

# **Economic Development**



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## Department Description

The Economic Development Department is organized into three divisions consisting of the Office of Economic Growth Services (EGS), the Office of Small Business (OSB), and the Housing and Urban Development (HUD) Programs Administration (HPA) Unit.

The Office of Economic Growth Services (EGS) implements various economic development and business incentive 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 four focused work units: the Business Expansion, Attraction, and Retention Team, the Government Incentives Team, the Business Finance Team, and the Successor Agency Transition Team.

These teams work directly with businesses, business and trade organizations, stakeholders, and City departments to facilitate new investment opportunities and to create a business-friendly environment and a stable economy. Economic growth and revenue enhancement are accomplished by attracting new companies, retaining and/or expanding existing companies, and making San Diego competitive in emerging markets.

The Successor Agency was formed to implement the wind-down of the former Redevelopment Agency as a result of the dissolution of the former Redevelopment Agency on February 1, 2012. In addition, Civic San Diego was formed in the summer of 2012 to serve as a contractor to the City, replacing Centre City Development Corporation (CCDC) and the Southeastern Economic Development Corporation (SEDC). Civic San Diego performs the wind-down of contracts, pays enforceable obligations, administers the Centre City Planned District Ordinance, and completes projects on behalf of the former Redevelopment Agency. The Successor Agency Transition Team within the Economic Development Department administers the contract with Civic San Diego and assists with the transition process. The Successor Agency Transition Team also works with City departments, Civic San Diego, community stakeholders to complete projects and enforceable obligations. It also looks to identify and pursue other revenue sources and monitor legislation that may provide a replacement to the former redevelopment program.

The Office of Small Business, in partnership with the business community and economic development agencies, administers several programs for small business development and retention and revitalization of older business communities to create a more healthy economy and stable neighborhoods.

The HUD Programs Administration Unit oversees federally-funded grant programs, including Community Development Block Grant (CDBG), Emergency Solutions Grants (ESG), HOME Investment Partnerships Program,

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and Housing Opportunities for Persons with AIDS (HOPWA), as well as oversees the contracts for the City's Homeless Services and Program.

The Department's mission is:

*To improve the quality of life in core urban neighborhoods, create economic opportunities for unemployed or underemployed residents, provide community development services to those areas in greatest need, and to generate new revenues to fund essential municipal services*

## Goals and Objectives

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

***Goal 1: Promote Economic Base Growth by attracting, retaining, and expanding businesses in the City's four economic base sectors (manufacturing & innovation, international trade & logistics, military, and tourism)***

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

- Increase the number of manufactures in San Diego with a taxable point-of-sale
- Increase the utilization of the 10th Avenue Marine Terminal
- Aggressively market the Foreign Trade Zone Program to all potential new users
- Increase the overall economic activity of the tourism industry
- Maximize the return on investment on Transient Occupancy Tax (TOT) and Tourism Marketing District (TMD) funds deployed in the community
- Increase the procurement of locally-produced goods and services by the military at San Diego businesses
- Increase the number of ships, aircraft, and personnel at each of the City's military installations

***Goal 2: Increase the number of middle-income jobs, especially in economic base sectors***

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

- Increase the number of manufacturing sector jobs in San Diego
- Increase the number of middle-income jobs linked to the local innovation economy and research and development operations
- Increase the number of distribution jobs in San Diego
- Increase in the employment of local residents by local businesses

***Goal 3: Increase the amount of neighborhood business activity, especially in underserved neighborhoods***

It is essential to support local businesses which contribute to the economic stability and well-being of San Diego's communities. The Department will move toward accomplishing this goal by focusing on the following objectives:

- Increase the number of locally-owned small businesses in San Diego
- Target city investment in older business districts and adjacent neighborhoods
- Maximize the effectiveness of the City's neighborhood and small business programs
- Increase employment among startup tech companies, especially downtown and in other commercial districts

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## Key Performance Indicators

