

ADMINISTRATIVE RECORD

Statement of Overriding Considerations

City of Sacramento, 2013. *2013 Economic Development Strategy*. May 28, 2013.

City of Sacramento, 2013. City Council Report #2013-00909. December 10, 2013.

Sacramento Kings, 2014. Sacramento ESC Priority Apprenticeship Program Flyer. March 2014.

Sacramento Kings, 2014. Sacramento ESC Local Business and Small Business Utilization Program Flyer. March 2014.

City of SACRAMENTO



Building Sacramento | Local Business | Regional Industries | Global Economy | Partners

2013 ECONOMIC DEVELOPMENT STRATEGY

Since 2008 the Sacramento region has seen its economy decline under the pressures of a long and deep recession. In 2012, there were signs of recovery with job gains in three of the five largest industry sectors. While improving, the regional economy is expected to remain stressed for some time and job growth will lag behind neighboring regions, the state and the nation.

Due to continued reductions in the government sector, the slow return of the real estate market, and global competition, the region's job growth won't be robust without intervention. For that reason an aggressive strategy to boost job growth is essential.

The City of Sacramento's Five-Year 2013 Economic Development Strategy (Strategy) sets forth such a plan with policies, strategic actions and metrics to accelerate economic growth.

The primary goal of this Strategy is the creation of new private sector jobs that will bring new wealth and drive growth in other industry sectors. We will continue to vigorously pursue all of our many economic development and redevelopment activities throughout the city.

This strategy, however, shifts the priority objective to building an economic base of jobs on those jobs which result in the exporting of goods and services beyond the region so as to bring new wealth to Sacramento from outside the region.

The reasons for this policy focus are that we can no longer rely on the steady growth of our traditional employment base of government, nor can we expect the real estate and construction industries to quickly return to the heights of a few years ago.

The regional recirculation of service and retail jobs and dollars will not bring real new wealth to the region. We must underpin our economy with diverse economic base jobs to drive sustainable growth and prosperity.

Obviously, cities and states across the country are vying for some of the same economic opportunities we are. As a city and a region we must compete for those jobs.

We need to leverage our strengths and capitalize on opportunities unique to our region.

We need to encourage, assist and partner with institutions and businesses, large and small, to achieve the same.

And, while we recognize we may not have all the necessary resources to achieve every objective, we also realize we must undertake the implementation of this strategy sooner rather than later.

The City of Sacramento is clearly part of a regional economic system. The City's economic success is inextricably linked to the economic achievement of the region. As the region's central and largest city, the opposite is also true. For the greatest overarching economic success, the City, neighboring jurisdictions, business, education and community must be aligned in our strategic initiatives.

To achieve that broader alignment, an intensive public/private collaborative effort is currently underway called the Next Economy - Capital Region Prosperity Plan (Next Economy Plan). The Next Economy Plan is examining the region's competitive position and its economic strengths and weaknesses.

It has identified seven high-performing opportunity areas for job and wealth creation that offer the opportunity for timely and significant economic gain. These are incorporated in the City's Strategy. When completed, the Next Economy Plan will include joint actions and measures for success that can later be incorporated into the City's Strategy.

The city of Sacramento and the region have many economic strengths and opportunities. We must harness the city's resources and put our competitive strengths to work while addressing any competitive disadvantages. With alignment, cooperation and clear direction we can realize our economic potential.

John F. Shirey

City Manager

INTRODUCTION

To achieve a sustainable economic base and to be competitive in the global marketplace, it is imperative that the City clearly define strategic goals and implement focused initiatives. The following goals and initiatives seek to build upon the city's strengths, address its weaknesses, and focus on the pursuit of opportunities to create jobs and a sustainable economic base.

This five-year economic development strategy sets forth the City of Sacramento's economic development strategic goals coupled with actions and initiatives to strengthen the city's economic vitality. The strategy is a concise high-level plan that outlines five strategic goals the City will aggressively pursue to advance economic development and job growth in the city and region. Each goal is supported by specific actions the City will implement to fulfill the goals.

The five strategic goals are:

- Invest in Building Sacramento
- Invest in Local Business
- Invest in the Region's Industries
- Invest in the Global Economy
- Invest in Partners

An important component of the 2013 Economic Development Strategy is implementing the plan to 1) establish industry visions for the City; 2) set priorities for the next five years; 3) identify resources and needs for implementation; 4) engage key economic development partners; and 5) establish metrics for measuring performance.

Implementation of this strategy is integrated into daily operations of the City. The Strategy is supported and implemented by the active involvement of the entire City organization, including elected officials, executive management, and all departments. The City's employees understand the value of their contributions to the strategies and have aligned their work to support the city's economic growth.

Additionally, regional partners from business, education, labor, government and the community collectively play important roles in advancing the prosperity of the city. Conversely, the city is an essential contributor to the region's economic success. As the region's economic base diversifies and grows, the City will continue to evolve its role and contributions to the region's economic success. As this strategy comes forward, regional business and civic leaders are also unveiling the Next Economy Plan. The findings and recommendations therein have been incorporated into the City's strategy as appropriate.

*Many of the strategies outlined in this report are supported by the Sacramento Industry Analysis report completed by the Center for Strategic Economic Research (CSER) and available under separate cover.

