

# ECONOMIC DEVELOPMENT STRATEGY

2017-2019





# ECONOMIC DEVELOPMENT STRATEGY 2017 - 2019

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# Table of Contents

<b>Executive Summary</b>	<b>6</b>
<b>Mission, Strategic Objectives and Performance Measures</b>	<b>8</b>
2-1: Strategic Objectives	
2-2: Economic Performance Indicators	
2-3: Manufacturing & Innovation	
2-4: International Trade & Logistics	
2-5: Military	
2-6: Tourism	
2-7: Neighborhood Businesses	
2-8: City Policies, Procedures and Operations	
2-9: Workforce Development and Education	
2-10: Leveraging Partnerships	
<b>San Diego's Economic Base Sectors</b>	<b>25</b>
3-1: Manufacturing & Innovation	
3-2: International Trade & Logistics	
3-3: Military	
3-4: Tourism	
<b>San Diego's Neighborhood Businesses</b>	<b>32</b>
4-1: Keeping Revenue Where it is Spent	
4-2: Capitalizing on Distinct Neighborhoods	
4-3: Tax Revenues and Incentives	
4-4: Business Associations and City Programs	
<b>City Support for Economic Development</b>	<b>34</b>
5-1: City Services and Operations	
5-2: Workforce Development and Education	
5-3: Reinvestment Initiatives	
5-4: City Relationships with External Organizations	
<b>Appendices</b>	<b>43</b>
Appendix A: Base Sector Economic Engines	
Appendix B: Community Investment and Revitalization	
Appendix C: Internal Operational Guidance and Coordination	
Appendix D: Workforce Development and Education	
Appendix E: List of Available Industrial Properties	
Appendix F: Go Global - San Diego's Global Trade and Investment Initiative	
Appendix G: General Plan Policies That Support the Economic Development Strategy	
Appendix H: Economic Development Tactical Plan, Programs and Business Districts	



Harbor Drive Pedestrian Bridge near Petco Park

# Executive Summary

## What is the Economic Development Strategy?

The 2017-2019 Economic Development Strategy (EDS) guides the City of San Diego's economic development efforts for the three-year period. The EDS lays the foundation for sustained economic recovery and fiscal stability for the City. It is guided by a Mission statement, Strategic Objectives and a set of Economic Performance Indicators that will help the City track progress annually. The EDS also specifies Tactical Objectives and actions for four base sectors, a neighborhood business strategy and other economic development efforts.

The EDS focuses on the implementation of policies and the administration of programs and initiatives that can reasonably be expected to improve the City's business climate. The top priority for economic development activities is retaining businesses that have invested in San Diego. Next are forming relationships and removing barriers to promote business expansions. A strong entrepreneurial environment and mentor programs can facilitate business incubation and attract new businesses that desire the business climate to thrive. In the near term, this strategy will provide guidance to attract job-creating and revenue-generating capital investments to the economy. Broader quality of life issues that impact competitiveness long term are contained in the City's 2008 General Plan.

## Elements of the Plan

### MISSION

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

### VISION

A catalyst for economic prosperity and community investment

### STRATEGIC OBJECTIVES

- 1 Economic Base Growth**  
Expand, retain and attract 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 within the four economic base sectors.
- 3 Neighborhood Businesses**  
Increase the amount of neighborhood-based business activity, especially within underserved neighborhoods.

### ECONOMIC INDICATORS

Progress can be measured through the use of seven relevant economic indicators:

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

### ECONOMIC BASE SECTORS



MANUFACTURING & INNOVATION



MILITARY



INTERNATIONAL TRADE & LOGISTICS



TOURISM

# Focus Areas

Tactical Objectives and actions are laid out for each of the following focus areas. If achieved, they will help San Diego make progress toward fulfillment of the three strategic objectives.

## ECONOMIC BASE SECTORS

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

## NEIGHBORHOOD BUSINESS DISTRICTS

Neighborhood businesses and established business districts play an important role in San Diego's economy to serve and cultivate the community, provide needed services and sustain residents' quality of life. The EDS recognizes the importance of nurturing small, locally owned neighborhood businesses, especially those in older neighborhood business districts and historically underserved neighborhoods.

## CITY POLICIES, PROCEDURES AND OPERATIONS

Key economic drivers rely on a variety of City services and operations to succeed, such as transportation networks, emergency facilities, police and fire services or permits and licenses. In order to achieve the strategic objectives, City services and operations must be aligned with the City's economic development goals. The public, other City departments and economic development partners should be aware of the City's many economic development programs, incentives and services. The full EDS outlines actions to work with internal and external stakeholders to develop procedures and policies that will ensure alignment across departments and with the public.

## WORKFORCE DEVELOPMENT & EDUCATION

Thriving businesses rely on a highly skilled and technically educated workforce. Under the leadership of the Mayor and in collaboration with regional partners, the City of San Diego proposed two new workforce initiatives in 2015 — Opportunities for Tomorrow Start Today and ONESD100 — to support workforce development needs and promote regional growth of base sector industries. Additionally, the White House, in December 2016, named San Diego a federal TechHire city for its programs matching opportunities in San Diego's Information and Communication Technologies (ICT) sector with enhanced training for veterans and low-income San Diegans.

## KEY PARTNERSHIPS

San Diego's businesses are served by many nonprofit organizations, including trade organizations, business incubators and accelerators, chambers of commerce, economic development organizations and academia. The City's valuable relationship with these external organizations facilitates exchanges of information on a regular basis. The City can also play an important convening and coordinating role to maximize the effectiveness of these organizations.

## ECONOMIC INDICATORS

**\$220.6B**

*Gross Regional Product (2015)*

**18.4%**

*% of Residents Earning Middle-income Wages (2015)*

**4.8%**

*Unemployment Rate (2015)*

**\$67,320**

*Median Household Income (2015)*

**13.8%**

*% of Persons Below the Poverty Line (2015)*

**0.58%**

*General Fund Tax Revenue as a Percentage of GRP (2015)*

**\$36.5M**

*Total Sales in Neighborhood Improvement Business Districts (2014)*

NOTE: All figures listed are estimates. See Page 4 for more information.



# Mission, Strategic Objectives and Performance Measures

## MISSION

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

## VISION

A catalyst for economic prosperity and community investment

## STRATEGIC OBJECTIVES

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

## 2-1. Strategic Objectives

- 1 Economic Base Growth**  
Expand, retain and attract 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 within the four economic base sectors.
- 3 Neighborhood Businesses**  
Increase the amount of neighborhood-based business activity, especially within underserved neighborhoods.

In the following section, Tactical Objectives will be outlined to address the Mission, Vision and Strategic Objectives. Tactical Objectives are those that the Economic Development Department (EDD) can pursue through specific actions. Success of the Tactical Objectives will be evaluated through a series of metrics. Success will also be measured more broadly through Economic Performance Indicators, which can be impacted by a variety of factors, both internal and external, to EDD's actions and strategies.<sup>1</sup>

## 2-2. Economic Performance Indicators

Progress towards the City's Strategic Objectives can be measured using publicly available data collected by City, state or national agencies. The following seven economic performance indicators will be used to track the success of the three Strategic Objectives:

- Increase the Gross Regional Product (GRP) of the San Diego Region.
- Increase the percentage of the workforce earning middle-income wages.
- Decrease the rate of local unemployment.
- Increase the local median income.
- Decrease the percentage of persons living in poverty.
- Increase General Fund tax revenue as a percentage of GRP.
- Increase business activity in the City's neighborhood business districts.

All of the above performance measures can be tracked annually to generate a report card tracking the City's progress. Actions outlined to accomplish the Tactical Objectives should influence these economic indicators and make progress toward the Strategic Objectives. Reports will be published on an annual basis, with highlighted quarterly updates to inform residents of the City's progress relating to the above measures. If San Diego does not make progress, the City should revisit all facets of this strategy, including the strategic objectives, tactical objectives and actions, to determine which elements should be added, removed or modified.





Figure 1: Overall Economic Performance Indicators

Economic Indicator	San Diego MSA <sup>2</sup> (2013)	San Diego MSA <sup>2</sup> (2014)	San Diego MSA <sup>2</sup> (2015)	California (2014)	United States (2014)
Gross regional, state or domestic product (GRP) <sup>3</sup>	\$202.2 billion	<b>\$210.4 billion</b>	\$220.6 billion	\$2.3 trillion	\$17.4 trillion
Percentage of residents earning middle-income wages <sup>4</sup>	28.2%	<b>18.0%</b>	18.4%	27.0%	52.4%
Unemployment rate <sup>5</sup>	6.9%	<b>5.4%</b>	4.8%	6.9%	5.6%
Median household income <sup>6</sup>	\$61,426	<b>\$66,192</b>	\$67,320	\$61,933	\$53,657
Percentage of persons below poverty line <sup>7</sup>	15.2%	<b>14.7%</b>	13.8%	16.4%	15.5%
General Fund tax revenue as a percentage of GRP <sup>8</sup>	0.59%	<b>0.57%</b>	0.57%	n/a	n/a
Total sales in neighborhood business districts <sup>9</sup>	\$35.0 million	<b>\$36.5 million</b>	TBD <sup>10</sup>	n/a	n/a

Not applicable (n/a); To be determined (TBD)

Figure 2: Competing California Metropolitan Statistical Areas<sup>3</sup>

Economic Indicator Baseline (2014)	San Diego Carlsbad San Marcos	Los Angeles Long Beach Santa Ana	San Francisco Oakland Fremont	San Jose Sunnyvale Santa Clara
Gross regional, state or domestic product (GRP) <sup>5</sup>	\$210.4 billion	\$880.0 billion	\$408.1 billion	\$213.0 billion
Percentage of residents earning middle-income wages <sup>6</sup>	18.0%	25.9%	26.4%	12.2%
Unemployment rate <sup>7</sup>	5.4%	6.7%	4.3%	4.4%
Median household income <sup>8</sup>	\$66,192	\$60,514	\$83,222	\$96,481
Percentage of persons below poverty line <sup>9</sup>	14.7%	17.3%	10.9%	8.7%

<sup>1</sup> Editor's Note: The Mission statement, Strategic Objectives and Performance Indicators listed here are similar to those listed in the Tactical Plan and annual budget documents for the City's Economic Development Department and are intended to provide goals and objective standards, including City departments whose activities impact the City's overall economic development efforts.

<sup>2</sup> Metropolitan Statistical Area (MSA) as defined by the U.S. Census Bureau

<sup>3</sup> U.S. Department of Commerce Bureau of Economic Analysis

<sup>4</sup> U.S. Department of Labor, Bureau of Labor Statistics: Occupational

Employment Statistics

<sup>5</sup> U.S. Department of Labor, Bureau of Labor Statistics

<sup>6</sup> U.S. Census Bureau, American FactFinder: 2014 American Community Survey 1-Year Estimates

<sup>7</sup> Ibid

<sup>8</sup> City of San Diego Financial Management Department, General Fund budget actual receipts divided by GRP

<sup>9</sup> Applies to the City of San Diego

<sup>10</sup> City of San Diego Economic Development Department, data collection for figures are in progress.



## 2-3. Manufacturing & Innovation

### TACTICAL OBJECTIVES | How EDD Intends to Achieve

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

### METRICS | How Impact Will be Measured<sup>11</sup>

Metric	Baseline (2014)
Increase in the number of jobs in the City	97,253 <sup>12</sup> (NAICS 31-33 Manufacturing)
Increase in manufacturing sales, shipment, receipts, revenues or business done (\$1,000)	\$33,320,461 <sup>13</sup>
Increase in patents (per 1,000 workers)	5.4 <sup>14</sup>
Increase in annual venture capital received	\$909,489,200 <sup>15</sup>

### ACTIONS | How EDD Will Address Tactical Objectives

#### Status

The status of each action is identified as Completed, In Progress/Ongoing or New. Completed actions are those completed between FY2014 to FY2016. In Progress/Ongoing refer to actions already initiated or require continual effort. New actions are those identified in FY2016 as needing additional efforts to accomplish the department's tactical objectives.

#### Timeline

- Short-term (FY2017)
- Mid-term (FY2018-FY2019)
- Long-term (FY2019 or later)

<sup>11</sup> Editor's Note: All figures listed are estimates. In addition to the metrics listed in Section 2, the City also maintains internal metrics to determine the effectiveness and impacts of the efforts related to this strategy.

<sup>12</sup> U.S. Census Bureau: Economic Census County & Zip Code Business Patterns

<sup>13</sup> U.S. Department of Commerce Bureau of Economic Analysis. Current available figures are for 2012 and are updated every five years.

<sup>14</sup> U.S. Patent and Trademark Office

<sup>15</sup> National Venture Capital Association, PWC MoneyTree Report



Action	Timeline	Status
Amend the Municipal Code to exempt manufacturing from the Housing Impact Fee.	n/a	Completed
Regularly meet with industry executives to understand barriers to growth in base sector industries and formulate a plan to convene and address issues.	Short-term	In Progress/ Ongoing
Assist startups in meeting regulatory requirements to launch a business in one day.	Short-term	In Progress/ Ongoing
Implement a "Designed/Made in San Diego" campaign aimed at increasing local and global demand from consumers and businesses for products made in San Diego.	Short-term	In Progress/ Ongoing
Develop/create new incentive programs benefitting base sector employment clusters and startup innovation sector.	Short-term	In Progress/ Ongoing
Initiate and facilitate a collaborative process with manufacturers to ensure that they have a sustainable, long-term and cost-effective source of reclaimed and potable water for industrial cooling and processing, and make the necessary changes to the Municipal Code.	Short-term	In Progress/ Ongoing
Require cross-departmental collaboration of City staff to develop and ensure a streamlined, predictable and rapid review/approval process.	Short-term	In Progress/ Ongoing
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.	Short-term	In Progress/ Ongoing
Review the Municipal Code to identify changes to improve the viability and feasibility of manufacturing in the City's industrial zone.	Short-term	In Progress/ Ongoing
Support and maximize business participation of state-administered economic development incentives for business expansion, attraction and retention.	Short-term	In Progress/ Ongoing
Track all conversion of prime industrial lands to non-industrial uses and provide an annual report on conversions.	Short-term	In Progress/ Ongoing
Use tools and programs to encourage local businesses to create new job opportunities for San Diego residents and underserved population.	Short-term	In Progress/ Ongoing
Enable City-owned industrial property to become available for sale or lease to manufacturing companies to build or expand manufacturing plants in accordance with Council Policy 900-03.	Long-term	In Progress/ Ongoing
Promote the City's efforts to create a sustainable water supply for residents and businesses.	Long-term	In Progress/ Ongoing
Facilitate the expansion, attraction and retention of base sector employers.	Long-term	In Progress/ Ongoing
Actively support federal defense appropriations for purchase and repair of military hardware that is or can be manufactured within the City.	Long-term	In Progress/ Ongoing



## 2-4. International Trade & Logistics

### TACTICAL OBJECTIVES | How EDD Intends to Achieve

- Increase the number of distribution jobs in San Diego.
- Increase the utilization of the Tenth Avenue Terminal.
- Develop/create new programs to increase foreign direct investments (FDI) and exports.
- Aggressively market the Foreign-Trade Zones (FTZ) Program to all potential new users.

### METRICS | How Impact Will be Measured

Metric	Baseline (2014)
Increase in the international trade flights to/from San Diego International Airport	8 <sup>16</sup>
Increase in the number of logistics and distribution jobs in San Diego	150,619 <sup>17</sup> (NAICS 42 Wholesale Trade)
	23,782 <sup>18</sup> (NAICS 48-49 Transportation and Warehousing)

### ACTIONS | How EDD Will Address Tactical Objectives

#### Status

The status of each action is identified as Completed, In Progress/Ongoing or New. Completed actions are those completed between FY2014 to FY2016. In Progress/Ongoing refers to actions already initiated or requiring continual effort. New actions are those identified in FY2016 as needing additional efforts to accomplish the department's tactical objectives.