Performance Indicator	Actual FY2014	Target FY2015	Actual FY2015	Target FY2016
1. Number of jobs retained or created from projects assisted via Council Policy 900-12 <sup>1</sup>	3,065 <sup>2</sup>	2,000	1,885	2,000
2. Amount of net new City tax revenue to be generated annually from projects assisted via Council Policy 900-12	\$1.0M	\$500,000	\$707,132 <sup>3</sup>	\$1.0M
3. Number of business projects assisted via Council Policy 900-12	16 <sup>4</sup>	18	37 <sup>5</sup>	30
4. Private capital invested as a result of economic development programs via Council Policy 900-12	\$328.0M	\$200.0M	\$168.0M	\$200.0M
5. Private sector dollars leveraged for capital improvements through Community Development programs <sup>3</sup>	\$1.1M	\$1.1M	\$1.1M <sup>6</sup>	\$1.1M
6. Number of Storefront Improvement Program projects designed	40 <sup>7</sup>	30	36	45
7. Number of program participants in existing Community Development Block Grant Programs	9,511 <sup>8</sup>	4,000	11,500 <sup>8</sup>	6,603
8. Number of homeless persons assisted through CDBG and Economic Growth Services programs	4,795	4,000	3,753	4,000
9. Number of existing or aspiring small businesses assisted via office walk-in, phone call, or email by the Office of Small Business staff and Small Business Ambassador	6,325	6,100	5,970	6,150
10. Number of participants assisted by the Small Business Ambassador through the Small Business Development Program	108	125	106	110

1. Council Policy 900-12 is entitled the "Business and Industry Incentive Program". Its purpose is to provide an incentive program to attract and retain major revenue and/or job creating projects.
2. Typical output on jobs is likely to be in the range of 1,000 to 1,500, but it can easily spike by 1,000 jobs or more if a corporate headquarters or very large research and development (R&D) lab is constructed. In most instances, these large projects cannot be predicted more than a few months in advance. The same is true for related indicators such as capital investment and tax revenue—the latter being heavily influenced by the former.
3. Revenues exceeded expectations due to stronger than expected sales tax generated in the biotech and beer industries.
4. Various anticipated business projects did not materialize in Fiscal Year 2015.
5. Number of projects assisted exceeded expectations due to stronger than expected growth in the biotech and beer industries.
6. This amount is an estimate due to the fact that actual numbers are not provided by sub-recipients until 30 days after the end of the fiscal year.
7. Staff worked diligently to reach out to more businesses via increased participation at meetings and events and through targeted mailings and communications.
8. Deviations from the targets to actuals are based on a number of factors, including final scopes, budgets, and the number of contracts awarded.

## Service Efforts and Accomplishments

### Office of Economic Growth Services

In Fiscal Year 2015, the Office of EGS worked with 33 manufacturing, retail, and service sector businesses contemplating expansion or relocation to the City of San Diego. EGS will continue to organize and collaborate with other City departments, community organizations, and vested regional stakeholders to implement the City's Economic Development Strategy (EDS).

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EGS was lead work unit in the preparation of the City's 2014-2016 Economic Development Strategy. The EDS was prepared in accordance with Council Policy 900-01, Economic Development, and the City General Plan Policy EP-L.1. The EDS sets forth a mission, strategic objectives, tactical objectives, actions, and metrics for the City as a whole; outlines methods through which the City can expand its economic and tax bases; and focuses on the creation of middle-income job opportunities. It was adopted by the Council in June 2014, and EGS is leading the implementation of the EDS in Fiscal Year 2015.

## Office of Small Business

The Office of Small Business (OSB) staff assist many individual businesses and implement programs which enhance commercial neighborhood revitalization. The Small Business Ambassador and other OSB staff provide information and referrals to thousands of aspiring and existing entrepreneurs who call, email, visit City offices, or attend meetings and outreach events citywide.

OSB staff, along with the recently added BID Advocate position, provide project and contract management services and technical assistance to over 50 non-profit organizations and other outside vendors through 100+ agreements for the promotion of tourism, development of economic opportunities, and for clean and safe programs which benefit more than 15,000 businesses and 14,666 property owners in 20+ neighborhoods.

The Small Business Development Program assists small businesses in developing competencies to increase City contracting participation. In Fiscal Year 2014, 106 vendors (Goods and Service Providers) participated in the ten month-long program. City contracts in the amount of \$352,980 were awarded to program participants and 19 businesses became certified in the City's Small Local Business Enterprise Program. In Fiscal Year 2015, 85 participants started the Program in the third quarter.

More than forty applications from small businesses, or property owners with small business tenants, were accepted for the Storefront Improvement Program to receive design assistance and incentive payments for eligible improvements to encourage commercial revitalization of storefronts throughout San Diego's commercial neighborhoods.

