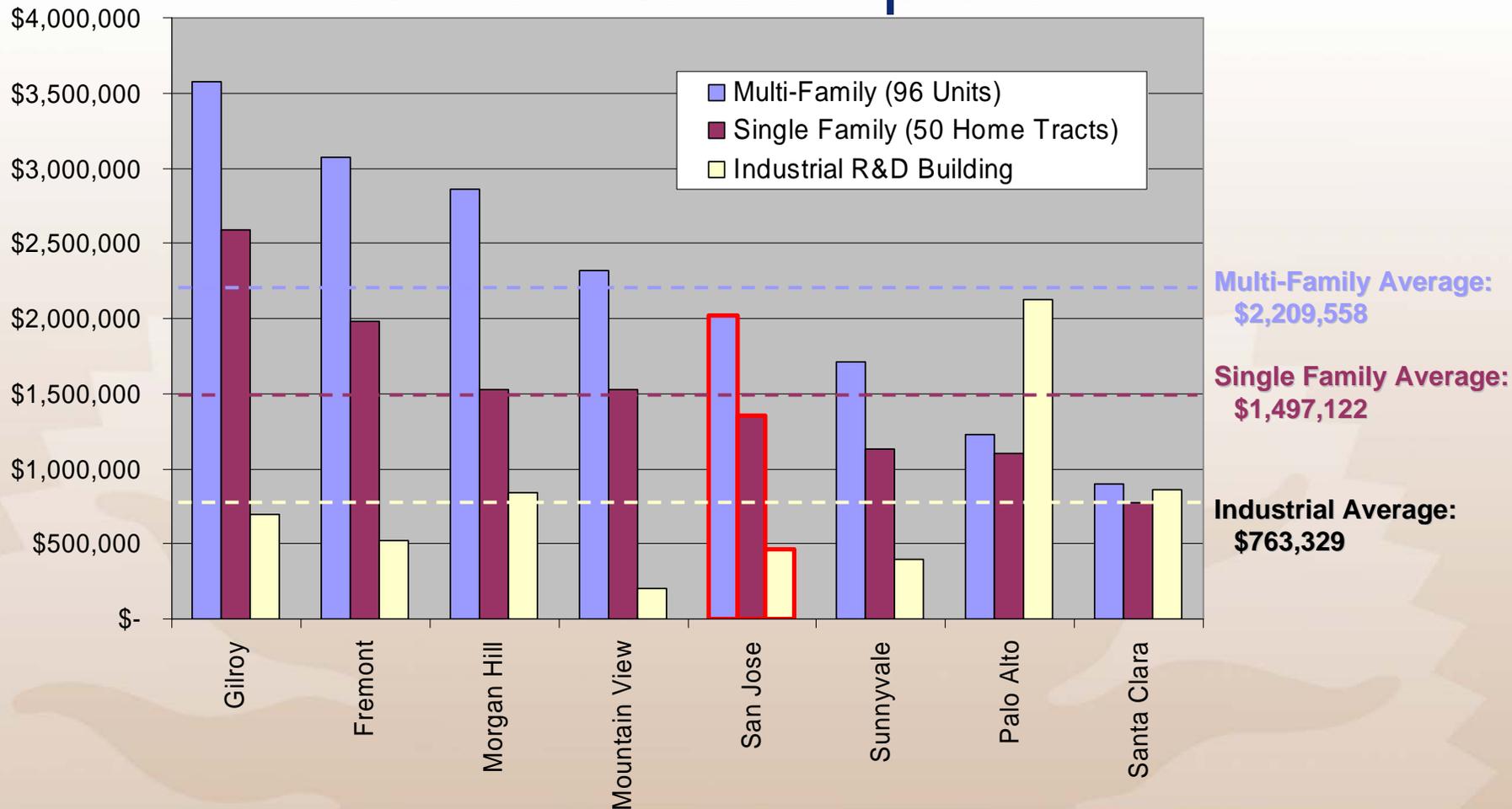
Development Fee Comparison



Outcome 2: Safe, Healthy, Attractive and Vital Community

Resources and Performance

Total Costs Comparison



Resources and Performance

Fee Program Changes

Building: + 5.0%

Fire: + 5.0%

Planning: + 8.0%

Public Works: + 8.9%

Outcome 2: Safe, Healthy, Attractive and Vital Community

Resources and Performance

2007-2008 Changes:

General Fund:

- General Plan Update: \$820,000

Fee Programs:

Planning: Eliminate 3.5 FTE

Add Green Building Program Planner

Building: Add 4 Over-Strength Inspectors

Add 4 Principal Permit Specialists

Public Works: Add 3 Engineering positions

Outcome 3: Diverse Range of Housing Options

Key Strategic Goals & Objectives

- End Chronic Homelessness in 10 Years
- Solve San Jose's Affordable Housing Crisis in 20 Years
- Manage Federal and State Grants to Effectively Address City Priorities

Outcome 3: Diverse Range of Housing Options

Resources and Performance

Homelessness

- Utilize Blue Ribbon Commission in a Regional Approach
- Implement Strategies for the “Housing First” Model



Outcome 3: Diverse Range of Housing Options

Resources and Performance

Affordable Housing

Increased Production of Extremely Low-Income Housing



884 ELI Units Produced
Between 2002 and 2007

383 ELI Units Currently
Under Construction or
In the Pipeline

Outcome 3: Diverse Range of Housing Options

Resources and Performance

Affordable Housing

Improve Management of Loan Portfolio



Inclusionary Housing Units To Increase By 1,000 Over Next Five Years

Outcome 3: Diverse Range of Housing Options

Resources and Performance

Affordable Housing

Housing Rehabilitation Programs Partner with SNI



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

Key Strategic Goals and Objectives

- Implement Strategic Cultural Initiatives
- Enhance and Sustain Quality of Cultural Amenities and Events
- Strengthen Arts/Cultural Community

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

Resources and Performance



• Service/Performance Highlights

- Number of Outdoor Events: 310 ↓
- Number of Event Attendees: 2.2M ↑
- Number of Grants Awarded: 145 ↑
- Number of City Funded Cultural Organizations: 65 ↑



Resources and Performance

2007-2008 Initiatives:

- Strengthen Leadership of OCA
- Implement Public Art Master Plan & Downtown Focus Plan
- Plan Wisely for Potential New Facilities
- Determine City Role in Arts Education
- Adopt ‘Small Wonders’ work plan