#### Timeline

- Short-term (FY2017)
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- Long-term (FY2019 or later)

<sup>16</sup> San Diego International Airport

<sup>17</sup> U.S. Census Bureau: Economic Census County & Zip Code Business Patterns

<sup>18</sup> Ibid



Action	Timeline	Status
Regularly meet with industry executives to understand barriers to growth in base sector industries and formulate a plan to convene and address issues.	Short-term	In Progress/ Ongoing
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 the San Diego Association of Governments (SANDAG).	Short-term	In Progress/ Ongoing
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.	Short-term	In Progress/ Ongoing
Prioritize projects that more effectively facilitate cross-border commerce and logistics in accordance with General Plan Policy EP-J.1.	Short-term	In Progress/ Ongoing
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.	Short-term	In Progress/ Ongoing
Support all ports of entry to understand the movement of goods in and through the City.	Short-term	In Progress/ Ongoing
Prioritize transportation Capital Improvements Program funds to improve truck circulation to and from the Otay Mesa Port of Entry facilities.	Mid-term	In Progress/ Ongoing
Support Port of San Diego's efforts to seek funding to expand and provide better connections to the 10th Avenue Marine Terminal.	Mid-term	In Progress/ Ongoing



Tenth Avenue Marine Terminal



Solar turbines at Port of San Diego



## 2-5. Military

### TACTICAL OBJECTIVES | How EDD Intends to Achieve

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

### METRICS | How Impact Will be Measured

Metric	Baseline (2014)
Increase in direct military spending through local contracts	<p>\$7,267,485,621<sup>19</sup> Department of Defense (DOD) contracts only</p> <p>\$7,412,805,458<sup>20</sup> DOD contracts, grants, loans and other financial assistance</p>
Increase in the number of civilian jobs in the local economy	317,000 <sup>21</sup>

### ACTIONS | How EDD Will Address Tactical Objectives

#### Status

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#### Timeline

- Short-term (FY2017)
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<sup>19</sup> USAspending.gov. Figures are for County of San Diego.

<sup>20</sup> Ibid

<sup>21</sup> San Diego Military Advisory Council



Action	Timeline	Status
Represent the City of San Diego at the SANDAG Military Working Group meetings to ensure that the City of San Diego and U.S. Navy are able to proactively address issues affecting both parties.	n/a	Completed
Encourage the U.S. Navy to bring "Green Fleet" demonstration projects to San Diego and to procure biofuel developed or produced in the City.	Short-term	In Progress/ Ongoing
Work collaboratively with local military commanders and congressional delegates to ensure that San Diego's military installations are retained and expanded and that San Diego businesses can provide goods and services to the commands at these installations in accordance with General Plan Policy EP-H.2.	Short-term	In Progress/ Ongoing
Regularly meet with industry executives supporting military efforts to understand barriers to growth in base sector industries and formulate a plan to convene and address issues.	Short-term	New
Encourage continued investment of the region's military assets and talent (active, civilian and veteran) with a greater understanding of the sector economy.	Short-term	New
Support the economy (contracts awarded, talent and investment) that promotes shipbuilding in the harbor.	Short-term	New



MCAS Miramar



USS Carl Vinson, Coronado



## 2-6. Tourism

### TACTICAL OBJECTIVES | How EDD Intends to Achieve

- Support regional efforts to increase the number of ships, aircraft and personnel at each of the City's military installations.
- Support efforts to increase the military's procurement of goods and services produced by local San Diego businesses.
- 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.
- Ensure that Transient Occupancy Tax (TOT) funding and Tourism Marketing District (TMD) funding provide the maximum value.
- Complete the San Diego Convention Center expansion and encourage an increase in private sector investment in aging private visitor facilities.
- Dedicate City Capital Improvements Program funds toward projects that enhance the City's attractiveness, including streets and bike lanes, sidewalks, public facilities, parks and beaches.

### METRICS | How Impact Will be Measured

Metric	Baseline (2014)
Increase in the number of room nights sold at San Diego hotels and motels	5,068,332 <sup>22</sup>
Increase in the amount of TOT revenue received by the City based on the current rate	\$170 million <sup>23</sup>

### ACTIONS | How EDD Will Address Tactical Objectives

#### Status

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#### Timeline

- Short-term (FY2017)
- Mid-term (FY2018-FY2019)
- Long-term (FY2019 or later)

<sup>22</sup>Tourism Marketing District

<sup>23</sup>Ibid





Action	Timeline	Status
Support expansion and enhancement of important publicly owned attractions and facilities such as the San Diego 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.	Short-term	In Progress/ Ongoing
Establish a fair and competitive process to evaluate and award Citywide Economic Development TOT and Economic Development and Tourism Support (EDTS) grants to ensure that the City receives the maximum value for these funds in accordance with General Plan Policy EP-1.1	Short-term	In Progress/ Ongoing
Continue to work with regional tourist destinations to understand the impact of the visits and track investments made; e.g., additional cruise ships at port and expansion or contraction in room nights.	Short-term	New
Regularly meet with industry executives to understand barriers to growth in base sector industries and formulate a plan to convene and address issues.	Short-term	New
Work with San Diego Convention Center closely to support meetings and conventions that have a significant impact on San Diego's economy; e.g., CalBio and Comic-Con International.	Short-term	New
Support the economy (contracts awarded, talent and investment) that promotes shipbuilding in the harbor.	Short-term	New



Comic-Con International



SeaWorld San Diego



Photo courtesy Joanne DiBona

Pacific Beach Crystal Pier 17

## 2-7. Neighborhood Businesses

### TACTICAL OBJECTIVES | How EDD Intends to Achieve

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

### METRICS | How Impact Will be Measured

Metric	Baseline (2014)
Increase the number of small businesses in the City, especially in underserved neighborhoods by Council District	26,891 <sup>24</sup> Active small businesses (2014)
	11,038 <sup>24</sup> Home-based small businesses
	15,853 <sup>24</sup> Brick-and-mortar businesses
Increase in the number of Assessment Districts	26 <sup>25</sup>
Increase the amount of funds expended in the City's infrastructure projects, targeting older neighborhoods with business districts and historically underserved areas	\$1,318,186 <sup>26</sup>

### ACTIONS | How EDD Will Address Tactical Objectives

#### Status

The status of each action is identified as Completed, In Progress/Ongoing or New. Completed actions are those completed between FY2014 to FY2016. In Progress/Ongoing refers to actions already initiated or requiring continual effort. New actions are those identified in FY2016 as needing additional efforts to accomplish the department's tactical objectives.

#### Timeline

- Short-term (FY2017)
- Mid-term (FY2018-FY2019)
- Long-term (FY2019 or later)

<sup>24</sup> City of San Diego Economic Development Department. Consistent with the City's calculation for a Business Tax Certificate, a small business has been defined as a business with 12 or fewer employees. This reflects the number of active small businesses that have registered for a City of San Diego Business Tax Certificate and have businesses addresses within the Community Development Block Grant (CDBG)-eligible areas as of Sept. 9, 2014. Of the 26,891 businesses, approximately 41 percent were reported as home-based businesses while 59 percent were brick-and-mortar businesses (11,038 and 15,853, respectively).

<sup>25</sup> Ibid. Breakdown of current figure: eight (8) Maintenance Assessment Districts (MADs), one (1) Property and Business Improvement District (PBID), five (5) Community Parking Districts (CPDs) and 18 Business Improvement Districts (BIDs). The City's five (5) CPDs are revenue generating districts and are therefore not considered assessment districts.

<sup>26</sup> City of San Diego Economic Development Department. This reflects CDBG funds expended for City neighborhood infrastructure projects (CNIPs).



Action	Timeline	Status
Continue to lobby at the federal level against further cuts in Community Development Block Grant (CDBG) program funding.	Short-term	In Progress/ Ongoing
Encourage formation of new assessment districts, such as Maintenance Assessment Districts (MADs), Property and Business Improvement Districts (PBIDs) and Community Parking Districts (CPDs) to enhance existing community programs.	Short-term	In Progress/ Ongoing
Enhance the City's economic stability and prosperity by increasing opportunities for job readiness and investing in economic development programs.	Short-term	In Progress/ Ongoing
Evaluate relevant Land Development Code to lessen the regulatory burden on locally owned, small businesses and home-based businesses that are compatible with residential surroundings.	Short-term	In Progress/ Ongoing
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.	Short-term	In Progress/ Ongoing
Develop a replacement program for redevelopment by partnering with private corporations, philanthropic organizations and lending institutions.	Mid-term	In Progress/ Ongoing
Support state legislative efforts to clarify and strengthen the role of assessment districts.	Long-term	In Progress/ Ongoing



Taste of the Port, Port of San Diego



Art Produce Gallery & Garden, North Park



Liberty Station, Point Loma 19

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

### TACTICAL OBJECTIVES | How EDD Intends to Achieve

- Align key City services and operations with the City's economic development goals.
- Increase overall awareness of the City's economic development programs, incentives and services with the public, other City departments and stakeholder Economic Development Organizations (EDOs).
- Highlight success and impact of City's economic development programs, incentives and services.
- Reduce the City's overall carbon footprint and prepare San Diego to be a climate smart city.

### METRICS | How Impact Will be Measured

Metric	Baseline (2014)
Cumulative list of implemented and proposed code updates (Municipal Code, land use, Council policies and administrative regulations) aligning City operations with economic development goals.	0 <sup>27</sup>
Decrease in the amount of carbon dioxide (CO <sub>2</sub> ) emissions community-wide from City operations.	12,984,993 MTCO <sub>2</sub> e <sup>28</sup>

### ACTIONS | How EDD Will Address Tactical Objectives

#### Status

The status of each action is identified as Completed, In Progress/Ongoing or New. Completed actions are those completed between FY2014 to FY2016. In Progress/Ongoing refers to actions already initiated or requiring continual effort. New actions are those identified in FY2016 as needing additional efforts to accomplish the department's tactical objectives.

#### Timeline

- Short-term (FY2017)
- Mid-term (FY2018-FY2019)
- Long-term (FY2019 or later)

<sup>27</sup>City of San Diego Economic Development Department

<sup>28</sup>City of San Diego Climate Action Plan



Action	Timeline	Status
Form an Economic Development Cabinet composed of department directors and Deputy Chief Operating Officers and led by the City's Assistant Chief Operating Officer to coordinate interdepartmental efforts related to key industries and projects.	Short-term	In Progress/ Ongoing
Proactively communicate and establish relationships with businesses and organizations.	Short-term	In Progress/ Ongoing
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.	Short-term	In Progress/ Ongoing
Publish Economic Development reports quarterly and annually to update internal and external stakeholders on the City's economic development efforts.	Short-term	In Progress/ Ongoing
Review and reform all Council policies related to economic development that may constrain the City from achieving its economic development goals.	Short-term	In Progress/ Ongoing
Develop new programs and initiatives that accelerate implementation of the Climate Action Plan.	Mid-term	In Progress/ Ongoing
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.	Long-term	In Progress/ Ongoing



Civic Plaza



Deco Bikes, North Park



City Council Chambers

## 2-9. Workforce Development and Education

### TACTICAL OBJECTIVES | How EDD Intends to Achieve

- Increase the employment of local residents by local businesses.
- Provide 21st-century training and educational opportunities for the City workforce to advance in its careers.
- Support housing access and affordability to maintain and attract talent.

### METRICS | How Impact Will be Measured

Metric	Baseline (2014)
Increase in the number of jobs impacted by Business Expansion, Attraction and Retention (BEAR) activities/efforts	3,065 <sup>29</sup>
Increase the amount of investment in programs that aid businesses and workforce in underserved communities	\$382,420 <sup>30</sup>
Increase housing affordability and available supply	28.0% <sup>31</sup> Housing affordability as % of income
	627 <sup>32</sup> Housing permits issued by City (2014)
	2,270 <sup>32</sup> New housing units proposed (2014)

### ACTIONS | How EDD Will Address Tactical Objectives

#### Status

The status of each action is identified as Completed, In Progress/Ongoing or New. Completed actions are those completed between FY2014 to FY2016. In Progress/Ongoing refers to actions already initiated or requiring continual effort. New actions are those identified in FY2016 as needing additional efforts to accomplish the department's tactical objectives.

#### Timeline

- Short-term (FY2017)
- Mid-term (FY2018-FY2019)
- Long-term (FY2019 or later)

<sup>29</sup> City of San Diego Economic Development and Financial Management Departments. Typical output on jobs is likely to be in the range of 1,000 to 1,500. However, job output can easily spike by 1,000 jobs or more if a corporate headquarters or very large research and development (R&D) lab is constructed. In most instances, these large projects cannot be predicted more than a few months in advance. The same is true for related indicators, such as capital investment and tax revenue, the latter being heavily influenced by the former.

<sup>30</sup> City of San Diego Economic Development Department. This reflects CDBG funds expended for microenterprise assistance projects.

<sup>31</sup> U.S. Census Bureau: American FactFinder Financial Characteristics 2010-2014 American Community Survey Five-year Estimates. This reflects the necessary monthly income (as a percentage of median income) for both owner- and renter-occupied households. Per the Census Bureau, the City's median household income was \$65,753 in 2014. Methodology used to calculate housing affordability is derived from the National Association of Realtors.

<sup>32</sup> City of San Diego Economic Development Department and Development Services Department. Of the 627 permits issued, 394 were for new construction related to single-family housing and 233 for multifamily housing. The new units (2,270) consists of single-family (396), multifamily housing units (1,874) and results from the 830 housing permits issued by the City. Figures reflect data collected for calendar year (CY) 2014.



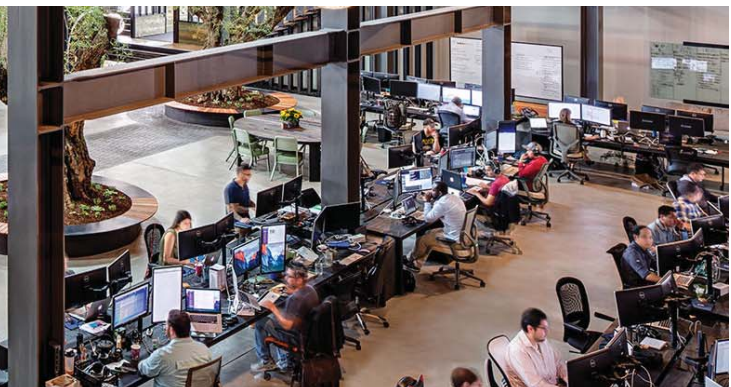
Action	Timeline	Status
Maintain a direct role on the San Diego Consortium Policy Board, the governing body of the San Diego Workforce Partnership (SDWP), to determine, review and approve workforce development funding initiatives, policies and program-focus areas. This can ensure that federal funds are spent efficiently, affording San Diegans the best opportunities to train or retrain for specific industries and occupations.	n/a	Completed
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 similar to the City of San Diego's Management Trainee model.	Short-term	In Progress/ Ongoing
Support efforts by Economic Development Organizations (EDOs) to secure federal TechHire initiative.	Short-term	In Progress/ Ongoing
Use tools and programs to encourage local businesses to create new job opportunities for San Diego residents and underserved populations.	Short-term	In Progress/ Ongoing
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.	Short-term	In Progress/ Ongoing
Actively seek opportunities to partner educational institutions with employers to meet the workforce training needs of industry.	Short-term	New



GRID Alternatives



MindTouch



## 2-10. Leveraging Partnerships

### TACTICAL OBJECTIVES | How EDD Intends to Achieve

- Coordinate and affirm the strategic relationships between the City and other economic development entities.
- 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.

### METRICS | How Impact Will be Measured

Metric	Baseline (2014)
Increase in the number of partnerships with local, state and federal entities	112 <sup>33</sup>

### ACTIONS | How EDD Will Address Tactical Objectives

#### Status

The status of each action is identified as Completed, In Progress/Ongoing or New. Completed actions are those completed between FY2014 to FY2016. In Progress/Ongoing refers to actions already initiated or requiring continual effort. New actions are those identified in FY2016 as needing additional efforts to accomplish the department's tactical objectives.

