REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO					CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY)		
		FROM (ORIGINATING DEPARTMENT): Economic Development			DATE: 2/29/2016		
			<u> </u>		2/27/2010		
SUBJECT: Economic Development Strategy 2017-2019  PRIMARY CONTACT (NAME, PHONE): SECONDARY CONTACT (NAME, PHONE):						HONE)	
					`	-	HONE):
Lydia Moreno,619.236					619.236.6421, MS	36D	
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Environmental			CFO				
Analysis							
		DEPUTY CHIEF		Graham, David		03/03/2016	
			COO		,,		
			CITY AT	FORNEY			
			COUNCIL				
PRESIDENTS OFFICE							
PREPARATION OF: RESOLUTIONS			ORDI	NANCE(S)	AGREEMENT(S	$) \mid \square$	DEED(S)
Forward the Economic Development Strategy 2017-2019 to the City Council for adoption.							
STAFF RECOMMENDATIONS:							
Forward the Economic Development Strategy 2017-2019 to the City Council for adoption.							
SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)							
COUNCIL DISTRICT(S):		Citywide					
COMMUNITY AREA	(S):	All					
ENVIRONMENTAL IMPACT:		This activity is not subject to CEQA pursuant to CEQA Guidelines Section					

	15060(c)(3).
CITY CLERK	
INSTRUCTIONS:	

# COUNCIL ACTION EXECUTIVE SUMMARY SHEET

CITY OF SAN DIEGO

DATE: 2/29/2016

ORIGINATING DEPARTMENT: Economic Development SUBJECT: Economic Development Strategy 2017-2019

COUNCIL DISTRICT(S): Citywide

CONTACT/PHONE NUMBER: Lydia Moreno/619.236.6320, MS 56D

# DESCRIPTIVE SUMMARY OF ITEM:

The City's current economic development strategy (EDS) adopted by Council in June 2014 covers the period from 2014 to 2016. The EDS outlines specific strategic and tactical objectives that provide guidance to City Departments on actions and policy decisions to support the business community in the creation of new jobs, especially middle-income jobs. Since the adoption of the EDS, other important City documents were adopted vital to the EDD. Even though the overall intent and strategic framework of the EDS still remains applicable, an update is warranted in order to ensure the document accurately reflects the City's priorities and changing realities.

# STAFF RECOMMENDATION:

Forward the Economic Development Strategy 2017-2019 to the City Council for adoption. EXECUTIVE SUMMARY OF ITEM BACKGROUND:

# Background

The City's current Economic Development Strategy (EDS) was adopted by the City Council in June 2014 and covers the period from 2014 to 2016. The EDS outlines specific strategic and tactical objectives intended to provide guidance to City Departments on specific actions and policy decisions to support the business community. All of which should ultimately result in the creation of new jobs (especially middle-income) in several employment sectors. Continued implementation of the City's EDS involves both the achievement of these objectives as well as on-going data collection efforts to measure the City's performance.

In July 2015, the Economic Development Department (EDD) provided Economic Development & Intergovernmental Relations Committee (ED&IR) with an update on the achievements of several EDS tactical objectives and identified tasks to be completed or initiated during the current Fiscal Year.

In November 2015, EDD provided an update to ED&IR on the economic performance data identified in the EDS. At that time, EDD also indicated that it would begin the process to make relevant updates to the 2014-2017 EDS and return to Committee in February/March 2016 with the draft 2017-2019 EDS.

Since adoption of the EDS in June 2014, several other important City documents were adopted that are vital to the EDD. In 2015, the City adopted a new Strategic Plan and EDD developed its Tactical Plan. These plans serve as a framework to what the City needs to do to cultivate

economic and community development opportunities that serve businesses, neighborhoods, and residents. Other strategic documents approved by the Council in 2015 were the City's 2015-2019 Consolidated Plan (ConPlan) which provides a strategic framework for investing CDBG, HOPWA & ESG funds to serve the City's low-moderate income population and underserved neighborhoods, as well as the City's Climate Action Plan. Additionally, in 2015, the EDD was officially authorized as a City standalone department. As a result, the department is undergoing restructuring in order to be better aligned to strategically cultivate a globally competitive, sustainable, resilient local economy. The restructure of EDD will be fully implemented with the adoption of the FY17 budget.

Even though the overall intent and strategic framework of the EDS still remains applicable, an update is warranted in order to ensure the document accurately reflects the City's current priorities and changing realities.

The 2017-2019 Economic Development Strategic Plan basically refreshes the current plan by making updates to the 2014-2016 EDS in the following manner:

Highlights completed action items

Highlights action items that are in progress and that are started and on going

Integrates the City's Strategic Plan

Integrates the department's new Tactical Plan

Integrates the 2015 ConPlan

Integrates the City's Climate Action Plan

Reflects contributions from other EDD functions and City Departments

Adds new action plans

The EDS provides strategies, tactical objectives and guiding principles for the City's on-going economic development efforts. These efforts are primarily focused on growing its economic base by attracting, retaining and expanding businesses in its four base sectors: Manufacturing & Innovation; International Trade & Logistics; Military; Tourism; as well as supporting small businesses. The City's focus continues to be on increasing the number of middle-income base sector jobs.

# CITY STRATEGIC PLAN GOAL(S)/OBJECTIVE(S):

Goal #3: Create and sustain a resilient and economically prosperous city.

Objective #3: Diversify and grow the local economy.

# FISCAL CONSIDERATIONS:

There are no fiscal impacts associated with this action.

# EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): N/A

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

December 2013 Committee on Rules and Economic Development–Draft 2014-2016 EDS

March 2014 Committee – Approved Revised Draft 2014-2016 EDS

June 2014 Council - Adopts 2014-2016 EDS

October 2014 Committee - Economic Development & Intergovernmental Relation-

**EDS Implementation Presentation** 

July 2015 Committee - EDS Update Presentation

November 2015 Committee - EDS Economic Indicator Update Presentation

# COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

October 2015 Solicited EDO stakeholders input

November 2016 EDD Director met with several stakeholders

February 2016 Small Business Advisory Board Presentation February 2016 Draft EDS 2017-2019 sent to stakeholder February 2016 EDO Stakeholder Outreach Meeting

### KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Key stakeholders would include City of San Diego residents who would be the beneficiaries of potential future job opportunities, entrepreneurship opportunities, and tax revenues to fund essential municipal services. Additional stakeholders would include individual businesses within the City, as well as economic development/business/and labor based organizations. If the policy recommendations are implemented, some or all of the above-listed persons, entities, and organizations could derive some form of economic benefit.

Caldwell, Erik

Originating Department

Graham, David

Deputy Chief/Chief Operating Officer



### THE CITY OF SAN DIEGO

# Report to the City Council

DATE ISSUED: February 29, 2016

REPORT NO: 16-026

ATTENTION: Honorable Council President Sherri Lightner and City Councilmembers

SUBIECT:

Economic Development Strategy 2017-2019

REFERENCE: Council Policy 900-01 "Economic Development"

Economic Development Strategy 2014-2016

### REQUESTED ACTION:

Forward the Economic Development Strategy 2017-2019 to the City Council for adoption.

# STAFF RECOMMENDATION:

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# SUMMARY:

# Background

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make relevant updates to the 2014-2017 EDS and return to Committee in February/March 2016 with the draft 2017-2019 EDS.

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Even though the overall intent and strategic framework of the EDS still remains applicable, an update is warranted in order to ensure the document accurately reflects the City's current priorities and changing realities.

# Discussion

The City's EDS lays the foundation for sustained economic recovery and fiscal stability for the City of San Diego. San Diego's economic base has expanded from one which was historically dependent on the operation of military installations and tourism, to one which now includes base sector high-technology manufacturing and international trade. Due to San Diego's diversified economy and advantageous business environment, the region has made great strides to recover from the great recession. San Diego County's unemployment rate as of December 2015 was 4.7%, the lowest since 2008. San Diego's unemployment rate has continued to decrease in California but at a slower rate than the nation, 7.5% versus 5.3%. Of the larger Metropolitan Statistical Area (MSA), San Diego has outpaced Los Angeles' unemployment rates which have been slower to recover, however, the Bay Area MSA has outpaced San Diego.

San Diego's economy continues to grow and add jobs much like the rest of California and the United States. The Gross Regional Product (GRP) for the San Diego MSA has increased by 8.4% from \$190B in 2012 (data provided in 2014–2016 EDS) to \$206B in 2014. Most economic base sectors experienced measurable growth during this period, except for the Military which decreased slightly. Additionally, during the same period the median household income increased from \$60,330 to \$66,192, an increase of about 9%. This is reflected in the reduction of persons below the poverty line from 15.2% in 2012 to 14.7% in 2014. Comparatively, other California MSAs such as Los Angeles and San Jose experienced decreased median incomes, but decreased poverty as well. Only San Francisco outperformed San Diego in incomes as well as decreased poverty rates.

Even though San Diego is performing well when compared to other California MSAs and generally speaking nationwide, it continues to struggle with the hourglass economy. The term "hourglass economy" is used to describe an economy where a small number of employees making high wages at the top, a large number of employees making low wages at the bottom, with relatively few middle income jobs in between. In 2012, 28% of the San Diego's MSA population earned middle income wages between \$33,077 and \$63,462. In 2014,

only 18% of the population earned middle income wages. There are several reasons for this decrease:

- 1) In 2012, a major occupations group, "Sales and Related Occupations", was included with the middle income wage category salaries, however, in 2014, it did not grow and dropped to the wage category.
- The reported number of people working in this major occupation group also increased from 128,960 to 141,540 between during the same period.
- Even though the overall mean wage for all major occupation categories increased by an average of 4.5% in 2014, this is the only occupation group that recorded a slight decrease of 1%, from \$39,630 in 2012 to \$39,360 in 2014.

Many of the EDS's tactical objectives are focused the hourglass economy. Some solutions include regulatory relief via changes to the municipal code to lower the costs of doing business in San Diego (EDS Action items 2–3–3 and 2–3–4), such as those related to the development, expansion, and operation of industrial facilities. These policies appear to be bearing fruit as the manufacturing sector is now outperforming the other economic base sectors (trade, tourism, and military) as well as outperforming GRP growth. The most notable industries in this sector are Biotech & Medical Devices, and Food & Beverages. Without the growth of these two industries, the loss of middle income jobs would have been worse.

While unemployment rates remain relatively low, San Diego still faces significant challenges related to the replacement of middle income jobs lost during the last 5 years. One of the central goals of the EDS is the creation of middle-income "blue-collar" jobs. San Diego is creating many salaried professional jobs and many low-wage retail and service-sector jobs. The creation of low-wage retail and service-sector jobs can be attributed due to consumer spending of high-wage salary employees. The National University System Institute for Policy Research (NUSIPR) indicates that San Diego is replacing lost middle-income jobs at a rate slower than both California and the United States.

The policy focus of the EDS is to provide regulatory accommodation and/or financial benefits to businesses, in accordance with Council Policy 900–12, utilizing accepted economic development principles and practices. Basic economic development results from public support of those businesses creating the greatest amount of public benefit. Accordingly, in order to grow the local economic base and the City's tax base, the EDS recommends that the City focus its efforts, regardless of the size of the business, to those businesses creating the most public benefit.

Additionally, it should also focus its efforts to increase tax revenues by supporting its manufacturers and retailers. This can be done by doing a better job supporting its largest business taxpayers through regulatory relief measures which generate additional tax revenues from activities in regional commercial centers and industrial parks with no measurable adverse impacts on neighborhoods. The EDS proposes regulatory accommodation for businesses and industries that provide significant public benefits in the form of middle-income, base sector jobs and new tax revenues. These accommodations can be made in large regional commercial zones and industrial zones with no anticipated visual, safety, or quality of life impacts to neighborhoods.

Though they do not make up a significant part of the economic base or generate significant revenues in and of themselves, small businesses (collectively) play an extremely vital role in the local economy. With 93% of all businesses in the City considered small (12 or fewer employees), business owners spend their profits when they consume goods and services

locally. This compares favorably to the practices of corporate chains which export profits to shareholders worldwide. Small businesses also contribute to the local economy by improving the attractiveness of the City as a tourist destination. They tend to occupy and improve older buildings in older established business corridors which are attractive destinations for visiting tourists seeking more authentic shopping and dining experiences. Examples of this are North Park, Little Italy, Hillcrest and Barrio Logan. Subsequently, small businesses are generally influenced more by regulatory accommodation and public improvements than by tax incentives, microloans, or other direct subsidies.

# 2014-2016 EDS Accomplishment Highlights

# Updates to the Land Development Code (LDC)

Working with the City's Development Services Department, EDD staff incorporated numerous changes to the Land Development Code (LDC) which Council approved that were designed to make it easier for manufacturers to expand and setup business in San Diego. For example, a few of these changes were specific to the City's rapidly growing and award winning micro brewing industry. These changes include: permitting live entertainment in most industrial zones; and eliminating the requirement to amend a development permit in order to obtain a City sign permit. These are just two of the many common sense regulatory relief measures included in the LDC updates. These two examples could reduce or eliminate the cost of a permit by several thousand dollars. Another regulatory change included the elimination of assessing the Housing Impact Fee for warehouse and manufacturing facilities. Reforms such as these are on par value to a business with many of the incentives the City offers. Changes to the LDC are an on–going activity and EDD staff will continue to work with DSD staff to identify additional reforms.

Efforts like these that target industries such as biotech, manufacturers, and breweries are having a positive impact. Even though it is difficult to assess the extent local efforts are a contributing factor to the increase in manufacturing jobs, these types of jobs in San Diego grew by 2.6% in 2014 from the previous year. This increase was more than triple the U.S. rate of 0.7%. The region recorded the 4<sup>th</sup> highest growth rate among major U.S. metropolitan areas. Only Detroit, Riverside, and Portland showed stronger growth than San Diego.

# **Increasing Exports and Foreign Direct Investment**

To close San Diego's untapped potential for economic growth through increasing the regions exports has been the focus of the GoGlobal Initiative developed in conjunction with the San Diego Regional Economic Development Corporation and the Brookings Institute. The City's ongoing work with Brookings and EDC has also yielded a Foreign Direct Investment (FDI) strategy to strengthen the region's international brand identity. This includes reestablishing the World Trade Center in 2015 and is operated by the EDC. Last summer the Mayor announced the MetroConnect prize, launched with a \$200K grant secured through JP Morgan to help a few small local firms launch into new international markets. Other efforts to put San Diego on the forefront as a City and as a region to attract new investment include the National Geographic documentary, "World's Smart Cities: San Diego". The documentary has aired in more than 60 countries and does an excellent job of portraying San Diego as one of the best places in the world to play and innovate. The documentary highlights the city's talent, innovation, creativity and that San Diego's business environment and local culture are among the best. EDD uses the documentary as a visual aid when meeting with foreign delegations to showcase what San Diego has to offer. In the last alone year, staff has met with delegations from South Africa, China, Southern France, the Middle East, Brazil, and South Vietnam.

San Diego's relationship with the City of Tijuana is also an important element of our international efforts. Under the leadership of Mayor Faulconer, the City has begun an era of unprecedented economic development cooperation with Tijuana. EDD works in close collaboration with Tijuana's economic development team. The shared goal is to market the benefits of the entire region to businesses and investors throughout the world.

All of these combined efforts are putting San Diego in the forefront to attract new investment and as an important location to do business. For example, the Global FDI Association announced it would hold the 2016 World Forum for Foreign Direct Investment in San Diego in April. This is the first time the forum is held San Diego. Additionally, the Maritime Alliance was successful in securing the 2017 Oceanology International Conference in San Diego. This is a 50 year old organization based in London and this conference alone attracts more than 8,400 marine science and ocean technology professionals.

# Resilient Defense Manufacturing Sector and Workforce

EDD is working collaboratively with other economic development organizations to ensure that San Diego businesses have opportunities to provide goods and services to San Diego's defense manufacturing sector. One such effort is a new grant application the City is applying for with the Office of Economic Adjustment (OEA). The City is the lead agency and the focus of the grant is to gain a greater understanding of the defense manufacturing sector and assist those businesses to become more resilient and economically diverse in the event of a reduction or elimination of Department of Defense (DoD) contracts or funding. Additionally, the purpose of the grant is to also create a more resilient workforce.

### **Tourism**

Another economic development accomplishment includes a draft 20-year Destination Master Plan, commissioned by the San Diego Tourism Marketing District Corporation, which has been released for review and discussion. The final report may assist in guiding implementation to build, expand, and enhance important publicly owned attractions and facilities.

Establish a Fair and Competitive Process for Economic Development TOT Grants

Amendments to the Citywide TOT and Economic Development & Tourism Support (EDTS) grant application for FY16 and FY17 were made to require applicant activities and outcomes that are better aligned with the EDS. Additional amendments may be made in FY18 if needed to further align grant award activities with specific EDS Tactical Objectives.

# Updates to Council Policies and Municipal Code

EDD has also been busy amending Municipal Codes and Council Policies that impact the business community. These amendments include changes and enhancements to the: Storefront Improvement Program (SIP), Council Policy 900–17; Community Parking Districts (CPD), Council Policy 100–18; and the Small Business Enhancement Program (SBEP), Council Policy 900–15. Amendments to the SIP (R–31026) allows for more businesses to participate in the program and increases the amount of incentive awards thereby giving business owner more capital to make substantial tenant improvements. Community Parking District Council Policy amendments (R–309826) provide clarity on management procedures, oversight, accountability and guidance of parking meter funds. It also establishes performance measures, annual reporting requirements, and addresses long term project planning. The SBEP Council Policy amendments (R–308776) address management and budgetary changes.

Other Municipal Code and Council Policy amendments currently in process will improve efficiencies for Maintenance Assessment Districts (MAD); Community Development Brock Grant (CDBG) Program. Once amendments to the MAD Municipal Code and Council Policy are approved, they will establish a clear process for the formation of new MADs, for non-profit corporations to administer MAD contracts, and will provide clear agreement terms between the City and non-profit corporation. CDBG amendments will reflect best practices and lessons learned that will improve overall program implementation.

# Community Development Block Grant Funding

Over the past 2 years, EDD has been collaborating with other City departments on strengthening the business base of older urbanized business districts by targeting investment in traditionally underserved neighborhoods. Activities include allocating \$17.2M in CDBG funds for neighborhood infrastructure projects such as sidewalks, traffic calming measures and City facility improvement projects. EDD staff has collaborated with City departments, economic development organizations, and non-profits on a federal Promise Zone application targeting the most underserved census tracts. Staff is also actively working with several communities to form new assessment districts to enhance existing community programs and has recently started a Business Walk Program to increase communication with small business owners in older commercial neighborhoods.

# **Workforce Development**

For many years the City of San Diego has been actively engaged in promoting workforce development programs that create traditional pathways to employment for youth-based categories in several industry and retail employment sectors. However, a recent trend in San Diego's regional workforce suggests a noticeable undersupply of available (and qualified) employment talent in the innovation economy sectors. As San Diego continues to promote regional growth of these evolving sectors, it has become increasingly important to ensure that the sector employers have a qualified talent pool for the higher paying jobs available throughout the region.

With this in mind and under the leadership of the Mayor, the City in collaboration with regional economic development organizations, the business community and academia proposed in 2015 two (2) new workforce initiatives that support workforce development needs in order to promote regional growth of its base sector industries: 1) the Mayor's Workforce and Economic Advisory Committee created a blueprint for developing a stronger workforce, "Opportunities for Tomorrow Start Today"; and 2) implement ONESD100, a workforce training initiative that promotes investment in San Diego's future workforce needs. These initiatives recognize the future workforce needs of these sectors of the regional economy, and the imminent need to cultivate the interests of young adults to pursue middle-to-high income earning career paths in the innovation and technology-based employment sectors.

The Mayor and Council have been very supportive of the San Diego Workforce Partnership's (SDWP) Connect2Careers (C2CSD) Program by contributing \$600K to the program over the past three fiscal years, with EDD serving as the contract administrator. C2CSD provides youth with meaningful job placements by providing development, preparation and summer employment services to young adults between the ages of 16-24 throughout the San Diego region. This broad-based youth and young adult employment and mentoring effort is the type of program that addresses the need for a highly educated and skilled future workforce, and provides an opportunity for youth to earn money, gain meaningful work experience, and be exposed to various careers through work-based learning opportunities.

The City Council approved a new Memorandum of Understanding (MOU) and Joint Power Agreement (JPA) with (SDWP) in December 2015. In accordance with the MOU, the City will incorporate language in Economic Development Incentive Agreements (EDIAs) to encourage companies seeking City incentives to give first preference for new job opportunities to San Diego residents and to work with SDWP to assist with job recruitment and placement.

# **Economic Development Cabinet**

In 2015, the City's Chief Operating Office called the first meeting of the Economic Development Cabinet. The Cabinet is comprised of Director-level representation from several departments identified in the 2014–2016 EDS as key departments that affect economic development efforts. The purpose of the meeting was to pursue a dialogue on how these departments have a measurable role in growing the City's economic base and to open the lines of communication between these departments on matters that impact the business community. The COO also conducted an on-line survey for department managers to provide ideas on what their departments could or are doing to support economic development. The results of the survey will be used to develop discussion items for future meetings. The second Cabinet meeting will be held in the spring of 2016.

## 2017-2019 EDS

The 2017–2019 Economic Development Strategic Plan basically refreshes the current plan by making updates to the 2014–2016 EDS in the following manner:
Highlights completed action items
Highlights action items that are in progress and that are started and on going
Integrates the City's Strategic Plan
Integrates the department's new Tactical Plan
Integrates the 2015 ConPlan
Integrates the City's Climate Action Plan
Reflects contributions from other EDD functions and City Departments
Adds new action plans

### Conclusion

The EDS provides strategies, tactical objectives and guiding principles for the City's on-going economic development efforts. These efforts are primarily focused on growing its economic base by attracting, retaining and expanding businesses in its four base sectors:

Manufacturing & Innovation; International Trade & Logistics; Military; Tourism; as well as supporting small businesses. The City's focus is on increasing the number of middle-income base sector jobs.

In order to accomplish this objective, EDD is currently working on developing and implementing over 30 new economic development initiatives. These initiatives include continuing business walks in BIDs and other neighborhood business areas; telling the economic development story on how City programs and services impact businesses; creating new incentive programs such as a Fee Incentive Program and a new micro-loan program; implementing a new on-line open counter platform to simplify how businesses obtain city-based information, apply for (and in some instances pay) city-based fees and permits for select businesses entities; a design/made in San Diego campaign; use of CRM software to track activities and projects to assist with reporting metrics; and reporting department highlights and outcomes using quarterly dashboards and annual reports.

# CITY STRATEGIC PLAN GOAL(S)/OBJECTIVE(S):

Goal #3: Create and sustain a resilient and economically prosperous city.

Objective #3: Diversify and grow the local economy.

# FISCAL CONSIDERATIONS:

There are no fiscal impacts associated with this action.

# EQUAL OPPORTUNITY CONTRACTING INFORMATION (if applicable):

N/A

# PREVIOUS COUNCIL and/or COMMITTEE ACTIONS:

December 2013

Committee on Rules and Economic Development -

Draft 2014-2016 EDS

March 2014

Committee - Approved Revised Draft 2014-2016 EDS

**June 2014** 

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Draft EDS 2017-2019 sent to stakeholder

February 2016

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Erik Caldwell

Originating Department

David Graham

Deputy Chief/Chief Operating Officer

# The City of San Diego Economic Development Strategy 2017-2019



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    - 3-2: International Trade & Logistics
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  - 5. Efforts to Support Economic Development
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Base Sector Economic Engines

# Appendix B

Community Investment & Revitalization

# Appendix C

Internal Operational Guidance & Coordination

# Appendix D

Workforce Development & Education

# Appendix E

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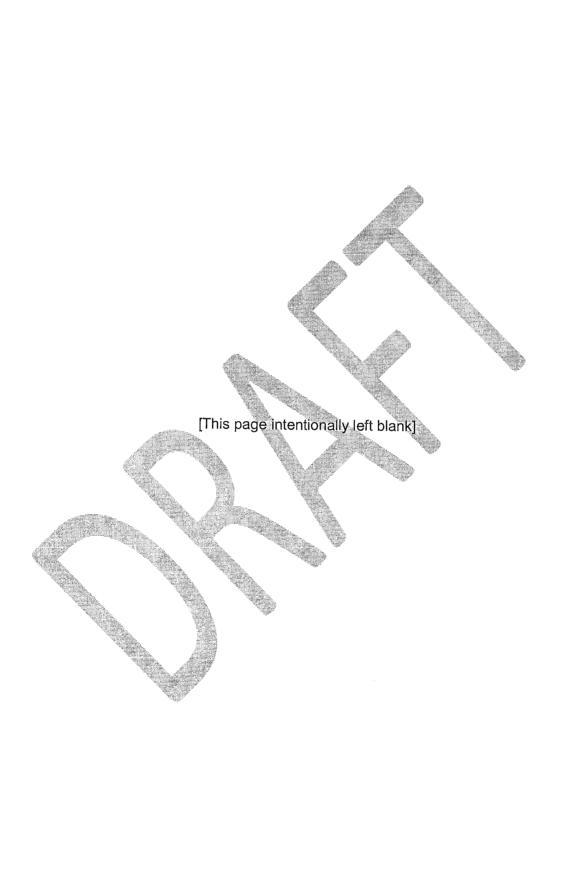
List of Available Industrial Properties

# Appendix G

San Diego Metropolitan Export Initiative

# Appendix H

General Plan Policies which Support the Economic Development Strategy



# **Executive Summary**

This Economic Development Strategy lays the foundation for sustained economic recovery and fiscal stability for the City of San Diego.

San Diego's economic base has evolved from a dependence on the military and tourism to a focus on high-technology manufacturing and international trade. The City's highly skilled labor force, pleasant Mediterranean climate, and unique proximity to Mexico and the Pacific Rim provide comparative advantages for established businesses and those considering relocation to San Diego.

This Economic Development Strategy lays out a Mission Statement, Strategic Objectives, and a set of Economic Indicators that will help the City track progress annually. It also lays out specific Tactical Objectives and Actions for four base sectors, a neighborhood business strategy, and other economic development efforts.

# **Economic Development Mission**

The Economic Development Department's Mission is:

To cultivate economic and community development opportunities that serve businesses, neighborhoods, and residents.

# Strategic Objectives:

The City's Economic Development Mission can be translated into three Strategic Objectives.

# #1: Economic Base Growth

Attract, retain, and expand businesses in the City's four economic base sectors: manufacturing & innovation; international trade & logistics; military; and tourism. Focusing especially on emerging sectors such as Cleantech & Energy Efficiency and the Food & Beverage industry clusters.

### #2: Middle-Income Jobs

Increase the number of middle-income jobs, especially in economic base sectors.

# #3: Neighborhood Businesses

Increase the amount of neighborhood business activity, especially in underserved neighborhoods.

### **Economic Indicators**

Progress toward the goals of this Economic Development Strategy can be tracked through the use of seven relevant economic indicators.

- 1. Increase the Gross Regional Product (GRP) of the San Diego Region
- 2. Increase the percentage of the workforce earning middle-wage incomes
- 3. Decrease the rate of local unemployment
- 4. Increase the local median income
- 5. Decrease the percentage of people living in poverty
- 6. Increase General Fund tax revenues as a percentage of GRP
- 7. Increase business activity in the City's neighborhood business districts

# **Economic Base Sectors**

This Economic Development Strategy makes reference to San Diego's four economic base sectors (interchangeably referred to as "traded economies") and lays out Tactical Objectives and Actions for these sectors.

Economic base sectors are groups of industries that produce goods and/or services that are sold outside the region. Unlike local businesses, which serve local customers but do not increase the region's overall economy, economic base industries create the foundation of jobs and wealth for the entire region, bringing money in from the outside that circulates again and again within San Diego to boost the economy. San Diego's four economic base sectors are:

- 1. Manufacturing & Innovation
- 2. International Trade & Logistics
- 3. Military
- 4. Tourism

This Economic Development Strategy lays out Tactical Objectives and Actions for each of these four base sectors that, if achieved, will help San Diego make progress toward fulfillment of the three Strategic Objectives and the seven Economic Indicators.

# **Neighborhood Business Districts**

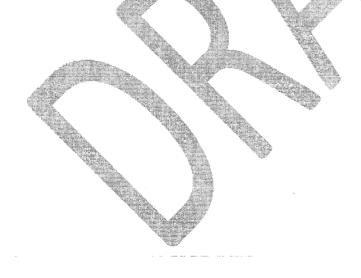
San Diego's Economic Development Strategy also calls out the importance of nurturing small, locally owned neighborhood businesses, especially those in older neighborhood business districts with an emphasis on historically underserved neighborhoods. Focusing efforts on such businesses has two major benefits. First, in contrast to corporate chain retail stores, locally owned businesses retain money in the local economy to be recirculated. Second, the success of such businesses, especially when concentrated in business districts, can serve to revitalize San Diego's older neighborhoods, achieving many other goals in the process. This Economic Development Strategy also lays out Tactical Objectives and Actions for locally owned small businesses and neighborhood business districts.

# **Economic Development Efforts**

This Economic Development Strategy identifies those areas of City activity that should be used to support economic development efforts.

- City services and operations
- Workforce development and education that is vital to meet the demands of a 21st century economy
- City relationships to external organizations, whose efforts must be coordinated with the City for maximum economic benefit

This Economic Development Strategy provides Tactical Objectives and Actions for each of the economic development efforts.

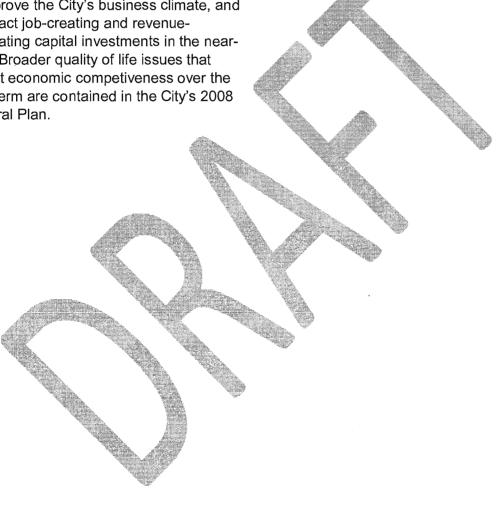




# 1. Introduction

This Economic Development Strategy is intended to guide the City of San Diego's economic development efforts for the next three years. In doing so, this strategy serves several purposes.

Economic Development Strategy is focused primarily on the implementation of policies and the administration of programs and initiatives that can reasonably be expected to improve the City's business climate, and to attract job-creating and revenuegenerating capital investments in the nearterm. Broader quality of life issues that impact economic competiveness over the long-term are contained in the City's 2008 General Plan.





# 2. Mission, Strategic Objectives, and Performance Measures

The Economic Development Department's Mission Statement is: To cultivate economic and community development opportunities that serve businesses, neighborhoods, and residents.

The Economic Development Department's Vision Statement is: A catalyst for economic prosperity and community investment

# 2-1. Strategic Objectives

The City's Economic Development Department's Mission can be translated into three Strategic Objectives.

- 1. Economic Base Growth
  - Attract, retain, and expand businesses in the City's four economic base sectors (manufacturing & innovation, international trade & logistics, military, and tourism).
- 2. Middle-Income Jobs
  - Increase the number of middle-income jobs, especially in economic base sectors.
- 3. Neighborhood Businesses
  - Increase the amount of neighborhood business activity, especially in underserved neighborhoods.

In the following section, Strategic Objectives are translated into Tactical Objectives which will be pursued through specific actions and evaluated through metrics, specifically, and more broadly through economic performance indicators.<sup>1</sup>



<sup>&</sup>lt;sup>1</sup> Editor's Note: The Mission Statement, Strategic Objectives, and Performance Measures listed here are similar to those listed in the annual budget documents for the City's internal economic development units, but are much broader and intended to provide goals and objective standards for the City as a whole, including all of the departments and offices whose activities have some bearing on the City's overall economic development efforts.

# 2-2. Economic Performance Indicators

Progress towards the City's Strategic Goals can be measured using readily available data. The following seven Economic Performance Indicators are directly linked to the three Strategic Objectives.

- 1. Increase the Gross Regional Product (GRP) of the San Diego region
- 2. Increase the percentage of the workforce earning middle-wage incomes
- 3. Decrease the rate of local unemployment
- 4. Increase the local median income
- 5. Decrease the percentage of people living in poverty
- 6. Increase General Fund tax revenues as a percentage of GRP
- 7. Increase the business activity in the City's neighborhood business districts

All of these performance measures can be tracked with readily available empirical data and can be used as a report card to track the City's progress. Taking the Actions in order to accomplish the Tactical Objectives and make progress toward the Strategic Objectives should "move the needle" on these economic indicators. If San Diego does not make progress toward these economic indicators, the City should revisit all facets of this strategy – the Strategic Objectives, the Tactical Objectives, and the Actions – to determine whether they need to be retooled.

Figure 1: Overall Economic Performance Indicators

Economic Indicator	201 <u>3</u>	2014	2013	2013
	∃ San Diego	San Diego	California	United States
Gross Regional, State, or Domestic Product (GRP) <sup>2</sup>	\$ <u>200</u> 190 billion	TBD\$207bi	\$2 <u>.1</u> trillion	\$15. <u>640-7</u> trillion
Percentage of Residents Earning Middle Income Wages <sup>3</sup>	28%	TBD 18%	<del>27%</del> <u>58.3%</u>	53.0%
3 Unemployment Rate <sup>4</sup>	7.02	TBD 6 10/	8.9 <u>6.</u>	7 25 70/
♣ Median Household Income <sup>5</sup>	\$60 <u>,3301,4</u>	TBD\$66.10	\$ <u>58,32861.</u>	¢51 37153 857
Percentage of Persons Below Poverty Line <sup>6</sup>	15.2%	<del>TBD<u>14.70</u></del>	1 <del>6.</del> <u>5</u> 6 <u>.9</u> %	15.9 <u>8</u> %
General Fund Tax Revenue as a Percentage of GRP <sup>7</sup>	\$0.6842%.58	TBD:58%	N/A	N/A

<sup>&</sup>lt;sup>2</sup> U.S. Department of Commerce Bureau of Economic Analysis, figures are for end of 2012. Figures for California and the United States are the Gross State Product (GSP), and Gross Domestic Product (GDP) respectively.

<sup>&</sup>lt;sup>4</sup> U.S. Census Bureau, figure is for August 2013.

<sup>&</sup>lt;sup>5</sup> Ibid., figure is for end of 2012.

<sup>&</sup>lt;sup>6</sup> lbid., figure is for end of 2012.

<sup>&</sup>lt;sup>7</sup> City of San Diego Financial Management Department, FY2012 General Fund budget actual receipts divided by 2012 GRP.

Total Sales in Neighborhood Business Districts <sup>8</sup>	rocess	TBD	N/A	N/A
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# Competing California Metropolitan Areas

Economic Indicator	San Diego Carlsbad San Marcos	Los Angeles Long Beach Santa Ana	San Francisco Oakland Fremont	San Jose Sunnyvale Santa Clara
Gross (Regional) Product (GRP) <sup>9</sup>	\$190 billion	\$805 billion	\$378 billion	\$186 billion
Residents Earning Middle Income Wages <sup>10</sup>	28%	26%	28%	25%
3 Unemployment Rate <sup>11</sup>	7.0%	9.2%	6.5%	7.5%
Median Household Income <sup>12</sup>	\$60,330	\$53,001	\$73,012	\$91,425
Percentage of Persons  Below the Poverty Line <sup>13</sup>	15%	19.1%	15%	10.8%



<sup>&</sup>lt;sup>8</sup> Applies to The City of San Diego.
<sup>9</sup> U.S. Department of Commerce Bureau of Economic Analysis, figures are for end of 2012. Figures for California and the United States are the Gross State Product (GSP), and Gross Domestic Product (GDP) respectively. lbid.
U.S. Census Bureau, figure is for October 2013.
lbid., figure is for end of 2012.
lbid., figure is for end of 2012

# 2-3. Manufacturing & Innovation

# **Tactical Objectives**

- I. Increase the number of San Diegans with middle-income jobs.
- II. Increase the number of manufacturing sector jobs in San Diego.
- III. Increase the number of manufacturing sector jobs that are linked to local research and development operations.
- IV. Increase the number of manufacturing plants in San Diego which have a taxable point of sale.
- V. Increase employment among startup tech companies, especially downtown and in other commercial districts.

### Actions

- Track all conversion of Prime Industrial Lands to non-industrial uses and provide a report on such conversions to the City Council annually.
- Review the Municipal Code to identify any code changes required to implement General Plan Policies EP-A.1 and EP-A.12, related to Prime Industrial Land.
- Amend the Municipal Code to exempt manufacturing from the Housing Impact Fee. (complete/delete)
- Review the Municipal Code to identify any code changes to improve the viability and feasibility of manufacturing in the City's industrial zones.
- 5. Make City-owned industrial property available for sale or lease to manufacturing companies to build or expand manufacturing plants in accordance with Council Policy 900-03.

- 6. Require cross-departmental collaboration of City staff to develop and ensure a streamlined, consistent, and rapid review/approval process for manufacturing and warehouse projects.
- Create a "Designed/Made in San Diego" campaign aimed at increasing local and global demand for products made in San Diego not only among consumers but among local businesses as well.
- 8. Initiate and facilitate a collaborative process with manufacturers to ensure that they have a sustainable, long-term, cost-effective source of reclaimed and potable water for industrial cooling and processing, and make the necessary changes to the Municipal Code.
- Actively support federal defense appropriations for the purchase and repair of military hardware that is or can be manufactured within the City.
- 10. Support and take advantage of state-economic development incentives for business expansion, attraction, and retention.
- 11. Promote the City's Efforts to create a sustainable water supply and longer security and independence for residents and businesses. (complete/delete)
- 12. Update Council Policies which guide the City's economic development programs as needed.
- 13. Assemble an Industry Roundtable to include industry and stakeholders to implement the proposed actions listed above as well as other reforms and initiatives.
- 14. Enable startups to meet regulatory requirements to launch a business in 1 day. (new)

- 15. Develop/create new incentive programs. (new)
- 16. Use tools such as Economic
  Development Incentive Agreements
  to encourage local businesses to
  give first preference for new job
  opportunities to San Diego
  residents. (new)
- 17. Facilitate the expansion, attraction, and retention of base sector employers. (new)

# Metrics

- 1. An increase in the number of factory (production) jobs in the City.
- II. An increase in the amount of sales and use tax received by the City from manufacturing plants.

# 2-3 Accomplishments and Progress of 2014-2016 Action Items

Completed	<ul> <li>2.3.3: Amend the Municipal Code to exempt manufacturing from the Housing Impact Fee.(EDS 2014-2016)</li> </ul>
In the Process	<ul> <li>2.3.7: Create a "Made in San Diego" campaign aimed at increasing local and global demand for products made in San Diego – not only among consumers but among local businesses as well.</li> </ul>
	<ul> <li>2.3.8: Initiate a collaborative process with manufacturers to ensure that they have a sustainable, long term, cost effective source of reclaimed and potable water for industrial cooling and processing, and make the necessary changes to the Municipal Code.</li> </ul>
	<ul> <li>2.3.11: Promote the City's efforts to create a sustainable water supply and longer security and independence for residents and businesses.</li> </ul>
Started and Ongoing	<ul> <li>2.3.1: Track all conversion of Prime Industrial Lands to non-industrial uses and provide a report on such conversions to the City Council annually.</li> </ul>
	<ul> <li>2.3.4: Review the Municipal Code to identify and code changes to improve the viability and feasibility of manufacturing in the City's industrial zones.</li> </ul>
	<ul> <li>2.3.6: Require cross-departmental collaboration of City staff to develop and ensure a streamlined, consistent and rapid review/approval process for manufacturing and warehouse projects.</li> </ul>
	<ul> <li>2.3.10: Support and take advantage of state-economic development incentives for business expansion, attraction and retention.</li> </ul>
	<ul> <li>2.3.13: Assemble an Industry Roundtable to include industry stakeholders to implement the proposed actions above as well as other reforms and initiatives.</li> </ul>

# 2-4. International Trade & Logistics

# **Tactical Objectives**

- I. Increase the number of distribution jobs in San Diego.
- II. Increase the utilization of the 10<sup>th</sup> Avenue Terminal.
- III. Develop/create new programs to increase FDI/exports and aggressively market the Foreign-Trade Zones Program to all potential new users.

## Actions

- Prioritize projects that more effectively facilitate cross-border commerce and logistics in accordance with General Plan Policy EP-J.1 (revised)
- Amend the Municipal Code to exempt manufacturing from the Housing Impact Fee. (complete/delete)
- 3. Prioritize transportation Capital Improvement Program funds to improve truck circulation to and from the Otay Mesa Port of Entry facilities.
- Continue to seek support for state and federal funding for improvements to border-related infrastructure and important collector streets that facilitate the movement of goods.
- 5. Continue to pursue enhancements to the commercial cross-border trade facilities in accordance with General Plan policy EP-J.4 and EP-J.6 in collaboration with General Services Administration, the City of Tijuana, and SANDAG (San Diego Association of Governments).
- 6. Continue to protect and preserve the Prime Industrial Lands identified in the City's General Plan pursuant to General Plan Policies EP-A.1, EP-A.12, EP-J.9

- Support the Port of San Diego's efforts to seek funding to expand and provide better connections to the 10<sup>th</sup> Avenue Marine Terminal.
- 8. Work collaboratively with the Port of San Diego to ensure that the 50-year Port Master Plan protects and enhances opportunities to expand the trade economy on port land.
- Assemble an Industry Roundtable to include industry and stakeholders to implement the proposed actions listed above as well as other reforms and initiatives.

### Metrics

- An increase in the value of goods shipped through the Otay Mesa Port of Entry.
- II. An increase in the value of goods shipped through San Diego International Airport.
- III. A decrease in the amount of CO2 emission community-wide and from City operations.
- IV. An increase in the number of logistics and distribution jobs in San Diego.
- V. A decrease in the conversion of Prime Industrial Land acreage to other uses.
- VI. An increase in state and federal funding of logistics/transportation infrastructure.

# 2.4 Accomplishments and Progress of 2014-2016 Action Items

Completed	<ul> <li>2.4.2: Amend the Municipal Code to exempt wholesale distribution from the Housing Impact Fee. (EDS 2014-2016)</li> </ul>
	<ul> <li>2.4.10: Assemble an Industry Roundtable to include industry and stakeholders to implement the proposed actions listed above as well as other reforms and initiatives.</li> </ul>
In the Process	<ul> <li>2.4.3: Prioritize transportation Capital Improvement Program funds to improve truck circulation to and from the Otay Mesa Port of Entry facilities.</li> <li>2.4.6: Continue to collaborate with General Services Administration, the City of Tijuana, and SANDAG (San Diego Association of Governments) to expand and improve the ports of entry.</li> <li>2.4.7: Protect and preserve the Prime Industrial Lands identified in the City's General Plan pursuant to General Plan Policies EP-A.1, EP-A.12, EP-J.9</li> </ul>
Started and Ongoing	<ul> <li>2.4.1: Prioritize projects that more effectively facilitate cross-border commerce and logistics in accordance with General Plan Policy EP-J.1.</li> <li>2.4.5: Continue to seek support for state and federal funding for improvements to border-related infrastructure (such as completion of the new State Route 11) and important collector streets that facilitate the movement of goods.</li> </ul>
	<ul> <li>2.4.8: Support the Port of San Diego's efforts to seek funding to expand and provide better connections to the 10<sup>th</sup> Avenue Marine Terminal.</li> <li>2.4.9: Work collaboratively with the Port of San Diego to ensure that the 50- year Port Master Plan protects and enhances opportunities to expand the trade economy on port land.</li> </ul>

# 2-5. Military

# **Tactical Objectives**

- Support regional efforts to increase the number of ships, aircraft, and personnel at each of the City's military installations.
- II. Support efforts to increase the procurement of locally produced goods and services by the military at San Diego businesses.

## Actions

- 1. Work collaboratively with local military commanders and with congressional delegates to ensure that San Diego's military installations are retained and expanded; and that San Diego businesses have opportunities to provide goods and services to the commands at these installations in accordance with General Plan Policy EP-H.2.
- Encourage the Department of the Navy to bring "Green Fleet" demonstration projects to San Diego and especially to procure biofuel developed or produced in the City.
- 3. Have San Diego represented at the SANDAG Military Working Group meetings to ensure that the City of San Diego and Department of the Navy are able to proactively address issues affecting both parties.

# Metrics

- I. An increase in the level of military spending at local military installations.
- II. An increase in the number of civilian jobs in the local military economy.
- III. An increase in the amount of military purchasing in the local economy.

# 2.5 Accomplishments and Progress of 2014-2016 Action Items

Completed	<ul> <li>2.5.3: Have San Diego represented at the SANDAG Military Working Group Meetings to ensure that the City of San Diego and Department of the Navy are able to proactively address issues affecting both parties.</li> </ul>
In the Process	
Started and Ongoing	<ul> <li>2.5.1: Work collaboratively with local military commanders and with congressional delegates to ensure that San Diego's military installations are retained and expanded; and that San Diego businesses have opportunities to provide goods and services to the commands at these installations in accordance with General Plan Policy EP-H.2.</li> </ul>



### 2-6. Tourism

# **Tactical Objectives**

- I. Increase the overall economic activity of the tourism industry cluster by increasing the number of dollars spent in the local economy by visitors from outside the region.
- II. Ensure that Transient Occupancy Tax (TOT) funding and Tourism Marketing District (TMD) funding provide the maximum value for money.
- III. Complete the Convention Center expansion and encourage increased private sector investment in aging private visitor facilities.
- IV. Dedicate City Capital Improvement funds toward projects that enhance the City's attractiveness, including streets and bike lanes, sidewalks, public facilities and parks and beaches.

### Actions

- 1. Support expansion and enhancement of important publicly owned attractions and facilities such as the Convention Center, Cruise Ship Terminal, City beaches, San Diego International Airport, SeaWorld, San Diego Zoo, and similar assets in accordance with General Plan Policies EP-1.2 and EP-1.3.
- Establish a fair and competitive process to evaluate Citywide Economic Development TOT funding and Economic Development & Tourism Support ("EDTS") funding to ensure that the City receives the maximum value for these funds in accordance with the guidance of General Plan Policy EP-I.1.
- Assemble an industry roundtable to include industry stakeholders to implement the proposed actions

listed above as well as other reforms and initiatives.

### Metrics

- I. An increase in the number of room nights sold at San Diego hotels and motels.
- II. An increase in the amount of TOT revenue received by the City based on the current rate.
- III. An increase in the utilization of the Convention Center that results in a higher number of room nights sold.
- IV. An increase in the amount of sales tax received by the City from eating and drinking establishments based on the current rate.
- V. An increase in funding for the improvement and expansion of infrastructure, including streets and bike lanes, sidewalks, public facilities, and parks and beaches.

# 2-6: Accomplishments and Progress of 2014-2016 Action Items

Completed	<ul> <li>2.6.1: Build, expand and enhance important attractions and facilities such as the Convention Center, Cruise Ship Terminal, City beaches, San Diego International Airport, Sea World, San Diego Zoo, and similar assets in accordance with General Plan Policies EP-1.2 and EP-1.3.</li> </ul>
In the Process	2.6.2: Establish a fair and competitive process to evaluate Citywide Economic Development TOT funding and Economic Development & Tourism Support ("EDTS") funding to ensure that the City receives the maximum value for these funds in accordance with the guidance of General Plan Policy EP-I.1.
Started and Ongoing	

# 2-7. San Diego's Neighborhood Businesses

# **Tactical Objectives**

- Increase the number of locally owned small businesses in San Diego.
- II. Strengthen the business base of existing older business districts and expand economic opportunities for all.
- III. Leverage funding for greater commercial neighborhood benefit.
- IV. Maximize effectiveness of the City's neighborhood and small business programs.

### Actions

- Develop a replacement program for redevelopment by partnering with private corporations, philanthropic organizations, and lending institutions.
- Encourage formation of new assessment districts, such as maintenance assessment districts (MADs) and property and business improvement districts (PBIDs), and community parking districts to enhance existing community programs.
- 3. Support state legislative efforts to clarify and strengthen the role of assessment districts.
- Continue to lobby at the federal level against further cuts in Community Development Block Grant (CDBG) funding.
- 5. Retool the City's existing small business programs to target assistance to locally owned small businesses in the city's older neighborhoods, especially underserved neighborhoods.
- 6. Evaluate relevant Land
  Development Code regulations to

- lessen the regulatory burden on locally-owned small businesses and home-based businesses that are compatible with residential surroundings.
- 7. Enhance the City's economic stability and prosperity by increasing opportunities for job readiness and investing in economic development programs. (new)

### Metrics

- An increase in the number of small businesses in the City, especially in underserved neighborhoods.
- II. An increase in the number of business improvement districts (BIDs) augmented with new financing tools.
- III. An increase in the number of new neighborhood business assessment districts.
- IV. Strengthen neighborhoods by investing in the City's critical public infrastructure needs by increasing the amount of funds expended in the City's infrastructure projects, targeting older neighborhoods with business districts and in historically underserved neighborhoods.

# 2.7 Accomplishments and Progress of 2014-2016 Action Items

Completed	
In the Process	2.7.1: Develop a replacement program for redevelopment by partnering with private corporations, philanthropic organizations, and lending institutions.
Started and Ongoing	<ul> <li>2.7.2: Encourage formation of new assessment districts, such as maintenance assessment districts (MADs) and property and business improvement districts (PBIDs), to enhance existing community programs.</li> <li>2.7.4: Continue to lobby at the federal level against further cuts in Community Development Block Grant (CDBG) funding.</li> <li>2.7.5: Retool the City's existing small business programs to target assistance to locally owned small businesses in the city's older neighborhoods, especially underserved neighborhoods.</li> <li>2.7.6: Evaluate relevant Land Development Code regulations to lessen the regulatory burden on locally owned small businesses and homebased businesses that are compatible with residential surroundings.</li> </ul>

# 2-8. City Policies, Procedures & Operations

## Tactical Objectives

- I. Align key city services and operations with the City's economic development goals.
- II. Increase overall awareness of the City's economic development programs, incentives and services with the public. (new)
- III. Highlight success and impact of the City's economic development programs, incentives and services. (new)
- IV. Reduce the City's overall carbon footprint and prepare San Diego to be a climate smart city. (new)

V.

## Actions

- 1. Initiate an assessment of key city services and operations by the Chief Operating Officer to determine where and how those services and operations align with the City's economic development goals.
- 2. Form an Economic Development
  Cabinet composed of Department
  Directors and Deputy Chief
  Operating Officers, led by the City's
  Assistant Chief Operating Officer to
  coordinate inter-departmental efforts
  related to key industries and
  projects.
- 3. Provide a mechanism for external stakeholders to provide specific recommendations regarding necessary changes to City ordinances, policies, and procedures in order to encourage economic development.
- Review and reform/update all council policies related to economic development that may constrain the City from pursuing its economic development goals.

- 5. Proactively communicate and establish relationships with businesses and organizations. (new)
- 6. Publish Economic Development quarterly and annual reports to update internal and external stakeholders on the City's economic development efforts. (new)
- 7. Develop new programs and initiatives that accelerate implementation of the Climate Action Plan. (new)
- 8. Leverage the Economic
  Development Cabinet composed of
  Department Directors and Deputy
  Chief Operating Officers, and the
  Economic Development Academy to
  educate and coordinate
  interdepartmental efforts related to
  key industries and projects. (new)

q.

# Metrics

 A consolidated cumulative list of implemented and proposed reforms (both Mayoral and those requiring City Council approval) aligning city operations with economic development goals.

# 2-8: Accomplishments and Progress of 2014-2016 Action Items

Completed	<ul> <li>2.8.2: Form an Economic Development Cabinet composed of Department Directors and Deputy Chief Operating Officers, led by the City's Assistant Chief Operating Officer to coordinate interdepartmental efforts related to key industries and projects.</li> </ul>
In the Process	
Started and Ongoing	<ul> <li>2.8.1: Initiate an assessment of key city services and operations by the Chief Operating Officer to determine where and how those services and operations do and do not align with the City's economic development goals.</li> <li>2.8.4: Review and reform/update all council policies related to economic development that may constrain the City from pursuing its economic development goals.</li> </ul>

# 2-9. Workforce Development & Education

# **Tactical Objectives**

- I. Increase in the employment of local residents by local businesses.
- Provide 21st century training and educational opportunities for the City workforce to advance in their careers.

