

Economic Development



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Division Description

Economic Development, a division that reports to Development Services, is organized into two sections consisting of Economic Growth Services and Community Development. Economic Growth Services implements economic development programs for the City in order to create and retain jobs and taxable investment in the City of San Diego. Economic Growth Services consists of two focused work units: the Business Expansion, Attraction, and Retention (BEAR) Team and the Government Incentives (GI) Team. These two teams work directly with businesses, business organizations, and City departments to facilitate new investment and to create a business-friendly environment that ensures a stable economy. Economic growth, energy independence, revenue enhancement, and community revitalization are accomplished by attracting new companies, retaining and/or expanding existing companies, making San Diego competitive in emerging markets, and revitalizing older business communities. Community Development is organized into three work units: the Office of Small Business, Department of Housing and Urban Development (HUD) Administrative Programs, and Business Finance. The Office of Small Business, in partnership with the business community and economic development agencies, administers several programs for small business development and retention to create a more healthy economy for San Diego. The HUD Administrative Programs unit oversees federally-funded grant programs including the Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), HOME Partnership, and Home Ownership for Persons with AIDS (HOPWA). The Business Finance unit administers two revolving loan fund programs funded by federal Economic Development Administration grants.

The Division's mission is:

To improve the quality of life in core urban neighborhoods in San Diego through sustaining and revitalizing communities and enhancing economic opportunities for businesses and residents

Goals and Objectives

The following goals and objectives represent the action plan for the Division:

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Goal 1: Foster economic development in economically-distressed communities

Encouraging community revitalization and promoting economic opportunity for all segments of the population is a key component in ensuring a high quality of life. It is essential to support local businesses which contribute to the economic stability and well-being of San Diego's communities. The Division will move toward accomplishing this goal by focusing on the following objectives:

- Leverage federally-funded grant programs to improve the safety and livability of neighborhoods, increase access to quality facilities and services, and revitalize deteriorating neighborhoods
- Leverage public funds to support public-private partnerships that enhance commercial neighborhoods and develop local businesses
- Collaborate with community-based organizations (e.g., Business Improvement Districts)
- Educate the business community to make them aware of incentives that are offered by the City (large and small)
- Attract new businesses to economically-distressed communities

Goal 2: Attract, retain, and expand businesses through the use of appropriate and beneficial tools

The Division will move toward accomplishing this goal by focusing on the following objectives:

- Maintain and develop new effective partnerships with businesses, trade associations, universities, and community-based organizations
- Provide effective, tailored, technical assistance and incentives to key businesses
- Market the City of San Diego as a business-friendly city

Goal 3: Maintain a business-friendly environment to increase jobs and promote economic stability

The Division will move toward accomplishing this goal by focusing on the following objectives:

- Develop progressive policy initiatives and strategic plans that support job development and economic stability
- Support appropriate, streamlined regulations
- Maintain a fair and appropriate tax base
- Support a diversity of industries to encourage economic stability

Goal 4: Make San Diego competitive in emerging markets such as CleanTech

The Division will move toward accomplishing this goal by focusing on the following objectives:

- Maintain an awareness of research and market trends
- Establish connections to new industry groups, businesses, and universities
- Attract, retain, and expand CleanTech companies

Goal 5: Increase the City's international trade-related activities

The Division will move toward accomplishing this goal by focusing on the following objectives:

- Enhance international trade activity in the Foreign Trade Zone
- Support activities and policies promoting international trade