#### Timeline

- Short-term (FY2017)
- Mid-term (FY2018-FY2019)
- Long-term (FY2019 or later)

Action	Timeline	Status
Include clear and quantifiable performance measures and deliverables in contracts.	n/a	Completed
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.	Short-term	In Progress/ Ongoing
Prioritize awarding of City-funded grants to economic development contractors for activities that are most aligned with the goals and objectives of the City's Strategic Plan and the 2017-2019 Economic Development Strategy.	Short-term	In Progress/ Ongoing
Use competitive bidding when procuring economic services such as marketing and promotion from outside entities.	Short-term	In Progress/ Ongoing
Evaluate all existing relationships with external organizations to determine the strategic purpose for each relationship and define those relationships in formal documents, if appropriate.	Mid-term	In Progress/ Ongoing

<sup>33</sup> City of San Diego Economic Development Department





# San Diego's Base Sectors

A region's economic base is its economic engine. Base sectors increase the amount of money and wealth in a region by attracting spending from buyers outside of the region. In San Diego, base sector industries have also been described as "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



**MANUFACTURING  
& INNOVATION**



**MILITARY**



**INTERNATIONAL TRADE  
& LOGISTICS**



**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." San Diego's innovation economy has a strong research and development (R&D) foundation that supports the creation and advancement of new products in fields such as biotechnology, medical devices, defense and communications. In addition to R&D, many of these products or their components are manufactured in the region. This combination of R&D and innovative manufacturing is why San Diego's traded economy consists largely of high-value goods and services, such as the wireless telecommunications goods and services provided by Qualcomm, Kyocera, L-3 and other high-tech manufacturers.

## COMPETITIVE ADVANTAGES

San Diego has many localized competitive advantages for attracting and retaining companies:

- Local universities, colleges and trade schools provide a highly skilled and educated workforce.
- Collaboration between industry and educational institutions contributes to an environment where businesses are able to source a productive workforce.
- Employees are able to enjoy the moderate Mediterranean coastal climate of the region, making it an attractive place to live, work and play year-round.
- San Diego's research institutions, universities and federal government agencies provide a robust base of innovative research for commercialization.
- The City is home to established business clusters with strong support networks.
- Trade organizations, labor organizations, chambers of commerce and other nonprofit 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 its neighboring Baja California, Mexico, and Asia and Latin America. With an active seaport, airport and three regional land ports of entry, San Diego is well situated for domestic and international trade.



## COMPETITIVE DISADVANTAGES

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

- Residents and businesses experience a high cost of living and an especially high cost of land. This cost manifests itself in not only high housing costs, which can burden employees, but also high prices for industrial land.
- Electricity and water costs are high relative to the other regions in the U.S.
- California creates a more significant regulatory burden than other states.

These competitive disadvantages are not unique to San Diego but are common among most California cities, especially those along the coast.

Many of San Diego's competitive advantages prove critical in industries and operations at the top of the value chain, such as research and development functions and management. Industries that provide middle-income or "blue-collar" jobs are not as dependent upon these factors; thus, promoting other advantages is a challenge when seeking to retain or expand those operations.

## EXISTING POLICIES TO IMPROVE COMPETITIVENESS

In 2008 the City adopted an updated General Plan that included a number of policies designed to improve traffic congestion, alleviate high housing costs, address lack of available industrial land and create an attractive, safe, pedestrian-oriented City of Villages. The implementation of these policies is creating more vibrant communities, each with distinct identities and 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 also help to retain skilled workers who are important for innovative manufacturing enterprises. Improvements also have the benefit of increased attractiveness to tourists. A summary of these General Plan policies is found in **Appendix G: General Plan Policies that support the Economic Development Strategy**.

## 3-1. Manufacturing & Innovation

San Diego has one of the nation's largest and most diverse manufacturing economies largely because of its connection to the region's innovation economy. Because manufacturing is diverse and tech-driven in San Diego, it is well-positioned for future growth.

### SAN DIEGO'S LARGEST ECONOMIC DRIVER

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 due in large part to the high-end manufactured products, such as wireless telecommunications equipment and medical devices.

### PROSPERITY FOR WORKERS AND THE ECONOMY

Manufacturing is especially important to San Diego for three reasons: compensation, the "multiplier effect" and tax revenues. Manufacturing jobs typically pay middle-income wages or higher and include fringe benefits such as health insurance and life insurance coverage. Compared with other jobs, manufacturing jobs are more likely to be filled by local residents. In addition to compensation, manufacturing's multiplier effect is extremely high due to factors such as export value, supply chain and above-average pay. This means that every manufacturing job created, depending on the sector, results in the indirect and induced creation of two to three additional jobs from supplier industries and other sectors of the local economy. Additionally, manufacturing is a heavy user of capital



equipment that is taxable, thus generating use tax for the City's General Fund. Large amounts of sales tax are also generated for the City as manufacturers frequently sell taxable goods to other businesses and organizations throughout California.

### CONNECTION TO INNOVATION AND OTHER SECTORS

San Diego's manufacturing sector is especially diverse and generally functions interdependently with the region's robust research and development (R&D) activities. It is closely linked to the University of California at San Diego (UCSD), San Diego State University (SDSU), University of San Diego (USD), private research institutions and local incubators that often provide research and commercialization breakthroughs, which can then become new manufacturing opportunities. Major local manufacturing industry clusters include Aerospace & Defense, Biotechnology & Medical Devices, Cleantech & Energy Efficiency, Electronics & Telecommunications and more recently, Food & Beverage. San Diego's manufacturers are engaged in not only R&D and manufacturing activities, but also sales, distribution, product servicing and repair activities throughout a wide range of industries.

San Diego continues to have a competitive advantage in attracting and retaining new investment in innovation and manufacturing for several reasons:

- Very high-quality labor, including retired military personnel with security clearances
- The continued presence of major primary research institutes and universities, such as the Sanford Burnham Prebys Medical Discovery Institute, The Salk Institute for Biological Sciences, Scripps Research Institute, UCSD, SDSU, USD and related support organizations
- A business culture of innovation, collaboration and entrepreneurship that fosters the growth of smaller manufacturing businesses that produce goods for local, state and coastal markets
- Production-sharing opportunities enabled by its close proximity to Mexico

### SPECIFIC CHALLENGES TO INCREASING MANUFACTURING & INNOVATION EMPLOYMENT

San Diego as a whole has both competitive advantages and disadvantages as it relates to business attraction and retention, and these disadvantages 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 competitive disadvantages, these issues are not unique to San Diego but common among other large California metropolitan areas, especially those along the coast.

**Land:** 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.

**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 makeup. 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 that 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, have dramatically reduced the City's reliance on deliveries from the Metropolitan Water District (MWD) and have enhanced local control over water supply. 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 & Beverage.

The City's 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 water distribution system. 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 through the 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, a \$700 million increase from 2013. Many local economists believe that potential economic gains can be achieved through increased international trade activity. San Diego's unique location adjacent to Mexico and the Pacific Rim provides effective advantages for the region. The emerging Asian-Pacific markets are estimated to account for 66 percent of the world's middle class by 2030 and will remain a trade target for the region moving forward.

### SEIZING THE OPPORTUNITY THROUGH THE GoGLOBAL INITIATIVE

According to the Brookings Institution, San Diego's percentage of total employment resulting from foreign direct investment (FDI) has historically been behind the national average. In 2013, although San Diego ranked 18th out of the 100 largest metro areas in exports and 17th overall in Gross Domestic Product (GDP), the region ranked 49th in the percentage of employees working in foreign-owned enterprises (FOEs). As of 2015, FDI represented approximately 5 percent of employment in the San Diego region but accounted for 20 percent of goods exports, 19 percent of corporate R&D and 15 percent of capital investment.

To address these challenges, San Diego's GoGlobal Initiative was developed by a team of representatives from the San Diego Regional Economic Development Corp. (EDC), the City of San Diego, the Brookings Institution and other local partners. This GoGlobal Initiative was the culmination of a multiyear effort as part of the Global Cities Initiative Exchange. The Brookings Institution suggests that by securing increased FDI and increasing regional exports to the national average and beyond, additional base sector jobs can be added to the local economy. To expand the region's foreign trade and investment, the GoGlobal Initiative encourages and assists small- and medium-sized businesses to expand into international markets. More information on San Diego's export potential can be found in **Appendix F: Go Global – San Diego's Global Trade and Investment Initiative**.

### SAN DIEGO'S LOGISTICS BASE

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 increasingly pressured 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. 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.

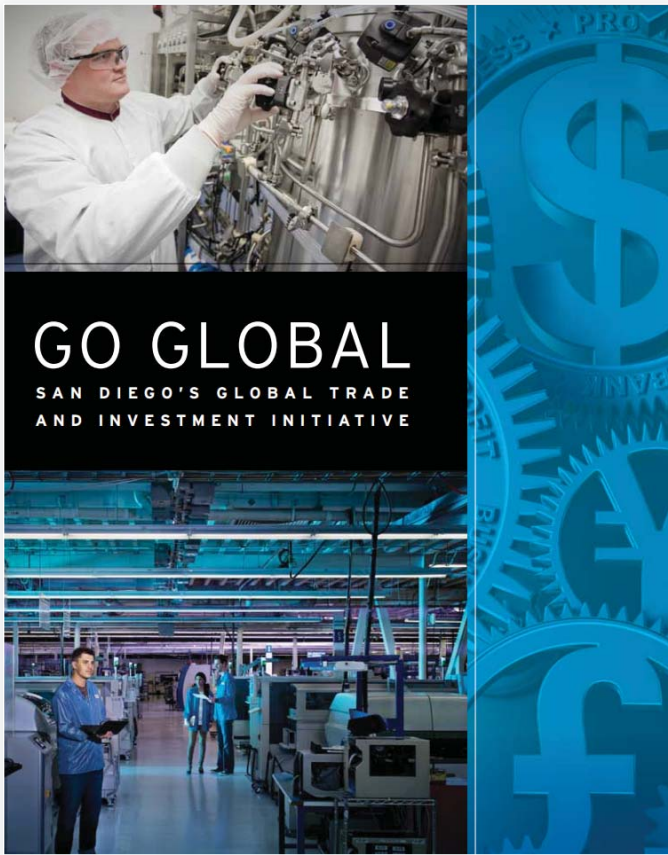
Logistics businesses are also located in and around the downtown area to be near the Port of San Diego and San Diego International Airport. San Diego International Airport has air-freight capacity; offers nonstop service to



Asia, Europe, Canada and Mexico; and is the primary airport for the San Diego region. According to the Brookings Institution, three local industries — Computer & Electronics Products, Transportation Equipment and Chemical Manufacturing — exported more than \$7 billion worth of goods. These businesses and quasi-governmental agencies create thousands of middle-income jobs. These jobs frequently do not require advanced college degrees or skillsets, thus making these jobs available to many San Diegans.

### CONNECTION TO INNOVATION AND OTHER SECTORS

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 increasingly attractive. The cost differential between Mexican and Asian labor has narrowed substantially while the improved quality of Mexican manufacturing and its close proximity to the United States often make near-sourcing of manufacturing in Mexico attractive for U.S.-based companies. This is especially beneficial to San Diego, which has companies that often rely on production-sharing business.



Otay Mesa Port of Entry



## 3-3. Military

The military has historically played an important role in the San Diego economy and remains a primary economic driver. For the past 50 years, the military presence has stimulated both direct economic activity and important spinoff benefits in research and development. 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 and Fabrication. Other defense contractors, such as Lockheed Martin in Scripps Ranch and Teledyne SeaBotix in Point Loma, 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 **Section 3-1: Manufacturing & Innovation**.

### RELIANCE ON FEDERAL SUPPORT

Due to the volatility and instability of federal budgets, San Diego must always be aware of both new initiatives and possible cutbacks at the Pentagon. Any increase or decrease in military activity, including changes in the number of ships, aircraft, military and civilian personnel, will affect defense contractors and local service providers who 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 U.S. 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. As cybersecurity becomes an increasingly important topic in the defense economy, San Diego is also poised to procure major cyber contracts with the Department of Defense and other federal agencies.



USS Midway Flight Deck



## 3-4. Tourism

With its warm, year-round climate and gorgeous beaches and bays, San Diego ranks fifth nationally as a leisure destination and 10th nationally as a business destination, rivaling such cities such as Los Angeles, San Francisco, Seattle and Miami. The 2.6 million-square-foot San Diego Convention Center hosts about 200 events each year and can compete for larger conventions when a proposed waterfront expansion gets underway. The world-famous San Diego Zoo, Balboa Park, Gaslamp Quarter, Petco Park and the culturally rich Spanish influences in and near Mission Valley and Old Town are among the City's tourist attractions. San Diego's emerging craft beer scene also draws thousands of beer enthusiasts to industry events as well as local breweries and gastropubs.

### ECONOMIC IMPACT

With so much to see and experience, San Diego, in 2015, drew 34.3 million visitors who spent more than \$9.9 billion at thousands of San Diego businesses during their stay, according to the San Diego Tourism Authority. Only 30 percent of the visitor spending was for lodging. The economic impact of tourism is estimated at \$16 billion for San Diego County. The visitor industry employs 180,900 people in San Diego.

### INVESTMENTS FOR FUTURE GROWTH

Because the U.S. tourism economy is competitive, San Diego constantly faces challenges in maintaining its position. American cities are continually improving their marketing efforts and visitor facilities, compelling San Diego to do the same to hold its position. The Tourism Marketing District (TMD) provides funds to promote San Diego to visitors. The proposed expansion of the San Diego Convention Center will help San Diego remain competitive in drawing business travelers, attracting new conferences and events and retaining such marquee events as Comic-Con International.



San Diego Zoo



Old Town



Photo courtesy Joanne DiBona

# San Diego's Neighborhood Businesses

San Diego is ideal for local small 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 play a powerful role in both strengthening the local economy and creating renewed vitality in neighborhood-based business districts.

## 4-1. Keeping Revenue Where it is Spent

Neighborhood retailers provide significant economic benefits to the City and its residents. Not only do they provide essential goods and services to neighborhood and nearby residents, they also capture dollars spent in the local economy that flow into the region through base industries.

Large corporate retailers often leak dollars spent within the region out of the region, which lessens the induced economic benefits generated by base industries. Small retail firms can protect against spending leakage. The owners of small retail stores typically live in the community and frequently spend their revenue locally, buying goods and services from suppliers and other local businesses. Some studies have estimated that profits expended locally by a locally owned small businesses are re-circulated within the local economy four to seven times before the money leaves the local economy through capital accumulation.

## 4-2. Capitalizing on Distinct Neighborhoods

San Diego features a wide range of older commercial corridors and districts, each with distinctive character. These areas can anchor the revitalization of the surrounding neighborhoods. Businesses in these districts tend to occupy older structures in "Main Street" corridors throughout the City, with the majority found between Adams Avenue in the north and Imperial Avenue in the south.

These older commercial corridors offer a rich, eclectic shopping experience for locals and visitors alike. They often include authentic ethnic and innovative dining and entertainment experiences. Special events, such as street fairs, restaurant walks and farmers markets, offer residents and shoppers the chance to experience the unique character of each commercial neighborhood.

In some neighborhoods, such as Downtown, Little Italy, Hillcrest and North Park, small businesses are helping with revitalization. In other neighborhoods with similar characteristics, the potential has not been strongly realized. By creating opportunities for entrepreneurship and encouraging small businesses to succeed, new jobs are created, commercial corridors are revitalized and surrounding neighborhoods are stabilized. This facilitates further economic development in accordance with General Plan Policy EP-B.2.

## 4-3. Tax Revenues and Incentives

Strong neighborhood business districts can also have tax benefits for the City. Tourism spending can yield substantial sales tax revenue. As business districts become more attractive to shoppers and property values increase, property tax revenue in the district and surrounding neighborhoods can also rise.

The City's Business Tax Certificate (BTC) structure already recognizes the importance of small businesses. Approximately 93 percent of the 90,000 businesses in the City have 12 or fewer employees. These businesses pay a BTC fee of only \$34 per year, far less than the \$125 plus \$5 per additional employee for businesses with 13 or more employees. General Funds of about \$20 per small business are used for the Small Business Enhancement Program (SBEP), which provides technical assistance to small and startup businesses. SBEP also funds many programs intended to benefit retailers in the City's older commercial corridors and commercial districts.





## 4-4. Business Associations and City Programs

The City oversees and supports 17 nonprofit business associations that manage the City's 18 Business Improvement Districts (BIDs). BIDs assist neighborhood businesses in working together to strengthen their business districts and communities. The City also helps many of these nonprofit business associations manage and operate Property and Business Improvement Districts (PBIDs) and Community Parking Districts (CPDs). These districts provide additional sources of revenue to promote neighborhood businesses and commercial neighborhood revitalization. Assessment districts generate funding for tourism promotion, economic development and clean and safety programs, which benefit more than 12,000 businesses and 17,600 property owners in 20 neighborhoods. The Community Parking District program helps develop local solutions to mitigate parking-related issues that may constrain economic activity.

