

Economic Development



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Description

The Economic Development Department (EDD) leads the City's efforts in Business Expansion Attraction and Retention (BEAR), Community Development through deployment of federal grants, and Strategic Partnerships and Research. The Department implements economic and community development programs in order to create and sustain a resilient and economically prosperous City. Inclusive economic growth is accomplished by revenue enhancement and community revitalization, retaining and expanding existing companies, attracting new companies, supporting entrepreneurs, making San Diego competitive in emerging markets, revitalizing and investing in established business districts, and creating opportunities for disadvantaged communities and vulnerable populations.

The BEAR Division provides services to businesses such as technical assistance, due diligence, expedited permitting, policy/legislative advocacy, utilities coordination and application support for financial incentives. FY 2022 was a year of continued staff transition for the division, including three long time employee retirements, promotions, and new hires in key roles. The continued primary focus for BEAR in FY 2022 was direct assistance to businesses impacted by COVID-19, including administration of grants, loans, and technical assistance. Funding and programmatic expenditures demonstrated a substantial focus on supporting communities of concern, as well as restoration of industries most negatively impacted by COVID-19 (i.e., tourism, hospitality, retail and restaurants).

The Community Development Division is comprised of HUD Programs and Promise Zone. HUD Programs administers Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME) and Emergency Solutions Grant (ESG) funds allocated to the City by the U.S. Department of Housing and Urban Development (HUD). The seven Consolidated Plan goals for these HUD entitlement grant programs include job readiness and economic development programs; public infrastructure and nonprofit facility needs; affordable housing; homelessness; and services for vulnerable populations. The Promise Zone is a 10-year federal designation of some of the City's most culturally rich and ethnically diverse neighborhoods, but also some of the most under-resourced and underserved communities. Through the Promise Zone initiative, more than 80 community partners work together to form an ecosystem of opportunity and investment to deliver comprehensive support to improve the quality of life of residents.

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The newly reorganized Strategic Partnerships and Research Division combines corporate partnerships; economic research, modeling, and forecasting; and Successor Agency activities including the winding down of the former Redevelopment Agency. The Strategic Partnerships and Research Division leads the City of San Diego's efforts in forming strategic collaborations that enable successful completion of Successor Agency assets that benefit community while maximizing city investment and exploring innovative ways to benefit our taxpayers and strengthen the City's General Fund with public private partnerships with regional, national, and international organizations.

The Business Operations and Support Services (BOSS) Division, formerly known as Fiscal Operations, is responsible for overseeing financial administration and internal operations support activities of the Economic Development Department which include managing the annual Economic Development - 198 - City of San Diego Fiscal Year 2023 Adopted Budget General Fund budget of \$10M. However, it is important to note that collectively across various revenue sources, BOSS manages the projected federal and state grant fund portfolio of approximately \$315M in expenditures in FY 2022. Additionally, in FY 2022 to date, the BOSS Division was successful in ensuring timely processing of over 500 payments to business owners, nonprofits, and partner agencies which in turn enabled them to positively impact quality of life of residents and communities.

In FY 2022, EDD continued delivering service to businesses most severely impacted by COVID-19 related to ongoing challenges and shifting public health guidance impacting business operations. EDD supported businesses by administering the CARES Act Revolving Loan Fund (RLF) for ongoing business resiliency, as well as the Temporary Outdoor Business Operation (TOBO) Grants for safe businesses operations in the public right-of-way. The Storefront Improvement Program was re-launched, and the American Rescue Plan Act (ARPA) Capacity Building Microgrant Program was deployed to provide business associations serving under-resourced communities direct support in recovery. The ARPA Small Business and Nonprofit Relief Fund (SBNRF) was also established by the City and administered in partnership with the San Diego Foundation and community-based organizations to provide financial support to small businesses and bolster the effectiveness of organizations working with small businesses in low- and moderate- income areas. As of March 2022, the ARPA and SBNRF has awarded funds to 30 community- based organizations and 160 nonprofits and 1,500+ businesses respectively focused on support within communities of concern.

In FY 2022, EDD allocated over \$40 million in federal entitlement funds to community serving projects and programs serving low- and moderate-income (LMI) individuals, households and communities. Of these funds, over \$20 million was committed to advance efforts to increase the affordable housing inventory and increase homeownership opportunities, \$7.7 million was dedicated to City of San Diego infrastructure projects in LMI neighborhoods, and \$3.4 million was allocated to support the City's efforts to provide safe and healthy shelter to individuals experiencing homelessness. Additionally, \$5.9 million in direct financial assistance was provided to nonprofit organizations serving the City's most vulnerable populations. The CDD team offered two separate rounds of CARES Act Public Service grant funding totaling over \$2.6M to 23 community-based nonprofits providing services to prevent, prepare for and respond to the COVID pandemic. These services focused primarily on meal delivery and food banks, senior services, childcare, healthcare and addressing the digital divide to provide increased educational access.

