CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Office of the City Auditor

Report to the City Council
City of San José

CITY MANAGER'S OFFICE OF ECONOMIC DEVELOPMENT AND CULTURAL AFFAIRS PERFORMANCE MEASURES: CURRENT MEASURES ARE GENERALLY USEFUL AND RELIABLE, BUT OPPORTUNITIES EXIST TO IMPROVE REPORTING

Report 26-05

August 2026

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CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Office of the City Auditor
Joe Rois, City Auditor

August 14, 2026

Honorable Mayor and Members
Of the City Council
200 East Santa Clara Street
San José, CA 95113

City Manager's Office of Economic Development and Cultural Affairs Performance Measures: Current Measures are Generally Useful and Reliable, But Opportunities Exist to Improve Reporting

The City Manager's Office of Economic Development and Cultural Affairs (OEDCA) reports performance information across multiple channels to communicate progress toward its economic development, cultural vitality, and workforce goals. This includes the City's Adopted Operating Budget and regular reporting to the City Council on its Economic Strategy Work Plan, and updates for the *Growing Our Economy* Focus Area.

In recent years, OEDCA has substantially revised its performance measurement framework in response to City Council direction and Citywide performance management initiatives. The objective of this audit was to assess the reliability, validity, and usefulness of OEDCA's performance measures.

Finding 1: OEDCA's Performance Measures are Generally Useful and Reliable, but Some Measures Can be Clearer or More Meaningful. OEDCA reports 39 performance measures in the Adopted Operating Budget across its services. These measures generally reflect ongoing work and align with goals in the Economic Strategy Work Plan and the *Growing Our Economy* Focus Area. We found:

- While most performance measures in the Operating Budget are useful and reliable, some can be improved to enhance clarity, usefulness, and consistency.
- Some performance results in the Operating Budget reflect key results and goals in the two-year Economic Strategy Work Plan and should be reviewed to ensure they reflect longer term goals and targets.
- OEDCA has not fully documented the methodologies behind its performance measures, both those tracked internally and those that rely on outside sources.

Recommendations: To improve their performance measures, the Office of Economic Development and Cultural Affairs should:

→ Review select performance measures to enhance usefulness and clarity; determine whether measures reflect long-term goals.

→ Document methodologies for calculating performance measures.

This report has five recommendations. We plan to present this report at the August 24, 2026 meeting of the Community and Economic Development Committee of the City Council. We would like to thank OEDCA, the Budget Office, and the City Manager's Office for their time and insight during the audit process. The Administration has reviewed the information in this report, and their response is shown on the yellow pages.

Respectfully submitted,

Joe Rois
City Auditor

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Background

With the approval of the FY 2022-23 Adopted Operating Budget, the City Council approved resources to begin a revamp of the outcomes, strategic objectives, performance measures, and activity and workload highlights displayed in the Adopted Operating Budgets. The purpose was to deepen the City's ability to understand the impact of services within different segments of the community.

The work was conducted over a three-year period, beginning with revisions to metrics in the Neighborhood Services City Service Area (CSA) and related core services for the FY 2023-24 Proposed Operating Budget. The remaining CSAs and core services were reviewed and revised in the following years, including performance measures for the Community and Economic Development (CED) CSA and core services for the FY 2024-25 Proposed Operating Budget.

In March 2025, the City Council approved the City Manager's Office of Economic Development and Cultural Affairs (OEDCA) Economic Strategy Work Plan for FY 2025-26 and FY 2026-27. This plan was to align staffing and resources with initiatives that generate high impact returns in jobs and revenues. The City Council also directed staff to update and streamline its framework for OEDCA's core services, budget programs, performance measures, and activity and workload highlights. These updates were outlined in a Manager's Budget Addendum (MBA) and included in the FY 2025-26 Adopted Operating Budget.

The objective of this audit was to assess the reliability, validity, and usefulness of OEDCA's reported performance measures.

OEDCA Advances Economic Development and Cultural Vitality Across the City

OEDCA's mission is to catalyze equitable job growth, investment, entrepreneurship, cultural vibrancy, and talent attraction and retention in San José, and to strengthen the City's fiscal health.

OEDCA delivers these services across three core program areas:[1]

- **Cultural Affairs** supports cultural vitality by investing in arts organizations and events, stewarding public art and cultural facilities, and coordinating major sports and entertainment activities.
- **Economic Growth and Business Development** drives economic vitality by supporting small businesses and commercial districts, conducting

[1] In addition to these three program areas, there is a fourth core service. Strategic Support provides management and administration oversight of OEDCA, real estate asset management, and emergency response and recovery coordination.

business retention and attraction efforts, and facilitating development and downtown economic activity.

- **Workforce and Talent Development** advances economic mobility by connecting job seekers to training, education, and career pathways through partnerships, supportive services, and hiring initiatives.

Performance Measures Are Reported Through Different Channels

OEDCA reports performance information across multiple channels to communicate progress toward its economic development, cultural vitality, and workforce goals. In recent years, OEDCA has substantially revised its performance measurement framework in response to City Council direction and Citywide performance management initiatives.

- As described earlier, based on Council direction, OEDCA restructured its departmental budget measures for FY 2025-26, having five performance measures for each of the three core services (with 11 of the 15 being new), and updating the 13 activity and workload highlights to reflect some additional workstreams.
- The CED CSA contains performance measures from multiple departments, 13 of which are associated with OEDCA.
- In 2025, the City Council approved OEDCA's Economic Strategy Work Plan for the subsequent two fiscal years. The work plan identified five strategic objectives with a total of 22 key results.
- In FY 2025-26, Council adopted and updated the Focus Area Model 2.0 framework, where OEDCA took on 23 new goals within the Growing Our Economy Focus Area.[2] The Focus Area Model 2.0 sought to shift the City toward a "shared learning model" structured around quarterly cycles of planning, executing, reflecting, and improving.