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Key Performance Indicators¹

Performance Measure	Actual FY2011	Actual FY2012	Target FY2013
1. Number of jobs retained or created (G1, G2, G3, G4, and G5)	1,405	1,120	1,600
2. Number of enterprise zone vouchers issued (G1, G2, G3, G4, and G5)	8,190	9,310	9,000
3. Private capital invested as a result of economic development programs (G1, G2, G3, G4, and G5)	\$312M	\$407M	\$300M
4. Number of new manufacturing sector jobs created (G1, G2, and G3)	N/A ¹	N/A ¹	1,000
5. Number of new tourism jobs created (G1, G2, and G3)	N/A ¹	N/A ¹	0
6. Number of new international trade jobs created (G1, G2, G3)	N/A ¹	N/A ¹	100
7. Number of new, other base sector jobs created (G1, G2, and G3)	N/A ¹	N/A ¹	500
8. Number of business projects assisted (G1, G2, G3, G4, and G5)	14	15	16
9. Number of users of all-electric vehicle car-share pilot program (Car2Go) (G4)	0 ²	7,655	15,000
10. Percent of Community Development Block Grant reform and new Council policy completed (G1)	90%	100%	N/A ³
11. Number of applications processed for existing community and economic development Programs (G1, G2, and G3)	138	203	150
12. Number of program participants in existing community and economic development Programs (G1, G2, and G3)	8,687	8,966	8,800
13. Number of small businesses assisted (G1, G2, and G3)	7,296	7,634	7,600
14. Number of small business start-up customers assisted by the Small Business Ambassador (G1, G2, and G3)	N/A ¹	883	1,000
15. Number of customers provided with general business assistance by the Small Business Ambassador (G1, G2, and G3)	N/A ¹	755	900
16. Number of customers assisted by the Small Business Ambassador through the Small Business Development Program (G1, G2, and G3)	187	105	100

¹ This is a new performance measure and was not previously tracked.

² All-electric vehicle car-share program was not in effect in Fiscal Year 2011.

³ This measure was completed in Fiscal Year 2012.

Service Efforts and Accomplishments

The Office of Small Business (OSB) staff assisted more than 7,600 aspiring and existing entrepreneurs with information and referrals. OSB staff also provided project and contract management services to more than 50 non-profit organizations and other outside vendors through 67 agreements for the promotion of tourism, development of

¹ Business investment in projects varies from year-to-year based on the time required to complete projects and fluctuations in the industrial market.

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economic opportunities, and clean and safe programs which benefitted more than 12,000 businesses and 17,600 property owners in 20 neighborhoods. The Small Business Development and Outreach Pilot Program was implemented in Fiscal Year 2010, with participation from 55 businesses, to assess and then create specific services to assist small businesses in developing competencies to increase participation in City contracts. An enhanced pilot program was initiated in the third quarter of Fiscal Year 2011 with 187 participants. Projected participation in the Fiscal Year 2012 pilot program starting in the third quarter will specifically serve and include more than 100 vendors (goods and service providers). Through the award-winning Storefront Improvement Program, the Division continued to provide design assistance and incentive payments to small businesses and property owners with small business tenants, in order to encourage commercial revitalization of storefronts in a variety of San Diego commercial neighborhoods. The community parking district program facilitates development of local solutions to mitigate parking-related impacts, and OSB staff assisted with efforts to re-organize the governance of the Uptown Community Parking District and provided interim management of programs and services in addition to project and contract management services to the other two community parking districts. OSB also managed the Tourism Marketing District (TMD) which was established in January 2008 for a five year period. The TMD raises more than \$24.0 million annually to increase hotel room night consumption in the City of San Diego through promotion, sales initiatives, and support of special events. Of this \$24.0 million, approximately \$10.0 million offsets tourism support expenses previously provided by the City's General Fund. The current district will end on December 31, 2012 and an enhanced district is being proposed to start on January 1, 2013.

The Department of Housing and Urban Development (HUD) Programs Administration (HPA) section is administered by Economic Development staff. HPA staff is responsible for grant compliance and the overall administration of the City's CDBG entitlements. Each year, the City is obligated to follow a HUD-defined "consolidated planning" process to ensure community involvement, project eligibility, and a strategic approach to utilizing CDBG funds. Grantees are required to submit both a five-year strategic plan and annual action plans (which are subject to HUD approval) in order to be approved for funding. The HPA section provided over \$13.6 million for Fiscal Year 2012 projects that serve the low- to moderate-income communities of the City of San Diego. Fiscal Year 2012 entitlement amounts are as follows: CDBG-\$13,602,765; HOME-\$7,981,652; ESG-\$661,372; and HOPWA-\$2,884,983.