EDD continued its oversight over the COVID-19 Housing Stability Assistance Program in FY 2022 in partnership with the San Diego Housing Commission. More than \$220 Million through state and federal funding was received to help pay rent, utilities, and past-due internet service expenses to keep

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eligible low-income San Diegans in their home and prevent them from experiencing homelessness. To date, over 16,000 San Diegans have benefited from these funds.

In FY 2022 Strategic Partnerships and Research continued to maintain eight public private marketing agreements. Additionally, three additional requests were released for new partnerships, two limited licensing agreements have been secured, and three limited endorsements were signed altogether generating new revenue and in-kind support for the City. The Strategic Partnership and Research Division made history in FY 2022 with the release of its first Affordable Housing Notice of Funding Availability (NOFA) called "Bridge to Home", approval of Disposition and Development Agreement of Valencia Business Park, and Disposition and Development Agreement for East Village Quarter (a.k.a. Tailgate Park) projects. The East Village Quarter project highlights how through collaboration, public private partnerships can create housing, retail, and highly desirable community assets. Once completed, it will create 1,800 units (270 affordable); 50,000 square feet of ground floor retail; and a 1.5-acre public park. The first round of funding of the "Bridge to Home" Affordable Housing NOFA included \$33 Million of funds and is projected to create approximately 662 affordable rental units. Valencia Business Park will be redeveloped into the San Diego Energy Equity Campus, creating at least 72 new permanent full-time equivalent jobs, 51 percent (51%) of which must be held by or available to low to moderate income persons and will focus on sustainability, clean energy, local hiring, local businesses and networking, mentoring, vocational training and apprenticeships, as well as internships for students.

The Economic Development Department is leading nationally by innovating and sustaining inclusive programs, exploring diverse ways to deliver high quality customer service to businesses, residents, and nonprofits by supporting workforce development, strengthening strategic relationships and leveraging investment across industries.

The vision is:

A catalyst for economic prosperity and community investment

The mission is:

To cultivate economic and community development opportunities that serve businesses, neighborhoods, and residents

Goals and Objectives

Goal 1: Strategically invest in the growth and development of businesses, neighborhoods, and residents

- Leverage funding for greater commercial neighborhood benefit
- Invest in affordable housing options
- Expand economic opportunities for all
- Increase access to quality public and private facilities and services

Goal 2: Cultivate a globally competitive, sustainable, and resilient local economy

- Maintain and build on San Diego's competitive advantage by increasing workforce development, quality of life, and innovation
- Increase the number of San Diegans with middle-income jobs
- Increase small and neighborhood business activity

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Goal 3: Provide high quality public service

- Receive on average a rating of 90% “good” or “excellent” customer service scores from internal and external customers
- Increase overall awareness of department programs, incentives, and services with the public
- Highlight successes and impacts of department programs and initiatives

Key Performance Indicators

Performance Indicator	FY2021 Target	FY2021 Actual	FY2022 Target	FY2022 Actual	FY2023 Target
Number of persons assisted through infrastructure projects and community service (i.e., Community Development Block Grant Program (CDBG)) ¹	2,453	17,366	13,000	13,000	2,500
Percentage growth in jobs created or preserved by the expansion, attraction and retention of employers working with the Department ²	0%	350%	10%	10%	2%
Percentage growth in number of companies working with the Department that result in international trade or investment ³	0%	0%	5%	5%	2%
Percentage growth in the number of small businesses assisted and expanded annually as a result of small and neighborhood business programs ⁴	3%	9%	5%	35%	3%
Total amount of federal funds expended for affordable housing ⁵	\$19.5M	\$24.7M	\$15M	\$217M	\$9.5M
Total amount of federal funds expended for economic development programs ⁶	\$15M	\$16.2M	\$2.6M	\$2.8M	\$1.2M
Total amount of funds expended for infrastructure projects and community service ⁶	\$15M	\$15.5M	\$10.4M	\$10.8M	\$5.5M