2013 ECONOMIC DEVELOPMENT STRATEGIC GOALS

#1 Invest in Building Sacramento: Facilitate and Promote Projects and Program Initiatives that Support Economic Growth, Quality of Life and Job Creation in Key Areas of the City

Continued physical development and investment in the City remains essential to create jobs, improve quality of life and provide the necessary infrastructure to attract development and businesses. Key focus areas include the Urban Core, Commercial Corridors, Business Districts and Key Infill and Major Development Projects. Growth in these areas presents great opportunities to reshape the city's economy and enhance its role as a great place to work and do business. Additionally, city-wide policies must be kept current, supportive of City goals and business friendly to ensure Sacramento is the first choice for business. Important policy initiatives complete this section.

Objective: Encourage strategic investments and initiatives that lead to economic development, job growth and enhance the quality of life in Sacramento.

Actions:

Urban Core: *Sacramento offers an urban experience unmatched in the region with exceptional dining, unique shopping and an array of entertainment. Completing key projects located within the Railyards, J-K-L corridor, and the River District, will further the renaissance of the region's urban core.*

- Action 1.1: Assist JMA, the new owner of the Downtown Plaza, in successfully transitioning and repositioning the center.
- Action 1.2: Complete key redevelopment initiatives in the J-K-L corridor including 700 K Street, 800 K Street, blight removal in the 1000 block of J Street and the Marshall Hotel.
- Action 1.3: Develop a strategic plan to utilize City Master Owner Participation Agreement (MOPA) funds to identify eligible projects in the Downtown core that will leverage private investment, develop catalytic projects and eliminate blight.
- Action 1.4: Develop a finance plan for the renovation of the Community Center Theater (CCT), a civic amenity that supports the City's entertainment and tourism goals.
- Action 1.5: Working with the Sacramento Convention and Visitors Bureau (CVB), pursue opportunities to expand the Sacramento Convention Center to increase its capacity to attract top-tier national and international conventions and events.
- Action 1.6: Complete infrastructure improvements to enable development of the Railyards Project including completion of the 5th and 6th street connections, Camille Lane, Railyards Boulevard, Bercut Drive and Market Plaza, Stanford Street, 5th Street steps improvements, and associated connecting streets.
- Action 1.7: Facilitate the redevelopment of the central shops in the Railyards Project.

- Action I.8: Work with the State of California Administrative Office of the Courts to promote the \$440 million Sacramento Courthouse planned for the Railyards as a priority project.
- Action I.9: Complete renovation of the Sacramento Valley Station and continue to support regional and state transportation connectivity from the Intermodal.
- Action I.10: Complete infrastructure improvements to enable development of Township 9 in the River District.
- Action I.11: Complete remediation and infrastructure improvements to facilitate the development of the Powerhouse Science Center at the proposed former Jibboom Street Power Station site.
- Action I.12: Secure grant funding through the Sacramento Area Council of Governments (SCAOG) to plan and construct transportation and utility improvements along 12th and 16th streets – two major thoroughfares in and out of the urban core.
- Action I.13: Continue planning, outreach and design efforts with partner agencies for the Downtown/Riverfront Streetcar Project in order to pursue funding and construction of this West Sacramento to Downtown and Midtown connector.

Commercial Corridors: *A total of 19 commercial corridors exist in Sacramento. These corridors are vital assets to the city and offer tremendous revitalization opportunities, including retail, commercial, and housing.*

- Action I.14: Work with the Property and Business Improvement Districts (PBIDs) and Business Associations (BAs) throughout the city to attract investment and redevelopment along commercial corridors by partnering on joint beautification and marketing efforts.
- Action I.15: Encourage PBIDs, BAs and non-profit Community Development Corporations (CDC) to establish financing and development mechanisms such as bank consortia for Community Development (CD) and Community Reinvestment Act (CRA) lending.
- Action I.16: Fill retail and service voids along commercial corridors by encouraging PBIDs and BAs to focus on retail recruitment programs and services, similar to the Downtown Sacramento Partnership and Del Paso Boulevard Partnership.

Business Districts: *The City recognizes the importance of ensuring there are suitable business districts with adequate infrastructure throughout the city for new and expanding businesses. Some of the greatest opportunities for business attraction and job growth are within business districts throughout the city, inclusive of the Power Inn area, 65th Street, North and South Sacramento, Raley Blvd., Pell Drive, and North Natomas.*

- Action I.17: Establish financing mechanisms for the Sacramento Center for Innovation (SCI) to put suitable infrastructure in place to accommodate future development and higher uses.
- Action I.18: Work with the Power Inn Alliance (PIA), Sacramento Municipal Utility District (SMUD), Sacramento State University (Sac State), Sacramento Area Commerce and Trade Organization (SACTO), and Sacramento Area Regional Technology Alliance (SARTA) to attract investment and development in the Sacramento Center for Innovation (SCI) and the greater Power Inn area.

- Action I.19: Develop a plan to ensure adequate utility and transportation infrastructure improvements necessary to develop key industrial sites within the Raley Boulevard industrial area are addressed and constructed.
- Action I.20: Encourage further development of retail and employment centers in North Natomas, particularly along Interstate 5, north of Interstate 80; and in South Natomas along Interstate 80, between West El Camino Avenue and Northgate Boulevard.