Maintenance Assessment Districts (MADs) are special assessment districts where property owners pay to fund enhanced improvements and activities in their neighborhoods or communities.

In FY2016 the City made revisions to Municipal Code and Council Policy that govern MADs to provide community members and City staff adequate guidance for the formation of new districts and clear standards for managing existing districts. With the updated policy and ordinance, communities wishing to form a MAD had step-by-step instructions. Additionally, a new Commercial Districts Formation Fund was established to assist with MAD formation costs (non-advocacy work only).

In 2015 the City of San Diego revised its Storefront Improvement Program (SIP), which provides eligible business owners with free design assistance and valuable construction rebates. The goal of the SIP is to improve the curb appeal of public-facing business facades to attract new clientele and revitalize the surrounding neighborhood. In an effort to increase participation by small businesses, SIP is now available to businesses with as many as 25 employees, up from the previous maximum of 12 employees. A new incentive category has also been created to rebate a portion of the permitting-related project costs. Specifically, architecture costs required to produce permit-ready plans along with the associated City permit fees will be eligible expenses under this new category.

In addition, the City has quarterly "business walks" in which local business leaders, government representatives and volunteers spend an afternoon canvassing an area, meeting with business owners and learning about the issues that affect them. The program was developed to discover new issues facing the business community while also enhancing the working relationship of the City and BIDs with local businesses. Furthermore, local businesses receive information about City resources that could help them grow their businesses. The feedback collected from business owners during the business walks assists the Economic Development Department as well as BIDs in focusing their efforts on development of future initiatives that can better serve the business community.



# City Support for Economic Development

In order to implement the Economic Development Department efforts outlined in Sections 1 through 4, the City will undertake renewed and refocused efforts in three areas that affect business growth and prosperity:

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

## 5-1. City Services and Operations

Key economic drivers outlined in Section 3 rely on a variety of City services and operations to succeed:

- Transportation, such as streets and highways, 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 services
- Parks and open space
- Zoning and code compliance
- City Capital Improvements Program 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 3 provide examples of how City departments interact with businesses in ways that influence private enterprise investment decisions and impact overall economic prosperity. More information about Economic Development Department programs and business districts can be found in **Appendix H**.



Figure 3: Key City Departments Affecting Economic Development Efforts

Key City Department	Building and Development Permit Approvals	Licensing	Infrastructure	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		
Real Estate Assets				X		X
Fire Rescue	X	X				
Police		X				
Purchasing and Contracting				X	X	X
Transportation and Storm Water	X	X				
Environmental Services				X		
Engineering and Capital Projects			X			X
City Treasurer		X			X	X
Park and Recreation			X	X		X
Debt Management					X	X

NOTE: Departments and functions affecting economic development efforts are described in more detail in Appendix C: Internal Operational Guidance and Coordination.



## 5-2. Workforce Development and Education

A highly skilled workforce is a critical component to operating a thriving business. As technology continues to transform how products are developed, manufactured, delivered and sold in a global marketplace, the ability of businesses to access qualified talent is paramount. Equipping the future workforce with 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 the standard of living of City residents.

As the City positions itself as a national leader in innovation and technology, many residents and businesses are optimistic about continued economic growth and opportunity. As the industries that define San Diego's innovation economy continue to grow, it is increasingly important to create impactful educational and workforce development opportunities to ensure that all San Diegans can share in the successes of a growing local economy.

For many years, the City 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. But a recent trend in San Diego's regional workforce suggests a noticeable undersupply of available and qualified talent in innovation economy sectors. As San Diego continues to promote regional growth of these evolving sectors, it has become increasingly important to ensure that employers have a qualified talent pool for the higher-paying jobs available throughout the region.

Under the leadership of the Mayor and in collaboration with regional economic development organizations, the business community and academia, the City of San Diego proposed two new workforce initiatives in 2015 — Opportunities for Tomorrow Start Today and ONESD100 — to support workforce development needs and promote regional growth of its base sector industries. Additionally, the White House, in 2016, named San Diego a federal TechHire city for its programs that match opportunities in San Diego's Information and Communication Technologies (ICT) sector with enhanced training for veterans and low-income San Diegans. These initiatives 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 career paths in innovation and technology.



ONESD100



## OPPORTUNITIES FOR TOMORROW START TODAY

The Mayor's Workforce and Economic Advisory Committee created an "Opportunities for Tomorrow Start Today" blueprint for developing a stronger workforce. Eight recommendations address the skills gap that threatens the region's economic competitiveness.

- The Mayor should lead a regional effort to focus public and private workforce dollars on five high-wage, high-demand and high-growth priority sectors.
- The Mayor should work directly with the San Diego Workforce Partnership (SDWP) to develop a local strategy for allocating the region's workforce resources to ensure that funding priorities align with the region's employment needs and "priority sectors."
- 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.
- The City should work with the San Diego Unified School District and the San Diego Community College District to create tailored "bridge programs" for graduating high school seniors in each priority sectors.
- The City should create economic incentives for priority sector businesses to open and expand in low- to moderate-income neighborhoods, such as City Heights and Southeastern San Diego.
- The Mayor should create a "Workforce Cabinet" to continue bringing together preeminent leaders in education, business, philanthropy and workforce development to build a stronger San Diego.
- The City should enlist businesses in creating real and meaningful partnerships with the schools, community colleges and SDWP around summer jobs, internships and work-based learning activities.
- The City should set a specific summer-jobs or youth-employment goal.

## ONESD100

ONESD100 is a Mayoral-sponsored workforce training initiative that promotes investment in San Diego's future workforce needs. ONESD100 provides a platform for the creation of innovation economy sector employment opportunities for young adults in the region. The primary goals of the ONESD100 program include:

- Providing temporary youth-employment opportunities to address anticipated undersupply of workforce talent in the region's innovation and technology sectors;
- Facilitating coordination with regional workforce development stakeholder entities to enable temporary youth employment opportunities in targeted sectors;
- Gaining commitment to program participation from 100 corporate sponsors; and
- Targeting employment and mentoring opportunities for young adults, ages 16 to 24, residing in many of the City's low- to middle-income communities.

The City will pursue annual funding to support initiatives that help lay the foundation for addressing the skills gap that negatively impacts the region's economy. Beneficiaries of these funds include nonprofit entities who address the skills gap, provide outlets for innovation, market tourism and support the creation of new jobs and businesses. Figure 4 lists recent recipients of the two existing grants administered by the Economic Development Department to support local nonprofits in this effort. Grants totalled \$1.015 million in FY2017.



Figure 4: Economic Development Funded Programs

<b>Citywide Economic Development</b>	<b>Grant Awarded</b>
CleanTECH San Diego	\$45,000
CyberHive, Inc.	\$40,000
EvoNexus (formerly CommNexus San Diego)	\$30,000
Hera Labs	\$30,000
Maritime Alliance Foundation	\$95,000
Mission Trails Regional Park Foundation, Inc.	\$45,000
Old Town San Diego Chamber of Commerce	\$15,000
Swedish-American Chamber of Commerce	\$15,000
<b>Citywide Economic Development Subtotal</b>	<b>\$315,000</b>
<b>Economic Development and Tourism Support</b>	<b>Grant Awarded</b>
Adams Avenue Business Association	\$56,908
Asian Business Association of San Diego	\$43,471
Biocom Institute	\$56,908
Cabrillo National Monument Foundation	\$56,908
City Heights Community Development Corporation	\$56,908
Hosteling International-American Youth Hostels	\$56,908
Japan Society of San Diego and Tijuana	\$53,165
North Park Main Street	\$52,843
Otay Mesa Chamber of Commerce	\$56,908
San Diego Diplomacy Council	\$44,714
South County Economic Development Council	\$56,469
South Park Business Group, Inc.	\$15,414
Travelers Aid Society of San Diego	\$56,908
Urban Corps of San Diego County	\$35,568
<b>Economic Development and Tourism Support Subtotal</b>	<b>\$700,000</b>
<b>ECONOMIC DEVELOPMENT PROGRAMS TOTAL</b>	<b>\$1,015,000</b>

NOTE: Departments and functions affecting economic development efforts are described in more detail in Appendix C: Internal Operational Guidance and Coordination.



## TECHHIRE INITIATIVE

In 2015 President Barack Obama announced the TechHire initiative, which set out to expand local tech sectors by building tech-talent pipelines within U.S. communities. The City of San Diego is participating in the initiative. The City's TechHire initiative utilizes active local leadership to create an innovation ecosystem with an unprecedented level of private and public collaboration focusing on matching the needs of San Diego's robust Information and Communication Technologies (ICT) sector with enhanced training opportunities for veterans and low-income San Diegans. The City's initiative will create a network of opportunities for low-income residents based on an extensive tech training community supported by nonprofit partners and community colleges.

Figure 5: Projected Employment Growth Within San Diego County (by Industry Cluster/Sector)<sup>34 35</sup>

Sector/Cluster	Jobs (2012)	Jobs (2015)	Jobs (2018)	New Jobs (by 2018)	% Change	Establishments (2012)	Average Annual Wage (2012)
<b>Largest Growth</b>							
Construction	137,738	<b>148,549</b>	158,019	20,281	15%	8,536	\$95,635
Health Care	137,915	<b>148,477</b>	156,347	18,432	13%	7,520	\$61,825
Tourism*	162,516	<b>172,262</b>	180,579	18,063	11%	6,737	\$26,080
<b>Rapidly Growing</b>							
Biotech & Medical Devices*	50,571	<b>56,635</b>	60,239	9,665	19%	1,059	\$145,060
Electronics & Telecommunications, Software & Web Development*	81,836	<b>85,334</b>	89,117	7,281	9%	3,138	\$124,539
Aerospace Defense*	26,603	<b>28,688</b>	30,115	3,512	13%	456	\$106,772
<b>Emerging</b>							
Advanced Manufacturing	4,591	<b>4,856</b>	5,193	602	13%	278	\$56,036
Food & Beverages*	1,690	<b>1,857</b>	1,986	296	18%	40	\$60,443
<b>Total Additional Jobs by 2018</b>				<b>60,069</b>			

NOTE: \*Sector/Cluster names correlate with City of San Diego Economic Development Strategy.

<sup>34</sup> Editor's Note: The City does not directly provide 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.

<sup>35</sup> Quarterly Census of Employment Wages (QCEW) Employees, Non-QCEW Employees & Self-Employed-EMSI 2013.1 Class of Worker. Data compiled by the San Diego Workforce Partnership, March 2013.



## 5-3. Reinvestment Initiatives

The Economic Development Department expects to receive significant additional revenue from community development resources that will be expended over the next five to six years for the enhancement of current and creation of new programs. The City's Community Development Block Grant (CDBG) program and former San Diego Regional Enterprise Zone (SDREZ) funds are the key sources for the additional funding.

The first program, the Reinvestment Initiative, includes approximately \$112 million in repayments to the City's CDBG program and will be expended between 2017 and 2022. The second program includes approximately \$3.5 million from the former SDREZ funds and will be expended over six years beginning in 2017 and include two repayments to National City and Chula Vista for their portion of application fees. Staff will explore a variety of ways to invest these resources. Some options include the creation of Economic Development Department revolving loans, sustainability programs, workforce development initiatives and incubator and accelerator programs. The vast majority of these programs will benefit low-to-moderate-income communities.

**Reinvestment Initiative five-year goals, specifically within low- to moderate-income (LMI) communities, include:**<sup>36</sup>

- Job Creation: 1,000 jobs in LMI census tracts;
- Sustainability: 20 million tons of carbon dioxide (CO<sub>2</sub>) emissions reduced;
- Utilization: 50 percent increase in the number of Economic Development clients;
- Employment Training: 3,000 LMI community members trained for the innovation economy; and
- Affordable Housing: 1,000 new units financed.

**Potential programs for SDREZ fund disbursement and reinvestment of funds**<sup>36</sup>

- Water- and sewer-capacity bank
- Fee-payment incentive
- Online portal
- Workforce development program
- Activation grant
- Placemaking loan fund
- Revolving loan fund study
- Capacity-building initiative

<sup>36</sup> Editor's Note: None of the above programs has been authorized by City Council. However, programs will be discussed in Fall 2016 for approval and implementation.





## 5-4. City Relationships with External Organizations

San Diego's businesses are served by numerous nonprofit organizations, including trade organizations, business incubators and accelerators, chambers of commerce, economic development organizations, academia and other service providers. Most of these organizations focus on businesses in a single economic sector, such as accommodation or manufacturing, or a single or related group of industries, such as biotechnology or cleantech. The City's relationship with many 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 because the City and these organizations exchange information on a regular basis. The City can also play an important convening and coordinating role to maximize the effectiveness of these organizations.

### 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 (CRA)
- Center for Policy Initiatives
- Central San Diego Black Chamber of Commerce
- City Heights Community Development Corporation
- Civic San Diego
- Clairemont Chamber of Commerce
- CleanTECH San Diego
- EvoNexus
- Community Planners Committee (CPC)
- CONNECT
- Downtown San Diego Partnership (DSDP)
- East County Economic Development Council
- Equinox Center
- La Jolla & Golden Triangle Chamber of Commerce
- Industrial Environmental Association
- Mayor's Office of Binational Affairs
- Mira Mesa Chamber of Commerce
- National Association of Industrial and Office Properties
- National University System Institute for Policy Research (NUSIPR)
- Otay Mesa Chamber of Commerce
- Peninsula Chamber of Commerce
- Port of San Diego Ship Repair Association
- San Diego Association of Governments (SANDAG)
- San Diego Brewers Guild (SDBG)
- San Diego Center for International Trade Development
- 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)
- North San Diego Business Chamber
- San Diego Regional Chamber of Commerce
- San Diego Regional Economic Development Corporation (SDREDC)
- San Diego Imperial Counties Labor Council
- San Diego Small Business Development Center
- San Diego Tourism Authority
- San Diego Tourism Marketing District Corp.
- San Diego Workforce Partnership
- San Ysidro Chamber of Commerce
- Security Network
- South County Economic Development Council
- The Maritime Alliance
- Unified Port of San Diego
- Urban Land Institute
- World Trade Center San Diego

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## Appendices A to H



# Appendix A: Base Sector Economic Engines

## A-1. Manufacturing

### 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-NASSCO 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 (UAVs), aerospace components, avionics, C4ISR systems and other products sold to the U.S. departments of Defense, Homeland Security and foreign governments.

San Diego has the only major shipbuilding operation on the West Coast of the United States. General Dynamics-NASSCO, a major manufacturing operation, employs more 3,600 workers who are mostly unionized and blue-collar. 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 on commercial and naval ships.

According to a 2016 study by the Los Angeles Economic Development Corp. (LAEDC) and the San Diego Regional Economic Development Corp. (SDREDC), San Diego procured an estimated \$7.6 billion from contracts with various branches of the Department of Defense. The study also found that the highly concentrated presence of aerospace companies in San Diego has made it one of the higher-paying industries in the region, with an average payroll of more than \$84,300, well above the average salary of \$52,393 for all industries.

Emerging industries position San Diego to continue to be a defense epicenter. San Diego has emerged as a global leader in UAV development and production. General Atomics is one of the largest unmanned systems contractors in the world, and is the largest defense contractor in San Diego. The company, with almost 7,400 employees, is also the second largest manufacturer. 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 and BAE Systems supply components and major subsystems for UAVs and other defense systems as well. NUSIPR estimates that the development and manufacturing of UAVs in San Diego results in total employment of more than 7,000 people and total economic impact of approximately \$2.3 billion.<sup>37</sup> ATK, Cobham Systems, Lockheed-Martin and Raytheon also operate major plants and labs that employ hundreds of people in San Diego.

As defense becomes increasingly digital, the rapidly evolving cybersecurity sector offers a unique opportunity for San Diego. The region is already home to more than 100 cybersecurity employers that generate an economic impact of more than \$1.1 billion. San Diego is also home to the Navy's Space and Naval Warfare Systems Command (SPAWAR), which feeds the defense cyber ecosystem. While exclusively commercial-focused companies are growing in San Diego, the federal government remains a major customer for San Diego cybersecurity employers. SPAWAR's presence is a major contributing factor for many cyber companies to remain in San Diego. SPAWAR's total budget in FY2015 was \$6.8 billion, with the San Diego region receiving more than \$1.1 billion.

