



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Emily Lam

SUBJECT: See Below

DATE: February 13, 2026

Approved

Date:

2/27/26

COUNCIL DISTRICT: Citywide

SUBJECT: Second Quarter City Council Focus Areas Status Report for Fiscal Year 2025-2026

RECOMMENDATION

Accept the status report on the City Council Focus Areas for Fiscal Year 2025-2026 Second Quarter.

SUMMARY AND OUTCOME

For the reporting period of the second quarter of Fiscal Year 2025-2026, the Mayor and City Council will understand the status and lessons learned through execution of the following City Council Focus Areas (Focus Areas):

- Increasing Community Safety;
- Reducing Unsheltered Homelessness;
- Cleaning Up Our Neighborhoods;
- Building More Housing; and
- Growing Our Economy.

BACKGROUND

On September 30, 2025, the City Council approved the *Focus Area Model 2.0*, as a framework designed to strengthen and accelerate progress on San José's most

significant, cross-cutting challenges.¹ Model 2.0 represents a major shift from data reporting to a shared learning model, structured through quarterly cycles of planning, executing, reflecting, and improving. Each Focus Area is supported by a logic model (a framework linking long-term goals to near-term actions and measurable results) and a regular cadence of retrospective learning sessions that enable teams to adjust strategies in real time and report insights to the City Council.

The purpose of the Focus Areas is to promote accountability for driving positive outcomes and performance on a very limited number of priorities most greatly impacting the community, and to generate actionable and measurable solutions to address those priorities. Each Focus Area is not designed to include all related City services, though each varies in breadth and complexity. Staff currently provides quarterly status reports on the Focus Areas alternating between the City Council and the aligned City Council Committee. Staff last reported on the Focus Areas (First Quarter Status Report) to City Council Committees during December 2025.²

ANALYSIS

Building the Infrastructure for Long-Term Impact (July – December 2025)

In fall 2025, the Administration focused staff capacity around building logic models that will serve as the foundation for a shared long-term vision for each Focus Area. Since City Council approval, the Administration has focused on establishing the *people, processes, and technology* that will sustain this new performance learning infrastructure.

MONTH (2025)	MILESTONE	PURPOSE
JULY – SEPTEMBER	Completion of Fiscal Year 2025-2026 logic models and retrospective training series.	Established foundations for shared understanding and learning
SEPTEMBER 30	City Council adoption of Model 2.0.	Formalized governance and accountability structure

¹See September 30, 2025, City Council, Item 3.4, City Council Focus Areas Semi-Annual Status Report. <https://sanjose.legistar.com/View.ashx?M=F&ID=14796341&GUID=F10DEA6B-E69E-4648-A366-E7C99FB38D05>

² December 2025 Committee Updates. [Increasing Community Safety](#), [Reducing Unsheltered Homelessness](#), [Cleaning Up Our Neighborhoods](#), [Building More Housing](#), and [Growing Our Economy](#).

MONTH (2025)	MILESTONE	PURPOSE
OCTOBER – NOVEMBER	Completion of retrospective trainings with execution leaders. Conducted user experience interviews and initial buildout for public dashboards.	Capacity building and operational rollout
DECEMBER	Conducted City Council Committee presentations and launched the first iteration of dynamic public dashboards for all Focus Areas.	Community learning

Focus Area Updates and Lessons Learned

The Administration’s lessons learned from this foundational work will be reported on during the City Council item, presented by each Focus Area Executive Sponsor or designee. The presentation will include a brief reminder of the long-term goal and near-term fiscal year goals, a summary of progress to date drawing from retrospectives, key lessons learned, and next steps to strengthen implementation. These retrospective updates are shown for each Focus Area in the following attachments:

- Attachment A: Increasing Community Safety.
- Attachment B: Reducing Unsheltered Homelessness.
- Attachment C: Cleaning Up Our Neighborhoods.
- Attachment D: Building More Housing.
- Attachment E: Growing Our Economy.

The status report provides each Focus Area’s long-term goal, the problem areas that have been identified with each near-term goal, and its status and explanation. Status for each near-term goal is reported as either complete, on track, at risk, or off track according to the following criteria:

- Complete. The goal has been fully achieved.
- Green / On Track. The goal is progressing as planned or is on track for completion during the fiscal year given minor delays that do not jeopardize timely completion.
- Yellow / Needs Attention. The goal faces challenges that may require additional time beyond the fiscal year to complete or challenges where the scope of the goal may not be fully achieved.
- Red / Off Track. The goal is significantly delayed and will not be completed unless substantial interventions are made.

What’s Next: Continuing to Learn and Build

The Administration views FY 2025-2026 as a pilot year for Model 2.0 that is focused on building the infrastructure, tools, and culture needed for long-term success rooted in

performance, learning, and results. While this work takes time to refine, the City is already gaining valuable insight from implementation and developing the systems and culture needed for major, lasting impact.

Key next steps include:

- Iterating on the user experience for the community of public-facing dashboards for each Focus Area.
- Implementing near-term goals and associated change initiatives.
- Refining processes and metrics through monthly retrospectives and interdepartmental coordination.
- Cultivating a work environment and team culture that ensures staff are supported to test new approaches, identify challenges early, and learn openly.

Process for FY 2026-2027 Focus Areas

Given the importance of aligning Focus Areas with adequate resources, decisions on changes to the Focus Areas are made through the budget process. In particular, the City Council's action on the Mayor's March Budget Message is the best venue for the City Council to request that staff explore changes to the Focus Areas. Staff anticipates issuing a Manager's Budget Addendum outlining a recommended Focus Area structure and work plan for the next fiscal year based on the direction from the City Council as part of its approval of the Mayor's March Budget Message. The City Council will take final action to approve a FY 2026-2027 Focus Area structure and work plan through the Mayor's June Budget Message.

In developing recommendations for the FY 2026-2027 Focus Areas based on City Council direction from the Mayor's March Budget Message, staff will carry out the following principles:

- Select change initiatives that require the City to implement a new strategy or solve a difficult problem. Focus Areas are best suited to addressing problems for which a solution does not already exist. Routine implementation of a well-understood program or service will not benefit from inclusion.
- Align change initiatives with budgeted resources and departmental work plans. To ensure that the Focus Areas have the resources needed for success, it is important that change initiatives be aligned with budget actions and with planned departmental work for the next fiscal year.
- If new goals, change initiatives, or problem areas are added to a given Focus Area, staff will recommend sunseting prior change initiatives or problem areas to maintain an even workload and sustain focus on a manageable number of projects.

EVALUATION AND FOLLOW-UP

The Administration will provide a Third Quarter Focus Area Status Report at City Council Committees in June 2026 as follows: Building More Housing and Growing Our Economy will report to the Community and Economic Development Committee; Cleaning Up Our Neighborhoods and Reducing Unsheltered Homelessness will report to the Neighborhood Services and Education Committee; and Increasing Community Safety will report to the Public Safety, Finance and Strategic Support Committee.

COORDINATION

This memorandum and related documents were prepared in coordination with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the March 10, 2026 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



Emily Lam
Director, City Manager's Office of
Administration, Policy, and
Intergovernmental Relations

HONORABLE MAYOR AND CITY COUNCIL

February 13, 2026

Subject: Second Quarter City Council Focus Areas Status Report for Fiscal Year 2025-2026

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For questions, please contact Erik Jensen, Deputy Director, City Manager's Office of Administration, Policy, and Intergovernmental Relations, at erik.jensen@sanjoseca.gov.

ATTACHMENTS

Attachment A: Increasing Community Safety

Attachment B: Reducing Unsheltered Homelessness

Attachment C: Cleaning Up Our Neighborhoods

Attachment D: Building More Housing

Attachment E: Growing Our Economy

Attachment A: Increasing Community Safety Focus Area

Long-Term Goal: San José residents live in a community with responsive emergency services and safe streets and roads.