Key Infill and Major Development Projects: *In addition to the urban core, commercial corridors and business districts, a number of other key infill and major development projects throughout the city contribute to creating jobs, improving the quality of life and building a sustainable local economy.*

- Action I.21: In partnership with the Sacramento Housing and Redevelopment Agency (SHRA), redevelop three public housing sites: Alder Grove, Marina Vista and Twin Rivers.
- Action I.22: Support and facilitate the development of the Northwest Land Park Project.
- Action I.23: Complete construction of the Cosumnes River Boulevard and Interchange Project to facilitate the development of the Delta Shores Project.
- Action I.24: Continue to support the light rail expansion of the Blue Line, from the existing terminus at Meadowview Road, to Cosumnes River College.
- Action I.25: Facilitate the development of Brownfield sites throughout the city by securing additional federal EPA funds. This would include infill development opportunities along the Florin Road Commercial Corridor and Curtis Park Village.
- Action I.26: Assist the Curtis Park Village development with the identification and attraction of commercial uses that will complement the surrounding neighborhoods and nearby community college.
- Action I.27: Continue to support the relocation of the bus transit center at the University/65th Street light rail station to improve the convenience, safety and quality of the transit experience and to encourage further development near the transit station and Sacramento State University.

Policy and Planning Initiatives: *While the City continues to support projects that support economic growth and job creation, it is equally important to implement and promote policy and planning initiatives that effectively improve business-friendly conditions and processes to encourage further development and investment in Sacramento.*

- Action I.28: Complete the Zoning Code Update which will result in a user-friendly document that encourages investment, provides predictable, clear and consolidated direction for development and is consistent with the General Plan.
- Action I.29: Develop a Strategic Plan for city-owned real estate assets, including major properties such as the Freeport Public Safety Center, Lot X and the re-use of the City-owned 100 acres at Sleep Train Arena to encourage private investment and job creation.

- Action I.30: Continue policy and planning efforts to secure federal support for flood control measures that will remove the Natomas Building Moratorium so that building and development of the Natomas area can resume.
- Action I.31: Develop an Urban Core Connectivity Plan for key central city destinations, including the waterfront, with the development and implementation of the Railyards/Downtown/ Old Sacramento/I Street/ West Sacramento locations.
- Action I.32: Seek opportunities to continue park planning, park master planning, and the design and development of new or renovation of existing neighborhood, community and regional parks, bikeways and open space throughout the city to continue support of a healthy quality of life for Sacramento.
- Action I.33: Identify options to leverage and maximize the Sacramento Economic and Employment Development (SEED) Corporation and the Downtown Sacramento Revitalization Corporation (DSRC).
- Action I.34: Implement and promote a marketing plan for the city that highlights Sacramento's favorable business climate, rich cultural and recreational activities, strong transportation connectivity, and abundant skilled workforce.
- Action I.35: Promote the Economic Development Department's role as an ombudsman office or help facilitate attraction, development processes and rapid responses to economic crises.

#2 Invest in Local Business: Create Conditions for the Private Sector to Grow and Thrive

Improve business climate to support new business and foster growth and success of all businesses. The continued growth of all types of business is critical to Sacramento's economic success. When businesses succeed private sector jobs are created providing the ingredients for a thriving economy. This section of the strategy emphasizes new actions to nurture an environment supportive of startup enterprises and small-to medium-sized companies.

With the global explosion of technology there are opportunities that emanate from local universities and innovation companies to cultivate new home-grown companies to boost our economy. Too often startup enterprises are attracted to other regions that have an economic ecosystem that caters to and supports new business starts. Building the infrastructure to support these new businesses is critical to the region's long-term economic growth.

A Sacramento Industry Analysis, conducted by the Sacramento Center for Economic Research (CSER), found the majority of rapidly growing businesses operating in Sacramento are small- to medium-sized companies with fewer than 200 employees. These high growth companies are categorized as those with over \$500,000 in annual sales and five-year growth of 20% or greater (2004-2009).

Large companies also provide significant employment and economic benefit to the region. In most all cases they are part of key industry sectors or clusters that are identified and supported in the Key Industries section of this Strategy. A key link between large companies and small-or medium-sized

businesses in this section is the ability to optimize the exchange of inter-company services, market products and obtain supplies locally.

Objective 1: Establish an economic climate that supports entrepreneurial and innovation start-ups and capitalizes on technology transfer from the college classroom to the commercial marketplace.

Action:

- Action 2.1: Develop a collaborative partnership and identify a funding source to initiate and/or support an innovation center where entrepreneurs and start-ups have access to a network of useful resources.

Objective 2: Provide support for the growth and success of small- and medium-sized enterprises.

Actions:

- Action 2.2: Solicit input from a range of existing companies to help identify approaches to increasing a business friendly climate within which businesses can prosper and grow in Sacramento.
- Action 2.3: Reach out to start-up companies and companies with potential for rapid growth and hold issue forums focused on specific topics such as workforce training and diversification, access to capital and City procurement to link businesses with resources available to assist them and to identify programmatic gaps where services are needed.
- Action 2.4: Develop a strategy to access California pension investment funds, such as CalSTRS and CalPERS, for strategic investments in Sacramento.
- Action 2.5: Partner with SARTA, SACTO and venture capital companies to identify opportunities for local entrepreneurial and innovative investments, particularly within targeted industry sectors.
- Action 2.6: Disseminate business information regarding City resources and partner-agency resources to key industry clusters and encourage opportunities for large businesses in these clusters to exchange services, products and supplies with local small-or medium-sized businesses.
- Action 2.7: Seek opportunities to establish a research hub that can actively create, apply, integrate and commercialize knowledge, technology and innovation between the universities and entrepreneurial community.
- Action 2.8: Pursue options to develop additional public and private capital and funding sources, such as small business and micro-loan financing.
- Action 2.9: Establish an economic development investment fund to enhance and complement the existing Sacramento Economic and Employment Development (SEED) Corporation.