#### **Actions**

- Maintain a direct role on the San Diego Consortium Policy Board (the governing body of the San Diego Workforce Partnership (SDWP) to determine, review and approve workforce development funding initiatives, policies, and program focus areas to ensure that federal funds are spent efficiently and that San Diegans are afforded the best opportunities to train or retrain for specific industries and occupations.
- 2. Work with SDWP, academic researchers, and the local school districts, community colleges and universities to ensure that workforce development professionals and educators have a clear picture of the changing nature of local employment needs.
- 3. Use tools such as Economic
  Development Incentive Agreements
  to encourage local businesses to
  give first preference for new job
  opportunities to San Diego
  residents.
- 4. Continue to support workforce development programs or other efforts that; target underrepresented groups; provide training for veterans; create opportunities for low-wage earners to move up career ladders; prepare youth for the workforce; place long term unemployed individuals in jobs; and establish entry level professional

classifications for recent college graduates (to gain full-time professional work experience) similar to the City of San Diego's Management Trainee model.

#### Metrics

- I. Encourage expansion in training and mentorship programs such as CONNECT2Careers San Diego, which call for commitment from employers to such programs.
- Invest in the City's workforce by offering training and tuition reimbursement opportunities to City employees.

# 2-9: Accomplishments and Progress of 2014-2016 Action Items

Completed	<ul> <li>2.9.1: Maintain a direct role on the San Diego Consortium Policy Board (the governing body of the San Diego Workforce Partnership (SDWP) to determine, review and approve of funding initiatives, policy, and program focus areas for SDWP to ensure that federal funds are spent efficiently and that San Diegans are afforded the best opportunities to train or retrain for specific industries and occupations.</li> </ul>
In the Process	2.9.3: Use tools such as Economic Development Incentive Agreements to encourage local businesses to give first preference for new job opportunities to San Diego residents.
Started and Ongoing	<ul> <li>2.9.2: Work with SDWP, academic researchers, and the local school districts, community colleges and universities to ensure that workforce development professionals and educators have a clear picture of the changing nature of local employment needs.</li> <li>2.9.4: Continue to support workforce development programs or other efforts that; target underrepresented groups;, provide training for veterans;, help low-wage earners to move up career ladders;, prepare youth for the workforce;, place long term unemployed individuals in jobs; and establish entry level professional classifications for recent college graduates (to gain full-time professional work experience) using the City of San Diego's Management Trainee model.</li> </ul>

# 2-10. City Relationships with External Organizations

# **Tactical Objectives**

- Memorialize the relationships between the City and other economic development entities.
- II. Ensure that contracts with economic development entities have a clear purpose with clear goals and deliverables aligned with the City's Strategic Plan and Economic Development Strategy.

Actions

- 1. Evaluate all existing relationships with external organizations to determine the strategic purpose for each relationship and, where appropriate, define those relationships in formal documents.
- Use competitive bidding when procuring economic services such as marketing and promotion from outside entities.
- Include clear and quantifiable performance measures and deliverables in contracts.
- Preclude clear and quantifiable performance measures and deliverables in contracts. (completed/deleted)
- 5. Prioritize awarding of City funded grants to economic development contractors for activities that are aligned with the goals and objectives of the City's Strategic Plan and this Economic Development Strategy. (new)

Metrics

 An increase in the number of Memorandum of Understandings (MOUs) or other documents memorializing the City's relationships with other economic development entities.

# 2-10: Accomplishments and Progress of 2014-2016 Action Items

Completed	<ul> <li>2.10.3: Include clear and quantifiable performance measures and deliverables in contracts</li> </ul>
In the Process	<ul> <li>2.10.1: Evaluate all existing relationships with external organizations to determine the strategic purpose for each relationship and, where appropriate, define those relationships in formal documents.</li> <li>Use competitive bidding when procuring economic services such as marketing and promotion from outside entities.</li> <li>2.10.4: Preclude the use of City funds by any economic development contractor for any activities that are contrary to the goals and objectives of this Economic Development Strategy.</li> </ul>
Started	
and	
Ongoing	그리고 그리고 그리고 그리고 그리고 그리고 가장하는 그리고 그리고 그리고 그리고 가장했다.

## 3. San Diego's Economic Base Sectors

A region's economic base is its economic engine because it increases the amount of money and wealth in a region. In San Diego, base sector industries have also been described as comprising of Traded Clusters or Traded Economies. San Diego's economic base is described in more detail in Appendix A: Base Sector Economic Engines.

San Diego's four base sectors are:

- 1. Manufacturing & Innovation
- 2. International Trade & Logistics
- 3. Military
- 4. Tourism

San Diego is unique among U.S. metropolitan (metro) areas because manufacturing is closely related to what is often referred to as the "Innovation Economy." Unlike many metropolitan areas, San Diego's economy has a research and development (R&D) "backbone" that supports the creation and advancement of new products in fields such as biotech and high-tech. In addition to R&D, these products are also manufactured in the region. For this reason, San Diego's export or traded economy consists largely of highvalue goods and services, such as the wireless telecommunications goods and services provided by Qualcomm, Motorola, Nokia, Broadcom, and other high-tech manufacturers.

## **Competitive Advantages**

San Diego has many advantages when attracting and retaining companies. These include the following:

- Local universities, colleges, and trade schools provide a highly skilled and educated workforce.
- Collaboration between industry and educational institutions contribute to

- an environment where businesses can source a productive workforce.
- Employees are able to enjoy the moderate coastal ("Mediterranean") climate of the region, making it an attractive place to live, work, and play.
- The City is home to established business clusters with strong support networks. Trade organizations, labor organizations, chambers of commerce, and other non-profit organizations provide training, networking, advocacy, and bulk purchasing services to member companies. Unions and other employee organizations help to create labor force stability and reemployment networks.
- The City is a gateway to Asia, Latin America and, most particularly Baja California, Mexico. With an active seaport, airport and land ports of entry, San Diego is well situated for domestic and international trade.

# **Competitive Disadvantages**

Despite these competitive advantages, San Diego also must deal with a number of competitive disadvantages that can make it difficult to attract and retain important businesses. Some of these are related to local market conditions and some are related to the business climate in California. These include:

- The high cost of living and especially the high cost of land. This cost manifests itself not only in high housing cost, which can be a burden to employees, but also in high prices for industrial land as well.
- High electricity and water costs relative to the other parts of the nation.
- A more significant regulatory burden than what is found in other states.

However, these competitive disadvantages are not unique to San Diego. In fact, they are shared by most California cities.

Many of San Diego's competitive advantages – an educated labor force and high-level labor skills – are most important in industries and operations that operate at the top of the value chain, such as research and development functions and management. Industries that provide middle-income or "blue collar" jobs aren't as dependent on these factors. Thus, promoting other advantages presents a challenge when seeking to retain or expand those operations.

# Existing Policies to Improve Competitiveness

In 2008, the City adopted an updated General Plan which included a number of policies in several elements designed to ameliorate traffic congestion, high housing costs, lack of available industrial land and to create an attractive, safe, pedestrianoriented City of Villages. The implementation of these policies is creating more vibrant communities, each with distinct identities, while linked through modern costeffective transit and transportation options. The creative adaptive re-use of existing structures and the rebuilding of City infrastructure will not only lead to a better quality of life for City residents, but can also help to retain skilled workers which are important for the success of innovative manufacturing enterprises, as well as being essential for the attraction of tourists. A summary of these General Plan policies is found in Appendix H: General Plan Policies which support the Economic **Development Strategy.** 

# 3-1. Manufacturing and Innovation

San Diego has one of the largest manufacturing economies in the nation in large part by of its connection to the region's "Innovation Economy." It is thus well positioned to grow in the future.

According to the National University System Institute for Policy Research (NUSIPR), the manufacturing sector is the largest single driver of the San Diego economy, contributing approximately \$15 billion annually to the Gross Regional Product (GRP). In addition, the Brookings Institution recently found that San Diego has the highest average-value of exported products in the nation and due in large part to the high-end manufactured products such as wireless telecommunications equipment.

Manufacturing is especially important to San Diego for three reasons: compensation, the "multiplier effect," and tax revenues. Manufacturing jobs typically pay middleincome wages and include fringe benefits such as medical insurance. In comparison with other jobs, manufacturing jobs are more likely than other jobs to be filled by local residents. In addition to what it offers in compensation, manufacturing's multiplier effect is extremely high - often between 3 and 7, compared with 1.5 to 2 for other sectors. This means that every manufacturing job created indirectly results indirectly in the creation of 2 to 6 additional jobs in the manufacturing sector and other sectors of the local economy. Manufacturing is a heavy user of capital equipment which is taxable, thus generating use tax for the City's General Fund. Large amounts of sales tax is also generated for the City as manufacturers frequently sell taxable goods to other businesses and organizations throughout California.

San Diego's manufacturing sector is unusually diverse and generally includes the region's robust research and development (R&D) activities. This sector is often referred to as the "Innovation Economy." because it is closely linked to the University of California, San Diego (UCSD), San Diego State University (SDSU), private research institutions, and local incubators which often provide research and commercialization breakthroughs that can then be translated into new manufacturing opportunities. Major local manufacturing industry clusters include: Aerospace & Defense. Biotechnology & Medical Devices, Cleantech & Energy Efficiency, Electronics & Telecommunications, and more recently, Food & Beverages. However, San Diego's manufacturers are not solely engaged in R&D and manufacturing activities, but are also engaged in sales, distribution, product servicing, and repair activities throughout a wide range of industries.

Although the local manufacturing sector has experienced declines in recent years, San Diego continues to have a competitive advantage in attracting and retaining new investment in this sector for several reasons:

- Very high labor quality including exmilitary personnel with security clearances.
- The continued presence of major primary research institutes and universities, such as Sanford-Burnham, Salk, Scripps, UCSD, SDSU and related support organizations.
- A business culture of innovation, collaboration, and entrepreneurism which fosters the growth of smaller manufacturing businesses that produce goods for local, state and West Coast markets.
- Production sharing opportunities based on close proximity to Mexico.

# Specific Challenges to Increasing Manufacturing & Innovation Employment

As previously stated, San Diego as a whole has both competitive advantages and disadvantages as it relates to business attraction and retention. The disadvantages facing San Diego are more acute for the manufacturing sector. In particular, the cost, supply and availability of water, electricity, and industrial space are significant concerns. As with other competitive disadvantages, these issues are not unique to San Diego; they are shared by other big California metropolitan areas, especially in coastal areas. Nevertheless, they are important concerns that must be addressed.

The City first identified a shortage of land for manufacturing in the 1970s. The 2008 General Plan identified and mapped Prime Industrial Land and adopted policy language calling for the protection of such land.

In regards to water: manufacturing and related R&D activities consume large volumes of water for a variety of industrial processing functions such as cooling, rinsing, cleaning, and steam boiler make-up. In addition, the emerging Food & Beverage industry is also water-intensive.

The City has adopted specific policies and statutes that encourage potable water conservation. The San Diego Municipal Code (SDMC) 67.3804(f) provides a specific exemption from certain mandatory potable water conservation requirements for manufacturers and contract research organizations, which conserve potable water principally through the use of reclaimed water for industrial use. This effort is referred to as the Guaranteed Water for Industry Program.

The City has made substantial recent investments in its potable water supply infrastructure to ensure the reliability of its water delivery infrastructure. Local storage

and delivery infrastructure, coupled with enhanced procurement of raw water has dramatically reduced the City's reliance on deliveries from the Metropolitan Water District (MWD) and enhances local control over water supplies. These investments and the subsequent reliability improvements can be expected to improve the City's attractiveness to water-dependent industries such as Biotechnology & Medical Devices and Food & Beverages.

However, the City most significant future water infrastructure investment will be its Pure Water Program, which will redirect secondary flows from reclaimed water production to potable water production. A consequence of this effort will be a halt to expansion of the reclaimed (recycled) water distribution system. Therefore, it will be necessary to amend the Guaranteed Water for Industry Program to encourage manufacturers to conserve potable process water through internal recycling and reuse, rather than conserving through substitution of reclaimed water for potable water.

## 3-2. International Trade & Logistics

International Trade & Logistics is a critically important engine of the local economy. In 2014, the region exported \$18.6 billion worth of goods, an increase of \$700 million from 2013. Many local economists believe that potential economic gains can be achieved through increase international trade activity due to San Diego's unique location adjacent to Mexico and the Pacific Rim. As an example, roughly six years ago, the emerging markets of the Asia-Pacific region accounted for 28% of the world's middle class. Within 15 years, it is estimated that 66% of the world's middle class with live in these markets. Being on the Pacific Rim, this represents a huge strategic advantage for our local firms.

According to the Brooking Institute, San Diego's percentage of total employment

resulting from foreign direct investment (FDI) has historically lagged behind the percentage for the entire country. The Brookings Institute believes that by securing increased FDI and by increasing regional exports to levels in line with the national average and beyond, additional base sector jobs can be added to the local economy. One way to expand the region's economy is to encourage and help small and medium sized businesses expand into international markets.

This theory is the focus of the "GoGlobal Initiative", developed in conjunction with the San Diego Regional Economic Development Corp. (EDC) and the Brookings Institute. The GoGlobal Initiative was developed over a three year period as part of the Global Cities Initiative.

Efficient importing and exporting operations are increasingly important in a globally connected world where "time-to-market" considerations and inventory costs represent significant factors in the supply chain that connects manufacturers to retailers. Logistics companies are under increasing pressure to move goods rapidly to market through technologically-advanced "just-in-time" shipping operations.

Many logistics businesses are located in the industrial parks near the Otay Mesa port-of-entry at the terminus of State Route 905, where the vast majority of ground freight crosses the border from Mexico. Both The Otay Mesa and San Ysidro ports of entry are being upgraded on both sides of the border. Any reduction in border crossing delays should result in increased economic benefits to San Diego. A 2007 study by the San Diego Association of Governments (SANDAG) showed that the San Diego region lost approximately \$539 million in

gross revenues from reduced freight activity.

Logistics businesses are also located in and around the downtown area in order to have close proximity to the Port of San Diego and the San Diego International Airport. San Diego International Airport has air freight capacity, non-stop service to Asia, Europe, Canada, and Mexico, and is the primary airport for the San Diego region. According to the Brookings Institute, three local industries, Computer & Electronics, Transportation Equipment, and Chemicals sent over \$7 billion worth of goods abroad. More information on San Diego's export potential can be found in Appendix G: San Diego Metropolitan Export Initiative.

These businesses and quasi-government agencies create thousands of middle-income jobs, which frequently do not required advanced college degrees or skill sets, thus making these jobs potentially available to many City residents.

As with Manufacturing, opportunities in International Trade & Logistics are closely related to other sectors of the economy. For example, as labor costs in Asia have risen, manufacturing in Mexico has become competitive again. The cost differential between Mexican and Asian labor has narrowed substantially, while the quality of Mexican manufacturing and its proximity to the United States often makes "nearsourcing" of manufacturing in Mexico worthwhile for American companies. This is especially beneficial to San Diego, whose businesses often rely on "production sharing" business models. San Diego companies can take advantage of Mexico's lower labor costs without incurring the significant shipping, inventory, and time to market costs which result from manufacturing products in Asia. As a result, in the last two years, several new distribution centers representing over one

million square feet have been constructed in San Diego, mostly in Otay Mesa.

# 3-3. Military

The military has always played an important role in the San Diego economy, and over the past 50 years, its presence has stimulated not only direct economic activity but important spinoff benefits in research and development. The military still plays an important role. The repair and maintenance of naval vessels provides thousands of jobs in Barrio Logan and Kearny Mesa at employers such as General Dynamics-NASSCO, BAE Systems, Northrop Grumman, and Pacific Ship Repair & Fabrication. Similarly, other defense contractors such as Lockheed Martin in Scripps Ranch are also dependent on the presence of the Pacific Fleet for its contract opportunities. It is important to note that San Diego-based manufacturers of military hardware such as ships, aircraft, and other defense and security systems are more mobile than defense contractors which solely or primarily provide services at local military installations. These defense system manufacturers are more likely to expand or relocate based on specific policies. incentives, cost structures, labor availability/skills, and overall perceptions of the local business climate. These businesses are addressed in the chapter on Manufacturing & Innovation.

San Diego must always be aware of both new initiatives and possible cutbacks at the Pentagon. Any increase or decrease in military activity — the number of ships, aircraft, military and civilian personnel — will affect these defense contractors and local service providers which fall within this sector of the local economy.

New procurement opportunities may also arise from more recent non-traditional military initiatives. One such example of a

military priority that is well suited for San Diego is the Great Green Fleet initiative. Launched by the Department of the Navy in 2009, this initiative seeks to replace half of the Navy's fossil-fuel procurement with renewable biofuels by 2020. Several demonstration projects have been undertaken and local biofuel companies may be well positioned to supply the Navy.

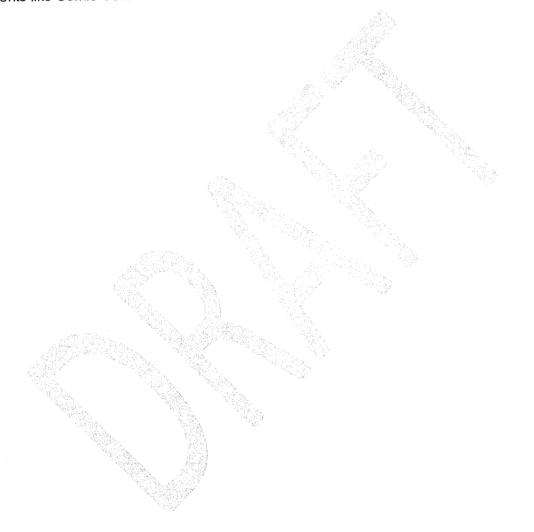
#### 3-4. Tourism

In part because of its warm coastal climate, beaches and bays. San Diego is the 5thranked leisure tourism destination and the 10th-ranked business destination in the United States, competing with similar cities such as Los Angeles, San Francisco, Seattle, and Miami. The San Diego Convention Center hosts more than 200 events per year and the city's ability to compete for conventions will increase when the pending expansion is completed. The San Diego Zoo is world-renowned, and Spanish-era facilities in and near Mission Valley and Old Town provide cultural tourism attractions. San Diego's emerging beer manufacturing industry also augments this sector, drawing in thousands of beer aficionados to industry events as well as local breweries and brewpubs.

The economic impact statistics are impressive. San Diego reportedly attracts 34.2 million visitors a year, spending billions annually in the local economy. Tourism employs 173,000 San Diegans, and generates \$9.6 billion of GRP, making it the third-largest economic sector in the region after manufacturing and the military.

Because the U.S. tourism economy is so competitive, San Diego faces constant challenges in retaining its position. Cities across the country are continually improving both their marketing efforts and their visitor facilities, meaning San Diego

must do the same. San Diego is taking many steps to keep up. The Tourism Marketing District provides funds to promote San Diego to outside visitors. The proposed expansion of the Convention Center will help San Diego remain competitive in drawing business travelers, attracting new events, and retaining large events like Comic-Con.



# 4. San Diego's Neighborhood Businesses

San Diego is well-situated to encourage small local businesses and startup companies to locate and grow, especially in the city's many distinctive older commercial corridors and districts. Although most of these businesses serve local customers and are not part of the economic base, they can play a powerful role in both strengthening the local economy and creating renewed vitality in the city's older neighborhood-based business districts.

Neighborhood retail businesses provide significant economic benefits to the City and its residents. Not only do they provide goods and services on a neighborhood scale but they also help retain money in the local economy that flows into the region through base industries.

A large corporate retailer typically exports wealth out of the region -resulting in the undercut of economic benefits from base industries. Small retail firms can protect against this outflow of wealth. The owners of small retail stores typically live in the community and frequently spend their revenue and profits buying goods and services locally – both for their business and for themselves. Some estimates indicate that profits expended locally by a locally owned small business are re-circulated within the local economy 4-7 times before the money leaves the local economy through capital accumulation.

San Diego has a wide range of older commercial corridors and districts that provide distinctive characters and have the potential to anchor revitalization of the surrounding neighborhoods. These operations tend to occupy older structures in "Main Street" corridors located throughout the City, with the majority found between Adams Avenue in the north to Imperial Avenue in the south.

These older commercial corridors offer a richer shopping experience which often includes authentic, diverse dining and entertainment experiences. Special events such as street fairs, restaurant walks, and farmers markets offer residents and shoppers opportunities to experience the individual characteristics of the commercial neighborhoods.

In some neighborhoods, such as Downtown, Hillcrest, and North Park, small businesses are helping to revitalize these neighborhoods. In other neighborhoods, the potential has not been strongly realized.

By creating opportunities for entrepreneurship and encouraging small businesses to succeed, new jobs created, commercial corridors are revitalized, and surrounding neighborhoods are stabilized, which facilitates further economic development in accordance with General Plan Policy EP-B.2.

Strong neighborhood business districts yield increased sales tax receipts from tourist shopping as well as increased property tax revenue resulting from increased property values in the business districts themselves and surrounding residential neighborhoods. Another key element in developing the small business economy is encouraging microbusinesses such as home-based businesses.

The City's business tax certificate structure already recognizes the importance of small businesses. Approximately 93% of the 90,000 businesses in the City have 12 or fewer employees. These businesses pay a business tax certificate fee of only \$34 per year, compared to \$125, plus \$5 per additional employee for businesses with 13 or more employees. General Funds of approximately \$20 per small business are used to support the City's Office of Small Business, which provides technical assistance to small and startup businesses

and runs many programs intended to benefit retailers in the city's older commercial corridors and commercial districts.

The City also oversees and supports 17 non-profit business associations who manage the City's 18 business improvement districts (BIDs), which assist neighborhood businesses in working together to strengthen their business districts. The City also helps many of these non-profit business associations to manage and operate property-based assessment districts and parking districts. These districts provide additional sources of revenue to promote neighborhood businesses and commercial neighborhood revitalization. Assessment Districts generate funding for the promotion of tourism, development of economic opportunities, and for clean and safe programs which benefit more than 12,000 businesses and 17,600 property owners in 20 neighborhoods. Unfortunately, the formation and operation of Assessment Districts has been impacted by recent case law which has created uncertainty in this area. The Community Parking District program facilitates development of local solutions to mitigate parking-related impacts which may constrain economic activity.

The City also provides a wide variety of other business and housing programs aimed at revitalizing older neighborhoods in need of investment. Many of these programs, such as the Community Development Block Grant (CDBG) program, are funded by the U.S. Department of Housing and Urban Development (HUD). Neighborhood revitalization in San Diego suffered a significant blow in 2012 when California eliminated Redevelopment, which provided tax- increment financing as a source of funding for investment in such neighborhoods. The City's Community Development Division has identified additional community resources that will be invested in economic development

opportunities including revolving loan funds to create a sustainable funding source for future years.

# 5. City's Support for Economic Development

In order to implement the economic development efforts described above, the City can and should undertake renewed and re-focused efforts in three areas that affect business growth and prosperity. These are:

- 1. City Services & Operations
- 2. Workforce Development & Education
- 3. City Relationships with External Organizations

# 5-1. City Services & Operations

- The key economic sectors described above rely on a wide variety of City services and operations to succeed as follows:
- Transportation, including streets and freeways, rail and bus transit, airports, and ports.
- City telecommunications facilities
- Citywide water, sewer, and stormwater system
- Emergency facilities
- Police and fire services
- Sanitation and recycling
- Parks and open space
- Zoning and code compliance
- City capital improvement projects
- City contracting and procurement Management of city-owned real estate Issuing permits and licenses
- Creation and management of special districts

The Economic Development Department expects to receive additional community development resources including roughly \$64 million in repayments to the City's CDBG Program. Staff intends to explore ways to invest these resources to create Economic Development Revolving Loans with CDBG funds to ensure sustainable resources for future years.

The chart and descriptions in Figure 9 provide some examples of how these departments interact with businesses in ways which can influence private business investment decisions and can impact overall economic prosperity.

Figure 9: Key City Departments Affecting Economic Development Efforts

Key City Department	Building & Development Permit Approvals	Licensing	Infrastructure and Tourist Attractions	Business Use of City Property	Procurement and Financial Services to Businesses	Management of Assessment Districts
Economic Development			X			X
Planning	X			***************************************		
Development Services	X	X				
Public Utilities	X	X	X	X	omen comitimente control con coi con una esta con una circa de cualcular a con esta espera espera espera esper	
Real Estate Assets	***************************************			X	***************************************	X
Fire Rescue	X	X			auditionisti senten senten on sia a trainin en en en en anta de compresión de senten senten senten senten sent	<del>om min nie seinen o</del> n en
Police		X			***************************************	
Purchasing & Contracting				X	X	X
Transportation & Storm Water	X	X		***************************************	**************************************	99999-0-90-0-0-0-0-0-0-0-0-0-0-0-0-0-0-
Environmental Services				Х	***************************************	***************************************
Engineering & Capital Projects		**************************************	×			X
City Treasurer	***************************************	X		***************************************	X	X
Parks & Recreation			X	X		X
Debt Management			1	n n n n n n n n n n n n n n n n n n n	X	X

These departments and functions affecting economic development efforts are described in more detail in Appendix D: Internal Operational Guidance & Coordination.

# 5.2 Workforce Development & Education

It is almost impossible to overstate the importance of having a highly skilled workforce to staff business operations. As technology continually transforms the way products are developed, manufactured, delivered and sold in a global marketplace, the ability of businesses to access qualified human resources is paramount. Equipping the future workforce with the tools to meet the talent needs of the base-sector industries will help attract, retain, and encourage expansion of these companies as well as increase City residents' standard of living.

As the City positions itself as a national leader in innovation and technology, there is optimism locally for continued economic growth and opportunity. As the industries that define San Diego's Innovation Economy continue to grow and become a foundation of the local economy, it is important to create impactful educational and workforce development opportunities to ensure all San Diegans can share in the successes of a growing local economy.

For many years the City of San Diego has been actively engaged in promoting workforce development programs that create traditional pathways to employment for youth-based categories in several industry and retail employment sectors. However, a recent trend in San Diego's regional workforce suggests a noticeable undersupply of available (and qualified) employment talent in the innovation economy sectors. As San Diego continues to promote regional growth of these evolving sectors, it has become increasingly important to ensure that the sector employers have a qualified talent pool for the higher paying jobs available throughout the region.

With this in mind and under the leadership of the Mayor, the City in collaboration with regional economic development organizations, the business community and academia proposed in 2015 two (2) new workforce initiatives that support workforce development needs in order to promote regional growth of its base sector industries. These initiative recognize the future workforce needs of these sectors of the regional economy and cultivate the interests of young adults to pursue middle-to-high income earning career paths in the innovation and technology-based employment sector.

As a result of the Mayor's Workforce and Economic Advisory Committee a blueprint was created for developing a stronger workforce, "Opportunities for Tomorrow Start Today. The document makes the following eight (8) recommendations to address skills gap threatening the region's economic competitiveness:

- 1) The Mayor should lead a region wide effort to focus public and private workforce dollars on five high-wage, high-demand, and high growth priority sectors;
- 2) The Mayor should work directly with the San Diego Workforce Partnership to develop a local strategy for allocating the region's workforce resources to ensure funding priorities aligns with the region's employment needs and "priority sectors";
- 3) The Mayor should lead an initiative to replicate and scale five regional "Thinkabit" style labs by working with major employers to expand this successful model;
- 4) Work with San Diego Unified School District and local San Diego Community Colleges to create tailored "bridge programs" for graduating high school seniors for each of the five priority sectors;
- 5) Create economic incentives for priority sector business to open and expand in low-moderate income neighborhoods like City Heights and Southeastern San Diego;
- 6) The Mayor should create a "Workforce Cabinet" to continue to bring preeminent leaders in education, business, philanthropy and workforce development to build a stronger San Diego;
- 7) Enlist businesses in creating real, meaningful partnerships with the schools, community colleges and the San Diego Workforce Partnership around summer jobs, internships and work-based learning activities; and
- 8) Set a specific summer jobs or youth employment goal.

The second is ONESD100, a Mayoral sponsored workforce training initiative that promotes investment in San Diego's future workforce needs. ONESD100 provide a platform for the creation of innovation economy sector

employment opportunities for young adults in the region. Some of the primary goals of the ONESD100 program include:

- a. Providing temporary young adult employment opportunities to address anticipated undersupply of workforce talent in the region's innovation and technology employment sectors.
- b. Facilitate coordination with regional workforce development stakeholder entities to enable temporary youth employment opportunities in targeted employment sectors.
- c. Commitment of program participation from 100 corporate sponsors.
- d. Target employment and mentoring opportunities for young adults (aged 16-24) residing in many of the City's LMI communities.

As San Diego positions itself as a national leader in innovation and technology, the industries that define San Diego's Innovation Economy, it is important to create impactful educational and workforce development opportunities to ensure all San Diegan's can share in the success of a growing economy. These initiatives help lay the foundation for addressing the skill gap negatively impacting the region's economy.

Figure 10: Projected Employment Growth Within San Diego County (By Industry Cluster/Sector)

Sector/Cluster	2012 Jobs	2015 Jobs	2018 Jobs	New Jobs by 2018	% Change	2012 Establishment s	2012 Avg. Annual Wage
Largest Growth						Art de la company	
Construction	137,738	148,546	158,019	20,281	15%	8,536	\$95,635
Health Care	137,915	148,477	156,347	18,432	13%	7,520	\$61,825
Tourism*	162,516	172,262	180,579	18,063	11%	6,737	\$26,080
Rapidly Growing							
Biotech & Medical Devices*	50,574	56,635	60,239	9,665	19%	1,059	\$145,060
Electronics & Telecommunications, Software & Web Development*	81,836	85,334	89,117	7,281	9%	3,138	\$124,539
Aerospace Defense*	26,603	28,688	30,115	3,512	13%	456	\$106,772
Emerging			and Decision				e July
Advanced Manufacturing*	4,591	4,856	5,193	602	13%	278	\$56,036
Food & Beverages*	1,690	1,857	1,986	296	18%	40	\$60,443
Total Additional Jobs by 2018				60,069		paid initial alian start in paga calan agence, an maker mai ilimeta a arroccia	

\*Sector/cluster names that correlate with City of San Diego Economic Development Strategy. Source: QCEW Employees, Non-QCEW Employees & Self-Employed - EMSI 2013.1 Class of Worker. Data compiled by the San Diego Workforce Partnership, March 2013

The City does not directly provide either education or job training except for training and education programs provided to its own employees. However, the City has strong relationships with educational institutions and entities such as the San Diego Workforce Partnership and it is well positioned to work with public and private organizations.



# 5-3. City Relationships with External Organizations

San Diego's businesses are served by numerous non- profit organizations, including trade organizations, chambers of commerce, economic development organizations, labor organizations, and unique service providers. Most of these organizations cater to businesses in a single economic sector, such as accommodation or manufacturing, or to a single or related group of industries such as biotechnology or cleantech. The City's relationship with some of these organizations, especially with regard to industrial development, is delineated in Council Policy 900-04.

The City's relationship with these external organizations is very important. The City exchanges information with these organizations on a regular basis and can also play an important convening and coordinating role to maximize the effectiveness of these organizations and the value of the relation- ships with them.

Figure 11: List of External Stakeholder Organizations

Accion San Diego	Peninsula Chamber of Commerce			
Asian Business Association of San Diego	Port of San Diego Ship Repair Association			
BIOCOM	San Diego Association of Governments (SANDAG)			
Building Industry Association (BIA)	San Diego Brewers Guild (SDBG)			
Business Improvement District Council (BID Council)	San Diego Center for International Trade Development			
California Restaurant Association - San Diego Chapter (CRA)	San Diego Convention Center Corp.			
Center for Policy Initiatives	San Diego County Regional Airport Authority			
Central San Diego Black Chamber of Commerce	San Diego County Taxpayers Association (SDCTA)			
City Heights Community Development Corp.	San Diego County Hispanic Chamber of Commerce			
Civic San Diego	San Diego Hotel Motel Association			
Clairemont-Bay Park Chamber of Commerce	San Diego Military Advisory Council (SDMAC)			
Cleantech San Diego	San Diego North Chamber of Commerce			
EvoNexus	San Diego Regional Chamber of Commerce			
Community Planners Committee (CPC)	San Diego Regional Economic Development Corp. (EDC)			
CONNECT	San Diego Imperial Counties Labor Council			
Downtown San Diego Partnership	San Diego Small Business Development Center			
East County Economic Development Corporation	San Diego Tourism Authority			
Equinox Center	San Diego Tourism Marketing District Corporation			
Golden Triangle Chamber of Commerce / Pacific Triangle	San Diego Workforce Partnership			
Industrial Environmental Association	San Ysidro Chamber of Commerce			
Maritime Alliance	Security Network			
Mayor's Office of Binational Affairs	South County Economic Development Council			
Mira Mesa Chamber of Commerce	Unified Port of San Diego			
National Association Industrial & Office Properties (NAIOP)	Urban Land Institute			
National University System Institute for Policy Research	World Trade Center San Diego			
Otay Mesa Chamber of Commerce				

# Appendix A: Base Sector Economic Engines

# Manufacturing

# **Biotech & Medical Devices**

The Biotech industry has existed in San Diego since 1960, when the Salk Institute for Biological Studies was founded by Jonas Salk, the developer of the polio vaccine. However, the industry did not experience much growth outside of medical devices until the 1980's. The biotechnology industry cluster is mainly comprised of four basic industries: drugs, diagnostics, devices, and biochemicals & tools. Device and diagnostic companies such as Alere, Becton Dickinson, Hologic, and Illumina operate major manufacturing plants. Drug manufacturers such as Celgene, Johnson & Johnson, Novartis, and Pfizer continue to operate major research laboratories in the University Community area.

"Toolbox" companies which produce drug screening and discovery devices, reagents, and other biochemicals provide a complementary and supportive business environment. The drug industry has been characterized by a high degree of risk, reward, and volatility. This environment is manifested through a massive number of start-ups, spin-offs, mergers, and acquisitions resulting in some degree of employment fluctuation. In contrast, the diagnostic, device, and "toolbox" industries are generally characterized by stability and slow steady growth. These three industries contain the majority of actual biotech manufacturing jobs. In addition, devices and diagnostic products are subject to sales tax, which also has the added benefit of generating substantial tax revenues for the General Fund.

Despite the high costs of doing business in California, the biotechnology industry still

finds San Diego an attractive location for R&D and some types of manufacturing. Manufacturing creates middle income jobs opportunities and in many instances creates sales, use, and property tax revenue for the City's General Fund. Despite the volatility described above, this industry cluster has remained a significant economic engine within the City and by almost any measure is ranked as the nation's third largest biotechnology cluster.

# Cleantech & Energy Efficiency

The Cleantech industry cluster in San Diego is comprised of a number of industries which are engaged in the development, manufacturing, distribution, and installation of products which produce renewable energy, clean energy, energy efficiency, energy storage, biofuels, or other products which reduce pollution and/or natural resource depletion worldwide. Many of these businesses also provide a range of closely related services to governments, other businesses, or individual consumers.

San Diego's Cleantech businesses include primarily solar energy, biofuel, water purification, and energy efficiency systems manufacturers. San Diego's solar industry has declined significantly due to the recent closures of two major manufacturers, Soitec Solar Industries and Kyocera Solar. However, dozens of related businesses engaged in the financing, operating, and installation of solar energy systems used by homeowners, businesses, governments, and investor owned utilities such as San Diego Gas & Electric (SDG&E) remain. The biofuel industry includes one small manufacturer, New Leaf Biofuel, which is already producing on a commercial scale in the Barrio Logan community. Additionally, others, such as Sapphire Energy, Synthetic Genomics, and General Atomics are developing a new generation of biofuels from certain strains of algae or cellulosic

materials. In 2009, the University of California at San Diego established the San Diego Center for Algae Biotechnology (SD-CAB) to further the development of innovative research solutions for the commercialization of fuel production from algae.

Much like biotech and other high-tech industries, Cleantech businesses are attracted to San Diego because of its highly skilled and highly educated workforce, and culture of entrepreneurship, innovation, and collaboration. San Diego's abundant sunshine creates a natural market for the solar industry. Collaboration between government and industry on Cleantech initiatives, and the success of Cleantech San Diego (a local trade organization), has spurred some limited growth in this industry cluster.

In the near-term, the Cleantech industry cluster will continue to be driven by a combination of federal, state, and local mandates for renewable energy and energy conservation; procurement of Clean-tech products by government agencies; and the provision of ratepayer and taxpayer subsidies. In the long-term, consumers may increasingly seek Cleantech products as they become more cost- effective as compared to fossil-based alternatives. Most Cleantech products require a highly skilled and highly educated labor force to develop and produce, and San Diego clearly has such a labor force.

## Aerospace & Defense

Three of the City's 10 largest employers are in the Aerospace & Defense industry cluster and operate as defense contractors:
General Atomics, General Dynamics, and Northrop Grumman. Hundreds of small- and medium-sized defense contractors and subcontractors contribute to a cluster of related industries, such as manufacturing unmanned aerial vehicles (UAV's),

aerospace components, avionics, C4ISR systems, and other products sold to the U.S. Departments of Defense, Homeland Security, and foreign governments.

During the early 1990's the end of the Cold War resulted in a fairly massive and rapid reduction of the number of defense contracts let by the U.S. government. Rising energy and insurance costs in California squeezed margins to the point that major aerospace contractors, like General Dynamics, decided to close or downsize operations which had been in existence for decades. This resulted in a shock to the local economy due to the loss of tens of thousands of jobs.

While defense conversion was a way for some impacted companies to convert to new markets, many San Diego defense contractors adapted by developing more sophisticated products with greater profit margins, consistent with advancements in military science and military intelligence. As such, San Diego's defense contractors remain strong.

In 2011, the Aerospace & Defense industry employed tens of thousands of San Diegans in fulfillment of contract values exceeding \$11 billion, a figure that according to NUSIPR represents 14% of gross regional product (GRP). The fastest growth has occurred in the manufacturing of aerospace systems and components which increased in local contract value from \$56 million in 2001 to over \$2.9 billion in 2011. Most of this astounding growth has occurred within one industry - the manufacturing of unmanned aerial vehicles (UAVs) and related systems. This industry currently amounts to almost half of local aerospace contract value and nearly 12% of the total defense contract values fulfilled in San Diego. San Diego has emerged as a global leader in UAV development and production, and is probably the epicenter of this rapidly

growing industry. General Atomics is now San Diego's largest defense contractor and second largest manufacturer with almost 7,400 employees. Northrop Grumman, which operates several UAV R&D facilities in Rancho Bernardo employs almost 5,000 locally in several divisions. Other San Diego defense plants and labs operated by L-3, BAE Systems, and supply components and major sub-systems for UAV's and other defense systems as well. NUSIPR estimates that the development and manufacturing of UAV's in San Diego results in total employment of over 7,000 people and total economic impacts of approximately \$2.3 billion<sup>1</sup>. ATK, Cobham Systems, Lockheed-Martin, and and Raytheon also operate major plants and labs employing hundreds more San Diegans at each location.

San Diego has the only major shipbuilding operation on the West Coast of the United States. This operation has been located in Barrio Logan since 1960 and is operated by General Dynamics NASSCO as a result of General Dynamics acquisition of the former National Steel and Shipbuilding Company (NASSCO). This major manufacturing operation employs over 3,600 - mostly unionized blue collar workers. While General Dynamics NASSCO produces some commercial ships, the majority are warships and support vessels built for the U.S. Navy. General Dynamics NASSCO also performs repair work for commercial and naval ships. It is a unique, important and very special asset for the City. Cyber security firms often get contracts to supply software/IT solutions to the Department of Defense.

San Diego is still competitive in the attraction of defense contractors. The

shipyards of Barrio Logan are the only major waterfront shipbuilding operations on the West Coast. The unmanned aircraft industry has most of its R&D and manufacturing operations in or near San Diego. The presence of the military installations provides numerous contract fulfillment opportunities and defense contractors have unparalleled access to military veterans who are not only highly skilled in the use of military equipment, but also frequently had possessed expensive Secret and Top Secret security clearances.

## **Electronics & Telecommunications**

Electronics and telecommunications businesses have been a major part of San Diego's economy since National Cash Register (NCR) built its massive 113-acre computer manufacturing plant in Rancho Bernardo in 1968. In the early 1970's, Kyocera, Sony Electronics, and Hewlett-Packard, created a wave of new investments in semiconductors, circuit boards, computer peripherals, and a wide variety of electronic components, integrated systems and other products throughout the 1980's. All of these industry leaders still have major headquarters (HQ), R&D and manufacturing operations in the San Diego communities of Rancho Bernardo and Kearny Mesa.

During the 1990s, several companies which had developed advanced wireless communications technologies for military or security applications, launched commercial endeavors, such as the manufacturing and commercialization of cellular telephones, data storage and encryption products, and technologies. These endeavors, along with the development and manufacturing of other products, ushered in a new wave of

<sup>&</sup>lt;sup>1</sup> "Unmanned Aerial Vehicles – An Assessment of their Impact on San Diego's Defense Company." NUSIPR, 2012, p.11

investments in these and related industries such as software and web development.

By 2000, the "tech wreck" combined with energy deregulation, and rapidly escalating California Workmen's Compensation insurance costs, led to a series of devastating plant closures in the local semiconductor, circuit board, and television industries. Between 2000 and 2005, over 10,000 job losses occurred in Rancho Bernardo, Mira Mesa, and Kearny Mesa. San Diego's traditional hubs for these and related industries. Plans for large new industrial complexes by Intel and Sun Microsystems were canceled and the City's cellular phone manufacturers began to relocate manufacturing and later R&D operations to off-shore locations.

Much like the defense adaptation which took place in the 1995-2005 period, San Diego electronics and telecommunications companies began to focus on government and business-to-business markets, offering enterprise class systems and solutions which tended to have higher margins, and were sold with long-term service contracts. San Diego's electronics and telecommunication cluster is much smaller than its peak in 2000, but appears to have stabilized at current levels.

# Food & Beverages

The Food & Beverage industry cluster has quietly emerged as a viable source of job growth during the last ten years. Like many of the other San Diego industry clusters, this industry cluster thrives on the value-added by skilled labor, the support of local consumers and tourists, the business savvy of local entrepreneurs, and the ability to sell products to consumers in other states and foreign countries. San Diego County has a significant number of specialty foods manufacturers and the City has captured its fair share of these businesses. Otay Mesa is emerging as a geographic hub of

processed specialty foods due to its relatively low land and labor costs. Several companies in that community are producing significant volumes of specialty foods which are sold at discount retail chains and membership warehouse stores.

The beer ("craft beer" or "microbrewing") industry has recently emerged as an important source of job growth. According to the San Diego Brewers Guild and the Brewers Association, craft beer is the fastest growing segment of alcoholic beverage production in the United States. These businesses tend to be located in the northern part of the City and North County cities and several have won international acclaim due to the development of very high quality beers. The close proximity of many of these local breweries facilitates a form of tourism, as aficionados of fine ales and lagers can travel to several locations in an afternoon for brewery tours.

Patrons can sample beers in tasting rooms and purchase bottled beers in the same way as people frequent the wineries of Napa, Sonoma, and Temecula. San Diego is emerging as one of the nation's hubs of craft/microbrewing.

Food and beverage manufacturers create excellent public benefits. Beer manufacturing creates 4.7 additional jobs in the wholesale, retail, and service sectors for each direct brewery job. Although it is classified within the manufacturing sector, the brewing of high quality craft beer creates additional sales and TOT tax revenues as beer tasting tours and major industry events attract visitors from outside San Diego.

Food manufacturing has a multiplier of 4.1 generating three additional jobs for each direct job, well above the average multiplier

of 2.0.2 According to South County
Economic Development Council, jobs in the
food manufacturing industry pay an average
of \$41,842 annually. Most of San Diego's
food manufacturers are located in Otay
Mesa which has cost-effective real estate
options, access to a skilled labor pool in
South Bay, and access to two existing cold
storage facilities. These manufacturers are
producing meat products, tortillas, baked
goods, and other specialty foods and
reportedly employ approximately 1,000
workers. These employers typically provide
health insurance and other benefits.<sup>3</sup>

Municipal water and sewer services are extremely important to this industry. Water is used in large volumes to produce both food and beverage products from raw materials and for sanitation. Reclaimed (recycled) water cannot be used inside food and beverage plants so manufacturers are reliant on the availability of potable water, and are greatly impacted by increases in water commodity rates as well as water capacity charges. Food and beverage producers are also highly reliant on cost-effective sewer services to remove discharged wastewater.

## **International Trade & Logistics**

## The International Border with Mexico

San Diego's proximity to Tijuana, Baja California, Mexico provides the City with an important comparative advantage in terms of capturing international trade activity. The United States is Mexico's largest export market consuming over 80% of Mexico's goods, equating to approximately \$230 billion. Conversely, the United States exports approximately \$163 billion worth of goods to Mexico. San Diego's direct physical connection to the international

The U.S./Mexico International Port of Entry at San Ysidro is reportedly the busiest in the Western Hemisphere, due in part to the sheer size of the San Diego-Tijuana metropolitan area which has a combined population estimated at over 6 million people. Thousands of workers and tourists purchase goods and services on both sides of the border every day. According to the U.S. General Services Administration (GSA), 50,000 northbound vehicles are processed and 25,000 northbound pedestrians cross each day. A study conducted by the San Diego Association of Governments (SANDAG) projects an 87% increase in vehicle traffic in San Ysidro by the year 2030. In order to accommodate that growth in traffic and better meet the changing needs of the tenant agencies and the general public, in 2004, the GSA began to work with local, state and federal government and community representatives from U.S. and Mexico to discuss the reconfiguration and expansion of the Ports of Entry in Tijuana and San Ysidro. The result is a \$732 million "Port of the Future" for the San Ysidro Port of Entry that features a sustainable design as well as technology to improve processing of northbound vehicular and pedestrian traffic. Phase I of this expansion project is complete and Phase II is under construction. The 2014 fiscal year President's budget featured a \$226 million request to fund Phase 3 of the project. Upon

border and its cultural connection to the City of Tijuana's population of 1.3 million people is by far the largest of any U.S. city bordering Mexico. This juxtaposition gives San Diego a unique and special position with Mexico as a gateway city and a critical economic engine for the San Diego-Tijuana region.

<sup>&</sup>lt;sup>2</sup> "Using Multipliers to Measure Economic Impacts," California Economic Strategy Panel, 2009.

<sup>&</sup>lt;sup>3</sup> "Regional Food Cluster Profile." South County Economic Development Council, 2009.

completion, the San Ysidro Port of Entry will be a facility that is sustainable, operationally scalable, and will dramatically reduce the Port's carbon foot-print, while at the same time enhancing U.S. Customs and Border Protection's (CBP) ability to conduct their mission to guard the Nation's borders while fostering economic security through lawful international trade and travel.

The Otay Mesa Port of Entry accommodates approximately 775,000 tractor-trailer trucks annually, carrying goods valued at approximately \$27 billion. The Otay Mesa border crossing is adjacent to several large industrial parks containing over 14 million square feet of existing industrial space and over 1,000 acres of developed industrial land. In Otay Mesa, the recent and proposed construction of several modern distribution centers, comparatively low lease rates, tax and duty advantages. With the completion of State Route 905, the City is in a better position as a viable location for trade-servicing and logistics companies.

With the addition of State Route 11 (SR 11) and the new Otay Mesa East Port of Entry in the near future, the movement of goods and people between the United States and Mexico will be vastly improved.

According to San Diego Association of Governments (SANDAG), the San Diego region's primary public planning, transportation, and research agency, the addition of SR11 and the new Port of Entry will provide fast, predictable, and secure crossings via tolled approach roads that connect directly to a new state-of-the-art POE that serves both personal and commercial vehicles. The goal is to operate the new POE with a 20-minute border wait time. Efficiencies will be achieved through a host of innovations and technologies. The projects are being built in three (3) segments with segment 1 construction on

SR 11 started in December 2013 and scheduled to open in 2016 at a cost of \$103.4 million. Construction began in October 2015 on the SR 11/SR 125/SR 905 northbound connectors and is expected to be completed Fall 2016. The subsequent two segments are contingent on securing financing and will complete the highway by constructing a tolled segment, extending SR 11 from Enrico Fermi Drive to Siempre Viva Road and the commercial vehicle enforcement facility and build the new Port of Entry.

# The Port of San Diego

The Port of San Diego facilitates international trade activity through its 10th Avenue Marine Terminal, in the City of San Diego and 24th Street Marine Terminal in the City of National City. The Port of San Diego is ranked as the West Coast's 8th largest port based on total tonnage shipped at 6.5 million tons. Combined with the National City Marine Terminal, these ports generate an economic impact estimated at \$1.7 billion. The 96-acre 10th Avenue Marine Terminal is utilized mainly for the importation of a wide variety of bulk products and large pieces of equipment. These products include cement from China and Thailand; sand from Mexico; fertilizer from Norway; fresh fruit from Guatemala, Costa Rica, Peru, Ecuador, and Australia; steel products from Europe, Korea, and China; and wind turbines from the Great Lakes region. It is also home to companies that provide for 822 jobs at average wages of \$54,032 annually, 28% greater than the countywide average for all jobs.4 The National City Marine Terminal's inbound cargoes consists of largely automobiles and lumber.

More information about maritime trade at the Port of San Diego can be found here: <a href="http://www.portofsandiego.org/about-us/view-financial-information/447-economic-and-fiscal-impact-of-port-tidelands.html">http://www.portofsandiego.org/about-us/view-financial-information/447-economic-and-fiscal-impact-of-port-tidelands.html</a>

<sup>&</sup>lt;sup>4</sup> "San Diego's Maritime Trade: A Critical Economic Engine." NUSIPR, 2008, p.3

# Logistics

The globalization of the world economy is a result of a great variety of factors including: competition between multinational corporations, increased labor skill levels in low labor cost producer nations, the rising power and influence of major general merchandise retailers, and technological innovations which have made it possible to construct longer, larger, and more complex global supply-chain management systems. A supply chain is a system of organizations, activities, technologies and resources that help move a product or service from supplier to customer. This trend towards globalization has resulted in the movement of manufacturing jobs to cheap labor countries at an alarming rate.

However, California cities have successfully replaced some of these lost manufacturing jobs with new jobs created in large warehouse operations called distribution centers (DC's). As global supply chain systems shift manufacturing to off-shore locations the distribution functions are reorganized creating new job opportunities for supply chain related employment. Many distribution functions are still performed by manufacturers and retailers, but are now frequently provided by 3PL's. Advanced supply chain technologies are used by manufacturers and 3PL's to operate these large DC's, resulting in a very competitive industry where efficiency, flexibility, and speed are of paramount importance. Retailers, wholesale merchants and manufacturers are constantly modifying their merchandise orders to respond to fluctuating consumer demand and requiring "just in time" delivery. Many of the packaging, labeling, and re-packaging functions formerly performed internally by

manufacturers and retailers at one end of the supply chain system are increasingly now performed in the middle of the supply chain system at the DC's. These valueadded functions require higher labor quality and frequently pay wages and benefits in the middle income range, much like the traditional manufacturing jobs. California employers posted approximately 50,400 job openings in 2012 for logistics and supply chain occupations. The median 2012 hourly wages ranged from \$14 to \$28. In the next three years, the demand for a workforce skilled in the various fields of supply chain technology and logistics is expected to reach nearly 55,000 jobs.5 Community College Districts in the San Diego region have established curriculum and certification programs to help meet the new occupational demands of the logistics and supply chain employers.

West Coast cities with ports of entry are now aggressively competing to be selected for the sites of new distribution centers. These regional DC's provide cities with an important means of expanding their economic base and providing local residents with these choice blue collar job opportunities. Most of the city's distribution centers are located in Carmel Mountain Ranch, Kearny Mesa, Mira Mesa, Otay Mesa, and Navajo.

