



COUNCIL AGENDA: 3/1/22
FILE: 22-235
ITEM: 8.1

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Nanci Klein
Jill Bourne
Jim Shannon

**SUBJECT: ALLOCATION OF COMMUNITY
BENEFIT PAYMENT FROM
GOOGLE**

DATE: February 15, 2022

Approved

Date

2/17/2022

RECOMMENDATION

- (a) Approve staff's recommended funding allocation of \$4.5 million community benefit payment from Google as follows:
- (1) San José Aspires program in the amount of \$1,500,000;
 - (2) Paid work experience and occupational skills training program in the amount of \$625,000;
 - (3) Childcare subsidies for training program participants in the amount of \$600,000;
 - (4) College and career pathways coordinator (three-year project position) in the amount of \$525,000;
 - (5) Gardner neighborhood programs (specifics still to be determined) in the amount of \$1,000,000; and
 - (6) Community Stabilization and Opportunity Pathways Fund set-up work in the amount of \$250,000.
- (b) Adopt the following 2021-2022 Funding Sources Resolution and Appropriation Ordinance Amendments in the General Fund:
- (1) Increase the estimate for Other Revenue by \$4,500,000; and
 - (2) Establish the Google Community Benefits – Economic Development City-wide Expenses appropriation to the Office of Economic Development and Cultural Affairs by the amount of \$4,500,000.

OUTCOME

Approval of staff's recommendations will enable staff to distribute funds for economic opportunity, neighborhood programming, and fund set-up purposes.

BACKGROUND

On May 25, 2021, City Council approved Google's Downtown West Mixed-Use Plan, including a Development Agreement. The Development Agreement outlines how Google will deliver up to \$200 million in Community Benefits (investments that go beyond the City's baseline requirements to address the community's top priorities). The largest community benefit is the contribution of up to \$154.8 million into a new community-driven Community Stabilization and Opportunity Pathways Fund ("Fund").

Up to \$29.8 million of the community benefits will go directly to the City, including \$7.5 million in early payments and up to \$22.3 million as Downtown West office buildings are built over time. Staff recommended categories for how the City should spend these funds in a [Supplemental Memo dated May 17, 2021](#), which the City Council accepted as part of the project approval. Google has already submitted the first early payment to the City of \$3 million (see this [memorandum](#) for the specific Council-approved uses of these funds). The City has received the next \$4.5 million early payment, which was due within 120 days of Final Approval (by January 4, 2022). The allocation of these funds is the subject of this memorandum.¹

The Council-approved categories for the \$4.5 million early payment are summarized as follows:

Category	Amount	Timing of receipt from Google
Scholarships for Youth and Adults for Education and Job-Training	\$3,250,000	120 days after Final Approval of the Downtown West project
Neighborhood Programs to Assist with Resilience and Economic Recovery	\$1,000,000	
Startup of Fund	\$250,000	
<i>TOTAL</i>	<i>\$4,500,000</i>	

Staff's recommendations were based on feedback gathered through an extensive engagement process beginning in 2018. The most recent round of public outreach and engagement was in spring 2021, following release of the Draft Development Agreement on April 6, 2021 and leading up to the City Council meeting on May 25, 2021.

As described in the May 17, 2021 Supplemental Memorandum, the focus of the \$4.5 million early payment is on economic recovery (i.e., education, job training, and scholarships), strengthening neighborhood-serving programs, and laying the groundwork for long-term strategies. The following section describes staff's recommendation for the allocation of these funds consistent with City Council's direction.

¹ According to the Development Agreement, "Final Approval" means the date following City Council approval of the project documents and resolution of any legal challenge to those approvals. Based on the longest statute of limitations to challenge the project approvals (vesting tentative map and development agreement), the date of Final Approval will be September 6, 2021, and 120 days after this date is January 4, 2022.

ANALYSIS

Scholarships for Youth and Adults for Job-Training (\$3,250,000)

Previous Council direction for this category was to allocate \$3.25 million to support opportunity pathways for underserved or at-risk youth and adults to access jobs and financial security, including through extended learning programs, scholarships, career exploration opportunities, and training/retraining of San José residents. It could also in part fund early childhood education and childcare services to support workforce participation. This direction reflects both the urgent need for greater economic security among many of our community members and the longer-term goal for San José's youth to take advantage of the future job opportunities associated with Google's Downtown West development and other tech companies.