1. Fiscal Year 2022 estimates are based upon Fiscal Year 2022 Annual Action Plan. Fiscal Year 2022 Actuals will not become available until the release of the CAPER in September 2022.
2. Ongoing business participation with the CARES Act Revolving Loan Fund, the Temporary Outdoor Business Operations Grant, new development projects, related technical assistance, and development activity support have contributed to positive job creation and preservation in Fiscal Year 2022. A substantial number of jobs preserved in Fiscal Year 2022 were sole proprietors, via the Small Business and Nonprofit Relief Fund. Fiscal Year 2023 will see an increase in jobs created and preserved based on building and development permits being issued to life sciences, manufacturing and logistics, and technology companies.
3. World Trade Center activities and the Foreign-Trade Zones (FTZ) program have continued to focus on supporting emerging businesses to establish connections for foreign trade and investment, as well as continued support for growth and expansion of existing manufacturing businesses working internationally to increase foreign investment. In Fiscal Year 2022 more than 30 businesses were assisted within these two programs.
4. The City has continued to make significant investments in COVID-19 business relief and support, deploying \$12 million for the City of San Diego Small Business and Nonprofit Relief Fund to assist 1,500 businesses and 160

Key Performance Indicators

nonprofits. Other Fiscal Year 2022 business assistance includes the CARES Act Revolving Loan Fund, CARES Act Small Business Relief Fund loan servicing, American Rescue Plan Act Capacity Building Microgrants, and Temporary Outdoor Business Operation Grants. Economic Development staff poured resources toward direct, individualized business customer service, and referrals to partner agencies. An increase of 35.2 percent in business assistance in Fiscal Year 2022 can be attributed to the launch of Sidewalk Vending Outreach and Education program, Spaces as Places to enable outdoor business operations permanently, as well as a return to in person meetings, conferences, and seminars.

5. Fiscal Year 2022 estimates include nearly \$197 million of federal funds for Housing Stability Assistance Program to preserve opportunities for San Diegans to remain housed and not experience homeless. Twenty-one million dollars of federal funds (HOME) will be expended in the creation of rehabilitation of affordable rental units serving those making less than 80 percent AMI. Fiscal Year 2022 Actuals will not become available until the release of the CAPER in September 2022.
6. Fiscal Year 2022 estimates are based upon Fiscal Year 2022 Annual Action Plan. Fiscal Year 2022 Actuals will not become available until the release of the CAPER in September 2022. Fiscal Year 2023 targets are based on Fiscal Year 2023 applications and historical patterns.

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Department Summary

	FY2021 Actual	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
FTE Positions (Budgeted)	53.00	56.00	55.00	(1.00)
Personnel Expenditures	\$ 7,136,155	\$ 8,093,870	\$ 8,148,444	\$ 54,574
Non-Personnel Expenditures	15,964,073	16,370,890	10,824,060	(5,546,830)
Total Department Expenditures	\$ 23,100,228	\$ 24,464,760	\$ 18,972,504	\$ (5,492,256)
Total Department Revenue	\$ 21,014,029	\$ 8,103,846	\$ 7,903,846	\$ (200,000)

General Fund

Department Expenditures

	FY2021 Actual	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
BID & Commercial MAD	\$ 453	\$ -	\$ -	-
Business Expansion, Attraction & Retention	2,601,213	14,836,052	5,042,443	(9,793,609)
Community Development	2,613,897	2,826,568	6,966,496	4,139,928
Economic Development	16,248,943	4,867,814	5,029,239	161,425
Total	\$ 21,464,506	\$ 22,530,434	\$ 17,038,178	\$ (5,492,256)

Department Personnel

	FY2021 Budget	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
Business Expansion, Attraction & Retention	16.00	17.00	15.00	(2.00)
Community Development	19.00	17.00	18.00	1.00
Economic Development	18.00	22.00	22.00	0.00
Total	53.00	56.00	55.00	(1.00)

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Housing Stability Fund Addition of one-time non-personnel expenditures to support the Housing Stability Fund.	0.00	\$ 3,570,000	\$ -
Connect2Careers Addition of non-personnel expenditures to support Connect2Careers.	0.00	750,000	-
Micro District Program Support Addition of one-time non-personnel expenditures to support the Micro District Capacity Building Program and expand the Technical Assistance Grants.	0.00	695,000	-
Small Business Enhancement Program Addition of non-personnel expenditures for the restoration and enhancement of the Small Business Enhancement Program with a focus on investments in communities of concern.	0.00	500,000	-

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Significant Budget Adjustments