### BIOMEDICAL (BIOTECHNOLOGY, PHARMACEUTICALS, DIAGNOSTICS AND MEDICAL DEVICES)

San Diego has long been and continues to be a global leader in biomedical research and manufacturing. Major global companies, such as Illumina, Pfizer, Alere and BD Carefusion, make groundbreaking discoveries in the fields of biotechnology, pharmaceuticals, diagnostics and medical devices in San Diego. Also, San Diego is home to the largest base of independent U.S. research institutions, including The Salk Institute for Biological Services, Sanford Burnham Prebys Medical Discovery Institute, J. Craig Venter Institute and Scripps Research Institute. San Diego's unique biomedical ecosystem is also heavily supported by the research performed at leading universities, among them University of California at San Diego and San Diego State University.



The biotechnology and pharmaceutical industries grow through a massive number of startups, spinoffs, mergers and acquisitions, which can result in some employment fluctuation. In contrast, the diagnostic and medical device industries are generally characterized by stability and slow, steady growth. These industries contain the majority of manufacturing jobs in the biomedical ecosystem. Moreover, 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, San Diego remains an attractive location for Research & Development (R&D) and some types of manufacturing for biomedical industries. San Diego can continue to compete with lower-cost markets because of the high value of this type of manufacturing and San Diego's unique competitive advantages, such as its universities, research institutions and talent base. This manufacturing creates middle-income job opportunities for many San Diegans, and these jobs often do not require a bachelor's or graduate degree.

Recent developments in genomic science by companies such as Illumina and Human Longevity position San Diego to continue to be a leader in the biomedical space. Big investors, major global companies and top talent will continue to be attracted to the new scientific developments at these companies and the commercialized discoveries at San Diego's research institutes and universities.

### **CLEANTECH & ENERGY**

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

San Diego's Cleantech businesses primarily include 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. But 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 Barrio Logan. Additionally, 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 California Center for Algae Biotechnology (Cal-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, highly educated workforce and 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 has also spurred growth.

<sup>37</sup> "Unmanned Aerial Vehicles – An Assessment of Their Impact on San Diego's Defense Company." NUSIPR, 2012, Page 11.



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 cleantech 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 affordable compared to fossil-based alternatives.

## FOOD & BEVERAGE

The Food & Beverage industry cluster has quietly emerged as a viable source of job growth during the past 10 years. Like many 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 that are sold at discount retail chains and membership warehouse stores.

The “craft beer” or “microbrewing” industry has emerged as an important source of job growth in recent years. 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 San Diego County cities. Several have won international distinction for producing sophisticated, high-quality beers. More recently, other beverage manufacturers have located or expanded in San Diego, producing ciders and distilled spirits.

The close proximity of many of these local breweries create a form of tourism, with enthusiasts of fine ales and lagers able to visit several locations on brewery tours. Patrons can sample beers in tasting rooms and purchase bottled beers in the same way people frequent the wineries of Napa, Sonoma and Temecula. San Diego has emerged as one of the nation’s hubs of craft and microbrewing.

Food & 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 Transient Occupancy Tax (TOT) tax revenues as beer tasting tours and major industry events attract visitors.

Food manufacturing has a multiplier of 4.1, generating three additional jobs for each direct job, well above the average multiplier of 2.0.<sup>38</sup> 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 about 1,000 workers. These employers typically provide health insurance and other benefits.<sup>39</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 rely on the availability of potable water and are greatly impacted by increases in water-commodity rates and water-capacity charges. Food & Beverage producers rely heavily on cost-effective sewer services to remove discharged wastewater.

<sup>38</sup> “Using Multipliers to Measure Economic Impacts,” California Economic Strategy Panel, 2009.

<sup>39</sup> “Regional Food Cluster Profile.” South County Economic Development Council, 2009.



## INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT)

The Information and Communication Technologies (ICT) cluster is comprised of a variety of technology-driven industries, including electronics, telecommunications and software development. The region has historically been an epicenter of communications and electronics, anchored by companies like Qualcomm, Sony and Kyocera. It has also evolved to include new emerging sectors such as cybersecurity, health information technology and mobile applications. The entire cluster employs more than 67,000 San Diegans in R&D and manufacturing positions.

ICT 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 1970s, 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. All of these industry leaders still have major headquarters, R&D and manufacturing operations in the San Diego communities of Rancho Bernardo and Kearny Mesa.

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

By 2000, the tech industry downturn, 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, more than 10,000 jobs were lost 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 scrapped, and the City's cellular phone manufacturers began to relocate manufacturing and later R&D operations internationally.

Much like the defense adaptation that took place from 1995 to 2005, San Diego ICT companies began to focus on government and business-to-business markets, offering enterprise-class systems and solutions that tended to have higher margins and be sold with long-term service contracts. San Diego's ICT cluster is much smaller than it was during its 2000 heyday, but it has since stabilized and shown growth.

Recently, San Diego has benefited from a significant number of important software development businesses, online retailers and analytics services businesses that complement the City's high-tech manufacturers and research institutions. Several firms in San Diego have developed encryption and other cybersecurity technologies, which are increasingly demanded 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. 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. These services are then sold or licensed to government agencies and other businesses. These businesses employ many thousands of local residents, providing very high-paying salaries. Many also generate sales tax revenues for the City's General Fund.



## A-2. International Trade & Logistics

### THE INTERNATIONAL BORDER WITH MEXICO

San Diego's proximity to Mexico provides the City with an important competitive advantage in terms of capturing international trade activity. The United States is Mexico's largest export market, consuming more than 80 percent of Mexico's goods worth approximately \$230 billion. Conversely, the United States exports approximately \$163 billion worth of goods to Mexico.

The U.S./Mexico International Port of Entry at San Ysidro is reportedly the busiest land border crossing in the Western Hemisphere, due in part to the size of the San Diego-Tijuana metropolitan area, which has a combined population estimated at more than 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 percent increase in vehicular traffic in San Ysidro by 2030.

In 2004 the GSA began to work with local, state and federal government and community representatives from United States and Mexico to discuss the reconfiguration and expansion of the Ports of Entry in Tijuana and San Ysidro in order to accommodate that growth in traffic and better meet the changing needs of the tenant agencies. 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. Phases II and III are fully funded, under construction and set to be completed in 2019. Upon completion, the San Ysidro Port of Entry will be a facility that is sustainable and operationally scalable. It will dramatically reduce the Port's carbon footprint while enhancing U.S. Customs and Border Protection's (CBP) ability to conduct its 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 more than 14 million square feet of existing industrial space and more than 1,000 acres of developed industrial land. 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 future addition of state Route 11 (SR 11) and the Otay Mesa East Port of Entry, the movement of goods and people between the United States and Mexico will be vastly improved. According to the San Diego Association of Governments (SANDAG), the San Diego region's primary public planning, transportation and research agency, the addition of SR 11 and the new Port of Entry (POE) 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 segments. Segment 1 construction on SR 11 began in December 2013 and opened to traffic from SR 905 east of Enrico Fermi Drive in March 2016. The completion of the 1.7-mile stretch cost \$103.4 million. Segment 2, which is slated to receive nearly \$50 million from the U.S. Department of Transportation, will extend the highway another mile to the border. The final segment is contingent on securing financing.

The recently completed Segment 1 is already alleviating traffic in the border area. Trucks departing at the current Otay Mesa Port of Entry's Commercial Vehicle Enforcement Facility now have direct access to the state highway system. Segment 1 also connects cross-border trucking and industrial facilities on the eastern end of Otay Mesa directly to the highway system.

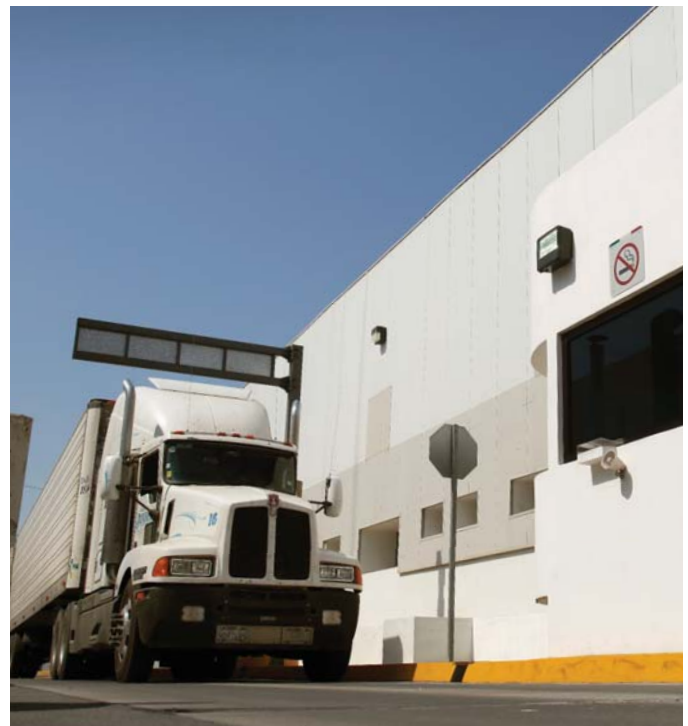




Figure 6: State Route 11 and Otay Mesa Port of Entry Project



Otay Mesa Point of Entry Boxes Pre-clear



Otay Mesa Port of Entry Big-rig Pre-clear



Otay Mesa Port of Entry Big-rig Entry 49

## 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 (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 822 jobs with an average wage of \$54,032 annually, 28 percent greater than the countywide average for all jobs.<sup>40</sup> The National City Marine Terminal's inbound cargo consists of largely automobiles and lumber.

More information about maritime trade can be found at the Port of San Diego website.

## LOGISTICS

The globalization of the world economy is a result of factors such as 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 that have made it possible to construct longer, larger and more complex global supply-chain management systems. Globalization, in the past three decades, has resulted in the accelerated movement of manufacturing jobs to countries with lower labor costs.

California cities have successfully replaced some of these lost manufacturing jobs with jobs created in large warehouse operations, or distribution centers (DCs). As global supply-chain systems shift manufacturing to international locations, the distribution functions are reorganized, creating new job opportunities for supply-chain-related employment. Many distribution functions, while still performed by manufacturers and retailers, are now frequently provided by Third Party Logistics (3PLs) businesses.



Port of San Diego



Advanced supply-chain technologies are used by manufacturers and 3PLs to operate these large DCs, resulting in a very competitive industry in which efficiency, flexibility and speed are paramount. 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 performed in the middle of the supply-chain system at the DCs. These value-added functions require higher labor quality and frequently pay wages and benefits in the middle-income range, much like 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. Over the following three years, the demand for a workforce skilled in the various fields of supply chain technology and logistics is estimated to have reached nearly 55,000 jobs.<sup>41</sup> Community College Districts in the San Diego region have established curriculum and certification programs to help meet the new occupational demands of the supply-chain and logistics employers.

West Coast cities with ports of entry are now aggressively competing to be selected for the sites of new distribution centers. These regional DCs provide cities with an important means of expanding their economic base and providing local residents with 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. 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 opened in June 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 and easy access, free from the congestion of larger ports. Currently, the Port imports more goods than it 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.

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 and office space. In August 2012 the San Diego Unified Port District signed a new 24 1/2-year lease with Dole for approximately 22 acres. There are currently plans to add 94 outdoor electrical container outlets that would increase the total number of outlets on-site to 763.

<sup>40</sup> “San Diego’s Maritime Trade: A Critical Economic Engine.” NUSIPR, 2008, Page 3.

<sup>41</sup> California Community Colleges Economic & Workforce Development, Sector Profile – Supply Chain & International Trade, 2013, Page 1 and 4.



## A-3. Military

The City has a long history of working with the U.S. Navy (USN), the United States Marine Corps (USMC) and several other commands.

### UNITED STATES NAVY

The U.S. Navy continues to operate a number of major installations in 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 more than 100,000 military and civilian personnel throughout San Diego County, most of them in the City of San Diego.



Marine Air-Ground Taskforce Demonstration, MCAS Miramar



USS Zumwalt



## NAVAL BASE SAN DIEGO

Naval Base San Diego (a.k.a “San Diego Naval Base at 32nd Street”) 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 more than 46 Navy cruisers, destroyers, 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, 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)

The SPAWAR installation has more than 4,500 military and civilian employees, including many who are highly paid engineers. SPAWAR’s overall economic impact is even greater, given it contracts with many local defense contractors for additional goods and services.

The U.S. Navy has announced its plans to expand and construct new facilities throughout San Diego 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. This move not only increases local payroll expenditures but also provides significant new ship repair and maintenance contracts for local businesses.

The U.S. Navy has indicated to local contractors that it intends to continue to have a large physical presence in San Diego County and retain existing San Diego installations. This large physical presence means that these military installations will remain a strong pillar of the local economy.

## UNITED STATES MARINE CORPS

The USMC continues to operate the Marine Corps Recruit Depot adjacent to San Diego Bay and the Marine Corps Air Station (MCAS Miramar). Spending from a larger contingent of Marines stationed at nearby Camp Pendleton in Oceanside also contributes to the regional economy, supporting San Diego retailers and service-sector businesses. The USMC has more than 56,000 Marines stationed 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 bootcamp environment. MCRD provides economic stimulus through payroll and procurement plus the positive fiscal and economic impact when families visit at graduation times. Known for its unique Spanish colonial revival-style appearance, MCRD was designed by Bertram Goodhue, the famed architect who developed San Diego’s Balboa Park for the 1915 Panama-California Exposition. Twenty-five of MCRD’s buildings are listed in 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.



## A-4. Tourism

San Diego consistently ranks among the top tourist destinations in the nation and the world. In 2016, Money magazine named it the top destination in the United States. San Diego ranks high among vacation destinations for its warm weather, beautiful beaches, craft beer scene and many cultural attractions that appeal to a diverse audience. Significant attractions include the San Diego Zoo, SeaWorld, Seaport Village, the Gaslamp Quarter, Old Town, Mission Bay, Petco Park, Qualcomm Stadium, La Jolla Cove, San Diego Convention Center and 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. Its first settlements were established in 1769 at the Fort Presidio and Mission San Diego de Alcalá. San Diego became part of Mexico as a result of that nation's independence in 1821 and later joined the United States in 1850. Both Fort Presidio and Mission San Diego de Alcalá are listed as National Historic Landmarks along with many 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 the cornerstones of the City's cultural tourism. The 19th-century buildings in Old Town have been painstakingly restored. Most are operated today as restaurants and gift shops. Balboa Park boasts the largest complex of museums other than the Smithsonian Institution in Washington D.C. The nearby City of Tijuana in Mexico is a short drive or trolley ride away, making for an enjoyable day trip.

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 Diegueño or Mission Indians), the Luiseño, the Cupeño and the Cahuilla. Cultural centers and museums cover the history and heritage of the tribes.



Balboa Park



## PROMOTIONS

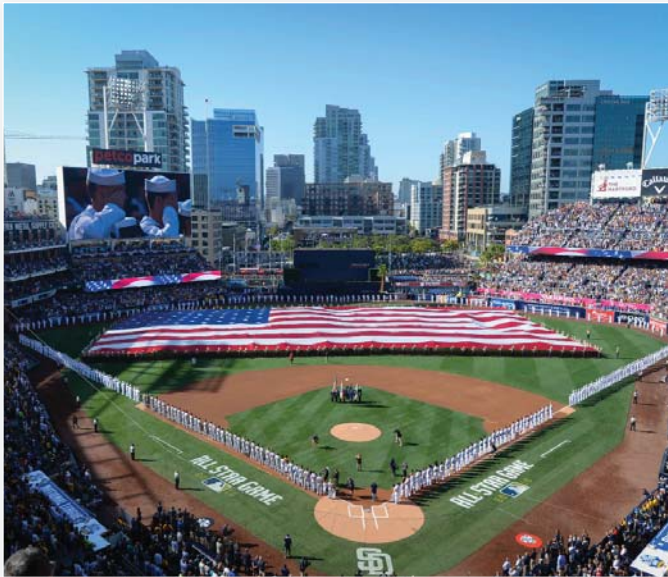
The Tourism Marketing District (TMD), a business assessment district, levies fees on lodging businesses to fund the destination marketing and promotion of San Diego. Marketing funding also comes from the City's Transient Occupancy Tax (TOT) through the Economic Development and Tourism Support (EDTS) and the Citywide Economic Development Support programs.