Problem Area 1: Emergency Response	Q2 Status
<p><i>1.1 Increase Police Academy class size to 40 police officers enrolled per academy class in FY 2025-2026 (SJ54, SJ55, SJ56), including lateral police officers hired.</i></p> <p>The Police Department was accepted into the SkillBridge program, which is a federal program that provides active duty service members with job training during final days of service to ease the transition into their next careers. Local recruitment efforts are producing quality candidates with lessons learned around prioritizing quality over quantity of applicants. SJ54 was the only police academy launched during Q1 and Q2, bringing the current cumulative total to 31 recruits hired (including eight women), plus five lateral officers hired thus far. During Q2, 39 offers were extended to candidates for Police Academy SJ55 (10 female, 36 local to Bay Area) which is set to begin February 2026. No lateral officers were hired during Q2, but four are in background stage.</p>	Yellow
<p><i>1.2 Implement a report transcription technology pilot and assess the impact on police officer report-writing time by December 2025.</i></p> <p>The Police Department completed the technology pilot to assess the impact on police officer report-writing time. Unfortunately, the technology product tested was not mature enough to meet the needs of the use case. The Police Department plans to seek other technology products that would better address the problem using combined audio and video technology.</p>	Complete
<p><i>1.3 Evaluate the impact of improving police response times by completing three patrol deployment projects by June 2026.</i></p> <p><u>Project 1: Custody Transport Officer.</u> The Police Department has received many applications for the Custody Transport Officer recruitment, following City Council approval of the new job classification, however, hiring is on hold pending the FY 2026-2027 budget process. The Police Department is exploring establishing a regional academy.</p> <p><u>Projects 2 and 3: District-wide Dispatching and Two-Person Units.</u> Following successful, single division initial pilots, the Police Department launched a pilot combining district-wide dispatching approach and a two-person unit model in the Western Division. Evaluation showed that these individual pilots both resulted in improved response times by nearly 7%. An agreement was reached with the Police Officers’ Association to go to district-wide dispatching City-wide in November 2026 at shift change, and in alignment with redistricting. An agreement was also reached for mandatory two-person units for all future hires.</p>	Green

<p><i>1.4 Open Fire Station 32 with a single company by June 2026.</i></p> <p>Recent analysis continues to support Fire Station 32 as a strategic location for fire and emergency medical response services. Construction remains on track for completion in summer 2026, though there have been some supply chain issues with equipment. Note that the opening of this station with a single company was deferred as part of the approved 2025-2026 Mid-Year Budget Review on February 10, 2026, with future deferment subject to the FY 2026-2027 Proposed Budget.</p>	Red
<p><i>1.5 Implement Closest Unit Dispatch for medical only calls for service by June 2026 to dispatch resources based upon apparatus proximity to the incident rather than to station location.</i></p> <p>The Fire Department implemented software changes to solve for apparatus location and connection information challenges. Progress was made due to efforts by staff and vendor to resolve testing challenges.</p>	Green

Problem Area 2: Crisis Response	Q2 Status
<p><i>2.1 Increase call transfer volume from less than 10 calls per month to 75 calls per month by June 2026 to better integrate the emergency response system (911) and crisis response system (988).</i></p> <p>The Police Department, following substantial staff training in 911 Communications, has continued to transfer around 150 calls per month to 988, drastically increased from previously levels of under 10 calls per month. 911 Communications has convened with County and City teams (988, Trusted Response Urgent Support Team, Mobile Crisis Assessment Team) to clarify definitions, expectations, and type codes for each unit. Staff are continuing to work internally to better advise patrol and externally with County staff to improve flow of calls and information.</p>	Green
<p><i>2.2 Increase community awareness of 988 from 25% to 30% by June 2026.</i></p> <p>Community awareness of 988 increased by approximately 8% in Q2, with 38% of residents reporting awareness of 988. State, County, and City efforts to increase awareness are helping drive impact. Staff shared disparity data with the County regarding lower awareness among Vietnamese residents to support more targeted outreach.</p>	Complete
<p><i>2.3 Implement the First Responder Fee program by January 2026 to help recover costs related to emergency medical care.</i></p> <p>The Fire Department successfully launched the First Responder Fee program in January 2026. The Fire Department completed all initial trainings and increased field crews' ability to obtain insurance information. In terms of lessons learned from early implementation, crews need guidance on how persistent they should be when obtaining insurance information.</p>	Complete

Problem Area 3: Crime Reduction	Q2 Status
<p data-bbox="203 285 1177 388"><i>3.1 Operationalize 1,020 public safety cameras, 1,000 private network cameras, and 490 ALPRs in the Real Time Intelligence Center by June 2026 to increase the City's ability to hold offenders accountable.</i></p> <p data-bbox="203 420 1226 619">The Real-Time Intelligence Center has integrated 695 of 1,020 public cameras and 474 of 490 Automated License Plate Reader (ALPR) cameras cumulatively during FY 2025-2026. Staff are working on a memorandum of understanding with a major outdoor shopping mall to integrate 300 private cameras and are rolling out more phases of the Connect San Jose program to bring more big box stores into the program.</p>	Green
<p data-bbox="203 653 1209 787"><i>3.2 Increase efforts to combat organized retail theft by increasing the number of retail theft cases submitted to the District Attorney's Office from around 1,000 in FY 2022-2023 (prior to establishing the Organized Retail Theft Detail) to 2,000 in FY 2025-2026.</i></p> <p data-bbox="203 819 1226 1165">The Police Department increased sting operations (32 operations in Q2), with hybrid undercover operations in which officers on-view suspects and arrest in the act. These efforts resulted in 75 arrests/citations in Q2. A total of 194 cases were submitted to the District Attorney's Office in Q2, with staff seeing a higher percentage of cases filed (72%). This brings the cumulative total to 442 cases during FY 2025-2026, which is 44% of the annual goal. Despite this positive trend, there were fewer cases submitted to the District Attorney's Office compared to prior quarters. Staff are increasing communication with retail loss prevention managers with the goal to streamline reporting for the investigation process.</p>	Yellow
<p data-bbox="203 1192 1218 1260"><i>3.3 Expand the types of referrals made to the Mission Street Recovery Station by June 2026 and evaluate effectiveness.</i></p> <p data-bbox="203 1291 1201 1533">Police Department staff restarted a workgroup with County staff under the shared goal to increase referrals to the Mission Street Recovery Station. The Police Department has historically averaged around 40 referrals per month, with the majority of referrals being alcohol-related. The City is facing some challenges on expanding referral eligibility given that the County has expressed a desire to focus on Medi-Cal reimbursable services. Negotiations are ongoing.</p>	Yellow
<p data-bbox="203 1560 1226 1627"><i>3.4 Monitor implementation of Proposition 36 during the fiscal year and identify areas of advocacy.</i></p> <p data-bbox="203 1659 1226 1890">Staff continues to receive Proposition 36 data from the District Attorney's Office. For the cases where a Proposition 36 charge was any charge in a case, many of these cases would likely have been filed prior to the new law, but now with more serious charges. The District Attorney's Office expects the number of felonies to remain steady, as any increase in Proposition 36-related felony filings has been largely offset by decreases in other areas. Data for treatment-mandated felonies has shown little impact to date. Advocacy areas were</p>	Green

<p>included in the recent legislative program approved by the City Council in January 2026, including blueprint funding for voter supported ballot measures.</p>	
<p><i>3.5 Implement one new school site with intervention programs and launch two new demonstration sites for system of care neighborhood programs by June 2026 as part of the City’s strategic plan to prevent youth violence.</i></p> <p>Parks, Recreation and Neighborhood Services Department staff transitioned from planning to early implementation by activating the two demonstration sites. Staff and partners began universal intake at sites via a shared database. Early site implementation reinforced the importance of consistent communication and balancing system alignment for community partners. Staff have re-established three working groups to focus on internal alignment of programs for three strategic priority areas. The Levya Middle School program is in process, with staff working with the County and school administration to finalize the program.</p>	<p>Green</p>