The Port of San Diego's 10th Avenue Marine Terminal cannot accommodate the massive modern off-loading cranes and other critical infrastructure for large container ships. The Terminal is relatively constrained by existing commercial, residential, and governmental development and facilities, limiting the Port's ability to add significant infrastructure to support contemporary container ship operations.

<sup>&</sup>lt;sup>5</sup> California Community Colleges Economic & Workforce Development, Sector Profile – Supply Chain & International Trade, 2013, p.1 & 4

However, it is well suited for certain Pacific Rim niche market opportunities. To better utilize the acreage available at the Port, a plan to make improvements and to renovate this facility could create thousands of middle income quality jobs for San Diego residents.

The Panama Canal Expansion is scheduled to open in Fall 2016. The City should work closely with the Port to explore new opportunities that will result from this expanded trade route. As the gateway to North America, San Diego's port can offer fast, easy access free from the congestion of larger ports. Currently the Port imports more goods than exports. This trade imbalance should be reduced by filling the ships that now leave empty with San Diego products. A plan to achieve this goal should be developed and implemented with the Port and addressed in the San Diego Metropolitan Export Initiative.

According to NUSIPR, "Development scenarios for the Port of San Diego have very large positive new benefits from expanding terminal operations to accommodating greater cargo demands. The highest overall economic impact comes from developing a new containerized banana operation as well as a break bulk banana operation."

In 2002 the Dole Fresh Fruit Company began operations at the Port of San Diego at a 20-acre facility including space for more than 770 containers, a maintenance and repair area, plus office space. In August 2012, the San Diego Unified Port District signed a new 24.5 year lease with Dole for approximately 22 acres. There are currently plans to add 94 outdoor electrical container outlets which would increase the total number of outlets on site to 763.

<sup>&</sup>lt;sup>6</sup> "San Diego's Maritime Trade: A critical Economic Engine." NUSIPR, 2008, p. 16-17.

# **Military**

The City has a long history of working with the Department of the Navy, related to the Pacific Fleet, the United States Marine Corps (USMC), and several other commands.

# **United States Navy (USN)**

The U.S. Navy continues to operate a number of major installations in the City of San Diego. These include: the Naval Base San Diego in San Diego Bay, the Space and Naval Warfare Systems Center Pacific (SPAWAR Center Pacific or SSC Pacific)) in the Midway area; and other facilities located in downtown, Point Loma, and Kearny Mesa.

Installations in the nearby cities of Coronado and Imperial Beach provide additional payroll spending and local contracting opportunities. The Navy has stationed well over 100,000 military and civilian personnel throughout the County, most of these in the City of San Diego.

## Naval Base San Diego

Naval Base San Diego (aka "32nd St. Naval Station") is located adjacent to Barrio Logan and in the harbor area of neighboring National City. It is the principal harbor for the Pacific Fleet and includes berths for over 46 U.S. Navy cruisers, destroyers, frigates and support vessels, as well as 12 additional U.S. Coast Guard and Military Sealift Command ships. 30,000 military personnel and contractors are stationed or employed in the city, thus providing significant payroll expenditures to support local retailers and service sector businesses. Ship repair, fueling, and procurement activities create many civilian jobs within military service contractor businesses in nearby areas of the City.

# Space and Naval Warfare Systems Center Pacific (SPAWAR Systems Center Pacific)

The SPAWAR installation has over 4,500 military and civilian employees, many of them highly paid engineers. SPAWAR's overall economic impact is even greater since it contracts with many local defense contractors for additional goods and services.

The Department of the Navy has announced its intention to expand and construct new facilities throughout the County, ensuring a long-term presence. The U.S. Navy has continued to move additional ships to its San Diego and North Island/Coronado port facilities which not only increases local payroll expenditures but provides significant new ship repair/maintenance contracts for local businesses.

The Department of the Navy has indicated to local contractors that it intends to continue to have a large physical presence in San Diego County and to retain those existing San Diego installations that are currently operating. This large physical presence means that these military installations will remain a pillar of stability for the local economy.

# United States Marine Corps. (USMC)

The U.S. Marine Corps. Continues to operate the Marine Corps Recruit Depot adjacent to San Diego Bay and the Marine Corps Air Station (MCAS) Miramar. Payroll spending from a larger contingent of Marines stationed at nearby Camp Pendleton in Oceanside also contributes to the regional economy which benefits San Diego retailers and service sector businesses. The USMC has stationed over 56,000 Marines primarily in these three locations.

# Marine Corps Recruit Depot (MCRD)

The Marine Corps Recruit Depot is located between the communities of Point Loma and Midway-Pacific Highway on 388 acres of reclaimed tidelands. One of only two such facilities in the nation, MCRD provides training to USMC recruits in a "boot camp" environment. MCRD provides economic stimulus through payroll and procurement plus the positive fiscal and economic impacts resulting from visiting families at graduation times. Known for its unique Spanish colonial revival style appearance, the overall site and specific building plans were developed by renowned architect, Bertram Goodhue, who also designed the buildings built in San Diego's Balboa Park for the 1915 Panama-California Exposition. Twenty-five of the Depot's buildings are on the National Register of Historic Places.

# Marine Corps Air Station Miramar (MCAS Miramar)

Marine Corps Air Station Miramar (MCAS Miramar) is located on 23,116 acres between the communities of Mira Mesa and Kearny Mesa in the northern part of the City. This airbase is home to the USMC's 3rd Marine Aircraft Wing and its 15,000 military and civilian personnel.

#### **Tourism**

In a national survey by the U.S. News and World Report ranking the best vacation spots in the U.S. and the world for 2011, San Diego ranked third in the nation and 18th in the world. San Diego ranked high in vacation destinations due to its weather, beautiful beaches, and its ability to retain its small city feel, making it a popular destination for families looking for a relaxing vacation.

Although tourism in San Diego declined during the recent recession, it has since recovered and visitor related industries will continue to be a major driver of the local

economy. Significant attractions include the San Diego Zoo, SeaWorld, Seaport Village, the Gaslamp Quarter, Old Town, Mission Bay, Petco Park, Qualcomm Stadium, La Jolla Cove, Convention Center, and of course, the City's world-renowned beaches.

# **Cultural Tourism**

San Diego is the oldest city in California, claimed for Spain in 1542 by explorer Juan Cabrillo with the first settlements established in 1769 at the Fort Presidio and San Diego Mission de Alcala. San Diego became part of Mexico as a result of that nation's independence in 1821 and later became part of the United States in 1850. Both Fort Presidio and Mission San Diego de Alcala are listed as National Historic Landmarks as are many of the older structures in Old Town and Balboa Park. San Diego's Spanish heritage as seen through these historic structures and the grounds surrounding them are cornerstones of the City's cultural tourism. The 19th century buildings in Old Town have been painstakingly restored and most are operated today as restaurants and gift shops. Balboa Park, reportedly boasts the largest complex of museums other than the Smithsonian in Washington DC. The adjacent City of Tijuana in Mexico is a short drive or trolley ride away. Visitors can easily tour and enjoy these facilities as well as visit the pedestrian-oriented City of Tijuana in a single day.

San Diego County has the largest number of Native American reservations (19) of any county in the United States. Four tribal groupings make up the indigenous peoples of San Diego County: the Kumeyaay (also referred to as Diegueno or Mission Indians), the Luiseno, the Cupeno and the Cahuilla. Cultural Centers and Museums cover the cultures, histories and heritage of the tribes.

#### **Promotions**

Marketing of major events and facilities is funded in part through the Tourism Marketing District (TMD), a business assessment district which levies a fee on lodging businesses for this purpose. Funding is also provided from the City's Transient Occupancy Tax (TOT) Fund through the Economic Development & Tourism Support Program (EDTS) and Citywide Economic Development Support Program.

## **Public Benefits**

In addition to the economic impacts described above, tourism related business establishments such as hotels, motels, restaurants and boutique retail outlets generate significant tax revenues for the City's General Fund. The City receives a share of property tax paid by these businesses, a 1% local sales tax, and most significantly, all of the 10.5% Transient Occupancy Tax (TOT) levied on visitors staying at local hotels and motels. The City received \$170 million in TOT revenue in FY2014.

Additional information about the economic impact of the tourism industries can be found at: <a href="http://www.sandiego.org/industry-research.aspx">http://www.sandiego.org/industry-research.aspx</a>

# Other Base Sector Industry Clusters and Business Establishments

There are a variety of other industries and large business establishments which are outside the Manufacturing Sector and do not provide services to tourists or within the realm of International Trade & Logistics. These businesses range from very small high-tech web development companies to very large national corporate headquarters establishments. They are also part of the economic base because, despite being located within the retail and service sectors, they are generally providing such services to people outside San Diego – throughout the nation, and in many instances, worldwide.

# Major Corporate Headquarters Establishments

San Diego is home to a number of significant corporate headquarters, large administrative offices, and primary research institutions which employ thousands of San Diegans and help to establish the City as a world-renowned location for business. These corporate headquarters establishments provide administrative services to businesses that are either very large or geographically widespread. In the retail sector Charlotte Russe, Jack in the Box, and Petco, are all household names. Less well known businesses like LPL, AMN Healthcare, and HD Supply, are more likely to serve business and institutional customers. Although technically categorized within the Manufacturing sector, Sony Electronics and ResMed have no actual manufacturing operations in San Diego but chose to construct large world headquarters offices here. These establishments have beneficial economic impacts that approach those of similar sized manufacturing plants since they constitute part of the economic base and also create middle-income jobs.

## **Software & Web Development**

San Diego has had a significant number of important software development businesses, online retailers, and analytics services businesses, which complement the City's high-tech manufacturers and research institutions. Several firms in San Diego have developed encryption and other cyber security technologies which are increasingly sought after by government agencies and large corporations. Included in this category are other information technology businesses like DivX Networks, ESET, iboss, Intuit, Mitchell International, and ScaleMatrix. However, while they may manufacture some tangible products, their principal function is to provide data services such as systems integration, data storage, or digital compression technologies, which are then sold or licensed to government agencies and other businesses. These businesses employ many thousands of local residents providing very high-paying salaries and many also generate sales tax revenues for the City's General Fund.

San Diego's corporate headquarters and information technology businesses are located in the City due to the residential preferences of owners, and the ability to access highly educated, professional, technical, and managerial employees. The economic development opportunities in these areas lie in concerted business attraction and retention activity. Attracting and retaining major corporate headquarters is well served by engagement from leaders in the public and private sectors. The Office of the Mayor, City Council, the San Diego Regional Chamber of Commerce, the San Diego Regional Economic Development Corporation and local trade organizations can be helpful and influential in attraction and retention efforts. Aggressive competition from cities in other states, and economic pressure can prevent a company from locating in San Diego. Proactive

engagement by local leaders helps to reduce the uncertainty of locating in San Diego, which in turn makes San Diego an enticing location to headquarter their business. The City has been successful in helping companies navigate local permitting and land use regulations. Future City efforts should focus on collaborating on marketing the region, developing strong bonds with existing companies, and revising local regulations that may be a barrier to business attraction.

Figure 7: San Diego Base Sectors, Subsectors,	ENCE	Contracting Property	ad by Coun	all Police 0	00-01 "Economic Development"
Industries, and Industry Clusters	EDS B	asse Sector Category Requi	ea by Coun	en Folicy 9	00-01 Economic Development
Terms	Manufacturing	International Trade &	Military	Tourism	Appendix A Other Base Sector
	(& Innovation)	Logistics			Industries
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Action Sports Manufacturing	<u> </u>				
Advanced Precision Manufacturing  Advanced Precision Manufacturing	-\/				
Aerospace, Navigation, and Maritime Technologies	√				
Apparel Manufacturing	√				
Biomedical Devices & Products	ν				
Biotechnology & Pharmaceuticals	V				1
Cleantech	√				V
Entertainment & Hospitality Fruits & Vegetables				√	76
Horticulture		Not Significantl	y Represented	within the C	ity of San Diego
Information & Communications Technologies	1	, i.e.			V
Publishing & Marketing		A 1861			ν
Specialty Foods & Microbreweries	<u> </u>				2
S S	an Diego Regional	EDC "Key Industries" 3			
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Cleantech	V				,
Information & Communications	√		<del> </del>		<u> </u>
Life Sciences	1		-	-	<u>√</u>
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Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health	Other Terms Used 1	Locally <sup>4</sup>			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health Select	Other Terms Used 1	Locally <sup>4</sup>			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health Selector 31-33 Manufacturing 311. Food Manufacturing 312. Beverage and Tobacco Product Manufacturing	Other Terms Used 1	Locally <sup>4</sup>			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health Selector 31-33 Manufacturing 311. Food Manufacturing 312. Beverage and Tobacco Product Manufacturing 315. Apparel Manufacturing	Other Terms Used 1	Locally <sup>4</sup>			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health Selector 31-33 Manufacturing 311. Food Manufacturing 312. Beverage and Tobacco Product Manufacturing 315. Apparel Manufacturing 325. Chemical Manufacturing	Other Terms Used 1	Locally <sup>4</sup>			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health Selector 31-33 Manufacturing 311. Food Manufacturing 312. Beverage and Tobacco Product Manufacturing 315. Apparel Manufacturing 325. Chemical Manufacturing 332. Fabricated Metal Product Manufacturing	Other Terms Used 1	Locally <sup>4</sup>			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health Selector 31-33 Manufacturing 311. Food Manufacturing 312. Beverage and Tobacco Product Manufacturing 315. Apparel Manufacturing 325. Chemical Manufacturing 332. Fabricated Metal Product Manufacturing 333. Machinery Manufacturing	Other Terms Used 1	Locally <sup>4</sup>			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health Selector 31-33 Manufacturing 311. Food Manufacturing 312. Beverage and Tobacco Product Manufacturing 315. Apparel Manufacturing 325. Chemical Manufacturing 332. Fabricated Metal Product Manufacturing 333. Machinery Manufacturing 334. Computer and Electronic Product Manufacturing	Other Terms Used 1	Locally <sup>4</sup>			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health Select Sector 31-33 Manufacturing 311. Food Manufacturing 312. Beverage and Tobacco Product Manufacturing 315. Apparel Manufacturing 325. Chemical Manufacturing 332. Fabricated Metal Product Manufacturing 333. Machinery Manufacturing 334. Computer and Electronic Product Manufacturing 335. Electrical Equipment, Appliance and Component Mfg.	Other Terms Used 1	Locally <sup>4</sup>			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health  Selector 31-33 Manufacturing 311. Food Manufacturing 312. Beverage and Tobacco Product Manufacturing 315. Apparel Manufacturing 325. Chemical Manufacturing 332. Fabricated Metal Product Manufacturing 333. Machinery Manufacturing 334. Computer and Electronic Product Manufacturing	Other Terms Used 1	Locally <sup>4</sup>			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health  Select Sector 31-33 Manufacturing 311. Food Manufacturing 312. Beverage and Tobacco Product Manufacturing 315. Apparel Manufacturing 325. Chemical Manufacturing 332. Fabricated Metal Product Manufacturing 333. Machinery Manufacturing 334. Computer and Electronic Product Manufacturing 335. Electrical Equipment, Appliance and Component Mfg. 336. Transportation Equipment Manufacturing 337. Furniture and Related Product Manufacturing 339. Miscellaneous Manufacturing	Other Terms Used I	Locally <sup>4</sup> Subsectors, and Industries			
Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health Select Sector 31-33 Manufacturing 311. Food Manufacturing 312. Beverage and Tobacco Product Manufacturing 315. Apparel Manufacturing 325. Chemical Manufacturing 332. Fabricated Metal Product Manufacturing 333. Machinery Manufacturing 334. Computer and Electronic Product Manufacturing 335. Electrical Equipment, Appliance and Component Mfg. 336. Transportation Equipment Manufacturing 337. Furniture and Related Product Manufacturing	Other Terms Used I	Locally <sup>4</sup> Subsectors, and Industries			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health  Selector 31-33 Manufacturing 311. Food Manufacturing 312. Beverage and Tobacco Product Manufacturing 315. Apparel Manufacturing 325. Chemical Manufacturing 332. Fabricated Metal Product Manufacturing 333. Machinery Manufacturing 334. Computer and Electronic Product Manufacturing 335. Electrical Equipment, Appliance and Component Mfg. 336. Transportation Equipment Manufacturing 337. Furniture and Related Product Manufacturing 339. Miscellaneous Manufacturing 339. Miscellaneous Manufacturing Sector 48-49 Transportation and Warehousing 481. Air Transportation	Other Terms Used I	Cocally Subsectors, and Industries			
Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health  Select Sector 31-33 Manufacturing 311. Food Manufacturing 312. Beverage and Tobacco Product Manufacturing 315. Apparel Manufacturing 325. Chemical Manufacturing 332. Fabricated Metal Product Manufacturing 333. Machinery Manufacturing 334. Computer and Electronic Product Manufacturing 335. Electrical Equipment, Appliance and Component Mfg. 336. Transportation Equipment Manufacturing 337. Furniture and Related Product Manufacturing 339. Miscellaneous Manufacturing Sector 48-49 Transportation and Warehousing 481. Air Transportation 482. Rail Transportation	Other Terms Used I	Locally <sup>4</sup> Subsectors, and Industries			
Intellect Universities & Research Institutes  BlueTech Maritime Maritime Technology Cybersecurity Analytics Uniformed Military Research/Technology/Innovation Wireless Health Select Sector 31-33 Manufacturing 311. Food Manufacturing 312. Beverage and Tobacco Product Manufacturing 315. Apparel Manufacturing 325. Chemical Manufacturing 332. Fabricated Metal Product Manufacturing 333. Machinery Manufacturing 334. Computer and Electronic Product Manufacturing 335. Electrical Equipment, Appliance and Component Mfg. 336. Transportation Equipment Manufacturing 337. Furniture and Related Product Manufacturing 339. Miscellaneous Manufacturing 339. Miscellaneous Manufacturing Sector 48-49 Transportation and Warehousing 481. Air Transportation 482. Rail Transportation 483. Water Transportation	Other Terms Used I	Subsectors, and Industries			
Intellect Iniversities & Research Institutes  Interech Identitime Genitime Technology Supersecurity Inalytics Iniformed Military Intellect Health  Selector 31-33 Manufacturing It. Food Manufacturing It. Beverage and Tobacco Product Manufacturing It. Apparel Manufacturing It. Apparel Manufacturing It. Food Manufacturing	Other Terms Used I	Locally <sup>4</sup> Subsectors, and Industries			

	EDS Base Sector Category Required by Council Policy 900-01 "Economic Development"						
Terms	Manufacturing   International Trade &   Manufacturing   Logistics		Military	Tourism	Appendix A Other Base Sector Industries		
	Selected NAICS	Sectors, Subsectors, and					
Sector 51. Information	, , ,				V		
511. Publishing Industries					√		
513. Broadcasting and Telecommunications					√ ·		
514. Information Services and Data Processing Services					V		
Sector 54. Professional, Scientific, and Technical Services		erja i sa di kacamatan kacamatan kacamatan kacamatan kacamatan kacamatan kacamatan kacamatan kacamatan kacamat Kacamatan kacamatan					
5417. Scientific Research and Development Services							
Sector 71. Art, Entertainment, and Recreation	100		NEW ARRAY		TO THE RESIDENCE OF THE PARTY O		
712. Museums, Historical Sites, and Similar Institutions				√			
713110. Amusement and Theme Parks				√			
Sector 72. Accommodation and Food Services				<b>√</b>			
721. Accommodation				√			
722. Food Services and Drinking Places		연상하.	1.5	√			
Sector 92. Public Administration							
928. National Security and International Affairs		WAT.	√ .				

<sup>1</sup> Adopted by San Diego City Council in 2012 following recommendation of approval by the City Council's Economic Development & Strategies

<sup>&</sup>lt;sup>2</sup> Prepared by the San Diego Association of Governments – Service Bureau, 2012. These clusters are based on groups of NAICS industries.

 $<sup>^{3}</sup>$  Prepared by the San Diego Regional Economic Development Corp., 2012, listed on website.

<sup>&</sup>lt;sup>4</sup> Terms currently used by the Maritime Alliance, the Security Network, the West Health Institute, San Diego CyberHive, CONNECT, San Diego Regional Chamber of Commerce, and other organizations.

<sup>&</sup>lt;sup>5</sup> The North American Industry Classification System (NAICS) was prepared by the United States Office of Management and Budget in 1997 and adopted by the governments of the United States, Mexico, and Canada in 1997 and 1998. It is used by most state and local governments and research institutes since Census data is aggregated according to these classifications throughout North America.

# Appendix B: Community Investment & Revitalization

Community investment and revitalization is another key element of the City's Economic Development Strategy. Community investment and revitalization traditionally focuses on older urban neighborhoods that are densely populated and have experienced disinvestment or limited investment and/or have public infrastructure/facility deficiencies. The economic health and wellbeing of these older communities is vital to the larger economic wellbeing of the entire City. A myriad of strategies and tools are used by the City of San Diego to address community investment and revitalization. Furthermore, opportunities exist to expand existing tools and develop new approaches.

#### Infrastructure Investment

The City faces more than a \$1 billion backlog in deferred capital and infrastructure spending. These deficiencies are spread throughout the City, but predominately impact the older, more densely populated communities that have not benefited from recent infrastructure investment. Strategic investments in public infrastructure and facilities will likely increase property values, decrease crime, spur new private investment, and create new construction jobs.

#### Post-Redevelopment Era

Redevelopment Agencies throughout
California were dissolved on February 1,
2012, including the City of San Diego's
Redevelopment Agency, pursuant to state
law. Redevelopment served as a key
economic development tool for
approximately 60 years. Redevelopment
achieved its objectives by financing
infrastructure and public facilities, facilitating
new development and reconstruction/
rehabilitation of older, often historically

significant structures, remediating brown field sites, financing affordable housing, and implementing the reuse of former military bases. The City of San Diego elected to serve as the Successor Agency to implement the wind down of the former Redevelopment Agency. In addition, Civic San Diego was formed as a City-owned non-profit organization to serve as a consultant to the City and to replace Centre City Development Corporation (CCDC) and Southeastern Economic Development Corporation (SEDC). Its main charge is to wind down the activities of the former Redevelopment Agency and to perform economic development and planning functions within certain designated areas of the City. Civic San Diego is developing an Economic Development Strategy for the areas under its stewardship. In 2012, Civic San Diego formed the Civic San Diego Economic Growth and Neighborhood Investment Fund, a Community Development Entity (CDE) and a subsidiary of Civic San Diego for the purpose of applying for New Markets Tax Credit (NMTC) allocations and managing Qualifying Low-Income Community Investment (QLICI). The NMTC program is a federal tax incentive authorized by the federal government to help spur the investment of capital in small businesses and commercial real estate located in communities of need.

In addition to local efforts, the State of California enacted two new laws to assist with infrastructure financing and community investment, namely Senate Bill (SB) 628 Enhanced Infrastructure Financing Districts (EIFDs) and Assembly Bill (AB) 2 Community Revitalization and Investment Authorities (CRIAs). Similar to redevelopment, EIFD's permit the use of property tax increment, within an established district(s), to finance the construction or rehabilitation of public

infrastructure and private facilities. CRIAs can be created for eligible communities to foster community investment and revitalization. Through tax increment based financing, infrastructure improvements, economic development, and affordable housing are all eligible activities.

#### **Public-Private Partnerships**

The City of San Diego has successfully supported the efforts of private entities which have been investing in its older communities. The efforts of these private sector entities has led to the development of numerous community projects that might not otherwise have occurred, such as the City Heights Urban Village, Market Creek Plaza in Southeastern San Diego, and the Salvation Army Ray and Joan Kroc Corps Community Center in Rolando/East San Diego. Maintaining and expanding these types of public-private partnerships could provide another mechanism to spur investment in San Diego communities.

#### **Special Assessment Districts**

Special Assessment Districts are financing mechanisms that can be used to finance the construction and maintenance of infrastructure. Assessments are collected as direct levies on the property tax bill of all parcels directly benefiting from the provision of services financed by the district. The City has several assessment districts that are formed and governed pursuant to the following state laws.

## The Landscaping and Lighting Act of 1972

The 1972 Landscaping and Lighting District Act is a tool available to local government agencies to pay for landscaping, lighting and other improvements and services in public areas. The law allows municipalities to form special benefit districts for the purpose of financing these improvements. Assessments are levied on properties that receive benefits or services in excess of those provided by the City. The City uses this 1972 Act as the basis for forming Maintenance Assessment Districts (MADs). The City currently has over sixty MAD's, the majority of which are administered by the City. However, certain MADs operating in urbanized commercial corridors are administered by non-profits. Conceptually, these organizations are affiliated with the community they serve and through this involvement are attuned to the specific needs of that community.

## The Mello-Roos Community Facilities Act of 1982

The Act allows any county, city, special district, school district or joint powers authority to establish a Mello-Roos Community Facilities District (CFD) which allows for financing of public improvements and services. The services and improvements that Mello-Roos CFDs can finance include streets, sewer systems and

other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums and other cultural facilities. While there are many benefits to using CFD's as a financing tool, they can be difficult to form in a developed area based on the legal requirements for approval.

## Property and Business Improvement District Law of 1994

A Property and Business Improvement District, or "PBID", is an innovative revitalization tool for commercial neighborhoods. Established by law in the early 1990's, PBIDs are public/private sector partnerships that perform a variety of services to improve the image of their cities and promote individual business districts. They also carry out economic development services by working to attract, retain and expand businesses. This law enables a city, county, or joint powers authority (made up of cities and/or counties only) to establish a PBID and levy annual assessments on businesses and/or property owners within its boundaries. Improvements which may be financed include parking facilities, parks, fountains, benches, trash receptacles, street lighting, and decorations. Services that may be financed include promotion of public events, furnishing music in public places and promotion of tourism. In addition to the above, this act also allows financing of streets, rehabilitation or removal of existing structures, and security facilities and equipment. The City currently has one PBID which is located within the downtown area. This district was first formed in 2000 and first renewed in 2005 for a 10-year period. The district was renewed again in 2015 for another 10-year period in order to maintain enhanced service levels for the assessed properties.

## Community Development Block Grant Program

The City can also address the deferred capital backlog through strategic use of Community Development Block Grant (CDBG) funds, which are received annually from the U.S. Department of Housing and Urban Development (HUD). According to HUD, CDBG funding "provides communities with resources to address a wide range of unique community development needs...it works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses. CDBG is an important tool for helping local governments tackle serious challenges facing their communities." Accordingly, the vast majority of CDBG funding must be used to serve low and moderate income households and areas, many of which suffer from under-investment and infrastructure deficiencies as mentioned above.

In addition to Capital Improvement Projects, CDBG funds can also be used for economic development programs, such as business loans, business incubators, façade improvement programs, microenterprise assistance, and job readiness training. These programs focus on improving the economic and social wellbeing of low and moderate income communities and provide opportunities to enhance neighborhoods and create jobs.

The City's CDBG allocation has been dwindling over the past five years: FY 2011 (\$16.3M), FY 2012 (\$13.6M), FY 2013 (\$11.3M), FY 2014 (\$10.9M), FY 2015 (\$11.0), and is expected to continue in that trajectory. However, in the early 1990s CDBG funds were loaned to the former Redevelopment Agency as "seed money" to initiate redevelopment activities in newly created Redevelopment Areas. This

<sup>1</sup> U.S. Department of Housing and Urban Development, Community Development Block Grant website. investment, totaling over \$78M, is scheduled to be repaid to the CDBG program over ten years (2010-2019). While the repayments are restricted to CDBG-eligible uses and expenditure deadlines, they serve as a substantial investment resource that can be strategically aligned with identified priority needs.

#### **Sustainability and Climate Action Plan**

The Global Warming Solutions Act of 2006. also known as Assembly Bill (AB) 32 sets goals for the reduction of statewide greenhouse gas emissions. Subsequent legislation and executive orders have established related targets beyond 2020. As a result of this statewide direction and leadership within the City of San Diego, the City adopted a Climate Action Plan (CAP) in December 2015. The CAP established greenhouse gas reduction targets for the City, ultimately to cut emissions in half by 2035. Implementation of the CAP is underway for some areas of focus and will be expanded beginning in FY 2017. Opportunities exist to identify funding, and partner with local agencies and private parties to develop projects, such as transit oriented development projects and innovative energy projects to help achieve the goals of the CAP.

#### Appendix C: Internal Operational Guidance & Coordination

The businesses and industries described above rely on well-maintained infrastructure and a business-friendly regulatory environment to produce, ship, and receive goods, to dispose of waste products, and for protection from fire and theft. Existing businesses can not only rely on the infrastructure to accommodate their existing business needs, but also to accommodate a future expansion. Businesses not currently located in San Diego must consider the condition of the City's infrastructure and its regulatory environment before moving to San Diego.

Various City departments are tasked with the responsibility to ensure that the proper infrastructure is in place and functioning well. Such infrastructure includes, but is not limited to, a transportation network in good working repair, including streets and roads, airports, water and sewer treatment and distribution facilities, storm water management systems, and emergency facilities. Other departments are tasked with ensuring public safety and quality of life concerns such as fire and police protection, emergency medical response, sanitation, recycling, zoning, parks and open space management, and code compliance. Still other City departments provide services to the "front line" departments. These services include contracting and procurement services, management of City real estate, financial management, and construction of capital improvement projects (CIP).

Several of the City's departments directly impact businesses and interact with them through the issuance of permits and licenses, the establishment and management of special districts, granting access or use of City property for business operations, or by contracting with businesses for goods and services. It is essential that the City's departments be

coordinated in terms of points of alignment with economic development goals and objectives, as stipulated in the Tactical Objectives in Section 2.8 of this document. In order for City departments to effectively accomplish this, the EDS 2014-2016 Action Item 2.8.2 recommended the formation of an Economic Development Cabinet composed of Department Directors and Deputy Chief Operating Officers to coordinate interdepartmental efforts related to key industries and projects. The Cabinet met in 2015 and completed a survey to determine which department activities could enhance economic development efforts. The results of the survey will be used to guide future Cabinet discussions and potential actions.

The following descriptions and the chart in Figure C-1 provide some examples of how these departments interact with businesses in ways which can influence private business investment decisions and can impact overall economic prosperity.

#### **Economic Development**

The Economic Development Department administers a wide range of community development and economic development programs to facilitate private investments which will lead to the creation of jobs, the generation of tax revenue, and the revitalization of older and underserved neighborhoods. These programs are described in greater detail in Appendix F: Economic Development Programs and Business Districts.

#### **Planning**

The Planning Department develops, monitors and implements the City's General Plan — a document that guides the City's economic development policies and goals as they relate to land use. These policies are further implemented through Community Plans, which directly impact neighborhood zoning and land use decisions that, in turn, have direct impacts on the nature and types of businesses that may locate or expand in a given community plan area.

The General Plan also calls for protection and preservation of the City's industrial lands from encroachment from non-industrial uses. Competition for low-priced industrial land and buildings can also negatively impact (increase) the cost of doing business in the City, as can the costs of mitigating land use conflicts which inevitably arise from the close juxtaposition of sensitive land uses such as residences, churches, schools, parks, and similar family-oriented uses adjacent to some industrial uses.

The Facilities Financing Section regularly updates Public Facilities Financing Plans for the City's planned communities, and collects impact fees on development projects. These efforts provide for essential municipal infrastructure such as streets,

roads, bridges, parks, libraries, fire stations, etc.

#### **Development Services**

The Development Services Department (DSD) has perhaps the greatest influence on business investment decisions since it issues the vast majority of all permits and land use approvals to businesses. The majority of these are building permits issued to businesses to allow the construction and modification of buildings and related facilities in accordance with adopted State building, fire, mechanical and electrical codes. In addition, DSD issues land use and development permits for facilities in the California Coastal Zone, community overlay zones, and for facilities and properties which require variances from City codes, special use permits, or rezoning ordinances. The timely and cost-effective issuance of permits and other required approvals has an enormous impact on businesses which must supply goods and services to customers in competitive national and international markets. Delays in the issuance of such approvals, or the imposition of fees which are unforeseen or believed to be unreasonable, are most frequently cited as concerns by business managers considering potential investment decisions. Certainty and predictability are factors that have a huge impact on businesses which are operating in volatile and competitive situations.

#### **Public Utilities**

The Public Utilities Department (PUD) provides potable and recycled (reclaimed) water to all businesses, and similarly provides for the disposal of wastewater from them. The Public Utilities Department operates two Enterprise Funds through two major branches: Water and Wastewater and must be fully self-sustaining enterprises in

accordance with the City Charter. The Water Branch provides potable water to all business customers in the City except those served by Cal America, located in a portion of the Otay Mesa community. The Water Branch also provides recycled water to businesses in portions of Black Mountain Ranch, Kearny Mesa, Mira Mesa, MCAS Miramar, Miramar Ranch North, Rancho Peñasquitos, Scripps Miramar Ranch, Tijuana River Valley, and University. Aside from land, labor, and electricity, water and sewer services are arguably two of the most important input factors for the production process. High volumes of water are consumed in industrial plants for product make-up, rinsing, steam and energy production, and for facility cooling. The cost and consistent availability of potable and reclaimed water is of utmost importance to manufacturing businesses and contract research organizations. Increased water costs and mandatory conservation measures can negatively impact the City's ability to attract new industrial and especially manufacturing investments. Similarly, the ability of businesses to efficiently and cost-effectively discharge wastewater at the end of the production process is also extremely important for business investment decisions. The Wastewater Branch regularly assesses and monitors wastewater conveyance and treatment capacity throughout the City to ensure available capacity. Service rates for industrial discharges and pre-treatment requirements are issued and monitored by the Industrial Wastewater Discharge (IWD) program. Wastewater discharge and pretreatment costs can dramatically affect the profitability and competiveness of manufacturing and research businesses.

#### **Real Estate Assets**

The City's current Economic Development Department originated in the former Property Department which is now called the Real Estate Assets Department (READ). This department, at one time, managed, leased, and sold thousands of acres of the City's industrially-zoned land, most of which was formerly "Pueblo" or public lands. Since most of the City's industrial lands have been sold and developed, and the City's economic development units were moved to other operating departments, READ now plays a more indirect role in economic development efforts than it did in the past. However, READ still manages useful industrial properties (or properties with potential for industrial development). The process of making such properties available to industrial businesses is set forth in Council Policy 900-03 "Management & Marketing of City-Owned Industrial Properties" and provides for the sale or lease of such properties in order to create jobs and other economic public benefits. READ also manages city-owned properties that can be used by community organizations to provide services that enhance communities and provide economic development opportunities to residents.

#### Fire

The Fire-Rescue Department (SDFD) is responsible for providing fire and life safety services to all communities within the City of San Diego. In addition, it issues a number of permits for special events and activities that promote tourism and generate revenue that can be recycled back into the community.

#### **Police**

Provision of public safety is of critical importance to the wellbeing of neighborhoods, residents as well as tourists, and can impact employment, investment and income as a result. Reduced crime in neighborhoods can contribute to economic growth and stability. Likewise, safe streets make San Diego more attractive for individuals to visit,

positively impacting tourism revenue and activity.

The San Diego Police Department (SDPD) is responsible for issuing a variety of permits and licenses including special operating permits for police regulated businesses, permits for special events and activities that promote tourism and generate revenue, It also works with the California Department of Alcoholic Beverage Control (ABC) in the licensing of alcoholic beverage manufacturers, distributors, and retailers.

#### **Purchasing & Contracting**

Many of the City's revitalization, real estate, and other economic development efforts require the procurement of goods and services. The Purchasing & Contracting Department (P&C) is responsible for administering the City's centralized procurement and materials management functions to ensure the availability of material, supplies, equipment (commodities) and services to meet the City's operational needs. In addition, the department provides numerous opportunities for small businesses through the City's Equal Opportunity Contracting Program to grow their operations. The efficient procurement of goods and services from local businesses may help facilitate employment opportunities at these businesses in addition to the traditional function of delivering of services and improvements to the community.

#### **Transportation & Storm Water**

The Storm Water Division (SWD) of the Transportation & Storm Water Department is responsible for enforcing rules promulgated by the San Diego Regional Water Quality Control Board (SDRWQCB). These rules establish land development standards and require routine inspection of commercial and industrial facilities. The SWD must also enforce any illicit

discharges into the storm drain system that could have a negative effect on water quality. Additionally, this department is responsible for maintaining storm drains and an extensive system of drainage structures. These structures include underground pipes as well as flood channels throughout the City, including industrial areas such as Grantville and Sorrento Valley. Alleviation of flooding in Sorrento Valley is one of the highest priorities for the local biotech industry.

The Transportation Division of the Transportation & Storm Water Department evaluates and re-stripes streets in commercial and industrial areas in order to provide more on-street parking when it's needed to improve business operations when off-street parking may be inadequate for customers.

#### **Environmental Services**

The Environmental Services Department (ESD) provides solid waste collection and disposal services to the City's residents and businesses, and operates a full-service landfill and composting facility for public use. ESD also manages several recycling programs, including: (1) processing of postconsumer paper, plastics, glass, and metal containers that ESD collects from residences; (2) processing of yard waste, tree trimmings, wood waste, and food waste into mulch, compost, and other useful products, putting ESD in a position to provide feed stocks to the manufacturers of recycled products and biomass energy producers; (3) construction and demolition waste; (4) providing recycling technical support to businesses and multifamily residences which typically results in cost savings for them; (5) providing education and outreach for the residential, business, and government sectors; and (6) providing green procurement services internally to City departments which results in savings.

In addition, ESD manages the City's energy use and programs; explores innovative options to increase energy independence and works to advance more sustainable practices within the City and community. Meeting energy efficiency and renewable energy targets often includes the procurement of products and equipment that are emerging technologies.

#### **Public Works**

The Engineering & Capital Projects (E&CP) Division of the Public Works Department interacts directly with consulting architectural and engineering consultant and construction contracting businesses in the execution of the City's Capital Improvement Program (CIP). It provides the planning, design, and construction of critical transportation and water/wastewater infrastructure used by businesses to access labor and to ship and receive goods. The projects managed by Engineering & Capital Projects can play an instrumental role in stimulating job growth through maintaining and improving infrastructure, and putting individuals to work.

#### **City Treasurer**

The City Treasurer administers the Business Tax Certificate Program and collects business taxes from virtually all businesses in the City. Business assessments for the City's various Business Improvement Districts are also collected with the City's business tax. The City's Small Business Enhancement Program is funded based on a minimum number of small businesses registering and paying business taxes to the City. The City Treasurer is also responsible for the collection and reporting of parking meter revenue which is used to fund the Community Parking District Program and other eligible activities related to parking management and control within parking meter impacted areas. The timely and

accurate collection of these tax revenues, assessments, and fees allows the City to provide important services to businesses and business districts.

#### Parks and Recreation

The Park and Recreation Department is responsible for the daily operations and maintenance of the parks, open space, aquatic areas, and public recreation facilities throughout the City. Parks such as Balboa Park, Mission Bay and the beaches are enjoyed not only by local residents, but also by County residents and tourists who visit San Diego. Proper recreational programming and maintenance of these areas is vital to attracting tourists and visitors to San Diego as well as attracting and retaining businesses as a health and quality of life issue.

#### Office of Special Events

The Office of Special Events collaborates with visitor industry partners such as the San Diego Tourism Authority, San Diego Convention Center Corporation, San Diego Sports Commission, and San Diego Tourism Marketing District in the development of bid proposals to secure major special events, conventions and filming that generate tourism in San Diego. Major special events, conventions and filming contribute significantly to San Diego's economy through the generation of Transit Occupancy Tax (TOT), sales tax, and other direct and indirect spending. Long-term branding and economic development benefits are also derived from the significant national and international media exposure brought to the region by these types of activities. The Office of Special Events provides liaison services to key entities such as the event organizer, site manager or meeting planner, host committee, business and residential community, and city departments to ensure the success of the activity.

#### **Economic Development Opportunities**

The departments listed above implement City policies and provide basic services to both residents and businesses. The effective coordination of the activities of these departments, which may impact the City's ability to conduct its economic development activities, is critical to the achievement of the broad-based performance measures identified in this strategy.

The City's overall operating budget is well in excess of \$3 billion annually, its enforcement capabilities are significant, and the extent to which economic development efforts can be recognized and reasonably accommodated within this context creates opportunities to achieve immediate positive fiscal and economic impacts.

Figure C-1: Key City Departments Affecting Economic Development Efforts

Land Use	Building & Development Permit Approvals	Licensing	Infrastructure and Tourist Attractions	Business Use of City Property	Procure- ment and Financial Services to Businesses	Management of Assessment Districts
Economic Development	(secilitàtica mattatici socrappor e in monicole e a trensmone di fronte no care es manere è il celebrio.		X	iranii ilmai ilmainii ilmainii ilmai i		X
Planning	X					
Development Services	X	X	***************************************			
Public Utilities	<b>X</b>	X	X	<b>X</b>		Milly Miles Microsis en video comes inservas independentes en video in video bestevan d
Real Estate Assets	kidad dikidi dici ci shiidig isyiyidi ka'u yedirishi i dharaya aan dadan u qaa aacaa aa aa aa a		. 74 -	X		X
Fire Rescue	X	X		10.6 m 10.6 1		
Police		X		-	***************************************	***************************************
Purchasing & Contracting	***************************************			X	X	. <b>X</b>
Transportation & Storm Water	X	X		***************************************		***************************************
Environmental Services		***************************************	***************************************	X		***************************************
Engineering & Capital Projects	**************************************		· X			***************************************
City Treasurer		X		***************************************	Х	<b>X</b>
Parks & Recreation	***************************************		X	X		X
Debt Management	***************************************	***************************************	***************************************		X	<b>X</b> .

#### **Appendix D: Workforce Development & Education**

The City has a vested interest in preparing its young adults to compete for the best jobs created by San Diego businesses. Educational initiatives at the K-12 level will take years to bear fruit so the City should continue to encourage school districts serving City of San Diego residents to seek long-term improvements in academic fundamentals. The proper preparation of youth for entrance into colleges and universities will better prepare City residents to compete for middle- and high-income jobs opportunities following graduation. Additionally, it is vital for high school teachers to be exposed to San Diego's industries to provide them with the context, examples, and real world connections that can be used in their classroom curriculum.

The following eight (8) K-12 school districts serve residents of San Diego:

- Del Mar Union School District
- Poway Unified School District
- San Diego Unified School District
- San Dieguito Union High School District
- San Ysidro School District
- Sweetwater Union High School District
- South Bay Union School District
- Solana Beach School District

San Diego's post-secondary education system regularly ranks well nationally because local universities offer a full range of undergraduate majors, master's and Ph.D. programs, and are committed to producing groundbreaking research. These institutions educate and provide workforce training to the region's diverse economy which enables the City to compete globally to attract new companies and industries generating significant private investment and new jobs for the region.

San Diego is served by two major public universities, three smaller private universities, three private law schools, a public medical school, several community colleges, plus trade and vocational schools:

#### Universities, Colleges, and Law Schools

- Alliant University
- Cal-Western School of Law
- Cuyamaca College
- Mesa College
- Miramar College
- Grossmont College Palomar College
- Point Loma Nazarene University
- San Diego City College
- San Diego State University ("SDSU")
- Southwestern College
- Thomas Jefferson School of Law
- University of California at San Diego ("UCSD")
- University of California at San Diego School of Medicine University of San Diego ("USD")
- University of San Diego School of Law

#### Trade and Vocational Schools

- Ashford University
- Bridgepoint University
- Coleman College
- Fashion Institute of Design & Merchandising
- ITT Technical Institute
- National University
- · University of Phoenix

## Short-term Workforce Development Opportunities

In the short term, established training programs can help to match willing workers with willing employers. Typically these programs are offered by training organizations which seek to train or retrain employees for specific trades and industries. In addition, these training providers orient their services to dislocated workers and others who lack the requisite skills to compete for specific jobs.

## City of San Diego Entry Level Professional Classification

The City of San Diego's Management Trainee position is the formal entry level classification for professional administrative, budgetary, community development, crime analysis/research, economics, information systems management, organization effectiveness, personnel/human resources. procurement, real estate, and recycling career fields for recent college graduates. Individuals hired in this classification are fulltime permanent employees upon passing the required probationary period and are generally under-filling a higher level professional classification. After gaining the requisite experience, Management Trainees may be eligible for career advancement to higher level professional classifications. This classification is different from the City's internship program that enables City departments to hire temporary, part-time students for short periods of time to do specific projects and gain public administration experience.

#### On-The-Job-Training (OJT)

The San Diego Workforce Partnership (SDWP) administers the On-the-Job Training program. OJT is designed to help businesses hire and train persons who do not have sufficient experience and knowledge in the jobs for which they are

being hired. The employer's training expenses will be paid at a rate not to exceed 50% of the wages the new hire earns during the contracted training period. OJT is a viable training option for participants who perform better with a hands-on training experience rather than a traditional classroom setting.

#### **Employment Training Panel (ETP)**

The State of California's Employment Training Panel (ETP) provides financial assistance to California businesses to support customized worker training to:

- Attract and retain businesses that contribute to a healthy California economy
- Provide workers with secure jobs that pay good wages and have opportunities for advancement
- Assist employers to successfully compete in the global economy
- Promote the benefits and ongoing investment of training among employers

#### CONNECT2Careers San Diego (C2CSD)

SDWP has developed a sustainable youth employment program through the support of local government, education, private, public and non-profit organizations. The C2CSD will provide youth with meaningful job placements now and in the years to come by providing development, preparation and summer employment services to young people between the ages of 16-21 throughout the City of San Diego. This broad-based youth and young adult employment and mentoring effort is the type of program that addresses the need for a highly educated and skilled future workforce, and provides an opportunity for youth to earn money, gain meaningful work experience, and be exposed to various careers through work-based learning opportunities. This program also gives

businesses an opportunity to give back to the community and play a significant role in recruiting and training future employees especially for new emerging industries, such as Cleantech and Food & Beverage Production, as well as established industries, such as Biotech & Medical Devices and Electronics & Telecommunications.

#### Life Sciences Summer Institute

The Life Sciences Summer Institute is one of the SDWP's most exciting youth programs. Students from all over the county spend part of the summer in life sciences "boot camp" learning about how to work in a lab. Subsequently, they are placed in labs for real-life work experience. Perhaps even more impressive, the same program is available for teachers. Groups of science teachers come every summer to learn about how the life sciences industry operates, and return to their classrooms to incorporate into their lesson plans what they have learned.

#### **Appendix E: Economic Development Programs & Business Districts**

The City of San Diego provides a variety of programs that are focused on the retention, and expansion of local businesses and the attraction of new businesses to the area. These programs form the backbone of the City's economic development strategy. Increasing the promotion of these programs and helping companies avail themselves of the benefits they provide will enhance the local economy.

#### **Business & Industry Incentive Program**

The Business & Industry Incentive Program (Council Policy 900-12) was created by the San Diego City Council in 1993 to improve the business climate of the City, by providing certain financial incentives, and permit assistance to a variety of business investors citywide. This program serves as the City's primary economic development platform, and its incentives may be combined with those from other City programs: the Business Finance Program, the Business Cooperation Program, the Guaranteed Water for Industry Program, and other incentives offered through State and Federal programs. Businesses that are consistent with the City's current Economic Development Strategy typically achieve the following:

- Provide significant revenues and/or jobs that contribute to a healthy economy
- Promote the stability and growth of City taxes and other revenue
- Construct appropriate development in older parts of the City
- Are being induced by other jurisdictions to relocate from San Diego

Businesses can receive ministerial "off-theshelf" incentives at the staff level. These incentives include: assistance in determining the density and land use entitlements, due diligence on development requirements for real property, assistance and expedited review for land development permits for tenant improvements to an existing building.

These same businesses may also receive other discretionary incentives recommended by staff and approved by the San Diego City Council, such as: a reimbursement of all or a portion of building and/or development related fees on new commercial and industrial development using new tax revenues to be generated by the project as the funding source for the incentive. This incentive is implemented through an Economic Development Agreement between the City and the business.

#### **Business Cooperation Program**

The Business Cooperation Program was adopted by the City Council in 1996 and is designed to simultaneously lower the cost of doing business in San Diego while generating new sales and use tax revenue to fund essential City General Fund services. Businesses and non-profit firms frequently have options regarding how they can report the local 1% sales and use taxes, and certain reporting methods can result in a net increase in the amount of tax allocated to the City by the State Board of Equalization. This program allows City staff to provide sales and use tax rebates to businesses that participate in the program. This program provides tax rebates equal to 50% of any net additional tax revenue received by the City.

#### **Guaranteed Water for Industry Program**

The Guaranteed Water for Industry Program was adopted by the San Diego City Council in 1998 to address industry concerns regarding the potential for mandatory water conservation measures in the event of a future drought. Manufacturing plants, data centers, and research laboratories provide significant fiscal and economic benefits to the City. In order to achieve these benefits. these firms need assurances that they will not be subject to future cutbacks or other mandatory conservation measures due to water shortages. However, these capitalintensive operations frequently need large volumes of water to operate their production and cooling systems.

This program provides that when such firms use reclaimed water to the extent possible. and implement potable water conservation measures, they can be exempted from mandatory Level 2 conservation measures in the event of a drought. This program is designed to benefit San Diego industrial businesses within the Optimized Zone. The Optimized Zone is a designated area within the northern part of San Diego which has reclaimed water infrastructure. The City assists manufacturers and research organizations in obtaining the necessary approvals from the County Health Department and California Department of Health Services to utilize reclaimed water. This program currently has five participating businesses with more certifications expected in the coming years.

## Governor's Economic Development Initiative (GEDI)

Several State business incentive programs are currently available to assist companies in the San Diego region. These incentives afford eligible businesses a unique opportunity to capture valuable tax credits intended to leverage against a qualifying business entity's annual State income tax

liability as well as achieve other direct cost savings benefits. City staff shall continue to actively promote and encourage qualifying businesses to apply for these State incentive programs. Although the City will not have a direct role in the administration of this initiative, the City will market these incentives and assist local businesses in accessing them.

The new incentive programs include:

- California Competes (CA Competes)

   A new statewide program which provides for the allocation of
   California Income Tax credits, on a case-by-case-basis, to businesses which agree to make specified commercial and industrial investments.
- New Employee Credit (NEC) A new incentive zone program which provides California Income Tax credits to businesses, within defined geographical areas of the state, when new employees meeting specified criteria are added to payrolls. The hiring credit is available to most businesses which are physically located within a defined economic zone south of Mira Mesa Blvd.
- Sales/Use Tax Exemption A change to the Revenue & Taxation Code which provides a 4.2% sales and use tax exemption from the tax imposed on manufacturing equipment and specified R&D equipment purchases.

#### Foreign-Trade Zones Program

Businesses that import foreign goods into the United States, and in some cases export goods, may realize significant savings. Foreign-Trade Zones (FTZ) Program benefits include: U.S. Customs duty deferral, duty exemption, and other benefits.

The San Diego Foreign-Trade Zone No. 153 reorganized its FTZ procedures in 2011 to assist businesses to participate in the program expeditiously. Companies located anywhere within San Diego County can now secure FTZ status for warehousing and distribution operations in approximately thirty (30) days from the time an application is accepted. Manufacturing companies may also benefit from additional streamlined procedures.

#### **Business Finance Program**

The San Diego Regional Revolving Loan Fund (SDRRLF) and Small Business Micro Revolving Loan Fund (SBMRLF) offer financial assistance for small to mid-size business owners with growing companies that require capital, but are unable to meet the terms of traditional banks. The Revolving Loan funds can supplement private financing of new or rehabilitated buildings, fixed machinery and equipment, working capital and soft costs.

This gap financing program ranges from \$25,000 to \$150,000 for the SBMRLF and \$150,000 to \$500,000 for the SDRRLF. The loan program covers businesses in the cities of San Diego and Chula Vista. Through careful screening of loan applicants and creative loan structuring, the program can get business owners closer to their goals working with lenders and other community lending programs.

## Economic Development & Tourism Support Program

The City's Economic Development and Tourism Support (EDTS) Program provides Transient Occupancy Tax funds through a competitive merit-based application process, to qualified nonprofit, tax-exempt organizations that produce programs and events that improve the City's economy by boosting tourism, attracting new businesses, and increasing jobs in the area.