## PUBLIC BENEFITS

According to the San Diego Tourism Authority, the visitor industry employed about 180,900 people in San Diego to cater to the 34.3 million visitors who came to San Diego in 2015. These visitors spent more than \$9.9 billion, which yielded an economic impact of \$16 billion on the San Diego region.

Moreover, 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 percent local sales tax and a full 10.5 percent TOT levied on visitors staying at local hotels and motels. The City received \$186 million in TOT revenue in FY2015.

Additional information about tourism's economic impact can be found on the San Diego Tourism Authority website.



Petco Park



Torrey Pines Golf Course, La Jolla



## A-5. Major Corporate Establishments

San Diego is home to a number of major corporate headquarters, large administrative offices and primary research institutions that employ thousands of San Diego residents and help to establish the City as a world-renowned location for business. Many of these businesses are also part of the economic base because, despite being located within the retail and service sectors, they generally provide services to people outside of San Diego. These corporate headquarters 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. Lesser known companies, such as LPL, AMN Healthcare and HD Supply, serve business and institutional customers. Although technically categorized within the manufacturing sector, Sony Electronics and ResMed have no manufacturing operations in San Diego but base large world headquarters offices here. These establishments have beneficial economic impact that approaches those of similar-sized manufacturing plants because they constitute part of the economic base and also create middle-income jobs.

Corporate headquarters locate in the City because of San Diego's desirable quality of life and its access to highly educated, professional, technical and managerial employees. The economic development opportunities in these areas lie in focused business attraction and retention activities. Attracting and retaining major corporate headquarters involves the engagement of leaders in the public and private sectors. The Office of the Mayor, City Council, San Diego Regional Chamber of Commerce, San Diego Regional Economic Development Corporation and local trade organizations can be helpful and influential in attraction and retention efforts. Aggressive competition comes from other cities that 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 attractive location in which to headquarter 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 barriers to business attraction.



Qualcomm corporate headquarters





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

Term	EDS Base Sector Category Required by Council Policy 900-01 “Economic Development” <sup>42</sup>				
	Manufacturing & Innovation	International Trade & Logistics	Military	Tourism	Appendix A Other Base Sector Industries
<b>SANDAG “Traded Industry Cluster”<sup>43</sup></b>					
Action Sports Manufacturing	X				
Advanced Precision Manufacturing	X				
Apparel Manufacturing	X				
Biomedical Devices & Products	X				
Cleantech	X				X
Entertainment & Hospitality	X			X	
Fruits & Vegetables	<i>Not Significantly Represented within the City of San Diego</i>				
Horticulture					
Information & Communications Technologies	X				X
Publishing & Marketing					X
Specialty Foods & Microbreweries	X				
<b>San Diego Regional EDC “Key Industries”<sup>44</sup></b>					
<b>Innovation</b>	X				X
Cleantech	X				
Information & Communications	X				X
Life Sciences	X				X
Sports and Active Lifestyle	X				X
<b>Military</b>			X		
Defense	X		X		
Maritime	X				
Aerospace	X				
<b>Tourism</b>					
Conventions and Tourism				X	
<b>Local</b>				X	
Healthcare	<i>Not Considered Part of the Economic Base</i>				
<b>Intellect</b>					
Universities & Research Institutions					X

Figure 7: San Diego's Base Sectors, Subsectors, Industries and Industry Clusters (continued)

Term	EDS Base Sector Category Required by Council Policy 900-01 "Economic Development" <sup>42</sup>				
	Manufacturing & Innovation	International Trade & Logistics	Military	Tourism	Appendix A Other Base Sector Industries
<b>Other Terms Used Locally<sup>45</sup></b>					
BlueTech	<b>X</b>		<b>X</b>		<b>X</b>
Maritime	<b>X</b>	<b>X</b>	<b>X</b>		<b>X</b>
Maritime Technology	<b>X</b>		<b>X</b>		<b>X</b>
Cybersecurity			<b>X</b>		<b>X</b>
Analytics					<b>X</b>
Uniformed Military			<b>X</b>		
Research/Technology/Innovation	<b>X</b>				<b>X</b>
Wireless Health	<b>X</b>				<b>X</b>
<b>Selected NAICS Sectors, Subsectors and Industries<sup>46</sup></b>					
<b>Sector 31-33 Manufacturing</b>					
311 Food Manufacturing	<b>X</b>				
312 Beverage and Tobacco Product Manufacturing	<b>X</b>				
315 Apparel Manufacturing	<b>X</b>				
325 Chemical Manufacturing	<b>X</b>				
332 Fabricated Metal Product Manufacturing	<b>X</b>				
333 Machinery Manufacturing	<b>X</b>				
334 Computer and Electronic Product Manufacturing	<b>X</b>				
335 Electrical Equipment, Appliance and Component Manufacturing	<b>X</b>				
336 Transportation Equipment Manufacturing	<b>X</b>				
337 Furniture and Related Product Manufacturing	<b>X</b>				
339 Miscellaneous Manufacturing	<b>X</b>				
<b>Sector 48-49 Transportation and Warehousing</b>					
481 Air Transportation		<b>X</b>			
482 Rail Transportation		<b>X</b>			
483 Water Transportation		<b>X</b>			
484 Truck Transportation		<b>X</b>			
485 Warehousing and Storage		<b>X</b>			



Figure 7: San Diego's Base Sectors, Subsectors, Industries and Industry Clusters (continued)

Term	EDS Base Sector Category Required by Council Policy 900-01 "Economic Development" <sup>42</sup>				
	Manufacturing & Innovation	International Trade & Logistics	Military	Tourism	Appendix A Other Base Sector Industries
<b>Sector 51 Information</b>					
511 Publishing					X
513 Broadcasting and Telecommunications					X
514 Information Services and Data Processing Services					X
<b>Sector 54 Professional, Scientific and Technical Services</b>					
5417 Scientific Research and Development Services					X
<b>Sector 71 Art, Entertainment and Recreation</b>					
712 Museums, Historical Sites and Similar Institutions				X	
713110 Amusement and Theme Parks				X	
<b>Sector 72 Accommodation and Food Services</b>					
721 Accommodation				X	
722 Food Services and Drinking Places				X	
<b>Sector 92 Public Administration</b>					
928 National Security and International Affairs			X		

<sup>42</sup> Adopted by San Diego City Council in 2012 following recommendation of approval by the City Council's Economic Development and Strategies Committee.

<sup>43</sup> Prepared by the San Diego Association of Governments – Service Bureau, 2012. These clusters are based on groups of NAICS industries.

<sup>44</sup> Prepared by the San Diego Regional Economic Development Corp., 2012, listed on website

<sup>45</sup> Terms used by the Maritime Alliance, Security Network, West Health Institute, San Diego CyberHive, CONNECT, San Diego Regional Chamber of Commerce and other organizations.

<sup>46</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 and Revitalization

Community investment and revitalization are key elements of the City's Economic Development Strategy. They traditionally focus on older, more densely populated urban neighborhoods that have experienced disinvestment, limited investment or have public infrastructure/facilities deficiencies. The economic health and well-being of these older communities are vital to the larger economic well-being of the entire City. A diverse set of strategies and tools are already used by the City to address community investment and revitalization. Further opportunities exist to expand existing tools and develop new approaches.

## INFRASTRUCTURE INVESTMENT

The City of San Diego faces more than a \$1 billion backlog in deferred capital and infrastructure spending. These deficiencies are spread throughout the City but mostly affect older, more densely populated communities that have not benefited from recent infrastructure investment. Strategic investments in public infrastructure and facilities will likely have added benefits beyond addressing the deficiencies. Such benefits include increased property values, improved public safety and more new, private investment and construction jobs.

## POST-REDEVELOPMENT ERA

Following the dissolution of former state redevelopment agencies in 2012, the City elected to serve as the successor agency to implement the winding down of the City's former redevelopment agency. In addition, Civic San Diego was formed as a City-owned nonprofit organization to serve as a City consultant and replace Centre City Development Corporation (CCDC) and Southeastern Economic Development Corporation (SEDC). Civic San Diego's main charge is to conclude the activities of the former redevelopment agency and perform economic development and planning functions within designated areas of the City.

Along with its formation, Civic San Diego also created the Civic San Diego Economic Growth and Neighborhood Investment Fund, a Community Development Entity (CDE) and a subsidiary of Civic San Diego. The purpose of the fund is to assist businesses in applying for New Markets Tax Credit (NMTC) allocations, and to manage Qualifying Low-Income Community Investment (QLICI). The NMTC program is a federal tax incentive designed to spur the investment of capital in small businesses and commercial real estate in communities of need.

Given the success of the NMTC program, Civic San Diego developed the 2017 Economic and Community Development Work Plan (Work Plan), which explores other similar economic development programs and initiatives. The Work Plan identifies new programs and funding sources (e.g., Equity Equivalent Investments, the EB-5 Program and Community Reinvestment Investments) that could replace revenue previously supplied by tax increment financing. The goal of the plan is to continue to cultivate economic growth and improve the quality of life in the City's underserved communities.

The State of California also enacted two new laws to assist with infrastructure financing and community investment: Senate Bill 628 Enhanced Infrastructure Financing Districts (EIFDs) and Assembly Bill 2 Community Revitalization and Investment Authorities (CRIAs). As with redevelopment, EIFDs permit the use of property tax increments within an established district(s) to finance the construction or rehabilitation of public infrastructure and private facilities. CRIAs can also be created for eligible communities to foster community investment and revitalization. Infrastructure improvements, economic development and affordable housing are all eligible activities for tax increment financing. The City is currently evaluating the feasibility of establishing an EIFD and CRIA in certain areas of San Diego.



## **PUBLIC-PRIVATE PARTNERSHIPS**

The City of San Diego has successfully supported the efforts of private entities that have been investing in the City's older communities. The efforts of these private sector entities have 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 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 laws.

### **Maintenance Assessment Districts**

The City of San Diego established a local-enabling ordinance in 2016 to allow for formation of Maintenance Assessment Districts (MADs) independent from the CA Landscape and Lighting Act of 1972. MADs are formed by a weighted vote of property owners who agree to pay for landscaping, lighting and other improvements and activities. Assessments are levied on properties that receive benefits or services in excess of those provided by the City. The City currently has more than 60 MADs, the majority of which are administered by the City's Park and Recreation Department. Remaining MADs operating in urbanized commercial corridors are administered by nonprofit organizations. Conceptually, these organizations are closely affiliated with the community they serve. Through this involvement, they are attuned to the specific needs of that community.

### **The Mello-Roos Community Facilities Action of 1982**

The Act allows any county, city, special district, school district or joint powers the authority to establish a Mello-Roos Community Facilities District (CFD). CFDs allows for financing of public improvements and services, including 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 CFDs as a financing tool, they can be difficult to form in a developed area because of the legal requirements for approval.

### **Property and Business Improvement District Law of 1994**

A Property and Business Improvement District (PBID) is an innovative revitalization tool for commercial neighborhoods. Established by law in the early 1990s, PBIDs are public-private partnerships that perform a variety of services to improve the image of their districts 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 the authority to establish a PBID and levy annual assessments on businesses or property owners within its boundaries. Eligible financed improvements include parking facilities, parks, fountains, benches, trash receptacles, street lighting and decorations. Services that may be financed include promoting public events and tourism and furnishing music in public places. This act also allows the financing of streets, rehabilitating or removing of existing structures and providing of security facilities and equipment. The City currently has one PBID, which is located Downtown. This district was originally 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 to maintain enhanced service levels for the assessed properties.

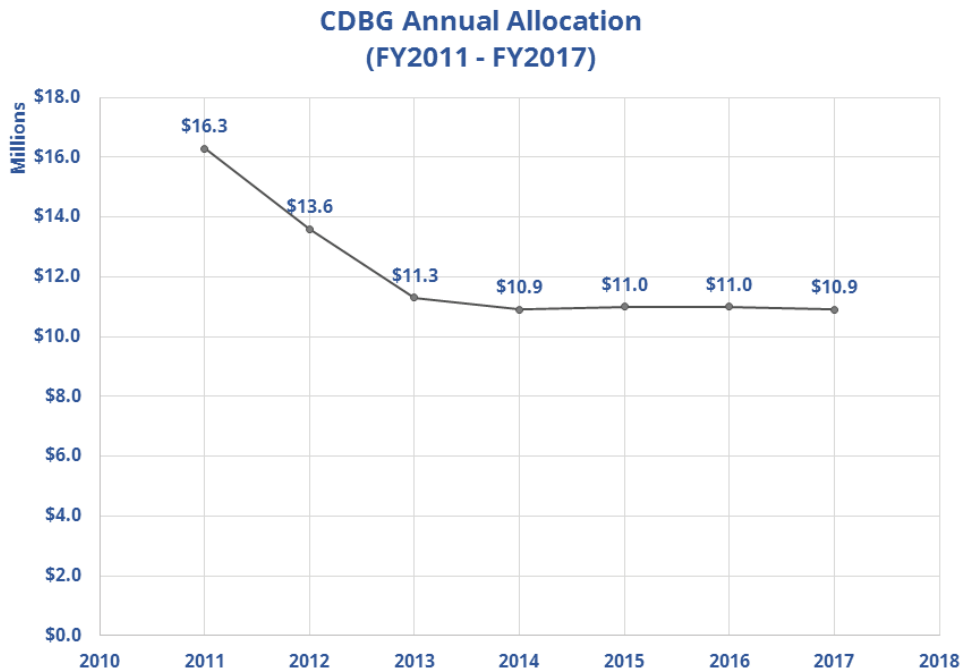


## COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

The City can also address the deferred capital backlog through strategic use of Community Development Block Grant (CDBG) funds received each year 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- to moderate-income households and areas, many of which suffer from underinvestment and infrastructure deficiencies.

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- to moderate-income communities and provide opportunities to enhance neighborhoods and create jobs.

The City’s CDBG allocation has been declining for the past seven years and is expected to continue decreasing.



*Note: Figures are listed are rounded to the nearest \$1 million or \$100,000.*

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 investment, totaling more than \$78 million, is scheduled to be repaid to the CDBG program over 10 years (2010-2019). While the repayments are restricted to CDBG, they serve as a substantial investment resource that can be strategically aligned with identified priorities.



## REINVESTMENT INITIATIVE (REI)

The Reinvestment Initiative (REI) is a multiyear strategic effort focused on advancing economic growth in the City's low- to moderate-income communities. The REI aims to serve as a catalyst to stimulate greater long-term investment in underserved communities by investing anticipated additional funding in critical needs areas, such as housing, economic development, public services, workforce development, sustainability and infrastructure.

Capital for REI programs originates from funds related to the Long-term Miscellaneous CDBG Debt Agreement, the repayment of loan involving the former redevelopment agency, which identified a total of \$151 million that is considered program income. The City is currently performing a due diligence review of these funds to ensure the total amount considered CDBG program income is consistent with the applicable HUD regulations governing CDBG and the Section 108 program. Any use of these funds will be incorporated in a future substantial amendment.

## SUSTAINABILITY AND CLIMATE ACTION PLAN

The Global Warming Solutions Act of 2006, also known as Assembly Bill 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, cutting 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 that help achieve the goals of the CAP.



GRID Alternatives



ACCION



## PROMISE ZONE INITIATIVE

The Promise Zone Initiative, a unique federal partnership with local stakeholders, is designed to foster economic growth, expand access to opportunity and help community leaders leverage federal programs.