To strengthen pathways to meaningful and sustained employment, staff recommends investing the \$3.25 million in Community Benefit funding for economic opportunity programs in the following ways:

Program	Amount
San José Aspires	\$1,500,000
Paid work experience and occupational skills training program	\$625,000
Childcare support for workforce program participants	\$600,000
College and career pathways coordinator (3-year project position)	\$525,000
<i>Total</i>	<i>\$3,250,000</i>

The intent of these recommendations is to ensure that the City's efforts are strategic, coordinated, and leverage existing resources. These programs strengthen existing programs and fill gaps, enhancing connections across the workforce development system.

San José Aspires

The San José Public Library (Library) Department manages the San José (SJ) Aspires program to promote post-secondary readiness among high-school aged students in San José. Participants receive financial awards as they complete curriculum and activities that contribute to college and career readiness. Priority is given to students who qualify for free-and-reduced-lunch programs, are non-native English speakers, or whose parents either did not graduate high school or did graduate high school but did not attend a post-secondary institution. Each enrolled student may earn up to \$5,000 through their projected high school graduation date.

To date, students enrolled in SJ Aspires have completed more than 4,500 individual program accomplishments and earned \$297,000 in financial awards. In the 2021-2022 academic year, the program is engaging school partners in the East Side Union High School District (Overfelt High School) and San José Unified High School District (San José High School). Geographically,

approximately 41% of students are from the 95122-zip code, 37% are from 95116, and 12% are from 95112. The students predominately identify as Hispanic, Latinx, or Spanish Origin (80%), or Asian or Southeast Asian (15%).² Of the 166 SJ Aspires participants in the 2018-2019 pilot cohort, 69 students confirmed enrollment in a post-secondary institution and have received their fund awards. Of these, 33 students have reported attending a four-year college or university and 36 have reported attending a community college.

Since the pilot, SJ Aspires has grown significantly in the 2019-2020, 2020-2021, and 2021-2022 academic years by adding younger cohorts at each school. Despite challenges of distance learning created by the COVID-19 pandemic, the SJ Aspires online platform and strong school relationships allowed the program to expand to 9th grade students and follow them through their four-year high school careers. In the current year (2021-2022), the program is supporting 624 returning students and 568 new student participants, for a total of 1,192 students who are gaining college and career readiness experience and accruing up to \$5,000 for future educational or career-related pursuits.

An additional investment of \$1,500,000 would allow the program to serve approximately 375 more students through, at a minimum, four years of high school.

Paid Work Experience and Occupational Skills Training Program

This recommendation is to establish a new program using an "Earn and Learn" approach to occupational skills training and paid work experience. The occupational skills training would focus on high growth, high wage careers in advanced manufacturing, information technology, health care, or construction and trades (potentially the public sector as well). Paid work experience would be in occupations related to the area of skills training. In general, participants would work for 20-25 hours per week for 10-12 weeks and earn \$20-25 per hour. Participants would also receive case management and supportive services (i.e., childcare, clothing, food, transportation). Support services, such as paying for gasoline to get to and from training or employment, assists low-income families to protect them, so they do not have to choose between paying for other essentials, such as food and medicine. Other trainings could include job readiness, financial management, and computer literacy.

work2future would contract this program out to one of its current service providers (e.g., Goodwill). The program would operate out of work2future's new location at Las Plumas in the East Side (opening January 2022). With funding of \$625,000, the program would support 40-50 clients for one year. The target population would be low-income individuals (youth and adults) that have an annual income at or below 80% of the area median income (AMI) for their household size, with priority given to individuals that have incomes at or below 60% of the AMI or that live in San José's low resource census tracts. City departments (Library, Parks, Recreation, and Neighborhood Services (PRNS), and Housing) and other key community partners would provide referrals. An initial metric of program success would be at least 70% of clients successfully completing training are placed into subsidized employment in a high growth

² Please note, all gender, race and ethnicity, and postsecondary plans were self-reported by students; not all students answered each question, and students could enter multiple races or ethnicities.

sector, such as technology and/or healthcare, or continue their postsecondary education in a related field.

Childcare Subsidies for Training Program Participants

While opportunities may exist for adults to participate in training, upskilling, apprenticeship, internship and work experience programs, many parents/guardians struggle to attain care for dependent children so that they may be able to physically attend such programs. The lack of affordable, reliable, and accessible daycare can be a barrier for many people that would otherwise benefit from workforce development programs.

Staff's recommendation is to provide subsidies for participants of workforce development programs to cover childcare costs required for their participation in the program. The program would be open to people that have an annual income at or below 80% of the AMI for their household size, although priority would be given to participants at or below 60% of the AMI or live in low resource census tracts. City staff would develop the placement process, utilizing existing systems, such as those managed by partners like First 5 of Santa Clara County.

