

Introduction

The City of Sacramento is embarking on a process to develop an **Inclusive Economic Development Plan** that will prioritize policies, activities, projects and funding throughout the city over the coming years. This project builds on previous City efforts and is focused on identifying economic development actions that are integrated and inclusive. The **Business Capacity Focus Group** was held on November 29, 2018, at City Hall. The purpose of this meeting was to:

- **Review** the City's Inclusive Economic Development Plan process
- **Discuss** and expand upon the initial list of City priorities
- **Identify** the best ways for the City to fully engage the business community

The following individuals participated in the Business Capacity Focus Group:

Nicholas Haystings
Square Root Academy

Fred Palmer
Sac Rainbow Chamber of Commerce

Azizza Goines
Sac Black Chamber of Commerce

Cathy Rodriguez
Sacramento Hispanic Chamber of Commerce

Pat Fong-Kushida
Sacramento Asian Pacific Chamber of Commerce

Laura Fickle
Power Inn Alliance

Mike Bokan
Franklin Boulevard Business Association

Bill Knowlton
Mack Road Partnership

Sergey Terebkov
Slavic-American Chamber of Commerce

Clarence Williams
California Capital

Elizabeth McFarland
Greater Sacramento Economic Council

Jose Bodipo-Memba
SMUD

Dean Peckham
Sacramento Valley Manufacturing Initiative

Natali Plasencia
La Esperanza

Amit Prakash
Red Roof Inn

Yvonne Harris
Sacramento State

Daniel Conway
Conway Strategies

Sarah-Michael Gaston
City Management Academy

Darrell Nelson
Blue Diamond Growers

Danielle Casey
Greater Sacramento Economic Council

Kim Tucker
Impact Factory

Julius Austin
Sacramento Promise Zone

Thalia Marroquin
California Capital

Jim Alves
SMUD

Michael Mott
Hacker Lab

Bob Segar
UC Davis

Gina Lujan
Hacker Lab

Corey A. DeRoo
Florin Road Partnership

Khaim Morton
Metro Chamber

Meeting Format

The meeting began with a welcome from **Michael Jasso, Assistant City Manager**, who led group introductions and gave a presentation on the background and future of the City's Inclusive Economic Development Plan. He presented a summary of the key findings from Project Prosper and the Brookings Institution study, including existing Sacramento assets and existing/future challenges and opportunities. This was followed by a summary of the key goals for the project, overview of Measure U, and a summary of the timeline for developing the Inclusive Economic Development Plan over the next six months.

Following his presentation, **Dan Amsden with MIG** facilitated a group discussion focused on confirming or refining the various priorities identified during the Project Prosper effort. MIG staff graphically recorded focus group comments on a large piece of butcher paper (a photo-reduction of the wallgraphic is included at the end of this document).

Discussion Topics

The following is a summary of focus group comments related to each priority, followed by additional thoughts for how the City can better engage the community (*note: it is not intended to serve as a complete transcription of the meeting*).

PRIORITY A: STIMULATE LOCAL ENTREPRENEURSHIP

- Include non-profits in these efforts as they are entrepreneurs as well.
- Identify ways to streamline or reduce local and State regulations that make it difficult to start a new business. For example, there is pending State legislation that may be overreaching for convenience stores.
- Connect the existing community to the skills needed for the "future economy." Specifically, work with local school districts, colleges and universities to better align education program with skills training.
- Encourage large businesses (especially healthcare) to buy local and support existing businesses.
- Ensure that we are "doing right" by our existing businesses and not just focusing on outside business attraction.

- Evaluate local governments role in these priorities. For example, look at how policies, regulations and requirements can sometimes make it a financial or time burden for people starting a new business or expanding an existing business.
- Identify external marketing opportunities to showcase and promote Sacramento. For example, position Sacramento as a center for autonomous vehicle manufacturers/suppliers.
- Ensure there is strong collaboration with existing resources, especially when it is focused on business retention.
- Ensure that all approaches are done collaboratively as most are not services that should be grown exclusively within government.