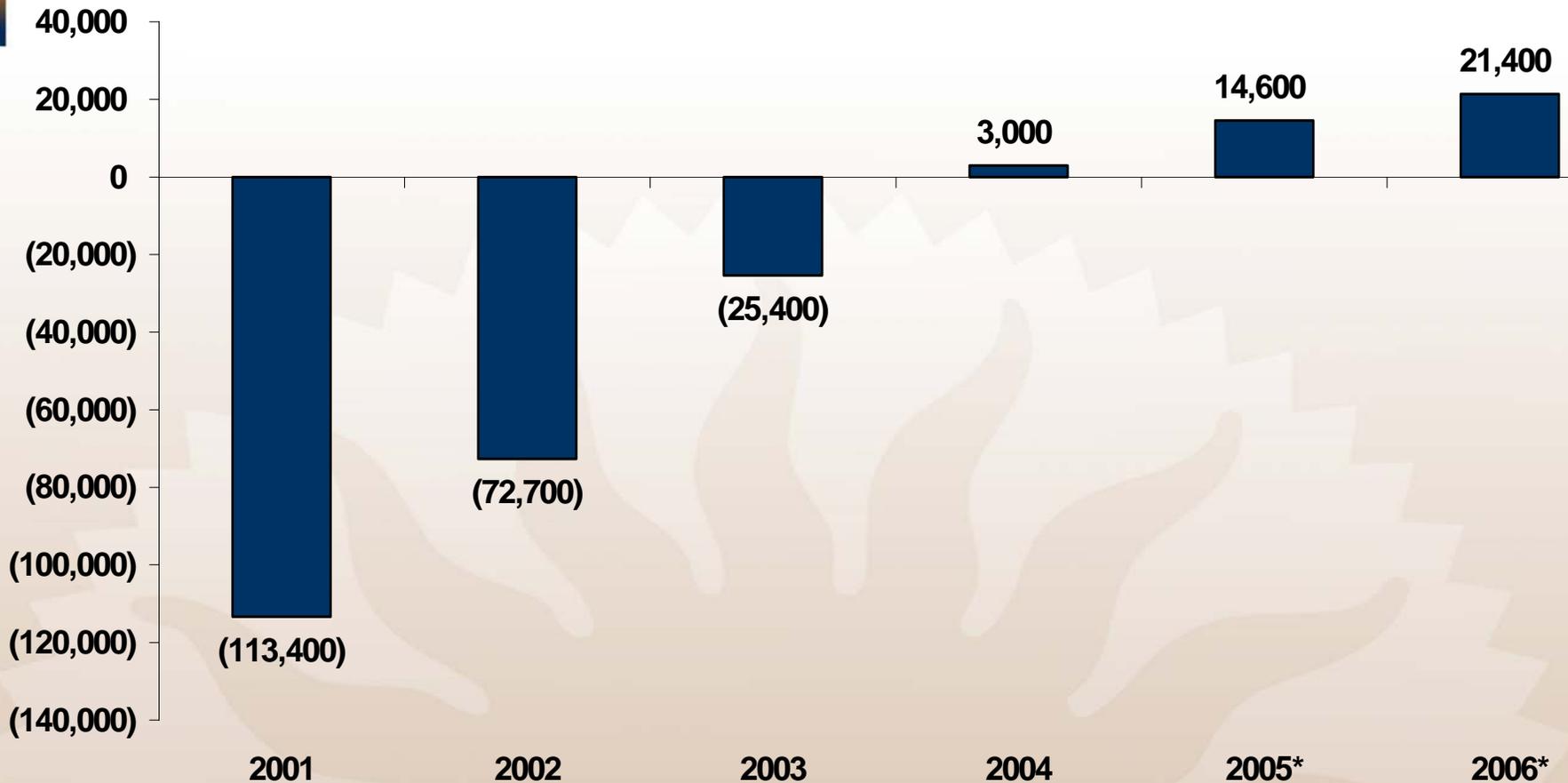
Summary

- Increasing revenues will require investing in revenue generating activities
- Strengthening the development process will facilitate the vital cycle of San Jose's economy

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JOB GROWTH IS ACCELERATING



Job Creation/Reduction (San Jose MSA)
2.4% Growth from 2005 to 2006

Development Fee History

Program	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 Proposed
Building	1.6%	5.5%	9.0% ²	4.3%	0.0%	7.0% ³	5.0%
Fire	0.0%	7.0%	7.0%	5.0%	8.5% ⁴	4.5%	5.0%
Planning	4.5%	10.0%	10.0%	7.0%	0.0%	7.0%	8.0%
Public Works	0.0%	7.2%	10% ⁵	0.0%	0.0%	7.0%	8.9%

From 1995-96 through 2000-01, there were no general fee increases and multiple fee reduction