#### **Tourism Marketing District**

The San Diego Tourism Marketing District (TMD) follows the model of Tourism Business Incentive Districts (BIDs) that utilize the efficiencies of private sector operation in the market-based promotion of local and regional business and transient tourism to generate room night stays. Tourism BIDs, such as the SDTMD allow lodging business owners to organize their efforts to increase tourism. In San Diego, lodging business owners within the District are assessed and those funds are used to provide programs and services that specifically benefit the assessed lodging businesses. Beginning in 2008, lodging businesses with 70 or more rooms paid a 2.0% assessment to fund activities to increase room night stays at assessed businesses. A majority of these TMD assessments were directed to the Tourism Authority (formerly ConVis) for specific sales and marketing activities to promote San Diego and increase room night stays at assessed businesses. The TMD was renewed effective January 1, 2013 and the assessment was authorized to be levied on all lodging businesses within the City with those businesses with 30 or more rooms paying 2.0% and those with fewer rooms paying 0.55%. The programs and activities to be funded include hotel meeting sales, event management and group sales development, tourism development

including travel & trade, group meeting direct marketing, consumer direct sales & marketing programs, multi-year tourism development, and destination marketing with specific call to action. Through the initial five-year TMD term, it is estimated that approximately, more than \$121 million in TMD funds were deployed through local organizations, yielding approximately \$2.25 billion in TOT revenue.

#### **Business Improvement Districts**

San Diego's Business Improvement Districts (BIDs) are City-designated geographic-based areas where the business owners are assessed annually to fund activities and improvements to promote the business district. The City of San Diego supports BIDs as a tool for strengthening small business communities, creating new jobs, attracting new businesses, and revitalizing older commercial neighborhoods across the City. The City partners with merchants associations, representing the assessed business owners, to implement the BID program.

The Economic Development Department administers the BID program, which is the largest tenant-based program in the State of California. The program dates back to 1970 with the creation of the Downtown Improvement Area, California's first metropolitan downtown district. Since that time, the small business community and the City of San Diego have created 18 active districts. More than 14,000 small businesses participate in these assessment districts, raising more than \$1.4 million annually.

A BID provides business area merchants with the resources to develop marketing campaigns, increase awareness, and enhance public improvement projects in partnership with the City. An organized business community can work more effectively to create positive change and

increase support for businesses in the area. In San Diego, BID associations work closely with elected officials and city staff to voice collective concerns, monitor business regulations and obtain funding and support for their business development projects.

The BID associations have developed a variety of successful marketing activities that generate business for the districts. These activities range from special events such as restaurant tours, block parties, weekly farmer's markets, and holiday festivals to developing public relations and marketing materials. BID associations promote businesses through the Internet, social media and cooperative advertising campaigns: they develop and distribute business directories, coupon books, and other district brochures. BID associations coordinate some of San Diego's most popular, large-scale street festivals, including the Adams Avenue Street Fair, Gaslamp's Mardi Gras, and Hillcrest's CityFest. BID associations also market the districts to potential businesses in an effort to reduce vacancies, provide a varied mix of businesses and strengthen the BID. All of these activities help to further market the districts to customers.

The City has grant programs which provide opportunities for additional funding for the merchant associations. There are also programs geared toward assisting individual businesses. For instance, the City offers the Storefront Improvement Program, which provides small businesses with design assistance and incentive payments to assist with storefront renovations.

#### **Small Business Enhancement Program**

This program focuses on expanding economic opportunities for small businesses by supporting non-profit organizations which provide specialized services to small businesses citywide. It is expected that Small Business Enhancement Program funds will be leveraged by recipients to enhance small businesses services with the purpose of creating, growing, and retaining small businesses in San Diego. Examples of the services and training provided include business development, contracting and procurement, disability accommodations and technical assistance training.

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All applications are subject to review for eligibility. The City's Storefront Improvement Program is open to small businesses (12 or fewer employees) located in the City of San Diego with a current Business Tax Certificate.

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renamed the Community Parking District Program in 2004.

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# Appendix F: List of Available Industrial Properties

Figure F: List of Available Industrial Properties<sup>1</sup>

Address	Community	Property Size	Space Available	Rent/SF/Month
2020 Piper Ranch Road	Otay Mesa	601,417 SF	601,417 SF	N/A
16795 Via Del Campo	Rancho Bernardo	220,468 SF	220,468 SF	\$1.50/NNN
1855 Dornoch Court	Otay Mesa	216,755 SF	156,661 SF	N/A
6060 Business Center Court	Otay Mesa	134,776 SF	134,776 SF	\$0.58/NNN
6650 Top Gun Street	Mira Mesa	121,496 SF	121,496 SF	\$0.59-\$0.85/NNN
9255 Customhouse Plaza	Otay Mesa	295,240 SF	103,523 SF	\$0.75/NNN
8515 Miramar Place	Mira Mesa	101,224 SF	101,224 SF	\$0.90/NNN
1224 Exposition Way	Otay Mesa	152,919 SF	89,955 SF	N/A
9190 Activity Road	Mira Mesa	83,520 SF	83,520 SF	\$0.85/NNN
12340 World Trade Drive	Carmel Mountain	81,980 SF	81,980 SF	\$1.07/NNN
7130 Miramar Road	Mira Mesa	365,421 SF	81,944 SF	\$0.80/NNN
7590 Britannia Court	Otay Mesa	72,197 SF	72,197 SF	\$0.55/NNN
9151 Rehco Road	Mira Mesa	68,937 SF	68,937 SF	\$0.82-\$1.15/NNN
10050 Scripps Ranch Court	Scripps Mountain	67,681 SF	67,681 SF	\$0.89/NNN
12270 World Trade Drive	Carmel Mountain Ranch	190,341 SF	67,356 SF	\$0.85/NNN
9750 Distribution Avenue	Mira Mesa	52,600 SF	52,600 SF	\$0.75/NNN
3939 Market Street	Southeastern San Diego	51,262 SF	51,262 SF	\$0.65/NNN

<sup>&</sup>lt;sup>1</sup> Properties listed by square footage available (in descending order) as of 02/22/2016. All properties zoned for industrial use. Data gathered from sources deemed reliable. The City of San Diego does not guarantee the accuracy of this data, or make any warrantees or representations regarding this data, nor does it make any endorsements of the properties listed. Properties listed are only those which have at least 50,000 square feet of space presumed available for immediate or near term occupancy

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## Appendix G: Go Global – San Diego's Global Trade and Investment Initiative

In 2012, San Diego was selected by the Washington-based Brookings Institution as one of the first eight U.S. cities to participate in a national initiative to pioneer new strategies that boost exports and global economic competitiveness.

As part of San Diego's continued participation in the Global Cities Initiative—a joint project of the Brookings Institution and JPMorgan Chase & Co— and its ongoing effort to maximize the region's global competitiveness, a partnership was formed and released the "Global San Diego Export Plan" which focused on fostering the region's economic prosperity through export of goods and services. Further collaboration resulted in an updated global trade and investment initiative released in March 2015 titled "Go Global".

A key component of the initiative includes a regional assessment showing that although San Diego ranks 17<sup>th</sup> in Gross Metropolitan Product (GMP), it ranks 61<sup>st</sup> in export intensity, meaning there is room for growth. San Diego is in a unique position to become one of the nation's largest and most diverse exporters. Go Global focuses on three primary objectives designed to support the goal of maximizing the region's global competitiveness:

- Drive job growth through expanding Foreign Direct Investment (FDI) and international exports
- Deepen economic ties between the San Diego region and strategic markets
- Enhance our regional identity to increase the region's global fluency and competitiveness

To accomplish these objectives, five strategies have been identified:

- Catalyze growth of advanced industries
- 2. Drive innovation through talent strengthen the workforce of today and deepen the workforce of the future
- 3. Realize CaliBaja's potential through connections with priority and emerging markets
- Mainstream global activity as a key component of regional business retention and expansion efforts
- 5. Maximize infrastructure assets

The regional partnership, the Global Competitiveness Council, comprised of key leadership from the Core Team Partners including elected officials and university leadership, will continue to implement the strategies and provide insight into the region's trade and investment plans.

Most recently, the City of San Diego, Port of San Diego and San Diego County Regional Airport Authority, joint license holders for the World Trade Center (WTC) San Diego, relaunched the WTC San Diego in partnership with the San Diego Regional Economic Development Corporation with the hiring of a new Director in late 2015. The WTC San Diego is dedicated to growing international trade and investment opportunities for San Diego through execution of the Go Global initiative and provision of other trade-related services.

Other efforts to leverage the region's strengths and maximize the effects of the Go Global initiative include development of several policy recommendations, such as investment in infrastructure and deepening of connections and partnerships of public and private sectors in the broader region. Additionally, advocating for policies that help attract, retain and develop workforce talent, promoting trade and securing federal assistance are all ways to move the initiative forward from a policy perspective.

Cutting through the noise, establishing a clear message, and causing global fluency to permeate the private, public, and academic sectors are vital to a successful export plan. San Diegans are being encouraged to adopt a more global mindset and use this initiative as a platform for communicating San Diego's global fluency.

As a testament to the spirit of collaboration found throughout the San Diego region, the Core Team Partners will continue to capitalize on these partnerships to create a

more prosperous region through international trade and investment.

#### **Core Team Partners**

The City of San Diego; County of San Diego; U.S. Commercial Service; San Diego County Regional Airport Authority; Port of San Diego; UC San Diego's School of Global Policy and Strategy (GPS), San Diego Center for International Trade Development; San Diego Regional Economic Development Corporation; San Diego Regional Chamber of Commerce; San Diego State University; California State University, San Marcos; SANDAG; Tijuana EDC; BIOCOM; CONNECT; World Trade Center San Diego; and JPMorgan Chase & Co.

# Appendix H: General Plan Policies which Support the Economic Development Strategy

#### Housing

Land Use Element: City Villages Strategy

#### LU-A.1

Designate a hierarchy of village sites for citywide implementation.

- a. Affirm the position of Downtown San Diego as the regional hub by maintaining and enhancing its role as the major business center in the region and encouraging its continued development as a major urban residential center with the largest concentration of high density multi-family housing in the region.
- b. Encourage further intensification of employment uses throughout Subregional Employment Districts.
   Where appropriate, consider collocating medium to high density residential uses with employment uses (see also Economic Prosperity Element).
- c. Designate Neighborhood, Community, and Urban Village Centers, as appropriate, in community plans throughout the City, where consistent with public facilities adequacy and other goals of the General Plan.
- d. Revitalize transit corridors through the application of plan designations and zoning that permits a higher intensity of mixed-use development. Include some combination of: residential above commercial development, employment users, commercial users, and higher density residential development.

#### LU-A.2

Identify sites suitable for mixed-use village development that will complement the existing community fabric or help achieve desired community character, with input from recognized community planning groups and the general public.

#### LU-A.10

Design infill projects along corridors to enhance or maintain a "Main Street" character through attention to site and building design, land use mix, housing opportunities, and streetscape improvements.

## Land Use Element: General Plan and Land Use Categories

LU-B.3.

Plan for and develop mixed-use projects where a site or sites are developed in an integrated, compatible, and comprehensively planned manner involving two or more land uses.

#### Land Use Element: Community Planning

LU-C.2.

Prepare community plans to address aspects of development that are specific to the community, including: distribution and arrangement of land uses (both public and private); the local street and transit network; location, prioritization, and the provision of public facilities, community and site-specific urban design guidelines; urban design guidelines addressing the public realm; community and site-specific

recommendations to preserve and enhance natural and cultural resources; and coastal resource policies (when within the Coastal Zone).

- Apply land use designations at the parcel level to guide development within a community.
  - Include a variety of residential densities, including mixed use, to increase the amount of housing types and sizes and provide affordable housing opportunities.
  - Designate open space and evaluate publicly-owned land for future dedication and privatelyowned lands for acquisition or protection through easements.
  - 3. Evaluate employment land and designate according to its role in the community and in the region.
  - 4. Designate land uses with careful consideration to hazard areas including areas affected by flooding and seismic risk as identified by Figure CE-5 Flood Hazard Areas and Figure PH-9 Geo-technical and Relative risk areas.
- b. Draft each community plan with achievable goals, and avoid creating a plan that is a "wish list" or a vague view of the future.
- Provide plan policies and land use maps that are detailed enough to provide the foundation for fair and predictable land use planning.
- d. Provide detailed, site-specific recommendations for village sites.
- e. Recommend appropriate implementation mechanisms to efficiently implement General Plan and community plan recommendations.
- f. Establish a mobility network to effectively move workers and residents

g. Update the applicable public facilities financing plan to assure that public facility demands are adjusted to account for changes in future land use and for update costs associated with new public facilities.

LU-C.3.

Maintain or increase the city's supply of land designated for various residential densities as community plans are prepared, updated, or amended.

# Land Use Element: Consistency

LU-F.3.

Create and apply incentive zoning measures to achieve the desired mix of land uses and public benefits.

- a. Continue to provide incentives to development proposals that contribute to the provision of affordable housing, environmental enhancement, urban design, and energy conservation, as well as those that provide public facilities and amenities over and above regulatory requirements.
- Ensure that the granting of development incentives does not result in an adverse impact upon health, welfare, and safety of the surrounding community or upon any designated cultural and/or historic resource.
- c. The provision of development incentives should be reevaluated on a regular basis to be certain that the granting of incentives remains in proportion with the benefits derived.

Land Use Element: Balanced Communities and Equitable Development

# LU-H.1.

Promote development of balanced communities that take into account community-wide involvement, participation, and needs.

- a. Plan village development with the involvement of a broad range of neighborhood, business, and recognized community planning groups and consideration of the needs of individual neighborhoods, available resources, and willing partners.
- Invest strategically in public infrastructure and offer development incentives that are consistent with the neighborhood's vision.
- c. Recognize the important role that schools play in neighborhood life and look for opportunities to form closer partnerships among local schools, residents, neighborhood groups, and the City with the goal of improving public education.
- d. Ensure that neighborhood development and redevelopment addresses the needs of older people, particularly those disadvantaged by age, disability, or poverty.
- e. Provide affordable housing opportunities within the community to help offset the displacement of the existing population.
- f. Provide a full range of senior housing from active adult to convalescent care in an environment conducive to the specific needs of the senior population.

#### LU-H.3.

Provide a variety of housing types and sizes with varying levels of affordability in the residential and village developments.

LU-H.7.

Provide a variety of different types of land uses within a community in order to offer opportunities for a diverse mix of uses and to help create a balance of land uses within a community (see also LU-A.7.)

# Urban Design Element: Mixed Use Villages

UD-C.1.

In villages and transit corridors identified in community plans, provide a mix of uses that create vibrant, active places in villages.

- a. Encourage both vertical (stacked) and horizontal (side-by-side) mixeduse development.
- Achieve a mix of housing types, by pursuing innovative designs to meet the needs of a broad range of households.
- c. Encourage placement of active uses, such as retailers, restaurants, cultural facilities and amenities, and other various services, on the ground floor of buildings in areas where the greatest levels of pedestrian activity are sought.
- d. Encourage the provision of approximately 10% of a project's net site area as public space, with adjustments for smaller (less than ten acres) or constrained sites. Public space may be provided in the form of plazas, greens, gardens, pocket parks, amphitheaters, community meeting rooms, public facilities and services, and social services (see also UD-C.5 and UD-E.1).
  - When public space is provided in the form of public parks in accordance with Recreation Element, Policy RE-A.9, and the public park space may be used to meet population-based park requirements.

- Where multiple property owners are involved in a village development, develop incentives or other mechanisms to help provide well-located public places.
- e. Utilize existing or create new Land Development Code zone packages or other regulations as needed for mixed-use development.
  - Provide standards that address the particular design issues related to mixed-use projects, such as parking, noise attenuation and security measures, and minimize negative impacts on the community.
  - Provide standards that address bulk, mass, articulation, height, and transition issues such as the interface with surrounding or adjacent development and uses, and minimize negative impacts on the community.
- f. Encourage location of mixed-use projects in transition areas and areas where small- scale commercial uses can fit into a residential neighborhood context.

# Infrastructure

# Economic Prosperity Element: Base Sector Industrial Uses

# EP-A.1.

Protect base sector uses that provide quality job opportunities including middle-income jobs; provide for secondary employment and supporting uses; and maintain areas where smaller emerging industrial uses can locate in a multi-tenant setting. When updating community plans or considering plan amendments, the industrial land use designations contained in the Land Use and Community Planning Element

should be appropriately applied to protect viable sites for base sector and related employment uses.

#### EP-A.2.

Encourage a broader geographic distribution of high technology businesses throughout the City.

# EP-A.3.

Encourage large regional employers to locate and expand in the Regional Center or Subregional Employment Areas.

# EP-A.4.

Include base sector uses appropriate to an office setting in Urban Village and Community Village Centers.

#### EP-A.5.

Consider the redesignation of non-industrial properties to industrial use where land use conflicts can be minimized. Evaluate the extent to which the proposed designation and subsequent industrial development would:

- Accommodate the expansion of existing industrial uses to facilitate their retention in the area in which they are located.
- Not intrude into existing residential neighborhoods or disrupt existing commercial activities and other uses.
- Mitigate any environmental impacts (traffic, noise, lighting, air pollution, and odor) to adjacent land.
- Be adequately served by existing and planned infrastructure.

# Economic Prosperity Element: Non-Base Sector Employment Uses

EP-A.6.

Provide for the establishment or retention of non- base sector employment uses to serve base sector industries and community needs and encourage the development of small businesses. To the extent possible, consider locating these types of employment uses near housing. When updating community plans or considering plan amendments, land use designations contained in the Land Use and Community Planning Element should be appropriately applied to provide for non-base sector employment uses.

# EP-A.7.

Increase the allowable intensity of employment uses in Subregional Employment Areas and Urban Village Centers where transportation and transit infrastructure exist. The role of transit and other alternative modes of transportation on development project review are further specified in the Mobility Element, Policies ME-C.8 through ME-C.10.

#### EP-A.8.

Concentrate more intense office development in Subregional Employment Areas and in Urban Villages with transit access.

# EP-A.9.

Efficiently utilize employment lands through increased intensity in "urban villages" and Subregional Employment Areas.

# EP-A.10.

Locate compatible employment uses on infill industrial sites and establish incentives to support job growth in existing urban areas.

# EP-A.11.

Encourage the provision of workforce housing within employment areas not identified as Prime Industrial Land that is compatible with wage structures associated with existing and forecasted employment.

# Economic Prosperity Element: Prime Industrial Land

EP-A.12.

Protect Prime Industrial Land as shown on the Industrial and Prime Industrial Land Map, Figure EP-1. As community plans are updated, the applicability of the Prime Industrial Land Map will be revisited and changes considered.

- a. Amend the boundaries of Figure EP-1 if community plan updates or community plan amendments lead to an addition of Prime Industrial Lands, or conversely, a conversion of Prime Industrial Land uses to other uses that would necessitate the removal of properties from the Prime Industrial Land identification.
- b. Amend the boundaries of Figure EP-1 if community plan updates or community plan amendments/rezones lead to a collocation (the geographic integration of residential uses and other non-industrial uses into industrial uses located on same premises) of uses.
- c. Justification for a land use change must be supported by an evaluation of the prime industrial land criteria in Appendix C, EP-1, the collocation/conversion suitability factors in Appendix C, EP-2, and the potential contribution of the area to the local and regional economy.

# EP-A.13.

In areas identified as Prime Industrial Land as shown on Figure EP-1, do not permit

discretionary use permits for public assembly or sensitive receptor land uses.

# **Economic Prosperity Element: Other Industrial Land**

EP-A.18.

Amend the Public Facilities Financing Plan concurrently to identify needed facilities if residential uses are proposed in industrially designated areas.

# Economic Prosperity Element: All Industrial Areas

EP-A.20.

Meet the following requirements in all industrial areas as a part of the discretionary review of projects involving residential, commercial, institutional, mixeduse, public assembly, or other sensitive receptor land uses:

- Analyze the Collocation/Conversion Suitability Factors in Appendix C, EP-2.
- Incorporate pedestrian design elements including pedestrianoriented street and sidewalk connections to adjacent properties, activity centers, and transit.
- Require payment of the conversion/collocation project's fair share of community facilities required to serve the project (at the time of occupancy).

# **Public Facilities Element: Financing**

PF-A.2.

Address current and future public facility needs by pursuing, adopting, implementing, and maintaining a diverse funding and management strategy.

a. Ensure effective management and optimal allocation of all financial

- resources for both capital and operational needs.
- b. Maximize operational and capital effectiveness.
- c. Continue to develop, evaluate, and apply innovative public infrastructure and facility financing mechanisms and strategies. Employ a public infrastructure financing strategy that includes a variety of financing mechanisms such as:
  - Supporting state and local government fiscal reform efforts which provide an equitable redistribution of property tax proceeds or other revenues to the City from the State;
  - Assuming an active leadership role in planning and implementing infrastructure investments on a collaborative regional basis and apportion, as applicable and appropriate, eligible infrastructure expenses to support regionally beneficial capital improvement projects;
  - Coordinating with all appropriate authorities and agencies for a more efficient use of shared resources, and increased joint use of facilities and services;
  - Adopting new, or increase existing, CIP funding sources for needed public facilities and infrastructure;
  - Working in partnership with stakeholders to design a bond measure to address the City's unfunded needs for capital improvements projects to support development;
  - Adopting facilities, infrastructure, improvements

- and/or maintenance districts and other special assessments for locally prioritized facilities and or services;
- Pursuing Regional
   Comprehensive Plan and
   Smart Growth Incentive
   Program funding for
   transportation projects that
   have been prioritized
   consistent with Section B,
   Public Facilities and Services
   Prioritization, of this
   element;
- Continuing to use and seek a broad range of funding sources to finance public facilities and infrastructure;
- Evaluating City real estate assets for opportunities to address public facility needs;
- Partnering with other agencies and organizations to leverage public financing and resources with private funds and assets;
- Utilizing development, reimbursement, and other agreements to provide timely public facilities to the area of benefit;
- Coordinating with redevelopment agencies to effectively utilize tax increment and other agency financing to leverage additional funds, initiate public and private investment, and address needs; and
- Maximizing the procurement of grants, endowments, and private donations for public facility and services needs.

Maintain an effective facilities financing program to ensure the impact of new development is mitigated through appropriate fees identified in PFFPs.

# PF-A.4.

Integrate all planning and development policies and strategies into the annual development of the CIP to ensure projects are programmed in a cost efficient manner.

- Review all capital projects for consistency with adopted planning documents, including the General Plan, community plans, PFFP, and others.
- b. Evaluate the fiscal impact and timing of needed capital improvements to minimize the burden on operations and maintenance budgets.
- c. Conduct annual conformance and audit reports of the CIP.

# Public Facilities Element: Capital Programming and Financing

PF-B.2.

Coordinate the allocation of public resources for priorities across the City organization, to maximize operational and capital investment efficiencies.

PF-B.3.

Create an organization-wide method for identifying and ranking capital improvement projects for proposed inclusion in the annual CIP and to guide the City's applications for regional, state, federal, or other funds.

# Public Facilities Element: Evaluation of Growth, Facilities, and Services

PF-C.2.

Require a fiscal impact analysis to identify operations and maintenance costs with a community plan amendment proposal of potential fiscal significance.

# PF-C.7.

Conduct periodic review of the fiscal impacts of private development throughout the City. This information will assist in land use and capital planning decisions by providing data regarding the amount, intensity, location, and timing of new development.

# Public Facilities Element: Information Infrastructure

# PF-L.1.

Incorporate appropriate information infrastructure requirements into all relevant local policies, ordinances, and plans.

# PF-L.2.

Coordinate with all agencies and programmed project schedules to minimize disruptions to residents and public rights-of-way, and incorporate information infrastructure needs and opportunities.

# PF-L.3.

Provide infrastructure to ensure seamless communications and universally available access to data for all internal and external groups.

# PF-L.4.

Facilitate economic development citywide, with consideration of the City's status in the border region of Mexico, with adequate provision of an information infrastructure system.

# PF-L.5.

Work with private telecommunication service providers to develop and maintain an integrated information infrastructure system.

# PF-L.12

Monitor emerging technologies to develop and maintain an effective information infrastructure system and strategy citywide.

# **Public Facilities Element: Public Utilities**

# PF-M.2.

Coordinate with all public and private utilities to focus utility capital investments and design projects to help implement the City of Villages strategy.

# PF-M.4.

Cooperatively plan for and design new or expanded public utilities and associated facilities (e.g., telecommunications infrastructure, planned energy generation facilities, gas compressor stations, gas transmission lines, electrical substations and other large scale gas and electrical facilities) to maximize environmental and community benefits.

# Public Facilities Element: Regional Facilities

# PF-N.1.

Assume an active leadership role in planning and implementing regional facility and infrastructure investments through collaborative efforts.

# PF-N.2.

Collaborate with public, private, and nonprofit agencies to implement alternative investment policies and strategies that support growth in urban locations.

# PF-N.3.

Encourage infrastructure investments in regional capital facilities that provide a positive economic impact and leverage for competitive advantages.

# PF-N.5.

Adopt an equitable mechanism to secure fair-share contributions for both regional infrastructure and regional-serving public facilities within the City which benefit other agencies, organizations, and private parties in the region.

# **Transportation**

# Urban Design Element: Pedestrian-Oriented Design

UD-C.4.

Create pedestrian-friendly village centers (see also Mobility Element, Sections A and C).

- a. Respect pedestrian-orientation by creating entries directly to the street and active uses at street level.
- Design or redesign buildings to include pedestrian-friendly entrances, outdoor dining areas, plazas, transparent windows, public art, and a variety of other elements to encourage pedestrian activity and interest at the ground floor level.
- c. Orient buildings in village centers to commercial local streets, or to internal project drives that are designed to function like a public street, in order to create a pedestrian oriented shopping experience, including provision of on-street parking.
- d. Provide pathways that offer direct connections from the street to building entrances.
- e. Break up the exterior facades of large retail establishment structures into distinct building masses distinguished by offsetting planes, rooflines and overhangs or other means.
- f. Where feasible, use small buildings in key locations to create a human scale environment in large retail

centers. Incorporate separate individual main entrances directly leading to the outside from individual stores.

# **Mobility Element: Walkability**

ME-A.5.

Provide adequate sidewalk widths and clear path of travel as determined by street classification, adjoining land uses, and expected pedestrian usage.

- a. Minimize obstructions and barriers that inhibit pedestrian circulation.
- Consider pedestrian impacts when designing the width and number of driveways within a street segment.

# ME-A.6.

Work toward achieving a complete, functional and interconnected pedestrian network.

a. Ensure that pedestrian facilities such as sidewalks, trails, bridges, pedestrian-oriented and street lighting, ramps, stairways and other facilities are implemented as needed to support pedestrian circulation.

# ME-A.8.

Encourage a mix of uses in villages, commercial centers, transit corridors, employment centers and other areas as identified in community plans so that it is possible for a greater number of short trips to be made by walking.

# **Mobility Element: Transit**

ME-B.1.

Work closely with regional agencies and others to increase transit ridership and mode share through increased transit service accessibility, frequency, connectivity, and availability.

- Develop an urban network of routes that operate with a base, midday service frequency of ten-minute intervals or better.
- b. Provide transit routes that offer efficient connections between highly frequented origins and destinations.
- Enhance overall transit customer experience through attention to safety, station areas, vehicles, seating, and other factors.

# ME-B.2.

Support the provision of higher-frequency transit service and capital investments to benefit higher- density residential or mixed-use areas; higher- intensity employment areas and activity centers; and community plan-identified neighborhood, community, and urban villages; and transit-oriented development areas.

# ME-B.3.

Design and locate transit stops/stations to provide convenient access to high activity/density areas, respect neighborhood and activity center character, implement community plan recommendations, enhance the users' personal experience of each neighborhood/center, and contain comfortable walk and wait environments for customers (see also Urban Design Element, Policy UD-A.9).

# ME-B.5.

Integrate the regional transit system with the intercity rail network.

#### ME-B.8.

Support efforts to use alternative fuels in transit vehicles to help implement air quality and energy conservation goals.

# Mobility Element: Transit Supportive City Land Use Planning

ME-B.9.

Make transit planning an integral component of long range planning documents and the development review process.

- a. Identify recommended transit routes and stops/ stations as a part of the preparation of community plans and community plan amendments, and through the development review process.
- Plan for transit-supportive villages, transit corridors, and other higherintensity uses in areas that are served by existing or planned higher-quality transit services, in accordance with Land Use and Community Planning Element, Sections A and C.
- Proactively seek reservations or dedications of right-of-way along transit routes and stations through the planning and development review process.
- d. Locate new public facilities that generate large numbers of person trips, such as libraries, community service centers, and some recreational facilities in areas with existing or planned transit access.
- Design for walkability in accordance with the Urban Design Element, as pedestrian supportive design also helps create a transit supportive environment.
- f. Address rail corridor safety in the design of development adjacent to or near railroad rights-of-way.

Mobility Element: Project Review Considerations

# ME-C.9.

Implement best practices for multi-modal quality/ level of service analysis guidelines to evaluate potential transportation improvements from a multi-modal perspective in order to determine optimal improvements that balance the needs of all users of the right of way.

ME-C.10.

Provide transportation facilities to serve new growth in accordance with Policies MEK.4-K.6, and Public Facilities Element, Sections A-C.

# Mobility Element: Intelligent Transportation Systems

ME-D.1.

Utilize the substantial regional Intelligent Transportation Systems (ITS) investments to achieve cost-effective improvements in transportation system performance and operations wherever possible.

ME-D.2.

Develop an ITS Plan for the City to facilitate effective implementation and operation of ITS in the City. The proposed ITS Plan should identify and prioritize specific short and long-term ITS projects. Once identified, ITS projects should be strategically implemented as funding becomes incrementally available.

ME-D.6.

Support the use of technology to improve transit services through tracking vehicles, maintaining schedules, predicting demand, facilitating fare payment, and operating fleets more efficiently.

# Mobility Element: Transportation and Demand Management

ME-E.1.

Support and implement TDM strategies including, but not limited to: alternative modes of transportation, alternative work schedules, and telework.

ME-E.2.

Maintain and enhance personal mobility options by supporting public and private transportation projects that will facilitate the implementation of Transportation Demand Management (TDM) strategies.

ME-E.3.

Emphasize the movement of people rather than vehicles.

ME-E.4.

Promote the most efficient use of the City's existing transportation network.

ME-E.5.

Support SANDAG's efforts to market TDM benefits to employers and identify strategies to reduce peak period employee commute trips.

ME-E.6.

Require new development to have site designs and on-site amenities that support alternative modes of transportation. Emphasize pedestrian and bicycle- friendly design, accessibility to transit, and provision of amenities that are supportive and conducive to implementing TDM strategies such as car sharing vehicles and parking spaces, bike lockers, preferred rideshare parking, showers and lockers, on-site food service, and child care, where appropriate.

ME-E.7.

Consider TDM programs with achievable trip reduction goals as partial mitigation for development project traffic and air quality impacts.

ME-E.8.

Monitor implementation of TDM programs to ensure effectiveness.

**Mobility Element: Bicycling** 

ME-F.1.

Implement the Bicycle Master Plan, which identifies existing and future needs, and provides specific recommendations for facilities and programs over the next 20 years.

 Update the plan periodically as required by Caltrans, in a manner consistent with General Plan goals and policies.

- b. Coordinate with other local jurisdictions, SANDAG, schools, and community organizations to review and comment on bicycle issues of mutual concern.
- c. Reference and refine the plan, as needed, in conjunction with community plan updates.
- d. Improve connectivity of the multi-use trail network, for use by bicyclists and others as appropriate.

# ME-F.2.

Identify and implement a network of bikeways that are feasible, fundable, and serve bicyclists' needs, especially for travel to employment centers, village centers, schools, commercial districts, transit stations, and institutions.

- a. Develop a bikeway network that is continuous, closes gaps in the existing system, improves safety, and serves important destinations.
- Implement bicycle facilities based on a priority program that considers existing deficiencies, safety, commuting needs, connectivity of routes, and community input.
- c. Recognize that bicyclists use all City roadways.
  - Design future roadways to accommodate bicycle travel; and
  - Upgrade existing roadways to enhance bicycle travel, where feasible.

# ME-F.3.

Maintain and improve the quality, operation, and integrity of the bikeway network and roadways regularly used by bicyclists.

# ME-F.4.

Provide safe, convenient, and adequate short and long-term bicycle parking facilities and other bicycle amenities for employment, retail, multifamily housing, schools and colleges, and transit facility uses.

- a. Continue to require bicycle parking in commercial and multiple unit residential zones.
- b. Provide bicycle facilities and amenities to help reduce the number of vehicle trips.

# ME-F.5.

Increase the number of bicycle-transit trips by coordinating with transit agencies to provide safe routes to transit stops and stations, to provide secure bicycle parking facilities, and to accommodate bicycles on transit vehicles.

# **Mobility Element: Parking Management**

# ME-G.1.

Provide and manage parking so that it is reasonably available when and where it is needed.

- a. Where parking deficiencies exist, prepare parking master plans to inventory existing parking (public and private), identify appropriate solutions, and plan needed improvements.
- Implement strategies to address community parking problems using a mix of parking supply, management, and demand solutions, including but not limited to those described on Table ME-3, Parking Strategies Toolbox.
- c. Optimize parking prices to reflect an equilibrium between supply and demand. Consider the positive and negative implications of parking pricing when developing solutions to parking problems.

### ME-G.2.

Implement innovative and up-to-date parking regulations that address the

vehicular and bicycle parking needs generated by development.

- a. Adjust parking rates for development projects to take into consideration access to existing and funded transit with a base mid-day service frequency of ten to fifteen minutes, affordable housing parking needs, shared parking opportunities for mixed- use development, provision of on-site car sharing vehicles and parking spaces and implementation of TDM plans.
- b. Strive to reduce the amount of land devoted to parking through measures such as parking structures, shared parking, mixeduse developments, and managed public parking (see also ME-G.3), while still providing appropriate levels of parking.

# ME-G.3.

Manage parking spaces in the public rightsof-way to meet public need and improve investment of parking management revenue to benefit areas with the most significant parking impacts.

- a. Continue and expand the use of Community Parking Districts (CPD). The CPDs can be formed by communities to implement plans and activities designed to alleviate parking impacts specific to the community's needs. The CPDs also improve the allocation and investment of parking management revenue by providing the Community Parking Districts with a portion of the revenue generated within their boundaries for the direct benefit of the district.
- b. Implement parking management tools that optimize on-street parking turnover, where appropriate.

c. Judiciously limit or prohibit on street parking where needed to improve safety, or to implement multi-modal facilities such as bikeways, transit ways, and parkways.

# ME-G.5

Implement parking strategies that are designed to help reduce the number and length of automobile trips. Reduced automobile trips would lessen traffic and air quality impacts, including greenhouse gas emissions (see also Conservation Element, Section A).

# **Mobility Elements: Airports**

# ME-H.1.

Participate in the development and implementation of the San Diego International Airport Master Plan. The Master Plan addresses terminal conditions and capacity, vehicle parking capacity, multi-modal ground connections to terminal areas, and ground access needed to support the forecasted demand for passengers and cargo.

# ME-H.2.

Participate in the development and implementation of long-range regional plans that address regional commercial air carrier capacity to accommodate forecasted air passenger and cargo demands and the integration of multi-modal ground connections to the regional aviation system.

# ME-H.3.

Provide general aviation facilities at Montgomery Field and Brown Field in accordance with their respective airport master plans or layout plans, City regulations, and Federal Aviation Administration requirements.

a. Accommodate forecasted general aviation demand within the

- limitations of federal, state, and local funding, user fees, and environmental and regulatory constraints.
- Seek federal and state funding assistance to develop, implement, and update Airport Master Plans, as needed, for Montgomery Field and Brown Field to support the forecasted demand for general aviation and public safety operations.

# ME-H.4.

Support training and operation activities at military aviation installations that are essential for national defense and our local economy.

# Mobility Element: Goods Movement/Freight

# ME-J.1.

Support infrastructure improvements and use of emerging technologies that will facilitate the clearance, timely movement, and security of domestic and international trade, including facilities for the efficient intermodal transfer of goods between truck, rail, marine, and air transportation modes.

# ME-J.2.

Preserve property for planned roadway and railroad rights-of-way, marine and air terminals, and other needed transportation facilities.

# ME-J.3.

Support measures to alleviate on-street truck parking and staging and peak period truck usage on freeways. These measures may include, but are not limited to: designating off-street truck staging areas; shared used of park-and-ride lots; and shared use of other public and private parking lots where appropriate.

#### ME-J.4.

Implement measures to minimize the impacts of truck traffic, deliveries, and staging in residential and mixed-use neighborhoods.

# ME-J.6.

Support improvement of inter-regional freight service between San Diego and the rest of the continent.

# ME-J.7.

Support preparation and implementation of plans, in cooperation with railroad operators and owners, for providing freight service to major industrial areas in San Diego.

# ME-J.8.

Work with the San Diego Unified Port District, Caltrans, and SANDAG to capitalize on potential economic and mobility benefits, and identify and mitigate potential environmental and public health impacts of goods movement to the San Diego region.

#### ME-J.9.

Support efforts that facilitate the efficient movement of goods across the U.S.-Mexico Border.

# Mobility Element: Regional Coordination and Financing

# ME-K.1.

Identify and prioritize transportation improvement projects for inclusion in the City of San Diego's annual Capital Improvements Program (CIP) and to guide the City's applications for regional, state or federal funds, in accordance with Public Facilities Element, Policy PF.B.3.

# ME-K.2.

Take a leadership role in efforts to increase transportation funding to benefit areas that have the strongest commitment to locating or maintaining higher densities/intensities in areas served by existing or planned transit.

ME-K.3.

Work with SANDAG to increase the share of regional funding (over the 2030 RTP levels) allocated to pedestrian, bicycle, and transportation systems management projects.

ME-K.4.

Determine necessary transportation improvements to serve new development at the community plan level, and where necessary, at the project level.

ME-K.5.

Require the dedication and/or improvement of transportation facilities in conjunction with the sub-division of land, negotiated development agreements, discretionary permits, and facilities financing plans.

ME-K.6.

Require development proposals to provide a mix of multi-modal transportation facilities, where needed, in accordance with the policies established in the Public Facilities Element, Section C.

# Land Use Element: Transportation

LU-I.11.

Implement the City of Villages concept for mixed-use, transit-oriented development as a way to minimize the need to drive by increasing opportunities for individuals to live near where they work, offering a convenient mix of local goods and services, and providing access to high quality transit services.

LU-H.6.

Provide linkages among employment sites, housing, and villages via an integrated

transit system and a well-defined pedestrian and bicycle network.

# **Economic Development Department Tactical Plan**

#### Goal 1

# Strategically invest in the growth and development of businesses, neighborhoods, and residents

Objective 1: Leverage funding for greater commercial neighborhood benefit

Objective 2: Invest in affordable housing options

Objective 3: Expand economic opportunities for all

Objective 4: Increase access to quality public and private facilities and services

# Goal 2

# Cultivate a globally competitive, sustainable and resilient local economy

Objective 1: Reduce the City's overall carbon footprint and prepare San Diego to be a climate-smart city

Objective 2: Maintain and build on San Diego's competitive advantage by increasing workforce development, quality of life, and innovation

Objective 3: Increase the number of San Diegans with middle income jobs

Objective 4: Increase small and neighborhood business activity

#### Goal 3

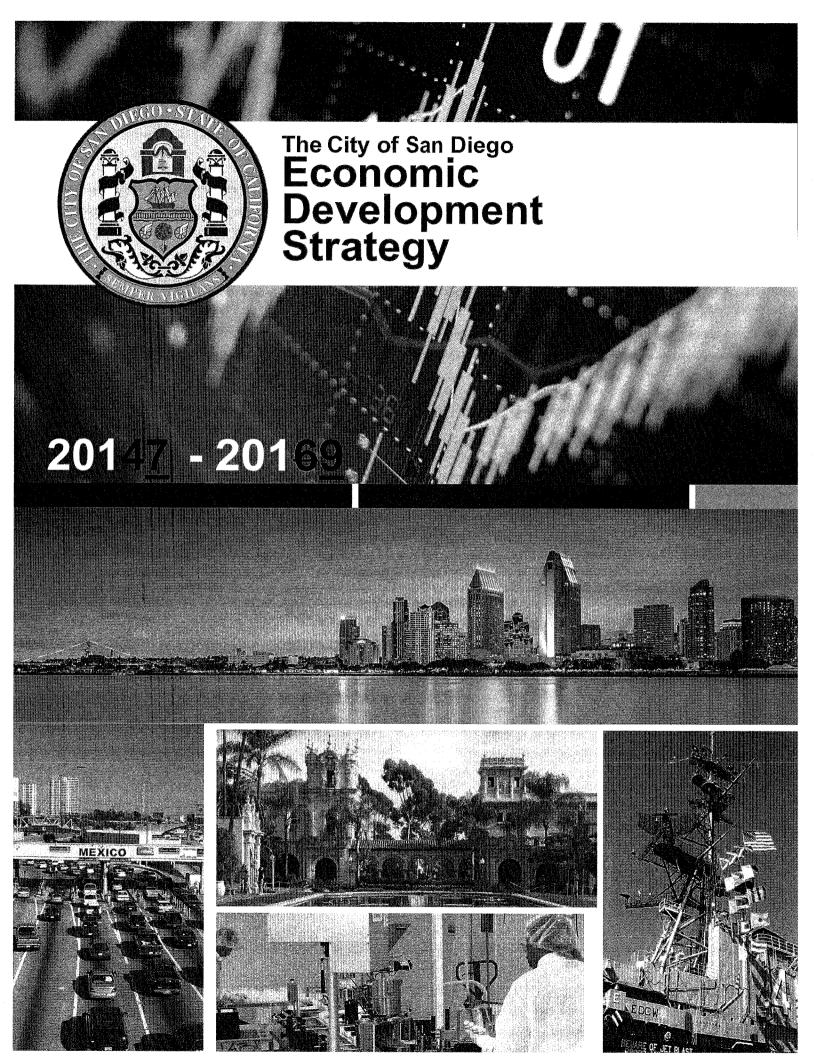
# Provide high quality public service

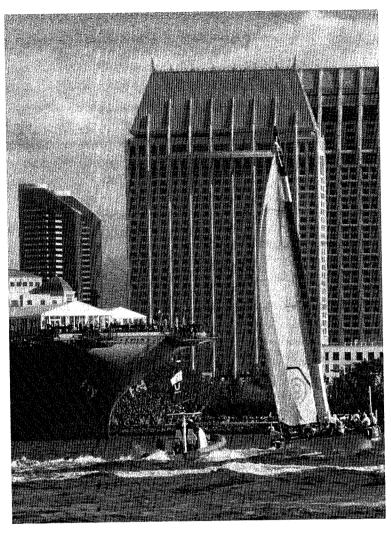
Objective 1: Receive on average a rating of 90% "good" or "excellent" customer service scores from our internal and external customers

Objective 2: Increase overall awareness of EDD programs, incentives, and services with the public

Objective 3: Highlight successes and impact of EDD programs and initiatives

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(Photo courtesy of San Diego Unified Port District)

# Mayor

Kevin L. Faulconer

# **City Council**

District 1, Council President Pro Tem-Sherri Lightner

District 2, Councilmember Edward Harris-

# Lorie Zapf

District 3, Councilmember President Todd

Gloria

District 4, Councilmember Myrtle Cole

District 5, Councilmember Mark Kersey

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The Maritime Alliance

San Diego County Hotel Motel Association San Diego

Economic Development Strategy 2014 – 2016

County Regional Airport Authority San Diego-Regional Chamber of Commerce San Diego-Regional Economic Development Corporation San Diego Taxpayers Association South-County Economic Development Council [This page intentionally left blank]

**DRAFT** 

# **Economic Development Strategy**

2014 2017 -20162019



Adopted by the:

Council of the City of San Diego June 24, 2014 Resolution Number: R-309088

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# **Executive Summary**

This Economic Development Strategy lays the foundation for sustained economic recovery and fiscal stability for the City of San Diego.

San Diego's economic base has evolved from a dependence on the military and tourism to a focus on high-technology manufacturing and international trade. The City's highly skilled labor force, pleasant Mediterranean climate, and unique proximity to Mexico and the Pacific Rim provide comparative advantages for established businesses and those considering relocation to San Diego.

This Economic Development Strategy lays out a Mission Statement, Strategic Objectives, and a set of Economic Indicators that will help the City track progress annually. It also lays out specific Tactical Objectives and Actions for four base sectors, a neighborhood business strategy, and other economic development efforts.

# Economic Development Mission

Development Economic City's The Department's Mission is:

To cultivate economic and community development opportunities that serve businesses, neighborhoods, and residents. To greate a wide spectrum of job opportunities for San Diego residents by expanding the City's economic base and increasing local economic activity, and to generate new tax revenues for essential public services by expanding the City's tax base.

The City's Economic Development Mission can be translated into three Strategic Objectives.

# #1: Economic Base Growth

Attract, retain, and expand businesses in the City's four economic base sectors: manufacturing & innovation; international trade & logistics; military; and tourism. Focusing especially on emerging sectors such as Cleantech & Energy Efficiency and the Food & Beverage industry clusters.

# #2: Middle-Income Jobs

Increase the number of middle-income jobs, especially in economic base sectors.

# #3: Neighborhood Businesses

Increase the amount of neighborhood business activity, especially in underserved neighborhoods.

# **Economic Indicators**

Progress toward the goals of this Economic Development Strategy can be tracked through the use of seven relevant economic indicators.

- Increase the Gross Regional Product (GRP) of the San Diego Region
- 2 Increase the percentage of the workforce earning middle-wage incomes
- 3 Decrease the rate of local unemployment
- 4. Increase the local median income
- 5. Decrease the percentage of people living in poverty
- 6. Increase General Fund tax revenues as a percentage of GRP
- Increase business activity in the City's neighborhood business districts

# **Economic Base Sectors**

This Economic Development Strategy makes reference to San Diego's four economic base sectors (interchangeably referred to as "traded economies") and lays out Tactical Objectives and Actions for these sectors.

Economic base sectors are groups of industries that produce goods and/or services that are sold outside the region. Unlike local businesses, which serve local customers but do not increase the region's overall economy, economic base industries create the foundation of jobs and wealth for the entire region, bringing money in from the outside that circulates again and again within San Diego to boost the economy. San Diego's four economic base sectors are:

- Manufacturing & Innovation
- 2 International Trade & Logistics
- 3. Military
- 4. Tourism

This Economic Development Strategy lays out Tactical Objectives and Actions for each of these four base sectors that, if achieved, will help San Diego make progress toward fulfillment of the three Strategic Objectives and the seven Economic Indicators.

# Neighborhood Business Districts

This OurSan Diego's Economic Development Strategy also calls out the importance of nurturing small, locally owned neighborhood businesses, especially those in older neighborhood business districts with an emphasis on historically underserved neighborhoods. Focusing efforts on such businesses has two major benefits. First, in contrast to corporate chain retail stores, locally owned businesses retain money in the local economy to be recirculated. Second, the success of such businesses, especially when concentrated in business districts, can serve to revitalize San Diego's older neighborhoods, achieving many other goals in the process. This Economic Development Strategy also lays out Tactical Objectives and Actions for locally owned small businesses and neighborhood business districts.

# **Economic Development Efforts**

This Economic Development Strategy identifies those areas of City activity that should be used to support economic development efforts.

- City services and operations
- Workforce development and education that is vital to meet the demands of a 21st century economy
- City relationships to external organizations, whose efforts must be coordinated with the City for maximum economic benefit

This Economic Development Strategy provides Tactical Objectives and Actions for each of the economic development efforts.

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# 1. Introduction

This Economic Development Strategy is intended to guide the City of San Diego's economic development efforts for the next three years. In doing so, this strategy serves several purposes.

First, it is designed to inform local policymakers and investors about the nature of the City's economic base, specifically by describing the driving industries that form the basis for future economic prosperity.

Second, it describes the City's strengths and weaknesses as well as the City's existing efforts through various programs and initiatives, and examines various threats to fiscal, social, and economic stability.

Finally, it lays out an economic development action plan designed to ensure fiscal and economic prosperity well into the future.

The term "economic development" refers to activities undertaken by the public sector to promote job creation and retention, to ensure a strong, growing and diversified economy, and to increase the size of the local tax base.

Since the 1950s, the City of San Diego has engaged in a wide variety of economic development activities, including programs that have focused on:

- Business attraction
- Business retention and expansion
- Commercial and neighborhood revitalization
- Redevelopment
- Small-business assistance
- Tourism-premetion-
- International trade premetion
- Development of City-owned industrial land

Economic development success depends not only on these business oriented programs, but also on complementary efforts to provide public infrastructure, affordable housing, education and workforce training, and a cost effective and predictable regulatory framework.

A successful economic development strategy focuses on growing the economic base (explained in Chapter 4), which is that segment of the economy that brings money into San Diego by exporting goods and services to the rest of the nation and the world. Because this process of exporting goods and services can be viewed as trade, these economic base sectors are sometimes known as traded economies - the way in which a region is economically connected to the rest of the nation and the world. Some of these earnings are spent to import goods and services from outside the metropolitan area typically goods and services which can't be cost-effectively produced or provided internally. But some of it is circulated and recirculated through the local economy. Local ownership and local consumption of goods produced locally (internal spending) can provide additional economic benefits even beyond those provided by the earnings of the economic base.

This Economic Development Strategy first discusses how San Diego earns money through the export of goods and services, and then examines how to augment those economic benefits through support of locally-ewned establishments.

This Our Economic Development Strategy is focused primarily on the implementation of policies and the administration of programs and initiatives that can reasonably be expected to improve the City's business climate, and to attract job-creating and revenue-generating capital investments in the near-term. Broader quality of life issues that impact economic competiveness over the long-term are contained in the City's 2008 General Plan. These issues may be revisited during the development of the Economic Development Strategy for the period beginning in 2017.

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# 2. Mission, Strategic Objectives, and Performance Measures

# The Economic Development

Mission

To create a wide spectrum of job opportunities for San Diego residents by expanding the City's economic base and increasing local economic activity, and to generate new tax revenues for essential public services by expanding the City's tax base.

To cultivate economic and community development opportunities that serve businesses, neighborhoods, and

residents.

# Department's Department's

atement is:

A catalyst for economic prosperity and community investment.

# 2-1. Strategic Objectives

The City's Economic Development Mission can be translated into three Strategic Objectives.

1: Economic Base Growth

Attract, retain, and expand businesses in the City's four economic base sectors (manufacturing & innovation, international trade & logistics, military, and tourism).

3: Neighborhood Businesses

Increase the amount of neighborhood business activity, especially in undeserved underserved neighborhoods.

2: Middle-Income Jobs

Increase the number of middle-income jobs, especially in economic base sectors.

In the following section, Strategic Objectives are translated into Tactical Objectives which will be pursued through specific actions and evaluated through metrics, specifically, and more broadly through economic performance indicators.

<sup>&</sup>lt;sup>1</sup>Editor's Note: The Mission Statement, Strategic Objectives, and Performance Measures listed here are similar to those listed in the annual budget documents for the City's internal economic development units, but are much broader and intended to provide goals and objective standards for the City as a whole, including all of the departments and offices whose activities have some bearing on the City's overall economic development efforts.

#### 2-2. Economic Performance Indicators

Progress toward the City's Strategic Goals can be measured using readily available data. The following seven Economic Performance Indicators are directly linked to the three Strategic Objectives:

- 1. Increase the Gross Regional Product (GRP) of the San Diego Region
- 2. Increase the percentage of the workforce earning middle-wage incomes
- 3. Decrease the rate of local unemployment
- 4. Increase the local median income

- 5. Decrease the percentage of people living in poverty
- 6. Increase General Fund tax revenues as a percentage of GRP
- 7. Increase the business activity in the City's neighborhood business districts

All of these performance measures can be tracked with readily available empirical data and can be used as a report card to track the City's progress. Taking the Actions in order to accomplish the Tactical Objectives and make progress toward the Strategic Objectives should "move the needle" on these economic indicators. If San Diego does not make progress toward these economic indicators, the City should revisit all facets of this strategy – the Strategic Objectives, the Tactical Objectives, and the Actions – to determine whether they need to be retooled.