PRIORITY B: EXPAND TECHNICAL ASSISTANCE TO LOCAL SMALL BUSINESSES

- Further define the City's role and priorities when it comes to accessing capital. It was noted that this can create winners and losers in the community.
- Focus on turning existing small businesses into bigger businesses – grow from within.
- Create a 10 minute YouTube video and/or a one pager that explain how local people can start a business in Sacramento. It was noted that currently information is located at different agencies or different places within a single agency, and there needs to be a simplification of the process.
- Make sure the City is focused on treating underlying issues, not just the symptoms. For example, a small business ombudsman should be bored at work because the complex process has been simplified.
- Coordinate closely with local PBIDs and Chambers who are on the ground working with the small business owners on a daily basis.
- Question: I/O Labs received a RAILS grant to develop a program, what is the status of the program? If it is up and running and accessible to all, it might be a good model.
- Assist minority-owned businesses that are being disproportionately targeted by ADA lawsuits. For example, this practice is putting people out of business, leaving buildings empty and causing unemployment.
- Improve communications and create simple summaries of programs and requirements.
- Support opportunities to help reduce “friction” between various service providers that may offer similar services. Seek opportunities to partner and minimize duplicative services being offered. For example, Kansas City could be used as a model for where many of these ideas have been successfully implemented.

PRIORITY C: PROVIDE ACCESS TO CAPITAL AND SMALL BUSINESS LENDING

- Focus on building the capacity of businesses to access capital. The issue is not availability of capital rather a business's readiness to access it.
- Focus on funding small projects and businesses. For example, programs like RISE are still lending to large projects that would have likely received financing anyway.

- Identify ways to provide contract financing. For example, small business services providers who have contracts with the City, SMUD and others public agencies still need contract financing, which may mean they have to front payroll for months before receiving actual payment.
- Access the financial resources at CalPERS and CalSTRS. For example, bring them into projects they want to invest in that also are inclusive and benefit the broader community.
- Encourage community banks to work with local businesses.

PRIORITY D: GROW BUSINESSES THAT IMPORT WEALTH OR INCREASE TOURISM

- Consider approaches to streamline or reduce the requirement for the City's Historic Building/District Registry program as it can stifle the ability of existing businesses to grow. For example, Blue Diamond is trying to expand in an area north of the railroad tracks and they cannot because the building was nominated for the Historic Registry. It is much easier for them to expand in areas outside of Sacramento.
- Question: What is the status of the Northern CA World Trade Center export strategy? Look at the specific regional export strategies identified in prior reports.
- Identify ways to help fund LGBT events that are bringing many people and revenue into the city.
- Partner with UC Davis, Sacramento State and other education institutions to leverage capital and programs. They are bringing people in from outside of the area, we need to retain them.
- Make sure education providers and major employers are utilizing existing labor resources as opposed to bringing people/talent in from other areas.
- Separate this priority into two initiatives. One initiative would be to Grow Businesses that Import Wealth, the other would be to Increase Tourism. They are two very different strategies.
- Look at policies that specifically hinder growth and change them.
- Work with the Sacramento Entertainment District and Destination Sacramento to increase funding and activities.
- Support diversity and inclusion in all decisions.

PRIORITY E: ATTRACT BUSINESSES WITH CAREER PATHWAYS

- Attract and Retain Businesses could be combined into the same priority/initiative.
- Focus efforts on Black, Hispanic and Asian business as these are also the largest populations projected to grow in Sacramento over the next several decades.
- Streamline the process to start a business in Sacramento/California since it is much more expensive here than in other states.
- Focus on trying to support small businesses first, since larger medical and educational employers seem to stay put (anchor companies).
- Help to build community assets in a holistic sense – education, business ownership, home ownership, skills training, etc.
- Address the skills gap as there are many disenfranchised and disengaged residents. For example, coordinate closely with school districts, colleges and universities to expand educational access and awareness of programs.

- Address the cost of new construction in Sacramento. For example, there is a 30% cost premium for building in Sacramento as compared to communities outside of California.

PRIORITY F: RETAIN BUSINESSES WITH CAREER PATHWAYS

- Focus on opportunities for Sacramento's poor, as the poor are getting even poorer.
- Focus investments along aging corridors and their existing small businesses.
- Look at a different permit processing approach.
- Support greater visioning and leadership for all partners in the region.

PRIORITY G: CREATE INNOVATION DISTRICTS

- Focus on tying small businesses to the new Innovation District(s). For example, UC Davis and the City are collaborating on "Aggie Square" that will become an anchor for many companies and research programs.
- Ensure major employers (medical and educational) are tied into the local community, help local businesses grow and support the local labor force.