	FTE	Expenditures	Revenue
Business Cooperation Program Addition of non-personnel expenditures associated with use tax rebates under the Business Cooperation Program.	0.00	247,000	-
Sidewalk Vendor Permitting and Applications Addition of one-time non-personnel expenditures to assist sidewalk vendors with the City's permitting and application process.	0.00	232,500	-
Economic Development Strategy Addition of one-time non-personnel expenditures to develop the Economic Development Strategy.	0.00	200,000	-
Rental Registry Addition of one-time non-personnel expenditures to establish a rental registry in partnership with the San Diego Housing Commission.	0.00	200,000	-
Maintenance Assessment Districts Addition of non-personnel expenditures to enhance the level of service in Maintenance Assessment Districts.	0.00	180,769	-
Support for Information Technology Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements.	0.00	114,842	-
Salary and Benefit Adjustments Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.	0.00	102,462	-
Successor Agency Support Addition of 1.00 Senior Management Analyst to support the Successor Agency division.	1.00	100,137	-
Non-Discretionary Adjustment 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.	0.00	13,059	-
Reduction of Community Development Coordinators Reduction of 2.00 Community Development Coordinators in the Economic Development and Business Expansion Attraction & Retention Divisions.	(2.00)	(148,025)	-
One-Time Additions and Annualizations Adjustment to reflect one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2022.	0.00	(12,250,000)	(200,000)
Total	(1.00)	\$ (5,492,256)	\$ (200,000)

Expenditures by Category

	FY2021 Actual	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
PERSONNEL				
Personnel Cost	\$ 4,208,922	\$ 4,766,438	\$ 5,039,520	\$ 273,082

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Expenditures by Category

	FY2021 Actual	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
Fringe Benefits	2,927,233	3,327,432	3,108,924	(218,508)
PERSONNEL SUBTOTAL	7,136,155	8,093,870	8,148,444	54,574
NON-PERSONNEL				
Supplies	\$ 7,135	\$ 19,256	\$ 18,586	\$ (670)
Contracts & Services	13,568,520	3,528,091	7,620,089	4,091,998
Information Technology	424,317	551,121	665,963	114,842
Energy and Utilities	6,778	7,596	7,596	-
Other	6,600	15,500	262,500	247,000
Transfers Out	315,000	10,315,000	315,000	(10,000,000)
NON-PERSONNEL SUBTOTAL	14,328,351	14,436,564	8,889,734	(5,546,830)
Total	\$ 21,464,506	\$ 22,530,434	\$ 17,038,178	\$ (5,492,256)

Revenues by Category

	FY2021 Actual	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
Charges for Services	\$ 5,344,189	\$ 5,396,658	\$ 5,196,658	\$ (200,000)
Other Revenue	496,230	437,318	437,318	-
Rev from Federal Agencies	-	94,980	94,980	-
Rev from Money and Prop	397,649	-	-	-
Rev from Other Agencies	18,240	240,564	240,564	-
Transfers In	13,121,999	-	-	-
Total	\$ 19,378,307	\$ 6,169,520	\$ 5,969,520	\$ (200,000)

Personnel Expenditures

Job Number	Job Title / Wages	FY2021 Budget	FY2022 Budget	FY2023 Adopted	Salary Range	Total
FTE, Salaries, and Wages						
20000011	Account Clerk	1.00	1.00	1.00	\$ 36,705 - 44,178	\$ 42,632
20000012	Administrative Aide 1	1.00	1.00	1.00	45,269 - 54,528	54,528
20000024	Administrative Aide 2	4.00	4.00	4.00	52,142 - 62,833	239,699
20001202	Assistant Deputy Director	2.00	2.00	2.00	56,929 - 209,339	303,797
20000119	Associate Management Analyst	2.00	2.00	2.00	66,197 - 79,990	143,870
20000295	Community Development Coordinator	6.00	8.00	6.00	93,951 - 113,709	662,495
20000300	Community Development Specialist 2	11.00	11.00	11.00	65,553 - 79,212	795,241
20000301	Community Development Specialist 3	4.00	4.00	4.00	75,478 - 91,240	364,960
20000303	Community Development Specialist 4	10.00	10.00	10.00	80,937 - 98,070	958,209
20001101	Department Director	1.00	1.00	1.00	71,693 - 271,584	200,257
20001168	Deputy Director	1.00	1.00	1.00	56,929 - 209,339	162,207
20000924	Executive Assistant	1.00	1.00	1.00	52,792 - 63,852	63,852
20000172	Payroll Specialist 1	1.00	0.00	0.00	44,646 - 53,732	-
20000680	Payroll Specialist 2	0.00	1.00	1.00	46,697 - 56,380	56,380
20001222	Program Manager	5.00	6.00	6.00	56,929 - 209,339	835,080
20000015	Senior Management Analyst	2.00	2.00	3.00	72,664 - 87,865	230,118
20000970	Supervising Management Analyst	1.00	1.00	1.00	79,751 - 96,633	96,633

