If you have any questions regarding the Agenda or need special accommodations, please contact Denise Malvetti, City Manager’s Office of Innovation and Economic Development, at (916) 808-7064.
MEMORANDUM

DATE: September 6, 2019

TO: Inclusive Economic Development Investment Committee

FROM: Melissa Anguiano, Economic Development Manager
Denise Malvetti, Sr. Project Manager

RE: Inclusive Economic Development Investment Guidelines and Funding Allocation

Guidelines
The Inclusive Economic Development Investment Guidelines provide a framework to ensure that City’s investments foster economic development and job growth within the City of Sacramento and create opportunities for all of Sacramento’s residents, particularly for people of color, low-income individuals and underinvested communities. Investments will invest city dollars in projects and programs that advance inclusive economic development and reduce inequities by improving the health of neighborhoods, fostering business and job growth, increasing wealth, encouraging productivity and supporting people, places and actions that promote economic growth throughout the city’s diverse communities.

The Investment Committee Metrics and Reporting Working Group, including Chinua Rhodes, Amanda Blackwood, Bill Knowlton, Cameron Law, Todd Kauffman and Alice Perez, were instrumental in developing the draft Guidelines.

Funding Allocation
The City has already invested in key community predevelopment and strategic site acquisition projects, with the approved FY2018/19 Midyear and FY2019/20 Budget Reports. This funding allocation will complement funding priorities directly aligned with youth programming and investment, neighborhood inclusive economic development, and projects with clear citywide impact. Staff is recommending an allocation of $3M of Measure U Funds for Predevelopment and Strategic Site Acquisition in order to commence work investing in our neighborhoods and commercial corridors. Project funding recommendations under this allocation will come back to the Investment Committee, prior to going to City Council for consideration.
INCLUSIVE ECONOMIC INVESTMENT FUNDING GUIDELINES

1. DEFINITIONS

Inclusive Economic Development Investments: Expand economic opportunities that benefit underserved and underrepresented communities, thereby reducing social, racial, health, and economic disparities in these communities. Through public and private actions that are responsive to community need, it fosters small business growth, increases quality jobs, improves neighborhoods, and increases wealth.

Equity: Fair and just opportunities and outcomes for all people.

Racial and gender equity: The development of policies, practices and strategic investments to reverse racial disparity trends, eliminate institutional racism, and ensure that outcomes and opportunities for all people are no longer predictable by race and gender.

Priority neighborhoods: Neighborhoods already having a federal, state or local designation (could include city Priority Neighborhood, Federal Promise Zone, Federal Opportunity Zone, etc.) or neighborhoods where the cost of living is outpacing the incomes of the residents, experiencing lagging commercial investment, increased poverty and gentrification pressures; facing substantial change due to major development and/or public infrastructure improvements and whose businesses risk losing ground due to local or regional competitors.

2. PURPOSE

The purpose of Inclusive Economic Investments is to foster economic development and job growth within the City of Sacramento that create opportunities for all of Sacramento’s residents, particularly for people of color, low-income individuals and underinvested communities. The Fund will invest city dollars in projects and programs that advance inclusive economic development and reduce inequities by improving the health of neighborhoods, fostering business and job growth, increasing wealth, encouraging productivity and supporting people, places and actions that promote economic growth throughout the city’s diverse communities.

3. OBJECTIVES

Investments must seek to advance economic growth and development by achieving the following objectives:

1. Catalyze Inclusive Economic Development: Investments must help to further develop and/or grow targeted industry clusters, tradeable sectors
and university-industry innovation districts. Investments shall catalyze economic development and revitalization in targeted geographic areas that increase the economic security and mobility of vulnerable families and workers.

2. **Stimulate Job Growth**: Investments must help retain and grow job opportunities by cultivating the entrepreneurial ecosystem, attracting new businesses that create a range of quality jobs and supporting the growth and advancement of existing businesses.