Figure 1: Overall Economic Performance Indicators Tables need to be updated

Economic Indicator	2013 San Diego Metro Area	2017 <u>4</u> San Diego Metro Area	201 <u>43</u> Californi	201 <u>4</u> 3 United States
Gross Regional, State, or Domestic Product (GRP) <sup>2</sup>	\$ <del>190</del> - <u>200</u> billion	<del>TBD</del> \$207billi	\$2 <u>.1</u> trillion	\$15. <del>610</del> 7 trillion
Percentage of Residents Earning Middle Income Wages <sup>3</sup>	28%	<u>18%</u> ∓ BD		53%
3 Unemployment Rate <sup>4</sup>	7. <u>02</u>	TBD <u>6.</u>	8.9 %6	<del>7.3%</del> 5.7%
4 Median Household Income <sup>5</sup>	\$6 <del>0,330<u>1,4</u></del>	TRD\$66 102	\$ <del>58,328</del> <u>61</u>	\$ <del>51,371</del> 53,657
Percentage of Persons Below Poverty Line <sup>6</sup>	15 <u>.2</u> %	TBD14.70%	1 <del>6.</del> 6 <u>5.9</u> %	15. <u>8</u> 9 %
6 General Fund Tax Revenue as a Percentage of GRP7	<del></del> <del>\$0.6842</del> .58%	TBD <u>.5</u> 8%	N/A	N/A
7 Total Sales in Neighborhood Business Districts <sup>8</sup>	In- process\$34,9	<del>TBD\$36,505</del> ,553	N/A	N/A

<sup>&</sup>lt;sup>2</sup>U.S. Department of Commerce Bureau of Economic Analysis, figures are for end of 2012. Figures for California and the United States are the Gross State Product (GSP), and Gross Domestic Product (GDP) respectively. • <sup>3</sup>Ibid. • <sup>4</sup>U.S. Census Bureau, figure is for August 2013. • <sup>5</sup>Ibid., figure is for end of 2012. • <sup>6</sup>Ibid., figure is for end of 2012 • <sup>7</sup>City of San Diego Financial Management Department, FY2012 General Fund budget actual receipts divided by 2012 GRP. 8. Applies to The City of San Diego.

# Competing California Metropolitan Areas

Economic Indicator	San Diego Carlsbad San Marcos	Los Angeles Long Beach Santa Ana	San Francisco Oakland Fremont	San Jose Sunnyvale Santa Clara
Gross (Regional) Product (GRP) <sup>8</sup>	\$190 billion	\$805 billion	\$378 billion	\$186 billion
Residents Earning Middle Income Wages <sup>9</sup>	28%	26%	28%	25%
3 Unemployment Rate <sup>10</sup>	7.0%	9.2%	6.5%	7.5%
Median Household Income <sup>11</sup>	\$60,330	\$53,001	\$73,012	\$91,425
5 Percentage of Persons Below the Poverty Line <sup>12</sup>	15%	19.1%	15%	10.8%

<sup>&</sup>lt;sup>8</sup>U.S. Department of Commerce Bureau of Economic Analysis, figures are for end of 2012. Figures for California and the United States are the Gross State Product (GSP), and Gross Domestic Product (GDP) respectively. • <sup>9</sup>Ibid. • <sup>10</sup>U.S. Census Bureau, figure is for October 2013. • <sup>11</sup>Ibid., figure is for end of 2012. • <sup>12</sup>Ibid., figure is for end of 2012.

## 2-3. Manufacturing & Innovation

#### Tactical Objectives

- I. Increase the number of San Diegans with middle income jobs.actual production jobs in San Diego.
- II. Increase the number of manufacturing sector iobs in San Diego.
- III. Increase the number of manufacturing sector iobs that are linked to local research and development operations. Maintain and build on San Diego's competitive advantage by increasing innovation.

#### Actions

- 1. Track all conversion of Prime Industrial Lands to non-industrial uses and provide a report on such conversions to the City Council annually.
- 2. Review the Municipal Code to identify any code changes required to implement General Plan Policies EP-A.1 and EP-A.12, related to Prime Industrial Land.
- 3. Amend the Municipal Code to exempt manufacturing from the Housing Impact Fee.Use tools such as Economic Development Incentive Agreements to encourage local businesses to give first preference for new job opportunities to San Diego residents.
- 4. Review the Municipal Code to identify any code changes to improve the viability and feasibility of manufacturing in the City's industrial zones.
- 5. Make City-owned industrial property available for sale or lease to manufacturing companies to build or expand manufacturing plants in accordance with Council Policy 900-03.
- 6. Require cross-departmental collaboration of City staff to develop and ensure a streamlined, consistent, and rapid review/approval process for manufacturing and warehouse projects.
- 7. Create a "BuyDesigned / Made in San Diego" campaign aimed at increasing local and global demand for products made in San Diego - not

- IV. Increase the number of manufacturing plants in San Diego which have a taxable point of sale
- V. Increase employment among startup tech companies, especially downtown and in other commercial districts.

only among consumers but among local businesses as well.

- 8. Initiate and faciliate a collaborative process with manufacturers to ensure that they have a sustainable, long-term, cost-effective source of reclaimed and potable water for industrial cooling and processing, and make the necessary changes to the Municipal Code.
- 9. Actively support federal defense appropriations for the purchase and repair of military hardware that is or can be manufactured within the City.
- 10. Support and take advantage of state-economic development incentives for business expansion, attraction, and retention.
- 11. Promote the City's efforts to create a sustainable water supply and longer security and independence for residents and businesses. Facilitate the expansion, attraction, and retention of base sector employers.
- 12. Update Council Policies 900-03, 900-04, and 900-12, which guide industrial development within the City's economic development programs as needed.

- 13. Assemble a Manufacturing Industry
  Roundtable to include industry and labor
  representatives stakeholders to implement the
  proposed Actions listed above as well as other
  reforms and initiatives.
- 14. Enable Startups to meet regulatory requirements to launch a business in 1-day.
- 15. Develop/create new incentive programs.
- 16. Use tools such as Economic Development Incentive Agreements to encourage local businesses to give first preference for new job opportunities to San Diego residents. (New)
- 17. Facilitate the expansion, attraction, and retention of base sector employers. (New)

## Vetros

- I. An increase in the number of factory (production) jobs in the City.
- II. An increase in the amount of sales and use tax received by the City from manufacturing plants.

## 2.3: Accomplishments and Progress of 2014-2016

Completed	2.3.3: Amend the Municipal Code to exempt manufacturing from the Housing Impact Fee.(EDS 2014-2016)
In the Process	2.3.7: Create a "Made in San Diego" campaign aimed at increasing local and global demand for products made in San Diego – not only among consumers but among local businesses as well.
	2.3.8: Initiate a collaborative process with manufacturers to ensure that they have a sustainable, long term, cost effective source of reclaimed and potable water for industrial cooling and processing, and make the necessary changes to the Municipal Code.
	2.3.11: Promote the City's efforts to create a sustainable water supply and longer security and independence for residents and businesses.
Started and Ongoing	2.3.1: Track all conversion of Prime Industrial Lands to non-industrial uses and provide a report on such conversions to the City Council annually.
	2.3.4: Review the Municipal Code to identify and code changes to improve the viability and feasibility of manufacturing in the City's industrial zones.
	2.3.6: Require cross-departmental collaboration of City staff to develop and ensure a streamlined, consistent and rapid review/approval process for manufacturing and warehouse projects.
	2.3.10: Support and take advantage of state-economic development incentives for business expansion, attraction and retention.
	2.3.13: Assemble an Industry Roundtable to include industry     stakeholders to implement the proposed actions above as well as other reforms and initiatives.

## 2-4. International Trade & Logistics

#### Tactical Objectives

- I. Increase the number of distribution jobs in San Diego.
- II. Increase the utilization of the 10th Avenue Marine Terminal.
- III. <u>Develop/create new programs to increase FDI/exports and a</u>Aggressively market the Foreign-Trade Zones Program to all potential new users.
- IV. Reduce the City's overall carbon footprint and prepare San Diego to be a climate-smart city.

#### Actions

- 1. Maintain and staff a bi-national affairs office in Tijuana in order to Prioritize projects that more effectively facilitate cross-border commerce and logistics in accordance with General Plan Policy EP-J.1
- 2. Amend the Municipal Code to exempt wholesale distribution—from the Housing Impact Fee.

  Develop new programs and initiatives that accelerate implementation of the Climate Action Plan.
- 3 Prioritize transportation Capital Improvement Program funds to improve truck circulation to and from the Otay Mesa Port of Entry facilities.
- 4. Continue to seek support for state and federal funding for improvements to border-related infrastructure (such as completion of the new State Route 90511) and important collector streets that facilitate the movement of goods.
- 5. Continue to pPursue enhancements to the commercial cross-border trade facilities in accordance with General Plan Policy EP-J.4 and EP-J.6 in collaboration with General Services Administration, the City of Tijuana, and SANDAG (San Diego Association of Governments)

- 6. Continue to collaborate with General Services Administration, the City of Tijuana, and SANDAG (San Diego Association of Governments) to expand and improve the ports of entry. Continue to protect and preserve the Prime Industrial Lands identified in the City's General Plan pursuant to General Plan Policies EP-A.1, EP-A.12, EP-J.9
- 7. Centinue toP\_protect and preserve the Prime Industrial Lands identified in the City's General Plan pursuant to General Plan Policies EP A.1, EP A.12, EP J.9 Support the Port of San Diego's efforts to seek funding to expand and provide better connections to the 10<sup>th</sup> Avenue Marine Terminal.
- 8. Pursue Support the Port of San Diego's efforts to seek funding to expand and provide better connections to the 10th Avenue Marine Terminal. Work collaboratively with the Port of San Diego to ensure that the 50-year Port Master Plan protects and enhances opportunities to expand the trade economy on port land.
- 9. Work collaboratively with the Port of San Diego to ensure that the 50-year Port Master Plan protects and enhances opportunities to expand the trade economy on port land. Assemble an Industry Roundtable to include industry and stakeholders to implement the proposed actions listed above as well as other reforms and initiatives.
- 10. Assemble an Industry International Trade & Logistics Roundtable to include industry and labor

representatives stakeholders to implement the proposed Actions listed above as well as other reforms and initiatives.

#### Metrics

- An increase in the value of goods shipped through the Otay Mesa Port of Entry.
- II. An increase in the value of goods shipped through San Diego International Airport
- III. An increase in the tonnage of goods shipped through the 10th Avenue Marine Terminal Amount of CO2 emission reduced community-wide and from City operations. A decrease in the amount of CO2 emission community wide and from City operations.
- IV. An increase in the number of logistics and distribution jobs in San Diego.
- V. A decrease in the conversion of Prime Industrial Land acreage to other uses.
- VI. An increase in state and federal funding of logistics/transportation infrastructure.

# 2.4 Accomplishments and Progress of 2014-2016 Action Items

Completed	2.4.2: Amend the Municipal Code to exempt wholesale distribution from the Housing Impact Fee. (EDS 2014-2016)
	2.4.10: Assemble an Industry Roundtable to include industry and stakeholders to implement the proposed actions listed above as well as other reforms and initiatives.
In the Process	<ul> <li>2.4.3: Prioritize transportation Capital Improvement Program funds to improve truck circulation to and from the Otay Mesa Port of Entry facilities.</li> </ul>
	2.4.6: Continue to collaborate with General Services Administration, the     City of Tijuana, and SANDAG (San Diego Association of Governments)     to expand and improve the ports of entry.
	<ul> <li>2.4.7: Protect and preserve the Prime Industrial Lands identified in the City's General Plan pursuant to General Plan Policies EP-A.1, EP-A.12, EP-J.9</li> </ul>
Started and Ongoing	2.4.1: Prioritize projects that more effectively facilitate cross-border commerce and logistics in accordance with General Plan Policy EP-J.1.
Origonia	2.4.5: Continue to seek support for state and federal funding for improvements to border-related infrastructure (such as completion of the new State Route 11) and important collector streets that facilitate the movement of goods.
	<ul> <li>2.4.8: Support the Port of San Diego's efforts to seek funding to expand and provide better connections to the 10<sup>th</sup> Avenue Marine Terminal.</li> </ul>
	2.4.9: Work collaboratively with the Port of San Diego to ensure that the     50- year Port Master Plan protects and enhances opportunities to     expand the trade economy on port land.

#### Tactical Objectives

- Support regional efforts to lincrease the number of ships, aircraft, and personnel at each of the City's military installations.
- II. Support efforts tolincrease the procurement of locally produced goods and services by the military at San Diego businesses.

## Actions

- 1. Work collaboratively with local military commanders and with congressional delegates to ensure that San Diego's military installations are retained and expanded; and that San Diego businesses have opportunities to provide goods and services to the commands at these installations in accordance with General Plan Policy EP-H.2.
- 2. Encourage the Department of the Navy to bring "Green Fleet" demonstration projects to San Diego and especially to procure biofuel developed or produced in the City.
- 3. Ensure that Have San Diego is always represented at the SANDAG Military Working Group meetings to ensure that City of San Diego and Department of the Navy are able to proactively address issues affecting both parties.

## Metrics

- I. An increase in the level of military spending at local military installations.
- II. An increase in the number of civilian jobs in the local military economy.
- III. An increase in the amount of military purchasing in the local economy.

# 2.5 Accomplishments and Progress of 2014-2016 Action Items

Completed	2.5.3: Have San Diego represented at the SANDAG Military Working     Group Meetings to ensure that the City of San Diego and Department of the Navy are able to proactively address issues affecting both parties.
In the Process Started and Ongoing	2.5.1: Work collaboratively with local military commanders and with congressional delegates to ensure that San Diego's military installations are retained and expanded; and that San Diego businesses have opportunities to provide goods and services to the commands at these installations in accordance with General Plan Policy EP-H.2.

#### Tactical Objectives

- Increase the overall economic activity of the tourism industry cluster by increasing the number of dollars spent in the local economy by visitors from outside the region.
- II. Ensure that Transient Occupancy Tax (TOT) funding and Tourism Marketing District (TMD) funding provide the most "bang for the buck".maximum value for money.

#### Actions

- 1. Support newBuild, as well as the expansiond, and enhancement of important publicly owned attractions and facilities such as the Convention Center, Cruise Ship Terminal, City beaches, San Diego International Airport, Sea World, San Diego Zoo, and similar assets in accordance with General Plan Policies EP-I.2 and EP-I.3
- 2. Establish a fair and competitive process to evaluate Citywide Economic Development TOT grants—funding and Economic Development & Tourism Support ("EDTS") grants—funding to ensure that the City receives the maximum value for these funds in accordance with the guidance of General Plan Policy EP-I.1

- III. Complete the Convention Center expansion and encourage increased private sector investment in aging private visitor facilities.
- IV. Dedicate City Capital Improvement funds toward projects that enhance the City's attractiveness, including streets and bike lanes, sidewalks, public facilities and parks and beaches.
- 3. Assemble an Industry—Tourism—Roundtable to include industry statement and labor representatives to implement the proposed Actions listed above as well as other reforms and initiatives.

## Metrics

- I. An increase in the number of room nights sold at San Diego hotels and motels.
- II. An increase in the amount of TOT revenue received by the City based on the current rate.
- III. An increase in the utilization of the Convention Center that results in a higher number of room nights sold.
- IV. An increase in the amount of sales tax received by the City from eating and drinking establishments based on the current rate.
- V. An increase in funding for the improvement and expansion of infrastructure, including streets and bike lanes, sidewalks, public facilities, and parks and beaches.

## 2.6: Accomplishments and Progress of 2014-2016 Action Items

Completed	2.6.1: Build, expand and enhance important attractions and facilities such as the Convention Center, Cruise Ship Terminal, City beaches, San Diego International Airport, Sea World, San Diego Zoo, and similar assets in accordance with General Plan Policies EP-1.2 and EP-1.3.
	docto in doctracinos with contrain lant cherce 2
In the Process	2.6.2: Establish a fair and competitive process to evaluate Citywide     Economic Development TOT funding and Economic Development &     Tourism Support ("EDTS") funding to ensure that the City receives the maximum value for these funds in accordance with the guidance of General Plan Policy EP-I.1.
Started and Ongoing	

## 2-7. San Diego's Neighborhood Businesses

#### Tactical Objectives

- I. Increase the number of locally owned small businesses in San Diego.
- II. Strengthen the business base of existing older business districts and expand economic opportunities for all.

#### Actions

- 1. Develop a replacement program for redevelopment by partnering with private corporations, philanthropic organizations, and lending institutions. Enhance the City's economic stability and prosperity by increasing opportunities for job readiness and investing in economic development programs.
- 2. Encourage formation of new assessment districts, such as maintenance assessment districts (MADs) and property and business improvement districts (PBIDs), and community parking districts to enhance existing community programs.
- 3. Support state legislative efforts to clarify and strengthen the role of assessment districts.

- III. Target city investment in older business districts and adjacent neighborhoods, especially those in traditionally underserved neighborhoods. Leverage funding for greater commercial neighborhood benefit.
- IV. Maximize effectiveness of the City's neighborhood and small business programs.
- 4. Continue to lobby at the federal level against further cuts in Community Development Block Grant (CDBG) funding.
- Retool the City's existing small business programs to target assistance to locally owned small businesses in the city's older neighborhoods, especially underserved neighborhoods.
- 6. Evaluate relevant Land Development Code regulations to lessen the regulatory burden on locally-owned small businesses and home-based businesses that are compatible with residential surroundings.

#### Metrics

- I. An increase in the number of small businesses in the City, especially in underserved neighborhoods.
- II. An increase in the number of business improvement districts (BIDs) augmented with new financing tools.
- III. An increase in the number of new BIDs, PBIDs, MAD's and other neighborhood business assessment districts. management entities created.
- IV. Strengthen neighborhoods by investing in the City's critical public infrastructure needs by An increasinge the amount of funds expended in the percentage of the City's infrastructure investment projects targeteingd to older neighborhoods with business districts and, especially in historically underserved neighborhoods.

# 2.7 Accomplishments and Progress of 2014-2016 Action Items

Completed	
In the Process	2.7.1: Develop a replacement program for redevelopment by partnering with private corporations, philanthropic organizations, and lending institutions.  2.7.5. Detect the Oit is a sixting of the lending institution.
	<ul> <li>2.7.5: Retool the City's existing small business programs to target         assistance to locally owned small businesses in the city's older         neighborhoods, especially underserved neighborhoods.</li> </ul>
Started and Ongoing	2.7.2: Encourage formation of new assessment districts, such as maintenance assessment districts (MADs) and property and business improvement districts (PBIDs), to enhance existing community programs.
	<ul> <li>2.7.4: Continue to lobby at the federal level against further cuts in Community Development Block Grant (CDBG) funding.</li> </ul>
	2.7.6: Evaluate relevant Land Development Code regulations to lessen the regulatory burden on locally owned small businesses and home-based businesses that are compatible with residential surroundings.

## 2-8. City Policies, Procedures & Operations

#### Tactical Objectives

- I. Align key city services and operations with the City's economic development goals.
- II. Increase overall awareness of EDDthe City's economic development programs, incentives and services with the public.
- III. Highlight success and impact of EDDthe City's economic development progras, incentives and services.
- IV. Reduce the City's overall carbon footprint and prepare San Diego to be a climate smart city. (new)

#### Actions

- 1. Initiate an top-down assessment of key city services and operations by the Chief Operating Officer to determine where and how those services and operations do and do not align with the City's economic development goals.
- 2. Form an Economic Development Cabinet composed of Department Directors and Deputy Chief Operating Officers, led by the City's Assistant Chief Operating Officerand the ED Academy to educate and coordinate interdepartmental efforts related to key industries and projects.
- 3. Provide a mechanism for external stakeholders to provide specific recommendations regarding necessary changes to City ordinances, policies, and procedures in order to encourage economic development.
- 4. Review and reform/update, <u>as necessary</u>, all council policies related to economic development <u>to align and support</u> that may constrain the City's from pursuing its economic development goals.
- Establish 1:1 communication and relationships with businesses and organizations. Proactively communicate and establish relationships with businesses and organizations. (New)
- 6. Publish Economic Development infergraphics quarterly and an-annual reports to tell the City's story to internal and external stakeholders on the City's economic development efforts. (New)
- 7. Develop new programs and initiatives that accelerate implementation of the Climate Action Plan. (New)
- 8. Leverage the Economic Development Cabinet composed of Department Directors and Deputy Chief Operating Officers, and the Economic Development Academy to educate and coordinate interdepartmental efforts related to key industries and projects. (New)

## Metrics

- I. Formation of an Economic Development Cabinet that reports to the Chief Operating Officer.
- II. A consolidated cumulative list of implemented and proposed reforms (both Mayoral and those requiring City Council approval) that result from both the Chief Operating Officer's review and the feedback from external stakeholders for aligning city operations with economic development goals.

#### 2-8: Accomplishments and Progress of 2014-2016 Action Items

Completed	2.8.2: Form an Economic Development Cabinet composed of     Department Directors and Deputy Chief Operating Officers, led by the     City's Assistant Chief Operating Officer to coordinate interdepartmental     efforts related to key industries and projects.
In the	
<u>Process</u>	
Started and Ongoing	<ul> <li>2.8.1: Initiate an assessment of key city services and operations by the Chief Operating Officer to determine where and how those services and operations do and do not align with the City's economic development goals.</li> <li>2.8.4: Review and reform/update all council policies related to economic development that may constrain the City from pursuing its economic development goals.</li> </ul>

#### 2-9. Workforce Development & Education

#### Tactical Objectives

- I. Increase in the employment of local residents by local businesses.
- II. Provide 21st century training and educational opportunities for the City workforce to advance in their careers.

#### Actions

- 1. Maintain a direct role on the San Diego Consortium Policy Board (the governing body of the San Diego Workforce Partnership—([SDWP]) to determine, review and approve of workforce development funding initiatives, policiesy, and program focus areas for SDWP to ensure that federal funds are spent efficiently and that San Diegans are afforded the best opportunities to train or retrain for specific industries and occupations.
- 2. Work with SDWP, academic researchers, and the local school districts, community colleges and universities to ensure that workforce development professionals and educators have a clear picture of the changing nature of local employment needs.

- 3. Use tools such as Economic Development Incentive Agreements to encourage local businesses to give first preference for new job opportunities to San Diego residents.
- 4. Continue to support workforce development programs or other efforts that; target under represented groups; provide training for veterans; help create opportunities for low-wage earners to move up career ladders; prepare youth for the workforce; place long term unemployed individuals in jobs; and establish\_entry\_level professional classifications for recent college graduates (to\_gain\_full-time professional work\_experience) similar tousing the City of San Diego's Management Trainee model.

#### Metrics

- Encourage expansion in training and mentorship programs such as CONNECT2Careers San Diego, which call for commitment from employers to such programs.
- II. Invest in the City's workforce by offering training and tuition reimbursement opportunities to City employees.

## 2-9: Accomplishments and Progress of 2014-2016 Action Items

Completed	2.9.1: Maintain a direct role on the San Diego Consortium Policy Board     (the governing body of the San Diego Workforce Partnership (SDWP) to     determine, review and approve of funding initiatives, policy, and program     focus areas for SDWP to ensure that federal funds are spent efficiently     and that San Diegans are afforded the best opportunities to train or     retrain for specific industries and occupations.
In the Process	2.9.3: Use tools such as Economic Development Incentive Agreements     to encourage local businesses to give first preference for new job     opportunities to San Diego residents.
Started and Ongoing	2.9.2: Work with SDWP, academic researchers, and the local school districts, community colleges and universities to ensure that workforce development professionals and educators have a clear picture of the changing nature of local employment needs.
	2.9.4: Continue to support workforce development programs or other efforts that; target underrepresented groups;, provide training for veterans;, help low-wage earners to move up career ladders;, prepare youth for the workforce;, place long term unemployed individuals in jobs; and establish entry level professional classifications for recent college graduates (to gain full-time professional work experience) using the City of San Diego's Management Trainee model.

## 2-10. City Relationships With External Organizations

#### Tactical Objectives

- I. Memorialize the relationships between the City and other economic development entities.
- II. Ensure that contracts with economic development entities have a clear purpose with clear goals and deliverables aligned with the City's Strategic Plan and Economic Development Strategy.

#### Actions

- 1. Evaluate all existing relationships with external organizations to determine the strategic purpose for each relationship and, where appropriate, define those relationships in formal documents.
- Use competitive bidding when procuring economic development services such as marketing and promotion from outside entities.
- 3. Include clear and quantifiable performance measures and deliverables in contracts.
- 4. Preclude clear and and quantifiable performance measures and deliverables in contracts (completed/deleted).
- 5. Prioritize awarding of City funded grants to economic development contractors for activities that are aligned with the goals and objectives of the City's Strategic Plan and this Economic Development Strategy. Preclude the use of City funds by any economic development contractor for any activities that are contrary to the goals and objectives of this Economic Development Strategy.

## Vietries

- An increase in the number of contractsawarded on the basis of a competitive bidding process.
- II. An increase in the number of MOU's-(Memo- randum of Understandings (MOUs) or other documents memorializing the City's relationships with other economic development entities.

### 2-10: Accomplishments and Progress of 2014-2016 Action Items

Completed	2.10.3: Include clear and quantifiable performance measures and deliverables in contracts
In the Process	<ul> <li>2.10.1: Evaluate all existing relationships with external organizations to determine the strategic purpose for each relationship and, where appropriate, define those relationships in formal documents.</li> <li>2.10.2:Use competitive bidding when procuring economic services such as marketing and promotion from outside entities.</li> </ul>
	2.10.4: Preclude the use of City funds by any economic development contractor for any activities that are contrary to the goals and objectives of this Economic Development Strategy.
Started and Ongoing	

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# . San Diego's Economic Base Sectors

Although economic development debates often discuss business growth as if all businesses are the same, in fact different business sectors have vastly different effects on the City's economy. Most important is the difference between "base sector" and a "non-base sector". Both are extremely important to the City's economy, but they play different roles.

An economic base sector is a sector of the local economy that produces goods and services locally but then sells them outside the region to customers around the nation and the world, bringing money and wealth into the region. Businesses which produce goods, energy, and services which otherwise would be imported from outside the local area, for domestic consumption, also contribute to the economic base. This money and wealth is then circulated and recirculated in the local economy as local businesses sell goods and services to local customers. A region's economic base is its economic engine because it increases the amount of money and wealth in a region. In San Diego, base sector industries have also been described as comprising Traded Clusters or Traded Economies. San Diego's economic base is described in more detail in Appendix A: Base Sector Economic Engines.

San Diego's four most important base sectors are:

- Manufacturing & Innovation
- International Trade & Logistics
- Military
- Tourism

San Diego is unusual among U.S. metro areas because manufacturing is closely related to what is often known as the "innovation economy." Unlike

many metropolitan areas, San Diego economy provides a research & development "backbone" that helps create new products, which are then manufactured in the region, especially in biotech and high-tech. For this reason, San Diego's export or traded economy consists largely of high-value goods and services, such as the wireless telecommunications goods and services produced by Qualcomm, Motorola, Nokia, Broadcom, and other high-technology manufacturers.

Base sectors businesses tend to be medium-sized or large businesses that have many choices about where to locate. San Diego is extremely dependent on these industries for economic success. Therefore, an effective economic development effort will understand the competitive advantages and disadvantages the region has for these businesses and seek to help these businesses stay in the region and grow.

A non-base sector is a sector of the local economy that produces goods and services primarily to local customers. The non-base economy includes such sectors as retail and wholesale trade, government, schools, medical offices, churches, and nonprofit organizations that cater to the local population. As Figure 6 suggests, non-base businesses can primarily serve people—that is, individual customers—or they can serve local businesses.

These businesses are important to a region, but they do not grow the regional economy the way a base sector business does. These businesses can help grow a region's economy, however, if they are part of a base industry's supply chain—that is, the chain of suppliers—thus permitting—a base industry to spend dollars locally rather than outside the region. The following—list illustrates the relationship between base and non-base industries.

			-

#### **Economic Base**

Mines

Manufacturing Plants

Petroleum Refineries

Commercial Fishing Fleets-

**Meat Packing** 

Corporate Headquarters Office

**Amusement Parks** 

Production Studios

Regional Distribution Centers

Government Research Laboratory

Book and Magazine Publishing

Software Development and Web Hosting

**Farms** 

Medical Research Institute

Major State/Federal Government Offices

National Political Organization Offices

Non-Base

Rock Quarries

Construction Companies

Gasoline Service Stations

Fish Markets

**Meat Markets** 

Auto Insurance Offices

Neighborhood Parks

**Movie Theaters** 

Retail Stores

Reference (testing) Laboratory

**Book Stores** 

Computer Repair and IT Service Firms

Local Produce Delivery Services

Medical Offices and Hospitals

**Local Government Offices** 

Consulting Firms

The circulation and recirculation of money and wealth in a region is called the multiplier effect. Different businesses and industries have different multiplier effects—that is, the money may recirculate within the region to a greater or lesser degree depending on the needs of that particular business or industry.

Regional economic development strategies typically focus on growing a region's economic base sectors, to ensure that more money and wealth flows into the region. Local or neighborhood economic development strategies often focus on ensuring

that residents and businesses purchase goods and services from local vendors rather than from vendors outside the region or the neighborhood.

While important to the residents of the City, local non-base businesses and institutions rarely need to be retained through economic development efforts as their mobility is extremely limited. However, smaller businesses are vulnerable to large corporate chains which have the financial ability to crowd-out smaller Main Street or Mom and Pop businesses; and they can benefit greatly if local customers choose to buy goods and services from them rather than from corporate chains.

Figure 6: Understanding the Importance of the Economic Base

#### People - Serving Industries Base Sector Industries Retail / Food Services / Arts. Entertainment / Recreation/ Government Drive Education / Non-Profit / Residential Real Estate / Healthcare / Personal Services Rest of the Economy Products Services **Business Support Industries** Because they bring outside dollars into the community, base sector industries are the Business / Technical Services / Transportation Airport / engines of the economy. Without Industrial Supplies / Wholesale Trade / healthy base sector industries, the rest Commercial Real Estate / Utilities of the economy cannot prosper. Products/ Domestic and Global Manufacturing & Innovation Services International Trade & Logistics Markets Military Installations \$\$\$

Figure 7: San Diego Base Sectors, Subsectors, Industries, and Industry Clusters

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Figure 7: San Diego Base Sectors, Subsectors, Industries, and Industry Clusters

Terms	Manufacturing International Trade & Logistics	Military Tourism	Appendix A Other Base Sector Industries
Selected NA			
Sector 48-49 Transportation and Warehousing			
481. Air Transportation	The state of the s	A Charles In the Control	
482. Rail Transportation			
483. Water Transportation			
484. Truck Transportation	<b>V</b>		
493. Warehousing and Storage	<b>V</b>		A complete and the second
Sector 51. Information			
511. Publishing Industries			V
513. Broadcasting and Telecommunications			√
514. Information Services and Data Processing Services			1
Sector 54. Professional, Scientific, and Technical Services	S Comments		
5417. Scientific Research and Development Services			. √
Sector 71. Art, Entertainment, and Recreation			
712. Museums, Historical Sites, and Similar Institutions		V	
713110. Amusement and Theme Parks		V	
Sector 72. Accommodation and Food Services		V	
721. Accommodation		V	
722. Food Services and Drinking Places		V	
Sector 92. Public Administration			
928. National Security and International Affairs		V	

- 1 Adopted by San Diego City Council in 2012 following recommendation of approval by the City Council's Economic Development & Strategies Committee.
- 2 Prepared by the San Diego Association of Governments Service Bureau, 2012. These clusters are based on groups of NAICS industries.
- 3 Prepared by the San Diego Regional Economic Development Corp., 2012, listed on website.
- 4 Terms currently used by the Maritime Alliance, the Security Network, the West Health Institute, San Diego CyberHive, CONNECT, San Diego Regional Chamber of Commerce, and other organizations.
- 5 The North American Industry Classification System (NAICS) was prepared by the United States Office of Management and Budget in 1997 and adopted by the governments of the United States, Mexico, and Canada in 1997 and 1998. It is used by most state and local governments and research institutes since Census data is aggregated according to these classifications throughout North America.

## San Diego's Competitive Situation

Figure 8 displays the fifteen metro areas that compete with San Diego directly in at least one of the four base sectors. All fifteen have highly educated workforces. Nine are located in or near bay/harbor areas. Four are direct competitors in three of four base sectors. Of these four, two are in California and a third is elsewhere on the West Coast.

Figure 8: Metropolitan statistical areas which compete with San Diego for Economic Activity

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Competes With San Diego Base	d on Attractivenece to:
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15 Competing Metropolitan Statistical Areas ≥ 1 Million Population (# = MSA size ranking)	Managers of International Trade/Logistics Businesses	Managers of Manufacturing Businesses and Research Firms	Tourists and Convention Planners	Military Officers and DoD Civilians
#02 Los Angeles- Long Beach-Santa Ana (3)	Taxonic announcement and a second contraction of the second contractio	X	X	
#04 Dallas-Fort Worth- Arlington	X	X		
#07 Miami-Fort Lauderdale- Pompano Beach	X	X	X	однительного подости по от подости подости по от подости по от подости по от подости п
#08 Washington-Arlington- Alexandria	annennennen a make om kjennen syne per er er en en kreinigen kjennen kjennen kreinig step i sjennen kjenne kje	X		X
#10 Boston-Cambridge-Quincy	mentaninan communication de antimonication de la communication de	X	t and a resident and an in particular and an extended to the state of the state of the state of the state of the	untilation has the dress in the content which there is the dress on the content o
#12 San Francisco- Oakland-Fremont	X	X	X	
#13 Phoenix-Mesa-Scottsdale		X		mini and de mini de la mini and de mini and mini
#14 Riverside- San Bernardino-Ontario	X			
#15 Seattle-Tacoma- Bellevue	X	X	X	er en
#21 Denver-Aurora	de antique de la Contraction d	X		risk diskolare delt in och generale en och stätte sin social delt i stät der vale men en en en ette en en en s
#23 Portland- Vancouver-Beaverton	make kalaki da kalak	X	and are coming to the contract and the last of the cold fails the cold fails the last of the cold fails the	titi karaksi untuka kan mutaka sa ana kan sa
#31 San Jose- Sunnyvale-Santa Clara	ı	X		
#34 Virginia Beach- Norfolk-Newport News		X		X
#37 Austin-Round Rock	обо обосновного постоя от от то от	X	quantum punganen en	enteen varietiis (n. 1800 oli
#49 Raleigh-Cary		X	naussati entera den issus sonos sedes virta in virta in dente de insider en virta intelletta en entera de denas de i En entera de inside en entera e	któráktoruánovákrossakárálá hotanákárálákonu malkáráktorutona nemenenen
#17 San Diego- Carlsbad-San Marcos	X	X	X	X

Red Type = Competes in three of San Diego's four primary economic base segments
Blue Type = Competes in two of San Diego's four primary economic base segments
Black Type = Competes in one of San Diego's four primary economic base segments

## Comparative Advantages

San Diego has many advantages when attracting and retaining companies. These include the following:

- Local universities, colleges, and trade schools provide a highly skilled and educated workforce.
- Collaboration between industry and educational institutions contribute to an environment where businesses can source a productive workforce.
- Employees are able to enjoy the moderate coastal ("Mediterranean") climate of the region, making it an attractive place to live, work, and play.
- The City is also home to established business clusters with strong support networks. Trade organizations, labor organizations, chambers of commerce, and other non-profit organizations provide training, networking, advocacy, and bulk purchasing services to member companies. Unions and other employee organizations help to create labor force stability and re-employment networks.
- The City is a gateway to Asia, Latin America and, most particularly Baja California, Mexico. With an active port, airport, and land ports of entry, San Diego is well situated for domestic and international trade.

## Comparative Disadvantages

Despite these competitive advantages, San Diego also must deal with a number of competitive disadvantages that can make it difficult to attract and retain important businesses. Some of these are related to local market conditions and some are related to the business climate in California. These include:

- The high cost of living and especially the high cost of land. This cost manifests itself not only in high housing cost, which can be a burden to employees, but also in high prices for industrial land as well.
- High electricity and water costs relative to the other parts of the nation. This is due in part to the fact that San Diego imports approximately 80% of both.

A more significant regulatory burden than can be-what is found in other states.

These competitive disadvantages are not unique to San Diego. In fact, they are shared by most California cities. Hence, San Diego's competitive disadvantages are relative to the rest of the nation. San Diego is highly competitive within California.

Many of San Diego's competitive advantages - an educated labor force and high-level labor skills — are most important in industries and operations that operate at the top of the value chain, such as research and development functions, management. Industries that provide middle-income "blue collar" jobs aren't as dependent on these factors, and thus present a challenge when seeking to retain or expand those operations.

## Existing Policies to Improve Competiveness

In 2008 the City adopted an updated General Plan which included a number of policies in several elements which were designed to ameliorate traffic congestion, high housing costs, the lack of available industrial land and to create an attractive, safe, pedestrian-oriented City of Villages. Contemporary planning principles are embodied throughout the document, most notably in the Land Use Element, Urban Design Element, Economic Prosperity Element, Public Facilities Element, and the Mobility Element. The implementation of these policies

each with distinct identities, but linked through modern cost- effective transit and transportation options. The creative adaptive re-use of existing structures and the rebuilding of City infrastructure will not only lead to a better quality of life for City residents, but can help to retain skilled workers which are important for the success of innovative manufacturing enterprises, and is essential for the attraction of tourists. A summary of these General Plan policies is found in **Appendix** H: General Plan Policies which support the Economic

**Development Strategy.** 

## 3-1. Manufacturing and Innovation

San Diego has one of the largest manufacturing economies in the nation in large part because of its connection to the region's innovation economy and is well-positioned to grow in the future.

According to the National University System Institute for Policy Research (NUSIPR), the manufacturing sector is the largest single driver of the San Diego economy, contributing approximately \$15 billion annually to the Gross Regional Product (GRP). In addition, the Brookings Institution recently found that San Diego has the highest-value export products of any U.S. city, in large part because of the export of high-end manufactured products such as wireless telecommunications equipment.

Manufacturing is especially important to San Diego for two reasons: compensation and the multiplier effect. Manufacturing jobs typically pay middleincome wage and include fringe benefits such as medical insurance. They are more likely than other jobs to be filled by local residents. In addition, manufacturing's multiplier effect is extremely high often between 3 and 7, compared with 1.5 to 2 for other industries. This means that every manufacturing job created results, indirectly, in the creation of 2 to 6 additional jobs in the other sectors of the local economy. Manufacturing is a heavy user of capital equipment and generates higher tax revenues than other industries because the equipment is taxable and because many manufacturers sell taxable goods to other businesses and organizations in California.

San Diego's manufacturing sector is unusually diverse, and generally includes the region's robust research and development (R&D) activities. This sector is sometimes referred to as the "Innovation Economy," because it is closely linked to UC

San Diego, private research institutions, and local incubators which often provide research and commercialization breakthroughs that can then be translated into new manufacturing opportunities. This is part of the reason why the Brookings Institution recently found that San Diego's exported goods are the highest-value in the nation. Major manufacturing industries include Biotechnology & Medical Devices, Cleantech & Energy Efficency, Aerospace & Defense, Electronics & Telecommunications, and more recently, Food & Beverages. However, San Diego's manufacturers are not only engaged in research and development (R&D) and manufacturing, but also in sales, distribution, product servicing, and repair activities in a wide range of industries.

Although the local manufacturing sector has experienced declines in recent years, San Diego continues to have a comparative advantage in attracting and retaining new investment in this sector for several reasons:

- Very high labor quality including ex-military personnel with security clearances.
- The continued presence of major primary research institutes and universities such as Sanford-Burnham, Salk, Scripps, UCSD, SDSU and related support organizations.
- A business culture of innovation, collaboration, and entrepreneurism which fosters the growth of smaller manufacturing businesses which produce goods for local, state, and west coast markets.
- Production-sharing opportunities based on close proximity to Mexico.

#### Industrial gas turbines are manufactured at Solar Turbines in Kearny Mesa.

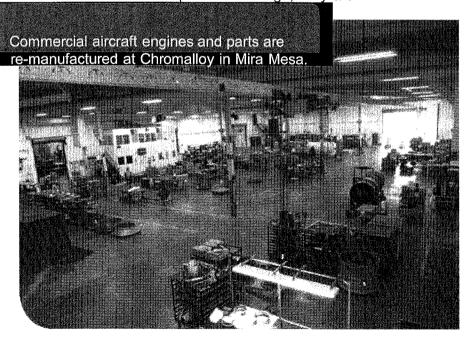
San Diego's traditional innovation and manufacturing strengths include wireless telecommunications equipment as well as biotech and precision medical devices, which are centered around Torrev Pines/ La Jolla, Kearny Mesa and Mira Mesa. Emerging strengths include the "cleantech" industry, principally biofuels, solar energy systems, and clean gas turbines; food and beverages; and software and other high-tech industries which are located in North City communities and in the downtown area.

## Specific Challenges to Increasing Manufacturing & Innovation Employment

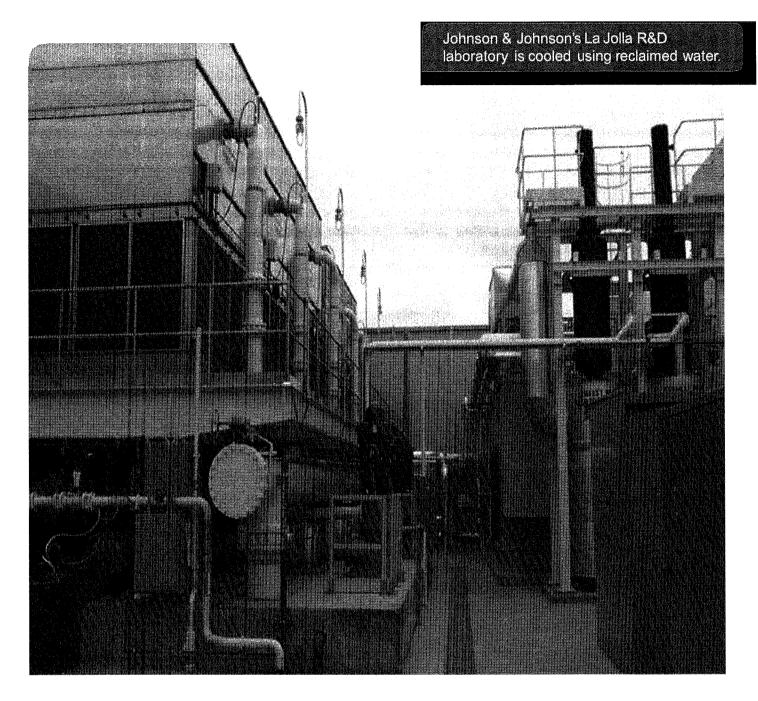
As stated above, San Diego as a whole has both competitive advantages and competitive disadvantages in attracting and retaining business everall as it relates to business attraction and retention. The disadvantages facing San Diego are more acute for the manufacturing sector. In particular, the cost, supply and availability of water, electricity, and industrial space are significant concerns. As with other competitive disadvantages, these issues are not unique to San Diego: they are

shared by other big California metropolitan areas, especially in coastal areas. Nevertheless, they are important concerns that must be addressed.

The City first identified a shortage of land for manufacturing in the 1970s. The 2008 General Plan identified and mapped Prime Industrial Land and adopted policy language calling for protection of such land.



As for In regards to water, manufacturing and related activities consume large volumes of water for a variety of industrial processing functions such as cooling, rinsing, cleaning, and steam boiler make-up. In addition, the emerging Food & Beverage industry is also water-intensive. But the cost of potable water has risen dramatically in recent years - greatly exceeding normal inflation adjustments - and is now significantly higher than other competing cities. The City's reclaimed water production plant provides an important source of relief from rising potable water prices for many manufacturers located in the northern part of the City.



Likewise, the <u>The</u> City has adopted specific policies and statutes that encourage potable water conservation. San Diego Municipal Code (SDMC) 67.3804(f) provides a specific exemption from certain mandatory potable water conservation requirements for manufacturers and contract research organizations which conserve potable water and use reclaimed water for industrial use.

The City has made substantial recent investments in its potable water supply infrastructure in order to ensure the reliability of its water delivery infrastructure. Local storage and delivery infrastructure coupled with enhanced procurement of raw water has dramatically reduced the City's reliance on deliveries from the Metropolitan Water District (MWD) and ensures local control over water supplies during drought conditions. These investments and the subsequent reliability improvements can be expected to improve the City's attractiveness to water-dependent industries such as Biotechnology & Medical Devices and Food & Beverages.

# 3-2: International Trade & Logistics

International trade is a critically important element in our Economic Development Strategy. It is truly a story of living up to our region's untapped potential for economic growth. In 2014, the region exported \$18.6 billion worth of goods, up \$700 million over 2013. Yet San Diego's percentage of total employment resulting from foreign direct investment has historically lagged behind the percentage for the entire country. Many local economists believe that potential economic gains can be achieved through increase international trade activity due to San Diego's unique location adjacent to Mexico and the Pacific Rim. As an example, roughly six years ago, the emerging markets of the Asia-Pacific region accounted for 28% of the world's middle class. Within 15 years, it is estimated that 66% of the world's middle class with live in these markets. Being on the Pacific Rim, this represents a huge strategic advantage for our local firms.

Closing this gap, by increasing our regional exports to levels in line with the national average and beyond, is clear path for us to add base sector jobs to our local economy.

According to the Brooking Institute, San Diego's percentage of total employment resulting from foreign direct investment (FDI) has historically lagged behind the percentage for the entire country. The Brookings Institute believes that by securing increased FDI and by increasing regional exports to levels in line with the national average and beyond, additional base sector jobs can be added to the local economy. One way to expand the region's economy is to encourage and help small and medium sized businesses expand into international markets.

This theory is the focus of our GoGlobal Initiative developed in conjunction with the San Diego Regional Economic Development Corp. (EDC) and the Brookings Institute., over a three year period as part of our participation in the Global Cities Initiative. The GoGlobal Initiative was developed over a three year period as part of the Global Cities Initiative.

Efficient importing and exporting operations are increasingly important in a globally connected world where "time-to-market" considerations and inventory costs represent significant factors in the supply chain that connects manufacturers to retailers. Logistics companies are under increasing pressure to move goods rapidly to market through technologically-advanced "just-in-time" shipping operations.

Exports are increasingly important in a globally connected world. Going global is no longer the sole domain of large well funded corporations. In fact, one of the easiest ways for our region to expand our economy is by encouraging and helping small and medium sized businesses to expand into new international markets.

As noted in the City's 2008 General Plan, international trade is the fastest growing component of the nation's Gross Domestic Product (GDP), accounting for almost half of the nation's annual GDP growth in recent years. As a gateway to both Asia and Latin America, San Diego is well suited to capture a significant part of this economic growth.

San Diego is home to an international airport near downtown, an international airport just across the US-Mexico border in Tijuana, the 8th-largest seaport on the West Coast, and two major international land ports of entry — San Ysidro and Otay Mesa. San Ysidro is the busiest border crossing in the world, with some 40 million people and 17 million vehicles crossing northbound on an annual basis. At Otay Mesa, freight valued at more than \$20 billion annually is shipped across the border. A 2013 analysis by the Brookings Institute concluded that the region's export values total close to \$160 billion annually.

International Trade & Logistics is a base sector that encompasses a wide variety of related service—sector—industries, business establishments, and governmental agencies

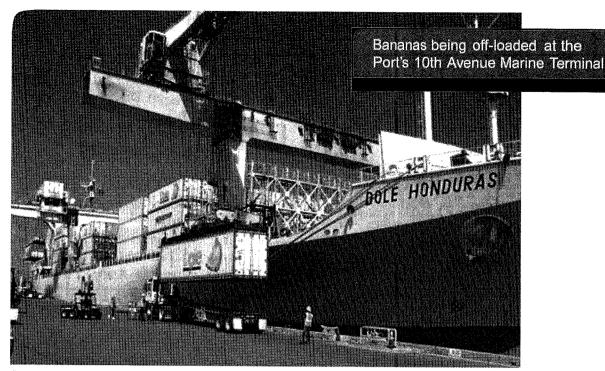
such as the Port of San Diego and the San Diego County Regional Airport Authority, all of which facilitate the shipment of goods to and from the City. Businesses in this industry group include manufacturers, trucking companies, freight forwarders, customs brokers, air-freight operators, third-party logistics companies (3PLs), maquiladora servicing companies, translators, security firms, banks, international law firms, and federal government agencies which inspect and authorize shipments.

Many of these logistics businesses are located in the industrial parks near the Otay Mesa industrial parks near that—port-of-entry at the terminus of State Route 905, where the vast majority of ground freight crosses the border from Mexico. Both the Otay Mesa and San Ysidroports of entry are being upgraded on both sides of the border. Any reduction in border crossing delays should result in increased

economic benefits to San Diego. A 2007 study by the San Diego Association of Governments (SANDAG) showed that the San Diego region lost approximately \$539 million in gross revenues from reduced freight activity.

Logistics businesses are also located in and around the downtown area in order to have close proximity to the Port of San Diego and San Diego the San Diego International Airport. International Airport has air freight capacity, nonstop service to Asia, Europe, Canada, and Mexico, and is the primary airport for the San Diego region. According to the Brookings Institute, three local industries, Computer & Electronics, Transportation Equipment, and Chemicals sent over \$7 billion More information on worth of goods abroad. San Diego's export potential can be found in Appendix HG: San Diego Metropolitan Export Initiative. These businesses and quasi-government agencies create thousands of middle-income jobs, which frequently do not require advanced college degrees or skill sets, thus making these jobs potentially available to most City residents.

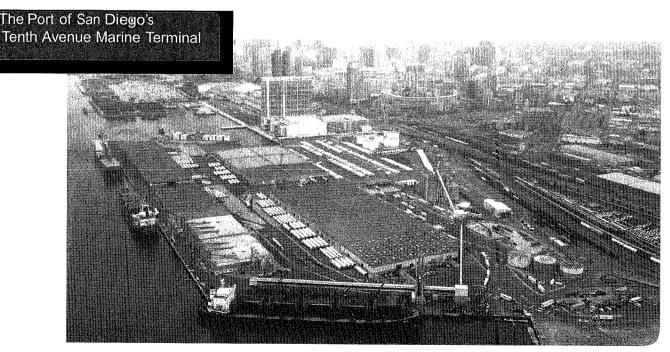
As with Manufacturing, opportunities in International Trade & Logistics are closely related to other sectors of the economy. For example, as labor costs in Asia have risen, manufacturing in Mexico has become competitive again. The cost differential between Mexican and Asian labor has narrowed substantially while the quality of Mexican manufacturing and its proximity to the United States often makes "nearsourcing" of manufacturing in Mexico worthwhile for American companies. This is especially beneficial to San Diego, whose businesses often rely on "production sharing" business models. San Diego companies can take advantage of Mexico's lower labor costs without incurring the significant shipping, inventory, and time to market costs which result from manufacturing products in Asia. As a result, in the last two years, several new distribution centers representing over one million square feet have been constructed in San Diego, mostly in Otay Mesa.



(Photo courtesy of San Diego Unified Port District)

The Port of San Diego also facilitates international trade activity through its 10th Avenue Marine Terminal, which provides for the importation of a wide variety of bulk products and large pieces of equipment. These products include coment from China and Thailand; sand from Mexico: fertilizer from Norway; fresh fruit from Guatemala, Costa Rica, Peru, Ecuador, and Australia: steel products from Europe, Korea, and China; and wind turbines from the Great Lakes region.