There are currently approximately 1,500 individuals participating in workforce development programs that have a relationship with work2future. The proposed allotment of \$600,000 would provide an average of 100 hours of childcare support for 375 program participants.³ This support would enable participants to improve their education and employment opportunities by participating in training programs, while ensuring their children are simultaneously in a safe, supportive care environment.

College and Career Pathways Coordinator

The City of San José offers a wide spectrum of college and career-readiness programs for youth (ages 14 to 18) and young adults (ages 18 to 29). However, there is a lack of coordination and awareness between City programs. With intentional coordination, the City can identify opportunities, partner with outside organizations, and help youth in San José find their personal pathway to meaningful employment.

In December 2020, the City Council approved the San José College and Career Readiness (CCR) Quality Standards, which anchor and define general, cross-disciplinary expectations that City-sponsored programs serving students entering college and workforce training programs must meet in order to ensure that participants are prepared and ready to succeed. As part of the discussions with City Council, staff committed to developing a CCR Logic Model to highlight programs and opportunities that City departments provide to residents, in alignment with the CCR Quality Standards. The table below shows the scope of the logic model, spanning several City departments. The CCR Logic Model will allow the City to visualize gaps, identify new

³ Extrapolated from the 2018 Regional Market Rate Study, data for Santa Clara County showed that childcare costs range from a high of approximately \$17/hour for infants to \$10/hour for preschool and young school-aged children. For the purposes of this proposal, a blended rate of \$13.50 per hour is used in calculations. Some adjustments may be made for adults with more than one child.

ways to collaborate across departments, and learn about additional opportunities available to students in high school or college or pursuing a certification or apprenticeship.

COLLEGE AND CAREER READINESS LOGIC MODEL SCOPE	
City Department	CCR Program
work2future	Subsidized Work Experience
	Occupational Skills Training
	Pre-Apprenticeship
	Post-secondary Preparation and Transition Activities
Mayor's Gang Prevention Task Force + PRNS	BEST
	Clean Slate
	Female Intervention Team
	Project Hope
	Safe School
	Trauma to Triumph
	Digital Arts
	Community Service Aide
	Teen Community Centers
SJ Works	Subsidized work experience
	Unsubsidized work experience
	Occupational Skills Training"
	Apprenticeships
Library	School Library ID Cards
	SJ Aspires
	Teens Reach
	Youth Commission
	Teen HQ
	Teen Centers
	SJPL Works Center
	Partners in Reading + ESL Programs
	Career Online High School
	Working Scholars
Public Works	Apprenticeships
Cross-Departmental (Environmental Services, Housing, Information Technology, Library, PRNS, Public Works, Transportation)	Internships

Staff presented the draft CCR Logic Model to the Neighborhood Services and Education (NSE) Council Committee during its annual CCR update in November 2021. As a next step, the Committee directed staff to identify specific actions that will close gaps in that system, strengthen collaboration across City programs and departments, and enhance coordination with external partners. Ultimately, these efforts are intended to achieve the following:

- Improve education and employment outcomes for San José's youth.
- Increase participation by historically underserved students in:
 - Post-high-school education and training programs,
 - Internships,
 - Apprenticeships, and
 - Jobs that lead to longer-term careers in fields that provide a living wage in Silicon Valley.
- Demonstrate improved program outcomes through reporting to the NSE Council Committee.

Therefore, staff recommends preparation of a comprehensive CCR Strategy, integrated within the current Children and Youth Services Master Planning process, that identifies specific actions and establishes performance metrics and assessment/reporting methods for each CCR program. This work will require extensive analysis, coordination, and stakeholder engagement, including continued partnerships with the Santa Clara County Office of Education and high school districts in San José. Due to current limits on staff capacity and the breadth and complexity of the CCR system, staff recommends the addition of a limited duration College and Career Pathways Coordinator position to complete this critical task over a three-year period. Without a dedicated position, it would be very challenging for existing staff to develop the CCR Strategy that is necessary to improve outcomes.

The College and Career Pathways Coordinator would initially be housed with the Education Division of the Library Department, but would function across departmental lines to support this City Service Area (CSA)-wide effort. The Library Director would act as executive sponsor and coordinate with the Deputy City Manager for Neighborhood Services, as well as work2future, the Office of Racial Equity, and the new Assistant to the City Manager who will be establishing the Children and Youth Services Master Plan. An allocation of \$525,000 would provide sufficient funding for this temporary staffing resource for a three-year period.