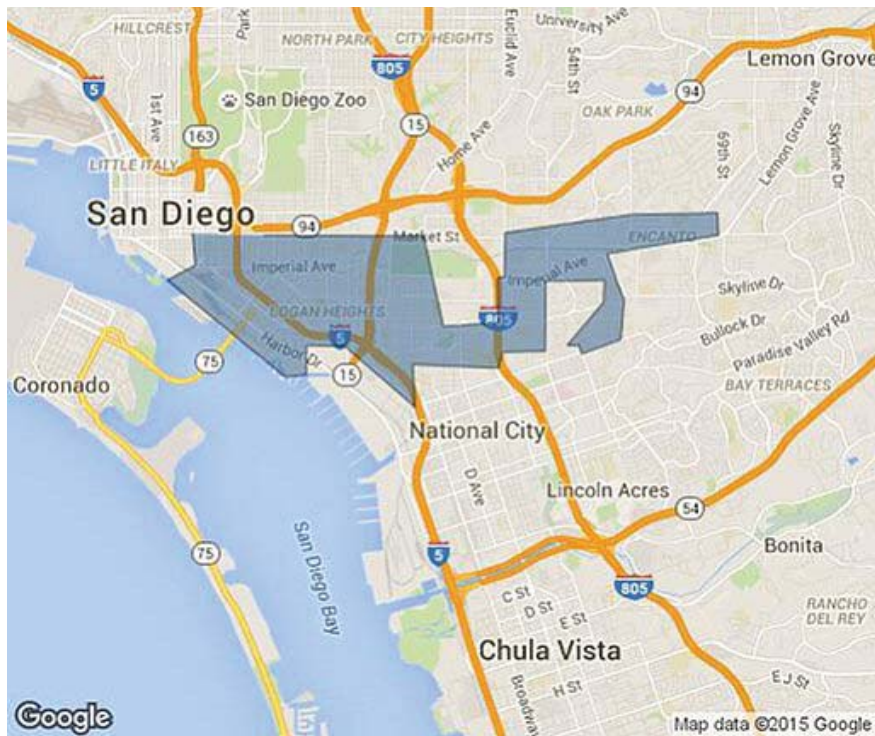
Designated as a Promise Zone in 2016, the San Diego Promise Zone (SDPZ) is a 10-year designation covering three of the City's most economically disadvantaged neighborhoods: Barrio Logan, Southeastern San Diego and Encanto. These neighborhoods are characterized by high unemployment, low educational attainment, insufficient access to healthy foods, concentrated poverty, rising crime and the least affordable housing in the nation.

The SDPZ partners have identified the following six goals to transform and revitalize these high-poverty neighborhoods.

- Create jobs
- Improve economic activity
- Reduce violent crime
- Expand educational opportunities
- Increase access top-quality affordable housing
- Promote health and access to healthcare

During the term of the Promise Zone designation, SDPZ will receive the following benefits (subject to federal appropriations, guidelines and regulations) to help advance the aforementioned goals.

- The opportunity to engage five AmeriCorps VISTA members to build capacity in the Promise Zone
- A HUD community liaison assigned to help San Diego leverage federal programs
- Preference for certain competitive federal grant programs and technical assistance from participating federal agencies
- Promise Zone tax incentives (if enacted by Congress)





# Appendix C: Internal Operational Guidance and Coordination

Businesses 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. Before considering a move to San Diego, businesses must consider the condition of the City's infrastructure and its regulatory environment.

Various City departments are tasked with the responsibility of ensuring 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 facilities
- Distribution facilities
- Storm water management systems
- 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 management, open-space management and code compliance. Additionally, 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 Improvements Program (CIP) projects.

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, the granting access or use of City property for business operations, or the contracting with businesses for goods and services. It is essential that the City's departments coordinate action 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 accomplish this effectively, the Economic Development Strategy 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 Figure C-1 provide some examples of how these departments interact with businesses in ways that 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 investment, 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 H: Economic Development Tactical Plan, 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 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 increase the costs of doing business in the City and the costs of mitigating land use conflicts that inevitably arise from the close juxtaposition of sensitive land uses, such as residences, churches, schools, parks and similar family-oriented uses.

The Facilities Financing section of the General Plan regularly updates Public Facilities Financing Plans for the City's planned communities and collects impact fees on development projects. These efforts enable the creation of essential municipal infrastructure, such as streets, roads, bridges, parks, libraries and fire stations.

## DEVELOPMENT SERVICES

The Development Services Department (DSD) has significant influence on business investment decisions because it issues businesses the vast majority of all permits and land use approvals. Most permits are building permits allowing businesses to construct and modify 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 and community overlay zones and for facilities and properties that require variances from City codes, special use permits or rezoning ordinances. The timely and cost-effective issuance of permits and other required approvals have an enormous impact on businesses that must supply goods and services to customers in competitive national and international markets. The most frequently cited concerns by business managers considering potential investment decisions are delays in the issuance of approvals or the imposition of fees that are unforeseen or believed to be unreasonable. Certainty and predictability are factors that have a major impact on businesses that are operating in a volatile, competitive market.

## PUBLIC UTILITIES

The Public Utilities Department (PUD) provides potable and recycled (reclaimed) water to all businesses and provides for the disposal of wastewater from businesses. The PUD operates two Enterprise Funds through two major branches: Water and Wastewater. These 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 for those located in a portion of Otay Mesa, which is served by Cal America. 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.

Along with land, labor and electricity, water and sewer services are two of the most important input factors in the production process. High volumes of water are consumed in industrial plants for product makeup, rinsing, steam and energy production, and facility cooling. The cost and consistent availability of potable and reclaimed water are 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 manufacturing investments.



Similarly, the ability of businesses to discharge wastewater efficiently and cost-effectively at the end of the production process is an extremely important factor in 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 pretreatment requirements are issued and monitored by the Industrial Wastewater Discharge (IWD) program. Wastewater discharge and pretreatment costs can dramatically affect the profitability and competitiveness 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). READ formerly managed, leased and sold thousands of acres of the City's industrially zoned land, most of which was "Pueblo" or public lands. READ now plays a more indirect role in economic development efforts because most of the City's industrial lands have been sold and developed. READ's role has also diminished because the City's economic development units were moved to other operating departments.

READ still manages useful and potential industrial properties. 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 property in order to create jobs and other public, economic 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 San Diego Fire-Rescue Department (SDFD) is responsible for providing fire- and life-safety services to all communities within the City. It also issues a number of permits for special events and activities that promote tourism and generate revenue that can be recycled into the community.

## **POLICE**

Providing for public safety is critical to the well-being of neighborhoods, residents and visitors, and can impact employment, investment and income. Reduced crime in neighborhoods can contribute to economic growth and stability. Similarly, having safe streets makes San Diego more attractive to visitors, 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, special events and activities that promote tourism and revenue generation. It also works with the California Department of Alcoholic Beverage Control (ABC) in the licensing of alcoholic beverage manufacturers, distributors and retailers.

## **PURCHASING AND CONTRACTING**

Many of the City's revitalization, real estate and other economic development efforts require the procurement of goods and services. The Purchasing and 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 and services to meet the City's operational needs. The department also provides many opportunities for small businesses to grow their operations through the City's Equal Opportunity Contracting Program. 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 AND STORM WATER**

The Storm Water Division (SWD) of the Transportation and Storm Water Department is responsible for enforcing rules set forth 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 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 and 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 and Storm Water Department evaluates and re-stripes streets in commercial and industrial areas in order to provide more on-street parking where off-street parking may be inadequate for customers and business operations.

## **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:

- Processing of post-consumer paper, plastics, glass and metal containers that ESD collects from residences;
- Processing of yard waste, tree trimmings, wood waste and food waste into mulch, compost and other useful products that provide feed stocks to the manufacturers of recycled products and biomass energy producers;
- Processing of construction and demolition waste;
- Recycling technical support to businesses and multifamily residences, which typically results in cost savings;
- Education and outreach for the residential, business and government sectors; and
- Green procurement services internally to City departments, which results in savings.

ESD manages the City's energy use and programs and explores innovative options to increase energy independence. ESD also 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 and Capital Projects (E&CP) Division of the Public Works Department interacts directly with architectural, engineering consultant and construction contracting businesses in the execution of the City's Capital Improvements 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 and Capital Projects can play an instrumental role in stimulating job growth through maintaining and improving infrastructure.

## **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 City's parks, open space, aquatic areas and public recreation facilities. Parks, such as Balboa Park and Mission Bay, and the beaches are enjoyed by City and County residents and visitors. Proper recreational programming and maintenance of these areas are vital to attracting tourists and attracting and retaining businesses.

## 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. These activities contribute significantly to San Diego's economy through the generation of Transient 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 events. The Office of Special Events provides liaison services to key entities, such as the event organizer, site manager, meeting planner, host committee, business community, residential community and City departments, to ensure the success of the event.



2016 MLB All-Star Game, Petco Park



Street Pole Installation



Photo courtesy Joanne DiBona

# Economic Development Opportunities

The departments listed below 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. Enforcement capabilities are significant, and the extent to which economic development efforts can be recognized and reasonably accommodated creates opportunities to achieve immediate positive fiscal and economic impacts.

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

Key City Department	Building and Development Permit Approvals	Licensing	Infrastructure	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		
Real Estate Assets				X		X
Fire Rescue	X	X				
Police						
Purchasing and Contracting				X	X	X
Transportation and Storm Water	X	X				
Environmental Services				X	X	
Engineering and Capital Projects			X			X
City Treasurer		X			X	X
Park and Recreation			X	X		X
Debt Management					X	X

NOTE: Departments and functions affecting economic development efforts are described in more detail in Appendix C: Internal Operational Guidance and Coordination.



Park & Recreation Department's Bike Event



Park & Recreation Department's Memorial Pool



Public Works Department at Mission Gorge Road



Public Utilities Department's Pure Water Program 71

# Appendix D: Workforce Development and Education

The City has a vested interest in preparing its young adults to compete for the best jobs created by San Diego businesses. The effects of educational initiatives at the K-12 level will take substantial time to actualize; therefore, the City should continue to encourage school districts serving City 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, which will provide them with the context, examples and real-world connections that can be used in their classroom curriculum.

Nine K-12 school districts serve residents of San Diego:

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

## UNIVERSITIES, COLLEGES AND LAW SCHOOLS

San Diego's post-secondary education system regularly ranks well nationally because local universities offer a full range of undergraduate majors, master's degree programs and Ph.D. programs. In addition, San Diego colleges and universities are committed to conducting groundbreaking research. These institutions educate and provide workforce training to the region's diverse economy. This 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 private universities, three private law schools, a public medical school, several community colleges and trade and vocational schools:

- Alliant University
- Cal-Western School of Law
- Cuyamaca College
- Grossmont College Palomar College
- Mesa College
- Miramar College
- National University
- 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 (UC San Diego)
- UC San Diego, School of Medicine
- University of Phoenix
- 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
- TT Technical Institute<sup>47</sup>
- NewSchool of Architecture and Design

## SHORT-TERM WORKFORCE DEVELOPMENT OPPORTUNITIES

In the near term, established training programs can help match willing workers with willing employers. Typically these programs are offered by training organizations that seek to train or retrain employees for specific trades and industries. In addition, these training providers orient their services with 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 recent college graduates. Individuals hired in this classification become full-time, permanent employees upon passing the required probationary period. 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.

### Program career fields

- Administrative
- Budgetary
- Community development
- Crime analysis/research
- Economics
- Information systems management
- Organization effectiveness
- Personnel/human resources
- Procurement
- Real estate
- Recycling

## 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 percent of the wages the new hire earns during the contracted training period. OJT is a viable training option for participants who can perform better with hands-on training experience rather than in a traditional classroom setting.

<sup>47</sup> Editor's Note: ITT Technical Institute closed all campuses and filed for bankruptcy in September 2016.



## 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 with competing successfully in the global economy; and
- Promote the benefits and ongoing investment of training among employers.

## CONNECT2Careers (C2CSD)

SDWP has developed a sustainable youth employment program through the support of local government, education, private companies, public agencies and nonprofit organizations. The C2CSD will provide meaningful job placements now and in the future by offering development, preparation and summer employment services to young people, ages 16 to 21, throughout the City of San Diego. This broad-based youth and young-adult employment and mentoring effort addresses the need to maintain a highly educated, skilled workforce. It 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 provides businesses with an opportunity to give back to the community and play a significant role in the recruiting and training future employees. Recruitment is important for established industries, such as Biotech & Medical Devices, Electronics & Telecommunications and the emerging industries of Cleantech and Food & Beverage.

## LIFE SCIENCES SUMMER INSTITUTE

The Life Sciences Summer Institute includes students from around the county who spend part of the summer learning about how to work in a lab in a life sciences "bootcamp." Subsequently, they are placed in labs to gain real-life work experience. The same program is available for teachers. Groups of science teachers come every summer to learn about how the life sciences industry operates and then return to their classrooms to incorporate what they have learned into their lesson plans.

## ONESD100

ONESD100 is a Mayoral-sponsored workforce training initiative that promotes investment in San Diego's future workforce needs. The goal is to get commitment from 100 corporate sponsors who are willing to employ young adults temporarily. ONESD100 provides a platform for the creation of Innovation economy sector employment opportunities, targeting young adults, ages 16 to 24, who reside in many of the City's low- to middle-income communities.



CONNECT2Careers



# Appendix Appendix E: List of Available Industrial Properties (50,000+ square feet)

Figure E-1: List of Available Industrial Properties<sup>48</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	229,598 SF	229,598 SF	\$1.10/NNN
1855 Dornoch Court	Otay Mesa	216,755 SF	155,494 SF	\$0.60/NNNN
2600 Melksee St.	Otay Mesa	121,970 SF	121,970 SF	\$0.72/NNN
6650 Top Gun St.	Mira Mesa	121,496 SF	121,496 SF	\$0.59/NNN
1320 Air Wing Road	Otay Mesa	155,000 SF	102,240 SF	\$0.60/NNN
2660 Sarnen St.	Otay Mesa	118,550 SF	94,902 SF	\$0.55/NNN
10054 Old Grove Road	Scripps Miramar Ranch	91,183 SF	91,183 SF	n/a
7606 Trade St.	Mira Mesa	85,137 SF	85,137 SF	\$0.80/NNN
12340 World Trade Drive	Carmel Mountain	81,980 SF	81,980 SF	\$0.95/NNN
8500 Kerns St.	Otay Mesa	79,050 SF	79,050 SF	n/a
2735 Cactus Road	Otay Mesa	74,448 SF	74,448 SF	\$0.97/NNN
7590 Britannia Court	Otay Mesa	72,197 SF	71,315 SF	\$0.55/NNN
9151 Rehco Road	Mira Mesa	68,937 SF	68,937 SF	\$1.15/NNN
10050 Scripps Ranch Court	Scripps Miramar Ranch	67,681 SF	67,681 SF	\$0.89/NNN
9255 Customhouse Plaza	Otay Mesa	295,240 SF	63,656 SF	\$0.55/NNN
9431 Dowdy Drive	Mira Mesa	55,200 SF	55,200 SF	\$0.90/NNN
8409 Kerns St.	Otay Mesa	248,269 SF	54,900 SF	\$0.65/NNN

Note: Triple net lease (NNN); Square feet (SF)

<sup>48</sup> Editor's Note: Properties are listed by square footage available (in descending order) as of Sept. 1, 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 warranties or representations regarding this data. The City does not make any endorsements of the properties listed. Properties listed are only those that have at least 50,000 square feet (SF) of space presumed available for immediate or near-term occupancy. A triple net lease (or NNN lease) agreement designates the lessee solely responsible for all costs relating to the asset leased as well as the rent fee applied under the lease.



# Appendix F: Go Global - San Diego's Global Trade and Investment Initiative

## GLOBAL CITIES 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 the Metropolitan Export Exchange Program. The Global Cities Initiative (GCI), a joint project of the Brookings Institution and JPMorgan Chase & Co., helped participants pioneer new strategies that boost exports and global economic competitiveness. The effort culminated in the release of the "Global San Diego Export Plan," which focuses on fostering the region's economic prosperity through the export of goods and services. Further collaboration resulted in an updated global trade and investment initiative released in March 2015 entitled "Go Global San Diego."

A key component of the initiative includes assessments of the region's international exports and foreign direct investment (FDI). San Diego ranked 18th out of the nation's 100 largest metro areas in export value and export-related employment in 2013. The region also ranked 17th in gross domestic product (GDP) and population size and 49th for percentage of employees working in foreign-owned establishments (FOEs). Given the region's size and geography, there is room for growth. Historically, FDI in the region mainly takes the form of mergers and acquisitions in industries, such as life sciences, wireless communications and defense technology. But San Diego has high potential for attracting greater investment in the future given the overall growth in global FDI. Also, future expansion of FDI may help to fill some of the local void in venture capital. San Diego is also 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; and
- Enhance 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;
- Drive innovation through talent: Strengthen the workforce of today and deepen the workforce of the future;
- 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; and
- Maximize infrastructure assets.