The Port of San Diego is the West Coast's 8th largest port based on total tonnage shipped approximately 6.5 million tons annually. Combined with National City Marine Terminal, these ports generate an economic impact estimated at \$1.7 billion. The 96-acre 10th Avenue Marine Terminal provides 822 jobs at average wages totally \$54,032 annually, 28% greater than the countywide average for all jobs. 15



(Photo courtesy of San Diego Unified Port District)

<sup>&</sup>lt;sup>15</sup>NUSIPR, San Diego's Maritime Trade: A Critical Economic Engine, 2008, p.3

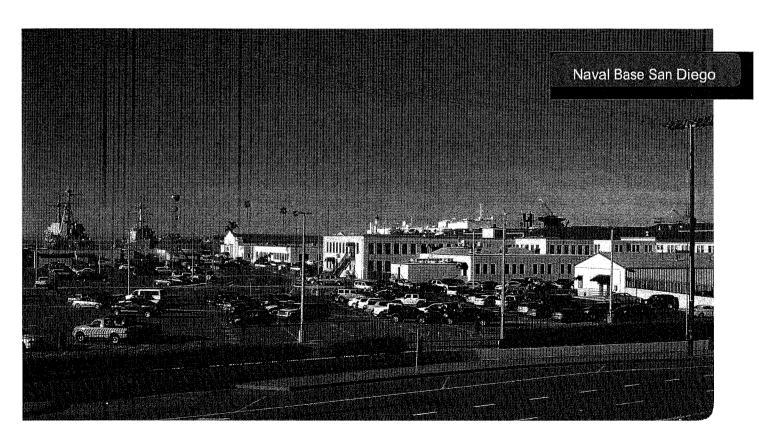
## <u>3</u>-3. Military

The military has always played an important role in the San Diego economy, and over the past 50 years, its presence has stimulated not only direct economic activity but important spinoff benefits in research and development. The military still plays an important role. The repair and maintenance of naval vessels provides thousands of jobs in Barrio Logan and Kearny Mesa at employers such as General Dynamics-NASSCO, BAE Systems. Northrop Grumman, and Pacific Ship Repair & Fabrication. Similarly, other defense contractors such as Lockheed Martin in Scripps Ranch are also dependent on the presence of the Pacific Fleet for its contract opportunities. It is important to note that San Diego-based manufacturers of military hardware such as ships, aircraft, and other defense and security systems are more mobile than defense contractors which solely or primarily provide services at local military installations. These defense system manufacturers are more likely to expand or relocate based on specific policies, incentives, cost structures, labor availability/skills, and overall perceptions of the local business climate. These businesses are addressed in the chapter on Manufacturing & Innovation.

San Diego must always be aware of both new initiatives and possible cutbacks at the Pentagon. Any increase or decrease in military activity – the number of ships, aircraft, military and civilian personnel – will affect these defense contractors and local service providers which fall within this sector of the local economy.

Any increase or decrease in the number of ships, aircraft, or military and federal civilian personnel stationed in San Diego will have a direct impact on some local defense contractors and on retail and service sector businesses that cater to these personnel.

New procurement opportunities may also arise from more recent non-traditional military initiatives. One such example of a military priority that is well suited for San Diego is the Great Green Fleet initiative. Launched by the Department of the Navy in 2009, this initiative seeks to replace half of the Navy's fossil-fuel procurement with renewable biofuels by 2020. Several demonstration projects have been undertaken and local biofuel companies may be well positioned to supply the Navy.



#### 3-4. Tourism

In part because of its warm coastal climate. San Diego is the 5th-ranked leisure tourism destination and the 10th-ranked business destination in the United States, competing with similar cities such as Los Angeles, San Francisco, Seattle, and Miami. The San Diego Convention Center hosts more than 200 events per year and the city's ability to compete for conventions will increase when the pending expansion is completed. The San Diego Zoo is world-renowned, and Spanish-era facilities in and near Mission Valley and Old Town provide cultural tourism attractions. San Diego's emerging beer manufacturing industry also augments this sector, drawing in thousands of beer aficionados to industry events as well as local breweries and brewpubs.

The economic impact statistics are impressive. San Diego reportedly attracts 3134.2 million visitors

a year, spending billions annually in the local economy. Tourism employs \( \frac{160,000}{173,000} \) San Diegans, and generates \( \frac{8}{9.6} \) billion of GRP, making it the third-largest economic sector in the region after manufacturing and the military.

Because the U.S. tourism economy is so competitive, San Diego faces constant challenges in retaining its position. Cities across the country are continually improving both their marketing efforts and their visitor facilities, meaning San Diego must do the same. San Diego is taking many steps to keep up. The Tourism Marketing District provides funds to promote San Diego to outside visitors. The proposed expansion of the Convention Center will help San Diego remain competitive in drawing business travelers, attracting new events, and retaining large events like Comic-Con.



(Photo courtesy of San Diego Unified Port District)

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# San Diego's Neighborhood Businesses

San Diego is well-situated to encourage small local businesses and startup companies, especially in the city's many distinctive older commercial corridors and districts. Although most of these businesses serve local customers and are not part of the economic base, they can play a powerful role in both strengthening the local economy and creating renewed vitality in the city's older neighborhood-based business districts.

Imperial Avenue in Southeastern San Diego

Neighborhood retail businesses provide significant economic benefits to the city and its residents. Not only do they provide goods and services conveniently on a neighborhood scale, but they can help retain money in the local economy that flows into the region through base industries.

A large corporate retailer typically exports wealth out of the region — undercutting the economic benefit of base industries, which import wealth into the region from other places. resulting in the undercut of economic benefits from base industries. Small retail firms can protect against this outflow of wealth. The owners of small retail stores typically live in the local—community and frequently spend their revenue and profits buying goods and services locally—both for their business and for themselves. Some estimates indicate that profits expended locally by a locally owned small business are recirculated within the local economy 4-7 times before the money leaves the local economy through capital accumulation.

San Diego has a wide range of older commercial corridors and districts that provide a—distinctive characters and have the potential to anchor revitalization of the surrounding neighborhoods. These operations tend to occupy older structures in "Main Street" corridors located throughout the City, with the majority found between Adams Avenue in the north to Imperial Avenue in the south.

These older commercial corridors offer a richer shopping experience that often includes authentic and diverse dining and entertainment experiences. Special events such as street fairs, restaurant walks, and farmers markets offer residents and shoppers opportunities to experience the individual characteristics of the commercial neighborhoods.

In some neighborhoods, such as Downtown, Hillcrest, and North Park, small businesses have already helped to bring these neighborhoods back. are helping to revitalize these neighborhoods. In other neighborhoods, the potential has not been realized as strongly.

By creating opportunities for entrepreneurship and encouraging small businesses to succeed, not only are new jobs creatednew jobs are created, but commercial corridors are revitalized and surrounding neighborhoods are stabilized, which facilitates further economic development in accordance with General Plan Policy EP-B.2.



Another key element in developing the small business economy is encouraging microbusinesses such as home-based businesses. business districts vield Strona neighborhood increased sales-tax receipts from tourist shopping as well as increased property tax revenue resulting from increased property values in the business districts themselves and surrounding residential neighborhoods. Another key element in developing the small business economy is encouraging microbusinesses such as home-based businesses.

The City's business license tax structure already recognizes the importance of small businesses. Approximately 93% of the 90,000 licensed businesses in the City have 12 or fewer employees. These businesses pay a business license tax of only \$34 per year, compared to \$125 plus \$5 per additional employee for businesses with 13 or more employees. General Funds of approximately \$20 per licensed small business are used to support the City's Office of Small Business, which provides technical assistance to small and startup businesses and runs many programs intended to benefit retailers in the city's older commercial corridors and commercial districts.

In addition, tThe City works closely to also oversees and supports 17 non-profit business associations who manage the City's 18 business improvement districts, or BIDs, which assist neighborhood businesses in working together to strengthen their

business districts. The City also helps many of these non-profit business associations to manage and operate property-based assessment districts and parking districts, which provide additional sources of revenue to promote neighborhood businesses and commercial neighborhood revitalization. Assessment Districts generate fundina promotion of tourism, development of economic opportunities, and for clean and safe programs which benefit more than 12,000 businesses and 17.600 property owners in 20 neighborhoods. Unfortunately, the formation and operation of Assessment Districts has been impacted by recent case law which has created uncertainty in this area. The Community Parking District program facilitates development of local solutions to mitigate parkingrelated impacts which may be dampening economic activity.

The City also provides a wide variety of other business and housing programs aimed at revitalizing older neighborhoods in need of investment. Many of these programs, such as the Community Development Block Grant program, are funded by the U.S. Department of Housing & Urban Development. However, Nneighborhood revitalization in San Diego suffered a significant blow in 2012 when California eliminated Redevelopment, which provided taxincrement financing as a source of funding for investment in such neighborhoods. The City's Community Development Division has identified additional community resources that will be invested in economic development opportunities including revolving loan funds to create a sustainable funding source for future years.

South Park's 30th St. / Fern St. commercial corridor

# Development

In order to implement the economic development efforts described above, the City can and should undertake renewed and re-focused efforts in three areas that affect business growth and prosperity. These are:

- City Services & Operations
- Workforce Development & Education
- City Relationships with External Organizations

# 5-1. City Services & Operations

The key economic sectors described above rely on a wide variety of City services and operations to succeed as follows:

- Transportation, including streets and freeways, rail and bus transit, airports, and ports.
- City telecommunications facilities
- Citywide water, sewer, and stormwater system
- Emergency facilities
- Police and fire services
- Sanitation and recycling

- Parks and open space
- Zoning and code compliance
- City capital improvement projects
- City contracting and procurement
- Management of city-owned real estate
- Issuing permits and licenses
- Creation and management of special districts

The chart and descriptions in Figure 9 provide some examples of how these departments interact with businesses in ways which can influence private business investment decisions and can impact overall economic prosperity.

Figure 9: Key City Departments Affecting Economic Development Efforts

Key City Department	Building & Development Permit Approvals	Licensing	Infrastructure and Tourist Attractions	Business Use of City Property	Procurement and Financial Services to Businesses	Management of Assessment Districts
Economic Development			X			X
Planning	X					
Development Services	X	X				
Public Utilities	ngi terandan menindi di di andan di mindi di pindapan sana nyinin yang dapan pang dapan berbebah sa X	X	aki ki aki kin ki kini sugam aya ki ki ki gu gi ka ki kin aki aki aki aki aki aki aki kini kin	X	fan de kanade alle en ste en alle ken stad it med en en ander de filt med finne it de die de kinde de kend	<del>na nakanda da kanda da Kada da Madi</del> lia ka nakan da mata da Kada da Madilia da Madilia da Kada da Madilia da Madi
Real Estate Assets	were the state of			X		X
Fire Rescue	X	X	var stimmt des er er de mili mich de den dels er den mens er pro mili int van de var på de den dels se den de		quid-rem-i de matitat manifessor Latida Antidentido de Charles de manifesi (a il cida de constato del	gan an thair William de William de ann an Ar Air Air an thur a' an de ann an Air Air Air ann an an Air Air Air
Police		X				
Purchasing & Contracting				×	X	X
Transportation & Storm Water	X	X				
Environmental Services		***************************************		X		
Engineering & Capital Projects			X			X
City Treasurer	de transference a tradecontrol à accidit en control de control de la control de control de control de control d	X	gement and an investment that the state of the		X	X
Parks & Recreation			X	X		X
Debt Management		PARCE			X	X

These departments and functions affecting economic development efforts are described in more detail in Appendix D: Internal Operational Guidance & Coordination.

# 5-2 Workforce Development & Education

It is almost impossible to overstate the importance of having a highly skilled workforce to staff business operations. As technology continually transforms the way products are developed, manufactured, delivered and sold in a global marketplace, the ability of businesses to access

qualified human resources is paramount. Equipping the future workforce with the tools to meet the talent needs of the base-sector industries will help attract, retain, and encourage expansion of these companies as well as increase City residents' standard of living.

As the City positions itself as a national leader in innovation and technology, there is optimism locally for continued economic growth and opportunity. As the industries that define San Diego's Innovation Economy continue to grow and become a foundation of the local economy, it is important to create impactful educational and workforce development opportunities to ensure all San Diegans can share in the successes of a growing local economy.

For many years the City of San Diego has been actively engaged in promoting workforce development programs that create traditional pathways to employment for youth-based categories in several industry and retail employment sectors. However, a recent trend in San Diego's regional workforce suggests a noticeable undersupply of available (and qualified) employment talent in the innovation economy sectors. As San Diego continues to promote regional growth of these evolving sectors, it has become increasingly important to ensure that the sector employers have a qualified talent pool for the higher paying jobs available throughout the region.

With this in mind and under the leadership of the Mayor, the City in collaboration with regional economic development organizations, the business community and academia proposed in 2015 two (2) new workforce initiatives that support workforce development needs in order to promote regional growth of its base sector industries. These initiative recognize the future workforce needs of these sectors of the regional economy and cultivate the interests of young adults to pursue middle-to-high income earning career paths in the innovation and technology-based employment sector.

As a result of the Mayor's Workforce and Economic Advisory Committee a blueprint was created for developing a stronger workforce, "Opportunities for Tomorrow Start Today. The document makes the following eight (8) recommendations to address skills gap threatening the region's economic competitiveness:

- 1) The Mayor should lead a region wide effort to focus public and private workforce dollars on five high-wage, high-demand, and high growth priority sectors;
- 2) The Mayor should work directly with the San Diego Workforce Partnership to develop a local strategy for allocating the region's workforce resources to ensure funding priorities aligns with the region's employment needs and "priority sectors";
- 3) The Mayor should lead an initiative to replicate and scale five regional "Thinkabit" style labs by working with major employers to expand this successful model;
- 4) Work with San Diego Unified School District and local San Diego Community Colleges to create tailored "bridge programs" for graduating high school seniors for each of the five priority sectors;
- 5) Create economic incentives for priority sector business to open and expand in low-moderate income neighborhoods like City Heights and Southeastern San Diego;
- 6) The Mayor should create a "Workforce Cabinet" to continue to bring preeminent leaders in education, business, philanthropy and workforce development to build a stronger San Diego;
- 7) Enlist businesses in creating real, meaningful partnerships with the schools, community colleges and the San Diego Workforce Partnership around summer jobs, internships and work-based learning activities; and
- 8) Set a specific summer jobs or youth employment goal.

The second is ONESD100, a Mayoral sponsored workforce training initiative that promotes investment in San Diego's future workforce needs. ONESD100 provide a platform for the creation of innovation economy sector

employment opportunities for young adults in the region. Some of the primary goals of the ONESD100 program include:

- a. Providing temporary young adult employment opportunities to address anticipated undersupply of workforce talent in the region's innovation and technology employment sectors.
- b. Facilitate coordination with regional workforce development stakeholder entities to enable temporary youth employment opportunities in targeted employment sectors.
- c. Commitment of program participation from 100 corporate sponsors.
- d. Target employment and mentoring opportunities for young adults (aged 16-24) residing in many of the City's LMI communities.

As San Diego positions itself as a national leader in innovation and technology, the industries that define San Diego's Innovation Economy, it is important to create impactful educational and workforce development opportunities to ensure all San Diegan's can share in the success of a growing economy. These initiatives help lay the foundation for addressing the skill gap negatively impacting the region's economy.

Figure 10: Projected Employment Growth Within San Diego County (By Industry Cluster/Sector)

Sector/Cluster	2012 Jobs	2015 Jobs	2018 Jobs	New Jobs by 2018	% Change	2012 Establishment s	2012 Avg. Annual Wage
Largest Growth							
Construction	137,738	148,546	158,019	20,281	15%	8,536	\$95,635
Health Care	137,915	148,477	156,347	18,432	13%	7,520	\$61,825
Tourism*	162,516	172,262	180,579	18,063	11%	6,737	\$26,080
Rapidly Growing							
Biotech & Medical Devices*	50,574	56,635	60,239	9,665	19%	1,059	\$145,060
Electronics & Telecommunications, Software & Web Development*	81,836	85,334	89,117	7,281	9%	3,138	\$124,539
Aerospace Defense*	26,603	28,688	30,115	3,512	13%	456	\$106,772
Emerging							
Advanced Manufacturing*	4,591	4,856	5,193	602	13%	278	\$56,036
Food & Beverages*	1,690	1,857	1,986	296	18%	40	\$60,443

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Total Additional					
Total Additional		60,069		-	
Jobs by 2018		00,009			
3008 by 2016	1				

\*Sector/cluster names that correlate with City of San Diego Economic Development Strategy. Source: QCEW Employees, Non-QCEW Employees & Self-Employed - EMSI 2013.1 Class of Worker. Data compiled by the San Diego Workforce Partnership, March 2013

The City does not directly provide either education or job training except for training and education programs provided to its own employees. However, the City has strong relationships with educational institutions and entities such as the San Diego Workforce Partnership and it is well positioned to work with public and private organizations.

# 5-3. City Relationships with External Organizations.

San Diego's businesses are served by numerous non-profit organizations, including trade organizations, chambers of commerce, economic development organizations, labor organizations, and unique service providers. Most of these organizations cater to businesses in a single economic sector, such as accommodation or manufacturing, or to a single or related group of industries such as biotechnology or cleantech. The City's relationship with some of these organizations, especially with regard to industrial development, is delineated in Council Policy 900-04.

The City's relationship with these external organizations is very important. The City exchanges information with these organizations on a regular basis and can also play an important convening and coordinating role to maximize the effectiveness of these organizations and the value of the relationships with them.

Figure 11: List of External Stakeholder Organizations

Accion San Diego	
Asian Business Association of San Diego	
BIOCOM	
Building Industry Association (BIA)	
Business Improvement District Council (BID Council)	
California Restaurant Association - San Diego Chapter (CF	RA)
Center for Policy Initiatives	
Central San Diego Black Chamber of Commerce	
City Heights Community Development Corp.	
Civic San Diego	confining the St. and St. of all the control of the St.
Clairemont-Bay Park Chamber of Commerce	
CleanTECH San Diego	
CommNexus <u>EvoNexus</u>	
Community Planners Committee (CPC)	
CONNECT	
Downtown San Diego Partnership	M 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100
East County Economic Development Corporation	
Equinox Center	
Golden Triangle Chamber of Commerce / Pacific Triangle I	Partnership
Industrial Environmental Association	
Maritime Alliance, The	
Mayor's Office of Binational Affairs	
Mira Mesa Chamber of Commerce	
National Association Industrial & Office Properties (NAIOP	)
National University System Institute for Policy Research (N	USIPR)
Otay Mesa Chamber of Commerce	

Dort of Can Diago Chin Donair Association	
Port of San Diego Ship Repair Association	
San Diego Association of Governments (SANDAG)	
San Diego Brewers Guild (SDBG)	
San Diego Center for International Trade Developmen	nt
San Diego Convention Center Corp.	
San Diego County Regional Airport Authority	
San Diego County Taxpayers Association (SDCTA)	
San Diego County Hispanic Chamber of Commerce	
San Diego Hotel Motel Association	
San Diego Military Advisory Council (SDMAC)	
San Diego North Chamber of Commerce	
San Diego Regional Chamber of Commerce	
San Diego Regional Economic Development Corp. (E	EDC)
San Diego Imperial Counties Labor Council	
San Diego Small Business Development Center	
San Diego Tourism Authority	
San Diego Tourism Marketing District Corporation	THE CONTRACTOR OF CONTRACTOR CONT
San Diego Workforce Partnership	
San Ysidro Chamber of Commerce	
Security Network & Maritime Alliance	
South County Economic Development Council	nettorik i uziria tieseci - i tiz ie Ożewia
Unified Port of San Diego	
Urban Land Institute	anten in die State in Salar State in S

# Appendix A: Base Sector Economic Engines

## Military

# (Moved to section after Logistics)

The City has a long history of working with the Department of the Navy, including the Pacific Fleet, the United States Marine Corps (USMC), the Space and Naval Warfare Systems Command (SPAWAR), along with several other commands.

#### United States Navv (USN)

The U.S. Navy continues to operate a number of major installations in San Diego. These include: the Naval Station San Diego located in Barrio Logan stretching into National City; the Space and Naval Warfare Systems Command (SPAWAR) in the Midway area; and smaller facilities located in downtown, Point Loma, and Kearny Mesa.

Installations in nearby cities of Coronado and Imperial Beach provide additional payroll spending and local contracting opportunities. The Navy has stationed well over 100,000 military and civilian personnel throughout the County, most of these in the City of San Diego.

#### Naval Base San Diego

Naval Base San Diego (aka "32nd St. Naval Station") is located in Barrio Logan and in the harbor area of neighboring National City. It is the principal harbor for the Pacific Fleet and includes berths for over 46 U.S. Navy cruisers, destroyer, frigates and support vessels, as well as 12 additional U.S. Coast Guard and Military Sealift Command ships. Thirty

thousand military personnel and contractors are stationed or employed in the city, thus providing significant payroll expenditures to support local retailers and service sector businesses. Ship repair, fueling, and procurement activities create many civilian jobs within military service contractor businesses in nearby areas of the City.



(Photo courtesy of United States Navy, CNIC Naval Base San Diego website)

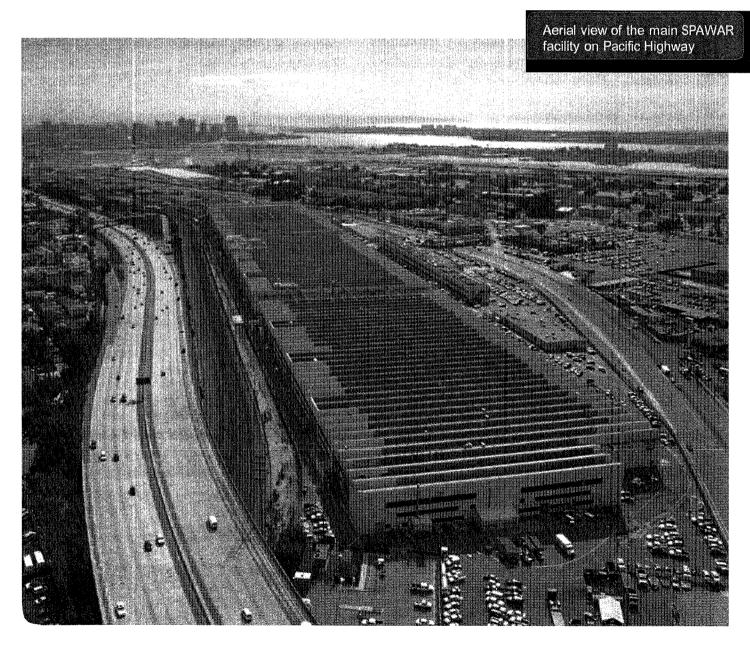
#### Space and Naval Warfare Systems Command (SPAWAR)

The SPAWAR installation has over 4,500 military and civilian employees, many of them highly paid engineers. SPAWAR's overall economic impact is even greater since it contracts with many local defense contractors for additional goods and services.

The Department of the Navy has announced its intention to expand and construct new facilities throughout the County, ensuring a long-term presence. The U.S. Navy has continued to move additional warships to its San Diego and Coronado

port facilities which not only increases local payroll expenditures but provides significant new ship repair/maintenance contracts for local businesses.

The Department of the Navy has indicated to local contractors that it intends to continue to have a large physical presence in San Diego County and to retain those existing San Diego installations that are currently operating. This large physical presence means that these military installations will remain a pillar of stability for the local economy.



(Photo courtesy of United States Navy)

# United States Marine Corps. (USIMC)

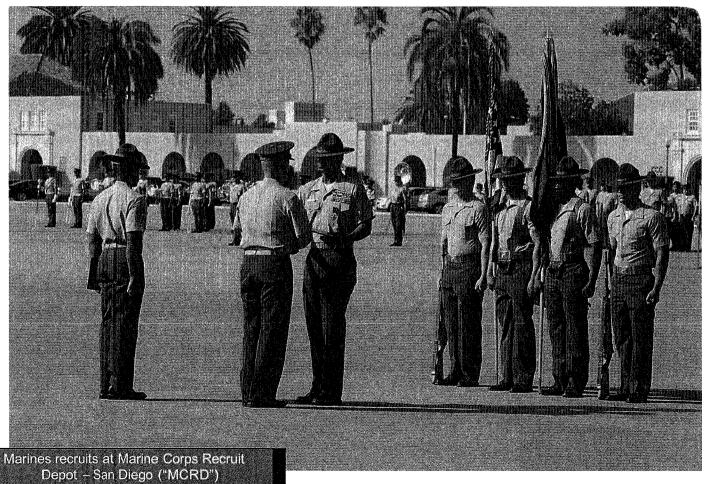
The U.S. Marine Corps. continues to operate the Marine Corps Recruit Depot adjacent to San Diego Bay and the Marine Corps Air Station (MCAS) Miramar. Payroll spending from a larger contingent of Marines stationed at nearby Camp Pendleton in

Oceanside also contributes to the regional economy which benefits San Diego retailers and service sector businesses. The USMC has stationed over 56,000 Marines primarily in these three locations.

#### Marine Corps Recruit Depot (MCRD)

The Marine Corps Recruit Depot is located between the communities of Point Loma and Midway-Pacific Highway on 388 acres of reclaimed tidelands. One of only two such facilities in the nation, MCRD provides training to USMC recruits in a "boot camp" environment. MCRD provides economic stimulus through payroll and procurement plus the positive fiscal and economic impacts resulting from visiting

families at graduation times. Known for its unique Spanish colonial revival style appearance, the overall site and specific building plans were developed by renowned architect, Bertram Goodhue, who also designed the buildings built in San Diego's Balboa Park for the 1915 Panama-California Exposition. Twenty-five of the Depot's buildings are on the National Register of Historic Places.



(Photo courtesy of United States Marine Corps.)

## Marine Corps Air Station Miramar (MCAS Miramar)

Marine Corps Air Station Miramar (MCAS Miramar) is located on 23,116 acres between the communities of Mira Mesa and Kearny Mesa in the northern part

of the City. This airbase is home to the USMC's 3rd Marine Aircraft Wing and its 15,000 military and civilian personnel.

Aerial view of Marine Corps. Air Station Miramar (MCAS Miramar)

MCAS Miramar

(Photo courtesy of United States Marine Corps.)

Additional information about the impact of the Department of the Navy can be found at: http://www.sdmac.org/lmpactStudy.htm

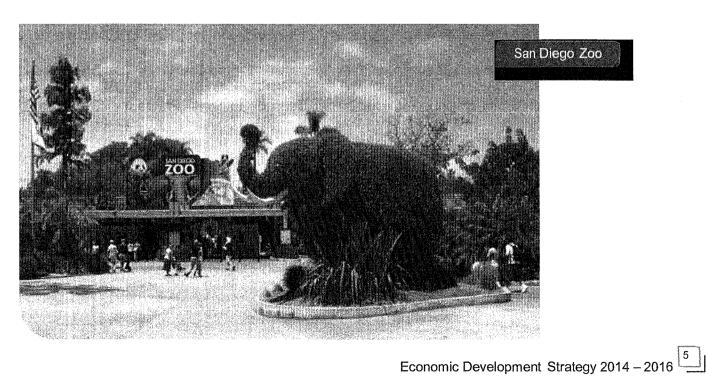
#### (Moved to new section after Logistics & Military)

In a national survey by the U.S. News and World Report ranking the best vacation spots in the U.S. and the world for 2011, San Diego ranked third in the nation and 18th in the world. San Diego ranked high in vacation destinations due to its weather, beautiful beaches, and its ability to retain its small city feel making it a popular destination for families looking for a relaxing vacation.

Although tourism in San Diego has seen declinesd during due to the recent recession, it has since recovered and visitor related industries will continue to be a major driver of the local economy. Significant attractions include the San Diego Zoo, Sea World, Seaport Village, the Gaslamp Quarter, Old Town, Mission Bay, Petco Park, Qualcomm Stadium, La Jolla Cove, Convention Center, and of course the City's world- renowned beaches.

Shelter Island in San Diego Bay

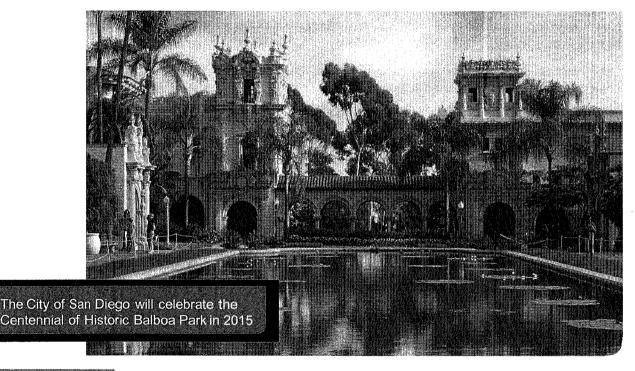
(Photo courtesy of San Diego Unified Port District)



#### Cultural Tourism

San Diego is the oldest city in California, claimed for Spain in 1542 by explorer Juan Cabrillo with the first settlements established in 1769 at the Fort Presidio and San Diego Mission de Alcala. San Diego became part of Mexico as a result of that nation's independence in 1821 and later became part of the United States in 1850. Both Fort Presidio and Mission San Diego de Alcala are listed as National Historic Landmarks as are many of the older structures in Old Town and Balboa Park. San Diego's Spanish heritage as seen through these historic structures and the grounds

surrounding them are cornerstones of the City's cultural tourism. The 19th century buildings in Old Town have been painstakingly restored and most are operated today as restaurants and gift shops. Balboa Park, reportedly boasts the largest complex of museums other than the Smithsonian in Washington DC. The adjacent City of Tijuana in Mexico is a short drive or train trolley ride away. Visitors can easily tour and enjoy these facilities as well as visit the pedestrian-oriented City of Tijuana in a single day.



#### Premotions

Marketing of major events and facilities is funded in part through the Tourism Marketing District (TMD), a business assessment district which levies a fee on hotel room nightslodging businesses for this purpose. Funding is also

provided from the City's Transient Occupancy Tax (TOT) Fund through the Economic Development & Tourism Support Program (EDTS) and Citywide Economic Development Support Program.

#### Public Benefits

In addition to the economic impacts described above, tourism related business establishments such as hotels, motels, restaurants and boutique retail outlets generate significant tax revenues for the City's General Fund. The City receives a

share of property tax paid by these businesses, a 1% local sales tax, and most significantly, all of the 10.5% Transient Occupancy Tax (TOT) levied on visitors staying at local hotels and motels. The City received \$150 170 million in TOT revenue in FY2012FY2014.

Additional information about the economic impact of the tourism industries can be found at:

http://www.sandiego.org/industry-research.aspx

## Manufacturing

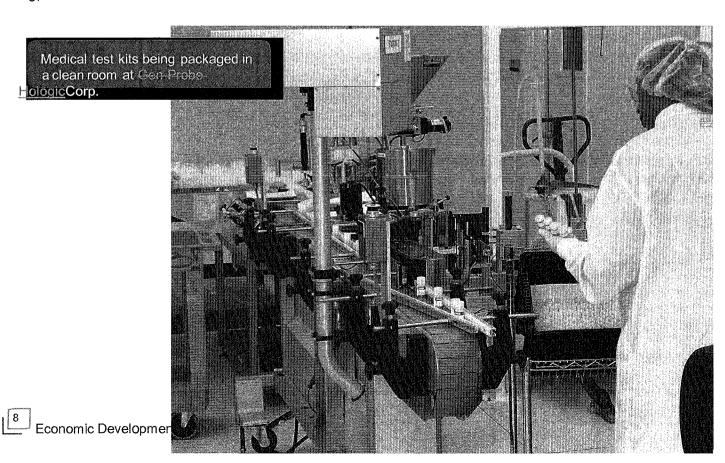
#### Biotech & Medical Devices

The Biotech industries-industry have has existed in San Diego since the late 1960's, when the Salk Institute for Biological Studies was founded by Jonas Salk, the developer of the polio vaccine, but However, the industry did not experience much outside of medical devices until the arowth The biotechnology industry cluster is 1980's. mainly comprised of three basic industries: drugs, diagnostics, and devices. Companies such as Alere, Becton Dickinson CareFusion, Hologic, Gen-Probe, and Illumina operate major manufacturing plants. Drug manufacturers such as Celgene, Amylin Pharmaceuticals, Johnson & Johnson, Novartis, and Pfizer continue to operate major research laboratories in the University Community area.

Additionally, a significant number of "Ttoolbox" companies which produce drug screening and discovery devices, reagents, and other biochemicals provide a complementary and supportive business environment. The drug industry has been characterized by a high degree of risk, reward, and volatility. This environment is manifest through a massive number of start-ups, spin-offs, mergers and mergers & acquisitions resulting in some degree of

employment fluctuation. In contrast, the diagnostic, device, and "toolbox" industries are characterized by stability and steady growth. These industries contain the majority of actual biotech manufacturing jobs. In addition, devices and diagnostic products are subject to sales tax, which also has the added benefit of generating substantial tax revenues for the General Fund.

Despite the high costs of doing business in California, the biotechnology industry still finds San Diego an attractive location for R&D and some types of manufacturing. Manufacturing creates middle income jobs opportunities and in many instances creates sales, use, and property tax revenue for the City's General Fund. Despite the volatility described above, this industry cluster has remained a significant economic engine within the City and by almost any measure is ranked as the nation's third largest biotechnology cluster.



#### Cleantech:

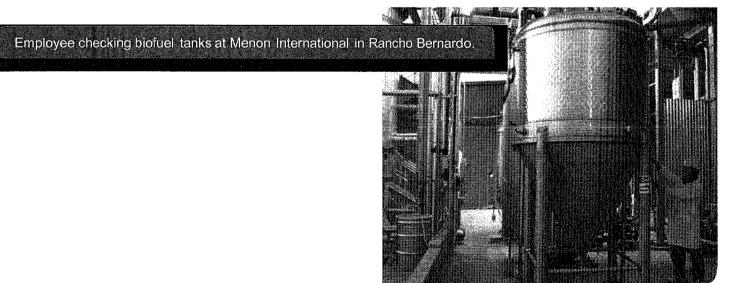
The cleantech industry cluster in San Diego is comprised of a number of industries which are engaged in the development, manufacturing, distribution, and installation of products which produce renewable energy, clean energy, energy efficiency, energy storage, biofuels, or other products which reduce pollution and/or natural resource depletion worldwide. Many of these businesses also provide a range of closely related services to governments, other businesses, or individual consumers.

San Diego's cleantech businesses include primarily solar energy, biofuel, water purification, and energy efficiency systems manufacturers. San Diego's solar industry includes two major manufacturers, Soitec Solar Industries and Kyocera Solar, plus dozens of related businesses engaged in the financing, operating, and installation of solar energy systems used by homeowners, businesses, governments, and investor owned utilities such as San Diego Gas & Electric (SDG&E). The biofuel industry includes one small manufacturer. New Leaf Biofuel, which is already producing on a commercial scale in the Barrio Logan community. Additionally, others such as; Menon International, Sapphire Energy, Synthetic Genomics, and General Atomics are developing a new generation of biofuels from certain strains of algae or cellulosic materials. In 2009, the University of California at San Diego established the San Diego

Center for Algae Biotechnology (SD-CAB) to further the development of innovative research solutions for the commercialization of fuel production from algae.

Much like biotech and other high-tech industries, cleantech businesses are attracted to San Diego because of its highly skilled and highly educated workforce, and because of its culture of entrepreneurship, innovation, and collaboration. San Diego's abundant sunshine creates a natural market for the solar industry. Collaboration between government and industry on cleantech initiatives and the success of CleanTECH San Diego (a local trade organization), has spurred <a href="mailto:some">some</a> limited growth in this industry cluster.

In the near term, the Cleantech industry cluster will continue to be driven by a combination of federal, state, and local mandates for renewable energy and energy conservation; procurement of Celeantech products by government agencies; and the provision of ratepayer and taxpayer subsidies. In the long term, consumers may increasingly seek cleantech products as they become more costeffective as compared to fossil-based alternatives. Most Celeantech products require a highly skilled and highly educated labor force to develop and produce, and San Diego clearly has such a labor force.



(Photo courtesy of Menom International)

New Leaf Biofuel in Barrio Logan produces biodiesel from used cooking oil collected from restaurants throughout San Diego County.

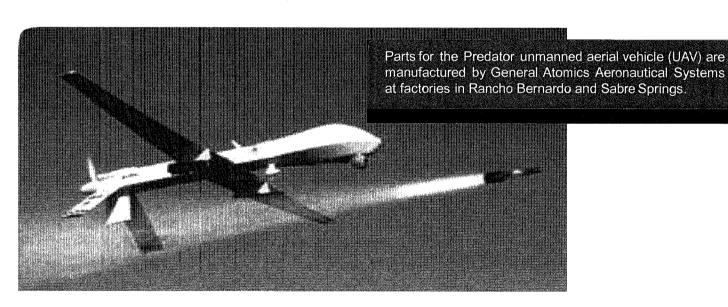
#### Aerospace & Defense

Four-Three of the City's 10 largest employers are in the Defense & Security Systems industry cluster and operate as defense contractors: General Atomics, General Dynamics, and Northrop Grumman, and Science Applications International Corp. (SAIC). Dozens-Hundreds of small and medium-sized defense contractors and subcontractors contribute to a cluster of related industries, such as manufacturing unmanned aerial vehicles (UAV's), aerospace components, avionics, C4ISR systems, and other products sold to the U.S. Departments of Homeland Defense. Security. and foreign governments.

During the early 1990's the end of the Ceold Wwar resulted in a fairly massive and rapid reduction of the number of defense contracts let by the U.S.

government. Rising energy and insurance costs in California squeezed margins to the point that major aerospace contractors like General Dynamics decided to close or downsize operations which had been in existence for decades. This resulted in a shock to the local economy due to the loss of tens of thousands of jobs.

While defense conversion was a way for some impacted companies to convert to new markets, many San Diego defense contractors adapted by developing more sophisticated products with greater profit margins consistent with advancements in military science and military intelligence. As such, San Diego's defense contractors remain strong.



In 2011, the Aerospace & Defense industry employed tens of thousands of San Diegans in fulfillment of contract values exceeding \$11 billion. a figure that according to NUSIPR represents 14% of Gross Regional Product (GRP). The fastest growth has occurred in the manufacturing of aerospace systems and components which increased in local contract value from \$56 million in 2001 to over \$2.9 billion in 2011. Most of this astounding growth has occurred within one industry - the manufacturing of unmanned aerial vehicles (UAV's) and related systems. This industry currently amounts to almost half of local aerospace contract value and nearly 12% of the total defense contract values fulfilled in San Diego. San Diego has emerged as a global leader in UAV development and production, and

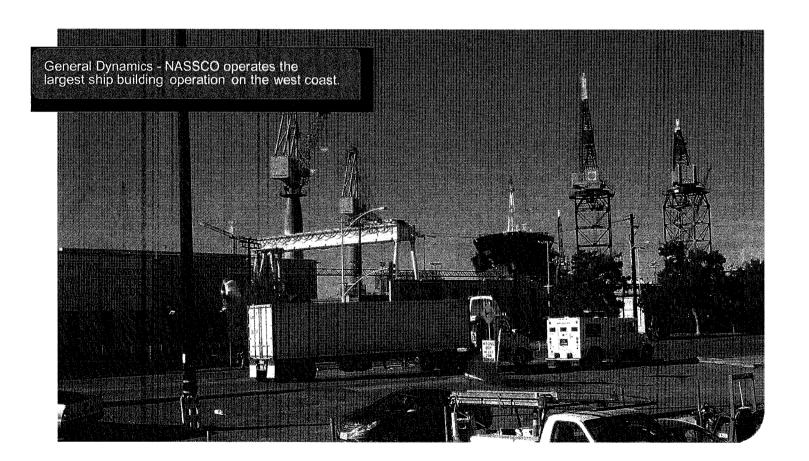
is probably the epicenter of this rapidly growing industry. General Atomics is now San Diego's largest defense contractor and second largest manufacturer with almost 7,400 employees. Northrop Grumman, which operates several UAV R&D facilities in Rancho Bernardo employs almost 5,000 locally in several divisions. Other San Diego defense plants and labs operated by L-3, BAE Systems, and SAIC supply components and major sub-systems for UAV's and other defense systems as well. NUSIPR estimates that the development and manufacturing of UAV's in San Diego results in total employment of over 7,000 people and total economic impacts of approximately \$2.3 billion<sup>17</sup>. ATK, Cobham Systems, Lockheed-Martin, and Raytheon, Lockheed-Martin, and ATK-also operate major plants and labs employing hundreds more

San Diegans at each location.

San Diego has the only major shipbuilding operation on the <u>Wwest Ceoast</u> of the United States. This operation has been located in Barrio Logan since 1960 and is operated by General Dynamics NASSCO as a result of General Dynamics acquisition of the former National Steel And Shipbuilding Company (NASSCO).

This major manufacturing operation employs over 3,600 — mostly unionized blue collar workers. While General Dynamics NASSCO produces some commercial ships, the majority are warships and support vessels built for the U.S. Navy. General Dynamics NASSCO also performs repair work for commercial and naval ships. It is a unique, important and very special asset for the City. Cyber security firms often get contracts to supply software/IT solutions to the Department of Defense.

San Diego is still competitive in the attraction of defense contractors. The shipyards of Barrio Logan are the only major waterfront shipbuilding operations on the West Coast. The unmanned aircraft industry has most of its R&D and manufacturing operations in or near San Diego. The presence of the military installations provides numerous contract fulfillment opportunities and defense contractors have unparalleled access to military veterans who are not only highly skilled in the use of military equipment, but also frequently had possessed expensive Secret and Top Secret security clearances—upon discharge.



<sup>&</sup>lt;sup>17</sup>"Unmanned Aerial Vehicles – An Assessment of their Impact on San Diego's Defense Company." NUSIPR, 2012, p.11

#### Electronics & Telecommunications

Electronics and telecommunications businesses have been a major part of San Diego's economy since National Cash Register (NCR) built its massive 113-acre computer manufacturing plant in Rancho Bernardo in 1968. In the early 1970's Kyocera, Sony Electronics, and Hewlett-Packard soon followed, creating a wave of new investments semiconductors. circuit boards. computer peripherals. and a wide variety of electronic components. integrated systems, and other products throughout the 1980's. All of these industry leaders still have major headquarters (HQ), R&D, and manufacturing operations in the San Diego communities of Rancho Bernardo and Kearny Mesa.

During the 1990s several companies, which had developed advanced wireless communications technologies for military or security applications, launched commercial endeavors, such as the manufacturing and commercialization of cellular telephones, data storage and encryption products, and technologies. These endeavors, along with the development and manufacturing of other products, ushered in a new wave of investment in these and related industries such as software and web development.

Large format printers assembled at Hewlett-Packard Co. in Rancho Bernardo

(Photo courtesy of Hewlett-Packard Co.)

By 2000, the "tech wreck" combined with energy deregulation, and rapidly escalating California Workmen's Compensation insurance costs, led to a series of devastating plant closures in the local semiconductor, circuit board, and television industries. Between 2000 and 2005 over 10,000 job losses occurred in Rancho Bernardo, Mira Mesa, and Kearny Mesa, San Diego's traditional hubs for these and related industries. Plans for large new industrial complexes by Intel and Sun Microsystems were canceled and the City's cellular phone manufacturers began to relocate manufacturing and later R&D operations to off-shore locations.

Much like the defense adaptation which took place in the 1995-2005 period, San Diego electronics and telecommunications companies began to focus on government and business-to-business markets, offering enterprise class systems and solutions which tended to have higher margins, and were sold with long-term service contracts. San Diego's electronics and telecommunication cluster is smaller than its peak in 2000, but appears to have stabilized at current levels.

#### Food & Beverages

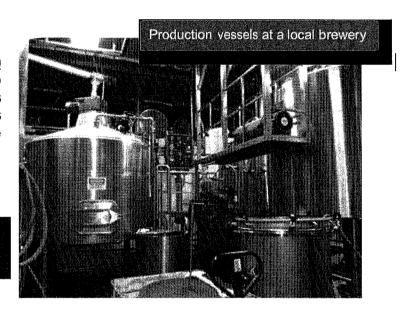
The food and beverage industry has quietly emerged as a viable source of job growth during the last ten years. Like many of the other San Diego industry clusters, this industry cluster thrives on the value-added by skilled labor, the support of local consumers and tourists, the business savvy of local entrepreneurs, and the ability to sell products to consumers in other states and foreign countries. San Diego County has a significant number of specialty foods manufacturers and the City has captured its fair share of these businesses. Otav Mesa is emerging as a geographic hub of processed specialty foods due to its relatively low land and labor costs. Several companies in that community are producing significant volumes of specialty foods which are sold at discount retail chains and international membership warehouse stores.

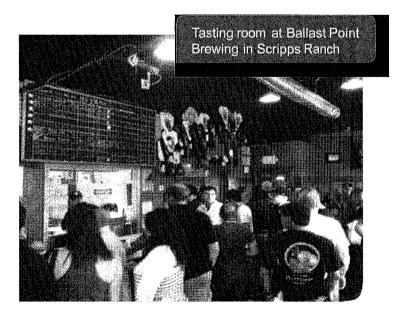
The <u>beer ("craft brew beer" and or "microbrewing")</u> industry has recently emerged as a source of job growth. According to the San Diego Brewers Guild and the Brewers Association, craft beer is the fastest growing segment of alcoholic beverage production

Bottling line at Coronado Brewing Co. in Bay Park

in the United States. These businesses tend to be located in the northern part of the City and North County cities and several have won international acclaim due to the development of very high quality beers. The close proximity of many of these local breweries facilitates is a form of tourism, as aficionados of fine ales, porters, stouts, and barley wines can travel to several locations in an afternoon for brewery tours.

Patrons can sample beers in tasting rooms and purchase bottled beers in the same way as people frequent the wineries of Napa, Sonoma, and Temecula. San Diego is emerging as one of the nation's hubs of craft/microbrewing.





Food and beverage manufacturers create excellent public benefits. Beer manufacturing creates 4.7 additional jobs in the wholesale, retail, and service sectors for each direct brewery job. Although it is classified within the manufacturing sector,

the brewing of high quality craft beer creates additional sales and TOT tax revenues as beer tasting tours and major industry events attract visitors from outside San Diego.

> Frozen hamburger patties being packaged at Jensen Meat in Otay Mesa

> > (Photo courtesy of Jensen Meat Co.)

Food manufacturing has a multiplier of 4.1 generating three additional jobs for each direct job, well above the average multiplier of 2.0. According to South County Economic Development Council, jJobs in the food manufacturing industry pay an average of \$41,842 annually. according to South County Economic Development Council. Most of San Diego's food manufacturers are located in Otay Mesa which has cost-effective real estate options, access to a skilled labor pool in South Bay, and access to two existing cold storage facilities. These 7 manufacturers are producing meat products, tortillas, baked goods, and other specialty foods and reportedly employ approximately 1,000 workers. These employers typically provide health insurance and other benefits.

Municipal water and sewer services are extremely important to this industry. Water is used in large volumes to produce both food and beverage products from raw materials and for sanitation. Reclaimed (recycled) water cannot be used inside food and beverage plants, so manufacturers are totally reliant on the availability of potable water, and are greatly impacted by increases in water commodity rates as well as water capacity charges. Food and beverage producers are also highly reliant on cost-effective sewer services to remove discharged wastewater.

<sup>&</sup>lt;sup>18</sup> Using Multipliers to Measure Economic Impacts, California Economic Strategy Panel, 2009

19 "Regional Food Cluster Profile." South County Economic Development Council, 2009

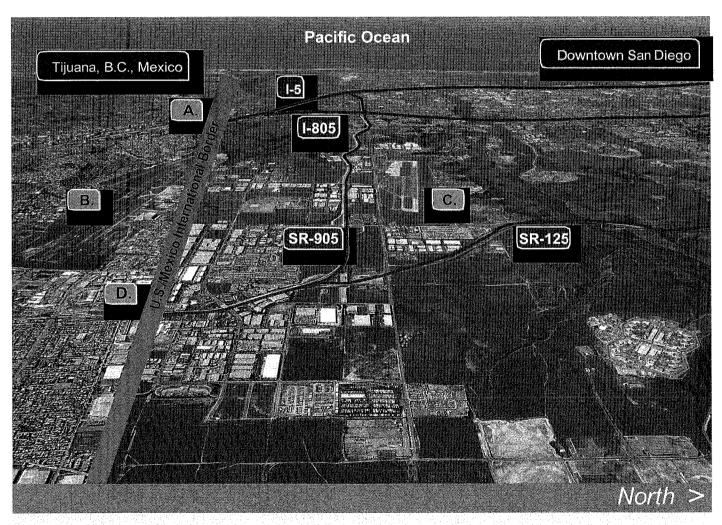
# International Trade & Logistics

#### The International Border with Mexico

San Diego's proximity to Tijuana, Baja California, Mexico provides the City with an important comparative advantage in terms of capturing international trade activity. The United States is Mexico's largest export market consuming over 80% of Mexico's goods, equating to approximately \$230 billion. Conversely, the United States exports approximately \$163 billion worth of goods to Mexico. San Diego's direct physical connection to the international border and its cultural connection to the City of Tijuana's population of 1.3 million people is by far the largest of any U.S. city bordering Mexico. This juxtaposition gives San Diego a unique

and special position with Mexico as a gateway city and a critical economic engine for the San Diego-Tijuana region.

The U.S./Mexico International Port of Entry at San Ysidro is reportedly the busiest in the Western Hemisphere, due in part to the sheer size of the San Diego-Tijuana metropolitan area which has a combined population estimated at over 6 million people. Thousands of workers and tourists purchase goods and services on both sides of the border every day. According to the U.S. General Services Administration (GSA), 50,000 northbound vehicles



- A. San Ysidro Port-of-Entry
- B. Tijuana International Airport

- C. Brown Field Municipal Airport
- D. Otay Mesa Port-of-Entry

are processed and 25,000 northbound pedestrians cross each day. A study conducted by the San Diego Association of Governments (SANDAG) projects an 87% increase in vehicle traffic in San Ysidro by the year 2030. In order to accommodate that growth in traffic and better meet the changing needs of the tenant agencies and the general public, in 2004, the GSA began to work with local, state and federal government and community representatives from U.S. and Mexico to discuss the reconfiguration and expansion of the Port of Entry in Tijuana and San Ysidro. The result is a \$732 million "Port of the Future" for the San Ysidro Port of Entry that features a sustainable design as well as technology to improve processing of northbound vehicular and pedestrian traffic. Phase I of this expansion project is complete and Phase II is under construction. The 2014 fiscal year President's budget features a \$226 million request to fund Phase 3 of the project. Upon completion, the San Ysidro Port of Entry will be a facility that is sustainable, operationally scalable. and will dramatically reduce the Port's carbon foot-print, while at the same time enhancing U.S. Customs and Border Protection's (CBP) ability to conduct their mission to guard the Nation's borders while fostering economic security through lawful international trade and travel.

The Otay Mesa Port of Entry accommodates approximately 775,000 tractor-trailer annually, carrying goods valued at approximately \$27 billion. The Otay Mesa border crossing is adjacent to several large industrial parks containing over 14 million square feet of existing industrial space and over 1,000 acres of developed industrial In 1988 the city received the authority to administer the federal Foreign-Trade Zone (FTZ) Program throughout the entire county of San Diego. In 2011, the City reorganized the FTZ program to a new format, the "alternative site framework" or ASF. This new structure allows companies to obtain approval to activate as an FTZ facility quickly. In Otay Mesa, the recent and proposed construction of several modern distribution centers, comparatively low lease rates, tax and duty advantages, and With the completion of State Route 905-will-enable the City is in a betterte position itself—as aan attractive viable location for trade- servicing and logistics companies.

-With the addition of State Route 11 (SR 11) and the new Otay Mesa Port of Entry in the near future, the movement of goods and people between the United States and Mexico will be vastly imporoved improved. In addition, the proposed new State Route 11 and new Otay Mesa East Port of Entry will improve the movement of goods and people between the United States and Mexico. The construction contract for segment 1 of the SR 11/Otay Mesa East Port of Entry project is expected to be awarded in late 2013. The estimated completion date is 2015. Subsequent segments will be built as funding becomes available (expected to begin in 2016).