The Community Parking District (CPD) program facilitates development of local solutions to mitigate parking-related impacts. Staff provided project and contract management services through five agreements with non-profits in four of the designated CPD's. Since Fiscal Year 2015, staff has issued approximately 40 work orders to Street Division for changes to on-street parking which vary between reducing excessive red curb, installing yellow/blue/green/white parking zones, changing enforcement hours on meters and parking signs to enhance parking utilization, and implementing angled parking where feasible. Staff is currently working on more angle parking conversions in the Mid-City/University Heights area where there is an opportunity to gain an additional 120 parking stalls.

OSB also managed the Tourism Marketing District (TMD) which was renewed effective January 2013 for 39.5 years. The TMD raises more than \$30.0 million annually to increase lodging business room night stays in the City of San Diego through promotion, sales initiatives, and support of special events.

## HUD Programs Administration

The HUD Programs Administration (HPA) Unit is responsible for grant compliance and the overall administration of the City's HUD Entitlement Programs. Funding priorities and strategies for utilizing HUD funds are outlined in the City's Fiscal Year 2015-2019 Consolidated Plan for HUD Programs and annual action plans, both of which are subject to City Council, as well as HUD review and approval. For Fiscal Year 2016, HUD Programs entitlement amounts are as follows: CDBG \$11,026,482; HOME \$3,963,370; ESG \$978,583; and HOPWA \$2,826,474 for a total of \$18,794,909.

The HPA Unit also oversees the Memorandum of Understanding (MOU) with the San Diego Housing Commission (SDHC) to administer the City's Homeless Programs and Services. General Funds in the amount of \$2.0 million are currently part of the Department's baseline budget for Fiscal Year 2016 to fund various homeless programs.

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The HPA Unit also oversees the remaining funds for the City's Neighborhood Stabilization Program (NSP) which was a onetime stimulus allocation to fund the acquisition and rehabilitation of foreclosed homes for subsequent resale to eligible low-, moderate-, and middle-income, first-time homebuyers.

The HPA unit administers the City's Fair Housing program by continuing to address reports of discrimination from members of the community and supporting programs that educate the public about the right to equal housing opportunities. In Fiscal Year 2016, \$210,000 in CDBG funds have been committed to fair housing services.



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## Department Summary

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015–2016 Change
FTE Positions (Budgeted)	46.00	50.70	51.35	0.65
Personnel Expenditures	\$ 4,943,983	\$ 5,568,744	\$ 5,505,554	\$ (63,190)
Non-Personnel Expenditures	6,573,845	8,519,974	8,318,127	(201,847)
<b>Total Department Expenditures</b>	<b>\$ 11,517,827</b>	<b>\$ 14,088,718</b>	<b>\$ 13,823,681</b>	<b>\$ (265,037)</b>
<b>Total Department Revenue</b>	<b>\$ 6,466,602</b>	<b>\$ 8,566,363</b>	<b>\$ 7,470,912</b>	<b>\$ (1,095,451)</b>

## General Fund

### Department Expenditures

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015–2016 Change
BID & Commercial MAD	\$ -	\$ 15,463	\$ 15,539	\$ 76
Economic Development	6,452,353	7,651,776	7,171,292	(480,484)
Economic Growth Services	1,423,864	1,645,175	1,926,909	281,734
HUD Programs	1,704,762	2,200,754	2,002,410	(198,344)
Small Business & Neighborhoods	1,936,849	2,575,550	2,707,531	131,981
<b>Total</b>	<b>\$ 11,517,827</b>	<b>\$ 14,088,718</b>	<b>\$ 13,823,681</b>	<b>\$ (265,037)</b>

### Department Personnel

	FY2014 Budget	FY2015 Budget	FY2016 Adopted	FY2015–2016 Change
BID & Commercial MAD	0.00	0.50	0.50	0.00
Economic Development	3.00	5.00	5.00	0.00
Economic Growth Services	12.38	12.35	12.00	(0.35)
HUD Programs	20.50	21.85	21.85	0.00
Small Business & Neighborhoods	10.12	11.00	12.00	1.00
<b>Total</b>	<b>46.00</b>	<b>50.70</b>	<b>51.35</b>	<b>0.65</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Homelessness Solutions</b> Addition of non-personnel expenditures for the continuation of funding for homelessness solutions.	0.00	\$ 550,000	\$ -
<b>Business Cooperation Program</b> Transfer of non-personnel expenditures for the Business Cooperation Program from the Citywide Program Expenditures Department to the Economic Development Department.	0.00	350,000	-
<b>Serial Inebriate Program Expansion</b> Transfer of non-personnel expenditures from the Police Department to the Economic Development Department to enhance the Homeless Outreach Team Program.	0.00	160,000	-
<b>Transfer to Civic San Diego</b> Adjustment to reflect one-time non-personnel expenditures for the formation of a Public-Private Partnership Transit Oriented Development Fund.	0.00	125,000	-

