

**Attachment: Growing our Economy Focus Area FY 2025-2026 Q3 Status Update**

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

<b>Problem Area 1: Business Development and Workforce Preparedness</b>	<b>Q3 Status</b>
<p>1.1 <i>Engage employers and connect them to resources that attract and retain 5,000 jobs by June 2026.</i></p> <ul style="list-style-type: none"> <li>• Year-to-date jobs attracted, expanded, and retained for FY 2025-2026 are 3,978 jobs.</li> <li>• Western Digital established a Foreign Trade Zone (FTZ), deepening its commitment to our local economy. Year-to-date jobs include 216 expanded jobs for Western Digital.</li> <li>• The team exhibited at and/or participated in SPIE Photonics West in the Quantum Expo, SPIE Advanced Lithography, NVIDIA’s GTC, NAIOP’s I.CON West (focused on industrial development), and ICSC Monterey (focused on retail). Q3 activity included 178 corporate engagements.</li> </ul>	Green
<p>1.2 <i>Identify priority growth sectors (such as manufacturing and AI). Customize business outreach activities engaging priority sectors and bringing visibility to the City's competitive assets.</i></p> <p>This item was marked as complete in Q2, below is what was previously shared:</p> <ul style="list-style-type: none"> <li>• The City is advancing a targeted business development strategy that leverages San José’s comparative advantages in the development of innovative technology, access to a highly skilled workforce, and infrastructure readiness.</li> <li>• Through sector-based research and outreach, informed by industry insights, the City is proactively generating and supporting aligned business leads.</li> <li>• Refined priority sectors include: <ul style="list-style-type: none"> <li>○ Nurturing the base economy by working with top employers and revenue generators</li> <li>○ Growing the innovation economy by focusing on computer hardware and processing infrastructure (includes semiconductors, microelectronics, data centers, photonics, and quantum), robotics, and clean energy</li> <li>○ Building back the office economy by working with commercial office brokers and tenants in the market</li> </ul> </li> <li>• The team secured a prospecting tool to accelerate market research, provide access to national industry sector data, and facilitate engagement.</li> </ul>	Completed in Q2
<p>1.3 <i>Analyze job attraction, retention, and expansion performance measure methodology and data sources and report to the December Community and Economic Development (CED) Committee.</i></p> <p>This item was marked as complete in Q2, below is what was previously shared:</p> <ul style="list-style-type: none"> <li>• This item was presented at the December 15, 2025, CED Committee.</li> </ul>	Completed in Q2

<ul style="list-style-type: none"> <li>• Focus for this performance measure is existing large employers and tax revenue generators in San José (retention/expansion) and key industries (attraction).</li> <li>• Smaller companies that are willing to pay a premium for proximity to a desired ecosystem or skilled talent are opportunities for attraction, as well as large local employers that relocate or expand into San José, and large corporations seeking to grow their presence</li> <li>• When available, staff will include construction jobs generated and disaggregate them in reporting.</li> <li>• Connections are made through both proactive outreach and inbound communications.</li> </ul>	
<p>1.4 <i>Implement two program improvements from FY 2024-2025 workforce pilot for 125 unstably housed residents.</i></p> <ul style="list-style-type: none"> <li>• To date, 125 unstably housed clients have enrolled in the pilot workforce development program.</li> <li>• Ongoing intensive case management in partnership with community-based organizations remains critical.</li> <li>• Majority of clients enrolling are young adults aged 18-24.</li> </ul>	Green
<p>1.5 <i>By March 2026, work2future will launch a pilot selection paid work experience trainings related to AI, with 80 clients enrolling by June 2026.</i></p> <ul style="list-style-type: none"> <li>• Trainings have launched and 70 clients have completed their paid work experience related to AI</li> </ul>	Green
<p>1.6 <i>Implement AI training for skills assessment and job matching and bring results and recommendations to CED Committee meeting in June 2026.</i></p> <ul style="list-style-type: none"> <li>• Implemented and expanded AI-focused workforce training initiatives through training providers, online Metrix Learning, and hybrid workshops, serving approximately 475 participants in areas including generative AI, machine learning, AWS, AI workplace productivity tools, data analytics, and AI-enhanced business applications.</li> </ul> <p>Lessons learned demonstrated strong participant interest in applied AI training tied to workplace functions, particularly in administrative, accounting, and business service occupations. As this effort is being implemented as a pilot during the current program year, many participants are still in the process of completing their training programs. Participants who have completed training have transitioned into the job search phase and are actively pursuing employment opportunities.</p>	Green