In addition, the City is a grantee of the HOME Investment Partnership (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for persons with AIDS (HOPWA) all of which are entitlements awarded by HUD. The HOME and ESG programs are administered by the San Diego Housing Commission while the HOPWA program is administered by the County of San Diego. HPA staff has oversight responsibility over these programs to ensure grant compliance, coordinate with both agencies for the submission of required annual plans, and report to HUD regarding all entitlement programs. Fiscal Year 2013 estimated entitlement amounts are as follows: CDBG-\$10,703,022; HOME-\$4,452,630; ESG-\$1,177,964; and HOPWA-\$2,883,128.

The HPA unit also administers three stimulus grants awarded to the City under programs authorized by the Housing and Economic Recovery Act of 2008 and the American Recovery and Reinvestment Act of 2009. The City's grants for the Neighborhood Stabilization Program (NSP), Community Development Block Grant Recovery (CDBG-R) program, and the Homelessness Prevention and Rapid Re-Housing Program (HPRP), collectively total \$19.7 million. The HPA unit has facilitated the timely implementation of these grants through the drafting and processing of sub-grantee agreements with grant sub-recipients; providing project set-up assistance to various project managers; monitoring activities and expenditures for eligibility and cost reasonableness; processing reimbursements to sub-recipients; managing program budgets; distributing activity allocations; ensuring the timely, full commitment, and expenditure of grant funds; and completing program progress reports for HUD on a quarterly and annual basis. As a result of these efforts and those of the City's stimulus grant sub-recipients, the City has met the NSP 18-month obligation deadline and exceeded the 100 percent expenditure deadline, and met the HPRP 60 percent expenditure deadline. Additionally, three CDBG-R construction projects were completed at the end of Fiscal Year 2011. In Fiscal Year 2012, the City worked to meet the HPRP and CDBG-R 100 percent expenditure deadlines, complete all remaining CDBG-R construction projects, and expend all remaining NSP funds.

The Business Finance section manages the Small Business Micro Revolving Loan Fund and the San Diego Regional Revolving Loan Fund. The loan programs were funded by the Department of Commerce, Economic Development Administration, and local matching dollars to total \$4.6 million. In Fiscal Year 2012, Business Finance provided

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assistance and referral information to 190 inquiries, conducted eight business outreach presentations, and received six loan applications. Five of the loan applications received were approved for a total of \$0.5 million resulting in \$3.5 million of private investment leveraged and 25 jobs created.

As part of the Mayor's continued effort to consolidate functions and create efficiencies in providing City services, the City's economic development functions were consolidated into one department. In Fiscal Year 2013, Economic Growth Services (EGS) will begin operating within the Development Services Department (DSD) as part of the Economic Development Division. Economic Growth Services will still consist of two work units, the Business Expansion, Attraction, and Retention (BEAR) team and the Government Incentives (GI) team, that work closely with other City departments to facilitate the expansion, attraction, and retention of several major business establishments throughout the City.

Significant new projects which were completed in Fiscal Year 2012 in the Enterprise Zone include the attraction of Seven Grand, a new small business in North Park, which invested \$1.3 million in the community, and the expansion of Goodwill Industries to a new tilt-up 55,000 square foot building for its administrative support offices and warehouse/manufacturing operations. Additionally, EGS intends to seek authorization from the State of California to expand the Enterprise Zone to include additional commercial areas and industrial parks in the central and north City areas.

Industry clusters were also targeted for expansion and attraction efforts with significant successes including:

- Car2Go, ECOR, Ecotality, and Soitec Solar (Cleantech);
- BioLegend, Celgene, DexCom, Illumina, La Jolla Biologics, and Verenum (Biotech);
- Coronado Brewing, Societe Brewing, and Hess Brewing (Food and Beverage Production);
- Qualcomm (Electronics and Telecommunications);
- Sector 9 (General Manufacturing); and
- LPL, Star Services, and Westfield (Service Sector)