In total, during FY 2025-26 OEDCA was tracking and reporting 73 unique performance metrics, key results, and goals across four primary reporting channels.[3] Because of the recent updates, 68 percent of all measures (50 out of 73) were newly added for FY 2025-26 and FY 2026-27. This audit focused on the 39 unique performance measures in the Adopted Operating Budget because of their ongoing, annual reporting schedule as compared to the other channels which are subject to more frequent changes.

[2] The priority areas and goals in the Growing Our Economy Focus Area can involve OEDCA collaborating with or helping facilitate work with other departments, depending on the specific goal.

[3] There are 86 total measures, but 13 of those are the same measures replicated across channels. The Public Art Five-Year Work Plan and Two-Year Public Art Maintenance Plan guide OEDCA's public art activities but do not include performance measures.

Exhibit 1: Overview of OEDCA's Performance Measure Reporting Channels

Reporting Channel	Description	Cadence
Adopted Operating Budget Community and Economic Development CSA	• Various performance measures and Community Opinion Survey results across the CSA's three outcomes: ○ *Thriving, inclusive, and attractive communities and vibrant public spaces* ○ *Strong, responsive, and equitable economy* ○ *Accessible and diverse range of housing and business opportunities*	Annual reporting through the Adopted Operating Budget
Adopted Operating Budget OEDCA pages	• Performance measures and activity and workload highlights across its four core services	Annual reporting through the Adopted Operating Budgets
FY 2025-26 and 2026-27 Economic Strategy Work Plan	• Key results identified for the five work plan objectives ○ *Retain/grow jobs and revenue and promote innovation from large and medium-sized businesses in key sectors such as manufacturing and artificial intelligence* ○ *Foster small business resilience and create thriving business districts* ○ *Accelerate a thriving downtown* ○ *Activate San José as the South Bay's hub for sports, arts, and entertainment* ○ *Prepare residents to participate in the local economy through training, education, and career support*	Semi-annual reporting to the CED Committee
City Council Growing Our Economy Focus Area	• As of FY 2025-26, four problem areas identified with five to six goals within each problem area[4] ○ *Business Development and Workforce Preparedness* ○ *Infrastructure Readiness* ○ *Downtown and Neighborhood Business District Investment* ○ *Sports and Entertainment District Development*	Quarterly reporting, alternating between the CED Committee and the full City Council

Source: OEDCA and CED CSA Adopted Operating Budgets for FY 2024-25, 2025-26, and 2026-27, Economic Strategy Work Plan for FY 2025-26 and 2026-27, and Growing Our Economy Focus Area for FY 2025-26.

[4] As part of the FY 2026-27 Adopted Budget, Council approved the updated Growing Our Economy Focus Area. This Focus Area now identifies the four problem areas as: Business Development Ecosystem, Infrastructure and Site Readiness, Small Business and Neighborhood Business District Investments, and Experience Economy.

OEDCA relies on numerous internal and external data sources to track and report its performance measures. Program staff generally track and compile data for measures related to their work areas, while administrative staff support annual budget compilation.

Performance Reporting vs. Performance Management

Performance reporting serves different purposes. In some cases, performance reports provide results to granting agencies or decision-makers for compliance or accountability purposes. They can show program results and progress toward goals.

Performance measures can also provide information about the levels of resources dedicated to a program (inputs), the amount of work performed (outputs), or levels of efficiency or effectiveness. Measures can also provide context for additional factors related to a program (these can relate to such things as the cost of living or other environmental factors).

While public reporting helps to support transparency, accountability, and oversight, at their most effective, performance measures also support decision-making to improve services. The use of performance information for management and policy decisions that improve service quality, efficiency, and program results is referred to as *performance management.*

Exhibit 2: Measures Should Provide Information on Inputs, Processes, Outputs, and Impacts

Types of Measures	
Inputs	*The money, personnel, equipment, and other resources that a program requires to operate. Frequently, these are in a budget.*
Processes	*The administrative, organizational, and political activities that transform inputs into policy outputs/impacts. May include efficiency or timeliness.*
Outputs	*The direct outcome of a policy program or process. These are often unit counts, and represent the goods or services received by target groups.*
Impacts	*The broader changes in behaviors or attitudes that result from policy outputs. May include measures of a program's effectiveness.*

Source: Adapted from William N. Dunn, *Public Policy Analysis* 5th Edition (2012), 248-253; Ammons, David N., *Performance Measurement in Local Government: Developing Measures for Managing Your Operation*.

Prior City Auditor Reports

The City Auditor publishes the Annual Report on City Services, the purpose of which is to provide an overview of City services and performance data to the public, the City Council, and City staff. The report includes performance measures for all City departments as well as the results of an annual Community Opinion Survey.

After the first Annual Report on City Services, in 2009, the City Manager and City Auditor released a whitepaper on performance management. It found the City had many components of a performance management system but fell short in using data to inform decision-making. Specifically, the report concluded "the City currently reports performance measures, but they are not consistently used as a tool to improve performance". It also included various "next steps" that the Administration could take to improve the City's performance management system.

Since then, our Office has released multiple performance measure-related audits, such as reviewing ESD's sewer cleaning performance and cost data (2010), and reviewing performance measures and methodologies for the Fire Department (2012), the Office of Economic Development (2013), Public Works (2015), and the Department of Housing (2015, 2023).