Problem Area 4: Traffic Safety	Q2 Status
<p><i>4.1 Build safer streets by completing 100% of planned traffic safety projects (capital safety improvement, quick build, and pedestrian safety and traffic calming) by June 2026.</i></p> <p>Transportation Department staff completed 12 traffic safety and pedestrian enhancement projects during Q2, bringing the cumulative total to 33 out of 33 planned traffic safety projects constructed. Highlights include 880 Montague Expressway Interchange Project received Caltrans approval and Nieman/Daniel Maloney Roundabout project completion.</p>	<p>Green</p>
<p><i>4.2 Improve safe driving behaviors through technology by operationalizing 4 red light running camera intersections and 33 automated speed enforcement cameras along key corridors by June 2026.</i></p> <p><u>Red-Light Running Program.</u> Four red light running cameras were operationalized starting October 13, 2025 for a warning period. Live citations began on January 9, 2026 and will run for one full year to evaluate the program. 4,303 warnings were issued during the warning period. With the live citation period, Police Department staff have implemented stricter driver verification before issuing citations. During the initial month of the live citation period, the program has averaged 220 citations per week, with most occurring at 3rd/Keyes.</p> <p><u>Automated Speed Enforcement Program.</u> Federal grant funds for the 33 automated speed enforcement cameras remain on hold due to funding impacts of the federal administration. Despite this challenge, staff continue to work on the vendor procurement, including identifying cost reductions and alternative ways to fund the program locally. The Administration intends to bring forward a budget proposal to move the program forward for implementation using local money instead of federal grant dollars. If this is approved by the City Council, the program would be implemented by September 2026. Other pilot cities have expressed strong cost recovery</p>	<p>Complete (Red light running)</p> <p>Yellow (Automated speed enforcement)</p>

levels, in some cases sufficient for funding the program. Staff are verifying site locations for future installations, per past City Council approval, to accelerate efforts once the program begins.	
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Attachment B: Reducing Unsheltered Homelessness Focus Area

Long-Term Goal: Move toward functional zero in unsheltered homelessness by proactively and effectively managing the shelter system, increasing throughput into permanent housing, and improving data systems to guide investment.

Problem Area 1: Shelter System Capacity & Operations	Q2 Status
<p data-bbox="203 415 1084 483"><i>1.1 Bring all planned 705 shelter units online by the end of Calendar Year 2025.</i></p> <p data-bbox="203 516 1224 751">The Administration continued rapid delivery of new Emergency Interim Housing and shelter capacity across the system. This work reflects an accelerated delivery approach required to bring urgently needed shelter online, often involving parallel design, procurement, construction, and operational planning. While this pace enabled faster deployment, it also required close coordination across departments and project partners to manage dependencies and sequencing.</p> <p data-bbox="203 785 1198 1020">By the end of December 2025, the City opened eight of nine planned Emergency Interim Housing and shelter sites, with 545 units operational systemwide. The Cerone site, representing 162 units, did not open as anticipated in December due to delays in finalizing a required security agreement with the Santa Clara Valley Transportation Authority (VTA), which is a prerequisite for site activation. Opening of the Cerone site is now anticipated in February 2026.</p> <p data-bbox="203 1054 1214 1255">The original systemwide target was to bring 705 units online. Upon completion of construction, final unit counts increased to 707 units, reflecting a two-unit increase at the Cherry Avenue site when it opened in December 2025. This adjustment reflects a finalized construction count rather than an expansion in scope and will be fully realized once all sites, including Cerone, are operational.</p> <p data-bbox="203 1289 1205 1486">Across the shelter portfolio, this work highlighted the operational realities of delivering multiple sites concurrently and reinforced the value of greater standardization across unit types, vendors, and delivery models. These insights are informing subsequent efforts to stabilize operations, improve cost controls, and support more consistent outcomes as the shelter system transitions from rapid expansion toward sustained operation.</p>	<p data-bbox="1252 415 1344 451">Green¹</p>
<p data-bbox="203 1520 1146 1587"><i>1.2 Standardize shelter system operations, budgets, and performance metrics across all 24 sites to decrease costs by up to 20% by June 2026.</i></p> <p data-bbox="203 1621 1156 1688">The Housing Department advanced a set of contract negotiations and operational changes to standardize shelter system operations and reduce</p>	<p data-bbox="1252 1520 1338 1556">Green</p>

¹ Focus Area near-term goals are aligned to the Fiscal Year (FY 2025-2026). The Administration established a stretch milestone of opening all 705 units by the end of Calendar Year 2025 (mid-fiscal year). Eight of nine sites were opened by December 2025, with the remaining site delayed due to external partner requirements. The final site will have opened in February 2026. Given full delivery within the fiscal year and substantial completion by calendar year-end, this goal is considered *Green*.

<p>costs across the portfolio. Work initiated in Q1 continued through Q2 and required coordination with providers to align staffing models, budgets, and performance expectations while maintaining service continuity.</p> <p>Negotiations and transitions have been completed for all sites except Casa Linda Hotel and Cerone, where agreements are still being finalized. At Cerone, progress is dependent on completion of a security agreement with the VTA, which is a prerequisite to executing the operating contract. As part of this work, staff also corrected the shelter portfolio count from 24 to 23 sites, reflecting that the Rue Ferrari expansion had previously been counted as a separate site.</p> <p>Next steps focus on implementing a consistent tracking approach to quantify cost reductions achieved across the portfolio and monitor progress toward the targeted decrease in operating costs. Teams are also advancing procurement efforts across three primary cost categories: food services, property management and maintenance, and security services. Prior to issuing procurements, staff conducted an initial cost and scope analysis to assess whether opportunities existed to reduce expenses or improve cost effectiveness across these service areas. Based on this pre-analysis, procurements were issued to support a more detailed cost comparison, with the intent of determining whether alternative approaches could yield savings or whether the existing service models represented the most cost-effective path forward. Reducing costs within the system remains challenging, but these efforts represent meaningful progress toward standardized operations, clearer cost visibility, and long-term system sustainability.</p>	
<p><i>1.3 Improve outreach & engagement tracking to increase placements into shelter, housing, and services.</i></p> <p>The Housing Department reorganized and reset the City's outreach and engagement approach to improve coordination, data quality, and placement outcomes. This work, initiated in Q1 and advanced through Q2, represents the third phase of outreach restructuring and includes planning for the implementation of the Enhanced Engagement Program (EEP) to better align outreach activities with shelter throughput goals and emerging operational needs in the downtown area.</p> <p>As part of this reorganization, the Housing Department intentionally reduced reliance on third-party outreach contractors and reallocated resources to expand internal outreach staffing and functions. Early implementation reinforced the importance of sequencing outreach enhancements with shelter and motel capacity coming online, as an enhanced outreach model cannot be fully operationalized without sufficient placement options. Consolidating outreach capacity into the Housing Department also highlighted the complexity of cross-departmental staffing transitions, requiring phased hiring but resulting in clearer roles, responsibilities, and alignment with the future EEP structure, while maintaining flexibility to respond to time-sensitive citywide priorities.</p> <p>To support implementation, Housing partnered with the City's Public Works Geographic Information Systems (GIS) team to establish a quadrant-based</p>	<p>Green</p>

