



Memorandum

TO: COMMUNITY AND
ECONOMIC DEVELOPMENT
COMMITTEE

FROM: Jen Baker

SUBJECT: Economic Strategy Work
Plan Annual Report

DATE: April 3, 2026

Approved

Date:

4/17/26

RECOMMENDATION

Accept the annual report on the implementation of the Economic Strategy Work Plan for Fiscal Year 2025-2026 and Fiscal Year 2026-2027.

BACKGROUND

As part of the Fiscal Year (FY) 2024-2025 Budget process, the City Council approved the City Manager's Office of Economic Development and Cultural Affairs (OEDCA) Economic Strategy Work Plan (Work Plan) for FY 2025-2026 and FY 2026-2027. The Work Plan focused OEDCA's efforts on a smaller set of priorities that are most closely tied to job creation, private investment, and City revenue generation.

The Work Plan identified five strategic objectives to guide OEDCA's work over the two-year period:

1. Grow jobs and revenue from large and medium-sized businesses in key sectors.
2. Foster small business resilience and strengthen neighborhood business districts.
3. Accelerate a thriving Downtown.
4. Activate San José as the South Bay's hub for sports, arts, and entertainment.
5. Prepare residents to participate in the local economy through training, education, and career support.

Together, these objectives were designed to focus staff resources on activities that support business attraction and retention, strengthen the small business ecosystem, advance Downtown recovery, expand San José's experience economy, and connect residents to economic opportunity.

This memorandum provides a progress update on the work completed to date in the first year of implementation of the Economic Strategy Work Plan.

ANALYSIS

Progress on the Economic Strategy Work Plan

During the first nine months of the first year of implementation, OEDCA has advanced work across all five strategic objectives. Of the 22 goals established for FY 2025-2026 and FY 2026-2027, eight goals are complete (36%), 12 are on track to be completed within the work plan period (55%), and two goals are at risk of not being completed on time (9%). The following sections highlight early progress and key activities to date. A comprehensive list of key results and their completion status is detailed in the Attachment to this memorandum.

1. Grow Jobs and Revenue from Large and Medium-Sized Businesses

OEDCA continues to prioritize outreach, retention, and expansion of large and medium-sized employers and their customer bases. Corporate engagement work occurs in three primary areas: (1) nurturing the base economy and strengthening relationships with major employers and revenue generators; (2) growing the innovation economy by working to attract companies focused in the areas of computer hardware and infrastructure, robotics, and clean energy with a thru line of research and development, artificial intelligence and advanced manufacturing; and (3) building back the office economy by filling office vacancies in Downtown, North San José and the Airport submarkets. OEDCA staff coordinates with the City's development services partners in supporting companies as they navigate the City's permitting processes.

Highlights as of December 2025 include:

- Sales tax increased by \$9 million over the same four quarters in 2024 (from \$275 million to \$284 million).
- Two data centers were energized (Equinix SV12 and SV18) under the City of San José/PG&E Agreement for large-energy users. These two projects will generate an expected annual General Fund utility tax revenue of over \$800,000, growing cumulatively to roughly \$4 million annually within five years.
- Ribbon cuttings and groundbreakings for Rose Batteries, Netgear, Lucid Motors, and IONNA's first EV recharging station in San José.
- Westfield Valley Fair Mall holiday traffic plans were significantly improved in comparison to previous years and implemented much earlier than before (Veterans Day weekend instead of Black Friday). The City receives roughly \$9 million per year in sales tax from Westfield Valley Fair Mall, and improved traffic plans help get more shoppers in and out of the Mall efficiently and more pleasantly, which helps maintain and grow the City's sales tax base and

disincentivizes shoppers from choosing upscale shopping centers in neighboring cities. For these reasons, Westfield Valley Fair Mall management identified improving these plans as their top issue. Despite an isolated public safety incident at the Mall, sales tax increased by 1% compared to the same quarter in the previous year.