<b>Problem Area 2: Infrastructure Readiness</b>	<b>Q3 Status</b>
<p>2.1 <i>Three data centers/large energy projects receive permanent power from PG&amp;E by June 2026.</i></p> <ul style="list-style-type: none"> <li>• Two out of three projects have received permanent power from PG&amp;E. The third project is expected to be energized by August 2026, but it will not be energized in time to meet this goal.</li> <li>• The delay is due to materials being delayed. PG&amp;E and the customer agreed to forgo a temporary solution that would have</li> </ul>	Yellow

<p>been energized sooner in order to wait for permanent power, which will arrive about two months after the original target in-service date.</p> <ul style="list-style-type: none"> <li>• Estimated \$800K in utility tax revenue generated by the two energized data centers within the first year.</li> </ul>	
<p><i>2.2 Two new data center/large energy projects in the Building Plan Review phase by June 2026.</i></p> <p>This item was marked as complete in Q2. Below is what was previously shared:</p> <ul style="list-style-type: none"> <li>• Three out of the two project goal are in the Building Plan Review phase, surpassing the goal.</li> </ul>	Completed in Q2
<p><i>2.3 Five new data center/large energy projects in the Planning Entitlement phase by June 2026.</i></p> <ul style="list-style-type: none"> <li>• Four out of five projects have submitted Planning Entitlement applications, with an anticipated fifth coming in June.</li> <li>• Projects will only submit for entitlement if they have certainty in their access to power.</li> </ul>	Green
<p><i>2.4 Define and execute an Exclusive Negotiating Agreement for development of the Economic Development Lands near the Regional Wastewater Facility by March 2026.</i></p> <ul style="list-style-type: none"> <li>• The City Council approved the Exclusive Negotiating Agreement with Prologis for the development of these lands in December 2025.</li> <li>• After initially pausing to allow the City of Santa Clara time to determine their desired form of participation with the Exclusive Negotiating Agreement, staff are now negotiating a cost reimbursement agreement and an Exclusive Negotiating Agreement directly with Prologis and aim to execute these documents by June 2026.</li> </ul>	Yellow
<p><i>2.5 Issue the first LS Power utility construction permit by June 2026.</i></p> <ul style="list-style-type: none"> <li>• Franchise Agreement– Effective May 8, 2026 – 2.3% of net revenue.</li> <li>• Construction avoids SJ26 sporting events impacts.</li> <li>• First permits issued before May 11, 2026 construction start. Staff will maintain close coordination with the California Public Utilities Commission Energy Division as construction begins in Q4 of FY 2025-2026.</li> </ul>	Complete

<b>Problem Area 3: Downtown and Neighborhood Business Districts Investment</b>	<b>Q3 Status</b>
<p><i>3.1 Generate five commercial lease renewal commitments in Downtown of 5,000 square feet or more by June 2026.</i></p> <ul style="list-style-type: none"> <li>• Three lease renewal commitments as of May 2026.</li> <li>• Additional companies are looking for suites under 2,500 square feet, which fall below the threshold for the Downtown Leasing Incentive. The Downtown Office Leasing Incentive Program seems</li> </ul>	Green

<p>to be best suited for more established small businesses and, to a lesser degree, for early-stage start-ups. These companies are more inclined to lease a smaller space or join an existing co-working space.</p> <ul style="list-style-type: none"> <li>• Downtown companies remain committed to the city’s urban core but are exploring moves within the core as higher-quality and more cost-effective office options become available.</li> <li>• SJ26 events, placemaking, and activations have boosted civic pride and have been a value add for commercial tenants Downtown.</li> </ul>	
<p><b>3.2 Facilitate five new ground-floor business attractions to Downtown by June 2026.</b></p> <ul style="list-style-type: none"> <li>• Six business attractions secured through Q3, including Poppy &amp; Claro, Bay Padel, the VTA Security Building, West Coast Community Bank, Lucid Motors, and Strata.</li> <li>• There is increased interest in locating experiential offerings Downtown, such as luxury gyms, music venues, interactive art exhibits, etc.</li> </ul>	Complete
<p><b>3.3 Implementation of four Downtown placemaking initiatives by June 2026.</b> This item was marked as complete in Q2. Below is what was previously shared:</p> <ul style="list-style-type: none"> <li>• Nine Downtown placemaking initiatives have been completed to date, including: <ul style="list-style-type: none"> <li>○ San José Museum of Art façade banner replacement</li> <li>○ Post Street asphalt mural</li> <li>○ Fountain Alley landscaping</li> <li>○ Improvements to the VTA right of way in front of the Convention Center</li> <li>○ Arena Green: A park renewed</li> <li>○ Replaced all USPS mailboxes</li> <li>○ Greyhound Station beautification</li> <li>○ Park Habitat fence beautification</li> <li>○ San Pedro &amp; Post Street fencing</li> </ul> </li> <li>• SJ26 major sporting events are a valuable driver for placemaking, with several partners interested in supporting improvement efforts.</li> </ul>	Complete
<p><b>3.4 Formation of one new business improvement district by June 2026.</b></p> <ul style="list-style-type: none"> <li>• The goal of one new business improvement district by June 2026 will be exceeded in this fiscal year. <ul style="list-style-type: none"> <li>○ Story Road Business Improvement District (BID) was approved by City Council on February 3, 2026.</li> <li>○ Alum Rock BID and The Alameda BID public hearing held and first reading of ordinance at City Council on March 10, 2026.</li> <li>○ East Village resolution of intent approved by City Council on March 24, 2026.</li> </ul> </li> </ul>	Green