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Personnel Expenditures

Job Number	Job Title / Wages	FY2021 Budget	FY2022 Budget	FY2023 Adopted	Salary Range	Total
	Bilingual - Regular					7,280
	Budgeted Personnel					(255,912)
	Expenditure Savings					
	Overtime Budgeted					12,835
	Sick Leave - Hourly					3,193
	Termination Pay Annual					7,994
	Leave					
	Vacation Pay In Lieu					54,172
FTE, Salaries, and Wages Subtotal		53.00	56.00	55.00	\$	5,039,520

	FY2021 Actual	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
Fringe Benefits				
Employee Offset Savings	\$ 27,359	\$ 28,593	\$ 27,503	\$ (1,090)
Flexible Benefits	699,278	736,565	690,739	(45,826)
Insurance	1,146	-	-	-
Long-Term Disability	18,942	18,759	17,335	(1,424)
Medicare	60,903	64,794	70,780	5,986
Other Post-Employment Benefits	314,996	324,943	290,139	(34,804)
Retiree Medical Trust	4,716	5,698	6,938	1,240
Retirement 401 Plan	913	561	6,053	5,492
Retirement ADC	1,419,347	1,694,107	1,576,329	(117,778)
Retirement DROP	17,495	20,721	14,507	(6,214)
Risk Management Administration	51,895	56,233	59,415	3,182
Supplemental Pension Savings Plan	287,345	339,214	316,063	(23,151)
Unemployment Insurance	6,394	6,826	6,295	(531)
Workers' Compensation	16,506	30,418	26,828	(3,590)
Fringe Benefits Subtotal	\$ 2,927,233	\$ 3,327,432	\$ 3,108,924	\$ (218,508)
Total Personnel Expenditures			\$ 8,148,444	

Successor Agency Admin & Project - CivicSD Fund

Department Expenditures

	FY2021 Actual	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
Economic Development	\$ 1,635,722	\$ 1,934,326	\$ 1,934,326	\$ -
Total	\$ 1,635,722	\$ 1,934,326	\$ 1,934,326	\$ -

Expenditures by Category

	FY2021 Actual	FY2022 Budget	FY2023 Adopted	FY2022-2023 Change
NON-PERSONNEL				
Contracts & Services	\$ 1,635,722	\$ 1,934,326	\$ 1,934,326	\$ -
NON-PERSONNEL SUBTOTAL	1,635,722	1,934,326	1,934,326	-
Total	\$ 1,635,722	\$ 1,934,326	\$ 1,934,326	\$ -

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Revenues by Category

	FY2021 Actual		FY2022 Budget		FY2023 Adopted		FY2022-2023 Change
Rev from Other Agencies	\$	1,635,722	\$	1,934,326	\$	1,934,326	\$ -
Total	\$	1,635,722	\$	1,934,326	\$	1,934,326	\$ -

Revenue and Expense Statement (Non-General Fund)

Successor Agency Admin & Project - CivicSD Fund	FY2021 Actual	FY2022* Budget	FY2023** Adopted
BEGINNING BALANCE AND RESERVES			
Balance from Prior Year	\$ -	\$ -	-
TOTAL BALANCE AND RESERVES	\$ -	\$ -	-
REVENUE			
Revenue from Other Agencies	\$ 1,635,722	\$ 1,934,326	1,934,326
TOTAL REVENUE	\$ 1,635,722	\$ 1,934,326	1,934,326
TOTAL BALANCE, RESERVES, AND REVENUE	\$ 1,635,722	\$ 1,934,326	1,934,326
OPERATING EXPENSE			
Contracts & Services	\$ 1,635,722	\$ 1,934,326	1,934,326
TOTAL OPERATING EXPENSE	\$ 1,635,722	\$ 1,934,326	1,934,326
TOTAL EXPENSE	\$ 1,635,722	\$ 1,934,326	1,934,326
BALANCE	\$ -	\$ -	-
TOTAL BALANCE, RESERVES, AND EXPENSE	\$ 1,635,722	\$ 1,934,326	1,934,326

* At the time of publication, audited financial statements for Fiscal Year 2022 were not available. Therefore, the Fiscal Year 2022 column reflects final budgeted revenue and expense amounts from the Fiscal Year 2022 Adopted Budget, while the beginning Fiscal Year 2022 balance amount reflects the audited Fiscal Year 2021 ending balance.

** Fiscal Year 2023 Beginning Fund Balance reflect the projected Fiscal Year 2022 Ending Fund Balance based on updated Revenue and Expenditures projections for Fiscal Year 2022.