

# Need for Expanded Investment in Economic Development in Contra Costa County



Board of Supervisors Retreat

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## Topics to be covered

- 1) What is “economic development”? What is its purpose? What are the benefits?
- 2) Overview of common approaches to economic development by local agencies in California.
- 3) What is the County’s history in this sector and what do we do now?
- 4) Opportunity to expand our approach: coordinated economic development strategy and staff to develop and implement.
- 5) What would this expansion involve? How much would it cost? What would be the next steps?

# 1) What is “economic development”? What is its purpose? What are the benefits?



## Defining Economic Development (from International Economic Development Council)

*The main goal of economic development is improving the economic well being of a community through efforts that entail job creation, job retention, tax base enhancements and quality of life.*



## Definitions from the California Association for Local Economic Development (CALED)

*“Economic Development is the creation of wealth in which community benefits are realized. It is more than a jobs program, it’s an investment in growing your economy and enhancing the quality of life for all residents.”*

*“At its heart, economic development is about building healthy economies in order to have healthy communities.”*

## One More Description from CALED

*“(Economic development) is a process of deliberate intervention in the normal economic growth cycle to speed up the process and optimize impact. Economic development is a concerted effort in cities and counties to influence the direction of private sector investment toward opportunities that can lead to sustained economic growth. Types of “sustained” growth (economic) developers are typically looking for include businesses and industries that provide living wages for the workforce as well as profitable entrepreneurial opportunities that provide tax revenues in industries with projected future growth.”*



## **Value of Economic Development (examples)**

**Increased Tax Base.** Additional revenue provided by economic development supports, maintains, and improves local infrastructure, such as roads, parks, libraries, and emergency medical services.

**Job Development, Retention, and Attraction.** Economic development provides better wages, benefits, and opportunities for advancement.

**Business Retention.** Businesses feel appreciated by the community and, in turn, are more likely to stay in town, contributing to the economy.

**Economic Diversification.** A diversified economic base helps expand the local economy and reduces a community's vulnerability to a single business sector.

Source: CALED

## **Value of Economic Development (continued)**

**Self-sufficiency.** A stronger economic base means public services are less dependent on intergovernmental influences and alliances, which can change with each election.

**Productive Use of Property.** Property used for its "highest and best use" maximizes the value of that property.

**Improved Quality of Life.** More local tax dollars and jobs raise the economic tide for the entire community, including the overall standard of living of the residents.

**Recognition of Local Products.** Successful economic development often occurs when locally produced goods are consumed in the local market to a greater degree.

Source: CALED

## 2) Common Approaches to Economic Development by Local Agencies in California

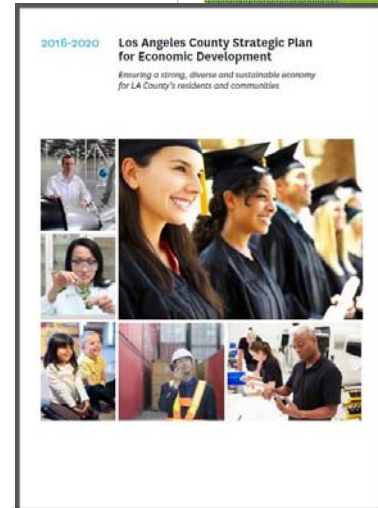
### Approaches to Economic Development (simplified)

1. Retain & Expand Existing Business
2. Create Business
3. Attract New Business



## More Broad Example: LA County's Approach to Economic Development--7 Primary Goals

1. Invest in our people to provide greater opportunity
2. Strengthen our leading export-oriented industry clusters
3. Accelerate innovation and entrepreneurship
4. Be more business-friendly
5. Remove barriers to critical infrastructure development, financing and delivery
6. Increase global connectedness
7. Build more livable communities



## Local Example: Solano Economic Development Framework

### Primary Strategies

- A. Market Information (e.g., gather a foundation of reliable data, including Industry Cluster Analysis and Strengths Weaknesses and Threats by Sector)
- B. Recruitment and Retention
- C. Education and Workforce Development
- D. Infrastructure Development
- E. Promotion and Branding





## Typical Tasks (from CSAC Institute)

- ✓ Economic Gardening or Incubation
- ✓ Network Existing Business
- ✓ Business Visitation
- ✓ Revolving Loan
- ✓ Government Purchasing
- ✓ Business Assistance
- ✓ One-stop Permitting vs. Fast Track
- ✓ Market County's Business Environment
- ✓ Trade Show Participation



## Information on Typical Local Agency Investment in Economic Development (source: CSAC Institute)

### Rule of Thumb / Rural Communities

- Total E.D. Budget = \$5 per capita
- Marketing Budget = \$3.50 per capita

### Urban Area Economic Development Organizations' budgets range:

- \$1.43-\$57/person (non-profit EDO)
- \$2.24-\$15/person (city-led E.D.)
- \$6/person (one example county-led E.D.)