<p>outreach model,² dividing the City into north, south, east, and west areas, with a dedicated downtown focus. Outreach teams were realigned accordingly, and new maps were developed and shared to clarify service areas, reduce duplication, and guide deployment across departments and providers. During late Q2, internal outreach teams also provided direct support for downtown operations and Destination 2026 event planning and coordination.</p> <p>Next steps focus on finalizing standard operating procedures for outreach and encampment engagement, refining the shelter throughput model as remaining capacity comes online, and advancing a standardized data collection and reporting framework to track engagements, offers, referrals, and placements across outreach teams.</p>	
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Problem Area 2: Unsustainable Funding	Q2 Status
<p><i>2.1 Sustain and stabilize diversified funding sources to reduce reliance on one-time or annual allocations.</i></p> <p>While the past few years have focused on expanding system capacity across the City, the coming years present an opportunity to optimize operations and improve efficiency. During the COVID-19 pandemic, extraordinary state and federal investments, particularly Project Homekey, which supported interim housing capital and initial operating expenses, and federal American Rescue Plan Act (ARPA) funds, helped relieve pressure on local resources. As these time-limited funding sources diminish, the City must transition toward a more sustainable, enterprise-oriented approach to shelter and interim housing operations.</p> <p>State Homeless Housing, Assistance and Prevention (HHAP) funds remain a key component of San José’s homelessness response, alongside local funding through the Real Property Transfer Tax (Measure E) and more limited federal resources. Moving forward, stabilizing and diversifying funding sources, while improving cost efficiency, contract consistency, and system performance, will be essential to reducing reliance on one-time or annual allocations and ensuring continuity of services.</p>	Green
<p><i>2.2 Implement CalAIM billing for eligible services to sustain operations & reduce reliance on General Fund.</i></p> <p>Teams advanced planning and scoping work to support future implementation of CalAIM billing for eligible services as a pathway toward more sustainable funding. Staff established a regular working cadence with Full Circle Health Network, a technical assistance partner supporting coordination with managed care plans, to better understand the requirements needed to stand up billing capabilities within City programs. CalAIM is a California state program, and implementing new billing and documentation workflows to leverage external/state funding streams, particularly when coordination with managed</p>	Red

² New Homelessness Response Outreach Zones (Interactive Map): <https://experience.arcgis.com/experience/f63650033b9a42aa95095e5288a7661d>

<p>care plans is required and the work involves standing up new systems and roles, often takes 12-18 months in large institutional or government settings. The City is advancing this work on an expedited track because it is a priority under the <i>Reducing Unsheltered Homelessness Focus Area</i> and supports the goal of establishing durable funding pathways that reduce reliance on the General Fund.</p> <p>Work to date has focused on internal planning and system readiness. Teams began defining the scope for two initial pilots: a small pilot within the City of San José outreach team and a site-based pilot at select Emergency Interim Housing locations (Cherry, Cerone, and Evans Lane). Planning efforts have clarified that implementation will require formal agreements, completion of credentialing requirements, policy and procedure review, redesigned billing workflows, identification of required data elements, and adoption of an electronic health record system. The target timeline is to launch both pilots in 2026, with the goal of making operational implementation progress by the end of 2026. Note, the County of Santa Clara controls much of this execution so establishing clear deliverable timelines is part of the PATH Cited Technical Assistance Grant Program.</p> <p>Implementing CalAIM billing has proven to be a complex, multi-workstream effort that extends beyond internal planning. The work requires sustained coordination with County partners and managed care plans, communication and alignment with service providers, adjustments to contracts, and significant changes to billing infrastructure, workflows, and staff roles. Given the scale and sequencing of these requirements, and the time typically needed to complete credentialing, training, and system setup, progress has taken longer than originally anticipated, contributing to the Off Track status for this goal.</p> <p>Next steps include finalizing the scope of initial pilots, identifying positions that can be supported with existing grant funding, initiating required training, advancing credentialing, and continuing coordination with County partners.</p>	
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Problem Area 3: Environmental Compliance & Public Spaces	Q2 Status
<p><i>3.1 Maintain environmental compliance in 26 miles of priority waterways & corridors by maintaining No-Encampment Zones (NEZs), limiting re-encampment and displacement impacts.</i></p> <p>During Q1 and Q2, the City maintained environmental compliance across 26 miles of priority waterways and corridors through continued implementation of No-Encampment Zones (NEZs). In 2025, BeautifySJ established NEZs along more than 26 miles of waterways that were abated, contributing to reduced encampment establishment and improved environmental conditions in priority areas. Environmental Services continued quarterly creek assessments within the 26 miles of priority waterways to support stormwater permit compliance.</p> <p>Experience to date shows that NEZ effectiveness depends on sustained monitoring and rapid response. Encampments are less likely to become established when abatements occur within 72 hours, and re-encampment is</p>	Green

<p>reduced when monitoring frequency increases. While NEZs allow BeautifySJ to abate without posting or noticing requirements, re-encampment continues to occur, particularly overnight and on weekends. Coordinating multiple departmental datasets remains necessary to fully characterize waterway conditions NEZs remain relatively clear, though encampments and trash on private property require additional coordination and time to address environmental impacts.</p> <p>Next steps focus on sustaining adequate resources to support timely abatements, strengthening interdepartmental data alignment to improve environmental condition monitoring, and continuing coordination to address encampments and debris on private property while maintaining compliance in priority waterways.</p>	
<p><i>3.2 Maintain NEZs in public spaces around Emergency Interim Housing sites to limit re-encampment & ensure site accessibility.</i></p> <p>BeautifySJ established and maintained twelve No-Encampment Zones (NEZs) adjacent to Emergency Interim Housing (EIH) sites citywide to limit re-encampment and ensure site accessibility. These NEZs have generally enabled timely response to re-encampments near EIH locations.</p> <p>Operational challenges remain at select sites, including Monterey and Bernal, where access limitations have delayed response times. In addition, while NEZs apply to encampments such as tents and structures, they do not apply to lived-in vehicles. Vehicles parked within or near NEZ boundaries continue to generate community concerns and are frequently raised as a challenge during neighborhood and business association discussions.</p>	Green

Problem Area 4: Data & Forecasting Infrastructure	Q2 Status
<p><i>4.1 Improve homelessness forecasting and reporting tools.</i></p> <p>Teams advanced foundational work to support development of a dynamic homelessness forecasting model that can be updated more frequently than the biennial Point-in-Time count. Efforts focused on identifying and assessing internal City datasets that could serve as proxy indicators for unsheltered homelessness and lived-in vehicles, with the goal of establishing a more responsive, data-informed baseline.</p> <p>Staff worked across departments to inventory and evaluate potential inputs, including PRNS BeautifySJ abatement data, Housing Department outreach activity data, Transportation Department vehicle inventory data, Waterway Surge data, Police and Fire call data related to unhoused individuals, and information from the County Office of Supportive Housing. This work is intended to support development of measures for inflow, outflow, and baseline population estimates, while also accounting for shelter capacity expansions and major operational interventions that affect unsheltered populations.</p>	Green

