

“To Be Delivered” Material

For

City of Sacramento

City Council

Housing Authority

Redevelopment Agency

Economic Development Commission

Sacramento City Financing Authority

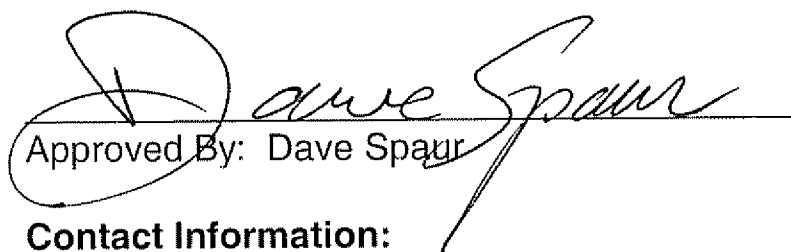
Agenda Packet

Submitted: May 24, 2007

For the Meeting of: May 29, 2007 (afternoon)

The attached materials were not available at the time the Agenda Packet was prepared.

Subject: 2007 Five-Year Economic Development Strategy and Related Actions


Approved By: Dave Spaur

Contact Information:

Dave Spaur, Economic Development Director– 916/808-7223



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

Public Hearing
May 29, 2007

**Honorable Mayor and
Members of the City Council**

Title: 2007 Five-Year Economic Development Strategy and Related Actions

Location/Council District: Citywide

Recommendation:

Adopt a **Resolution** 1) approving the 2007 Five-Year Economic Development Strategy Recommendations and 2) authorizing the City Manager to appropriate \$910,000 and increase Economic Development staffing by 6.0 Full Time Equivalent (FTE) positions for FY2007/08.

Contact: David Spaur, Economic Development Director, 808-7223
Tom Zeidner, Sr. Project Manager, 808-1931

Presenters: David Spaur, Economic Development Director

Department: Economic Development

Division: Citywide and Downtown

Organization No: 4451, 4453, 4455

Description/Analysis

Issue: In 2005, Economic Development staff initiated a process to formulate a comprehensive strategy to guide the City of Sacramento's economic development priorities and activities over a period of five years. The City Council had identified several three-year goals at its planning retreat in January 2005, including "spreading economic development throughout the City" and conducting a series of "business summits" within the community. The strategy formation process thus went forward with the intent of developing a road map for expanding economic development to all areas of the City.

An extensive outreach process began with staff and its consulting team individually interviewing members of the Council to discuss economic

development issues and priorities. Next, the Council's desire for business summits was amply fulfilled through a series of ten focus group meetings. Each meeting was hosted by one or more Council members to elicit input from key interest groups. The needs and priorities identified through this outreach process formed the foundation of a draft Economic Development Strategy that was presented to the Council in a March 27, 2007 work-study session.

The four objectives contained within the Strategy presented are:

- Objective 1: Business** "Strengthening the City's Business Climate"
- Objective 2: Workforce** "Linking Our Residents to the Economy"
- Objective 3: Place** "Land, Sites and Opportunities"
- Objective 4: Participation** "Alignment of Internal and Regional Resources"

Implementation of these four objectives is proposed through a variety of programs and actions (Attachment 1), outlined in a summary form of the full report and as presented to Council in a Workshop held March 27, 2007.

Overall implementation of the objectives will require a greater level of staffing than currently exists within the Economic Development Department. The attached Resolution approves the proposed 2007 Economic Development Strategy and authorizes funding of \$910,000 for an additional 6.0 FTE positions, classifications and costs associated with each of the proposed additional FTE positions are indicated in Attachment 2.

Policy Considerations: The actions recommended in this report are consistent with the goal specified by the City Council planning retreat in January 2005 and the four objectives from the City Council workshop held March 27, 2007.

