



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Paul Krutko

SUBJECT: SEE BELOW

DATE: July 14, 2008

Approved

Deanna Santana

Date

7/15/08

COUNCIL DISTRICT: City-Wide

SUBJECT: A RESOLUTION AUTHORIZING THE OFFICE OF ECONOMIC DEVELOPMENT, THE PLANNING DIVISION OF THE DEPARTMENT OF PLANNING, BUILDING, AND CODE ENFORCEMENT, APPLIED DEVELOPMENT ECONOMICS AND BEACON ECONOMICS TO HAVE ACCESS TO CALIFORNIA STATE EMPLOYMENT DEVELOPMENT DEPARTMENT ES202 INDUSTRY AND EMPLOYMENT DATA

RECOMMENDATION

Adoption of a resolution:

- Designating the City's Office of Economic Development (OED), the Planning Division of the Department of Planning, Building and Code Enforcement, consultant Applied Development Economics (ADE), and consultant Beacon Economics (Beacon) as representatives of the City, and authorizing them to examine ES202 industry and employment data for the City of San Jose from the California State Employment Development Department (EDD) for economic development purposes related to the Envision San Jose 2040 General Plan update; and
- Authorizing the City Manager or her designee to negotiate and execute a Memorandum of Understanding (MOU) with the California State Employment Development Department (EDD) to examine ES202 industry and employment data for the City of San Jose for economic development purposes related to the Envision San Jose 2040 General Plan update. Execution of the MOU shall be contingent upon execution of amendments to the consultant agreements with ADE and Beacon to require compliance with the EDD MOU and all its requirements.

OUTCOME

The adoption of the resolution provides the necessary support documentation for a MOU with the EDD. Upon execution of the MOU with the EDD, the City, ADE and Beacon will be able to access San Jose specific industry and employment data that will be used to inform the economic development elements related to the Envision San Jose 2040 General Plan update.

BACKGROUND

The California State Employment Development Department (EDD) through a Federal-State cooperative program known as Quarterly Census of Employment and Wages (QCEW), or ES202 program collects information from all employers each quarter on their employment and wages. The ES202 program is currently the most complete census of company data by industry and employment. The EDD provides this data, aggregated into industry sectors, for the County of Santa Clara on its website. However, information about a specific employer is considered confidential and cannot be released to the general public. By law, the EDD's Labor Market Information Division (LMID) may provide confidential information to government agencies or their contractors for economic development purposes. The process to acquire confidential information for San Jose based firms requires that the City and its consultants enter into a MOU with the EDD. The MOU outlines the various provisions by which the company data can be disseminated and necessary security measures needed in order to maintain the confidentiality of the data.

The basis for the City's request to use ES202 data is to analyze changes or shifts in local industry sectors over time as a basis for projecting future employment growth and overall economic development, which is a fundamental component of the Envision San Jose 2040 General Plan Update. The MOU with EDD restricts the City's and its consultant's use of the data to that purpose only.

ANALYSIS

The Economic Development goals as stated in the General Plan 2020 include creating more job opportunities for existing residents, and creating a stronger municipal tax base by obtaining a greater share of the total industrial and commercial development in the County. Through the use of Geographic Information Systems (GIS), the acquisition of the ES202 company data for San Jose firms will allow the City and its consultants to analyze industry employment trends by land use throughout the City.

Comparing land use information and industry trends enables the City to consider forecasts of future land use needs from various industry sectors. Finally, utilizing the ES202 data compared to other sources of employment data, allows the City to achieve the most complete, accurate analysis of employment trends for this long-range land use planning effort.

EVALUATION AND FOLLOW-UP

The ES202 company level employment information obtained by the City and consultants will be utilized in the preparation of the economic development analysis in support of the Envision San Jose 2040 General Plan Update process. The results of the study will be presented to the Envision San Jose 2040 Task Force and the City Council. However, none of the specific confidential information obtained from EDD can be made public because of the restrictions on use in the MOU. Subsequent feedback and direction from the Council will guide the General Plan Update process.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

While there is no specific public outreach for this item, the Envision San Jose 2040 General Plan Update process incorporates extensive public outreach and involvement. In addition, this memorandum will be posted on the City's website for the August 5, 2008 Council agenda.

COORDINATION

This memorandum has been coordinated with the Department of Planning, Building & Code Enforcement, the City Manager's Budget Office, and the City Attorney's Office.

COST SUMMARY/IMPLICATIONS

The execution of the MOU between the City and the EDD involves no compensation. However, once the MOU is executed, the City will be able to submit a request to the Labor Market Information Division (LMID) of the EDD for San Jose company level data. The scope of the data request includes acquiring data from 1997 through 2007. The estimated one-time cost of obtaining this data is \$8,000, which the Planning, Building and Code Enforcement department will collect full cost-recovery fees for. The City, during the duration of the MOU, will make additional periodic ad hoc requests of the LMID to update the employment data to the most current quarter available and these requests traditionally cost \$200 per quarter requested.

Council's adoption of the 2004-2005 Fees and Charges Report places a 1.25% fee surcharge on development permits to fund contractual expenses associated with the update of the existing San Jose 2020 General Plan. The cost of obtaining LMID company level data will be funded from this development surcharge.

HONORABLE MAYOR AND CITY COUNCIL

Date: July 14, 2008

Subject: Authorization of City and Consultants access to EDD ES202 data

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CEQA

CEQA: Not a Project



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Chief Development Officer

For questions please contact John Lang, Economic Development Officer, at 408-535-8178.