1 For 2001-02 the Building hourly rates were increased by 10% resulting in a 1.6% revenue increase

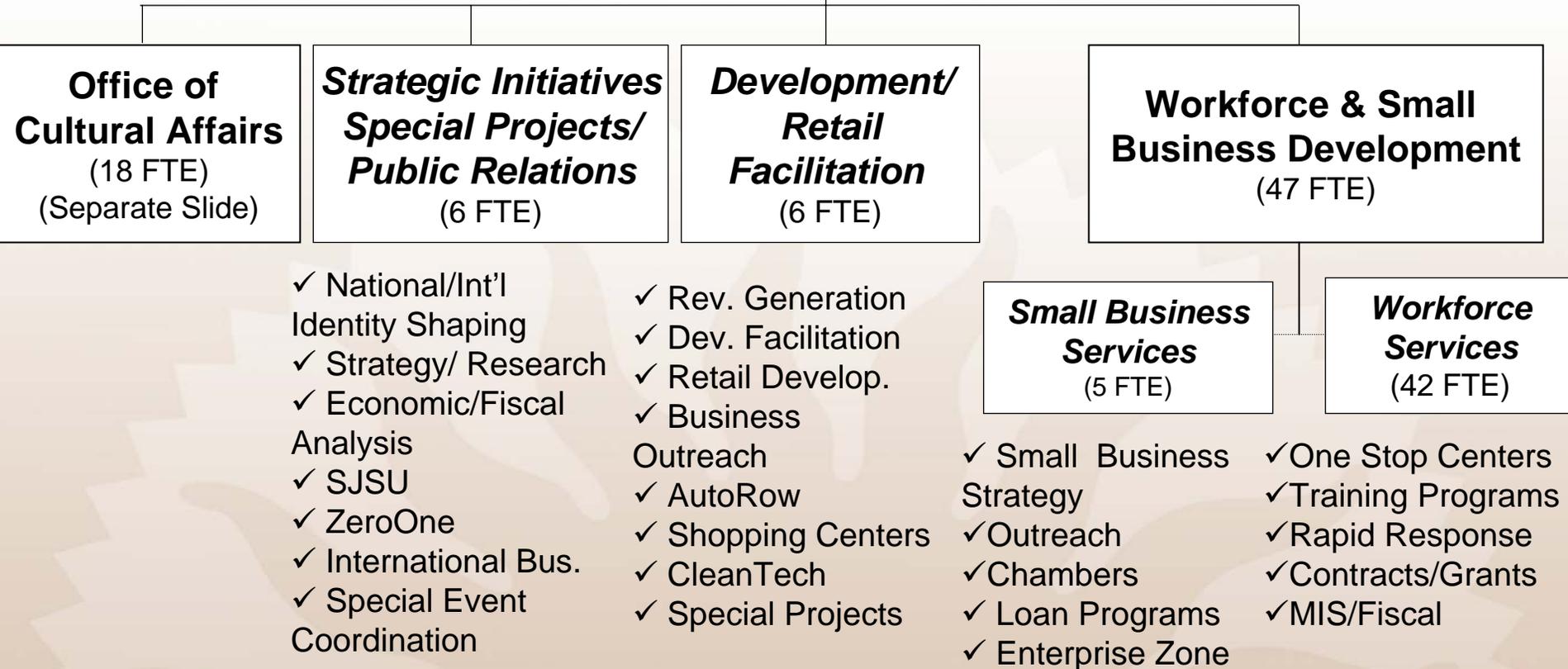
2 For 2003-04 Building introduced a new hour-based methodology for residential projects / 9% increase for commercial/industrial

3 For 2006-07 Building converted to hour based methodology for commercial/industrial projects that reduced fees and revenue in this category despite 7% increase in hourly rate

4 Fire fees were restructured to hourly rate basis in 2005-06

5 Public Works 10% fee increase plus new fees implemented in 2003-04 resulted in 25.6% revenue increase

Office of Economic Development



(OED comprises 1.1% of City FTE & .8% of total operating costs)

Office of Economic Development

Office of Cultural Affairs

Arts Commission

Events

- ✓ Event Coordination
- ✓ Event Production
- ✓ Festival/Parade Grants
- ✓ Banner Program
- ✓ Community Outreach
- ✓ Committee Liaison