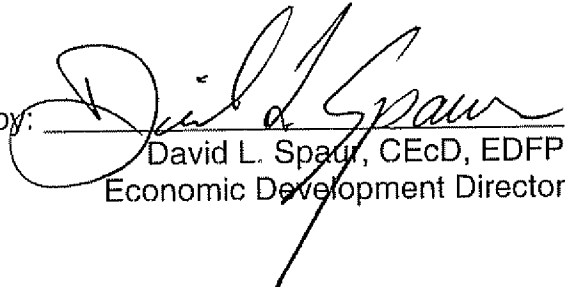
Environmental Considerations: The requested actions are exempt under CEQA Guidelines Section 15262 as a planning activity for possible further action. Environmental review will be performed as required in conjunction with specific projects that may result from the requested actions.

Rationale for Recommendation: These actions are consistent with strategic goals adopted by the City Council in 2005.

Financial Considerations: Implementing the actions recommended within the proposed Economic Development Strategy will require an additional 6.0 FTE and an appropriation of \$910,000 for Fiscal Year 2007-08. These funds and staffing are necessary to support ongoing City economic development efforts and action items associated to the 2007 Five-Year Economic Development Strategy. The source of funds for this next fiscal year will come from the Economic Development reserve. Future funding will be requested from the general fund based on performance.


Emerging Small Business Development (ESBD): No goods or services are being purchased under this report. Ultimately, small businesses within the City of Sacramento stand to benefit from the enhanced resources, services, incentives and assistance proposed within the 2007 Five-Year Economic Development Strategy.

Respectfully Submitted by:



David L. Spaw, CEcD, EDFP
Economic Development Director

Recommendation Approved:



Ray Kerridge
City Manager

Table of Contents:

Pg 1 Report
Pg 4 Resolution

Attachments

1 Pg 5 Strategy Implementation Actions
2 Pg 8 Staffing and Budget
3 Pg 10 Organizational Chart

RESOLUTION NO.

Adopted by the Sacramento City Council

APPROVAL OF THE 2007 CITY OF SACRAMENTO FIVE-YEAR ECONOMIC DEVELOPMENT STRATEGY AND RELATED ACTIONS

BACKGROUND

- A. In 2005, the City Council adopted a strategic goal of spreading economic development throughout the City of Sacramento (City).
- B. In furtherance of that goal, the Economic Development Department (Department) has been engaged in a comprehensive update of the City's Economic Development Strategy (Strategy) intended to guide the Department's priorities and activities over a five-year period.
- C. An overview of the Strategy was presented to the City Council at a March 27, 2007 work-study session.
- D. Implementation of the actions recommended within the Strategy will require additional Full Time Equivalent (FTE) positions and associated augmentations to the Economic Development Department budget.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The Department's proposed five-year Strategy presented at this meeting, and to the City Council on March 27, 2007, is hereby approved.
- Section 2. The City Manager is authorized to add 6.0 Economic Development FTE positions for Fiscal Year 2007-08 and appropriate \$910,000 from the Economic Development reserve.

ATTACHMENT 1

CITY OF SACRAMENTO ECONOMIC DEVELOPMENT STRATEGY

Our Mission:

Creating the most livable City in America by strengthening business, linking residents to jobs, and building an economically healthy community!

Strategic Objective 1.0

Business – Strengthening the City’s Business Climate

The Business theme of the City’s Economic Development Strategy is the most important of its four themes. Businesses are the source of the City’s economic well-being. The City will develop and maintain “economic intelligence” in order to market opportunities and respond to needs related to growth. This understanding will guide the following three actions within this objective:

- 1.1 Conduct and Maintain Research on Industry and Market Data to Utilize for Trend Analysis**
- 1.2 Conduct Targeted Business Attraction**
 - Action 1: Identify High Value Industries to Target
 - Action 2: Develop an Aggressive Marketing Campaign that promotes the City’s Assets and Strengths
 - Action 3: Act on Leads with increased Speed and Completeness in Response to Requests
- 1.3 Increase Assistance to Business Formation and Small Business Development**
 - Action 1: Facilitate Commercialization of Regional University-Developed Technology
 - Action 2: Improve Access to Capital
 - Action 3: Facilitate Development of Flexible “Incubator Space”
 - Action 4: Package and Promote Incentives
- 1.3 Launch a formal Business Retention & Expansion Program**
 - Action 1: Outreach to Businesses to Connect Them to Resources
 - Action 2: Assist with Access to Export Markets
 - Action 3: Strengthen Access to Capital and Educated Workforce