<p>Early lessons from this work underscore the complexity of integrating and appropriately weighting diverse datasets with varying levels of quality, frequency, and coverage. Developing a reliable model requires balancing technical rigor with privacy and security requirements, including careful de-identification and aggregation of data. While the long-term vision remains integration through the City's data lakehouse, current efforts are focused on one-time data ingestions to support initial model development.</p> <p>Next steps include continuing to assess data quality and gaps, identifying additional datasets that could strengthen the model, and refining assumptions related to inflow and outflow dynamics. Teams will also advance decisions on visualization and reporting to ensure outputs are high-level, de-identified, and usable for planning and decision-making. The goal is to deliver a version 1.0 dynamic forecasting model by Q4 of this fiscal year that establishes baseline estimates for unsheltered homelessness and lived-in vehicles, along with projected short-term trends.</p>	
<p><i>4.2 Strengthen HMIS data exchange with County and deploy new reporting tools.</i></p> <p>Teams worked with the County to assess opportunities to better leverage the Homelessness Management Information System (HMIS) to support shelter system management and reporting. Initial efforts focused on two potential areas: use of the HMIS inventory module to track shelter capacity and utilization, and use of the outreach module to support engagement and referral tracking.</p> <p>Ongoing discussions with the County clarified that leveraging the outreach module presents notable constraints. Enabling outreach functionality would require system-wide configuration changes, increase costs, and limit flexibility in the types of data the City seeks to collect and share. As a result, teams have identified challenges in using HMIS as the primary system for outreach tracking, particularly as the City continues to refine outreach models and reporting needs. In parallel, teams have found that City-managed GIS and geospatial tools may offer greater flexibility for outreach data and reporting.</p> <p>Discussions with the County remain productive around use of the HMIS inventory module. Centralizing shelter inventory data within HMIS could reduce reliance on manually maintained unit trackers and allow shelter capacity, utilization, and coordinated entry information to be managed in a single system. Adoption would also require upfront configuration work and additional costs, which are currently being assessed.</p> <p>Lessons from this work reinforce that not all systems are equally suited for all functions. Aligning tools to their best use cases, HMIS for inventory management, and GIS-based tools for outreach and spatial analysis, has become increasingly important as the City's data and reporting needs mature.</p> <p>Next steps include continuing coordination with the County to explore a potential pilot of the HMIS inventory module, advancing shared understanding of Coordinated Entry workflows, expanding cost sharing, and evaluating</p>	<p>Yellow</p>

whether continued pursuit of HMIS outreach functionality is warranted as City-led outreach teams and reporting tools come online.	
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Attachment C: Cleaning Up Our Neighborhoods Focus Area

Long-Term Goal: San Jose Residents can enjoy a city with clean public spaces and well-maintained private property.

Problem Area 1: Blight on Private Property	Q2 Status
<p><i>1.1 Implement Chronic Offender Resolution and Enforcement Pilot Program beginning in October 2025, and evaluate efficacy and report to the Neighborhood Services and Education Committee in April 2026.</i></p> <p>Staff identified the need for additional staff training and material development, such as notice letters, before implementation. To accommodate these needs, the launch of the program has been delayed to March 2026. Staff will provide an update on status at the Neighborhood Services and Education (NSE) Committee in April 2026 and will follow up with a full pilot evaluation through a fall information memorandum.</p>	Yellow
<p><i>1.2 Implement Escalated Enforcement Policy beginning in September 2025. Evaluate efficacy and report on progress to the NSE Committee in April 2026.</i></p> <p>In September 2025, the Code Enforcement Division completed a revision of the Escalating Enforcement Policy in the Planning, Building, and Code Enforcement Department Operating Policy and Procedure Manual. The purpose of the revision is to make clear the timeline expectations, at each enforcement step, for issuance of the enforcement action, the responsible party’s compliance, and follow-up actions from Code Enforcement staff. Code Enforcement staff has been trained on the revised policy and it is now being implemented. Staff is on track to report on efficacy in the April 2026 NSE Committee report.</p>	Green
<p><i>1.3 Implement Phase 1 of CodeX, the updated Code Enforcement case management system, by June 2026 and report out on progress at the NSE Committee in June 2026.</i></p> <p>Due to the age of the current system, staff has encountered additional challenges in implementing a new system. Challenges include data problems in the current system and a more labor-intensive requirement gathering process than anticipated. To accommodate these challenges, the project timeline is being extended. Staff is currently negotiating a revised contract with the vendor, which will establish a revised timeline for the project. Preliminarily, staff is targeting project completion for the middle of calendar year 2027.</p>	Yellow
<p><i>1.4 Raise the maximum administrative fine by August 2025 and complete a Fine Study and bring forward for City Council consideration by February 2026.</i></p> <p>The consultant has completed their work on a fine study. Staff is now moving into phase 2 of the project, where staff will build on the insights in the study to develop specific recommendations. Due to the need for staff to develop these specific recommendations, a task that was not included within the scope of the consultant contract, the City Council consideration of recommended</p>	Yellow

<p>changes has been delayed to June. The consultant noted that their analysis was limited by data that Code Enforcement had available in its current case management system. Consultant recommendations include tracking of additional data that would allow for more detailed conclusions about enforcement strategy. This additional data tracking will be accomplished through implementation of CodeX.</p>	
<p><i>1.5 Continue to implement monthly meetings of the Downtown Enhanced Vacant Building and Storefront Working Group to coordinate enforcement against blighted properties in the Downtown and report to the NSE Committee in April 2026 on progress bringing vacant buildings into compliance.</i></p> <p>Staff continues to lead the monthly interdepartmental working group on high-priority problem properties and is on track to report out on these efforts at the April NSE Committee.</p>	Green

Problem Area 2: Graffiti	Q2 Status
<p><i>2.1 Implement a graffiti enforcement program. Evaluate effectiveness and report to NSE Committee in August 2026.</i></p> <p>During Q2, the SJPD Graffiti Unit consisted of two temporarily assigned detectives who proactively investigated graffiti-related crimes, with the majority of leads originating from the San José 311 app. Detectives investigated 90 new cases and authored over 100 arrest and search warrants, resulting in 10 arrests; no citations were issued during this period. One notable Q2 investigation led to a significant enforcement action, including the seizure of a loaded firearm, two homemade improvised explosive devices (IEDs), and narcotics, highlighting the broader public safety impacts of graffiti enforcement efforts. Although the two dedicated detectives are proposed to be reassigned as part of overtime prioritization in the Police Department, investigations would continue to be done by the Gang Intervention Unit (GIU) or patrol, if time allows, or on overtime if approved on a case-by-case basis.</p>	Green

Problem Area 3: Illegal Dumping	Q2 Status
<p><i>3.1 Implement a coordinated illegal dumping enforcement strategy, including (1) use of BeautifySJ cameras, (2) use of Police Department cameras, and (3) vehicle seizures. Evaluate effectiveness and report to the NSE Committee in August 2026.</i></p> <p>Twelve automated license plate readers (ALPRs) have now been purchased for dedicated illegal dumping enforcement, to be deployed at dumping hot spots along with cameras to collect evidence for enforcement. Beautify SJ staff has also established a procedure to obtain information from other ALPRs operated by the Police Department in circumstances where it could help identify a suspect. The City Attorney’s Office is pursuing seizure of a vehicle used in an instance of illegal dumping through civil forfeiture, but is still awaiting a final court decision. 15 Warning Letters and 7 citations were issued</p>	Green

<p>for illegal dumping in Q2 of 2025-2026. Added to the 18 warning letters and 17 citations in Q1, there are a cumulative total of 35 warning letters and 24 citations in the first two quarters of 2025-2026.</p>	
<p><i>3.2 Implement an illegal dumping education strategy aimed at deterring illegal dumping, including (1) engagement with neighborhood associations, (2) school presentations and (3) a marketing campaign. Evaluate effectiveness and report to the NSE Committee in August 2026.</i></p> <p>In Q2 BeautifySJ staff have undertaken presentations for neighborhood associations on the Junk Pickup Program and SJ311 App reporting and litter presentations at schools, building on similar outreach efforts in Q1, along with distribution of literature in multiple languages at dumpster day events. Parks, Recreation, and Neighborhood Services Department is evaluating an education and outreach campaign for Q3.</p>	Green
<p><i>3.3 Implement strategies to improve Junk Pickup usage, including (1) 311 process improvements, (2) hauler outreach and coordination with multifamily complexes and (3) identification of potential service model improvements for the next solid waste contract. Evaluate effectiveness and report to NSE Committee in June 2026.</i></p> <p>The 311 system improvement project has started in the Information Technology Department. Multi-family hauler has conducted outreach in 20% of targeted multifamily areas identified by BeautifySJ staff as opportunity areas to reduce illegal dumping and is continuing to work through the remaining areas. The program collected 580 tons from multifamily complexes in Q2 of 2025-2026, compared with 485 tons in the same period in 2024-2025. This continues the trend from Q1 of 2025-2026, when 661 tons were collected from multifamily complexes compared with 464 in Q1 of 2024-2025, for a total of 1241 tons collected from multifamily complexes in the first two quarters of 2025-2026.</p>	Green
<p><i>3.4 Develop budget proposals for revised trash disposal procedures and service efficiency improvements that will prevent the City's service yards from reaching capacity. Develop and submit proposals by March 2026.</i></p> <p>BeautifySJ staff developed and submitted an optimization proposal to the City Manager's Budget Office aimed at improving overall program efficiency that will be considered as part of the 2026-2027 Proposed Budget.</p>	Green
<p><i>3.5 Conduct a pilot program for a dedicated service to collect shopping carts, evaluate pilot and recommend a permanent service model to the City Council by November 2025.</i></p> <p>Staff completed the pilot program and based on recent changes in state law, provided a recommendation on a permanent service model to the City Council in December 2025.</p>	Complete

Attachment D: Building More Housing Focus Area

Long-Term Goal: Meet residents' housing needs across income levels by making San José a great place to build housing.