Public Art

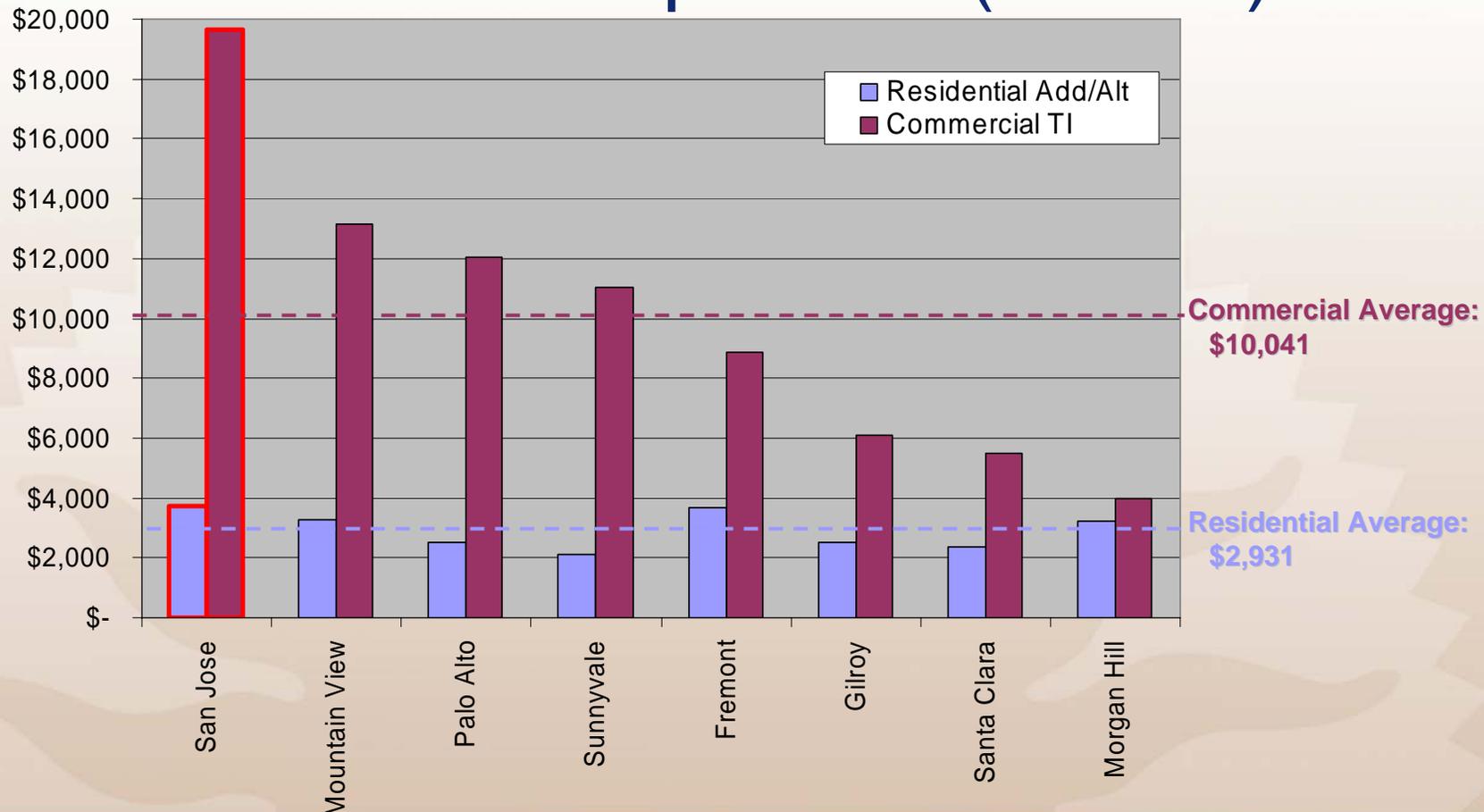
- ✓ Project Mgt.
- ✓ Community Outreach
- ✓ Artist Training
- ✓ Public Arts Bdgt
- ✓ Maintenance/Conservation
- ✓ SNI Coord./ Public Art
- ✓ Pub Art Master Plan

Grants

- ✓ Arts Grants
- ✓ Arts Incubator Program
- ✓ Arts Education
- ✓ Neigh Arts Dev.
- ✓ SNI Arts Coordination