## GLOBAL COMPETITIVENESS COUNCIL (GCC)

GCC is a regional partnership comprised of key leadership from entities with a San Diego presence and known as Core Team Partners (listed). The GCC includes elected officials, nonprofit organizations executives and university leadership. The GCC will continue to implement the strategies and provide insight into the region's trade and investment plans.

Recently the joint-license holders<sup>49</sup> for the World Trade Center (WTC) San Diego relaunched "WTC San Diego" in partnership with San Diego Regional Economic Development Corp. WTC San Diego hired a new director in late 2015. 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 that leverage the region's strengths and maximize the effects of the Go Global initiative include the development of several policy recommendations, such as investment in infrastructure and the deepening of



connections and partnerships of public and private sectors in the broader region. Additionally, promoting trade, securing federal assistance and advocating for policies that help attract, retain and develop workforce talent are all ways to move the initiative forward from a policy perspective.

As a testament to the spirit of collaboration found throughout the San Diego region, Core Team Partners will continue to capitalize on regional partnerships to create a more prosperous region through international trade and investment.

### Core Team Partners

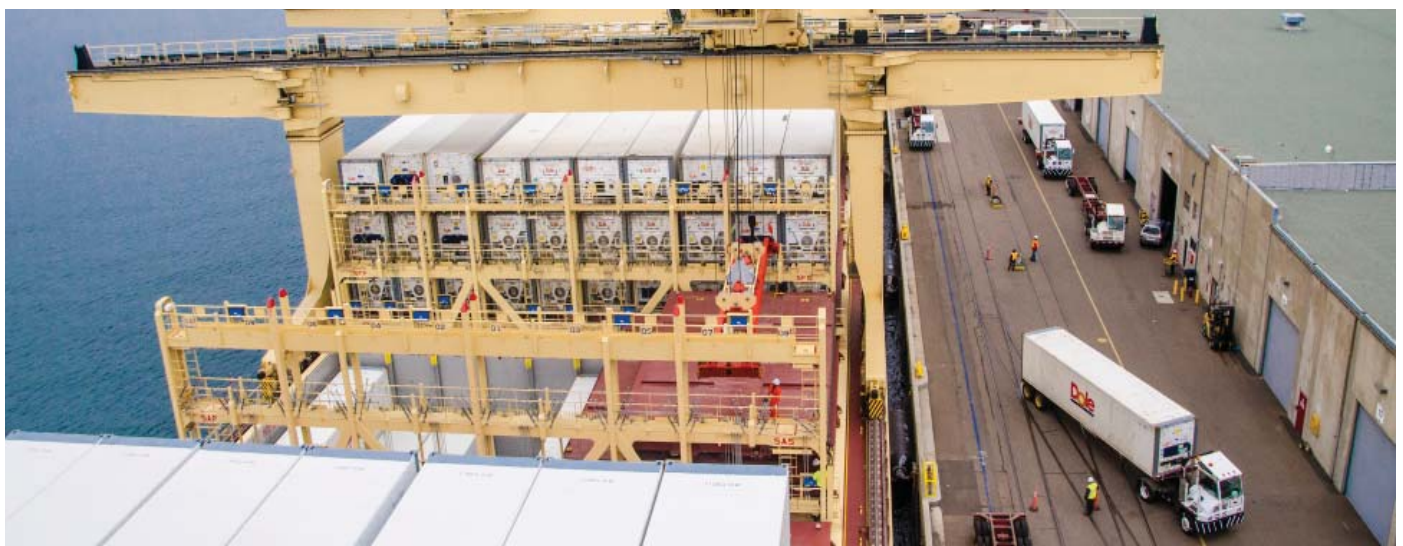
- City of San Diego
- County of San Diego
- U.S. Commercial Service
- San Diego County Regional Airport Authority
- Port of San Diego
- UC San Diego School of Global Policy and Strategy (GPS)
- San Diego Center for International Trade Development
- San Diego Regional Economic Development Corporation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

### THE BILATERAL CITIES PROJECT

As a participant of the Brookings Global Cities initiative, San Diego, along with its neighboring sister city of Tijuana, are also participants in the Bilateral Cities Project, which examines the approach of pair cities in servicing corporate retention, expansion and attraction interests. The project is a partnership involving the City of San Diego, San Diego Regional EDC, San Diego Regional Chamber of Commerce, UC San Diego, Go-Biz, the City of Tijuana, the State of Baja California, Universidad Autónoma de Baja California, Tijuana EDC, Thermo Fisher and Kyocera. The working group has met several times to compile data as well as identify regional strengths and weaknesses, and has agreed to create the following materials:

- Fact sheets on doing business in the CaliBaja megaregion;
- Case studies on companies who have opened operations in both San Diego and Tijuana;
- A database that includes business-model outlines and contacts for each of the economic development entities in the megaregion.

<sup>49</sup> City of San Diego, Port of San Diego and San Diego County Regional Airport Authority



# Appendix G: General Plan Policies That Support Economic Development Strategy<sup>50</sup>

## Housing

### LAND USE ELEMENT: CITY OF VILLAGES STRATEGY

#### LU-A.1

Designate a hierarchy of village sites for citywide implementation.

- 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.
- 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).
- 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.
- 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 uses 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.
  - a. Include a variety of residential densities, including mixed use, to increase the amount of housing types and sizes and provide affordable housing opportunities.
  - b. Designate open space and evaluate publicly-owned land for future dedication and privately-owned lands for acquisition or protection through easements.



c. Evaluate employment land and designate according to its role in the community and in the region.

d. 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.

- 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.
- Provide detailed, site-specific recommendations for village sites.
- Recommend appropriate implementation mechanisms to efficiently implement General Plan and community plan recommendations.
- Establish a mobility network to effectively move workers and residents.
- 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.

- 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.
- 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.
- 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.
- Ensure that neighborhood development and redevelopment addresses the needs of older people, particularly those disadvantaged by age, disability, or poverty.
- Provide affordable housing opportunities within the community to help offset the displacement of the existing population.
- 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.

- Encourage both vertical (stacked) and horizontal (side-by-side) mixed-use development.
- Achieve a mix of housing types, by pursuing innovative designs to meet the needs of a broad range of households.
- 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.
- Encourage the provision of approximately 10 percent 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).
  - a. 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.





- b. Where multiple property owners are involved in a village development, develop incentives or other mechanisms to help provide well-located public places.
- Utilize existing or create new Land Development Code zone packages or other regulations as needed for mixed-use development.
  - a. 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.
  - b. 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.
- 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.

- 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.
- 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.
- 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.

- Ensure effective management and optimal allocation of all financial resources for both capital and operational needs.
- Maximize operational and capital effectiveness.
- 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:
  - a. 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;
  - b. 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;
  - c. Coordinating with all appropriate authorities and agencies for a more efficient use of shared resources, and increased joint use of facilities and services;
  - d. Adopting new, or increase existing, CIP funding sources for needed public facilities and infrastructure;
  - e. Working in partnership with stakeholders to design a bond measure to address the City's unfunded needs for capital improvements projects to support development;



- f. Adopting facilities, infrastructure, improvements and/or maintenance districts and other special assessments for locally prioritized facilities and or services;
- g. 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;
- h. Continuing to use and seek a broad range of funding sources to finance public facilities and infrastructure;
- i. Evaluating City real estate assets for opportunities to address public facility needs;
- j. Partnering with other agencies and organizations to leverage public financing and resources with private funds and assets;
- k. Utilizing development, reimbursement, and other agreements to provide timely public facilities to the area of benefit;
- l. 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
- m. 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.

1. Review all capital projects for consistency with adopted planning documents, including the General Plan, community plans, PFFP, and others.
2. Evaluate the fiscal impact and timing of needed capital improvements to minimize the burden on operations and maintenance budgets.
3. 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.

# Transportation

## URBAN DESIGN ELEMENT: PEDESTRIAN-ORIENTED DESIGN

UD-C.4.

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

- 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.
- 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.
- Provide pathways that offer direct connections from the street to building entrances.
- 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.

- 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.

- 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, mid-day service frequency of 10-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**

ME-B.9.

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

- 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 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.
- Proactively seek reservations or dedications of right-of-way along transit routes and stations through the planning and development review process.
- 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.
- 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 SYSTEM**

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.
- Coordinate with other local jurisdictions, SANDAG, schools, and community organizations to review and comment on bicycle issues of mutual concern.
- Reference and refine the plan, as needed, in conjunction with community plan updates.
- 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.

- 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.
- 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.

- Continue to require bicycle parking in commercial and multiple unit residential zones.
- 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.

- 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.
- 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.

- 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.
- 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.

- 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.
- 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.

- 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 use 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.

<sup>50</sup> Editor's Note: Policies contained within this section are derived from the City of San Diego's General Plan. It is comprised of 10 elements that provide a comprehensive slate of Citywide policies and further the City of Villages smart growth and development. The General Plan was comprehensively updated by unanimous vote of the City Council in 2008.



# Appendix H: Economic Development Tactical Plan, Programs and Business Districts

The City of San Diego's Economic Development Department functions through the implementation of the Tactical Plan that influences the key goals of day-to-day activities in coordination with the Economic Development Strategy. In addition, the City provides a variety of programs that are focused on the retention and expansion of local businesses, as well as the attraction of new businesses to the area. These programs form the backbone of the City's EDS. Performing the activities in the Tactical Plan and increasing the promotion of these programs while helping companies benefit from them will enhance the local economy.

## 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 percent "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.



## **BUSINESS AND INDUSTRY INCENTIVE PROGRAM**

The Business and 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, including the Business Finance Program, Business Cooperation Program, 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 underinvested parts of the City; or
- Are being induced by other jurisdictions to relocate from San Diego.

Businesses can receive standardized incentives at the staff level that include:

- Assistance in determining the density and land use entitlements;
- Due diligence on development requirements for real property; and
- Assistance and expedited review for land development permits for tenant improvements.

These same businesses may also receive other discretionary incentives recommended by staff and approved by the San Diego City Council, including a reimbursement of all or a portion of building- and/or development-related fees on new commercial and industrial development. New tax revenues generated by the project create 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 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 nonprofit firms frequently have options regarding how they can report the local 1 percent sales taxes and use taxes. 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 percent 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 since these capital-intensive operations frequently require large volumes of water to operate their production and cooling systems.

When such firms use reclaimed water to the extent possible and implement potable water conservation measures, this program allows them to be exempt 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 that 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. Five businesses participate in this program, with more certifications expected.



## **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 unique opportunities 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 will actively continue to 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 such programs including:

- **California Competes Tax Credit (CA Competes):** This statewide program provides for the allocation of California Income Tax credits on a case-by-case-basis to businesses that agree to make specified commercial and industrial investments.
- **New Employee Credit (NEC):** This incentive zone program provides California Income Tax credits to qualifying businesses within defined geographical areas of the state. These businesses must add employees who meet specified criteria. The hiring credit is available to most businesses based within a defined economic zone south of Mira Mesa Boulevard.
- **Partial Sales/Use Tax Exemption:** This change to the Revenue & Taxation Code provides a 4.2 percent sales- and use-tax exemption from the tax imposed on manufacturing equipment and specified R&D equipment purchases.

## **FOREIGN-TRADE ZONES PROGRAM (FTZ)**

Businesses that import foreign goods into the United States and participate in the Foreign-Trade Zones Program have the opportunity to save money, be more competitive and increase employment. FTZ Program benefits include U.S. Customs duty deferral, duty exemption and other streamlined benefits.

The San Diego FTZ No. 153 service area encompasses the San Diego County and the southwest corner of Riverside County. Businesses located within the service area can secure FTZ status for warehousing and distribution operations in about 30 to 60 days from the time an application is accepted. An application for a manufacturing company can take longer but additional significant savings may be realized.

## **BUSINESS FINANCE PROGRAM**

The San Diego Regional Revolving Loan Fund (SDRRLF) and Small Business Micro Revolving Loan Fund (SBMRLF) offer financial assistance to owners of growing, small- to mid-sized businesses 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 by working with lenders and other community lending programs.

## **ECONOMIC DEVELOPMENT AND TOURISM SUPPORT PROGRAM (EDTS)**

The City's Economic Development and Tourism Support Program provides Transient Occupancy Tax (TOT) funds through a competitive merit-based application process. Qualified nonprofits and tax-exempt organizations must 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 (TMD)**

The San Diego Tourism Marketing District (San Diego TMD) follows the model of Tourism Business Incentive Districts (Tourism BIDs), utilizing the efficiencies of private-sector operation in the market-based promotion of local and regional business and transient tourism to generate room nights. Tourism BIDs, such as the San Diego TMD, allow lodging business owners to coordinate their efforts to increase tourism. In San Diego, lodging business owners within the TMD are assessed, and those funds are used to provide programs and services that specifically benefit the assessed lodging businesses. Since 2008 lodging businesses with 70 or more rooms paid a 2.0 percent assessment to fund activities to increase room nights 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 nights at assessed businesses. The San Diego TMD was renewed effective Jan. 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 percent and those with fewer rooms paying 0.55 percent.

### **Funded programs and activities**

- Hotel meeting sales
- Event management and group sales development
- Tourism development, including travel and trade
- Group-meeting direct marketing
- Consumer direct sales and marketing programs
- Multiyear tourism development
- Destination marketing with specific call to action

Through the initial five-year TMD term, it is estimated that 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 merchant associations that represent 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. The small business community and the City of San Diego have since created 18 BIDs. 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. Such activities include staging special events (e.g., restaurant tours, block parties, weekly farmers markets and holiday festivals) and developing public relations and marketing materials. BID associations promote businesses through the Internet, social media and cooperative advertising campaigns. They also 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, the Gaslamp Quarter's Mardi Gras and Hillcrest's CityFest. BID associations also market their districts to potential businesses





in an effort to reduce vacancies, provide a varied mix of businesses and strengthen the BID. These activities help to further market the districts to customers.

The City has grant programs that provide opportunities for additional funding for the merchant associations. There are also programs geared toward assisting individual businesses, notably the Storefront Improvement Program (SIP), which provides small businesses with design assistance and construction rebates to assist with storefront renovations.

### **SMALL BUSINESS ENHANCEMENT PROGRAM**

This program focuses on expanding economic opportunities for small businesses by supporting nonprofit organizations that 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 and ultimately create, grow and retain 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) helps enhance public-facing building facades by providing free design assistance and construction rebates to businesses with a valid Business Tax Certificate and 25 or fewer employees. All applications are subject to review for eligibility. The SIP is open to small businesses located in the City of San Diego.



## COMMUNITY PARKING DISTRICT PROGRAM

The City takes a two-pronged approach to address parking concerns in older commercial neighborhoods. The City's Parking Advisory Board advises the City on broader policy issues related to parking, especially those impacting commercial neighborhoods. The City also established the Parking Meter District Program in 1997 to provide parking-impacted commercial communities with a mechanism to devise and 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 in 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 landscaping, cycling and pedestrian enhancements, maintenance and security.

## SMALL LOCAL BUSINESS ENTERPRISE PROGRAM

The Small Local Business Enterprise (SLBE) Program is designed to facilitate the award of City contracts to small local business enterprises by encouraging a 20 percent SLBE participation rate. It provides for a minimum bid discount of 2 percent for SLBE contractors or prime contractors who subcontract to SLBEs. 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 small local business participation increases.

The intended impact includes:

- Increasing the number of certified businesses participating in City contracting and in development projects;
- Increasing the circulation of City dollars within the community, stimulating economic activity; and
- Promoting the development of certified businesses through joint ventures and mentor/protégé relationships.



Photo courtesy Joanne DiBona

Old Town





Photo courtesy Joanne DiBona

Sunset Cliffs

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San Diego Convention Center Corp.  
San Diego International Airport  
San Diego Regional Economic Development Corp.  
San Diego Tourism Marketing District  
San Diego Tourism Authority ([sandiego.org](http://sandiego.org))  
San Diego Workforce Partnership  
San Diego Zoo  
U.S. Government Works  
Workshop for Warriors



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