COMMUNITY ENGAGEMENT: ADDITIONAL THOUGHTS ON WAYS THE CITY CAN BEST ENGAGE THE COMMUNITY DURING THE STRATEGIC PLAN PROCESS

The City of Sacramento should:

- Reach out to the local Chambers and PBIDs directly and ask them what they need. Support them as well with materials and resources they can share with their business community.
- Facilitate collaborations, coordination and communication between businesses, community colleges, colleges, universities and the broader community.
- Ensure that small businesses are included in the discussion
- Consider non-traditional approaches for engagement (one-on-one meetings, different times of day, online).
- Include Visit Sacramento during the outreach effort.

City of SACRAMENTO

INNOVATION & ECONOMIC DEVELOPMENT

BUSINESS CAPACITY: FOCUS GROUP

NOV 29 2018

STIMULATE LOCAL ENTREPRENEURSHIP

- INCLUDE NON-PROFITS.
- GOVT ROLE: REGS. - POLICIES
- WHAT ARE EXTERNAL MKT OPPORTUNITIES: CONNECTIONS? - eg, autonomous vehicles supply chains.
- VISIBILITY OF SAC AS A PLACE FOR E'SHIP!!
- COLLABORATE w/ EXISTING RESOURCES! (Businesses' retention)
- LOOK AT SUPPLY CHAIN FOR SIGNIFICANT SECTORS.

EXPAND TECHNICAL ASSISTANCE TO LOCAL SMALL BUSINESSES

- ROLE OF CITY IN SUPPORTING LOCAL BUSINESS
- COMMUNICATION!!
- HOW TO VIDEO - Welcome Wagon
- HELP DEVELOP INFRASTRUCTURE
- NEXUS OF BUSINESS - NON-PROFITS.
- OMBUDSPERSON
- PBIDS: CHAMBERS
- NETWORKING.. REDUCING FRICTION
- KC AS A MODEL
- PROTECT EXISTING BUSINESSES.

FIX DRIVE BY VISUALLY

PROVIDE ACCESS TO CAPITAL: SMALL BUSINESS LENDING

- BUILD CAPACITY TO ACCESS CAPITAL
- COMMUNITY BANKS - \$ NOT FLOWING TO PEOPLE
- CONTRACT FINANCING NEEDED! - Factoring is expensive
- ACCESS CALPERS: CALSTERS?

GROW BUSINESSES THAT IMPORT WEALTH OR INCREASE TOURISM

- LOOK AT POLICIES THAT HINDER GROWTH - historic preserv. over reach.
- REGIONAL EXPORT STRATEGY - look at this prior study.
- SACRAMENTO ENTERTAINMENT DISTRICT - DESTINATION SACRAMENTO FUND
- SUPPORT DIVERSITY: INCLUSION.
- LEVERAGE UC DAVIS: SAC STATE.
- SPLIT BUSINESS GROWTH: INCREASE TOURISM.

REBUILD

ATTRACT BUSINESSES w/ CAREER PATHWAYS

- CONSIDER DATA SHOWING GROWTH IN HISPANIC, ASIAN, & A.A. COMMUNITIES.
- NEED TO BUILD ASSETS!! - Education - Home Ownership - Business Ownership
- ADDRESS SKILLS GAP! ... disenfranchised disengaged. -> TECH ACCESS. COORDINATION w/ SCHOOLS: UNIV.
- ADDRESS COSTS TO NEW CONSTRUCTION (30% premium for investing here)
- FOCUS INVESTMENT IN 'AGING CORRIDORS' - THEIR SMALL BUSINESSES

RETAIN BUSINESSES w/ CAREER PATHWAYS

- UC DAVIS IS A BIG EMPLOYER... ROLE OF ANOTHER BUSINESSES!
- LOOK AT DIFFICULT PERMIT PROCESSING
- GREATER VISIONING: LEADERSHIP

LISTENING TO LOCAL BUSINESSES FOR WHAT SKILLS ARE NEEDED!!

CREATE INNOVATION DISTRICTS.

ENGAGING THE BUSINESS COMMUNITY!!

- GO OUT TO CHAMBERS AND PBIDS!!
- FACILITATE COLLABORATION, COORDINATION: COMMUNICATION!!



- INCLUDE SMALL BUSINESSES
- INCLUDE NON-TRADITIONAL APPROACHES
- BOARD MEETINGS.
- INCLUDE VISIT SACRAMENTO.