Problem Area 1: Land Use, Policy, and Regulation	Q2 Status
<p><i>1.1 Complete task force process for General Plan 4-Year Review by June 2026.</i></p> <ul style="list-style-type: none"> • On September 18, 2025, staff kicked off the 4-Year Review process with a joint City Council and Planning Commission Study Session to outline the City’s progress on housing production and the scope of the review process. From October 2025 through January 2026, the Planning Team completed three task force meetings. During the January 21, 2026, task force meeting on Residential Capacity, task force members expressed interest in bolder approaches to densify neighborhoods and for staff to consider and demonstrate equity impacts. • Staff held a December 15, 2025, virtual community meeting with Spanish and Vietnamese interpretation. The meeting provided an overview of the General Plan and scope of the 4-Year Review process. • The Planning team in Planning, Building, and Code Enforcement Department launched online videos to explain the General Plan and major policy areas within the scope of work in plain language. The team also began meeting with the City Manager’s Office of Racial and Social Equity to plan focus groups in response to City Council direction. 	Green
<p><i>1.2 Develop Downtown Ministerial permit process and include analysis in October Community and Economic Development (CED) Citywide Planning Activities Status Report.</i></p> <ul style="list-style-type: none"> • The work involved in completing state requirements, including Senate Bill 79 implementation, impacted the capacity of the Citywide Planning team to complete this work on time. • The team received the scope of work from the environmental consultant, which will cost less and take less time than initially anticipated. • Environmental work will be complete before the end of the fiscal year, but the work to update the ordinance will not be complete until Q2 FY 2026-2027. 	Yellow

Problem Area 2: Development Services Process	Q2 Status
<p><i>2.1 Analyze options to report on development services timeliness across the pipeline and report findings to the CED Committee in December 2025.</i></p> <ul style="list-style-type: none"> • This item was presented to the CED Committee on December 15, 2025, with the following analysis: <ul style="list-style-type: none"> ○ Staff manually pulled building permit timelines for three affordable and two market-rate housing developments with 20 or more units. 	Complete

<ul style="list-style-type: none"> ○ The City surpassed our time targets for the affordable projects. With affordable projects, the City collaborates more closely with developers to coordinate project schedules so that they can meet funding deadlines. ○ The City added time to market rate projects and developers also took longer to complete their work. ○ The impact of prioritizing affordable projects is extended timelines for market rate housing and other types of housing and non-housing development. ● There is now a dedicated staff person in Planning, Building, and Code Enforcement, who will create a sustainable report for this performance measure in conjunction with the Information Technology Department to include the following: <ul style="list-style-type: none"> ○ A baseline timeline for each major City permitting process to evaluate our timeliness against. ○ Data from residential developments with 20 or more units over the past 24 months. ○ Data that is standardized across departments and includes major permitting processes across the development services pipeline. ● Interest around this goal and in the permitting process in general, prompted an April 20, 2026, Study Session on permitting from predevelopment to certificate of occupancy. Staff anticipates providing an update on the data generated from this goal during that Study Session. 	
<p><i>2.2 Bring standard conditions of approval and CEQA process guidelines to City Council by Q3 FY 2025-2026.</i></p> <ul style="list-style-type: none"> ● The draft handbook and standard permit conditions are almost finalized. However, this work still needs to be coordinated with the City Attorney’s Office, and the development community needs to be engaged. Staff anticipates bringing this to City Council in Q4 instead of Q3. ● Standard permit conditions are more complex to draft for medium/large projects. 	Green
<p><i>2.3 Conduct initial analysis of projects affected by state CEQA streamlining statutes by June 2026.</i></p> <ul style="list-style-type: none"> ● First two projects approved under new state CEQA streamlining measures (Assembly Bill 130) in December 2025. ● Tribal consultation response on projects has not been consistent. ● Staff is working to resolve outstanding questions about how to proceed with projects on hazardous materials sites. 	Green
<p><i>2.4 Complete development fee estimator work by adding multi-family new construction by December 2025.</i></p> <ul style="list-style-type: none"> ● Multifamily new construction was added to the fee estimator tool. ● The building fee estimator tool now includes the following project types: <ul style="list-style-type: none"> ○ Residential Homes and Accessory Dwelling Units (ADUs) 	Complete

<ul style="list-style-type: none"> ○ Apartments, Condominiums, and Townhomes ○ Commercial and Industrial ● The team will now shift focus to evaluating this tool and assessing its use. 	
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Problem Area 3: Linking Land and Capital	Q2 Status
<p><i>3.1 Cost of Development City Council Study Session on affordable and market rate development data analysis in December 2025.</i></p> <ul style="list-style-type: none"> ● Study completed, published, and presented to the City Council on December 8, 2025. The study quantified feasibility gap by building type and established the basis for fee/tax relief without a subsidy designation. ● Construction costs represent about 69% of total project costs and thus are the main barrier to feasibility, not City development taxes and impact fees. Although rents in San José are 10–15% lower than on the Peninsula, construction costs are comparable, leaving many projects infeasible. Mid-rise projects need to lower costs 5–15% to be financially feasible, while tower projects are 30–35% away from feasibility. Only 25–30% of existing office space is physically suitable for conversion. Fee and tax waivers could improve project economics by approximately \$4–16 million per development. ● These findings provide useful value-added context for housing discussions at future City Council meetings. 	Complete
<p><i>3.2 Review a portfolio of entitled housing projects with various requirements that present financial feasibility challenges in today’s market. Present analysis to CED Committee in February 2026.</i></p> <ul style="list-style-type: none"> ● This item was presented to the Community and Economic Development Committee on February 23, 2026. ● The initial analysis shows that of the 31,375 units entitled from May 29, 2019, to December 31, 2026, two-thirds are financially infeasible; and one-third are financially feasible. Many projects are stalled for 3+ years after City approval. The data shows 28 such projects comprising approximately 13,000 units, including several approved as far back as 2019 that have yet to break ground. ● Most of the projects that start construction within the next year will be projects eligible for Multifamily Housing and Downtown Residential Incentive Programs. ● Staff is working to complete a more comprehensive analysis by overlaying the data with, but not limited to, planned areas, approval years, incentive programs, Area Median Income (AMI) breakdown, and proposed rents. Any additional findings will be presented at the June 15, 2026, Community and Economic Development Committee Focus Area update. 	Complete