2. Foster Small Business Resilience and Strengthen Business Districts

Supporting small businesses remains a core part of the City's economic development efforts. OEDCA's business development staff provides direct assistance to small businesses, supports neighborhood business districts, and implements programs that help activate storefronts and reduce vacancies.

Highlights as of March 2026 include:

- Four new improvement assessment districts have been —The Alameda Business Improvement District, The Alameda Community Benefit Improvement District, Alum Rock Santa Clara Business Improvement District, and Story Road Business Improvement District, with East Village Business Improvement District, advancing through the public processes currently. Together these BIDs form a mechanism that brings over \$760,000 in annual reinvestment into neighborhood business districts.
- 46% of the \$690,000 FY 2025-2026 Storefront Grants allocation has been awarded (28 grants). The remaining 32 grants are expected to be processed by June 2026. Twenty of the 60 (33%) total grants have been awarded to business owners occupying previously vacant commercial ground-floor spaces. Historically, businesses receiving these grants have a 98% success rate of remaining open, with 88% of recipients being women or minority-owned businesses. This year, the team implemented a new digital workflow that reduces staff time per application from five hours to two hours.
- More than 800 Start-Up Grant applications have been submitted. Staff will award 20 local entrepreneurs with critical seed funding and professional advising to help turn early-stage ideas into sustainable San José businesses. The \$150,000 grant investment reduces barriers to entry for residents, promotes job creation, and strengthens the local tax base, helping to build generational wealth.

3. Accelerate a Thriving Downtown

Downtown San José plays an important role in the City's economy and identity as Silicon Valley's urban center. Staff has continued to work with partners to attract businesses, support commercial activity, and increase foot traffic in Downtown.

Highlights include:

- Positive resident sentiment on how they experience and perceive downtown held consistently at 51% during Q1 and Q2 of FY 2025-2026. The City's goal is to increase positive sentiment by 10% year-over-year compared to FY 2024-2025 (from 49% to 54%) as measured by the Focus Area Community Survey.
- Strong growth in nighttime foot traffic continues exceeding our 10% year over year goal. Daytime traffic increased on average 8% during Q1 and Q2 of FY 2025-2026 (slightly below the goal of a 10% increase). However, staff anticipates that large events and conferences in the second half of FY 2025-2026 will boost the daytime traffic averages for the year.
- The Downtown Management Team is making meaningful progress toward its goals of attracting five new commercial tenants and retaining five existing businesses. To date, the team has secured four new companies downtown, three of which filled prominent, long-vacant storefronts and also obtained commitments to retain three existing businesses.

4. Activate San José as the South Bay's Hub for Sports, Arts, and Entertainment

Staff continues to work with community partners, sports organizations, and arts and cultural institutions to strengthen San José's experience economy. These efforts support visitor activity, increase foot traffic, and create opportunities for community engagement.

Highlights through March 2026 include:

- The City entered into an extended lease with the San José Sharks and secured a guarantee that the team will remain in San José until 2051. Under this revised lease, the City and Sharks will fund a \$425 million renovation to modernize the SAP Center. Dubbed the "Teal Reimagining," the SAP Center will be updated to the highest current hockey standards and will become a premier destination for global touring acts.
- City Council approved an agreement with the San José Giants for the construction of a clubhouse facility.
- Staff completed the policy work related to Supergraphics, Special Events Zone, and Entertainment Zones; City Council adoption of the ordinances.
- Super Bowl LX-related events generated over 450,000 visitors to Downtown San José, including:
 - Two major concerts (Kehlani and DJ Dom Dolla) at City Hall Plaza
 - The first Entertainment Zone weekend-long activation at San Pedro Square, and
 - Two drone shows at Discovery Meadow
- March Madness events included the San Pedro Superfest, SAP Center FanFest, free throw projection mapping installation, drone show at Discovery Meadow, and

3,700 attendees at the free DJ Diesel and Whethan Pop-Up Party at San Pedro Square Market.