<ul style="list-style-type: none"> <li>Over \$500,000 in assessment fees collected to date from The Alameda property-based improvement district and Monterey Road and Tully Road Eastridge BIDs.</li> </ul>	
<p><i>3.5 Implement two new small business grant programs and assess need and interest by business and project type.</i></p> <ul style="list-style-type: none"> <li>The Small Business Start-up grant program generated 430 qualified applicants from over 800 applications. Staff determined that the establishment of a lottery would offer every applicant an equal chance of being selected for interview by the Small Business Advisory Committee in Q4 FY25-6.</li> </ul> <p>Staff will launch the second grant program in June 2026, focused on neighborhood economic renewal and private investment. Awards are forecast in December 2026. The extended timetable was agreed in response to feedback received from business associations to allow sufficient time to work with local property owners and investors.</p>	Yellow
<p><i>3.6 Accelerate small businesses by streamlining one City process.</i></p> <ul style="list-style-type: none"> <li>Brainstorming sessions concluded that the permitting process review should focus on outdoor seating and an Information Memo would be published in Q4 setting out next steps led by Public Works with PBCE and OEDCA staff.</li> <li>Follow-up work has taken longer than anticipated as partner departments aligned on the appropriate lead role and decision-making structure for advancing the permitting process review.</li> <li>PBCE and OED staff have held an initial meeting with County Health staff to re-establish a coordinated review process around issuance of health certificates for restaurants/food businesses.</li> <li>OED Staff enhanced customer communication on existing permitting processes, including creating a Streamlined Restaurant program flyer and webpage, and translating the Peddler Permit application into Spanish.</li> </ul>	Yellow

<b>Problem Area 4: Sports and Entertainment District Development</b>	<b>Q3 Status</b>
<p><i>4.1 Develop conceptual plan for a Sports and Entertainment District and present to City Council by December 2025.</i></p> <p><i>4.2 Facilitate an updated study of a Convention Center Expansion/HQ Hotel and present to City Council by December 2025.</i></p> <ul style="list-style-type: none"> <li>The deliverable was updated to an informational memorandum to be released in early 2026. This updated goal has now been completed.</li> <li>Staff issued an information memorandum in March 2026, which summarizes key learnings and considerations from consultant analyses, including benchmarking of how peer cities develop sports and entertainment districts and the investment implications for the Convention Center and HQ Hotel.</li> </ul>	Complete
<p><i>4.3 Develop administrative guidelines for Entertainment Zone implementation by December 2025.</i></p>	Completed in Q2