Strategic Objective 2.0

Workforce – Linking Our Residents to the Economy

In a knowledge-based economy, skills and resources of the local workforce are a region’s greatest competitive advantage. The City seeks to further develop this advantage by convening educators and leaders from the business community. The intent will be to compare the skill assets of the workforce with

those demanded by the region's business community and coordinating for identified gaps to be filled through workforce development programs.

2.1 Link Education K – 16 and Technical Training with Business and Industry

- Action 1: Support Improvements to the Preparation System
- Action 2: Create and Expand a "Skills Pipeline" to serve the needs of business
- Action 3: Promote LEED, Linking Education to Economic Development

2.2 Attract Technical Schools and promote technical training

- Action: Target and attract key schools that fill a gap or existing need

2.3 Retain and attract young college graduates

- Action: Establish a "Campus Sacramento" Initiative to Retain College Graduates and assimilate into workforce

Strategic Objective 3.0

Place – Land, Sites and Opportunities

The goal of this objective is to make Sacramento a place of strong communities and distinctive places for the benefit of its businesses and residents. This will entail actions to foster the creation of urban neighborhoods that are vibrant and growing within Sacramento. Different actions will address different needs: retail and amenities, housing and residential areas, business and industrial spaces, and connectivity between all types with reliable and sustainable modes of transit.

3.1 Identify and Plan Opportunity Zones with Shovel Ready Sites

- Action 1: Expand "Shovel Ready" Program Citywide and include a certification process for approved shovel ready sites
- Action 2: Use of Opportunity Zones Strategically
- Action 3: Create a Value-added Manufacturing District to Support Growth in Sector

3.2 Ensure Land Supply for Employment and Retail Centers

- Action: Land Use Decisions Ensuring Long-Term Supply of Land for These Uses

3.3 Explore Opportunity for Technology/ Research Park Tied to Regional Universities

3.4 Create an Opportunity Zone for Green Technology

3.5 Revitalization of Commercial Corridors and Approved Areas

- Action 1: Conduct Ongoing Needs Assessment of Corridors & Neighborhoods
- Action 2: Convene Corridor Stakeholders to Address Shared Challenges
- Action 3: Support Improved Governance of Corridors
- Action 4: Focus on Aesthetics and Public Improvements Along Corridors and Neighborhoods
- Action 5: Link Corridor Activities with Small Business Assistance

3.5 Promote a Full Range of Housing Options for Residents

- Action 1: Encourage New Housing and Mixed Use Development along Corridors
- Action 2: Expand Home Ownership by Increasing Availability of Affordable Housing

3.6 Invest in Civic Amenities for Arts, Culture, Entertainment and

Quality of Life

- Action 1: Support Growth of Vibrant Neighborhoods, both in Downtown Core and Throughout City
- Action 2: Encourage Adequate Open Space and Park Areas Citywide
- Action 3: Promote Expansion of Non-Automobile Modes of Transport
- Action 4: Support Expansion of Recreation, Arts, Entertainment and Other Public Amenities

Strategic Objective 4.0

Participation – Alignment of Internal and Regional Resources

The participation objective involves actions to leverage resources, of entities throughout the City and region, to support and implement the Strategy. This includes the integration of City departments to meet Sacramento’s economic goals, as well as the City assuming a more prominent leadership role in implementing key regional initiatives.