- Staff facilitated 535 citywide outdoor special event days in FY 2025-2026, already exceeding the annual goal of 485 event days. Cumulatively, these events welcomed 1.85 million attendees, demonstrating steady progress toward the annual target of 2 million attendees.

5. Prepare Residents to Participate in the Local Economy Through Training, Education, and Career Support

The work2future division within OEDCA continues to support workforce development efforts that help disadvantaged residents access quality jobs and career pathways. This includes coordination with local schools to assist youth and adults facing barriers to traditional career advancement.

Highlights as of February 2026 include:

- work2future has served 1,031 youth and adult clients, aiming to serve 1,400 by the end of June 2027. Of those served, 90% were unstably housed (925), 85% were BIPOC (875), and 72% faced multiple barriers (746). During this period, the team supported 811 clients in securing employment, with 76% securing high-wage, high-growth jobs. work2future aims to provide 345 San José Works internships in high-wage, high-growth sectors. Of those interns, 92% completed their internships (318 participants), with at least 99% of participants (341 participants) from priority neighborhoods or referred by the Parks, Recreation, and Neighborhood Services Department/Youth Empowerment Alliance.

Looking Ahead

OEDCA continues to rebalance elements of its pandemic-era workload with a focus on growing the presence of small, mid-sized, *and* large businesses, reestablishing a cadence for outbound business recruitment activities with an underlined sense of urgency. Staff is exploring technology platforms to gain access to closer to real-time industry insights that can inform business development activities and the broader multi-year business development strategy. There is an opportunity to align City business recruitment efforts with the Governor's Office of Business and Economic Development (GO-Biz) outbound outreach that underlines California's competitive advantages and proactively works to attract investment in innovative industry.

The local market for industrial and research and development real estate types is strong, with consistently low vacancy rates and highly competitive absorption rates for facilities with scalable load electrical power tie-ins. Harnessing this momentum to optimize growth opportunities in the near-term will be important as staff work also to identify business-to-business services firms that can repopulate commercial office

space, where market demand is still catching up. Staff is researching in more detail the specific attributes and proximity of San José's uniquely skilled workforce, acknowledging that access to electrical power and access to talent are the top domestic site selection decision-making criteria.

A healthy economic ecosystem facilitates both quality-of-life small business and neighborhood experiences and supports a competitive traded sector business base—each of which is important to the engagement of the local community and residents/talent base. Supporting the nascent Business Improvement District infrastructure to achieve greater business district autonomy will be important for locking in sustainable outcomes from the last two years of City investment in capacity building.

SJ26, even at the mid-year point, is demonstrating that there is visitor and local community appetite to engage in San José's sports, arts, and culture offerings, which are being successfully bolstered through public-private collaborations. Learnings from partner engagement, facilitative policymaking, and on-the-ground activations will help staff with goal setting for civic engagement in the public realm beyond the SJ26 calendar of activities. Creating an atmosphere that invites residents to spend expendable income within the City of San José is important, alongside efforts to grow the visitor economy.

In San José, extraordinary innovation is achievable at a pace and level of sophistication that is unparalleled. In an ever-competitive global economy, staff must work to reinforce our industry relationships and engage with the workforce that drives this innovation forward and sustain the City's long-term economic vitality.

COORDINATION

The memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.



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

For questions, please contact Erica Garaffo, Assistant to the City Manager, Office of Economic Development and Cultural Affairs, at erica.garaffo@sanjoseca.gov.

ATTACHMENT:

OEDCA Economic Strategy Work Plan for FY 2025-2026 and FY 2026-2027

Attachment: OEDCA Economic Strategy Work Plan for FY 2025-2026 and FY 2026-2027

Green (G): On Track or Complete
 Yellow (Y): At-Risk
 Red (R): Off Track/Critical Intervention Needed