#3 Invest in the Region's Industries: Maximize Industry Clusters that will diversify and boost the Local Economy and Generate Revenue for the City

An industry cluster is a geographic concentration of interconnected businesses, suppliers, and associated institutions in a particular field. It typically contains three important elements: leading firms; network of supplier firms; and responsive economic infrastructure to support the cluster.

- Leading firms are the core and driving force of an economic industry cluster. They are usually major firms that are nationally or internationally competitive, and sell their products or provide a service within and outside the geographic region.
- Network of supplier firms support the leading industries by providing raw materials and specialized services.
- Economic infrastructure is the overall economic foundation in a geographic area which has a major effect on the growth and competitiveness of all the industries and clusters.

Clusters produce a ripple effect in the economy as a result of the linkages that occur between their activities, suppliers of goods and services, and consumer spending. One significant ripple effect is job creation.

The CSER Sacramento Industry Analysis identified growth opportunities in the following four key industries:

1. Life Sciences and Health Care Niches (e.g. R&D, Oncology Centers, Pediatrics) - The life sciences and health care industry significantly affect employment in our region, supporting more than 279,000 jobs. At the industry's base are four not-for-profit health systems, all of which have gone or are going through major expansions. Businesses in the cluster directly employ more than 120,000 people. Jobs directly employed by the supplier industries represent more than 38,000, and through industry purchases and employee spending, the cluster supports approximately 121,000 additional jobs. (Metro Chamber Health Care and Biosciences Economic Impact Report, 2009)

2. Clean Technology and Energy - The clean technology and energy cluster is a target for economic development due to the presence of strong regional initiatives that have targeted growth and development of this cluster since 2005 (e.g. Green Capital Alliance, CleanStart and Greenwise). A study of this cluster in the Sacramento Region identified approximately 200 establishments supporting over 3,000 jobs and \$846 million of annual sales. The proprietary Green Technology Firm database created for this study shows that the City of Sacramento contains about 25 percent of the Region's Clean Energy Technology establishments (including one of the larger and more visible firms in the clean transportation and energy efficiency segments, Airco Mechanical) with close to 34 percent of the estimated cluster jobs and 55 percent of annual sales. Most of the Clean Energy Technology firms in the city fall within the clean energy and energy efficiency segments of the cluster.

3. Post-Secondary Education (Education and Knowledge Creation) - Post-secondary education is offered by a variety of institutions throughout the region. The University of California, Davis (UC Davis); California State University, Sacramento (Sacramento State); seven community colleges; numerous vocational schools; professional schools; private schools; and local satellite campuses of colleges headquartered elsewhere in the nation provide for the educational needs of local businesses and Sacramento. The Education and Knowledge Creation cluster includes nearly 10,000 jobs in activities ranging from educational institutions to newspaper, periodical, book, and directory publishers which typically demand office and some industrial space.

4. Agriculture Hub and R&D - Top-performing sectors in this cluster analysis include activities such as food manufacturing and grocery- or farm-related wholesalers. With around 6,400 jobs, the Agribusiness & Food Manufacturing cluster represents a \$3 billion industry in the region. UC Davis' focus on sustainable agriculture presents an opportunity to benefit from the innovation and research commercialization prospects derived from this research and education program.

In addition to the four key industry sectors, Sacramento demonstrates strength in five “Linking” industries. Linking industry sectors perform or engage in activities within all of the four key industries. Sacramento's five linking industries include the following:

- **Advanced Manufacturing** - About 5,000 jobs in activities such as motor vehicle parts, communications and equipment manufacturing are supported by the Advanced Manufacturing cluster. This industry's core activities generally link all four key industry sectors identified.
- **Business and Financial Services** - This industry sector is Sacramento's second-largest sector in terms of employment. It possesses a high level of specialization and has a relatively large proportion of base employment.
- **Government** - As the State's Capital city, Sacramento's largest industry structure by employment is Government. Government itself comprises over one-third of the city's employment. Government supports multiple sectors and opportunities within the region.
- **Retail** - Sacramento is surrounded by communities with retail establishments that draw resident spending. Data shows that retail leakages exist in nearly all major categories based on the gap between expected and actual retail spending activity. The largest leakage factors are shown in the Motor Vehicle & Parts Dealers and General Merchandise Stores categories. The only category with a retail surplus factor was Food Service & Drinking Places, reflecting the regional draw of these types of establishments in the city core.
- **Entertainment and Tourism** - Noted in the top five California visitor markets, the Sacramento region generates \$2.1 billion in tourism revenue, with 25 million visitors per year - \$1.3 billion of that in retail, food and entertainment spending. Sacramento's Downtown – a hub for convention and other events – brings in over 175,000 conventioners, thousands of spectators, and well over \$50 million in generated economic impacts annually. Sacramento's Entertainment and Tourism market, coupled with its strong demographics, presents tremendous opportunities to capitalize on retail and business opportunities while supporting the city's local economy.