4.1 Integrate City Departments to Meet the Economic Goals of the City and Region

- Action 1: Organize All City Departments to Best Implement Strategy
- Action 2: Engage All City Departments in Developing Stronger Customer Service Orientation Towards Businesses
- Action 3: Develop City Investment Corporation

4.2 Assume Leadership Role in Key Regional Initiatives

- Action 1: Assume Leadership Role in Partnership for Prosperity Initiatives
- Action 2: Active Role in SACOG Regional Transportation Plan Forum
- Action 3: Active Role in Metro Chamber’s Economic Development Committee and Metro Pulse Program
- Action 4: Leadership in Regional Marketing Efforts

4.2 Integrate the Strategy into City Policy – General Plan, Infill Strategy, Capital Improvements Plans

- Action 1: Integrate with Other City Policies and Strategies
- Action 2: Utilize Capital Improve Program (CIP) Funds to Encourage Development and Leverage Private Investment

4.3 Collaborate with other Regional Partners to Create a Competitive Business Environment

- Action 1: Support Investments in Legacy Infrastructure
- Action 2: Collaborate with Regional Partners to Implement Competitive Strategy for Region’s Key Industry Clusters
- Action 3: Collaborate with Other Agencies to Combine Funding Sources for Maximum Economic Benefit

ATTACHMENT 2

Economic Development

Proposed Staffing and Program Needs

Staffing Needs:

<u>Working Title</u>	<u>City Position</u>	<u>Total</u>
Redevelopment Director	Director of Development	Sr. level
Executive Administrative Assistant	Secretary	Entry level
Public Information Officer-Marketing	Media & Communications Specialist	Mid-point
Business Retention Manager	Sr. Program Manger	Entry level
Business Retention Analyst	Analyst	Entry level
Redevelopment Analyst	Analyst	Entry level
	Subtotal	<u>520,000</u>

Other Expenses:

Professional Development & Services	100,000
Advertising/Marketing/Membership/Print	<u>290,000</u>
Subtotal	<u>390,000</u>
Total	<u><u>910,000</u></u>

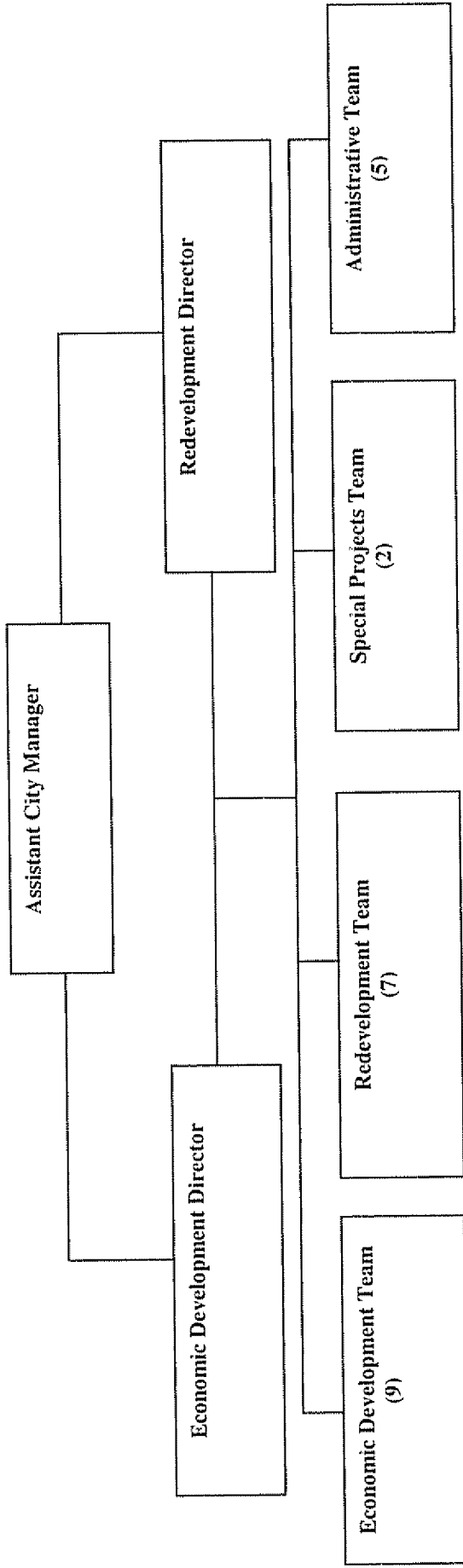
Economic Development Department Organization

The Department is currently served by two teams of staff. Redevelopment team for the Downtown area and those that provide Redevelopment and Economic Development services Citywide.