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

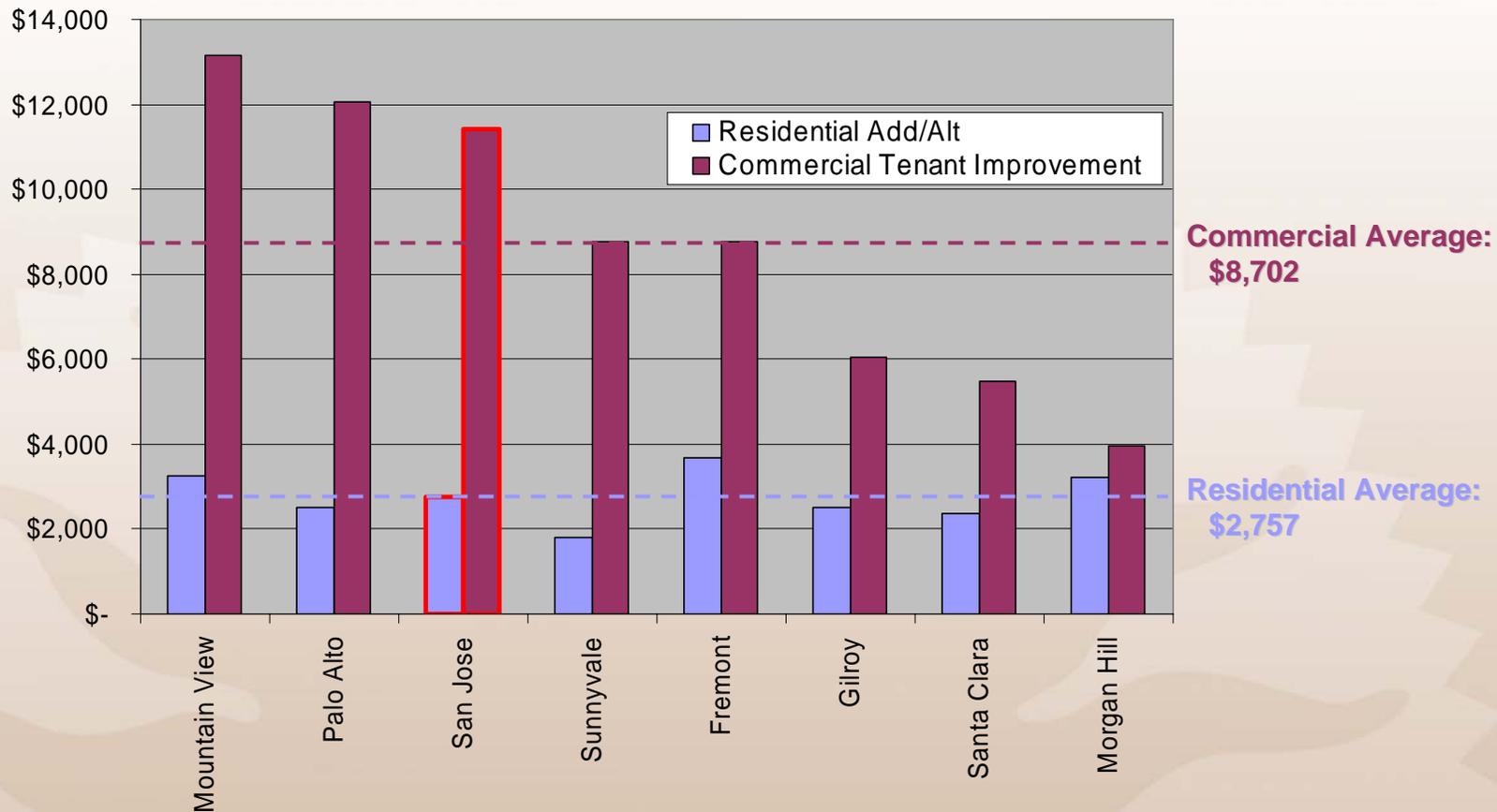
Total Cost Comparison (Rehab)



Outcome 2: Safe, Healthy, Attractive and Vital Community

Resources and Performance

Development Fee Comparison (Rehab)



Outcome 1: Strong Economic Base

Convention Services Managed by Team San Jose

- **Service/Performance Highlights**
 - Client customer satisfaction continues to be strong with over 94% of TSJ customers reporting that they would return for another event
 - Team San Jose's success includes increasing local jobs at the Convention Center by 22% over three years
 - Increased bookings of theaters

Resources and Performance

Service Strategies

Revenue Enhancements

- ✓ Networking
- ✓ In House Advertising
- ✓ Audio Visual
- ✓ Streamlining Services
- ✓ Increased bookings of cultural facilities

Outcome 1: Strong Economic Base Convention Services Managed by Team San Jose

Budget Challenges

- The top three expenses listed below account for a \$1.3 million increase:
 - Utility Costs
 - City Labor Benefit and Salary Increases
 - Increased Allocation of City Overhead
- In addition, deferred maintenance/repair and maintenance needs continue to be a challenge.