In Fiscal Year 2013, the BEAR Team will work with a number of large manufacturing, energy, and service sector businesses contemplating expansion or relocation to the City of San Diego. Approval by the State to expand the boundaries of the Enterprise Zone is expected in Fiscal Year 2013 which will enhance the economic development tools that the City has to offer to assist businesses with expansion and with efforts to attract new companies. Economic Growth Services will continue to organize and collaborate with other organizations to conduct workshops throughout the year to promote the various local, State, and federal business programs to educate businesses on the programs and technical assistance available. Working with the South County Economic Development Council and the several regional chambers of commerce, EGS will continue to organize workshops targeting accounting/tax professionals and job developers on the benefits of the incentive program with updates provided by an expert panel of speakers from the Franchise Tax Board and the Internal Revenue Service. With the restructuring of the City's Foreign-Trade Zone (FTZ) Program completed in Fiscal Year 2011, a marketing/educational campaign was launched in Fiscal Year 2012 targeting companies involved in global trade that may utilize the benefits of the FTZ program. Economic Growth Services will continue the campaign in Fiscal Year 2013 in order to enhance international trade opportunities, entice new private investments, and create jobs in the San Diego region. In Fiscal Year 2012, two companies were approved by the City, Customs and Border Protection and the U.S. Department of Commerce/FTZ Board, to operate FTZ facilities.



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Department Summary

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Positions (Budgeted)	11.00	33.30	44.42	11.12
Personnel Expenditures	\$ 1,319,902	\$ 3,310,065	\$ 4,645,836	\$ 1,335,771
Non-Personnel Expenditures	1,321,457	1,421,519	2,175,894	754,375
Total Department Expenditures	\$ 2,641,359	\$ 4,731,584	\$ 6,821,730	\$ 2,090,146
Total Department Revenue	\$ 1,067,281	\$ 3,142,715	\$ 4,232,349	\$ 1,089,634

General Fund

Department Expenditures

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Economic Development	\$ 459,717	\$ 561,624	\$ 1,114,876	\$ 553,252
Economic Growth Services	-	-	1,474,359	1,474,359
HUD Programs	-	1,799,404	1,810,148	10,744
Small Business & Neighborhoods	2,181,642	2,370,556	2,422,347	51,791
Total	\$ 2,641,359	\$ 4,731,584	\$ 6,821,730	\$ 2,090,146

Department Personnel

	FY2011 Budget	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Economic Development	3.00	3.00	3.00	0.00
Economic Growth Services	0.00	0.00	11.16	11.16
HUD Programs	0.00	20.54	20.50	(0.04)
Small Business & Neighborhoods	8.00	9.76	9.76	0.00
Total	11.00	33.30	44.42	11.12

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Economic Growth Services Transfer Transfer of Economic Growth Services from the Office of the Mayor to the Economic Development Division.	8.00	\$ 1,096,986	\$ 965,000
Neil Good Day Center Addition of non-personnel expenditures to support the operation of the Neil Good Day Center.	0.00	550,000	-
Economic Growth Services Addition of 1.00 Community Development Coordinator and 1.00 Program Manager to enhance economic growth in the City of San Diego.	2.00	307,973	-
Equipment/Support for Information Technology Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	94,836	-
Non-Standard Hour Personnel Funding Adjustment to expenditures according to a zero-based annual review of non-standard hour personnel funding requirements.	1.12	30,293	-

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Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
Salary and Benefit Adjustments	0.00	14,132	-
Adjustments to reflect the annualization of the Fiscal Year 2012 negotiated salary compensation schedule, changes to savings resulting from positions to be vacant for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiation adjustments.			
Non-Discretionary Adjustment	0.00	(4,074)	-
Adjustment to expenditure allocations that are determined outside of the department's direct control. These allocations are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.			
Revised Revenue	0.00	-	223,579
Adjustment to reflect Fiscal Year 2013 revenue projections.			
One-Time Reductions and Annualizations	0.00	-	(98,945)
Adjustment to reflect the removal of one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2012.			
Total	11.12	\$ 2,090,146	\$ 1,089,634