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Finding 1 OEDCA's Performance Measures Are Generally Useful and Reliable, But Some Measures Can Be Clearer and More Meaningful

Summary

OEDCA reports 39 performance measures in the Adopted Operating Budget across its services. These measures generally reflect ongoing work and align with major goals in the two-year Economic Strategy Work Plan and the Growing Our Economy Focus Area. However, several Operating Budget measures could be clearer, more meaningful, or better aligned with how programs operate. Some measures are also tied to the two-year Economic Strategy Work Plan and should be reviewed to determine whether the targets should continue as longer-term goals. Finally, OEDCA does not maintain standardized methodology documentation for its measures, including those that rely on external partners, which may reduce consistency and reliability over time. Refining selected measures, standardizing terminology and measurement approaches, reviewing strategy-based targets, and documenting methodologies would improve the usefulness and transparency of OEDCA's performance reporting.

OEDCA Performance Measures in the Adopted Operating Budget Generally Align With Core Services and Strategic Priorities

The 39 performance measures in the Adopted Operating Budget generally reflect OEDCA's priorities and ongoing workstreams.[5] Consistent with Council direction to revise core services with passage of the Economic Strategy Work Plan, many measures align with strategic priorities such as job creation, economic vitality, downtown vibrancy, outdoor special events, and workforce resiliency.

OEDCA's 2025 restructuring of its performance measurement framework resulted in 14 new metrics added to the OEDCA and CED CSA Adopted Operating Budget reporting for FY 2025-26. Examples of current performance measures and how they align with the Office's strategic priorities include:

- **Cultural Affairs:** Outdoor special events coordinated by the Office of Cultural Affairs, with ongoing activity and workload highlights in the Adopted Operating Budget such as # *of produced or facilitated cultural*

[5] See Appendix B for the full list of OEDCA performance measures included in the City's Adopted Operating Budget.

outdoor events specific to major sports events, align with shorter-term key results and goals in the Economic Strategy Work Plan and Growing Our Economy Focus Area to *produce or facilitate at least eight cultural outdoor special events specific to 2026 activities*.

- **Economic Growth and Business Development:** Measures tied to business support, job creation, and downtown activity demonstrate alignment across reporting channels. For example, OEDCA's goals to *retain, expand, and attract 5,000 jobs* and *generate $5 million in tax revenue* are reflected across reporting channels.[6]
- **Workforce and Talent Development:** Workforce outcomes for Work2future clients, including the Adopted Operating Budget measure on the *percentage of SJ Works interns who complete their internships*, align with the Economic Strategy Work Plan key result to *provide 325 SJ Works internships with a 90 percent completion rate*.

These measures demonstrate progress toward modernizing OEDCA's performance management approach and aligning reporting with strategic goals.

Some Performance Measures in the Adopted Operating Budget Could Be More Useful, Clear, and Consistent

While many Adopted Operating Budget measures reflect ongoing work, several could be clearer, more meaningful, or better aligned with program operations. Improving these measures would strengthen their usefulness for decision-making purposes.

Exhibit 3: Certain Measures in the Adopted Operating Budget Could Be More Useful

Performance Measure	Potential Issues
% of public art works that are in the City's permanent collection that are in "good" to "excellent" condition based on their physical and operational condition	• OEDCA's core service describes both preserving and commissioning public art, but there is only a performance measure on preservation and not on commissioning new works. • The Economic Strategy Work Plan and the Growing Our Economy Focus Area both include a key result and goal around delivering new public artworks. • The current measure's actual results, targets, estimates, and forecasts have not changed over the past five years, all staying static at 80 percent.
% of event organizers who rate the overall experiences with the City services and support provided for their event as good or excellent	• The performance measure, as written, does not accurately reflect the results of the survey it is sourced from. • The survey uses a "least satisfied" to "most satisfied" scale and does not include "good" or "excellent" response options.

[6] The 5,000 jobs and $5 million tax revenue goals are for each fiscal year, between FY 2025-26 and 2026-27.

% of responding funded cultural organizations rating the arts grants program "good" or "excellent" based on responsiveness and timeliness	• Reported results for FY 2025-26 rely on outdated survey data collected from FY 2022-23, with staff reporting that the survey has not been conducted again since that time.

Source: OEDCA and CED CSA Adopted Operating Budgets for FY 2021-22 through 2026-27, Economic Strategy Work Plan for FY 2025-26 and 2026-27, and Growing Our Economy Focus Area for FY 2025-26.

Some OEDCA Performance Measures Can Be More Consistent and Clearer for Users

Other measures could be improved by using more consistent terminology and having clearer descriptions. Issues primarily stem from how measures are written across reporting channels, what activities are combined into workload highlights, and whether measures clearly distinguish between different programs.

- OEDCA uses varying terminology for **downtown foot traffic** across the Adopted Operating Budget and Economic Strategy Work Plan, despite relying on and reporting the same underlying data. The measures refer to "foot traffic", "pedestrian traffic", "pedestrian activity", and "visitors". More consistent terminology would clarify when the measures are reporting on the same data:
    - OEDCA Adopted Operating Budget performance measure – *% of annual increase in average nighttime **pedestrian activity** in Downtown*
    - OEDCA Adopted Operating Budget performance measure – *% increase in Downtown daytime **pedestrian traffic** year-over-year*
    - CED CSA Adopted Operating Budget performance measure – *average daytime and nighttime Downtown **foot traffic** per month*
    - Economic Strategy Work Plan key result – *achieve a 10% year-over-year increase in Downtown daytime **foot traffic***
    - Economic Strategy Work Plan key result – *increase Downtown nighttime **visitors** 10% year-over-year*

- Some activity and workload highlights surrounding **business assistance** combine information from multiple teams and external partners in a way that limits visibility into program outcomes. For example, a highlight on the *number of companies receiving OED permitting assistance* combines work across three teams within OEDCA (Corporate Outreach, Small Business Ally, and Downtown Management). Two other highlights combine metrics from these

OEDCA teams with various external partners from the Business Owner Space.[7]

While all of these groups provide some form of permitting assistance, the client populations they serve can be distinct, and the type of services provided may vary based on the size of the business, or other factors. Disaggregating the data for reporting would improve the clarity for users of reported outcomes without creating any additional work for staff.