Objective: Grow and retain employment opportunities in the city by executing industry sector and cluster strategies over the next 5 years aimed at the following four growing industry sectors:

- 1. Life Sciences and Health Care Niches (e.g. R&D, Cancer Centers, Pediatrics)*
- 2. Clean Technology and Energy*
- 3. Post-Secondary Education (Education and Knowledge Creation)*
- 4. Agriculture Hub and R&D*

Strategies aimed at the four key industry sectors will also support and apply to “linking” industry sectors as appropriate. The five “linking” industry sectors where Sacramento demonstrates strength are:

- a. Advanced Manufacturing*
- b. Business and Financial Services*
- c. Government*
- d. Retail*
- e. Entertainment and Tourism*

Actions:

- Action 3.1: Identify and prioritize City efforts on industry clusters that 1) have an existing business base to build upon, 2) demonstrate Sacramento has a competitive advantage, and/or 3) are supported by regional efforts.
- Action 3.2: Build awareness of key industry clusters through a website that includes profiles of local business leaders and companies, products, and services; a news feed about local companies; and an external marketing package to reach and inform companies and talent outside Sacramento.
- Action 3.3: Support regional efforts that coincide with Sacramento’s priority industry clusters focusing on programs that spur competitiveness of businesses, accelerate the pace of innovation and commercialization, foster development of supply chain strategies and ensure diverse regional asset benefits.
- Action 3.4: Participate in the development policy recommendations that promote the value of the region’s Food and Agriculture innovation efforts, including working with the private sector to develop an ag-based, farm-to-fork center in the Railyards or Downtown.
- Action 3.5: Assist Blue Diamond Growers with their expansion efforts to accommodate further research and development operations in Sacramento.
- Action 3.6: Partner with local universities to hold a first-ever knowledge and innovation cluster forum to define and launch specific partnerships among companies, faculty, and students, establish clear access points at the universities for cluster companies, and commit to annual summits to sustain and grow partnerships.
- Action 3.7: Expand partnerships with other municipal agencies and broadband service providers in order to support access to broadband infrastructure and enable the growth of all industry clusters.

- Action 3.8: Support and encourage the development of civic amenities, entertainment, and convention opportunities that will increase visitation, spending and tourism in Sacramento.
- Action 3.9: Focus on the expansion and attraction of additional Post-Secondary Education institutions to the city's urban core, such as the expansion of Drexel University Sacramento into a full-service university that offers post-baccalaureate, medical, and other academic programs.

#4 Invest in the Global Economy: Position Sacramento to take advantage of Foreign Investment and Trade Markets

The fastest and largest growing markets now reside beyond California's borders. Combined, China, India, and Brazil now account for one-fifth of the global GDP. The U.S. Department of Commerce estimates that in 2011 U.S. exports were up 34 percent over 2009 and jobs supported by U.S. exports increased to 9.7 million, up 1.2 million since 2009. According to the Brookings Institute, the value of exports for the Sacramento Region in 2010 was \$6.0 billion which ranked 49th in the largest one-hundred metropolitan areas. In 2011, Foreign Direct Investment (FDI) in North America also continued to grow, and global FDI increased by 5.6 percent, resulting in the creation of over 2 million jobs worldwide. California remains one of the country's most globally connected states. With Sacramento's position as the capital of California and its geographical position vis-à-vis the Pacific Rim, there is an opportunity to take advantage of these attributes to accelerate global partnerships, trade and investments.

Objective: Increase Sacramento foreign partnerships, direct investment and export activities, particularly in emerging markets and key industry sectors.

Actions:

- Action 4.1: Pursue a strategic cooperation partnership with the Chongqing Foreign Trade and Economic Relations Commission (COFTEC) to establish a Sacramento Trade and Education Office in Chongqing, develop bilateral promotional activities, and conduct annual business festivals in Chongqing and Sacramento.
- Action 4.2: Partner with the Northern California World Trade Center (NCWTC), Regional Center for International Trade Development (CITD), U.S. Commercial Service, Small Business Administration (SBA), and Ethnic Chambers to host export forums, workshops and events that will educate, support and grow Sacramento's export industries.
- Action 4.3: Partner with the NCWTC, CITD and Ethnic Chambers to develop programs that match Sacramento export-ready businesses with foreign representatives capable of assisting them in identifying partners in major international markets.
- Action 4.4: Identify key industries that have demonstrated gains in exports, by value, and optimize opportunities that support export, investment and business expansion amongst these industries.
- Action 4.5: Identify opportunities to establish strategic cooperation partnerships with Sister Cities, particularly with those that share mutual industry strengths.

- Action 4.6: Visit with targeted businesses that demonstrate export potential to inform these businesses of the services and resources available to them, particularly those aimed at helping businesses succeed in the global marketplace.
- Action 4.7: Attract FDI by seeking opportunities to build business connections with economic development organizations in cities and countries abroad that have similar or complementary key industries.

#5 Invest in Partners: Strengthen Partnerships in Order to Implement City Goals and Leverage Resources

Sacramento has at its advantage a network of organizations committed to promoting the regional economy. The resources required to advance the local economy come through strong institutional partnerships among powerful agents: business and industry, universities, and government. Every partner plays a vital role in the progress of the region, contributing a variety of resources and successful growth strategies. Regionally, the City needs to partner with higher education, entrepreneurial support organizations and other community groups, to stand out and be competitive in today's global economy.

Objective: Strengthen our partnerships with regional partners and community groups in order to increase the City's access to resources that further business retention, outreach and attraction efforts.