Objective	Key Results to be Achieved by June 2027*	R/Y/G Status	Key Results Achieved
1. Retain/grow jobs and revenue and promote innovation from large and medium-sized businesses in key sectors such as manufacturing and artificial intelligence.	Add (attraction, expansion or retention) a total of 10,000 jobs. *5,000 jobs assumed for FY2025-2026*		ON-TRACK: 3753 jobs added or retained as of December 2025
	Increase the City's sales, property, and utility tax revenue by \$10 million. *\$5 million assumed for FY2025-2026*		ON-TRACK: As of December 2025, sales tax increased by \$9 million over the same four quarters in 2024 (from \$275M to \$284M). Note: The method to calculate quarterly property and utility tax revenue needs to be developed. A new data analyst started on March 16, and this is a priority item on their work plan.
	Increase business retention visits year-over-year by 25%.		ON-TRACK: 48% increase as of December 2025. The Corporate Outreach team completed 62 business retention visits between June 2025 and December 2025, compared to 42 during the same period in 2024.
	Generate/facilitate the permitting of three data centers (or large energy developments).		ON-TRACK: One large-energy project has received planning approval, and two large-energy projects are nearing completion of the building permit process as of March 2026. <ul style="list-style-type: none"> • Prologis Rue Ferrari (Athena) received planning approval in December 2025. • Supermicro received foundation permits in December 2025 and is expected to receive full building permits within the next few months. • Microsoft Data Center received foundation permits in February 2026, with full building permits also anticipated in the coming months. Both Supermicro and Microsoft are currently awaiting the issuance of their Public Improvement Plans from Public Works.

Objective	Key Results to be Achieved by June 2027*	R/Y/G Status	Key Results Achieved
2. Foster small business resilience and create thriving business districts.	Establish two new business assessment districts.	COMPLETE	<p>COMPLETE: As of March 2026, four new improvement assessment districts have been established (The Alameda Community Benefit Improvement District, Story Road Business Improvement District, Alum Rock Business Improvement District, and The Alameda Business Improvement District); and formation of the East Village Business Improvement District is in-progress.</p>
	Generate combined revenue of \$550,000 annually from two new assessment districts.		<p>COMPLETE: \$651,000 generated in FY 2025-2026.</p> <ul style="list-style-type: none"> • Monterey Road was established in 2024, with FY2025-2026 representing the first year of revenue collection. Total generated as of March 2026: \$218,000 • Tully Road Eastridge Business Association was established in 2024 with FY2025-2026 representing first year of revenue collection. Total generated as of March 2026: \$103,000 • Alameda CBID was established in 2025 and is on track to generate \$330,000 by June 2026.
	<p>Streamline at least two city policies to simplify and accelerate the permitting process for small businesses.</p> <p>*one streamlining assumed for FY 2025-2026*</p>	AT-RISK	<p>AT-RISK: The City's outdoor seating permit has been identified as an area of potential process improvement for FY 2025-2026. Business Development and Public Works staff will work to identify which components of the process can be streamlined and will engage Development Services staff as necessary.</p>

Objective	Key Results to be Achieved by June 2027*	R/Y/G Status	Key Results Achieved
2. Foster small business resilience and create thriving business districts.	Award 100% of City-wide allocated Storefronts Grant funding each year, with at least 30% facilitating a reduction in vacant ground floor retail spaces.		<p>ON-TRACK: As of March 2026, 46% of Storefronts Grants awarded.</p> <p>\$690,000 was allocated for Storefront Grants in 2025-2026. To date, 28 grants have been allocated, and the remaining 32 are expected to be processed by June 2026. 20 of the 60 total grants have been awarded to vacant commercial ground-floor retail (33%).</p> <p>Note: Due to the program's popularity and lengthy waitlist, each storefront grant has been revised to a maximum grant of \$10,000.</p>
3. Accelerate a thriving Downtown.	<p>Generate 10 commercial lease renewal commitments of 5,000 square feet or more.</p> <p>*5 leases assumed for FY2025-2026*</p>		<p>ON-TRACK: Generated three commercial lease commitments to remain in Downtown San José as of March 2026.</p> <p><i>Note: the names of the businesses will remain confidential until their negotiated terms are finalized.</i></p>
	<p>Facilitate 10 new commercial business attractions.</p> <p>*5 business attractions assumed for FY2025-2026*</p>		<p>ON-TRACK: Facilitated four commercial business attractions in Downtown San José as of March 2026.</p> <p>The four businesses are:</p> <ul style="list-style-type: none"> • Lucid Motors • Poppy & Claro • VTA Security Offices • West Coast Community Bank