<p>This item was marked as complete in Q2, below is what was previously shared plus a few additional details on Q3 activities:</p> <ul style="list-style-type: none"> <li>• Guidelines completed and presented to the CED Committee at the December 15, 2026, meeting.</li> <li>• Staff collaborated with the Downtown Association to create a Business Toolkit and held an Eastside townhall, which included information on activating the Alum Rock Entertainment Zone. Feedback from business districts and event organizers has been generally positive, with stakeholders citing interest in increased flexibility, district-wide cohesion during events, and clearer pathways for participation within permitted activations.</li> <li>• Staff conducted pilot activations in coordination with San José Police in several districts, including Post Street, San Pedro Square, and Sharks Way/Little Italy, to test operating assumptions and evaluate real-world conditions prior to full implementation. These pilots allowed staff to assess feasibility, operational coordination, and business participation in advance of official launch. Early indicators from pilot efforts and outreach activities suggest strong stakeholder interest in the Entertainment Zone model.</li> <li>• The first official Entertainment Zone activation occurred on Friday, February 6, through Sunday, February 8, 2026, as part of San Pedro Superfest during Super Bowl LX weekend. San Pedro Superfest, produced by the San Jose Sports Authority in partnership with Filco Events, was a permitted outdoor special event that included live entertainment, street closures, food and retail vendors, and coordinated participation from adjacent brick-and-mortar businesses. Estimated attendance for the event was approximately 9,000, with preliminary feedback from participating businesses indicating strong sales performance. Initial data shared by the San Pedro Square stakeholders suggests that the activation represented one of the highest grossing days for several establishments. Staff will continue to gather and analyze sales and operational data as part of the event evaluation.</li> <li>• Additional activations are anticipated in connection with March Madness and FIFA-related events, positioning Entertainment Zones as a scalable tool supporting major regional and international events.</li> <li>• Staff are testing and assessing best practices for future Entertainment Zone activations to understand how to best measure success.</li> </ul>	
<p><i>4.4 Produce or facilitate at least eight cultural outdoor special events specific to 2026 activities and deliver six public artworks.</i></p> <ul style="list-style-type: none"> <li>• Staff expects to surpass this goal, exceeding both the target for outdoor special events and public artworks specific to 2026 major sporting events. To date, Office of Cultural Affairs staff has produced and/or facilitated eight special events specific to 2026 activities, including: <ul style="list-style-type: none"> <li>○ The "Hometown Heroes" exhibition at City Hall hosted a reception that approximately 200 attendees attended.</li> </ul> </li> </ul>	Complete

- The "Invisible Skies" performance event at City Hall Plaza with 2,000 registrants.
- Coordination and permitting of two major concerts at City Hall Plaza.
- Coordination and permitting of the Super Bowl LX Super Fest at San Pedro Square with the activation of an Entertainment Zone and SJ26 Creekside Social events on Barack Obama Blvd.
- Two drone shows at Discovery Meadow in early February.
- Coordination with cultural producers and community organizations is underway for six CityDance events scheduled for the evenings before each FIFA World Cup match at Levi's Stadium. Event concepts will activate Downtown vibrancy, support local artists, and enhance the regional visitor experience.
- Staff have produced seven public artworks specific to SJ26 activities to date, including:
  - Three City Hall Exhibitions (individual components of "Hometown Heroes"):
    - *Larger than Life* - Four large-scale temporary murals by local artists.
    - *Through the Lens of Arnold Del Carlo* - City Hall Tower Lobby Display Cases.
    - *The Community in Motion* - Forty-four sports-related photographs submitted by twenty-five San José photographers.
  - An "Invisible Skies" temporary "flash art" at City Hall Plaza and an accompanying artwork displayed at San José Mineta International Airport in Gate 16-17 and Gate 9, with videos playing in the Terminal A and B Information Booths featuring documentation from the event.
  - Two interactive public art and projection mapping projects featuring the work of local San José State University art faculty and their students, commissioned specifically for 2026 major sports events activations.
  - Three illuminated sculptures designed and fabricated by local San José State University faculty and students displayed during the Superbowl Concerts at City Hall and at the SAP Center with a fourth sculpture making its debut during 2026 World Cup watch parties in San Pedro Square Market.
  - Large-scale interactive projection mapping activation at the SAP Center during NCAA Men's College basketball tournament.
  - An interactive art+tech installation entitled "Gaiascope" sited at Circle of Palms beginning in late May through August.
  - One collaboration with Chopsticks Alley on "Hearts Delight" Marquee Projects, a pilot digital public art project in advance of SJ26 activations.

<p><i>4.5 Facilitate at least 485 city-wide outdoor special event days that cumulatively drive over two million attendees.</i></p> <ul style="list-style-type: none"> <li>• Exceeded annual target with 622 event days (193 event permits), representing 128% of the goal. Estimated attendance is 1.95 million to date (excludes attendance projections for events still to take place later in the FY)</li> <li>• Demand for event space continues to result in more frequent back-to-back and concurrent events, resulting in capacity constraints at popular sites, especially downtown, as and impacts on City resources and safety staffing.</li> <li>• Increased event activity requires careful coordination and balancing of scheduling, traffic impacts, construction activity, and day-to-day business operations to support successful events while minimizing impacts to visitors, residents, and stakeholders.</li> </ul>	<p>Complete</p>
<p><i>4.6 Work with external partners to measure the economic impact of 2026 major sporting events with the goal of capturing 20% of all direct spending within the Bay Area.</i></p> <ul style="list-style-type: none"> <li>• Staff developed a methodology with Team San José and the San Jose Sports Authority. San Jose Sports Authority will use initial methodology to commission a comprehensive economic impact report on 2026 major sports events.</li> <li>• Staff expects the Bay Area Host Committee to issue a report for the region, which may not use the same economic impact methodology.</li> </ul>	<p>Green</p>