Neighborhood Programs to Assist with Resilience and Economic Recovery (Gardner Neighborhood Programs, \$1.0 million)

Previous Council direction for this category was to allocate \$1 million to investing early in programs at the Gardner Community Center to uplift individuals, support economic recovery, and build community among residents of the broader Diridon Station Area – the specifics of which should be determined based on neighborhood listening sessions.

Residents in and around the Diridon Station Area have been dealing with change in the neighborhood for decades – with the addition of freeways, railroad lines, the arena, and other Redevelopment Agency projects. They will bear the brunt of construction impacts as current plans materialize. The intention for this funding is to help offset impacts to the surrounding neighborhood and increase the benefits to residents, particularly for those most in need.

During the Diridon Station Area community engagement process, the City heard from residents in the broader Diridon area about improvements they would like to see in their neighborhood. A

consistent theme was the desire for more community-driven programming at the Gardner Community Center, which is across from the elementary school that serves the broader Diridon Station Area. Staff shares the community's goal for a fully operational community center (i.e., open 6-7 days a week, with programming offered throughout the day) and is committed to working with the community to address their needs.

Through the City's Neighborhood Center Partnership Program, the City recently selected Chopsticks Alley as the nonprofit organization to operate the Gardner Community Center. This will increase programming at the center in the short-term.

To generate the specific program types to be funded by the \$1 million in community benefit funding, staff intends to work with the Diridon Area Neighborhood Group (DANG), a coalition of neighborhood leaders who were active in the process of reaching out and involving residents in the recent engagement process. The intent is for the DANG to lead an outreach and engagement process, in partnership with City staff, other public agencies, local educational institutions, and other community groups. This includes support and oversight by staff in the Office of Economic Development and Cultural Affairs and PRNS, which oversees Gardner Community Center operations.

The outreach/engagement process will involve neighborhood leaders and residents living in Gardner and nearby areas; it will not be limited to the leaders affiliated with the DANG. The process will involve multiple engagement methods and opportunities for residents to provide input and translation/interpretation in Spanish. The process is anticipated to begin with a door-to-door survey, followed by community meetings. Staff will utilize approximately \$50,000 from the \$1 million to support the outreach process. The result of the process will be a set of recommendations made to the City for approval and implementation.

Community Stabilization and Opportunity Pathways Fund Set-up (\$250,000)

The Development Agreement includes a new Community Stabilization and Opportunity Pathways Fund ("Fund"). The purpose of the Fund is to help minimize displacement from rising costs (Community Stabilization) and maximize opportunities for youth and adults to participate in job opportunities – focusing on communities that have historically been affected by structural racism and where risk of displacement is the highest. Google would contribute \$21.20 per gross square foot of office to the Fund as office buildings are completed (up to \$154,760,00 million if the commercial office capacity of 7.3 million gross square feet is built out).

The governance structure for the Fund features a third-party Fund Manager and a Community Advisory Committee, with City oversight and support. As contributions to the Fund come in, the Fund Manager would administer the grant-making process and recommend qualified grant recipients to the Committee for approval, consistent with the Strategic Plan. The Committee includes representation from local residents (representing the lived experience of impacted communities), direct service providers and other technical experts. For additional information about the Community Stabilization and Opportunity Pathways, please refer to Exhibit H of the Development Agreement.

There are several steps to complete before grants could be distributed. The necessary steps to start up the Fund are summarized in this table:

Fund start-up steps	Time estimate in months (target dates)
City staff contracts with consultant	3 (by April 2022)
City staff prepares draft ordinance creating Community Advisory Committee and takes to City Council for adoption	4
City undergoes selection process to appoint members	3 (by end of 2022)
City onboards Committee members	1
City works with Committee to prepare RFP and go through selection process for a Third-party Fund Manager	6
City onboards the Fund manager	3 (by end of 2023)
Fund Manager prepares initial 5-year Strategic Plan with Committee, for Council approval (including community engagement)	12 (by end of 2024)
Total	32

Staff intends to complete the selection process for Committee members by the end of 2022. Then, the City and Committee will begin working together on selection of a Fund Manager and preparation of the first Strategic Plan. This work may take up to three years and must occur prior to the administration of grants. Once Council approves the Strategic Plan, the Fund Manager will work with the Committee to prepare for and administer the grant application/evaluation process.