According to San Diego Association of Governments (SANDAG), the San Diego region's primary public planning, transportation, and research agency, the addition of SR11 and the new Port of Entry will provide fast, predictable, and secure crossings via tolled approach roads that connect directly to a new state-ofthe-art POE that serves both personal and commercial vehicles. The goal is to operate the new POE with a 20-minute border wait time. Efficiencies will be achieved through a host of innovations and technologies. The projects are being built in three (3) segments with segement segment 1 construction on SR 11 started in December 2013 and scheduled to open in 2016 at a cost of \$103.4 million. Construction began in October 2015 on the SR 11/SR 125/SR 905 northbound connectors and is expected to be completed fall 2016. The subsequent two segements

segments are contingent on seuring securing financing and will complete the highway by constructing a tolled segment, extending SR 11 from Enrico Fermi Drive to Siempre Viva Road and the commercial vehicle enforcement facility and build the new Port of Entry.

#### The Port of San Diego

The Port of San Diego facilitates international trade activity though its 10th Avenue Marine Terminal, in the City of San Diego and 24th Street Marine Terminal in the City of National City. The Port of San Diego is ranked as the West Coast's 8th largest port based on total tonnage shipped 6.5 million tons. Combined with the National City Marine Terminal, these ports generate an economic impact estimated at \$1.7 billion. The 96-acre 10th Avenue Marine Terminal is utilized mainly for the importation of a wide variety of bulk products and

large pieces of equipment. These products include cement from China and Thailand; sand from Mexico; fertilizer from Norway; fresh fruit from Guatemala, Costa Rica, Peru, Ecuador, and Australia; steel products from Europe, Korea, and China; and wind turbines from the Great Lakes region. It is also home to companies that provide for 822 jobs at average wages of \$54,032 annually, 28% greater than the countywide average for all jobs.<sup>20</sup> The National City Marine Terminal's inbound cargoes consists of largely automobiles and lumber.

More information about maritime trade at the Port of San Diego can be found here: http://www.portofsandiego.org/about-us/view-financial-information/447-economic-and-fiscal-impact-of-port-tidelands.html

Bulk goods being off-loaded at the Tenth Avenue Marine Terminal

(Photo courtesy of San Diego Unified Port District)

# Logistics

The globalization of the world economy is a result of a great variety of factors including; competition between multinational corporations, increased labor skill levels in low labor cost producer nations, the rising power and influence of major general merchandise retailers, and technological innovations which have made it possible to construct longer, larger, and more complex global supply-chain management systems. A supply chain is a system of organizations, activities, technologies and resources that help move a product or service from supplier to customer. This trend towards globalization has resulted in the movement of manufacturing jobs to cheap labor countries at an alarming rate.

However, California cities have successfully replaced some of these lost manufacturing jobs with new jobs created in large warehouse operations called distribution centers (DC's). As global supply chain systems shift manufacturing to off-shore locations the distribution functions are reorganized creating new job opportunities for supply chain related employment. Many distribution functions are still performed by manufacturers and retailers, but are now frequently provided by 3PL's. Advanced supply chain technologies are used by manufacturers and 3PL's to operate these large DC's resulting in a very competitive industry where efficiency, flexibility, and speed are of paramount importance. Retailers, wholesale merchants and manufacturers are constantly modifying their merchandise orders

to respond to fluctuating consumer demand and requiring "just in time" delivery. Many of the packaging, labeling, and re-packaging functions formerly performed internally by manufacturers and retailers at one end of the supply chain system are increasingly now performed in the middle of the supply chain system at the DC's. These value-added functions require higher labor quality and frequently pay wages and benefits in the middle income range, much like the traditional manufacturing jobs. California employers posted approximately 50,400 job openings in 2012 for logistics and supply chain The median 2012 hourly wages occupations. ranged from \$14 to \$28. In the next three years, the demand for a workforce skilled in the various fields of supply chain technology and logistics is expected to have nearly 55,000 jobs.<sup>21</sup> Community College Districts in the San Diego region have established curriculum and certification programs to help meet the new occupational demands of the logistics and supply chain employers.

West <u>Ceoast</u> cities with ports of entry are now aggressively competing to be selected for the sites of new distribution centers. These regional DC's provide cities with an important means of expanding their economic base and providing local residents with these choice blue collar job opportunities. Most of the city's distribution centers are located in Carmel Mountain Ranch, Kearny Mesa, Mira Mesa, Otay Mesa, and Navajo.

<sup>&</sup>lt;sup>21</sup> California Community Colleges Economic & Workforce Development, Sector Profile - Supply Chain & International Trade, 2013, p.1 & 4

The Port of San Diego's 10th Avenue Marine Terminal cannot accommodate the massive modern off-loading cranes and other critical infrastructure for large container ships. The Terminal is relatively constrained by existing commercial, residential, and governmental development and facilities, limiting the Port's ability to add significant infrastructure to support contemporary container ship operations. However, it is well suited for certain Pacific Rim niche market opportunities. To better utilize the acreage available at the Port, a plan to make improvements and to renovate this facility could create thousands of middle income quality jobs for San Diego residents.

The Panama Canal expansion is scheduled to open in Spring 2015Fall 2016. The Ceity should work closely with the Port to explore new opportunities that will result from this expanded trade route. As the gateway to North America, San Diego's port can offer fast, easy access free from the congestion of larger

ports. Currently the Port imports more goods than exports. This trade imbalance should be reduced by filling the ships that now leave empty with San Diego products. A plan to achieve this goal should be developed and implemented with the Port and addressed in the San Diego Metropolitan Export Initiative.

According to NUSIPR, "Development scenarios for the Port of San Diego have very large positive new benefits from expanding terminal operations to accommodating greater cargo demands. The highest overall economic impact comes from developing a new containerized banana operation as well as a break bulk banana operation. The total cost for this project is about \$64.8 million, including \$24 million to relocate the current CEMEX operation, according to the Port's analysis. Nearly 5,000 direct, induced, and indirect jobs would be created primarily by the operation of the containerized banana tenant." <sup>22</sup>

In 2002 the Dole Fresh Fruit Company began operations at the Port of San Diego at a 20-acre facility including space for more than 770 containers, a maintenance and repair area, plus office space. In August 2012, the San Diego Unified Port District signed a new 24.5 year lease with Dole for approximately 22 acres. There are currently plans to add 94 outdoor electrical container outlets which would increase the total number of outlets on site to 763.

The Port of San Diego's 10th Avenue Marine Terminal

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<sup>22</sup> "San Diego's Maritime Trade: A critical Economic Engine." NUSIPR, 2008, p. 16-17

### **Military**

The City has a long history of working with the Department of the Navy, related to the Pacific Fleet, the United States Marine Corps (USMC), and several other commands.

### United States Navy (USN)

The U.S. Navy continues to operate a number of major installations in San Diego. These include: the Naval Station San Diego in San Diego Bay, the Space and Naval Warfare Systems Center Pacific (SPAWAR Central Pacific or SSC Pacific) in the Midway area; and smaller facilities located in downtown, Point Loma, and Kearny Mesa.

Installations in nearby cities of Coronado and Imperial Beach provide additional payroll spending and local contracting opportunities. The Navy has stationed well over 100,000 military and civilian personnel throughout the County, most of these in the City of San Diego.

### Naval Base San Diego

Naval Base San Diego (aka "32nd St. Naval Station") is located in Barrio Logan and in the harbor area of neighboring National City. It is the principal harbor for the Pacific Fleet and includes berths for over 46 U.S. Navy cruisers, destroyer, frigates and support vessels, as well as 12 additional U.S. Coast Guard and Military Sealift Command ships. 30,000 military personnel and contractors are stationed or employed in the city, thus providing significant payroll expenditures to support local retailers and service sector businesses. Ship repair, fueling, and procurement activities create many civilian jobs within military service contractor businesses in nearby areas of the City.

### Space and Naval Warfare Systems

### Command (SPAWAR)

The SPAWAR installation has over 4,500 military and civilian employees, many of them highly paid engineers. SPAWAR's overall economic impact is even greater since it contracts with many local defense contractors for additional goods and services.

The Department of the Navy has announced its intention to expand and construct new facilities throughout the County, ensuring a long-term presence. The U.S. Navy has continued to move additional warships to its San Diego and Coronado port facilities which not only increases local payroll expenditures but provides significant new ship repair/maintenance contracts for local businesses.

The Department of the Navy has indicated to local contractors that it intends to continue to have a large physical presence in San Diego County and to retain those existing San Diego installations that are currently operating. This large physical presence means that these military installations will remain a pillar of stability for the local economy.

### United States Marine Corps. (USMC)

The U.S. Marine Corps. continues to operate the Marine Corps Recruit Depot adjacent to San Diego Bay and the Marine Corps Air Station (MCAS) Miramar. Payroll spending from a larger contingent of Marines stationed at nearby Camp Pendleton in Oceanside also contributes to the regional economy which benefits San Diego retailers and service sector businesses. The USMC has stationed over 56,000 Marines primarily in these three locations.

Marine Corps Recruit Depot (MCRD)

The Marine Corps Recruit Depot is located between the communities of Point Loma and Midway-Pacific Highway on 388 acres of reclaimed tidelands. One of only two such facilities in the nation, MCRD provides training to USMC recruits in a "boot camp" environment. MCRD provides economic stimulus through payroll and procurement plus the positive fiscal and economic impacts resulting from visiting families at graduation times. Known for its unique Spanish colonial revival style appearance, the overall site and specific building plans were developed by renowned architect, Bertram Goodhue, who also designed the buildings built in San Diego's Balboa Park for the 1915 Panama-California Exposition. Twenty-five of the Depot's buildings are on the National Register of Historic Places.

Marine Corps Air Station Miramar (MCAS Miramar)

Marine Corps Air Station Miramar (MCAS Miramar) is located on 23,116 acres between the communities of Mira Mesa and Kearny Mesa in the northern part of the City. This airbase is home to the USMC's 3rd Marine Aircraft Wing and its 15,000 military and civilian personnel.

### Tourism

In a national survey by the U.S. News and World Report ranking the best vacation spots in the U.S. and the world for 2011, San Diego ranked third in the nation and 18th in the world. San Diego ranked high in vacation destinations due to its weather, beautiful beaches, and its ability to retain its small city feel making it a popular destination for families looking for a relaxing vacation.

Although tourism in San Diego has seen declined during the recent recession, it has since recovered and visitor related industries will continue to be a major driver of the local economy. Significant attractions include the San Diego Zoo, Sea World, Seaport Village, the Gaslamp Quarter, Old Town, Mission Bay, Petco Park, Qualcomm Stadium, La Jolla Cove, Convention Center, and of course the City's world- renowned beaches.

### Cultural Tourism

San Diego is the oldest city in California, claimed for Spain in 1542 by explorer Juan Cabrillo with the first settlements established in 1769 at the Fort Presidio and San Diego Mission de Alcala. San Diego became part of Mexico as a result of that nation's independence in 1821 and later became part of the United States in 1850. Both Fort Presidio and Mission San Diego de Alcala are listed as National Historic Landmarks as are many of the older structures in Old Town and Balboa Park. San Diego's Spanish heritage as seen through these historic structures and the grounds surrounding them are cornerstones of the City's cultural tourism. The 19th century buildings in Old Town have been painstakingly restored and most are operated today as restaurants and gift shops. Balboa Park, reportedly boasts the largest complex of museums other than the Smithsonian in Washington DC. The adjacent City of Tijuana in Mexico is a short drive or trolley ride away. Visitors can easily tour and enjoy these facilities as well as visit the pedestrian-oriented City of Tijuana in a single day.

San Diego County has the largest number of Native

American reservations (19) of any county in the United States. Four tribal groupings make up the indigenous peoples of San Diego County: the Kumeyaay (also referred to as Diegueno or Mission Indians), the Luiseno, the Cupeno and the Cahuilla. Cultural Centers and Museums cover the cultures, histories and heritage of the tribes.

### Promotions

Marketing of major events and facilities is funded in part through the Tourism Marketing District (TMD), a business assessment district which levies a fee on lodging businesses for this purpose. Funding is also provided from the City's Transient Occupancy Tax (TOT) Fund through the Economic Development & Tourism Support Program (EDTS) and Citywide Economic Development Support Program.

### **Public Benefits**

In addition to the economic impacts described above, tourism related business establishments such as hotels, motels, restaurants and boutique retail outlets generate significant tax revenues for the City's General Fund. The City receives a share of property tax paid by these businesses, a 1% local sales tax, and most significantly, all of the 10.5% Transient Occupancy Tax (TOT) levied on visitors staying at local hotels and motels. The City received \$170 million in TOT revenue in FY2014. Additional information about the economic impact of the tourism industries can be found at: http://www.sandiego.org/industry-research.aspx

### Other Base Sector Industry Clusters and Business Establishments

There are a variety of other industries and large business establishments which are outside the Manufacturing Sector and do not provide services to tourists or within the realm of International Trade & Logistics. These businesses range from very small high-tech web development companies to very large national corporate headquarters establishments. They are also part of the economic base because, despite being located within the retail and service sectors, they are generally providing such services to people outside San Diego – throughout the nation, and in many instances, worldwide.

### Major Corporate Headquarters Establishments

San Diego is home to a number of significant corporate headquarters, large administrative offices, and primary research institutions which employ thousands of San Diegans and help to establish the City as a well-renowned location for business. These corporate headquarters establishments provide administrative services to businesses that are either very large or geographically widespread. In the retail sector Charlotte Russe, Jack in the Box, and Petco, and Cricket Communications are all household names. Less well known businesses like LPL, AMN Healthcare,

and HD Supply, are more likely to serve business and institutional customers. Although technically categorized within the Manufacturing sector, Sony Electronics and ResMed have no actual manufacturing operations in San Diego but chose to construct large world headquarters offices here. These establishments have beneficial economic impacts that approach those of similar sized manufacturing plants since they constitute part of the economic base and also create middle-income jobs.

Cricket Communications has its National Corporate Headquarters in Kearny Mesa.

### Software & Web Development

San Diego has had a significant number of important software development businesses, online retailers, and analytics services businesses, which complement the City's high-tech manufacturers and research institutions. Several firms in San Diego have developed encryption and other cyber security technologies which are increasingly sought after by government agencies and large corporations. Included in this category are other information technology businesses like DivX Networks, ESET, iboss, Intuit, Mitchell International and ScaleMatrix. Science Applications International (SAIC) and <del>iboss</del>. However, while they may manufacturer some tangible products, their principal function is to provide services such as systems integration or digital compression technologies, which are then sold or licensed to government agencies and other businesses. These businesses, like Intuit and Mitchell International, also employ many thousands of local residents providing very high-paying salaries and many also generate sales tax revenues for the Citv's General Fund.

San Diego's corporate headquarters and information technology businesses are located in the City due to the residential preferences of Economic Development Strategy 2014 – 2016

owners, and the ability to access highly educated,

owners, and the ability to access highly educated, professional, technical, and managerial employees. The economic development opportunities in these areas lie in concerted business attraction and retention Attracting and retaining major corporate activity. headquarters is well served by engagement from leaders in the public and private sectors. The Office of the Mayor, City Council, local trade organizations such as the San Diego Regional Chamber of Commerce and the San Diego Regional Economic Development Corporation can be helpful are and influential in attraction and retention efforts. Aggressive competition from cities in other states, and economic pressure can prevent a company from locating in San Diego. Proactive engagement by local leaders helps to reduce the uncertainty of locating in San Diego, which in turn makes San Diego an enticing location to headquarter their business. The City has been successful in helping companies navigate local permitting and land use regulations. Future City efforts should focus on collaborating on marketing the region, developing strong bonds with existing companies, and improving local regulations that may be a barrier to business attraction.

## Appendix B. Community Investment & Revitalization

Community investment and revitalization is another key element of the City's Economic Development Strategy. Community investment and revitalization traditionally focuses on older urban neighborhoods that are densely populated and have experienced disinvestment or limited investment and/or have public infrastructure/facility deficiencies. The

economic health and well being of these older communities is vital to the larger economic well being of the entire City. A myriad of strategies and tools are used by the City of San Diego to address community investment and revitalization. Furthermore, opportunities exist to expand existing tools and develop new approaches.

### Infrastructure Investment

The City faces <u>more than</u> a \$1 billion+ backlog in deferred capital and infrastructure spending. These deficien-cies are spread throughout the City, but predom-inately impact the older more densely populated communities that have not benefitted from recent

infrastructure investment. Strategic investments in public infrastructure and facilities will likely increase property values, decrease crime, spur new private investment, and create new construction jobs.

### Post-Redevelopment Era

Redevelopment Agencies throughout California were dissolved on February 1, 2012, including the City of San Diego's Redevelopment Agency, pursuant to state law. Redevelopment served as a key economic development tool for approximately 60 years. Redevelopment achieved its objectives by financing infrastructure and public facilities. facilitating new development and reconstruction/ rehabilitation of older, often historically significant structures, remediating brown field sites, financing affordable housing, and implementing the reuse of former military bases. The City of San Diego elected to serve as the Successor Agency to implement the wind down of the former Redevelopment Agency. In addition, Civic San Diego was formed as a City-owned non-profit organization to serve as a consultant to the City and to replace Centre City Development Corporation (CCDC) and Southeastern Economic Development Corporation

(SEDC). Its main charge is to wind down the activities of the former Redevelopment Agency economic development and and to perform planning functions within certain designated areas of the City. Civic San Diego is developing an Economic Development Strategy for the areas under its stewardship. In 2012, Civic San Diego formed the Civic San Diego Economic Growth and Investment Fund, a Community Neighborhood Development Entity (CDE) and a subsidiary of Civic San Diego for the purpose of applying for New Markets Tax Credit (NMTC) allocations and Low-Income Community Qualifying managing Investment (QLICI). The NMTC program is a federal tax incentive authorized by the federal government to help spur the investment of capital in small business and commercial real estate located in communities of need.

In addition to local efforts, the State of California enacted two new laws to assist with infrastructure financing and community investment, namely Senate Bill (SB) 628 Enhanced Infrastructure Financing Districts (EIFDs) and Assembly Bill (AB) 2 Community Revitalization and Investment Authorities (CRIAs). Similar to redevelopment, EIFD's permit the use of property tax increment (within an established district(s)) to finance the

construction or rehabilitiation of public infrastructure and private facilities. CRIAs can be created for eligible communities to foster community investment and revitalization. Through tax increment based financing, infrastructure improvements, economic development, and affordable housing are all eligible activities.

### Public-Private Partnerships

The City of San Diego has successfully supported the efforts of private entities which have been investing in its older communities. The efforts of these private sector entitles has led to the development of numerous community projects that might not otherwise have occurred, such as the City Heights Urban Village, Market Creek Plaza in Southeastern San Diego, and the Salvation Army Ray and Joan Kroc Corps Community Center in Rolando/East San Diego. Maintaining and expanding these types of public-private partnerships could provide another mechanism to spur investment in San Diego communities.

### **Special Assessment Districts**

Special Assessment Districts are financing mechanisms that can be used to finance the construction and maintenance of infrastructure. Assessments are collected as direct levies on the property tax bill of all parcels directly benefiting

from the provision of services financed by the district. The City has several assessment districts that are formed and governed pursuant to the following state laws.

### The Landscaping and Lighting Act of 1972

The 1972 Landscaping and Lighting District Act is a tool available to local government agencies to pay for landscaping, lighting and other improvements and services in public areas. The law allows municipalities to form special benefit districts for the purpose of financing these improvements. Assessments are levied on properties that receive benefits or services in excess of those provided by the City. The City uses this 1972 Act as the basis for

forming Maintenance Assessment Districts (MADs). The City currently has over fifty-sixty MAD's, the majority of which are administered by the City. However, certain MADs operating in urbanized commercial corridors are administered by nonprofits. Conceptually, these organizations are affiliated with the community they serve and through this involvement are attuned to the specific needs of that community.

### The Mello-Roos Community Facilities Act of 1982

The Act allows any county, city, special district, school district or joint powers authority to establish a Mello-Roos Community Facilities District (CFD) which allows for financing of public improvements and services. The services and improvements that Mello-Roos CFDs can finance include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services,

schools, parks, libraries, museums and other cultural facilities. While there are many benefits to using CFD's as a financing tool, they can be difficult to form in a developed area based on the legal requirements for approval.

### Property and Business Improvement District Law of 1994

A Property and Business Improvement District, or "PBID", is an innovative revitalization tool for commercial neighborhoods. Established by law in the early 1990's, PBIDs are public/private sector partnerships that perform a variety of services to improve the image of their cities and promote individual business districts. They also carry out economic development services by working attract, retain and expand businesses. This law enables a city, county, or joint powers authority (made up of cities and/or counties only) to establish a PBID and levy annual assessments on businesses and/or property owners within its boundaries. Improvements which may be financed include

parking facilities, parks, fountains, benches, trash receptacles, street lighting, and decorations. Services that may be financed include promotion of public events, furnishing music in public places and promotion of tourism. In addition to the above, this act also allows financing of streets, rehabilitation or removal of existing structures, and security facilities and equipment. The City currently has one PBID which is located within the downtown area. This district was first formed in 2000 and first renewed in 2005 for a 10-year period. In order to maintain enhanced service levels, the The district will need to bewas renewed again in 2015 for another 10-year period in order to maintain enhanced service levels for the assessed properties.

### Community Development Block Grant Program

The City can also address the deferred capital backlog through strategic use of Community Development Block Grant (CDBG) funds, which are received annually from the U.S. Department of Housing and Urban Development (HUD). According to HUD, CDBG funding "provides communities with resources to address a wide range of unique community development needs... it works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses. CDBG is an important tool for helping local governments tackle serious challenges facing their communities."23 Accordingly, the vast majority of CDBG funding must be used to serve low and moderate income households and areas, many of which suffer from under-investment and infrastructure deficiencies as mentioned above.

In addition to Capital Improvement Projects, CDBG funds can also be used for economic development programs such as; business loans, business incubators, façade improvement programs, microenterprise assistance, and job readiness training. These programs focus on improving the economic and social well being of low and moderate income communities and provide opportunities to enhance neighborhoods and create jobs.

The City's CDBG allocation has been dwindling over the past three five years FY 2011 (\$16.3M), FY 2012 (\$13.6M), FY 2013 (\$11.3M), FY 2014 (\$10.9M), FY 2015 (\$11.0) and is expected to continue in that trajectory. However, in the early 1990's CDBG funds were loaned to the former Redevelopment Agency as "seed money" to initiate redevelopment activities in newly created Redevelopment Areas. This investment, totaling over \$78M, is scheduled to be repaid to the CDBG program over ten years (2010-2019). While the repayments are restricted to CDBG eligible uses and expenditure deadlines, they serve as a substantial investment resource that can be strategically aligned with identified priority needs.

The City will plan for expenditure of these funds as well as annual CDBG allocations through a five-year Consolidated Plan, which identifies the City's housing and community development needs, priorities, goals, and strategies. The current Consolidated Plan expires at the end of FY 2014. Over the next year, the City will have an opportunity, through development of a new five-year Plan, to allocate resources toward economic development opportunities and priority areas identified in this strategy.

### tainability and Climate

### **Action Plan**

Sustainable Communities and Climate Protection Act of 2008, also known as Senate Bill (SB) 375, is a state law targeting greenhouse gas emissions and the Global Warming Solutions Act of 2006, also known as Assembly Bill (AB) 32 sets goals for the reduction of statewide greenhouse gas Subsequent legislation and emissions. executive orders have established related targets beyond 2020. As a result of this statewide direction and leadership within Tthe City of San Diego, the City has developed a Climate Action Plan (CAP) in December 2015. The CAP established greenhouse gas reduction targets for the City, ultimately to cut emissions in half by 2035.

policies and has been coordinating with other local and regional planning agencies in addressing these laws. Implementation of the CAP is underway for some areas of focus, and will be expanded beginning in FY 2017. Opportunities exist to identify funding and partner with local agencies and private parties to develop projects such as transit oriented development projects and smart growth innovative energy projects to implement help achieve the statutes goals of the CAP.

<sup>&</sup>lt;sup>23</sup>U.S. Department of Housing and Urban Development, Community Development Block Grant website.

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### Appendix OD: Internal Operational Guidance & Coordination

The business and industries described above rely on well maintained infrastructure to produce, ship, and receive goods, to dispose of waste products, and for protection from fire and theft. Existing businesses can rely on the infrastructure not only to accommodate their existing business needs, but-itcan act as a catalyst for them to expand and to also attract outside business to the region but also to accommodate a future expansion. Businesses not currently located in San Diego must consider the condition of the City's infrastructure and its regulatory environment before moving to San Diego.

Various City departments are tasked with the responsibility to ensure that the proper infrastructure is in place and-functioning wellwell functioning. Such infrastructure includes, but is not limited to, a transportation network in good working repair, including streets and freeways roads, airports, land ports, seaports, City telecommunications facilities, water and sewer treatment and distribution facilities, storm water management systems, and emergency facilities. Other departments are tasked with ensuring public safety and quality of life concerns such as fire and police protection, emergency medical response, sanitation, recycling, zoning, parks and open space

management, and code compliance. Still other City departments provide services to the "front line" departments. These services include contracting and procurement services, management of City real estate, financial management, and construction of capital improvement projects (CIP).

Several of the City's departments directly impact businesses and interact with them through the issuance of permits and licenses; the establishment and management of special districts; granting access or use of City property for business operations: or by contracting with businesses for goods and services. It is essential that the City's departments be coordinated in terms of points of alignment with economic development goals and objectives as stipulated in the Tactical Objective in Section 2.8 of this document. In order for City departments to effectively accomplishment, the EDS 2014-2016 Action Item 2.8.2 recommended the formation of an Economic Development Cabinet composed of Department Directors and Deputy Chief Operating Officers to coordinate inter-departmental efforts related to key industries and projects. Although slow in forming, tThe Cabinet did meet met in 2015 and a survey completed by its members completed a survey to determine what which related-department activities support or could in the future enhance economic development activities. The results of the the survey will be used to guide for-future Cabinet discussions and potential actions.

The following descriptions and chart provide some examples of how these departments interact with businesses in ways which can influence private business investment decisions and can impact overall economic prosperity.



### **Economic Development**

The Economic Development Department administers a wide range of community development and economic development programs to facilitate private investments which will lead to the creation of jobs, the generation of tax revenue,

and the revitalization of older and underserved neighborhoods. These programs are described in greater detail in Appendix EF: Economic Development Programs and Business Districts.

### **Planning**

The Planning Department develops, monitors and implements the City's General Plan — a document that guides the City's economic development policies and goals as they relate to land use. These policies are further implemented through Community Plans, which directly impact neighborhood zoning and land use decisions that have direct impacts on the nature and types of businesses that may locate or expand in an given community plan area.

The General Plan also calls for protection and preservation of the City's industrial lands from encroachment from non-industrial uses.

### Development Services

The Development Services Department (DSD) has perhaps the greatest influence on business investment decisions since it issues the vast majority of all permits and land use approvals to businesses. The majority of these are building permits issued to businesses to allow the construction and modification of buildings and related facilities in accordance with adopted State building, fire, mechanical and electrical codes. In addition, DSD issues land use and development permits for facilities in the California Coastal Zone, community overlay zones, and for facilities and properties which require variances from City codes, special

# Competition for low-priced industrial land and buildings can also negatively impact (increase) the cost of doing business in the City, as can the costs of mitigating land use conflicts which inevitably arise from the close juxtaposition of sensitive land uses such as residences, churches, schools, parks, and similar family-oriented uses adjacent to some industrial uses.

The Facilities Financing Section regularly updates Public Facilities Financing Plans for the City's planned communities, and collects fees on development projects. These efforts provide for essential municipal infrastructure such as streets, roads, bridges, parks, libraries, fire stations, etc.

use permits, or rezoning ordinances. The timely and cost-effective issuance of permits and other required approvals has an enormous impact on businesses which must supply goods and services to customers in competitive national and international markets. Delays in the issuance of such approvals, or the imposition of fees which are unforeseen or believed to be unreasonable are most frequently cited as concerns by business managers considering potential investment decisions. Certainty and predictability are factors that have a huge impact on businesses which are operating in volatile and competitive situations.

### **Public Utilities**

The Public Utilities Department (PUD) provides potable and recycled (reclaimed) water to all businesses, and similarly provides for the disposal of wastewater from them. The Public Utilities Department operates two Enterprise Funds through two major branches: Water and Wastewater and must be fully self-sustaining enterprises in accordance with the City Charter.

The Water <u>Utility</u> <u>Branch</u> provides potable water to all business customers in the City except those served by Cal America, located in a portion of the Otav

Mesa community. This UtilityThe Water Branch also provides recycled water to businesses in portions of Black Mountain Ranch, Kearny Mesa, Mira Mesa, MCAS Miramar, Miramar Ranch North, Rancho Penasquitos, Scripps Miramar Ranch, Tijuana River Valley, and University. Aside from land, labor, and electricity, water and sewer services are arguably the—two of the most important input factors for the production process. High volumes of water are consumed in industrial plants for product make-up, rinsing, steam and energy production, and for facility cooling. The cost and consistent availability of water is of utmost importance to manufacturing

potable and reclaimed water is of utmost importance to manufacturing

businesses and contract research organizations. Increased water costs and mandatory conservation measures can negatively impact the City's ability to attract new industrial and especially manufacturing investments. The Water Utility provides certification of businesses that have met all of the requirements for participation in the City's Guaranteed Water for Industry Program.

Similarly, the ability of businesses to efficiently and cost-effectively discharge wastewater at the end of the production process is also extremely important for business investment decisions. The Wastewater Utility regularly assesses and monitors wastewater conveyance and treatment capacity throughout the City to ensure available capacity. A capacity

### Real Estate Assets

The City's current Economic Development Department originated in the former Property Department which is now called the Real Estate Assets Department (READ) since this department at one time managed, leased, and sold thousands of acres of the City's industrially-zoned land, most of which was formerly "Pueblo" or public lands. Since most of the City's industrial lands have been sold and developed, and the City's economic development units were moved to other operating departments, READ now plays a more indirect role in economic development efforts than it did in the past. However, READ still manages useful industrial properties (or properties with potential for

evaluation of impacted wastewater facilities needs to demonstrate that sewer capacity is available to accommodate new development. If capacity is unavailable, upsizing of sewer facilities would be required. For instance, in working with DSD, the department continuously monitors the issuance and transaction of wastewater capacity in the Rancho Bernardo area to ensure the overall capacity in this area does not exceed the treatment agreement between the City and the City of Escondido. Service rates for industrial discharges and pre-treatment requirements are issued and monitored Industrial Wastewater Discharge (IWD) and Food Establishment Wastewater Discharge (FEWD) programs, program. Wastewater discharge and pre-treatment costs which can dramatically affect the profitability and competiveness of manufacturing and research businesses.

industrial development). The process of making such properties available to industrial businesses is set forth in Council Policy 900-03 "Management & Marketing of City-Owned Industrial Properties" and provides for the sale or lease of such properties in order to create jobs and other economic public benefits. READ also manages city-owned properties that can be used by community organizations to provide services that enhance communities and provide economic development opportunities to residents

### Fire

The Fire-Rescue Department (SDFD) is responsible for providing fire and life safety services to all communities within the City of San Diego. In addition, it issues a number of permits for special events and activities that promote tourism and generate revenue that can be recycled back into the community.

This department also performs routine inspections of thousands of commercial and industrial sites throughout the City to ensure safety of operations and is tasked with responsibility to oversee businesses using combustible, explosive, and dangerous materials.

### Police

Provision of public safety is of critical importance to the well—being of neighborhoods, residents as well as tourists, and can impact employment, investment and income as a result. Reduced crime in neighborhoods can contribute to economic growth and stability. Likewise, safe streets make San Diego more attractive for individuals to visit, positively impacting tourism revenue and activity.

The <u>San Diego</u>Police Department (<u>SDPD</u>) is responsible for issuing a variety of permits and licenses including special operating permits for police regulated businesses, permits for special events and activities that promote tourism and generate revenue, and participation—It also works with the California Department of Alcoholic Beverage Control (ABC) in the licensing of alcoholic beverage manufacturers, distributors, and retailers, water is of utmost importance to manufacturing

### Purchasing & Contracting

Many of the City's revitalization, real estate, and other economic development efforts require the procurement of goods and services. The Purchasing & Contracting Department (P&C) is responsible for administering the City's centralized procurement and materials management functions to ensure the availability of material, supplies, equipment (commodities) and services to meet the City's operational needs. In addition, the department

provides numerous opportunities for small businesses through the City's Equal Opportunity Contracting Program to grow their operations. The efficient procurement of goods and services from local businesses may help facilitate employment opportunities at these businesses in addition to the traditional function of delivering of services and improvements to the community.

### Transportation & Storm Water

The Storm Water Division (SWD) of Transportation & Storm Water Department is tasked with responsibility for enforcing rules promulgated by the San Diego Regional Water Quality Control Board (SDRWQCB). These rules establish land development standards and require routine inspection of commercial and industrial facilities. The SWD must also enforce any illicit discharges into the storm drain system that could have a negative effect on water quality. Additionally. this department is responsible for maintaining storm drains and an extensive system of drainage structures. These structures include underground

pipes as well as flood channels throughout the City, including industrial areas such as Grantville and Sorrento Valley. Alleviation of flooding in Sorrento Valley is one of the highest priorities for the local biotech industry.

The Transportation Division of the Transportation & Storm Water Department evaluates and re-stripes streets in commercial and industrial areas in order to provide more on-street parking when it's needed to improve business operations when off-street parking may be inadequate for customers.

### **Environmental Services**

The Environmental Services Department (ESD) provides solid waste collection and disposal services to the City's residents and businesses and operates a full-service landfill and composting facility for public use. ESD also manages several recycling programs including: (1) processing of post-consumer paper, plastics, glass, and metal containers that ESD collects from residences; (2) processing of yard waste, tree trimmings, wood waste, and food waste into mulch, compost, and other useful products, putting ESD in a position to provide feed stocks to the manufacturers of recycled products and biomass energy producers; (3) construction and demolition waste; (4) providing recycling

technical support to businesses and multifamily residences which typically results in cost savings for them; (5) providing education and outreach for the residential, business, and government sectors; and (6) providing green procurement services internally to City departments which results in savings.

In addition, ESD manages the City's energy use and programs; explores innovative options to increase energy independence and works to advance more sustainable practices within the City and community. Meeting energy efficiency and renewable energy targets often includes the procurement of products and equipment that are emerging technologies.

### **Public Works**

The Engineering & Capital Projects (E&CP) Division of the Public Works Department interacts directly with consulting architectural and engineering consultant and construction contracting businesses in the execution of the City's Capital Improvement Program (CIP). It provides the planning, design and construction

of critical transportation and water/wastewater infrastructure used by businesses to access labor and to ship and receive goods. The projects managed by Engineering & Capital Projects can play an instrumental role in stimulating job growth through maintaining and improving infrastructure and putting individuals to work.

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### City Treasurer

The City Treasurer administers the Business Tax Certificate Program and collects business taxes from virtually all businesses in the City. Business assessments for the City's various Business Improvement Districts are also collected with the City's business tax. The City's Small Business Enhancement Program is funded based on a minimum number of small businesses registering and paying business taxes to the City. The City Treasurer

is also responsible for the collection and reporting of parking meter revenue which is used to fund the Community Parking District program and other eligible activities related to parking management and control within parking meter impacted areas. The timely and accurate collection of these tax revenues, assessments, and fees allows the City to provide important services to businesses and business districts.

### Park and Recreation

The Park and Recreation Department is responsible for the daily operations and maintenance of the parks, open space, aquatic areas, and public recreation facilities throughout the City. Parks such as Balboa Park, Mission Bay and the beaches are enjoyed not only by local residents, but County

residents and tourists who visit San Diego. Proper recreational programming and maintenance of these areas is vital to attracting tourists and visitors to San Diego as well as attracting and retaining businesses as a health and quality of life issue.

### Office of Special Events

The Office of Special Events collaborates with visitor industry partners such as the San Diego Tourism Authority, San Diego Convention Center Corporation. San Diego Sports Commission, and San Diego Tourism Marketing District in the development of bid proposals to secure major special events, conventions and filming generate tourism in San Diego. Major special conventions and events. filmina contribute significantly to San Diego's economy through the generation of Transit Occupancy Tax (TOT), sales

tax, and other direct and indirect spending. Longterm branding and economic development benefits are also derived from the significant national and international media exposure brought to the region by these types of activities. The Office of Special Events provides liaison services to key entities such as the event organizer, site manager or meeting planner, host committee, business and residential community and city departments to ensure the success of the activity.

### **Economic Development Opportunities**

The departments listed above implement City policies and provide basic services to both residents and businesses. The effective coordination of the activities of these departments, which may impact the City's ability to conduct its economic development activities, is critical to the achievement of the broad-based performance measures identified in this strategy.

The City's oOverall operating budget is well in excess of \$3 billion annually, its enforcement capabilities are significant, and the extent to which economic development efforts can be recognized and reasonably accommodated within this context creates opportunities to achieve immediate positive fiscal and economic impacts.

Figure <u>C</u>D-1: Key City Departments Affecting Economic Development Efforts

Land Use	Building & Development Permit Approvals	Licensing	Infrastructure and Tourist Attractions	Business Use of City Property	Procure- ment and Financial Services to Businesses	Management of Assessment Districts
Economic Development			X			х
Planning	X					
Development Services	X	X		inamini et milios començarios sociativas en cimaconsi.		
Public Utilities	X	X	Х	X		
Real Estate Assets	na strí e menum politimo na ha ele ridurín si a ritir ne a nell'amperio del ridurin ser il dischario unidad de		patienter (erritoritoritorito). Li paga tricta prodes i due tricto de la tricto propieto de che el fontes en ingli del	X		X
Fire Rescue	X	X	The state of the state of			
Police	ara akan Barak kunak Pada Afrika kaka da kan Afrika Afrika Afrika Afrika Barak Afrika Afrika Afrika Afrika Afr	X	ada dada a ka			makan di adarah di dan di d
Purchasing & Contracting		14.		Х	X	Х
Transportation & Storm Water	X	X	ikin ala aktisha) nga kataway iki pengenjagi an MgCA dalang malakayi ipi paggapan an maputik pada matemb			
Environmental Services			and the second s	Х		
Engineering & Capital Projects	aktorik vistaan ook oo'i idhaa saksoo issa sistembar araan siidhii isisti aab dii saabiis aa bassiidii aa bassi Taraan		X			
City Treasurer		Х			Х	X
Parks & Recreation			X	X		X
Debt Management	e e e e e e e e e e e e e e e e e e e				X	X

### Appendix D: : Workforce Development & Education

The City has a vested interest in preparing its young adults to compete for the best jobs created by San Diego businesses. Educational initiatives at the K-12 level will take years to bear fruit so the City should continue to encourage its school districts serving City of San Diego residents to seek longterm improvements in academic fundamentals. The proper preparation of youth for entrance into colleges and universities will better prepare City residents to compete for middle and high-income opportunities following graduation. iobs Additionally, it is vital for high school teachers to be exposed to San Diego's industries to provide them with the context, examples, and real world connections that can be used in their classroom curriculum.

The following six (6) eight (8) K-12 school districts serve residents of San Diego:

Del Mar Union School District Poway Unified School District San Diego Unified School District San Dieguito Union High School District San Ysidro School District Sweetwater Union High School District South Bay Union School District Solana Beach School District

San Diego's post secondary education system regularly ranks well nationally because local universities offer a full range of undergraduate majors, master's and Ph.D. programs, and are committed to producing groundbreaking research. These institutions educate and provide workforce training to the region's diverse economy which enables the City to compete globally to attract new companies and industries generating significant private investment and new jobs for the region.

San Diego is served by two major public universities, three smaller private universities, three private law schools, a public medical school, several community colleges, plus trade and vocational schools:

### Universities, Colleges, and Law Schools

Alliant University

Cal-Western School of Law

Cuyamaca College

Mesa College

Miramar College

**Grossmont College** 

Palomar College

Point Loma Nazarene University

San Diego City College

San Diego State University ("SDSU")

Southwestern College

Thomas Jefferson School of Law

University of California at San Diego ("UCSD")

University of California at San Diego School of Medicine

University of San Diego ("USD")

University of San Diego School of Law

### Trade and Vocational Schools

Ashford University

Bridgepoint University

Coleman College

Fashion Institute of Design & Merchandising

ITT Technical Institute

National University

University of Phoenix

### Short-term Workforce Development Opportunities

In the short term, established training programs can help to match willing workers with willing Typically these programs are offered employers. by training organizations which seek to train or

retrain employees for specific trades and industries. In addition, these training providers orient their services to dislocated workers and others who lack the requisite skills to compete for specific jobs.

### City of San Diego Entry Level Professional Classification

The City of San Diego's Management Trainee position is the formal entry level classification for professional administrative, budgetary, community development, crime analysis/research, economics, information systems management, organization effectiveness, personnel/human resources, procurement, real estate, and recycling career fields for recent college graduates. Individuals hired in this classification are fulltime permanent employees upon passing the required probationary period and are generally under-filling a

higher level professional classification. After gaining the requisite experience, Management Trainees may be eligible for career advancement to higher level professional classifications. This classification is different from the City's internship program that enables City departments to hire temporary, part-time students for short periods of time to do specific projects and gain public administration experience.

### On-The-Job-Training (OJT)

The <u>San Diego Workforce Partnership</u> (SDWP) administers the On-the-Job Training program. OJT is designed to help businesses hire and train persons who do not have sufficient experience and knowledge in the jobs for which they are being hired. The employer's training expenses will be paid at a rate not to exceed

50% of the wages the new hire earns during the contracted training period. OJT is a viable training option for participants who perform better with a hands-on training experience rather than <u>a</u>traditional classroom setting.

### Employment Training Panel (ETP)

The State of California's Employment Training Panel (ETP) provides financial assistance to California businesses to support customized worker training to:

Attract and retain businesses that contribute to a healthy California economy;

### CONNECT2Careers San Diego (C2CSD)

SDWP has developed a sustainable youth employment program through the support of local government, education, private, public and non-profit organizations. The C2CSD will provide youth with meaningful job placements now and in the years to come by providing development, preparation and summer employment services to young people between the ages of 16-21 throughout the City of San Diego. This broad-based summer youth and young adult employment and mentoringjeb effort is the type of program that addresses the need for a highly educated and skilled future

- Provide workers with secure jobs that pay good wages and have opportunities for advancement;
- Assist employers to successfully compete in the global economy; and
- Promote the benefits and ongoing investment of training among employers.

workforce, and provides an opportunity for youth to earn money, gain meaningful work experience, and be exposed to various careers through work based learning opportunities. —This program also gives businesses an opportunity to give back to the community and play a significant role in recruiting and training future employees especially for new emerging industries such as Cleantech and Food & Beverage Production, as well as established industries such as Biotech & Medical Devices and Electronics & Telecommunications.

### Life Sciences Summer Institute

The Life Sciences Summer Institute is one of the SDWP's most exciting youth programs. Students from all over the county spend part of the summer in life sciences "boot camp" learning about how to work in a lab.—Then Subsequently, they are

placed in labs for real-life work experience. Perhaps even more

impressive, the same program is available for teachers. Groups of science teachers come every summer to learn about how the life sciences industry operates, and return to their classrooms to incorporate into their lessons plans what they have learned.

### Appendix : Economic Development Programs & Business Districts

The City of San Diego provides a variety of programs that are focused on the retention, and expansion of local businesses and the attraction of new businesses to the area. These programs form the backbone of the City's economic development

strategy. Increasing the promotion programs and helping companies avail themselves of the benefits they provide will enhance the local economy.

### Business & Industry Incentive Program

The Business & Industry Incentive Program (Council Policy 900-12) was created by the San Diego City Council in 1993 to improve the business climate of the City, by providing certain financial incentives. and permit assistance to a variety of business investors citywide.- This program serves as the City's primary economic development platform, and its incentives may be combined with those from other City programs, the Business Finance Program, the Business Cooperation Program, the Guaranteed Water For Industry Program, and with other incentives offered through State and Federal programs and incentive zones. Businesses that are consistent with the City's current Community & Economic Development Strategy typically achieve the following:

- Provide significant revenues and/or jobs that contribute to a healthy economy
- Promote the stability and growth of City taxes and other revenue
- Construct appropriate development in older parts of the City
- Are being induced by other jurisdictions to relocate from San Diego

Such bBusinesses can receive ministerial "off-theshelf" incentives which are approved at the staff level such as: assistance in determining the density and land use entitlements, or due diligence on development requirements for real property, (duediligence) plus assistance and expedited review for obtaining any necessary permits required for land developments or to modify an existing building or ether structure. land development permits for tenant improvements to an existing building.

These same businesses may also receive other discretionary incentives recommended by staff and approved by the San Diego City Council, such as: a reimbursement of all or a portion of building and/or development related fees on new commercial and industrial development using new tax revenues to be generated by the project as the funding source for the incentive. This incentive is implemented through an Economic Development Agreement between the City and the business.

### Business Cooperation Program

The Business Cooperation Program was adopted by the City Council in 1996 and is designed to simultaneously lower the cost of doing business in San Diego while at the same time generating new sales and use tax revenue to fund essential City General Fund services. Businesses and nonprofit firms frequently have options regarding how they can report the local 1% sales and use taxes,

and certain reporting methods can result in a net increase in the amount of tax allocated to the City by the State Board of Equalization. This program allows City staff to provide sales and use tax rebates to businesses that participate in the program. This program provides tax rebates equal to 50% of any net additional tax revenue received by the City.

### Guaranteed Water for Industry Program

The Guaranteed Water for Industry Program was adopted by the San Diego City Council in 1998 to address industry concerns regarding the potential for mandatory water conservation measures in the event of a future drought. Manufacturing plants, data centers, and research laboratories provide significant fiscal and economic benefits to the City. In order to achieve these benefits, these firms need assurances that they will not be subject to future "cut-backs" or other mandatory conservation measures due to water shortages. However, these capital-intensive operations frequently need large volumes of water to operate their production and cooling systems.

This program provides that when such firms use reclaimed water to the extent possible, and implement potable water conservation measures, they can be exempted from mandatory Level 2 conservation measures in the event of a drought. This program is designed to benefit San Diego industrial businesses within the Optimized Zone. The Optimized Zone is a designated area within the northern part of San Diego which has reclaimed water infrastructure. The City assists manufacturers and research organizations in obtaining necessary approvals from the County Health Department and California Department of Health Services to utilize reclaimed water. This program currently has five participating businesses with more certifications expected in the coming years.

### Governor's Economic Development Initiative (GEDI)

In 2013, the California Legislature repealed the Enterprise Zone (EZ) Act effective January 1,

2014, and approved three new economic incentive programs that will be implemented at various times in-2014. Although the City will not have a direct role in the administration of this initiative, the City will market these incentives and assist local businesses in accessing them. Several State business incentive programs are currently available to assist companies in the San Diego region. These incentives afford eligible businesses a unique opportunity to capture valuable tax credits intended to leverage against a qualifying business entity's annual State income tax liability, as well as achieve other direct cost savings benefits. City staff shall continue to actively promote and encourage qualifying businesses to apply for these State incentive programs. Although the City will not have a direct role in the administration of this initiative, the City will market these incentives and assist local businesses in accessing them.

The new incentive programs include:

California Competes (CA Competes) – A new statewide program which provides for the allocation of California Income Tax credits, on a case-by-case-basis, to businesses which agree to make specified commercial and industrial investments.

New Employee Hiring Tax Credit (NEC) — A new incentive zone program which provides California Income Tax credits to businesses within defined geographical areas of the state, when new employees meeting specified criteria are added to payrolls. The hiring credit is available to most businesses which are physically located within a defined economic zone south of Mira Mesa Blvd.

Sales/Use Tax Exemption – A change to the Revenue & Taxation Code which provides a 4.2% sales and use tax exemption from the tax imposed on manufacturing equipment and specified R&D equipment purchases.

### Foreign Trade Zones Program

Businesses that import foreign goods into the United States, and in some cases export goods, may realize significant savings. Foreign-Trade Zones (FTZ) Program benefits include: U.S. Customs duty deferral, duty exemption, and other benefits.

The San Diego Foreign-Trade Zone No. 153 reorganized its FTZ procedures in 2011 to assist businesses participate in to the program expeditiously. Companies located anywhere within San Diego County can now secure FTZ status for warehousing and distribution operations in approximately thirty (30) days from the time an application is accepted. Manufacturing companies may also benefit from additional streamlined procedures.

### Business Finance Program

The San Diego Regional Revolving Loan Fund (SDRRLF) and Small Business Micro Revolving Loan Fund (SBMRLF) offer financial assistance for small to mid-size business owners with growing companies that require capital, but are unable to meet the terms of traditional banks. The Revolving Loan funds can supplement private financing of new or rehabilitated buildings, fixed machinery and equipment, working capital and soft costs.

This gap financing program ranges from \$25,000 to \$150,000 for the SBMRLF and \$150,000 to \$500,000 for the SDRRLF. The loan program covers businesses in the cities of San Diego and Chula Vista. Through careful screening of loan applicants and creative loan structuring, the program can get business owners closer to their goals working with lenders and other community lending programs.

### **Economic Development & Tourism Support Program**

The City's Economic Development and Tourism Support (EDTS) Program provides Transient Occupancy Tax funds through a competitive merit based application process, to qualified nonprofit,

tax-exempt organizations that produce programs and events that improve the City's economy by boosting tourism, attracting new businesses, and increasing jobs in the area.

### **Tourism Marketing District**

The San Diego Tourism Marketing District (TMD) follows the model of Tourism BIDs that utilize the efficiencies of private sector operation in the market-based promotion of local and regional business and transient tourism to generate room night stays. Tourism BIDs, such as the SDTMD allow lodging business owners to organize their efforts to increase tourism. In San Diego, lodging business owners within the District are assessed and those funds are used to provide programs and services that specifically benefit the assessed lodging businesses. Beginning in 2008, lodging businesses with 70 or more rooms paid a 2.0% assessment to fund activities to increase room night stays at assessed businesses. A majority of these TMD assessments were directed to the Tourism Authority (formerly ConVis) for specific sales and marketing activities to promote San Diego and

increase room night stays at assessed businesses. The TMD was renewed effective January 1, 2013 and the assessment was authorized to be levied on all lodging businesses within the City with those businesses with 30 or more rooms paying 2.0% and those with fewer rooms paying 0.55%. The programs and activities to be funded include hotel meeting sales, event management and group sales development, tourism development including travel & trade, group meeting direct marketing, consumer direct sales & marketing programs, multi-year tourism development, and destination marketing with specific call to action. Through the initial fiveyear TMD term, it is estimated that approximately. \$121+ million in TMD funds have beenwere deployed through local organizations, yielding approximately

\$2.25 billion in TOT revenue.

### **Business Improvement Districts**

San Diego's Business Improvement Districts (BIDs) are City-designated geographic-based areas where the business owners are assessed annually to fund activities and improvements to promote the business district. The City of San Diego supports BIDs as a tool for strengthening small business communities, creating new jobs, attracting new businesses, and revitalizing older commercial neighborhoods across the city. The City partners with merchants associations, representing the assessed business owners, to implement the BID program.

The Office of Small Business Economic Development Department administers the BID program, which is the largest tenant-based program in the State of California. The program dates back to 1970 with the creation of the Downtown Improvement Area, California's first metropolitan downtown district. Since that time, the small business community and the City of San Diego have created 18 active districts. More than 11,00014,000 small businesses participate in

these assessment districts raising more than \$1. $\underline{43}$  million annually.

A BID provides business area merchants with the resources to develop marketing campaigns, increase awareness, and enhance public improvement projects in partnership with the City. An organized business community can work more effectively to create positive change and increase support for businesses in the area. In San Diego, BID associations work closely with elected officials and city staff to voice collective concerns, monitor business regulations and obtain funding and support for their business development projects.

The BID associations have developed a variety of successful marketing activities that generate business for the districts. These activities range from special events such as restaurant tours, block parties, weekly farmer's markets and holiday festivals to developing public relations and marketing materials. BID associations promote businesses through the Internet, social media and cooperative advertising campaigns; they develop and distribute business directories, coupon books, and other district brochures. BID associations coordinate some of San Diego's most popular, large-scale street festivals, including the Adams

Avenue Street Fair, Gaslamp's Mardi Gras, and Hillcrest's CityFest. BID associations also market the districts to potential businesses in an effort to reduce vacancies, provide a varied mix of businesses and strengthen the BID. All of these activities help to further market the districts to customers.

