



Memorandum

TO: COMMUNITY AND
ECONOMIC DEVELOPMENT
COMMITTEE

FROM: Nanci Klein

SUBJECT: See Below

Date: January 13, 2025

Approved

Date:

1/17/24

Council District: Citywide

**SUBJECT: Proposed Economic Strategy Work Plan for Fiscal Year 2025-2026
and Fiscal Year 2026-2027**

RECOMMENDATION

1. Review the Office of Economic Development and Cultural Affairs' proposed Economic Strategy Work Plan for Fiscal Year 2025-2026 and Fiscal Year 2026-2027; and
2. Cross-reference the item for City Council action at the February 25, 2025, City Council meeting.

SUMMARY AND OUTCOME

This memorandum, based on the Office of Economic Development and Cultural Affairs (OEDCA) current funding and staffing levels, provides a recommended set of goals, objectives, anticipated key results, and related metrics, collectively represents the OEDCA proposed Economic Strategy Work Plan for Fiscal Year (FY) 2025-2026 and FY 2026-2027. The Community and Economic Development Committee's review and feedback on the proposed Work Plan and cross reference to City Council will prioritize OEDCA's work on five goals, along with objectives and key results to advance economic development throughout the City.

BACKGROUND

On April 4, 2010, City Council approved the 2010-2015 Economic Strategy, which

identified 12 economic development goals listed in **Attachment A**. Collectively, these goals focused on three desired outcomes – growing the economy, increasing prosperity, and opportunity for all San José residents and businesses.

Subsequently, City Council adopted three separate, two-year work plans to identify the initiatives for staff to prioritize and operationalize within the 2010-2015 Economic Strategy. In 2016, City Council adopted a two-year work plan using the same set of goals. Throughout this time, staff provided annual updates to the Community and Economic Development Committee and City Council.

As a result of the COVID-19 pandemic in March 2020, OEDCA pivoted its work plan, resources, and staffing to respond to the needs of businesses and residents most impacted. Notable changes include the following:

- Small Business Focus: The OEDCA Business Development team shifted its workload from principally engaging with large- and medium-sized companies to focusing on strengthening the small business ecosystem. From the early days of the COVID-19 pandemic, it was very clear that small businesses were disproportionately impacted. The Business Development team focused its staffing on connecting small business owners, the vast majority of whom were in those zip codes most impacted by the pandemic, to funding technical assistance and other relevant resources.

Further, since the pandemic, the Business Development team has also dedicated significant resources toward supporting the development of business associations. This operational emphasis arose as a key lesson learned from the COVID-19 pandemic. Where there was an established business association, small businesses had a higher likelihood of securing the critical resources and information to assist them through the economic downturn.

- Emphasis on the Experience Economy: Given the negative impact of the pandemic and remote work, particularly on downtowns in large cities nationally, including San José, the need to strengthen and amplify a local experience economy has risen to the forefront. Indeed, locally the combination of enduring high vacancy rates and less downtown workers continues to negatively impact small business.

The experience economy is characterized by participation and connection through entertainment, and artistic, cultural, culinary, and other types of memorable experiences that drive visitors and economic impact. OEDCA's focus is now increasingly supporting major sporting and cultural events and other high-profile attractions to bring people to downtown. Most notable is the significant work associated with the various sporting events associated with the "Road to 2026."

- Workforce Development: Historically, the vast majority of work2future's clients have had multiple barriers to employment and/or were located in low-resource census tracts. Staff undertook significant changes to its service delivery model to enhance access to services by underserved communities. Amongst other changes, work2future relocated to the East Side at Las Plumas, significantly increased its direct and multi-lingual outreach within low-resource census tracts and expanded existing and developed new partnerships with agencies with deep ties to residents of low-resource census tracts and adjacent areas.

ANALYSIS

Though the economy has witnessed significant booms and busts and a pandemic since 2010, the major themes captured in the original set of goals in the 2010-2015 Economic Strategy still represent recurrent business and resident needs – and indeed, perhaps even more so given the uncertain and potentially turbulent economic headwinds facing the nation and the local community. **Attachment B** provides a brief economic snapshot of the defining characteristics, drivers, challenges, and opportunities facing San José's economy.

The identified strategic goals still represent the appropriate lens and foundation to prioritize key goals and objectives that address current needs. Staff reviewed strategies and work plans from other cities, both in and outside of California, including Austin, Phoenix, San Diego, and San Francisco. Economic development goals are substantially the same across the cities reviewed. In the proposed Work Plan for FY 2025-2026 and FY 2026-2027, staff is prioritizing five goals listed below:

- Goal 1: Encourage companies and sectors that can drive the San José economy and generate revenue for City services and infrastructure
- Goal 2: Nurture the success of the San José small business ecosystem
- Goal 3: Foster economic self-sufficiency, resilience, and economic mobility for San José residents, with a particular focus on underserved communities
- Goal 4: Enhance the economic vitality of downtown San José
- Goal 5: Develop a distinctive set of sports, arts, and entertainment offerings resulting in civic pride and positive economic impact

Attachment C (proposed Work Plan) includes a corresponding set of objectives and key results for each of the five recommended goals for FY 2025-2026 and FY 2026-2027. The metrics associated with each key result assume current FY 2024-2025 staffing and funding levels are maintained.

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EVALUATION AND FOLLOW-UP

OEDCA provides updates for the various OEDCA divisions to the Community and Economic Development Committee. Once the City Council takes action on the proposed Work Plan, staff will provide annual updates to the Community and Economic Development Committee.

COORDINATION

This memorandum has been coordinated with the City's Attorney's Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Community and Economic Development Committee Agenda website for the January 27, 2025, meeting and will be cross-referenced to the City Council for the February 25, 2025, meeting.

Staff met with key internal departments, including the Department of Planning, Building and Code Enforcement, the Department of Transportation, and the Housing Department on January 13, 2025. Key comments from partner departments included ensuring that staff is clear on why the recommended goals and objectives are crucial to the City's efforts. For example, focus on telling the story of San José and why, for example, small, medium, and large businesses are key to the City's success. Staff also advised that metrics should be as targeted and specific as possible, and staff time and resources should be focused on these goals and objectives.

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.

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

January 13, 2025

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/s/

NANCI KLEIN

Director of Economic Development and
Cultural Affairs

For questions, please contact Nanci Klein, Director of the Office of Economic Development and Cultural Affairs, at 408-535-8184.

ATTACHMENTS:

Attachment A: 2010-2015 Economic Development Goals

Attachment B: Economic Snapshot, January 2025

Attachment C: Proposed Economic Strategy Work Plan for Fiscal Year 2025-2026 and
Fiscal Year 2026-2027