3. **Create Experiential and Educational Opportunities**: Expand access to experiential and educational opportunities that lead to career pathways that lead to the middle class. Cultivate homegrown talent through strong cradle to career pipelines that increase economic security and access to job opportunities for all residents, with a focus on those communities and residents that have been historically underserved and underrepresented.

4. **Create Vibrant, healthy, opportunity-rich neighborhoods**: With the goal of reducing racial, social, health, and economic disparities, investments must increase access to affordable housing, promote clean and safe neighborhoods and remove barriers to future economic development, particularly in distressed and disadvantaged neighborhoods that have not benefited from previous economic growth.

5. **Increase Revenue and other Social and Economic Benefits to the City**: Investments must directly or indirectly increase City revenue and/or generate other significant public benefits that provide a return on investment to the City.

4. **GUIDING PRINCIPLES**

   The guiding principles are based on equity-focused practices that guide all investments.

   1. **Neighborhoods and Places – Make all neighborhoods health and safe communities of full opportunity.** Unlock opportunities for residents to access options that offer affordable and stable housing, amenities, culture and services and maximize quality of life. Proactively support: (1) communities of color and (2) underserved residents and businesses within “priority neighborhoods”.

   2. **Community Engagement – Build community ownership, voice and capacity.** Tap into community-rooted organizations and neighborhood
groups to develop community driven solutions that advance equitable and inclusive development priorities, policies and practices over the long term.

3. **People and Jobs – Expand employment opportunities.** Concentrate workforce development programs, increase talent pipelines, address skills gaps and expand employment opportunities at all levels.

4. **Business and Innovation – Advance equity, diversity, and inclusion throughout Sacramento’s business community.** Expand ownership opportunities at all stages and ensure new development and growth happens in a way that benefits the entire community.

5. **Integrate a focus on people, place and the economy.** Understand that the City of Sacramento—and the neighborhoods where low-income people of color live—need strategies that are embedded in a broader metropolitan economy, and act to create more connections and linkages between their underserved residents and the local and regional economy. These strategies are:
   - place-based and people-oriented,
   - leverage business and financing models that are equity driven.
   - Identify resources and innovate new ways of working with markets and investors to achieve solutions at scale.

6. **Embrace equity as an economic imperative.** Engage private sector businesses to identify long-term, bottom-line benefits of racial and economic equity in their business model.

5. **MINIMUM ELIGIBILITY CRITERIA**

The City may consider investing in projects and programs that have a significant economic impact and meet the following criteria:

1. **Equity and Inclusion:** Demonstrate strategies that ensure all groups have the ability to participate, prosper, and reach their full potential. Investments will provide goals and measurable outcomes to reduce disparities and build equity in the City’s diverse communities. As appropriate, agreements should support capacity-building by connecting existing community needs and activities to new resources and opportunities.

2. **Mutual Benefits and Consistency with City policy and goals:** All investments must be consistent with City policies and goals for achieving an inclusive and equitable community. Both the City’s and prospective
partners' goals should be openly and clearly stated in all agreements.

3. **Employment**: Create and/or retain jobs with defined salary ranges based on Sacramento area and industry income standards or within priority career pathways as identified in the City’s Inclusive Economic Development Strategy and Action Plan or policies. Priority should be placed on creating job opportunities for underserved residents and in underserved neighborhoods.

4. **Tax Revenue Generation**: Provide significant property and/or sales tax revenues to the City. This amount will take into consideration the relative size of the project or program and its contribution to the City and community.

5. **Leverage**: Investment should be leveraged by other private or public funds and innovative partnerships. Projects and programs must demonstrate long-term sustainability.