Objective	Key Results to be Achieved by June 2027*	R/Y/G Status	Key Results Achieved
3. Accelerate a thriving Downtown.	Achieve a 10% year-over-year increase in Downtown daytime foot traffic.		<p>ON-TRACK: Achieved 9.3% and 6.6% year-over year increase in Downtown daytime foot traffic in Q1 and Q2 FY 2025-2026, respectively.</p> <p>Major events such as Super Bowl LX activations, Nvidia GTC, and NCAA March Madness in Q3 and Q4 are expected to increase the Fiscal Year average closer to the goal of 10% year-over-year.</p>
	Receive a 10% increase year-over-year increase in positive sentiment in the Focus Area Community Survey.		<p>AT-RISK: As of December 2025, received a 4% year-over-year increase in positive sentiment about how residents experience and perceive downtown.</p> <p>Resident sentiment stands at 51% positive among Downtown San José residents, up from 49% as of December 2024.</p>
4. Activate San José as the South Bay's hub for sports, arts, and entertainment.	Implement our commitments to secure San José Sharks in San José for 25 years.		<p>COMPLETE: The City and the Sharks entered into a revised lease agreement that provides for a \$425 million renovation of the facility, with a guarantee that the Sharks will remain in San José until 2051.</p>

Objective	Key Results to be Achieved by June 2027*	R/Y/G Status	Key Results Achieved
	Implement our commitments to secure the San José Giants in San José for 25 years.		<p>COMPLETE: City Council approved an agreement with the San José Giants to secure their commitment to construct a \$20,000,000 clubhouse facility, necessary for the Municipal Stadium to continue to host Major League Baseball Player Development League games. Construction of this new facility is scheduled to be completed ahead of the 2026 SJ Giants baseball season.</p>
4. Activate San José as the South Bay's hub for sports, arts, and entertainment.	Complete the policy work related to: Supergraphics; Special Events Zone and Entertainment Zones, including pilot implementation.		<p>COMPLETE: Advanced the City's approach to new and updated policies on:</p> <ol style="list-style-type: none"> 1. Supergraphics through a sponsorship-focused strategy on City-owned assets, incorporating QR codes that direct viewers to the SJ26 website, where sponsors are recognized, and activations are promoted (City Hall SJ26 Supergraphics). 2. Implemented a Major Event Zone ordinance specific to SJ26, enabling operational flexibility for high-profile events. 3. Adopted the Entertainment Zone ordinance, completed the administrative guidelines, launched the webpage, and moved from pilot to successful implementation of the first official activation during Super Bowl LX weekend at San Pedro Square. Additional Entertainment Zone activations are planned for NCAA March Madness weekend, with ongoing planning for FIFA World Cup events.

Objective	Key Results to be Achieved by June 2027*	R/Y/G Status	Key Results Achieved
<p>4. Activate San José as the South Bay's hub for sports, arts, and entertainment.</p>	<p>Produce or facilitate at least eight cultural outdoor special events specific to 2026 activities and deliver six public artworks.</p>		<p>COMPLETE: Produced or facilitated 6 cultural outdoor special events associated with Super Bowl LX weekend:</p> <ul style="list-style-type: none"> • <i>Invisible Skies</i> launched on January 30, transforming Downtown with a large-scale aerial art installation that created a dynamic and immersive public space experience with over 2,000 attendees. • Two major concerts (Kehlani and DJ Dom Dolla) at City Hall Plaza. • The first Entertainment Zone weekend-long activation at San Pedro Square., • Two drone shows at Discovery Meadow. <p>Produced or facilitated 2 cultural outdoor special events associated with March Madness:</p> <ul style="list-style-type: none"> • San Pedro Square Entertainment Zone activation • Drone show at Discovery Meadow <p>Delivered 8 public art exhibitions/artworks:</p> <ul style="list-style-type: none"> • Three (3) City Hall Exhibitions (individual components of Hometown Heroes: Four Murals, Historic Photos on Showcases, and artists' photos displayed on monitors • One (1) "Invisible Skies" temporary 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. • Three (3) interactive public art and projection mapping projects featuring the work of local artists and San José State University art faculty and their students. • One (1) collaboration with Chopsticks Alley on "Hearts Delight" Marquee Projects.