- Some **tax revenue-related measures** can more clearly define what is included. OEDCA has five tax revenue-related measures, three of which clearly state which specific taxes are included (some combination of sales, property, utility, and/or business tax). However, two measures do not specify which taxes are included. Additional clarity would provide context for users of the information as variability in which taxes are included can significantly change reported results.
    - Adopted Operating Budget performance measure – *% of $5 million tax revenue target* (Note, the Economic Strategy Work Plan has a corresponding key result that does specify which taxes are included: *increase the City's sales, property, and utility tax revenue by $10 million over two years*)
    - Adopted Operating Budget activity and workload highlight – *ratio of Business Development outreach expenditures to generated tax revenues*

- Some **Workforce Development** measures can better distinguish between the two broad program areas within the core service. There are 9 Adopted Operating Budget measures covering the core service, with all of them tracking the Workforce Innovation and Opportunity Act (WIOA) program, SJ Works program, or both. Some of these measures clearly specify that the results relate to one of the two programs, for example the % of unsubsidized *job placements for SJ Works youth relative to goal.*

  However, other measures report results specific to one program but are not clearly described as such. For example, the *% of clients served who are low-income or have a significant barrier to employment* reflects WIOA clients but that is not clearly stated. Because WIOA and SJ Works serve different clients and are separate programs, clarifying how the measures are written would make them clearer and more consistent.

[7] Two other examples include *# of meetings held with businesses receiving Business Development support* and *# of Business Owner Space participants receiving assistance.*

Measures Tied to 2026 Major Events and the Two-Year Economic Strategy Work Plan Should Be Reviewed for Longer-Term Use

Some measure targets are tied to 2026 major events or the two-year Economic Strategy Work Plan and should be reviewed to determine whether they represent longer-term goals. The targets may be based on short-term activity or FY 2025-26 and FY 2026-27 priorities rather than ongoing measures that should continue unchanged in future years.

- The OEDCA Adopted Operating Budget measure on the *percentage of major sporting events generating over $100 million of economic impact occurring in San José* was based on 2026 major sporting events activity. OEDCA should review the target to determine if this continues to be a realistic year-to-year goal.
- The Economic Strategy Work Plan key result for FY 2025-26 and FY 2026-27 on the *percentage of the 5,000-job target achieved through retention, expansion, and attraction efforts* should be reviewed to determine whether this target should continue after FY 2026-27. This measure also appears in the OEDCA and CED CSA Adopted Operating Budgets.
- Similarly, the cross-channel measure on the *percentage of the $5 million tax revenue target* should be reviewed to determine whether the target should continue as a longer-term goal.

Recommendations:

1: To improve usefulness and clarity, the Office of Economic Development and Cultural Affairs should review select Cultural Affairs measures and revise as appropriate, including the current performance measures related to the condition of public art and the measures reporting survey results from event organizers and cultural grant recipients.

2: To clarify reported performance measures, the Office of Economic Development and Cultural Affairs should, as appropriate:

a. Standardize terminology around downtown foot traffic,

b. Disaggregate data on reported outcomes for business assistance programs by work group or recipients,

c. Consistently identify which taxes are included in the reported results for tax revenue performance measures, and

d. Consistently identify which programs are included in the reported results for workforce development performance measures.

3: The Office of Economic Development and Cultural Affairs should review performance measures and targets in the Adopted Operating Budget to determine whether current annual goals should continue after FY 2026-27, including the $100 million threshold for the economic impact of major sporting events measure, the 5,000-job growth goal, the $5 million tax revenue target, and other significant ongoing workstreams as appropriate.

Documenting Methodologies Would Improve Consistency, Reliability, and Transparency

> *"A vital step to the health of the City's performance measurement and management work is the ongoing documentation of performance metric methodologies, including what metrics are used, data source, calculations, etc."*
> - City Manager's *Performance Management Commitments for All City Staff*, 2024

OEDCA does not maintain standardized documentation for how its performance measures are calculated and data is gathered. OEDCA staff confirmed that methodology documentation has not been updated since the Office restructured its performance measures in FY 2025-26. Teams rely on various spreadsheets, trackers, and the formulas or calculation methods embedded in those documents.

Some methodologies, such as those for Work2future, are complex and follow multi-step processes to perform correctly. Better methodology documentation would also help ensure consistency for measures that aggregate activity across multiple teams or tax-related measures that do not consistently specify which taxes are included. When such processes are not documented, their accuracy and consistency may depend on an individual staff member, increasing the risk of inconsistencies when roles or responsibilities change.

The Budget Office emphasizes that performance measures should be clear, consistent, and supported by documented methodologies and the City Manager's Office has provided a template to help departments document methodologies. The template emphasizes defining key information, including:

- What the measure is intended to represent,
- How the measure is calculated,
- What data sources are used,
- Which department, core service, and budget program, and
- How frequently the data is updated.

See Appendix C for the City Manager's Office Performance Measure Methodology Documentation Template (Methodology Sheets).

Clearer Expectations for External Data Sources Can Improve Reporting Consistency

Six of OEDCA's key performance measures rely on data produced by external partners, but current coordination and agreements do not define expectations for methodology or data reliability.

- Although the City's has a multi-year agreement with Team San José that includes responsibilities related to economic impact reporting, it does not address the new performance measure on the *% of major sporting events generating over $100 million in economic impact*. The FY 2025-26 Adopted Operating Budget includes a footnote that reads:

  > *The Administration is working with external partners to develop new and consistent methodology to estimate economic impact for major sports events including Super Bowl LX, NCAA Men's Basketball West Regional Games, and FIFA World Cup in 2026 and beyond.*

  At the time of the audit, OEDCA staff reported that the City was working with the San José Sports Authority and their consultant to develop an economic impact report on 2026 major sporting events.[8] However, it was unclear whether this work will establish an ongoing methodology for OEDCA's newly introduced performance measure in the Adopted Operating Budget beyond 2026.