The Redevelopment Division is comprised of a Department of five staff (one vacancy) who prepare properties for redevelopment, the structure and agreement for redevelopment and the funding and payment to complete each project. Currently there are Four Approved Redevelopment Areas within the City limits of Sacramento.

Economic Development Division is comprised of seven staff (two vacant), a special projects team with two staff and the Administrative support services comprised of three staff.

The request before Council is to add six positions. Two for Redevelopment, two for Economic Development and two to provide support to both divisions as well as special projects related to both redevelopment and economic development. The Economic Development Strategy and the Action steps outlined under the four main objectives of the plan require the establishment of a formal Business Retention and Expansion (BR&E), a more aggressive Business Attraction program and the preparation of shovel ready sites to accommodate business attraction and redevelopment clients. The support staff would allow the development and build out of a MATRIX for both divisions and then the full integration of economic development and redevelopment projects in with other city development services functions to achieve the overall goal of generating jobs, projects and re-investment into Sacramento.



**Economic Development Strategy
City of Sacramento- 2007**

City Council Meeting

May 29, 2007

Economic Development

Growing our Business

Our Goal

Increase and Enhance the...

- Jobs and Job Opportunities for Youth
- Sacramento Tax Base
- Per Capita Income & Avg Household Income
- Investment into Sacramento
- Civic Amenities
- Our Overall Quality of Life
"Sustainability of *Our Environment*"

Accomplishments 2006-07

Downtown Projects Completed

- 800 J street
- 1801 L street
- 21/L
- Elks
- REA

Return On Investment

Jobs 455 Investment \$ 133,800,000

Accomplishments 2006-07

Downtown Projects Under Construction

- Orleans-Old Sacramento
- Ebner-Old Sacramento
- 717 K
- 10th K
- 926 J

Return On Investment

Jobs 580 Investment \$ 221,150,000

Accomplishments 2006-07

Downtown Projects Negotiations

- 700/800 Block

Return On Investment

Jobs 120 Investment \$ 21,600,000

Citywide Accomplishments

Attraction Projects 505 Jobs

- Anderson Windows
- Art Institute
- GeoEngineers, Inc.
- Hartung Glass Industries
- Kitchen Academy
- International Academy of Design & Technology
- Pacific Ethanol, Inc. HDQTR
- Sun Technics Energy Systems, Inc.

Citywide Accomplishments

Expansion and Retention 145-500

- Alta Plating
- Composite Engineering Inc.
- Elmers Portable Welding
- Fulcrum
- Jackson Labs
- Universal Technical Institute

Citywide Accomplishments

Return On Investment 2006-07

- Approximately 1,670 jobs
- Potential new investment \$377 million

1,670 direct jobs = \$177 million in payroll
+629 secondary = \$24.5 million in payroll
2,299 jobs = \$201.5 mill in payroll

80% Disposable Income = \$161 mill expenditures
50% taxable sales = \$ 80 mill sales tax
7.6% tax rate = \$6.1 million tax revenue

- Dept cost to the City \$2.4 million
- Net ROI to the City \$3.7 million this year

Four Key Objective Areas

Objective One:

- Business-Strengthening the City's Business Climate

Objective Two:

- Workforce-Linking Our Residents to the Economy

Objective Three:

- Place-Land, Sites and Opportunities

Objective Four

- Participation-Alignment of Internal and Regional Resources

Objective Number One - Business

Strengthening the City's Business Climate

- To support its businesses, the City will develop and maintain "economic intelligence" in order to understand its business community, market opportunities and needs related to growth. This understanding will guide the following three focus areas within this objective:
 - Business retention and expansion;
 - Business formation; and
 - Business attraction and recruitment.