<p>3.3 Provide data analysis on the effectiveness of the market-rate incentive and affordable financing housing programs and bring resulting program adjustments to City Council in Q3 FY 2025-2026.</p> <ul style="list-style-type: none"> • Analysis of the impact of the Multifamily Housing Incentive Program concluded that: <ul style="list-style-type: none"> ○ This program restarted the market-rate housing pipeline after zero starts in 2024. ○ 1,444 units are currently under construction (5 projects). ○ 16% of all units under construction (228 units) through the program are deed-restricted affordable at up to 70% AMI. • City Council action was taken in advance of Q3 on January 27, 2026 which: <ul style="list-style-type: none"> ○ Extended and expanded the Multifamily Housing Incentive Program to continue stimulating production of market-rate and affordable housing. ○ Launched a Downtown Conversion Program for adaptive reuse of commercial space to residential: <ul style="list-style-type: none"> ▪ Conversion feasibility depends on building-specific characteristics (floorplate, windows, ceiling height). This makes older buildings feasible for adaptive reuse and open concept modern commercial spaces financially infeasible to convert. ▪ Conversion market rents expected below 110% AMI without deed restrictions 	<p>Complete</p>
<p>3.4 Provide alternative financing programs to preserve housing at all income levels.</p> <ul style="list-style-type: none"> • This work is focused on preserving housing stock in distressed residential assets through Public-Private-Partnerships, including assets owned by a defunct non-profit organization serving extremely low-income and up to market-rate assets where there exists an opportunity to restrict units to affordable rents as part of the City Council adopted moderate-income housing strategy. • The program has preserved 512 units across three residential buildings to date. One of these projects was brought to City Council on February 24, 2026, and the others are expected in Q3. 	<p>Green</p>

Attachment E: Growing Our Economy Focus Area

Long-Term Goal: Cultivate an ecosystem for thriving businesses and resident prosperity.

Problem Area 1: Business Development and Workforce Preparedness	Q2 Status
<p><i>1.1 Engage employers and connect them to resources that attract and retain 5,000 jobs by June 2026.</i></p> <ul style="list-style-type: none"> • In Q2 FY 2025-2026, staff retained 2,310 jobs, including Kepler Computing (51 jobs), Valley Fair (2154 jobs), and MetroEd (105 jobs). This brings the total number of jobs attracted and retained for FY 2025-2026 to 3,753 jobs, taking into account an updated number of 1,443 jobs from Q1. • Retention of Kepler Computing, a key player in the region’s AI and advanced computing ecosystem, ensured its continued growth in San José. This retention effort included a leadership site visit and coordinated support to resolve permitting needs and prepare for a future expansion. • Over 350+ interactions, resulting in 10% qualified leads generated from SEMICONWest. The team also exhibited at the Data Center Investment Expo. 	Green
<p><i>1.2 Identify priority growth sectors (such as manufacturing and AI). Customize business outreach activities engaging priority sectors and bringing visibility to the City's competitive assets.</i></p> <ul style="list-style-type: none"> • The City is advancing a targeted business development strategy that leverages San José’s comparative advantages in the development of innovative technology, access to a highly skilled workforce, and infrastructure readiness. • Through sector-based research and outreach, informed by industry insights, the City is proactively generating and supporting aligned business leads. • Priority sectors include advanced manufacturing and semiconductors; emerging technology and computing (e.g., AI, robotics, photonics, quantum); healthcare innovation; and retention of existing commercial, industrial, and retail businesses. • The team is working to secure a prospecting tool to accelerate market research, provide access to national industry sector data, and facilitate engagement. 	Complete
<p><i>1.3 Analyze job attraction, retention, and expansion performance measure methodology and data sources and report to the December Community and Economic Development (CED) Committee.</i></p> <ul style="list-style-type: none"> • This item was presented at the December 15, 2025, CED Committee. • Focus for this performance measure is existing large employers and tax revenue generators in San José (retention/expansion) and key industries (attraction). • With high regional costs, smaller companies that are willing to pay a premium to establish and grow here are opportunities for attraction, as well as large local employers that relocate or expand into San José, and large corporations seeking to grow their presence here 	Complete

<ul style="list-style-type: none"> • When available, staff will include construction jobs generated and disaggregate them in reporting. • Connections are made through both proactive outreach and inbound communications. 	
<p><i>1.4 Implement two program improvements from FY 2024-2025 workforce pilot for 125 unstably housed residents.</i></p> <ul style="list-style-type: none"> • To date, 115 unstably housed clients have enrolled in the pilot workforce development program. • Ongoing intensive case management in partnership with community-based organizations remains critical. • Majority of clients enrolling are young adults aged 18-24. 	Green
<p><i>1.5 By March 2026, work2future will launch a pilot selection paid work experience trainings related to AI, with 80 clients enrolling by June 2026.</i></p> <ul style="list-style-type: none"> • Trainings have launched and 46 clients to date are in the process of completing them. • Staff continue to explore viable AI training programs to lead to high-growth, high-wage occupations. 	Green
<p><i>1.6 Implement AI tool for skills assessment and job matching and bring results and recommendations to CED Committee meeting in June 2026.</i></p> <ul style="list-style-type: none"> • Staff continue to research AI tools that will most effectively identify client skills and match them to jobs. 	Green

Problem Area 2: Infrastructure Readiness	Q2 Status
<p><i>2.1 Three data centers/large energy projects receive permanent power from PG&E by June 2026.</i></p> <ul style="list-style-type: none"> • Two out of three projects have received permanent power from PG&E and there is one project in the pipeline for Q4 of FY 2025-2026. • Timing of energization does not always mean full load, instead there is a ramp up period. • Estimated \$2.1 million in utility tax revenue generated by data center/large energy projects in FY 2026-2027. 	Green
<p><i>2.2 Two new data center/large energy projects in the Building Plan Review phase by June 2026.</i></p> <ul style="list-style-type: none"> • Three out of the two project goal are in the Building Plan Review phase, surpassing the goal. 	Complete
<p><i>2.3 Five new data center/large energy projects in the Planning Entitlement phase by June 2026.</i></p> <ul style="list-style-type: none"> • Two projects are in the Planning Entitlement phase, however, based on conversations with prospective developers, we anticipate a total of five application submittals by June 2026. • Projects will only submit for entitlement if they have certainty in their access to power. 	Green

<p><i>2.4 Define and execute an Exclusive Negotiating Agreement for development of the Economic Development Lands near the Regional Wastewater Facility by March 2026.</i></p> <ul style="list-style-type: none"> • The City Council approved the Exclusive Negotiating Agreement with Prologis for the development of these lands. • City of Santa Clara's City Council has delayed consideration of the exclusive negotiating agreement from January 2026 to April 2026. This delay will push out the timeline for execution of this project, though it is still expected to be completed this fiscal year. 	Green
<p><i>2.5 Issue first LS Power utility construction permit by June 2026.</i></p> <ul style="list-style-type: none"> • Franchise Agreement item to City Council in March 2026. • Construction avoids SJ26 sporting events impacts. • Staff will maintain close coordination with the California Public Utilities Commission Energy Division as construction begins in Q4 of FY 2025-2026. 	Green

Problem Area 3: Downtown and Neighborhood Business Districts Investment	Q2 Status
<p><i>3.1 Generate five commercial lease renewal commitments in Downtown of 5,000 square feet or more by June 2026.</i></p> <ul style="list-style-type: none"> • Three lease renewal commitments as of February 11, 2026. • Additional companies are looking for suites under 2,500 square feet, which fall below the threshold for the Downtown Leasing Incentive. The Downtown Office Leasing Incentive Program seems to be best suited for more established small businesses and, to a lesser degree, for early-stage start-ups. These companies are more inclined to lease a smaller space or join an existing co-working space. • Downtown companies remain committed to the city's urban core but are exploring moves within the core as higher-quality and more cost-effective office options become available. • SJ26 events, placemaking, and activations have boosted civic pride and been a value add for commercial tenants Downtown. 	Green
<p><i>3.2 Facilitate five new ground-floor business attractions to Downtown by June 2026.</i></p> <ul style="list-style-type: none"> • Four business attractions secured through Q2, including Poppy & Claro, the VTA Security Building, West Coast Community Bank, and Lucid Motors. • There is increased interest in locating experiential offerings Downtown, such as luxury gyms, music venues, interactive art exhibits, etc. 	Green
<p><i>3.3 Implementation of four Downtown placemaking initiatives by June 2026.</i></p> <ul style="list-style-type: none"> • More than four Downtown placemaking initiatives have been completed to date, including: 	Complete