- OEDCA also relies on the San José Downtown Association for five performance measures tracking downtown foot traffic. The San José Downtown Association receives this data through its subscription with a third-party provider and provides the City with the underlying data.

  While the City has a consultant agreement with the San José Downtown Association to generate and share the data reports, the agreement does not define the City's expectations regarding the geographic parameters used to produce the data. Without defined geographic parameters, OEDCA cannot ensure that the data aligns with the intended scope of each measure or that results are comparable across channels.

[8] The report will provide a comprehensive economic impact analysis of the SJ26 initiative and the City's portfolio of major sporting events such as the Super Bowl LX Opening Night (plus ancillary events) and FIFA World Cup-related soccer celebration events.

Strengthening coordination with external partners, or updating agreements where necessary, would improve data reliability and transparency across these measures.

Recommendations:

4: For all its performance measures and activity and workload highlights included in the Adopted Operating Budget, the Office of Economic Development and Cultural Affairs should document standardized methodologies including terminology, data sources, calculation methodology, responsible teams or staff positions, and assumptions or limitations.

5: The Office of Economic Development and Cultural Affairs should clarify expectations with external partners around key measures, including the geographic parameters used to generate foot traffic data and the methodology for calculating economic impact of major sporting events if it continues to be an ongoing performance measure in the Adopted Operating Budget.

Conclusion

OEDCA has made progress in modernizing its performance measurement framework by introducing new measures, restructuring core service metrics, and aligning reporting with recent departmental and Citywide initiatives. Many of the measures we reviewed were useful, generally reliable, and consistent with OEDCA's strategic priorities related to economic growth, cultural vitality, and workforce development. In some instances, the OEDCA should review current performance measures reported in the Adopted Operating Budget to ensure they continue to be useful and accurate while clearly representing what is intended. Finally, best practices and Budget Office guidance recommend documenting performance measure methodologies to promote consistency, transparency, and accuracy over time. This is particularly important as measures evolve and staff responsibilities change. Addressing these opportunities would further enhance OEDCA's performance reporting and ensure that it continues to provide meaningful, reliable information to support decision-making and accountability.

RECOMMENDATIONS

Finding 1: OEDCA's Performance Measurement Is Generally Useful and Reliable, But Some Measures Can be Clearer and More Meaningful

Recommendation #1: To improve usefulness and clarity, the Office of Economic Development and Cultural Affairs should review select Cultural Affairs measures and revise as appropriate, including the current performance measures related to the condition of public art and the measures reporting survey results from event organizers and cultural grant recipients.

Recommendation #2: To clarify reported performance measures, the Office of Economic Development and Cultural Affairs should, as appropriate:

a) Standardize terminology around downtown foot traffic,

b) Disaggregate data on reported outcomes for business assistance programs by work group or recipients,

c) Consistently identify which taxes are included in the reported results for tax revenue performance measures, and

d) Consistently identify which programs are included in the reported results for workforce development performance measures.

Recommendation #3: The Office of Economic Development and Cultural Affairs should review performance measures and targets in the Adopted Operating Budget to determine whether current annual goals should continue after FY 2026-27, including the $100 million threshold for the economic impact of major sporting events measure, the 5,000-job growth goal, the $5 million tax revenue target, and other significant ongoing workstreams as appropriate.

Recommendation #4: For all its performance measures and activity and workload highlights included in the Adopted Operating Budget, the Office of Economic Development and Cultural Affairs should document standardized methodologies including terminology, data sources, calculation methodology, responsible teams or staff positions, and assumptions or limitations.

Recommendation #5: The Office of Economic Development and Cultural Affairs should clarify expectations with external partners around key measures, including the geographic parameters used to generate foot traffic data and the methodology for calculating economic impact of major sporting events if it continues to be an ongoing performance measure in the Adopted Operating Budget.

APPENDIX A

Audit Objective, Scope, and Methodology

The mission of the City Auditor's Office is to identify ways to increase the economy, efficiency, effectiveness, equity, and accountability of City government by independently assessing and reporting City operations and services. The audit function is an essential element of San José's public accountability, and our audits provide the City Council, City management, and the public with independent analysis, reliable information and recommendations for improvement of City operations and services. In accordance with the City Auditor's Fiscal Year (FY) 2026-27 Audit Work Plan, we have completed an audit the of City Manager's Office of Economic Development and Cultural Affairs (OEDCA)'s performance measures.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objective of this audit was to assess the reliability, validity, and usefulness of OEDCA's reported performance measures. We sought to understand the relevant internal controls over its performance measures, and have performed the following to achieve the audit objective:

- To understand the scope of OEDCA's performance measure reporting, we:
  - Reviewed and summarized performance metrics across the City's FY 2025-26 Adopted Operating Budget, OEDCA's Economic Strategy Work Plan for FY 2025-26 and 2026-27, and the City's FY 2025-26 Growing Our Economy Council Focus Area Scorecard.
  - Reviewed the Public Art Five-Year Masterplan (2026-2030) and the Ten-Year Arts and Culture Plan (2011-2021) to understand their relevance to OEDCA priorities and goals
- To understand the methodologies for calculating OEDCA's reported performance measures, we reviewed available source data for calculating each of its 39 Operating Budget performance measures for FY 2025-26.
- To understand relevant contract terms and expectations for the calculation of some performance metrics, we reviewed the City's agreements with San Jose Downtown Association and Team San Jose as well as the San Jose Sports Authority's agreement with SportsEconomics.
- To assess the reliability, validity, and usefulness of the performance measures in the Adopted Operating Budget, we reviewed the 39 performance measures for:
  - Consistency across the various reporting channels,
  - Alignment with OEDCA's stated priorities and goals,
  - Accuracy and reliability of reporting methodologies and results, and
  - Usability of these measures for decision-making purposes.
- We interviewed:
  - OEDCA staff to understand their process for calculating the performance to determine the usefulness of the performance metrics for decision making

- Staff from City Manager's Budget Office to understand their process for reviewing measure updates and proposed changes to measures, targets, and methodologies.