Objective Number One – BR&E Actions

Strengthening the City's Business Climate

- Business retention and expansion (4 staff)

Action 1:

Outreach to Businesses to Connect Them to Resources

Action 2:

Assist with Access to Export Markets

Action 3:

Strengthen Access to Capital and Educated Workforce

Objective Number One - Actions

Strengthening the City's Business Climate

- **Business formation**

Action 1:

Facilitate Commercialization of Regional
University-Developed Technology

Action 2:

Improve Access to Capital

Action 3:

Facilitate Development of Flexible "Incubator
Space"

Action 4:

Package and Promote Incentives

Objective Number One - Actions

Strengthening the City's Business Climate

- **Targeted Business Attraction**

Action 1: Identify High Value Industries to
Target

Action 2: Develop an Aggressive Marketing
Campaign that promotes the City's Assets
and Strengths

Action 3: Act on Leads with increased Speed
and Completeness in Response to Requests

Action 4: Conduct and Maintain Research on
Industry and Market Data to Utilize for Trend
Analysis

Objective Number **Two - Workforce**

Linking Our Residents to the Economy

- The City seeks to further develop this advantage by convening educators and leaders from the business community. The intent will be to compare the skill assets of the workforce with those demanded by the region's business community and coordinating for identified gaps to be filled through workforce development

Objective Number **Two - Workforce**

Linking Our Residents to the Economy

- **Link Education K – 16 and Technical Training with Business and Industry**
- Action 1: Support Improvements to the Preparation System
- Action 2: Create and Expand a “Skills Pipeline” to serve the needs of business
- Action 3: Promote LEED, Linking Education to Economic Development

Objective Number **Two - Workforce**
Linking Our Residents to the Economy

- **2.2 Attract Technical Schools and promote technical training**
- Action: Target and attract key schools that fill a gap or existing need

Objective Number **Two - Workforce**
Linking Our Residents to the Economy

- **2.3 Retain and attract young college graduates**
- Action: Establish a "Campus Sacramento" Initiative to Retain College Graduates and assimilate into workforce

Objective Number **Three - Place**
Land, Sites and Opportunity

- This will entail actions to foster the creation of urban neighborhoods that are vibrant and growing within Sacramento. Different actions will address different needs: retail and amenities, housing and residential areas, business and industrial spaces, and connectivity between all types with reliable and sustainable modes of transit.

Objective Number **Three - Place**
Land, Sites and Opportunity

- **3.1 Identify and Plan Opportunity Zones with Shovel Ready Sites**

Action 1: Expand "Shovel Ready" Program Citywide and include a certification process for approved shovel ready sites

Action 2: Use of Opportunity Zones Strategically

Action 3: Create a Value-added Manufacturing District to Support Growth in Sector

Objective Number **Three - Place** **Land, Sites and Opportunity**

- **3.2 Ensure Land Supply for Employment and Retail Centers**
- Action: Land Use Decisions Ensuring Long-Term Supply of Land for These Uses
- **3.3 Explore Opportunity for Technology/ Research Park Tied to Regional Universities**

- 3.4 Create an Opportunity Zone for Green Technology

Objective Number **Three - Place** **Land, Sites and Opportunity**

- **3.5 Revitalization of Commercial Corridors and Approved Areas**
- Action 1: Conduct Ongoing Needs Assessment of Corridors & Neighborhoods
- Action 2: Convene Corridor Stakeholders to Address Shared Challenges
- Action 3: Support Improved Governance of Corridors
- Action 4: Focus on Aesthetics and Public Improvements Along Corridors and Neighborhoods
- Action 5: Link Corridor Activities with Small Business Assistance

Objective Number Three - Place
Land, Sites and Opportunity

■ **Promote a Full Range of Housing Options for Residents**

Action 1: Encourage New Housing and Mixed Use Development along Corridors

Action 2: Expand Home Ownership by Increasing Availability of Affordable Housing

Objective Number Three - Place
Land, Sites and Opportunity

■ **Invest in Civic Amenities for Arts, Culture, Entertainment and**

■ **Quality of Life**

Action 1: Support Growth of Vibrant Neighborhoods, both in Downtown Core and Throughout City