Previous Council direction for this category was to allocate \$250,000 to initiate the Fund, including the steps outlined in the table above and any associated public outreach and community engagement. Staff intends to use these funds for the following purposes (specific amounts for each category are to be determined):

- **Consultant:** Staff plans to contract with a consultant to provide assistance with the steps leading up to onboarding of the Fund Manager – such as drafting the ordinance, conducting the selection process, onboarding the Committee, administering the initial meetings of the Committee, and training and team building activities with the Committee.
- **Fund Manager Compensation:** According to the Development Agreement, the City intends that the Fund Manager will receive compensation for its management duties from the Fund, which shall be outlined in each Five-Year Strategic Plan. Staff is anticipating the need to compensate the Third-Party Fund Manager, once onboarded but prior to when the first payment comes into the Fund. The compensation would cover the administrative

costs in preparing the Strategic Plan, including Committee capacity building and public engagement work.

- **Public Engagement:** Some of the funding will cover direct costs and language access (translation and interpretation) for public meetings of the Committee and for public outreach and engagement activities, such as advertising and educating people about the Committee selection process and gathering feedback for the Strategic Plan.
- **Contingency:** Staff will reserve a small portion as a contingency to account for unanticipated expenses that may arise during the course of the Fund set-up process.

Applicable to All Programs

For each of these program areas, staff would utilize a solicitation process consistent with City policies. The selected grantees and/or consultants will be required to enter into standard City agreements. The City Manager will execute the agreements within her contract authority under the Municipal Code and any agreements exceeding the City Manager contract authority will go to the City Council for consideration.

CONCLUSION

City Council approval of staff's recommendations would enable staff to distribute \$4.5 million in Community Benefit funds paid by Google.

EVALUATION AND FOLLOW-UP

Staff will provide an update on the recommended programs and expenses to the Community and Economic Development Council Committee in fall 2022. Staff will incorporate updates to the NSE Council Committee on the CCR comprehensive strategy as part of reports on the CCR Logic Model and Children and Youth Services Master Planning process.

Staff will also provide an annual report to the Planning Commission on Development Agreement compliance, which will be available for public and City Council review.

CLIMATE SMART SAN JOSE

The recommendation in this memorandum has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the March 1, 2022 Council Meeting.

The City has received a significant amount of community feedback on how to allocate Community Benefit funds, going back to the 2018 engagement process that resulted in a [list of Desired Outcomes](#) and informed the [MOU with Google](#). In 2020, the City conducted an online survey asking about community benefit preferences. As noted above, staff solicited comments on the Draft Development Agreement in spring 2021, and asked about priorities related to job readiness, education, neighborhood amenities, and other needs. At the City Council meeting on May 25, 2021 when the Downtown West project was approved, the public testimony affirmed the spending priorities.

To develop the specific recommendations in this memo, staff consulted with workforce development providers.

COORDINATION

This memorandum has been coordinated with the PRNS and the Planning, Building and Code Enforcement departments, and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

COST SUMMARY/IMPLICATIONS

After receipt of the early payment of \$4.5 million for Community Benefits from Google, the funding will be recognized and appropriated in the General Fund into a new Google Community Benefits – Economic Development City-wide Expenses appropriation. As described above, the funding will be used for the following purposes: SJ Aspires program (\$1,500,000), paid work experience and occupational skills training (\$625,000), childcare support for workforce participants (\$600,000), college and career pathways coordinator (\$525,000), Gardener neighborhood programs (\$1,000,000), and Community Stabilization and Opportunity Pathways Fund set-up (\$250,000).

BUDGET REFERENCE

The table below identifies the fund and appropriation.


Fund #	Appn #	Appn Name	Total Appn	Rec. Budget Action	2021-2022 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
001	R130	Other Revenue	\$322,829,265	\$4,500,000	286	2/8/2022, 80365
001	NEW	Google Community Benefits – Economic Development	N/A	\$4,500,000	N/A	N/A

CEQA

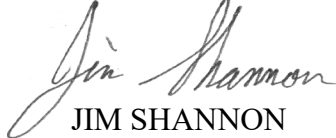
Not a Project, File No. PP17-003 - Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/
NANCI KLEIN
Director of Economic Development
and Cultural Affairs

/s/
JILL BOURNE
Library Director


JIM SHANNON
Budget Director

I hereby certify that there will be available for appropriation in the General Fund in the Fiscal Year 2021-2022 moneys in excess of those heretofore appropriated there from, said excess being at least \$4,500,000.


JIM SHANNON
Budget Director

For questions, please contact Lori Severino, Assistant to the City Manager, at (408) 535-3537.