Contra Costa County has about 171,000 unincorporated residents (\$1.43 per capita would be about \$250K; \$6 per person would be about \$1M; \$15 per capita would be about \$2.6M)

## Typical Funding Sources (source: CSAC Institute)

- State / Federal grants
- General fund
- Pledged tax revenues (sales tax, property, license plate fees)
- Special districts
- Program fees (applications, facility rent, loan repayments, events)
- Foundation / Private donations
- Fees for Service
- Utility fund



## Prevalence in County's of Dedicated Economic Development Staff

- ▶ According to CALED, 71% of counties surveyed in California have an economic development program.
- ▶ Bay Area Counties overview:
  - ▶ Alameda: Economic and Civic Development Department within Community Development Agency
  - ▶ San Francisco: Office of Economic & Workforce Development (in Mayor's Office)
  - ▶ San Mateo: San Mateo County Economic Development Association (non profit)



## Bay Area Counties (continued)

- ▶ Sonoma: Sonoma County Economic Development Board (an arm of the County)
- ▶ Santa Clara: Asset and Economic Development Division (in County Executive's Office)
- ▶ Solano: Partners with Solano Economic Development Corporation (non-profit)
- ▶ Marin: Marin Employment Connection partnered with non-profits to produce a Comprehensive Economic Development Strategy
- ▶ Napa: Economic Development Element of General Plan

### 3) What is the County's history in this sector and what do we do now?



## Many Current and Former County Programs Promote Economic Development

- ▶ Northern Waterfront Economic Development Initiative
- ▶ Redevelopment Agency / Housing Successor
- ▶ Workforce Development Board
- ▶ Economic stimulus and annexation program
- ▶ Small Business Development Center
- ▶ Efforts to maintain and improve infrastructure
- ▶ Land use planning & permitting programs in the County have as one goal fostering economic development
- ▶ Various County actions that improve the quality of life and health of County residents all contribute to economic development

## Redevelopment Agency Was a Significant Economic Development Tool

- ▶ Generated approximately \$17 million per year in tax increment funding at its peak (FY 07-08 and FY 08-09)
- ▶ Invested in critical infrastructure (roads, drainage improvements, sidewalks, etc.) and affordable housing
- ▶ Handled planning activities in RDAs
- ▶ Partnered with the public sector to develop properties
- ▶ The Dissolution Act, which became effective in 2012, eliminated the redevelopment tools.
- ▶ Successor agency and Housing Successor continue to work with the development community to develop land assets (Orbisonia Heights and Rodeo Town Center)

## The Gap

The County currently performs a variety of functions that serve to promote economic development, but we don't have a coordinated economic development strategy or dedicated staff resources / funding to coordinate economic development activities.



4) Opportunity to expand our approach: coordinated economic development strategy and staff to develop and implement.





## Concept Proposal to Initiate / Expand a Dedicated Economic Development Function at the County

### General Purpose:

- ▶ Improve the economic well-being of the County and its residents by retaining, growing, creating and attracting business

### Scope:

- ▶ Primary focus on unincorporated area
- ▶ Support the work of cities and help coordinate regional economic development approaches (as needed and in partnership with other agencies and organizations)



## Tasks (preliminary ideas) (page 1 of 2)

- ▶ Develop and implement an Economic Development Strategy
- ▶ Outreach to businesses, provide information and support and assess needs
- ▶ Market the County as a great place to locate a business
- ▶ Serve as a liaison to business community and coordinate with organizations like East Bay Economic Development Alliance, East Bay Leadership Council, Contra Costa Economic Partnership and chambers of commerce to leverage efforts (NOT duplicate)
- ▶ Solicit and respond to requests for information from Governor's Office of Business and Economic Development (GO-Biz), commercial realtors and prospective businesses
- ▶ Coordinate with other County programs most related to economic development (e.g. Workforce Development Board, land use planning, infrastructure development, Housing Successor, etc.)

## Tasks (preliminary ideas) (page 2 of 2)

- ▶ Coordinate with local and regional agencies, including Bay Area Comprehensive Economic Development Strategy
- ▶ Develop and maintain user-friendly website and facilitate a network of communication
- ▶ Perform or manage studies to assess program effectiveness, assess assets and identify and address constraints
- ▶ Serve as an information resource / ombudsperson to businesses seeking permits from the County. Advise applicants and Departments on streamlining opportunities.
- ▶ Pursue and secure funding for economic development, including grants as well as sustainable funding programs (e.g. infrastructure financing)
- ▶ Continue and expand Northern Waterfront EDI as flagship program

5) What would this expansion involve? How much would it cost? What would be the next steps?



## Estimated resources needed to initiate a modest program function

- ▶ Two dedicated staff: Economic Development Coordinator and a Senior or Associate Planner (or similar, but planner skills recommended for permit ombudsperson role)
- ▶ Support staff: Secretarial, Geographic Information Systems, Accounting (portions of FTEs)
- ▶ Estimated annual staff cost of approximately \$450,000
- ▶ Expenses for special projects (e.g. develop and publish Economic Development Strategy, marketing materials) (perhaps \$50-100k for initial, modest expense budget)

## Next Steps

- ▶ Board discussion and general guidance
- ▶ Staff formulates a proposal for FY17/18 County Budget
- ▶ If approved, staff works with Human Resources Department to identify/create suitable job classes and to advertise, recruit and fill the positions
- ▶ Report to the Board with an initial work plan and recommendation on approach for ongoing Board engagement to guide development of this program area