Actions:

- Action 5.1: Participate in the development and implementation of the Region's Next Economy efforts, focused on mutual cluster industries.
- Action 5.2: Collaborate with existing PBIDs, BIDS, Local and Ethnic Chambers to build capacity and support growth of entrepreneurial and fast-growing companies.
- Action 5.3: Continue to build on the City's relationship with SACTO in order to increase the capacity to attract key industry cluster businesses to the city.
- Action 5.4: Actively participate with the Sacramento Employment Training Agency (SETA) to align workforce and business needs with the Strategy, particularly focusing on job placement and opportunities in areas with higher unemployment.
- Action 5.5: Continue to support SETA in its efforts to connect displaced employees with benefits and create job matching services to help ensure rapid re-employment.
- Action 5.6: Expand partnerships with service providers including financial, educational, and political, to strengthen implementation methods that enhance the business clusters.

Meeting Date: 12/10/2013

Report Type: Staff/Discussion

Report ID: 2013-00909

Title: Sacramento Entertainment and Sports Center Local and Small Business Involvement Plan

Location: Downtown Plaza, District 4

Issue: In the Sacramento Entertainment and Sports Center (ESC) Term Sheet approved by the City Council, Sacramento Basketball Holdings LLC (SBH) is responsible for all phases of the planning, design, development, and construction of the ESC. On October 29, 2013, City Council approved a set of goals to guide the design, construction and operation of the ESC. One of those goals identified a desire to leverage the project to develop local businesses and spark economic growth and redevelopment in the Central Business District. As the developer of the project and to address this City goal, SBH has prepared a plan to promote the involvement of local and small businesses in the project.

Recommendation: Review and comment on SBH's proposed Local Business Enterprise and Small Business Enterprise Utilization Plan for work associated with the design and construction of the ESC project.

Contact: John Dangberg, Assistant City Manager, (916) 808-5704; Desmond Parrington, ESC Project Manager, (916) 808-5704, Office of the City Manager

Presenter: Chris Granger, President, Sacramento Kings

Clint Williams, Business Development Manager, Turner Construction

Clothilde V. Hewlett, Partner, Nossaman LLP

Department: City Manager

Division: Executive Office

Dept ID: 02001011

Attachments:

1-Description/Analysis

2-Attachment - ESC LBE SBE Utilization Plan

City Attorney Review

Approved as to Form
Matthew Ruyak
12/5/2013 11:47:59 AM

City Treasurer Review

Prior Council Financial Policy Approval or
Outside City Treasurer Scope
City Treasurer

Approvals/Acknowledgements

Department Director or Designee: John Dangberg - 12/4/2013 3:33:46 PM

Description/Analysis

Issue Detail: On October 29, 2013, Council adopted goals for the Entertainment and Sports Center (ESC) project, including a goal to leverage the economic development opportunities created by the ESC, including supporting local business. In response to this goal and because Sacramento Basketball Holdings LLC (SBH, the owners of the Sacramento Kings) will be responsible for the development and construction of the ESC if the project is approved by the city, SBH has put together a local and small business utilization plan (refer to the attachment).

This utilization plan is designed to promote local business enterprise (LBE) and small business enterprise (SBE) involvement in the development of the ESC project. In this plan, local is defined as businesses within the six-county SACOG region, which includes Sacramento, Yolo, Placer, El Dorado, Sutter and Yuba counties, plus neighboring San Joaquin County. Small businesses are generally defined as those with fewer than 100 employees and less than \$14 million in gross annual receipts.

The plan establishes the eligibility criteria for small and local businesses and sets forth both overall and subcontracting performance goals. Those goals include an overall goal for local business of 60% of the ESC project budget and a goal of 20% for small business, of which at least 75% must be local. In terms of the subcontracting objectives, SBH has established a “best value” basis rather than low-bid as a key criterion for awarding subcontracts. The “best value” approach coupled with the LBE/SBE contracting requirements ensures that larger firms either are local or partner with a LBE and/or SBE in order to be competitive.

The plan also establishes an extensive outreach and engagement program including a community advisory council that will be comprised of local business organizations such as the local chambers of commerce, among others. Early and effective outreach utilizing a variety of methods will be crucial so that businesses know about the opportunities and have time to prepare for the forthcoming bid packages. Lastly, there is a program administration portion of the plan that includes monitoring and reporting on the implementation and progress achieving the performance goals.

This plan was developed with extensive input from the local chambers of commerce, local businesses, and many of the local property-based improvement districts (PBIDs). Furthermore, the plan was developed using the extensive knowledge and experience of the ESC project team including particular Turner Construction. SBH and its ESC project team will implement

this plan to ensure that the project achieves high levels of local business participation.

Policy Considerations: On October 29, 2013, Council adopted goals for the ESC project including a goal which focuses on leveraging economic development opportunities resulting from the project. In addition, the plan is consistent with the City's recently adopted Economic Development Strategy which has five strategic goals including Invest in Building Sacramento and Invest in Local Business.

Economic Impact: While this plan is anticipated to foster small and local business participation, there is no specific economic impact information at this time.

Environmental Considerations: This report involves the review and comment on a small and local business utilization plan to provide opportunities for businesses to be involved in the ESC project. The council is not taking any formal action on this item and thus this report does not have any potential for significant effect on the environment and is exempt under CEQA Guidelines section 15061(b)(3). The actual development of the ESC is subject to review pursuant to the California Environmental Quality Act (CEQA).

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: If the ESC Project is approved by the city, SBH will be responsible for development of the ESC, including contracting and subcontracting for the project. The plan put forth by the SBH's ESC project team is to address both SBH's and the Council's goal of providing opportunities and leveraging the economic potential of the ESC project for local and small businesses.