Action 2: Encourage Adequate Open Space and Park Areas Citywide

Action 3: Promote Expansion of Non-Automobile Modes of Transport

Action 4: Support Expansion of Recreation, Arts, Entertainment and Other Public Amenities

Objective Number Four - Participation
Alignment of Internal and Regional Resources

- The participation objective involves actions to leverage resources, of entities throughout the City and region, to support and implement the Strategy. This includes the integration of City departments to meet Sacramento's economic goals, as well as the City assuming a more prominent leadership role in implementing key regional initiatives.

Objective Number Four - Participation
Alignment of Internal and Regional Resources

■ **4.1 Integrate City Departments to Meet the Economic Goals of the**

City and Region

Action 1: Organize All City Departments to Best Implement Strategy

Action 2: Engage All City Departments in Developing Stronger Customer Service Orientation Towards Businesses

Action 3: Develop City Investment Corporation

Objective Number Four - Participation

Alignment of Internal and Regional Resources

4.2 Assume Leadership Role in Key Regional Initiatives

- Action 1: Assume Leadership Role in Partnership for Prosperity Initiatives
- Action 2: Active Role in SACOG Regional Transportation Plan Forum
- Action 3: Active Role in Metro Chamber's Economic Development Committee and Metro Pulse Program
- Action 4: Leadership in Regional Marketing Efforts
 - Integrate the Strategy into City Policy – General Plan, Infill
- Strategy, Capital Improvements Plans
- Action 1: Integrate with Other City Policies and Strategies
- Action 2: Utilize Capital Improve Program (CIP) Funds to Encourage Development and Leverage Private Investment
- 4.3 Collaborate with other Regional Partners to Create a Competitive Business Environment
- Action 1: Support Investments in Legacy Infrastructure
- Action 2: Collaborate with Regional Partners to Implement Competitive Strategy for Region's Key Industry Clusters
- Action 3: Collaborate with Other Agencies to Combine Funding Sources for Maximum Economic Benefit

Objective Number Four - Participation

Alignment of Internal and Regional Resources

4.2 Assume Leadership Role in Key Regional Initiatives

- Action 1: Assume Leadership Role in Partnership for Prosperity Initiatives
- Action 2: Active Role in SACOG Regional Transportation Plan Forum
- Action 3: Active Role in Metro Chamber's Economic Development Committee and Metro Pulse Program
- Action 4: Leadership in Regional Marketing Efforts

Objective Number Four - Participation
Alignment of Internal and Regional Resources

4.3 Strategy, Capital Improvements Plans

Action 1: Integrate with Other City Policies and Strategies

Action 2: Utilize Capital Improve Program (CIP) Funds to Encourage Development and Leverage Private Investment

Objective Number Four - Participation
Alignment of Internal and Regional Resources

4.3 Collaborate with other Regional Partners to Create a Competitive Business Environment

Action 1: Support Investments in Legacy Infrastructure

Action 2: Collaborate with Regional Partners to Implement Competitive Strategy for Region's Key Industry Clusters

Action 3: Collaborate with Other Agencies to Combine Funding Sources for Maximum Economic Benefit

Measurements

- Jobs Produced
 - Qualitative and Quantitative
- Household Income Growth (\$45,000)
- Real Estate Investment (property tax)
- Tax Revenue Growth (sales and use tax)

Revenue -- Return On Investment

How Jobs Grow Our Business

- Five Year ROI
 - New Jobs 7,221 \$793 million in payroll**
 - Expenditures \$645 million in payroll
 - City Gross Revenue \$ 82 million in new taxes
 - Sales Tax Revenue \$ 24 million**
- ROI for every \$1 invested \$3 are returned

City Council Hearing
Thank You!

Creating the most livable City in America
by strengthening business, linking residents
to jobs and building an economically
balanced and healthy community.