




**COUNCILMEMBER CHRIS CATE
CITY OF SAN DIEGO
SIXTH DISTRICT**

M E M O R A N D U M

DATE: January 8, 2016

TO: Councilmember Myrtle Cole, Chair, Economic Development and Intergovernmental Relations Committee

FROM: Councilmember Chris Cate 

SUBJECT: 2016 Economic Development and Intergovernmental Relations Committee Priorities

I appreciate the opportunity to provide my goals and priorities for 2016. I look forward to working collaboratively to ensure the state of San Diego's local economy is resilient and prosperous.

Identify Opportunities to Support San Diego's Craft Brew Economy

San Diego's vibrant craft brew industry continues to contribute to the local economy by creating thousands of jobs and generating hundreds of millions in sales each year. City Council District 6 is called home by nearly two-thirds of the City's breweries. The City should continue to identify and eliminate unnecessary regulatory barriers to ensure the success of this base sector industry. The committee should work collaboratively with Planning Department staff to further amend the Land Development Code that would further bolster the industry. Furthermore, the committee should work with the Public Utilities Department to develop an updated wastewater discharge monitoring program given that a large percentage of water purchased by this clientele is developed into product.

Maximize Montgomery Field Airport

Montgomery Field Airport is one of two airports owned and operated by the City of San Diego. Montgomery is located in the heart of the Kearny Mesa community and provides a strategic advantage to the high concentration of adjacent businesses. Airport Division staff are in the process of implementing numerous recommendations from the City Auditor to improve airport management and operational practices. In addition to these improvements, staff will be bringing forward an updated Airport Master Plan that will include the expansion of an existing 1,200-foot section of Runway 28 Right. This section is paramount to marketing Montgomery as an executive airfield and expanding the economic capacity of Kearny Mesa and the airport. The committee should continue working with the Real Estate Assets Department staff to ensure the Master Plan Update process moves forward efficiently.

Develop Outreach Strategy for Economic Development Department Programs and Services

With nearly 90-percent of the City's job creators being small businesses, the Economic Development Department must identify, locate and communicate effectively with these businesses. The City offers a wide variety of programs and services to help businesses get off the ground, expand and improve their operations.

However, many small businesses are not aware these services exist, especially if they do not belong to an assessment district, chamber of commerce or other business advocacy group. The Economic Development Department recently conducted a “business walk” in the North Park neighborhood to make connections and form relationships with local business owners. Furthermore, an online, interactive portal is being developed to help new businesses identify permitting requirements based on the type of business and location. The committee should work with department staff in identifying any outstanding needs that will bolster these efforts, in addition to formulating a comprehensive outreach strategy that will be incorporated in the updated Economic Development Strategy.

Expand Trade and Export Opportunities with the Pacific Rim

In 2012, the Brookings Institute selected San Diego as one of eight U.S. cities to participate in the Brookings Metropolitan Exchange Initiative. Working with regional stakeholders and industry leaders, the San Diego Metropolitan Export Plan (MEP) was developed to provide an export strategy for the region. The MEP cited China, Korea, Singapore and Taiwan as some of the region’s fastest growing foreign markets for exports. In light of the recent contract between City of San Diego and the San Diego Regional Economic Development Corporation to manage the World Trade Center, the City should capitalize on this opportunity to fully implement the Metropolitan Export Plan. I request that the committee work with staff to highlight the impact of Asian markets in San Diego and publish the results in the next update of the City’s Economic Development Strategy. The City should also work with stakeholders to determine the feasibility of placing a City trade representative within an established market to assist in further developing key relationships and outcomes that will increase San Diego’s imports, exports and Foreign Direct Investments.

Commence a Comprehensive Update of the City’s Economic Development Strategy

In 2014, the City Council updated its Economic Development Strategy for the first time in thirteen years. The Strategy is an ambitious first effort in identifying the City’s economic development tools, role and approach fostering a prosperous local economy. Commencing the update process early will provide the City time to solicit comprehensive stakeholder input and feedback, develop strategic performance metrics and draft language reflective of industry vernacular.

Secure Federal Dollars for Military Procurement of Local Goods and Services

As home to the highest concentration of military personnel in the United States, San Diego continues to benefit from the military’s presence and investment in the region. Creating over 300,000 total jobs, the military is a strategic base sector industry that drives much of San Diego’s economic activity. However, according to the San Diego Military Advisory Council, procurement of local goods and services has suffered a 22-percent reduction and has yet to fully recover since the 2013 sequester. The committee should continue to work with local military leadership, military stakeholder organizations and the City’s federal lobbyists to increase Department of Defense procurement dollars that help support San Diego’s local economy.

Conduct Small Business Outreach Campaign for MS4 Compliance

It is anticipated that the provisions of the 2013 municipal stormwater permit will become effective by February 2016. Once these regulations are implemented, small businesses will be expected to comply by capturing water onsite, monitoring disposal activities and controlling irrigation as a means to lower bacteria levels. To ensure San Diego small businesses are compliant and able to avoid potential lofty fines, the committee should work with the Transportation and Stormwater Department, Economic Development Department and business advocacy groups to raise awareness and educate the small business community.

Maximize the Small Business Innovation Research Program for San Diego Companies

The Small Business Innovation Research (SBIR) program is a highly competitive initiative that encourages domestic small businesses to develop and enhance products for commercial use through the awarding of federal grants. In 2015, \$48,794,826 was awarded to California small businesses with twenty-five companies receiving grants from San Diego. While San Diego is competitive in the program, the City should work to leverage its large concentration of high tech and bio tech companies to secure additional grant awards. Economic Development Department staff should prepare a report on San Diego's competitiveness in the SBIR program to demonstrate current performance and outline a strategy to better educate local businesses.

Explore Opportunities to Establish an Unmanned Aerial Vehicle Incubator

San Diego is a national leader in the Unmanned Aerial Vehicle (UAV) industry, generating over one billion dollars annually in regional economic impact. By all estimates, the industry is expected to continue to grow, especially as the Federal Aviation Administration continues to clarify and ease regulations for commercial use. The City should work cooperatively with industry leaders and advocacy groups to develop strategies to bolster this industry, including the development of a drone incubator facility. Current regulations limit where drone technology can be tested. An incubator would allow start-up firms to develop and advance their technology within a secure space while remaining in compliance with federal regulations.

Secure Grant from the Office of Economic Adjustment to Maximize Local Defense Industry

The Economic Development Department has been working in concert with defense industry stakeholders to apply for a grant from the Office of Economic Adjustment (OEA) that develops a strategy to maximize the defense industry in San Diego. Not only will the grant help identify the depth of the defense industry in San Diego, but the knowledge obtained will help the City better advocate and lobby for Department of Defense investment in the region. The matter is time sensitive as it is anticipated the OEA may lose funding for this effort in Fiscal Years 2017 and 2018. The committee should work with the Economic Development Department to submit an application as soon as possible.

Reinstitute a Mentor Protégé Program

Originally established in 1999, the Mentor Protégé Program was developed to provide assistance and guidance to small firms seeking to do business with the City. By working with industry stakeholder groups, mentors and protégés were paired to form relationships as means to successfully navigate through the City bidding process. The program dissipated in recent years due to a lack of staffing and resources. The committee should work with the Economic Development Department and Purchasing and Contracting to revisit this program and consider its restoration.

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cc: Mayor Kevin L. Faulconer
Honorable Committee Members