We would like to thank OEDCA and the City Manager's Office for their time and insight during the audit process.

APPENDIX B

OEDCA Performance Measures from Departmental and CED CSA Adopted Operating Budgets for FY 2025-26

Measure	Source	Core Service (if applicable)
% of public art works that are in the City's permanent collection that are in "good" to "excellent" condition based on their physical and operational condition	OEDCA Adopted Operating Budget – Core Service Performance Measure	Cultural Affairs
% of responding funded cultural organizations rating the arts grants program "good" to "excellent" based on responsiveness and timelines	OEDCA Adopted Operating Budget – Core Service Performance Measure	Cultural Affairs
% of annual increase in average nighttime pedestrian activity in Downtown (NEW)	OEDCA Adopted Operating Budget – Core Service Performance Measure	Cultural Affairs
% of event organizers who rate the overall experiences with the City services and support provided for their event as good or excellent (NEW)	OEDCA Adopted Operating Budget – Core Service Performance Measure	Cultural Affairs
% of major sporting events generating over $100M of economic impact occurring in San José (NEW)	OEDCA Adopted Operating Budget – Core Service Performance Measure	Cultural Affairs
% of 5,000 job target achieved through retention, expansion, and attraction efforts (NEW)	OEDCA Adopted Operating Budget – Core Service Performance Measure	Business Development
% of $5 million tax revenue target (NEW)	OEDCA Adopted Operating Budget – Core Service Performance Measure	Business Development
% establishment of one new business assessment districts (NEW)	OEDCA Adopted Operating Budget – Core Service Performance Measure	Business Development
% of Business Development grants distributed to woman or minority-owned businesses	OEDCA Adopted Operating Budget – Core Service Performance Measure	Business Development
% increase in Downtown daytime pedestrian traffic year-over-year (NEW)	OEDCA Adopted Operating Budget – Core Service Performance Measure	Business Development
Estimated % of clients employed 12 months after initial placement: adults, dislocated workers	OEDCA Adopted Operating Budget – Core Service Performance Measure	Workforce Development
% of SJ Works interns who complete their internships (NEW)	OEDCA Adopted Operating Budget – Core Service Performance Measure	Workforce Development
% of clients served who are low income or have a significant barrier to employment (NEW)	OEDCA Adopted Operating Budget – Core Service Performance Measure	Workforce Development
% of unsubsidized job placements achieved for San Jose Works youth relative to goal (NEW)	OEDCA Adopted Operating Budget – Core Service Performance Measure	Workforce Development
% of youth job placements from priority neighborhoods or PRNS/Youth Empowerment Alliance referrals (NEW)	OEDCA Adopted Operating Budget – Core Service Performance Measure	Workforce Development
Arts and cultural grants: # of awarded grants, grant funding for special events ($), total Office of Cultural Affairs grant awards	OEDCA Adopted Operating Budget – Activity and Workload Highlight	Cultural Affairs
# of public art works in the City's permanent collection	OEDCA Adopted Operating Budget – Activity and Workload Highlight	Cultural Affairs
Outdoor special events coordinated by Office of Cultural Affairs: # of events, # of event days, # of reported attendees	OEDCA Adopted Operating Budget – Activity and Workload Highlight	Cultural Affairs
Economic impact of Convention Center, San José Civic, Center for the Performing Arts, California Theater, and Montgomery Theater (attendance by type): # of local/social visitors, # of out-of-town visitors, # of exhibitors	OEDCA Adopted Operating Budget – Activity and Workload Highlight	Cultural Affairs
# of produced or facilitated cultural outdoor events specific to major sports events (NEW)	OEDCA Adopted Operating Budget – Activity and Workload Highlight	Cultural Affairs
Ratio of Business Development outreach expenditures to generated tax revenues	OEDCA Adopted Operating Budget – Activity and Workload Highlight	Business Development