The City has grant programs which provide opportunities for additional funding for the merchant associations. There are also programs geared toward assisting individual businesses. For instance, the City's Office of Small Business offers the Storefront Improvement Program, which provides small businesses with design assistance and incentive payments to assist with storefront renovations.

The City also supports the San Diego Business Improvement District Council, a non-profit organization whose membership includes the BID associations, which disseminates information and provides resources and expertise to its members to assist small businesses.

### Small Business Enhancement Program

This program focuses on expanding economic opportunities for small businesses by supporting not-for-non-profit organizations which provide specialized services to small businesses citywide. It is expected that Small Business Enhancement Program funds will be leveraged by recipients to

enhance small businesses services with the purpose of creating, growing, and retaining small businesses in San Diego. Examples of the services and training provided include business development, contracting and procurement, disability accommodations and technical assistance training.

### Storefront Improvement Program

The Storefront Improvement Program (SIP) revitalizes building facades visible to customers, neighboring merchants, and residents. The City of San Diego provides design assistance and financial incentives of up to \$10,000 in the form of rebates to small business owners who wish to make a creative change to their storefronts.

All applications are subject to review for eligibility. The City's Storefront Improvement Program is open to small businesses (12 or fewer employees) located in the City of San Diego with a current Business Tax Certificate.

### Community Parking District Program

The City has a two-pronged approach to address parking concerns in older commercial neighborhoods. The City's Parking District Advisory Board advises the City on broader policy issues related to parking, and especially as to the impacts on neighborhoods. commercial City The also established the Parking Meter District Program in 1997 to provide parking impacted commercial with a mechanism to devise and communities implement parking management solutions. The Program was updated and renamed the Community Parking District Program in 2004.

There are currently six designated community parking districts within the City. A portion of the revenue from parking meters within these districts may be used to implement solutions such as parking lots, parking structures, valet parking, parking/ transportation signage, and related extraordinary landscaping, maintenance, and security.

### Small Local Business Enterprise Program

The SLBE Program is designed to facilitate the award of City contracts to small and local business enterprises by encouraging a 20% SLBE participation rate. It provides for a minimum bid discount of 2% for SLBE contractors or prime contractors which subcontract to SLBE's as defined by the program. In addition to bid discounts, the Program provides for additional points in negotiated professional services contracts and increased points and discounts as the

level of local and small local business participation increases. The intended impacts include: increasing the number of certified businesses participating in City contracting and in development projects, increasing the circulation of City dollars within the community and thus stimulating stronger economic activity, and promoting the development of certified businesses through joint ventures and mentor/ protégé relationships.

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# Appendix - G: List of Available Industrial Properties

Figure F G: List of Available Industrial Properties<sup>1</sup>

Address	Community	Property Size	Space Available	Rent/SF/Month
2020 Piper Ranch Road	Otay Mesa	601,417 SF	601,417 SF	N/A
16795 Via Del Campo	Rancho Bernardo	220,468 SF	220,468 SF	<del>\$1.10.</del> \$1.50/NNN
1855 Domoch Court	Otay Mesa	216,755 SF	216,755 156,661 SF	<del>\$0.39</del> -N/A
6060 Business Center Court	Otay Mesa	134,776 SF	134,776 SF	\$0.58/NNN
6650 Top Gun Street	Mira Mesa	121,496 SF	121,496 SF	N/A-\$0.59-\$0.85/NNN
9255 Customhouse Plaza	Otay Mesa	295,240 SF	103,523 SF	<del>\$0.30 \$0.75</del> -\$0.75/NNN
8863 Siempre Viva Road		442,000 SF	412,000 SF	W.A.
8515 Miramar Place	Mira Mesa	101,224 SF	101,224 SF	\$0.90/NNN
1224 Exposition Way	Otay Mesa	152,919 SF	89,955 SF	N/A
9190 Activity Road	Mira Mesa	83,520 SF	83,520 SF	\$0.85/NNN
12340 World Trade Drive	Carmel Mountain	81,980 SF	81,980 SF	\$1.07/NNN
7130 Miramar Road	Mira Mesa	365,421 SF	109,290 81,944 SF	\$0.75.\$0,80/NNN
1330 30th Street		105,465 SF	105,465 SF	N/A
7590 Britannia Court	Otay Mesa	72,197 SF	72,197 SF	\$0.59 \$0.55/NNN
8917 Kerns Street		105,465.SF	105,465.SF	N/A
1366 30th Street		403,200-SF	403,200 SF	<del>\$0.5</del> 2
1320 Air Wing Road		155,000 SF	102,000-SF	\$0.42
4000 Ruffin Road		413,313-SF	79,285 SF	80.79-80.89
9151 Rehco Road	Mira Mesa	68,937 SF	68,937 SF	\$0.82-\$1.15/NNN
10050 Scripps Ranch Court	Scripps Mountain	67,681 SF	67,681 SF	\$0.89/NNN
12270 World Trade Drive	Carmel Mountain Ranch	190,341 SF	51,315 67,356 SF	\$0.85/NNN
9750 Distribution Avenue	Mira Mesa	52,600 SF	52,600 SF	\$0.75/NNN
3939 Market Street	Southeastern San Diego	51,262 SF	51,262 SF	\$0.65/NNN

representations regarding this data, nor does it make any endorsements of the properties listed. Properties listed are only those which have <sup>1</sup>Properties listed by square footage available (in descending order) as of 42/34/2014-02/22/2016. All properties zoned for industrial use. Data gathered from sources deemed reliable. The City of San Diego does not guarantee the accuracy of this data, or make any warrantees or at least 50,000 square feet of space presumed available for immediate or near term occupancy=\

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# Appendix G: "Go Global - San Diego's Global Trade and Investment Initiative"

In 2012, San Diego was selected by the Washington—based Brookings Institution as one of the first eight U.S. cities to participate in a national mitiative to pioneer new strategies that boost exports—and global economic competitiveness.

As part of San Diego's continued participation in the Global Cities Initiative—a joint project of the Brookings Institution and JPMorgan Chase & Co—and its ongoing effort to maximize the region's global competitiveness, a partnership was formed and has—released the "Global San Diego Export Plan" which focuseds on fostering the region's economic prosperity through exports of goods and services. Further collaboration resulted in an updated global trade and investment initiative released in March 2015 titled "Go Global".

A key component of the plan\_initiative\_includes a regional assessment showing that although San Diego ranks

417th in Gross Metropolitan Product (GMP) and population size, it ranks 55th 61st in export intensity, meaning there is room for growth. San Diego is in a unique position to become one of the nation's largest and most diverse exporters. San Diego's planGo Global focuses on three primary major objectives designed to support the goal of maximizing the region's global competitiveness elevate the region as one of the most

globally competitive regions in the world:

- 1. <u>Drive Jjob growth driven by export growth create and retain export-related jobsthrough expanding Foreign Direct Investment (FDI) and international exports</u>
  - 2. Increase the participation of small and medium sized enterprises (SMEs) engaged in global trade-Deepen economic ties between the San Diego region and strategic markets
    2.3. Enhance our regional identity to increase Develop a brand to enhance the region's global

fluency and competitiveness.

To accomplish these objectives five strategies have been identified

To accomplish these objectives, San Diego's Core Team Partners have developed four strategies to implement the export plan: i. Catalyze growth of advanced industries

• ii. Drive innovation through talent – strengthen the workforce of today and deepen the workforce of the future

Leveraging the diversity of regional markets

Developing and increasing small and mediumsized enterprises' capacity to export.

Concentrating on San Diego's uniqueinfrastructure assets

Leveraging the trade potential of the CaliBaja

Bi-National Mega Region \*iii. Realize CaliBaja's
potential through connections with priority and
emerging markets

\*iv. Mainstream global activity as a key
component of regional business retention and

v. Maximize infrastructure assets

expansion efforts

2

leadership from the Core Team Partners including

<u>commute to implement the strategies and provide</u> insight into the region's trade and investment plans.

Most recently, the City of San Diego, Port of San Diego and San Diego County Regional Airport Authority, joint license holders for the World Trade Center (WTC) San Diego, relaunched the WTC San Diego in partnership with the San Diego Regional Economic Development Corporation withandwith the hiring of a new Director in late 2015. The WTC San Diego is dedicated to growing international trade and investment opportunities for San Diego through execution of the Go Global initiative and provision of other trade-related services.

In order to Other efforts to leverage the region's strengths and maximize the effects of the export planGo Global initiative, include development of several policy recommendations. were also developed to support the efforts of the plan. Central to the importance of the export plan is the such as investment in infrastructure to to facilitate trade, reachpotential partnersengagement with priority metro markets, and garnering state-wide support, and bringing together private and public sectors together through cost-effective partnerships deepening of connections and partnerships of public and private sectors in the broader region. Additionally, advocating for policies that help attract, retain and develop workforce talent, promoting free-trade and securing federal assistance are all ways to move the initiative plan forward from a policy perspective.

Cutting through the noise, establishing a clear message, and causing global fluency to permeate the private, public, and academic sectors are vital to a successful export plan. For this reason, the Core Team Partners have also included a Global Outreach component to encourage San Diegans are being encouraged to adopt a more global mindset and use this initiative as a platform for communicating San Diego's global fluency.

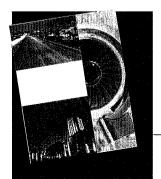
As a testament to the spirit of collaboration found throughout the San Diego region, the Core Team Partners will continue to capitalize on these partnerships to create a more prosperous region through international trade and investment.

### **Core Team Partners**

The City of San Diego; County of San Diego; U.S. Commercial Service; San Diego County Regional Airport Authority; Port of San Diego; UC San Diego's School of International Relations and Pacific Studies (IR/PS) Global Policy and Strategy (GPS); San Diego Center for International Trade Development; San Diego Regional Economic Development Corporation; San Diego Regional Chamber of Commerce; San Diego State University; California State University, San Marcos; SANDAG; Tijuana EDC; BIOCOM; CONNECT; World Trade Center San Diego; and JPMorgan Chase & Co.



Please click here to view the brochure:\_
<a href="http://docs.sandiego.gov/councilcomm\_agendas\_attach/2015/edir\_150319\_3.pdf">http://docs.sandiego.gov/councilcomm\_agendas\_attach/2015/edir\_150319\_3.pdf</a>
<a href="http://www.sandiegobusiness.org/sites/default/files/Export%20plan%20FINAL%201.pdf">http://www.sandiegobusiness.org/sites/default/files/Export%20plan%20FINAL%201.pdf</a>





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# Appendix : General Plan Policies Which Support the Economic Development Strategy

# Housing

# Land Use Element: City Villages Strategy

# LU-A.1.

Designate a hierarchy of village sites for citywide implementation.

- a Affirm the position of Downtown San Diego as the regional hub by maintaining and enhancing its role as the major business center in the region and encouraging its continued development as a major urban residential center with the largest concentration of high density multi-family housing in the region.
- b. Encourage further intensification of employment uses throughout Subregional Employment Districts. Where appropriate, consider collocating medium to high density residential uses with employment uses (see also Economic Prosperity Element).
- c Designate Neighborhood, Community, and Urban Village Centers, as appropriate, in community plans throughout the City, where consistent with public facilities adequacy and other goals of the General Plan.

d. Revitalize transit corridors through the application of plan designations and zoning that permits a higher intensity of mixed-use development. Include some combination of: residual-residential above commercial development, employment users, commercial users, and higher density residential development.

# LU-A.2

Identify sites suitable for mixed-use village development that will complement the existing community fabric or help achieve desired community character, with input from recognized community planning groups and the general public.

# LU-A.10

Design infill projects along corridors to enhance or maintain a "Main Street" character through attention to site and building design, land use mix, housing opportunities, and streetscape improvements.

# Land Use Element: General Plan and Land Use Categories

### LU-B.3.

Plan for and develop mixed-use projects where a site or sites are developed in an integrated, compatible, and comprehensively planned manner involving two or more land uses.

# Land Use Element: Community Planning

# LU-C.2.

Prepare community plans to address aspects of development that are specific to the community, including: distribution and arrangement of land uses (both public and private); the local street and transit network; location, prioritization, and the provision of public facilities, community and site-specific urban design guidelines; urban design guidelines addressing the public realm; community and site-specific recommendations to preserve and

enhance natural and cultural resources; and coastal resource policies (when within the Coastal Zone).

- a Apply land use designations at the parcel level to guide development within a community.
- 1. Include a variety of residential densities, including mixed use, to increase the amount of housing types and sizes and provide affordable housing opportunities.

- 2. Designate open space and evaluate publiclyowned land for future dedication and privately – owned lands for acquisition or protection through easements
- 3. Evaluate employment land and designate according to its role in the community and in the region.
- 4. Designate land uses with careful consideration to hazard areas including areas affected by flooding and seismic risk as identified by Figure CE-5 Flood Hazard Areas and Figure PH-9 Geo-technical and Relative risk areas.
- b Draft each community plan with achievable goals, and avoid creating a plan that is a "wish list" or a vague view of the future.
- Provide plan policies and land use maps that are detailed enough to provide the foundation for fair and predictable land use planning.

- d. Provide detailed, site-specific recommendations for village sites.
- Recommend appropriate implementation mechanisms to efficiently implement General Plan and community plan recommendations
- f. Establish a mobility network to effectively move workers and residents
- g. Update the applicable public facilities financing plan to assure that public facility demands are adjusted to account for changes in future land use and for update costs associated with new public facilities.

### LU-C.3.

Maintain or increase the city's supply of land designated for various residential densities as community plans are prepared, updated, or amended.

# Land Use Element: Consistency

LU-F.3.

Create and apply incentive zoning measures to achieve the desired mix of land uses and public benefits.

- a Continue to provide incentives to development proposals that contribute to the provision of affordable housing, environmental enhancement, urban design, and energy conservation, as well as those that provide public facilities and amenities over and above regulatory requirements.
- b. Ensure that the granting of development incentives does not result in an adverse impact upon health, welfare, and safety of the surrounding community or upon any designated cultural and/or historic resource.
- The provision of development incentives should be reevaluated on a regular basis to be certain that the granting of incentives remains in proportion with the benefits derived.

# Land Use Element: Balanced Communities and Equitable Development

LU-H.1.

Promote development of balanced communities that take into account community-wide involvement, participation, and needs.

- Plan village development with the involvement of a broad range of neighborhood, business, and recognized community planning groups and consideration of the needs of individual neighborhoods, available resources, and willing partners.
- b. Invest strategically in public infrastructure and offer development incentives that are consistent with the neighborhood's vision.
- Recognize the important role that schools play in neighborhood life and look for opportunities to form closer partnerships among local schools, residents, neighborhood groups, and the City with the goal of improving public education.

- d. Ensure that neighborhood development and redevelopment addresses the needs of older people, particularly those disadvantaged by age, disability, or poverty.
- e Provide affordable housing opportunities within the community to help offset the displacement of the existing population.
- f. Provide a full range of senior housing from active adult to convalescent care in an environment conducive to the specific needs of the senior population.

### LU-H.3.

Provide a variety of housing types and sizes with varying levels of affordability in the residential and village developments.

# LU-H.7.

Provide a variety of different types of land uses within a community in order to offer opportunities for a diverse mix of uses and to help create a balance of land uses within a community (see also LU-A.7.)

# Urban Design Element: Mixed-Use Villages

# UD-C.1.

In villages and transit corridors identified in community plans, provide a mix of uses that create vibrant, active places in villages.

- a. Encourage both vertical (stacked) and horizontal (side-by-side) mixed-use development.
- b. Achieve a mix of housing types, by pursuing innovative designs to meet the needs of a broad range of households.
- c. Encourage placement of active uses, such as retailers, restaurants, cultural facilities and amenities, and other various services, on the ground floor of buildings in areas where the greatest levels of pedestrian activity are sought.
- d Encourage the provision of approximately ten percent 10% of a project's net site area as public space, with adjustments for smaller (less than ten acres) or constrained sites. Public space may be provided in the form of plazas, greens, gardens, pocket parks, amphitheaters, community meeting rooms, public facilities and services, and social services (see also UD-C.5 and UD-E.1).
- 1. When public space is provided in the form of public parks in accordance with Recreation Element,

Policy RE-A.9, and the public park space may be used to meet population-based park requirements.

- 2. Where multiple property owners are involved in a village development, develop incentives or other mechanisms to help provide well-located public spaces.
- Utilize existing or create new Land Development Code zone packages or other regulations as needed for mixed-use development.
- 1. Provide standards that address the particular design issues related to mixed-use projects, such as parking, noise attenuation and security measures, and minimize negative impacts on the community.
- 2. Provide standards that address bulk, mass, articulation, height, and transition issues such as the interface with surrounding or adjacent development and uses, and minimize negative impacts on the community.
- f Encourage location of mixed-use projects in transition areas and areas where small-scale commercial uses can fit into a residential neighborhood context.

# Economic Prosperity Element: Base Sector Industrial Uses

# EP-A.1.

Protect base sector uses that provide quality job opportunities including middle-income jobs; provide for secondary employment and supporting uses; and maintain areas where smaller emerging industrial uses can locate in a multi-tenant setting. When updating community plans or considering plan amendments, the industrial land use designations contained in the Land Use and Community Planning Element should be appropriately applied to protect viable sites for base sector and related employment uses.

### EP-A.2.

Encourage a broader geographic distribution of high technology businesses throughout the City.

# EP-A.3.

Encourage large regional employers to locate and expand in the Regional Center or Subregional Employment Areas.

# EP-A.4.

Include base sector uses appropriate to an office setting in Urban Village and Community Village Centers.

# EP-A.5.

Consider the redesignation of non-industrial properties to industrial use where land use conflicts can be minimized. Evaluate the extent to which the proposed designation and subsequent industrial development would:

- Accommodate the expansion of existing industrial uses to facilitate their retention in the area in which they are located.
- Not intrude into existing residential neighborhoods or disrupt existing commercial activities and other uses.
- Mitigate any environmental impacts (traffic, noise, lighting, air pollution, and odor) to adjacent land.
- Be adequately served by existing and planned infrastructure.

# Economic Prosperity Element: Non-Base Sector Employment Uses

#### FP-A.6.

Provide for the establishment or retention of nonbase sector employment uses to serve base sector industries and community needs and encourage the development of small businesses. To the extent possible, consider locating these types of employment uses near housing. When updating community plans or considering plan amendments, land use designations contained in the Land Use and Community Planning Element should be appropriately applied to provide for non-base sector employment uses.

# EP-A.7.

Increase the allowable intensity of employment uses in Subregional Employment Areas and Urban Village Centers where transportation and transit infrastructure exist. The role of transit and other alternative modes of transportation on development project review are further specified in the Mobility Element, Policies ME-C.8 through ME-C.10.

### FP-A8

Concentrate more intense office development in Subregional Employment Areas and in Urban Villages with transit access.

# EP-A.9.

Efficiently utilize employment lands through increased intensity "urban in villages" and Subregional Employment Areas.

### EP-A.10.

Locate compatible employment uses on infill industrial sites and establish incentives to support job growth in existing urban areas.

### EP-A.11.

Encourage the provision of workforce housing within employment areas not identified as Prime Industrial Land that is compatible with wage structures associated with existing and forecasted employment.

# Economic Prosperity Element: Prime Industrial Land

# EP-A.12.

Protect Prime Industrial Land as shown on the Industrial and Prime Industrial Land Map, Figure EP-1. As community plans are updated, the applicability of the Prime Industrial Land Map will be revisited and changes considered.

- Amend the boundaries of Figure EP-1 if community plan updates or community plan amendments lead to an addition of Prime Industrial Lands, or conversely, a conversion of Prime Industrial Land uses to other uses that would necessitate the removal of properties from the Prime Industrial Land identification.
- D Amend the boundaries of Figure EP-1 if community plan updates or community plan amendments/rezones lead to a collocation (the

geographic integration of residential uses and other non-industrial uses into industrial uses located on the same premises) of uses.

Justification for a land use change must be supported by an evaluation of the prime industrial land criteria in Appendix C, EP-1, the collocation/conversion suitability factors in Appendix C, EP-2, and the potential contribution of the area to the local and regional economy.

# EP-A.13.

In areas identified as Prime Industrial Land as shown on Figure EP-1, do not permit discretionary use permits for public assembly or sensitive receptor land uses.

# Economic Prosperity Element: Other Industrial Land

# EP-A.18.

Amend the Public Facilities Financing Plan concurrently to identify needed facilities if residential uses are proposed in industrially designated areas.

# Economic Prosperity Element: All Industrial Areas

# EP-A.20.

Meet the following requirements in all industrial areas as a part of the discretionary review of projects involving residential, commercial, institutional, mixed-use, public assembly, or other sensitive receptor land uses:

Analyze the Collocation/Conversion Suitability Factors in Appendix C, EP-2.

- Incorporate pedestrian design elements including pedestrian-oriented street and sidewalk connections to adjacent properties, activity centers, and transit.
- Require payment of the conversion/collocation project's fair share of community facilities required to serve the project (at the time of occupancy).

# Public Facilities Element: Financing

### PF-A.2.

Address current and future public facility needs by pursuing, adopting, implementing, and maintaining a diverse funding and management strategy.

- a Ensure effective management and optimal allocation of all financial resources for both capital and operational needs.
- b. Maximize operational and capital effectiveness.
- c Continue to develop, evaluate, and apply innovative public infrastructure and facility financing mechanisms and strategies. Employ a public infrastructure financing strategy that includes a variety of financing mechanisms such as:
- Supporting state and local government fiscal reform efforts which provide an equitable redistribution of property tax proceeds or other revenues to the City from the State;

- Assuming an active leadership role in planning and implementing infrastructure investments on a collaborative regional basis and apportion, as applicable and appropriate, eligible infrastructure expenses to support regionally beneficial capital improvement projects;
- Coordinating with all appropriate authorities and agencies for a more efficient use of shared resources, and increased joint use of facilities and services;
- Adopting new, or increase existing, CIP funding sources for needed public facilities and infrastructure:
- Working in partnership with stakeholders to design a bond measure to address the City's unfunded needs for capital improvements projects to support development;
- Adopting facilities, infrastructure, improvements and/or maintenance districts and other special assessments for locally prioritized facilities and or services;
- Pursuing Regional Comprehensive Plan and Smart Growth Incentive Program funding for transportation projects that have been prioritized consistent with Section B, Public Facilities and Services Prioritization, of this element;
- Continuing to use and seek a broad range of funding sources to finance public facilities and infrastructure:
- Evaluating City real estate assets for opportunities to address public facility needs;

- Partnering with other agencies and organizations to leverage public financing and resources with private funds and assets;
- Utilizing development, reimbursement, and other agreements to provide timely public facilities to the area of benefit;
- Coordinating with redevelopment agencies to effectively utilize tax increment and other agency financing to leverage additional funds, initiate public and private investment, and address needs; and
- Maximizing the procurement of grants, endowments, and private donations for public facility and services needs.

# PF-A.3.

Maintain an effective facilities financing program to ensure the impact of new development is mitigated through appropriate fees identified in PFFPs.

#### PF-A.4.

Integrate all planning and development policies and strategies into the annual development of the CIP to ensure projects are programmed in a cost efficient manner.

- a. Review all capital projects for consistency with adopted planning documents, including the General Plan, community plans, PFFP, and others.
- b Evaluate the fiscal impact and timing of needed capital improvements to minimize the burden on operations and maintenance budgets.
- c Conduct annual conformance and audit reports of the CIP.

# Public Facilities Element: Capital Programming and Financing

### PF-B.2.

Coordinate the allocation of public resources for priorities across the City organization, to maximize operational and capital investment efficiencies.

### PF-B.3.

Create an organization-wide method for identifying and ranking capital improvement projects for proposed inclusion in the annual CIP and to guide the City's applications for regional, state, federal, or other funds.

# Public Facilities Element: Evaluation of Growth, Facilities, and Services

# PF-C.2.

Require a fiscal impact analysis to identify operations and maintenance costs with a community plan amendment proposal of potential fiscal significance.

# PF-C.7.

Conduct periodic review of the fiscal impacts of private development throughout the City. This information will assist in land use and capital planning decisions by providing data regarding the amount, intensity, location, and timing of new development.

# Public Facilities Element: Information Infrastructure

# PF-L.1.

Incorporate appropriate information infrastructure requirements into all relevant local policies, ordinances, and plans.

# PF-L.2.

Coordinate with all agencies and programmed project schedules to minimize disruptions to residents and public rights-of-way, and incorporate information infrastructure needs and opportunities.

# PF-L.3.

Provide infrastructure to ensure seamless communications and universally available access to data for all internal and external groups.

# PF-L.4.

Facilitate economic development citywide, with consideration of the City's status in the border region of Mexico, with adequate provision of an information infrastructure system.

# PF-L.5.

Work with private telecommunication service providers to develop and maintain an integrated information infrastructure system.

# PF-L.12

Monitor emerging technologies to develop and maintain an effective information infrastructure system and strategy citywide.

# Public Facilities Element: Public Utilities

# PF-M.2.

Coordinate with all public and private utilities to focus utility capital investments and design projects to help implement the City of Villages strategy.

# PF-M.4.

Cooperatively plan for and design new or expanded public utilities and associated facilities (e.g., telecommunications infrastructure, planned energy generation facilities, gas compressor stations, gas transmission lines, electrical substations and other large scale gas and electrical facilities) to maximize environmental and community benefits.

# Public Facilities Element: Regional Facilities

### PF-N.1.

Assume an active leadership role in planning and implementing regional facility and infrastructure investments through collaborative efforts.

### PF-N.2.

Collaborate with public, private, and non-profit agencies to implement alternative investment policies and strategies that support growth in urban locations.

# PF-N.3.

Encourage infrastructure investments in regional capital facilities that provide a positive economic impact and leverage for competitive advantages.

# PF-N.5.

Adopt an equitable mechanism to secure fair-share contributions for both regional infrastructure and regional-serving public facilities within the City which benefit other agencies, organizations, and private parties in the region.

# Urban Design Element: Pedestrian-Oriented Design

# UD-C.4.

Create pedestrian-friendly village centers (see also Mobility Element, Sections A and C).

- a Respect pedestrian-orientation by creating entries directly to the street and active uses at street level.
- Design or redesign buildings to include pedestrian-friendly entrances, outdoor dining areas, plazas, transparent windows, public art, and a variety of other elements to encourage pedestrian activity and interest at the ground floor level.
- C. Orient buildings in village centers to commercial local streets, or to internal project drives that

are designed to function like a public street, in order to create a pedestrian oriented shopping experience, including provision of on-street parking.

- d. Provide pathways that offer direct connections from the street to building entrances.
- e Break up the exterior facades of large retail establishment structures into distinct building masses distinguished by offsetting planes, rooflines and overhangs or other means.
- Where feasible, use small buildings in key locations to create a human scale environment in large retail centers. Incorporate separate individual main entrances directly leading to the outside from individual stores.

# Mobility Element: Walkability

### ME-A.5.

Provide adequate sidewalk widths and clear path of travel as determined by street classification, adjoining land uses, and expected pedestrian usage.

- a Minimize obstructions and barriers that inhibit pedestrian circulation.
- Consider pedestrian impacts when designing the width and number of driveways within a street segment.

# ME-A.6.

Work toward achieving a complete, functional and interconnected pedestrian network.

a. Ensure that pedestrian facilities such as sidewalks, trails, bridges, pedestrian-oriented and street lighting, ramps, stairways and other facilities are implemented as needed to support pedestrian circulation.

### ME-A.8.

Encourage a mix of uses in villages, commercial centers, transit corridors, employment centers and other areas as identified in community plans so that it is possible for a greater number of short trips to be made by walking.

# Mobility Element: Transit

#### ME-B.1.

Work closely with regional agencies and others to increase transit ridership and mode share through increased transit service accessibility, frequency, connectivity, and availability.

a Develop an urban network of routes that operate with a base, mid-day service frequency of ten-minute intervals or better.

- Provide transit routes that offer efficient connections between highly frequented origins and destinations.
- Enhance overall transit customer experience through attention to safety, station areas, vehicles, seating, and other factors.

### ME-B.2.

Support the provision of higher-frequency transit service and capital investments to benefit higher-density residential or mixed-use areas; higher-intensity employment areas and activity centers; and community plan-identified neighborhood, community, and urban villages; and transit-oriented development areas.

#### ME-B.3.

Design and locate transit stops/stations to provide convenient access to high activity/density areas, respect neighborhood and activity center character, implement community plan recommendations, enhance the users' personal experience of each neighborhood/center, and contain comfortable walk and wait environments for customers (see also Urban Design Element, Policy UD-A.9).

#### ME-B.5.

Integrate the regional transit system with the intercity rail network.

### ME-B.8.

Support efforts to use alternative fuels in transit vehicles to help implement air quality and energy conservation goals.

# Mobility Element: Transit Supportive City Land Use Planning

#### MF-R 9

Make transit planning an integral component of long range planning documents and the development review process.

- a Identify recommended transit routes and stops/ stations as a part of the preparation of community plans and community plan amendments, and through the development review process.
- b Plan for transit-supportive villages, transit corridors, and other higher-intensity uses in areas that are served by existing or planned higher-quality transit services, in accordance with Land Use and Community Planning Element, Sections A and C.
- c Proactively seek reservations or dedications of right-of-way along transit routes and stations

through the planning and development review process.

- d. Locate new public facilities that generate large numbers of person trips, such as libraries, community service centers, and some recreational facilities in areas with existing or planned transit access.
- e Design for walkability in accordance with the Urban Design Element, as pedestrian supportive design also helps create a transit supportive environment.
- f. Address rail corridor safety in the design of development adjacent to or near railroad rights-of-way.

# Mobility Element: Project Review Considerations

# ME-C.9.

Implement best practices for multi-modal quality/ level of service analysis guidelines to evaluate potential transportation improvements from a multi-modal perspective in order to determine optimal improvements that balance the needs of all users of the right of way.

# ME-C.10

Provide transportation facilities to serve new growth in accordance with Policies MEK.4-K.6, and Public Facilities Element, Sections A-C.

# Mobility Element: Intelligent Transportation Systems

#### ME-D.1.

Utilize the substantial regional Intelligent Transportation Systems (ITS) investments to achieve cost-effective improvements in transportation system performance and operations wherever possible.

### ME-D.2.

Develop an ITS Plan for the City to facilitate effective implementation and operation of ITS in the City. The proposed ITS Plan should identify and

prioritize specific short and long-term ITS projects. Once identified, ITS projects should be strategically implemented as funding becomes incrementally available.

### ME-D.6.

Support the use of technology to improve transit services through tracking vehicles, maintaining schedules, predicting demand, facilitating fare payment, and operating fleets more efficiently.

# Mobility Element: Transportation and Demand Management

# ME-E.1.

Support and implement TDM strategies including, but not limited to: alternative modes of transportation, alternative work schedules, and telework.

# ME-E.2.

Maintain and enhance personal mobility options by supporting public and private transportation projects that will facilitate the implementation of Transportation Demand Management (TDM) strategies.

#### ME-E.3.

Emphasize the movement of people rather than vehicles.

### ME-E.4.

Promote the most efficient use of the City's existing transportation network.

### ME-E.5.

Support SANDAG's efforts to market TDM benefits

to employers and identify strategies to reduce peak period employee commute trips.

# ME-E.6.

Require new development to have site designs and on-site amenities that support alternative modes of transportation. Emphasize pedestrian and bicycle-friendly design, accessibility to transit, and provision of amenities that are supportive and conducive to implementing TDM strategies such as car sharing vehicles and parking spaces, bike lockers, preferred rideshare parking, showers and lockers, on-site food service, and child care, where appropriate.

# ME-E.7.

Consider TDM programs with achievable trip reduction goals as partial mitigation for development project traffic and air quality impacts.

# ME-E.8.

Monitor implementation of TDM programs to ensure effectiveness.

# Mobility Element: Bicycling

# ME-F.1.

Implement the Bicycle Master Plan, which identifies existing and future needs, and provides specific recommendations for facilities and programs over the next 20 years.

a Update the plan periodically as required by Caltrans, in a manner consistent with General Plan goals and policies.

- b Coordinate with other local jurisdictions, SANDAG, schools, and community organizations to review and comment on bicycle issues of mutual concern.
- c. Reference and refine the plan, as needed, in conjunction with community plan updates.
- d Improve connectivity of the multi-use trail network, for use by bicyclists and others as appropriate.

### ME-F.2.

Identify and implement a network of bikeways that are feasible, fundable, and serve bicyclists' needs, especially for travel to employment centers, village centers, schools, commercial districts, transit stations, and institutions.

- a. Develop a bikeway network that is continuous, closes gaps in the existing system, improves safety, and serves important destinations.
- b. Implement bicycle facilities based on a priority program that considers existing deficiencies, safety, commuting needs, connectivity of routes, and community input.
- c. Recognize that bicyclists use all City roadways.
- 1. Design future roadways to accommodate bicycle travel; and
- 2. Upgrade existing roadways to enhance bicycle travel, where feasible.

# Mobility Element: Parking Management

### ME-G.1.

Provide and manage parking so that it is reasonably available when and where it is needed.

- a. Where parking deficiencies exist, prepare parking master plans to inventory existing parking (public and private), identify appropriate solutions, and plan needed improvements.
- b Implement strategies to address community parking problems using a mix of parking supply. management, and demand solutions, including but not limited to those described on Table ME-3, Parking Strategies Toolbox.
- C Optimize parking prices to reflect an equilibrium between supply and demand. Consider the positive and negative implications of parking pricing when developing solutions to parking problems.

#### ME-G.2.

Implement innovative and up-to-date parking regulations that address the vehicular and bicycle parking needs generated by development.

a Adjust parking rates for development projects to take into consideration access to existing and funded transit with a base mid-day service frequency of ten to fifteen minutes, affordable housing parking

#### ME-F.3.

Maintain and improve the quality, operation, and integrity of the bikeway network and roadways regularly used by bicyclists.

#### ME-F.4.

Provide safe, convenient, and adequate short and long-term bicycle parking facilities and other bicycle amenities for employment, retail, multifamily housing, schools and colleges, and transit facility uses.

- a Continue to require bicycle parking in commercial and multiple unit residential zones.
- b. Provide bicycle facilities and amenities to help reduce the number of vehicle trips.

## ME-F.5.

Increase the number of bicycle-transit trips by coordinating with transit agencies to provide safe routes to transit stops and stations, to provide facilities. secure bicvcle parking and accommodate bicycles on transit vehicles.

needs, shared parking opportunities for mixeduse development, provision of on-site car sharing vehicles and parking spaces and implementation of TDM plans.

b. Strive to reduce the amount of land devoted to parking through measures such as parking structures, shared parking, mixed-use developments, and managed public parking (see also ME-G.3), while still providing appropriate levels of parking.

# ME-G.3.

Manage parking spaces in the public rights-of-way to meet public need and improve investment of parking management revenue to benefit areas with the most significant parking impacts.

a. Continue and expand the use of Community Parking Districts (CPD). The CPDs can be formed by communities to implement plans and activities designed to alleviate parking impacts specific to the community's needs. The CPDs also improve the allocation and investment of parking management revenue by providing the Community Parking Districts with a portion of the revenue generated within their boundaries for the direct benefit of the district.

- b. Implement parking management tools that optimize on-street parking turnover, where appropriate.
- Judiciously limit or prohibit on street parking where needed to improve safety, or to implement multi-modal facilities such as bikeways, transit ways, and parkways.

### ME-G.5

Implement parking strategies that are designed to help reduce the number and length of automobile trips. Reduced automobile trips would lessen traffic and air quality impacts, including greenhouse gas emissions (see also Conservation Element, Section A).

# Mobility Element: Airports

#### ME-H.1.

Participate in the development and implementation of the San Diego International Airport Master Plan. The Master Plan addresses terminal conditions and capacity, vehicle parking capacity, multi-modal ground connections to terminal areas, and ground access needed to support the forecasted demand for passengers and cargo.

# ME-H.2.

Participate in the development and implementation of long-range regional plans that address regional commercial air carrier capacity to accommodate forecasted air passenger and cargo demands and the integration of multi-modal ground connections to the regional aviation system.

## ME-H.3.

Provide general aviation facilities at Montgomery Field and Brown Field in accordance with their respective airport master plans or layout plans, City regulations, and Federal Aviation Administration requirements.

- a. Accommodate forecasted general aviation demand within the limitations of federal, state, and local funding, user fees, and environmental and regulatory constraints.
- b Seek federal and state funding assistance to develop, implement, and update Airport Master Plans, as needed, for Montgomery Field and Brown Field to support the forecasted demand for general aviation and public safety operations.

### ME-H.4.

Support training and operation activities at military aviation installations that are essential for national defense and our local economy.

# Mobility Element: Goods Movement/Freight

# ME-J.1.

Support infrastructure improvements and use of emerging technologies that will facilitate the clearance, timely movement, and security of domestic and international trade, including facilities for the efficient intermodal transfer of goods between truck, rail, marine, and air transportation modes.

#### ME-J.2.

Preserve property for planned roadway and railroad rights-of-way, marine and air terminals, and other needed transportation facilities.

### ME-J.3.

Support measures to alleviate on-street truck parking and staging and peak period truck usage

on freeways. These measures may include, but are not limited to: designating off-street truck staging areas; shared used of park-and-ride lots; and shared use of other public and private parking lots where appropriate.

### ME-J.4.

Implement measures to minimize the impacts of truck traffic, deliveries, and staging in residential and mixed-use neighborhoods.

# ME-J.6.

Support improvement of inter-regional freight service between San Diego and the rest of the continent.

### ME-J.7.

Support preparation and implementation of plans, in cooperation with railroad operators and owners, for providing freight service to major industrial areas in San Diego.

#### ME-J.8.

Work with the San Diego Unified Port District, Caltrans, and SANDAG to capitalize on potential economic and mobility benefits, and identify and mitigate potential environmental and public health impacts of goods movement to the San Diego region

### ME-J.9.

Support efforts that facilitate the efficient movement of goods across the U.S.- Mexico Border.

# Mobility Element: Regional Coordination and Financing

#### ME-K.1.

Identify and prioritize transportation improvement projects for inclusion in the City of San Diego's annual Capital Improvements Program (CIP) and to guide the City's applications for regional, state or federal funds, in accordance with Public Facilities Element, Policy PF.B.3.

### ME-K.2.

Take a leadership role in efforts to increase transportation funding to benefit areas that have the strongest commitment to locating or maintaining higher densities/intensities in areas served by existing or planned transit.

# ME-K.3.

Work with SANDAG to increase the share of regional funding (over the 2030 RTP levels) allocated to pedestrian, bicycle, and transportation systems management projects.

# Land Use Element: Transportation

### LU-I.11.

Implement the City of Villages concept for mixed-use, transit-oriented development as a way to minimize the need to drive by increasing opportunities for individuals to live near where they work, offering a convenient mix of local goods and services, and providing access to high quality transit services.

# ME-K.4.

Determine necessary transportation improvements to serve new development at the community plan level, and where necessary, at the project level.

### ME-K.5.

Require the dedication and/or improvement of transportation facilities in conjunction with the sub-division of land, negotiated development agreements, discretionary permits, and facilities financing plans.

# ME-K.6.

Require development proposals to provide a mix of multi-modal transportation facilities, where needed, in accordance with the policies established in the Public Facilities Element, Section C.

#### LU-H.6.

Provide linkages among employment sites, housing, and villages via an integrated transit system and a well defined pedestrian and bicycle network.

# Economic Development Department Tactacal Plan

# Goal 1

# <u>Strategically invest in the growth and development of businesses, neighborhoods, and residents</u>

- Objective 1: Leverage funding for greater commercial neighborhood benefit
- Objective 2: Invest in affordable housing options
- Objective 3: Expand economic opportunities for all
- Objective 4: Increase access to quality public and private facilities and services

# Goal 2

# Cultivate a globally competitive, sustainable, and resilient local economy

- Objective 1: Reduce the City's overall carbon footprint and prepare San Diego to be a climate-smart city
- Objective 2: Maintain and build on San Diego's competitive advantage by increasing workforce development, quality of life, and innovation
- Objective 3: Increase the number of San Diegans with middle income jobs
- Objective 4: Increase small and neighborhood business activity

# Goal 3

# Provide high quality public service

- Objective 1: Receive on average a rating of 90% "good" or "excellent" customer service scores from our internal and external customers
- Objective 2: Increase overall awareness of EDD programs, incentives, and services with the public
- Objective 3: Highlight successes and impact of EDD programs and initiatives

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# Economic Development Strategy Update

**Economic Development Department** 





# Development of the Strategy

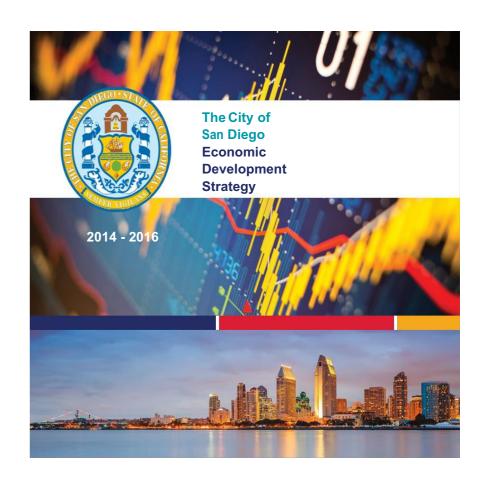
Update required every 3 years per General Plan and Council Policy 900-01

EDS 2014-2016 update process begun in 2010

Input received from Council Committees, City Auditor, and IBA from 2010 – 2014

Initial draft reviewed and incorporated stakeholders input: business, labor, and community groups in 2014

Adopted by Council June 24, 2014



# Update Process

# EDS 2017-2019

Highlight Completed Actions

Integrate with City's Strategic Plan

Integrate with:

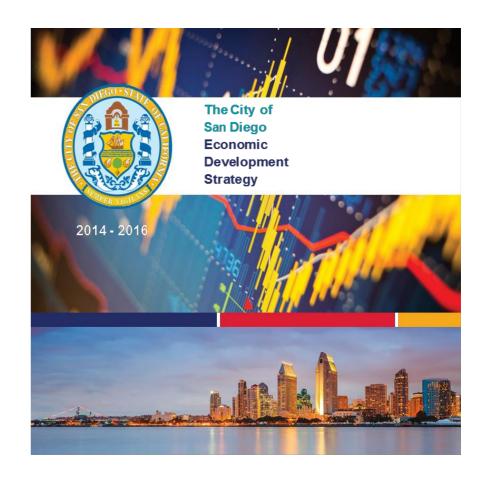
Department's new Tactical Plan

2015 ConPlan

Climate Action Plan

Reflect contributions from other EDD functions and City Departments

Add New Action items

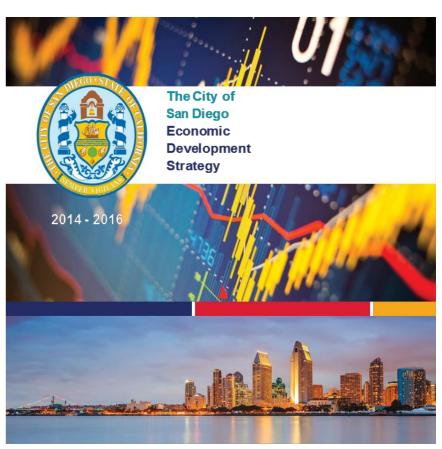


# Update Process cont.

EDS 2017-2019

Create Standalone Executive Overview

- Strategic versus tactical perspective
- Outline sources of competitive advantage
- Explain how the EDS enhances our competitive advantage



# Next Steps

# Stakeholders Input

Solicited input from EDO Stakeholders	December 2015
Meetings with EDD Director	January 2016
Small Business AdvisoryBoard Presentation	2/19/16
Send Draft EDS 2017-2019 Document	2/24/16
EDO Stakeholder Outreach Meeting	2/26/16
NAIOP Meeting Presentation	3/2/16
ED&IR Committee	March 10, 2016
City Council Approval	Spring/Summer2016



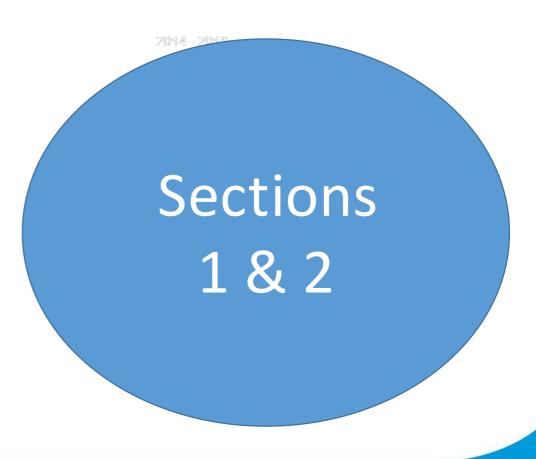
Mission & Vision
 Statement

Tactical Objectives

Action Items

- Completed
- In Process
- On-Going
- New

# **Updates**





 Updated Base Sector Information

Updated
 Neighborhood
 Business Information

Added new Mayor
 Workforce Initiatives

Renumbered Sections

# **Updates**

2014...2016

Sections 4, 5 & 6



# Updates

	-1-1	
Appendix	Title	Action
Α	Base Sector Economic Engines	minor updates
В	Community Investment & Revitalization	minor updates
D	Internal Operational Guidance & Coordination	minor updates
E	Workforce Development & Education	minor updates
F	Economic Development Programs & Business Districts	minor updates
G	Available Industrial Properties	updated
Н	San Diego Export Initiative	updated
-	General Plan Policies That Support Economic Development Strategy	minor updates

# Appendices

Relabeled



Updates

Deletions

Section 3
San Diego Economy

Appendix C
Fiscal Impacts by
Land Use

Highlights

2.3 Manufacturing & Innovation

Action			
2.3.3	Amend the Muni Code to exempt manufacturing from the Housing Impact Fee	Completed	Muni Code amended.
2.3.4	Review the Muni Code to identify any code change to improve the viability and feasibility of manufacturing in the City's industrial zones.	Completed On-Going	LDC Chapters 12 -14
2.3.6	Cross-departmental collaboration of City Departments to develop and ensure a streamlined, consistent and rapid review/approval process for manufacturing and warehouse projects.	In Process On-Going	Collab oration with EDD, DSD, Comptrollers, Treasurer's Office to implement a Fee Incentive Payment program.
2.3.10	Support and take advantage of state- economic development initiatives for b usiness expansion, attraction, and retention.	On-Going	Actively market programs to local businesses.  Developed on-line tool for the New Employee Credit.  Assist San Diego businesses apply for CA Competes.
2.3.13	Assemble a Manufacturing Roundtable to include industry and labor representative to implement the proposed Actions listed above as well as other reforms and initiatives.	On-Going	EDC taking the lead via Agreement with City EDD

Highlights

Action			
2.5.1	Work collaboratively with to ensure that San Diego businesses have opportunities to provide good and services to the commands a these installations in accordance with General Plan Policy EP-H-2.	In Process	City is lead agency in collaborating on an OEA Grant submittal goal is to gain greater understanding of the regional defense manufacturing sector and develop a strategy to assist those businesses to become more resilient and economically diverse in the event of reduction or elimination of DoD contracts/funding and creating a more resilient workforce.
2.5.3	Ensure that San Diego is always represented at the SANDAG Miliatry Working Group meetings to ensure that City of San Diego and Dept. of the Navy are able to proactively address issues affecting both parties.	On-Going	Planning Dept. is part of the working group.  Per City's Agreement, EDC will work with SDMAC and with other partners to defend, maintain and grow the \$34.7 million economic impact of the military and participate in guiding Governor Brown's military strategy for protecting and expanding California's military presence in order to defend San Diego's interests.

2.5 Military

Highlights

2.6 Tourism

Action			
2.6.1	Build, expand, and enhance important publicly owned attractions and facilities such as the Convention Center, Cruise Ship Terminal, City beaches, San Diego International Airport, and similar assets in accordance with General Plan Policies EP-I.2 and EP-I.3	In Process	A draft 20-Year Destination Master Plan commissioned by the San Diego Tourism Marketing District Corporation has been released for review and discussion. The final report may assist in guiding implementation of these actions.
2.6.2	Establish a fair and competitive process to evaluate Citywide TOT grants and Economic Development & Tourism Support ("EDTS") grants to ensure that the City receives the maximum value for these funds in accordance with the guidance of General Plan Policy EP-1.1	In Process	A mendments to TOT Grant applications in FY 16 & 17 were made to require applicant activities and outcomes that are better aligned with the EDS and the Departments Tactical Plan. A dditional amendments may be made in FY 18 if needed.
2.6.3	Assemble a Tourism Roundtable to include industry and labor representatives to implement the proposed Actions listed above as well as other reforms and initiatives.	In Process	Various stakeholders and knowledgeable representatives were invited to participate in discussions in order to develop the draft 20-Year Destination Master Plan commissioned by the San Diego Tourism Marketing District Corporation.

# Highlights

2.7 Neighborhood Rusinesses

Action			Businesses
2-7-1	Develop a replacement program for redevelopment.	On going In Process	CDBG funded neighborhood infrastructure projects (sidew alks and traffic calming measures) and City facility improvement projects in underserved low-moderate income neighborhoods.  \$9.6M + \$7.6M (FY18) = Total \$17.2  Federal Promise Zone Application – Collaboration with City departments, County EDO's, and non-profits
2-7-2	Encourage formation of new assessment districts, to enhance existing community programs.	In Process	Amendments to SDMC and Council Policy to establish clear processes for formation of new MADs, for non-profits to administer contracts for MADs, development of new district formation funds, and provide clear terms of the agreement between the City and nonprofit corporation.  §65.0201 and CP 100-21
2-7-2	Encourage formation of new assessment districts to enhance existing community programs.	In Process	Actively working with communities of Point Loma (BID), La Jolla Village (MAD), Mission Beach (MAD), and North Park (PBID) on new assessment district formation.
2-7-5	Retool the City's existing small business programs to target assistance to locally-owned small businesses in the city's older neighborhoods, especially underserved neighborhoods.	Completed	Revisions to the Storefront Improvement Program to increase small business participation, flexibility in projects completed, and increase the incentive amounts.  CP 900-17
2-7-5	Retool the City's existing small business programs to target assistance businesses in the city's older & underserved neighborhoods,	Completed	Launched Business Walk Programto increase direct communication with small business owners in older commercial neighborhoods.

Highlights

2.8 City Policies,Procedures &Operations

	Action			
	2.8.4	Amendments to City ordinances	In Process	Amendment to MAD ordinance 62.021
		Amendments to policies/procedures	Completed	Amendments to Small Business EnhancementProgram 900-15
			In Process	Amendment to MAD Council Policy 100-12
			In Process	Amendments to BID A.R.'s AR 1.90
			Completed	Amendments to Community Parking District Policy 100-18
>			Completed	Amendment to Storefront Improvement Program Policy 100-21
			In Process	Amendment to Community Development Block Grant Program Council Policy 700-02
	2.8.2	E conomic Development Cabinet	Completed	1st meeting held in 2015. 2015 survey conducted for department managers to provide ideas on what departments could/are doing to support economic development. 2n meeting tentatively scheduled in March 2016

# EDS 2014-2016 Accomplishments Highlights

Action			
2.9.1	Maintain direct role on the SD Consortium Policy Board	Completed	New JPA and MOU approved by Council December 2015
2.9.2	Work with SDWP, academic researchers, local school districts, community colleges, and universities to ensure that workforce development professionals and educators have a clear picture of the changing nature of local employment needs.	In process On Going	Mayor's Workforce Development Initiatives Blueprint for a Stronger Workforce (Committee)
2.9.3	Use EDIA's to encourage businesses to give 1 <sup>st</sup> preference for new job opportunities to SD residents.	Completed	Included in MOU with SDWP and approved by Council December 2015
2.9.4	Support workforce development programs that target underrepresented groups, provide training to veterans, help low wage earners to move up career ladders, prepare youth for the workforce.	Completed On Going	Council approved funding for C2C Program: \$200K in FY15 \$250K in FY16

2.9 Workforce Development & Education

# **Concludes Presentation**

**Economic Development Department** 