Expenditures by Category

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
PERSONNEL				
Salaries and Wages	\$ 771,671	\$ 2,026,104	\$ 2,860,088	\$ 833,984
Fringe Benefits	548,232	1,283,961	1,785,748	501,787
PERSONNEL SUBTOTAL	\$ 1,319,902	\$ 3,310,065	\$ 4,645,836	\$ 1,335,771
NON-PERSONNEL				
Supplies	\$ 34,369	\$ 55,198	\$ 72,157	\$ 16,959
Contracts	936,943	1,252,839	1,332,199	79,360
Information Technology	29,564	71,454	180,092	108,638
Energy and Utilities	2,152	33,067	25,330	(7,737)
Other	3,494	6,474	14,560	8,086
Transfers Out	314,934	2,487	550,928	548,441
Capital Expenditures	-	-	628	628
NON-PERSONNEL SUBTOTAL	\$ 1,321,457	\$ 1,421,519	\$ 2,175,894	\$ 754,375
Total	\$ 2,641,359	\$ 4,731,584	\$ 6,821,730	\$ 2,090,146

Revenues by Category

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Charges for Services	\$ 1,067,922	\$ 3,142,715	\$ 2,178,871	\$ (963,844)
Other Revenue	(431)	-	-	-
Rev from Federal Agencies	-	-	2,053,478	2,053,478
Rev from Money and Prop	(210)	-	-	-
Total	\$ 1,067,281	\$ 3,142,715	\$ 4,232,349	\$ 1,089,634

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Personnel Expenditures

Job Number	Job Title / Wages	FY2011 Budget	FY2012 Budget	FY2013 Adopted	Salary Range	Total
Salaries and Wages						
20000011	Account Clerk	0.00	1.00	1.00	\$31,491 - \$37,918	\$ 31,491
20000866	Accountant 2	0.00	1.00	1.00	54,059 - 65,333	55,990
20000102	Accountant 4	0.00	1.00	1.00	66,768 - 88,982	86,312
20000012	Administrative Aide 1	2.00	2.00	2.00	36,962 - 44,533	86,840
20000024	Administrative Aide 2	1.00	2.00	3.00	42,578 - 51,334	152,719
20000119	Associate Management Analyst	0.00	1.00	1.00	54,059 - 65,333	63,700
20000295	Community Development Coordinator	1.00	2.00	5.00	76,731 - 92,893	461,678
20000300	Community Development Specialist 2	1.00	8.00	10.00	54,059 - 65,333	640,266
20000301	Community Development Specialist 3	1.00	1.00	1.00	62,254 - 75,275	73,393
20000303	Community Development Specialist 4	3.00	5.00	7.00	66,768 - 80,891	480,492
20001168	Deputy Director	1.00	1.00	1.00	46,966 - 172,744	116,399
90001073	Management Intern - Hourly	0.00	3.80	4.92	24,274 - 29,203	119,425
20001222	Program Manager	1.00	1.00	2.00	46,966 - 172,744	175,000
20000015	Senior Management Analyst	0.00	2.00	2.00	59,363 - 71,760	139,932
20000918	Senior Planner	0.00	0.00	1.00	65,354 - 79,019	65,354
20000926	Senior Traffic Engineer	0.00	1.00	1.00	76,794 - 92,851	76,794
20000756	Word Processing Operator	0.00	0.50	0.50	31,491 - 37,918	15,746
	Bilingual - Regular					5,824
	Overtime Budgeted					3,835
	Termination Pay Annual Leave					8,898
Salaries and Wages Subtotal		11.00	33.30	44.42		\$ 2,860,088
Fringe Benefits						
	Employee Offset Savings					\$ 54,304
	Flexible Benefits					287,846
	Long-Term Disability					16,699
	Medicare					38,411
	Other Post-Employment Benefits					246,807
	Retiree Medical Trust					350
	Retirement 401 Plan					1,401
	Retirement ARC					935,085
	Retirement DROP					4,280
	Retirement Offset Contribution					5,711
	Risk Management Administration					40,638
	Supplemental Pension Savings Plan					105,773
	Unemployment Insurance					8,436
	Workers' Compensation					40,007
Fringe Benefits Subtotal						\$ 1,785,748
Total Personnel Expenditures						\$ 4,645,836



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