Measure	Source	Core Service (if applicable)
# of companies receiving Office of Economic Development permitting assistance	OEDCA Adopted Operating Budget – Activity and Workload Highlight	Business Development
# of small businesses receiving business support related assistance	OEDCA Adopted Operating Budget – Activity and Workload Highlight	Business Development
# of meetings held with businesses receiving Business Development support	OEDCA Adopted Operating Budget – Activity and Workload Highlight	Business Development
# of commercial lease commitments facilitated in Downtown (NEW)	OEDCA Adopted Operating Budget – Activity and Workload Highlight	Business Development
# of work2future clients receiving discrete services (counseling, job placement, and occupational training): adults, dislocated workers, youth	OEDCA Adopted Operating Budget – Activity and Workload Highlight	Workforce Development
# of businesses that participate in recruitment activities, offer internships, nontraditional apprenticeships, or on-the-job training	OEDCA Adopted Operating Budget – Activity and Workload Highlight	Workforce Development
# of San José Works (work2future clients)	OEDCA Adopted Operating Budget – Activity and Workload Highlight	Workforce Development
Downtown vibrancy rating - % of residents rating Downtown as a vibrant place	CED CSA Adopted Operating Budget – Community Indicators Outcome	--
Estimated ratio of San José jobs to employed residents	CED CSA Adopted Operating Budget – Community Indicators Outcome	--
Jobs held by San José Residents	CED CSA Adopted Operating Budget – Community Indicators Outcome	--
Average daytime and nighttime Downtown foot traffic: average Downtown foot traffic per month	CED CSA Adopted Operating Budget – Performance Measure Dashboard	--
Quality and diversity of arts and cultural activities: % of residents surveyed rating the availability and variety of arts and cultural offerings as "good" or "excellent".	CED CSA Adopted Operating Budget – CSA Performance Measure	--
Outdoor special events availability and variety: % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as "good" or "excellent"	CED CSA Adopted Operating Budget – CSA Performance Measure	--
Downtown attractiveness and viability: % of residents rating the City's efforts to make Downtown attractive and viable as "good" or "excellent".	CED CSA Adopted Operating Budget – CSA Performance Measure	--
San José as a shopping and dining destination: % of residents rating San José as a place to shop and dine as "good" or "excellent".	CED CSA Adopted Operating Budget – CSA Performance Measure	--
Workforce Innovation and Opportunity Act clients: % of work2future adult and youth clients served who are low income or have a significant barrier to employment.	CED CSA Adopted Operating Budget – CSA Performance Measure	--
Business Development assistance tax changes: estimated % change in sales and business tax revenue from businesses receiving Business Development assistance; taxes from attracted or expanded companies, taxes from retained companies.	CED CSA Adopted Operating Budget – CSA Performance Measure	--
Attracting businesses and good paying jobs: % of residents rating the City's efforts at attracting businesses and good paying jobs as "good' or "excellent".	CED CSA Adopted Operating Budget – CSA Performance Measure	--
Businesses in neighborhood Business Districts: ratio of sales tax to number of small businesses (with a sales tax license) with City investment, Citywide.	CED CSA Adopted Operating Budget – CSA Performance Measure	--

Source: Auditor summary of FY 2025-26 OEDCA Adopted Operating Budget and the Community and Economic Development City Service Area performance measures.

Note: The full names of the core services are Cultural Affairs, Economic Growth and Business Development, and Workforce and Talent Development, but they are abbreviated in the Exhibit for brevity.

APPENDIX C

City Manager's Office Performance Measure Methodology Documentation Template (Methodology Sheets)

Department:	**Core Service:**	**Budget Program:**
Type of Measure *(check box)*	☐ Community Indicator ☐ Core Service Performance Measure ☐ CSA Performance Measure ☐ Core Service Activity and Workload Highlight	
Meaning		
Measure (Exact Text):		
Key Measurement Area *(Access, Customer Satisfaction, Reliability and Responsiveness, Cost Effectiveness) or Activity & Workload Highlight. (Note: Only applicable to Core Service Performance Measures) definitions can be found in the Operating Budget.*		
Use		
Purpose. *Why is this important to measure? For whom is it intended? Who benefits most from this data? Major users?*		
Sustainability		
Data. *Formula/Calculation and/or Data Components; Frequency, Sample Size (be specific). Use the columns to the*	*Formula*	*Actual Data*

<table>
<tr><td rowspan="3">right to populate data for the metric's Actuals, Target/Forecasts, Estimates, and 5-Years Goals with their corresponding formulas.

Helpful tips: Last year's Actuals can be used for the current year's Estimates.

Note: Community Indicators only have Actuals.</td><td>Formula</td><td>Target/Forecast Data</td></tr>
<tr><td>Formula</td><td>Estimate Data</td></tr>
<tr><td>Formula</td><td>5-Year Goal Data</td></tr>
<tr><td>Source. Data Source(s) and/or availability/schedule (Be specific).</td><td colspan="2"></td></tr>
<tr><th colspan="3">Budgeting for Equity</th></tr>
<tr><td colspan="3">Departments are asked to submit a Budgeting for Equity worksheet along with their annual budget requests. The Budgeting for Equity worksheet is a general set of questions that is aimed at guiding departments to assess impact of budget requests and how it explicitly considers equity. See more at: Budgeting for Equity Worksheet -FY24-25 (PDF) Below are the main areas of consideration when submitting budget proposals:</td></tr>
<tr><td>Disaggregated data. Clear outline of identified data and how disaggregated data informed the proposal package.</td><td colspan="2"></td></tr>
<tr><td>People Impact Assessment. Clear outline of the anticipated impact of the proposal on marginalized communities.</td><td colspan="2"></td></tr>
<tr><td>Fiscal Impact Assessment. Clear outline of the funding plan to address a disparity and advance racial equity.</td><td colspan="2"></td></tr>
<tr><td>Equity Advancement. Clear analysis, plan, and actions to further advance RE within the department.</td><td colspan="2"></td></tr>
</table>

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO:	Joseph Rois City Auditor	**FROM:**	Jen Baker
SUBJECT:	**See Below**	**DATE:**	August 12, 2026

Approved	Rosalynn Hughey	Date:	8/12/2026

SUBJECT: Response to the Audit of the City Manager's Office of Economic Development and Cultural Affairs Performance Measures: Current Measures Are Generally Useful and Reliable, But Opportunities Exist to Improve Reporting

BACKGROUND

The City Auditor conducted an audit of the 39 performance measures for the City Manager's Office of Economic Development and Cultural Affairs (OEDCA) contained in the City's Adopted Operating Budget and their alignment with other performance information included in the OEDCA Economic Strategy Work Plan and the Growing Our Economy Focus Area. The objective of this audit was to assess the reliability, validity, and usefulness of OEDCA's performance measures.

Driving San José's vision of a vibrant, inclusive, and prosperous city, OEDCA fosters economic vitality, cultural expression, and workforce opportunity through four core services: 1) Cultural Affairs: Arts, Sports, and Entertainment; 2) Economic Growth and Business Development, 3) Workforce and Talent Development, and 4) Strategic Support.