Financial Considerations: None.

Emerging Small Business Development (ESBD): Not applicable.

SACRAMENTO ENTERTAINMENT AND SPORTS CENTER LOCAL BUSINESS ENTERPRISE / SMALL BUSINESS ENTERPRISE UTILIZATION PLAN FOR DESIGN AND CONSTRUCTION OPPORTUNITIES

The Sacramento Kings (“Kings”) are committed to promoting transformative job creation and economic growth for the Sacramento region via the development of a new, state-of-the-art entertainment and sports center (“ESC”) in downtown Sacramento.

To that end, the Kings, in consultation with the City of Sacramento (“City”), Turner Construction, and local business and civic groups have developed a plan to promote participation by Local Business Enterprises (“LBE”) and Small Business Enterprises (“SBE”) in contracting opportunities related to the ESC.

A. Eligibility

A business is eligible to participate as an LBE if it satisfies the following criteria:

- The business is a sole proprietorship, partnership, limited liability company, corporation, or any other business entity that provides services required for the development of the ESC, including but not limited to biddable design, construction, and professional services, and other services identified by the Kings (“ESC Work”).
- The business has held a legitimate business presence in the counties comprising the Sacramento metropolitan region (“Local Counties”)¹ for at least twelve (12) consecutive months prior to bidding. Evidence of legitimate business presence in the Local Counties includes either of the following:
 - (a) Having a current business license issued by any of the Local Counties; or
 - (b) Having either of the following types of offices or workspaces operating legally within any of the Local Counties:
 - The LBE’s principal business office or workspace; or
 - The LBE’s regional, branch, or satellite office.

¹ The Sacramento metropolitan region includes Sacramento, Yolo, Placer, El Dorado, San Joaquin, Sutter, and Yuba counties (collectively, the “Local Counties”).

A business is eligible to participate as an SBE if it satisfies any of the following criteria:

- The business meets the definition of a “small business” under California’s Small Business Procurement and Contract Act (Cal. Gov. Code §14837(d))²;
- The business is certified as a small business with the California Department of General Services Procurement Division’s Office of Small Business & Disabled Veteran Business Enterprise Services³; or
- The business meets the definition of a “small business concern” as defined by the United States Small Business Administration and its principal office is located, and officers are located, in California.⁴

B. Overall Performance Goals

The Kings will seek to maximize prime contracting, subcontracting and supplier opportunities for eligible LBEs and SBEs by working towards the following goals:

- 60% of ESC Work within the ESC project budget will include participation by LBEs; and
- 20% of ESC Work within the ESC project budget will include participation by SBEs, of which at least 75% must include participation from SBEs from the Local Counties.

C. Subcontracting Performance Goals

The Kings will also establish individual LBE/SBE subcontracting goals for each prime contract awarded as follows:

- Specific subcontracting goals will be determined for each prime contract at the time the corresponding procurement or bid documents are developed.

2 For the definition refer to the California Department of General Services’ website at: www.dgs.ca.gov/pd/PROGRAMS/OSDS/SBEEligibilityBenefits.aspx.

3 For information on the certification process refer to the California Department of General Services’ website at: www.dgs.ca.gov/pd/PROGRAMS/OSDS/GetCertified.aspx.

4 For the Small Business Administration’s definition refer to their website at: www.sba.gov/content/what-sbas-definition-small-business-concern.

- Subcontracting goals may be higher or lower than the overall performance targets, depending on a number of factors, including the applicable scope of work, contract dollar value, availability of SBEs and LBEs, and consultation with industry groups.
- Contracts shall be awarded on a best value basis.
- Achieving the LBE/SBE performance goals (or otherwise providing evidence of certain good-faith efforts to achieve the goal) will be an express contract requirement in prime contracts.
- Prior to execution of a prime contract in the areas of construction and other services subject to this policy, prime contractors will be required to develop an LBE/SBE Subcontracting Plan that describes in detail the prime contractor's proposed approach for achieving the LBE/SBE subcontracting goal on its respective contract.
- Contractors must receive approval of their LBE/SBE Subcontracting Plan and will be monitored for compliance with and performance against their approved plans.

D. Community Outreach and Engagement

Essential to the success of this plan will be a strong, extensive, and collaborative community outreach and engagement effort. To that end, a community outreach team shall:

- Establish a Community Advisory Council comprised of representatives from local- and small-business focused industry and community groups to assist in developing a LBE/SBE database; identify the availability of SBEs/LBEs in the region, by trade; and recruit LBEs/SBEs to seek ESC Work.
- Convene regular meetings attended by Advisory Council members, firms in the database, and other industry-related firms and organizations such as construction trades associations interested in the ESC project, to discuss upcoming ESC Work opportunities, corresponding bid/proposal due dates, pre-bid conferences; and other relevant announcements and information;

- Emphasize to prime contractors the overall LBE/SBE performance goals and the importance of soliciting SBEs and LBEs for subcontracting opportunities at pre-bid conferences and in the bid documents;
- Assist prime contractors in developing their respective LBE and SBE Subcontracting Plans by sharing LBE and SBE database information and other methods of facilitating introductions; and
- Utilize print, TV, radio, web, and other media outlets, as appropriate, as well as the Advisory Council, to advertise contracting opportunities to LBEs and SBEs and the general public on ESC Work opportunities.
- Receive periodic reports of progress against performance goals and work with program administrator to assist with the performance of its goals.