6. **Public Benefit**: Investments should provide a public benefit for residents and businesses in Sacramento. All applications and subsequent agreements must include a statement of public benefits. Programs and projects will address an array of social and economic benefits that improve quality of life, including, but not limited to:
   - Mobility
   - Housing affordability
   - Workforce development
   - Employment opportunities for disadvantaged populations
   - Business diversification
   - High-wage industry growth
   - Sustainability (including air, water, and environmental quality; energy efficiency; clean energy, etc.)
   - Public health
   - Public safety and emergency response
   - Arts and culture amenities
   - Youth and education

6. **APPROVAL PROCEDURES**

   **City Staff and Investment Committee Vetting**: Investment applications will be screened by city staff and vetted with the Investment Committee. Investments of Measure U funds will be forwarded to the Measure U Citizens Advisory Committee.

   **Measure U Advisory Committee Recommendation**: The Measure U Committee will be
notified of all investments of Measure U Funds that have been deliberated on by the Investment Committee. Such investments of Measure U Funds of $100,000 or more will be reviewed by the Measure U Committee which will make non-binding recommendations to the City Council.

7. **INVESTMENT MEASUREMENT AND EVALUATION**
   Evaluation of performance measures is critical to gauge the effectiveness of the investments. Each investment agreement must contain a set of performance measures. The City will require tracking and reporting of data during project/program implementation.

8. **EVALUATION OF GUIDELINES AND INVESTMENTS**
   Staff will provide regular updates to the Investment Committee and Measure U Advisory Committee on the status of the City’s investment portfolio. Each year the City will conduct an annual assessment of the guidelines to identify areas for updating, refinement, and/or adjustments.

9. **PROGRAMS AND GUIDELINES**
   The Inclusive Economic Investments will support two programs:
   a. Neighborhood and Community Investments
   b. Economic Development Investments

   Each program will have program guidelines to determine and identify eligible projects and programs. Program guidelines could include an overview of the program fund, additional eligibility requirements, identification of what can and cannot be funded, how much funding is available, how projects and programs are selected, and metric and reporting requirements.
MEMORANDUM

TO: Members of the Inclusive Economic and Community Development Investment Committee

FROM: Ash Roughani, Innovation Program Specialist

DATE: September 4, 2019

SUBJECT: Sacramento Coalition for Digital Inclusion

The Sacramento Coalition for Digital Inclusion (SCDI) consists of more than 40 organizations and is led by a steering committee comprising the Sacramento Public Library, Valley Vision, Social Venture Partners of Sacramento, and the City’s Office of Innovation and Economic Development. SCDI is focused on creating more opportunities for digital equity in the Greater Sacramento Region.

SCDI will publish a report later this month to guide the City’s Inclusive Economic and Community Development strategy, as it relates to increasing digital equity. At the Committee’s September 9 meeting, draft report findings and recommendations will be presented for input from Committee members.

Background

In all sectors of the economy, digital technologies are creating a dramatic shift in the way we learn, work, and communicate. As civic, economic, and cultural institutions move forward with the productivity gains and increased outputs that digital technologies bring to their day-to-day work, all populations must be able to share in those gains in a meaningful way. Through a variety of historic, financial and technical factors, there are significant sectors of our region’s populations that are being left behind.

According to a report by The Brookings Institution, Charting a Course to the Sacramento Region’s Future Economic Prosperity, a digital skills workforce is critical to the future of Sacramento’s economy. Specifically, 72 percent of jobs, including 82 percent of middle-skill jobs that pay above the national living wage but don’t require a bachelor’s degree, require medium or high digital skills. However, the share of people of color in these jobs in Sacramento is lower than the national average.
Barriers to Digital Inclusion

Exclusion from the digital world usually results from three different barriers. Individuals either do not have sufficiently powerful enough hardware to accomplish their digital task, sufficient internet connection opportunities to engage in the online world, or sufficient skills to meet their digital needs. These barriers — hardware, internet access and skills — must all be removed in concert for any digital inclusion activity to create meaningful change in a person’s life. Moreover, removing these barriers is critical to creating an inclusive economy.