<ul style="list-style-type: none"> ○ San José Museum of Art Banner Replacement. ○ Post Street Asphalt Mural. ○ Fountain Alley Landscaping. ○ Improvements to the VTA right of way in front of the Convention Center. ● SJ26 major sporting events are a valuable driver for placemaking, with several partners interested in supporting improvement efforts. 	
<p><i>3.4 Formation of one new business improvement district by June 2026.</i></p> <ul style="list-style-type: none"> ● Our goal of one new business improvement district by June 2026 will be exceeded this fiscal year. <ul style="list-style-type: none"> ○ Story Road Business Improvement District (BID) was approved City Council on February 3, 2026. ○ Alum Rock BID and Alameda BID public hearing held and first reading of ordinance approved. ● Over \$500,000 in assessment fees collected to date in the Monterey Road and Tully Road Eastridge Business Association BIDs. 	Green
<p><i>3.5 Implement two new small business grant programs and assess need and interest by business and project type.</i></p> <ul style="list-style-type: none"> ● Small Business Start-up grant launched and over 250 applications to date. There is much more interest in this program than there is funding available. Staff will determine how to best engage/support applicants who are not awarded a grant. ● Staff will launch the second grant program in June 2026, focused on neighborhood economic renewal and investment. 	Green
<p><i>3.6 Accelerate small businesses by streamlining one City process.</i></p> <ul style="list-style-type: none"> ● Brainstorming sessions are currently being held between the City Manager’s Office of Economic Development and Cultural Affairs and Planning, Building, and Code Enforcement Department to scope this project. ● In evaluating potential processes for streamlining, there is a balance between immediate and long-term impact and the amount of staff time needed. There is also a need to coordinate with the County on many processes, which adds complexity. ● Staff is also working to enhance communication with customers on existing processes, including creating a Streamlined Restaurant program flyer and webpage, and translating the peddler permit application into Spanish. 	Green

Problem Area 4: Sports and Entertainment District Development	Q2 Status
<p><i>4.1 Develop conceptual plan for a Sports and Entertainment District and present to City Council by December 2025.</i></p>	Green
<p><i>4.2 Facilitate an updated study of a Convention Center Expansion/HQ Hotel and present to City Council by December 2025.</i></p>	

<ul style="list-style-type: none"> • These goals were “At Risk” in December 2025 because the goals were combined, and the deliverable was updated to an informational memorandum released in early 2026. Staff is now on track on this updated goal. • Staff will issue an information memorandum by the end of February 2026 summarizing key learnings and considerations from consultant analyses, including benchmarking of how peer cities develop sports and entertainment districts and the investment implications for the Convention Center and HQ Hotel. 	
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<p><i>4.3 Develop administrative guidelines for Entertainment Zone implementation by December 2025.</i></p> <ul style="list-style-type: none"> • Guidelines completed and presented to the CED Committee at the December 15, 2026, meeting. • Staff collaborated with the Downtown Association to create a Business Toolkit and held an Eastside townhall, which included information on activating the Alum Rock Entertainment Zone. Feedback from business districts and event organizers has been generally positive, with stakeholders citing interest in increased flexibility, district-wide cohesion during events, and clearer pathways for participation within permitted activations. • Staff conducted pilot activations in coordination with San José Police in several districts, including Post Street, San Pedro Square, and Sharks Way/Little Italy, to test operating assumptions and evaluate real-world conditions prior to full implementation. These pilots allowed staff to assess feasibility, operational coordination, and business participation in advance of official launch. Early indicators from pilot efforts and outreach activities suggest strong stakeholder interest in the Entertainment Zone model. • The first official Entertainment Zone activation occurred on Friday, February 6, through Sunday, February 8, 2026, as part of San Pedro Superfest during Super Bowl LX weekend. San Pedro Superfest, produced by the San Jose Sports Authority in partnership with Filco Events, was a permitted outdoor special event that included live entertainment, street closures, food and retail vendors, and coordinated participation from adjacent brick-and-mortar businesses. Estimated attendance for the event was approximately 9,000, with preliminary feedback from participating businesses indicating strong sales performance. Initial data shared by the San Pedro Square stakeholders suggests that the activation represented one of the highest grossing days for several establishments. Staff will continue to gather and analyze sales and operational data as part of the event evaluation. • Additional activations are anticipated in connection with March Madness and FIFA-related events, positioning Entertainment Zones as a scalable tool supporting major regional and international events. • Staff are testing and assessing best practices for future Entertainment Zone activations to understand how to best measure success. 	<p>Complete</p>
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<p>4.4 Produce or facilitate at least eight cultural outdoor special events specific to 2026 activities and deliver six public artworks.</p> <ul style="list-style-type: none"> • Staff expects to surpass this goal, exceeding both the target for outdoor special events and public artworks specific to 2026 major sporting events. To date, Office of Cultural Affairs staff has produced and/or facilitated eight special events specific to 2026 activities, including: <ul style="list-style-type: none"> ○ The "Hometown Heroes" exhibition at City Hall hosted a reception that approximately 200 attendees attended. ○ The "Invisible Skies" performance event at City Hall Plaza with 2,000 registrants. ○ Coordination and permitting of two major concerts at City Hall Plaza. ○ Coordination and permitting of the Super Bowl LX Super Fest at San Pedro Square with the activation of an Entertainment Zone and SJ26 Creekside Social events on Barack Obama Blvd. ○ Two drone shows at Discovery Meadow in early February. ○ Coordination with cultural producers and community organizations is underway for six CityDance events scheduled for the evenings before each FIFA World Cup match at Levi's Stadium. Event concepts will activate Downtown vibrancy, support local artists, and enhance the regional visitor experience. • Staff has produced seven public artworks specific to SJ26 activities to date, including: <ul style="list-style-type: none"> ○ Three City Hall Exhibitions (individual components of "Hometown Heroes"): <ul style="list-style-type: none"> ○ <i>Larger than Life</i> - Four large-scale temporary murals by local artists. ○ <i>Through the Lens of Arnold Del Carlo</i> - City Hall Tower Lobby Display Cases. ○ <i>The Community in Motion</i> - Forty-four sports-related photographs submitted by twenty-five San José photographers. ○ An "Invisible Skies" temporary "flash art" at City Hall Plaza and an accompanying artwork displayed at San José Mineta International Airport in Gate 16-17 and Gate 9, with videos playing in the Terminal A and B Information Booths featuring documentation from the event. ○ Two interactive public art and projection mapping projects featuring the work of local San José State University art faculty and their students, commissioned specifically for 2026 major sports events activations. ○ One collaboration with Chopsticks Alley on "Hearts Delight" Marquee Projects, a pilot digital public art project in advance of SJ26 activations. 	<p>Green</p>

<p><i>4.5 Facilitate at least 485 city-wide outdoor special event days that cumulatively drive over two million attendees.</i></p> <ul style="list-style-type: none"> • At 97% (or 470) of target year to date for events held or planned with an estimated 1.8 million attendees. Staff expects to exceed the goal for the fiscal year. • Key stakeholders expressing needs for event spaces that exceed current capacity. • Events and traffic control impacts can have an impact on visitor experience. 	<p>Green</p>
<p><i>4.6 Work with external partners to measure economic impact of 2026 major sporting events with the goal of capturing 20% of all direct spending within the Bay Area.</i></p> <ul style="list-style-type: none"> • Staff developed a methodology with Team San José and the San Jose Sports Authority. • Staff expects the Bay Area Host Committee to issue a report for the region, which may not use the same economic impact methodology. 	<p>Green</p>