The Administration reviewed the audit titled *City Manager's Office of Economic Development and Cultural Affairs Performance Measures: Current Measures Are Generally Useful and Reliable, But Opportunities Exist to Improve Reporting*, which contains one finding and five recommendations. The following are the Administration's responses to each recommendation.

RECOMMENDATIONS AND ADMINISTRATION'S RESPONSE

Finding 1: OEDCA's Performance Measures are Generally Useful and Reliable, but Some Measures Can be Clearer or More Meaningful.

Recommendation #1: To improve usefulness and clarity, the City Manager's Office of Economic Development and Cultural Affairs should review select Cultural Affairs measures and revise as appropriate, including the current performance measures related to the condition of public art and the measures reporting survey results from event organizers and cultural grant recipients.

Administration's Response to Recommendation #1: The Administration agrees with this recommendation.

Green: OEDCA will review and, as appropriate, revise its Cultural Affairs performance measures to improve their usefulness and clarity, with a focus on measures related to the condition of the public art collection and survey results from event organizers and cultural grant recipients. The review will assess key performance targets and outcomes, including how OEDCA measures staff and fiscal investments in community, economic, and cultural assets, and will consider benchmarks and methodologies used by comparable cities. OEDCA will also evaluate how and when performance data are collected to improve the timeliness, frequency, and usefulness of the information reported. This work is already underway for measures related to the condition of the public art collection, grantee customer service, and event organizer customer service. The Administration will incorporate revised methodologies and benchmarks into the 2026-2027 Proposed Operating Budget.

Target Date for Completion: March 31, 2027

Recommendation #2: To clarify reported performance measures, the City Manager's Office of Economic Development and Cultural Affairs should, as appropriate:

a. Standardize terminology around downtown foot traffic,
b. Disaggregate data on reported outcomes for business assistance programs by work group or recipients,
c. Consistently identify which taxes are included in the reported results for tax revenue performance measures, and
d. Consistently identify which programs are included in the reported results for workforce development performance measures.

Administration's Response to Recommendation #2: The Administration agrees with these recommendations.

Green: OEDCA staff is currently working toward the incorporation of the recommendations into the performance measures outlined in the second year of OEDCA's Economic Strategy Workplan, the 2026-2027 Performance Area Scorecard, and the 2027-28 Proposed Operating Budget, as appropriate. The department is developing a master methodology document for all department performance measures to standardize terminology, clearly identifying which taxes are included in tax revenue measures and specifying which programs are included in workforce development reporting, along with addressing other methodological refinements. The Business Development team is also working to disaggregate reported outcomes for business assistance programs by work group or recipient category, where appropriate, which will require some workflow improvements to support consistent implementation.

Target Date for Completion: June 30, 2027

Recommendation #3: The City Manager's Office of Economic Development and Cultural Affairs should review performance measures and targets in the Adopted Operating Budget to determine whether current annual goals should continue after FY 2026-27, including the $100 million threshold for the economic impact of major sporting events measure, the 5,000-job growth goal, the $5 million tax revenue target, and other significant ongoing workstreams as appropriate.

Administration's Response to Recommendation #3: The Administration agrees with this recommendation.

Green: As part of the upcoming 2027-2028 Proposed Budget development process, OEDCA will review its current performance goals to determine whether they remain relevant and should continue into the next budget cycle. Based on this review, OEDCA will retain, revise, or replace goals as appropriate to ensure future performance measures remain meaningful and aligned with the department's work.

Target Date for Completion: June 30, 2027

Recommendation #4: For all its performance measures and activity and workload highlights included in the Adopted Operating Budget, the City Manager's Office of Economic Development and Cultural Affairs should document standardized methodologies including terminology, data sources, calculation methodology, responsible teams or staff positions, and assumptions or limitations.

Administration's Response to Recommendation #4: The Administration agrees with this recommendation.

Green: OEDCA staff is currently developing methodology master documents for its performance measures using the format recommended by the Auditor's Office. This work is in progress and is intended to establish consistent documentation of each measure's purpose, definition, calculation, data sources, reporting procedures, and other relevant methodological considerations.

Target Date for Completion: December 31, 2026

Recommendation #5: The City Manager's Office of Economic Development and Cultural Affairs should clarify expectations with external partners around key measures, including the geographic parameters used to generate foot traffic data and the methodology for calculating economic impact of major sporting events if it continues to be an ongoing performance measure in the Adopted Operating Budget.

Administration's Response to Recommendation #5: The Administration agrees with this recommendation.

Green: OEDCA staff intends to refine performance area measurement expectations with external partners during each upcoming contract renewal.

Target Date for Completion: June 30, 2027

COORDINATION

This memorandum was coordinated with the City Manager's Budget Office and the City Attorney's Office.

CONCLUSION

The Administration thanks the City Auditor and staff for the audit, *City Manager's Office of Economic Development and Cultural Affairs Performance Measures: Current Measures Are Generally Useful and Reliable, But Opportunities Exist to Improve Reporting*. The audit report's five recommendations are consistent with the Administration's vision to provide useful and reliable performance measures for OEDCA's work. The Administration expects that all recommendations in the audit will be addressed in the current fiscal year and presented to the Mayor and City Council in the 2027-2028 Proposed Operating Budget.

The Administration looks forward to strengthening the usefulness and consistency of reporting on OEDCA's performance measures and providing increased clarity around the impact of OEDCA's work through the implementation of the recommendations in this audit.

/s/
Jen Baker
Director of the City Manager’s
Office of Economic Development and Cultural
Affairs

For further information, please contact the Deputy Director of Cultural Affairs, City Manager’s Office of Economic Development and Cultural Affairs, Kerry Adams Hapner, at kerry.adams-hapner@sanjoseca.gov or the Deputy Director of Business Development, City Manager’s Office of Economic Development and Cultural Affairs Blage Zelalich, at blage.zelalich@sanjoseca.gov.