Objective	Key Results to be Achieved by June 2027*	R/Y/G Status	Key Results Achieved
4. Activate San José as the South Bay's hub for sports, arts, and entertainment.	Facilitate at least 485 city-wide outdoor special event days that cumulatively drive over two million attendees.		<p>COMPLETE: As of March 2026, staff facilitated 535 city-wide outdoor special event days in FY 2025–2026, exceeding the annual goal of 485 event days.</p> <p>Cumulatively, these events welcomed 1.85 million attendees, demonstrating steady progress toward the annual target of 2 million attendees.</p>
	Develop a conceptual plan for a sports and entertainment district within walking distance of the SAP Center for City Council approval by December 2025.		<p>COMPLETE: Study completed with stakeholder engagement, and a City Council informational memo was released in February 2026.</p>
	Increase Downtown nighttime visitors 10% year-over-year.		<p>ON-TRACK: Increased Downtown nighttime visitors 20% and 16.8% year-over-year for Q1 and Q2 FY 2025-2026, respectively.</p> <p>Final reports to be published by June 2026.</p>
5. Prepare residents to participate in the local economy through training, education, and career support.	Serve 1,400 youth and adult clients and place 80% of those securing employment in high-wage, high-growth jobs. Of those served, at least 60% will be unstably housed, 80% BIPOC, and 65% facing multiple barriers.		<p>ON-TRACK: As of February 2026, served 1,031 youth and adult clients.</p> <p>Placed 76% of those securing employment (616 out of 811 clients) into high-wage, high-growth jobs.</p> <p>Of the 1,031 served,</p> <ul style="list-style-type: none"> • 90% were unstably housed (925), • 85% are BIPOC (875), and • 72% were facing multiple barriers (746). <p>Note: This is occurring within a shifting local labor market, where unemployment is approximately 4.0% and layoff activity remains elevated. Significant job losses across the Bay Area, continued WARN notices impacting hundreds of workers in Santa Clara County and increasing competition for available jobs make it more challenging to secure placements in high-wage, high-growth sectors.</p>

Objective	Key Results to be Achieved by June 2027*	R/Y/G Status	Key Results Achieved
5. Prepare residents to participate in the local economy through training, education, and career support.	Provide 325 San José Works internships in high-wage, high-growth sectors; achieve a 90% completion rate with at least 85% of participants from priority neighborhoods or referred by the Parks, Recreation and Neighborhood Services Department/Youth Empowerment Alliance.		<p>ON-TRACK: As of February 2026, provided 345 San José Works internships in high-wage, high-growth sectors.</p> <p>Of the 345 interns, achieved a 92% completion rate (318 participants) with at least 99% of participants (341 participants) from priority neighborhoods or referred by the Parks, Recreation and Neighborhood Services Department/Youth Empowerment Alliance</p>
	Secure unsubsidized employment for 475 youth (ages 16-29) with at least 80% of participants from priority neighborhoods or referred by the Parks, Recreation and Neighborhood Services Department/Youth Empowerment Alliance.		<p>ON-TRACK: As of February 2026, secured unsubsidized employment for 353 youth (ages 16-29) with 99% of participants (349 participants) from priority neighborhoods or referred by the Parks, Recreation and Neighborhood Services Department/Youth Empowerment Alliance.</p>

*Any item not explicitly stating “year-over-year/annually” is a key result for 2026-2027.