Those without access to a barrier-free digital experiences often are left behind in today’s online society. They face challenges related to their civic, economic and cultural lives. Communicating with distant relatives, looking for a job, searching for housing, accessing health information and telehealth services, utilizing civic services, completing school assignments — all of these are tasks that, in the modern world, are near impossible without adequate connectivity, computing hardware and digital skills.

Community Workshops

SCDI facilitated four community workshops in Sacramento County to collect community feedback and direct service provider insights on digital equity needs within the County. The workshops were held between July and August 2019 at the following locations:

1. Martin Luther King Jr. Library, 7340 24th St. Bypass, Sacramento, CA 95822 (District 8)
2. North Sacramento - Hagginwood Library, 2109 Del Paso Blvd., Sacramento, CA 95815 (District 2)
3. Walnut Grove Library, 14177 Market St., Walnut Grove, CA 95690 (Sacramento County)
4. Oak Park Community Center, 3425 Martin Luther King Jr. Blvd., Sacramento CA 95817 (District 5)

Approximately 30 community partners and members participated in the workshops, representing varying organizations and communities.

SCDI Report Findings and Recommendations

The emerging themes that translated throughout the community workshops included:

1. Digital inequity disrupts one's social, economic, and democratic life;
2. There are digital equity deserts in Sacramento County;
3. Digital skills are critical thinking skills;
4. Handheld devices are limited resources for meaningful access; and,
5. The highest priority in rural areas is access to the internet.

Combining community input from the workshops, local data, and national best practices, SCDI will present a report to the Sacramento City Council on September 24 to provide an overview of the issues surrounding digital inclusion, the data to inform the findings, and recommendations
as treatments for the issues. SCDI’s recommendations to local and regional policymakers in the report are anticipated to be:

1. Increase the availability of digital literacy training for residents of all ages across a full spectrum of skills development;
2. Increase the availability of free and low-cost computing devices through surplus refurbishing programs;
3. Increase access to public computing labs and adoption of affordable home broadband subscription plans; and,
4. Invest in organizational infrastructure and capacity to coordinate, track, and measure progress toward regional digital equity goals.

The SCDI Steering Committee seeks the Committee’s feedback on these findings and recommendations, in addition to the Committee’s engagement to develop and identify resources to support a future implementation plan.
Sacramento Coalition for Digital Inclusion

The Sacramento Coalition for Digital Inclusion is focused on creating more opportunities for digital equity in the Greater Sacramento Region. To this end, it is vital that actionable strategies and achievable goals are named, enacted and measured. The plan is intended to be iterative-going through refinement and improvement as feedback and data become available.

The coalition is an organization that defaults to being open and transparent; we want to share the thought process, leadership opportunities, and data created with all stakeholders that might be interested. The current coalition is made up of organizations, individuals and other entities who have been working on the issue of the digital divide historically. The coalition plan focuses on specific outputs that target identified community needs and create meaningful technology opportunities in the lives of our region’s citizens. Currently, these outputs center around increased learning opportunities for youth, region-wide engagement in the issue of digital equity, and increased access to hardware / welcoming facilities for digital engagement.

It is the intent of the Sacramento Coalition for Digital Inclusion to provide a foundation of data, research, and activity to realize its goals of closing the digital divide and ensuring meaningful digital access and utilization to all the region’s citizens.

Vision

Every citizen and household in the Greater Sacramento Region has access to the Internet, the equipment needed to use it, and the skills necessary to utilize it

Mission

To facilitate collaboration among organizations and initiatives working to bridge the digital divide in order to maximize the resources for the greatest impact

Plan Development Timeline

<table>
<thead>
<tr>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
</tr>
<tr>
<td>July</td>
</tr>
<tr>
<td>January</td>
</tr>
<tr>
<td>April</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present</td>
</tr>
<tr>
<td>August</td>
</tr>
<tr>
<td>September</td>
</tr>
<tr>
<td>October</td>
</tr>
</tbody>
</table>

scdi@innovatesac.org