E. Program Administration

A program administration team shall:

- Work with the Kings and ESC project team to examine project specifications and identify ESC Work opportunities for LBE/SBE participation on ESC contracts and subcontracts;
- Develop innovative procurement and contracting practices to increase opportunities for SBEs and LBEs;
- Establish contract-specific LBE and SBE subcontracting goals;
- Review draft LBE and SBE Subcontracting Plans and make recommendations for approval of said plans;
- Monitor contractor compliance with and performance against approved LBE and SBE Subcontracting Plans; and
- Track overall progress against performance goals and submit a report on a quarterly basis to the City and the public, including actions to enhance or accelerate progress if performance falls below the stated goals.



PRIORITY APPRENTICESHIP PROGRAM

Rev. March 2014

What is the Program?

The Sacramento Kings have launched a new program to create apprenticeship job opportunities for low-income and disadvantaged individuals in the construction of the new downtown entertainment and sports complex (ESC). Through the program, the Kings and our partners will recruit, train and deploy at least 70 "Priority Apprentices" to help build the ESC.

Who is a Priority Apprentice?

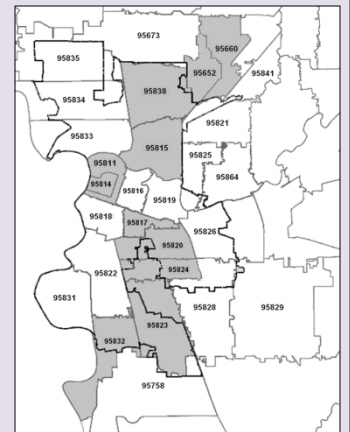
To qualify for the program, an individual must meet criteria as either a "Priority Worker" or live in a "Priority Zip Code":

PRIORITY WORKERS

- ✓ Live in City of Sacramento
- ✓ Meet two or more of the following:
 - Low-income
 - Receive cash/public assistance
 - Receive food stamps
 - Former foster youth
 - Homeless
 - Ex-offender
 - Veteran

PRIORITY ZIP CODES

- 95652
- 95660
- 95811
- 95814
- 95815
- 95817
- 95820
- 95823
- 95824
- 95832
- 95838



In addition, individuals must also meet criteria for specific construction apprenticeship programs affiliated with the Sacramento-Sierra Building and Construction Trades Council.
(www.sacramentobuilds.com)

Who is Involved?

The Kings have partnered with several organization through this program, including:





PRIORITY APPRENTICESHIP PROGRAM

Rev. March 2014

How do I apply?

To learn more, visit one of the following Sacramento Works Sites where they will refer you to a union approved pre-apprentice and/or apprentice program.

In addition, visit **www.sacramentobuilds.com** to learn about construction careers, the various trades and their qualifications.

SACRAMENTO WORKS PRIORITY WORKER PROGRAM SITES

Greater Sacramento Urban League
3725 Marysville Blvd, Sacramento, CA 95838
(916) 286-8600

Asian Resource Center
5709 Stockton Blvd. Sacramento, CA 95824
(916) 454-1892

Center for Employment Training
8376 Fruitridge Rd, Sacramento, CA 95828
(916) 393-7401

Job Corps
3100 Meadowview Rd, Sacramento, CA
95832
(916) 394-0770

La Familia
5523 34th Street, Sacramento, California 95820
(916) 452-3601

PRE-APPRENTICESHIP PROGRAMS

Northern California Construction Training
8516 Fruitridge Road, Ste O, Sacramento, CA 95826
Phone: 916-387-1564
<http://www.ncct.ws/>

Stripe
916-484-8043
<http://www.arc.losrios.edu/STRIPE>

**For more information, please contact Turner Construction at 916-444-4421 or visit
www.kings.com/arenajobs**



LOCAL BUSINESS AND SMALL BUSINESS UTILIZATION PROGRAM

Rev. March 2014

What is the Program?

The Sacramento Kings, City of Sacramento, Turner Construction and local business chambers are committed to ensuring strong participation by local business enterprises (LBEs) and small businesses enterprises (SBEs) in the development of the new Sacramento Entertainment and Sports Center (ESC). As a result, we have set specific performance targets for biddable work related to ESC design, construction and professional services:

- **60%** will include participation by LBEs
- **20%** will include participation by SBEs (of which 75% must be *local* SBEs)

What is a “Local Business Enterprise”?

A business is eligible to participate as an LBE if satisfies both of the following criteria:

- is a sole proprietorship, partnership, limited liability company, corporation, or any other business entity that provides services required for the ESC’s development
- has held a legitimate business presence for at least twelve consecutive months prior to bidding in one of the following counties: Sacramento, Yolo, Placer, El Dorado, San Joaquin, Sutter, and Yuba

What is a “Small Business Enterprise”?

A business is eligible to participate as an SBE if it satisfies any of the following criteria:

- is a certified small business with the California Department of General Services
- meets the California’s Small Business Procurement and Contract Act definition of a small business
- meets the US Small Business Administration definition of a “small business concern” and its principal office is located, and officers are located, in California.

How do I bid for work on the ESC as an LBE and/or SBE?

Specific details will be outlined in upcoming procurement and bid documents. In addition, the Kings, Turner, City and local businesses chambers are working on additional resources and programs to support and promote LBE and SBE involvement. More information will be available shortly.

For more information, contact Turner Construction at 916-444-4421

or visit www.kings.com/arenacontractors