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## Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
<b>Section 108 Naval Training Center Loan Payments</b> Addition of non-personnel expenditures for Section 108 Naval Training Center (NTC) Loan Payments due to Recognized Obligation Payment Schedule (ROPS) denial and depleted fund balance.	0.00	101,903	-
<b>CONNECT2Careers</b> Addition of non-personnel expenditures for the CONNECT2Careers youth summer employment program.	0.00	100,000	-
<b>Community Parking District Program</b> Addition of 1.00 Assistant Engineer-Traffic and associated revenue to assist with the implementation of projects for the Community Parking District program.	1.00	80,193	80,193
<b>Hourly Sick Leave</b> Addition of personnel expenditures for paid sick leave benefits for eligible hourly employees consistent with the requirements of Assembly Bill 1522.	0.00	1,490	-
<b>Capital Expenditures Reduction</b> Reduction of capital expenditure budget due to operational efficiencies.	0.00	(628)	-
<b>Non-Standard Hour Personnel Funding</b> Adjustment to expenditures according to a zero-based annual review of non-standard hour personnel funding requirements.	(0.35)	(10,118)	-
<b>Non-Discretionary Adjustment</b> 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	(11,927)	-
<b>Equipment/Support for Information Technology</b> Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	(29,621)	-
<b>Salary and Benefit Adjustments</b> Adjustments to reflect the annualization of the Fiscal Year 2015 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.	0.00	(134,755)	-
<b>Civic San Diego</b> Reduction in non-personnel expenditures and revenue associated with the transfer to Civic San Diego to align with historical actuals.	0.00	(761,574)	(761,574)
<b>One-Time Reductions and Annualizations</b> Adjustment to reflect the removal of one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2015.	0.00	(785,000)	(100,000)
<b>Enterprise Zone Program</b> Reduction in revenue as a result of the dissolution of the Enterprise Zone Program.	0.00	-	(450,000)

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## Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
<b>Revised Revenue</b>	0.00	-	135,930
Adjustment to reflect Fiscal Year 2016 revenue projections.			
<b>Total</b>	<b>0.65</b>	<b>\$ (265,037)</b>	<b>\$ (1,095,451)</b>

## Expenditures by Category

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
<b>PERSONNEL</b>				
Personnel Cost	\$ 2,941,420	\$ 3,353,510	\$ 3,414,687	\$ 61,177
Fringe Benefits	2,002,562	2,215,234	2,090,867	(124,367)
<b>PERSONNEL SUBTOTAL</b>	<b>4,943,983</b>	<b>5,568,744</b>	<b>5,505,554</b>	<b>(63,190)</b>
<b>NON-PERSONNEL</b>				
Supplies	\$ 24,794	\$ 63,356	\$ 64,430	\$ 1,074
Contracts	6,144,583	5,599,605	7,284,272	1,684,667
Information Technology	26,908	165,826	136,205	(29,621)
Energy and Utilities	3,297	5,917	2,675	(3,242)
Other	8,122	9,642	359,642	350,000
Transfers Out	366,141	2,675,000	369,000	(2,306,000)
Capital Expenditures	-	628	-	(628)
Debt	-	-	101,903	101,903
<b>NON-PERSONNEL SUBTOTAL</b>	<b>6,573,845</b>	<b>8,519,974</b>	<b>8,318,127</b>	<b>(201,847)</b>
<b>Total</b>	<b>\$ 11,517,827</b>	<b>\$ 14,088,718</b>	<b>\$ 13,823,681</b>	<b>\$ (265,037)</b>

## Revenues by Category

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
Charges for Services	\$ 3,624,670	\$ 4,413,038	\$ 4,179,161	\$ (233,877)
Other Revenue	100	-	-	-
Rev from Other Agencies	2,841,832	4,053,325	3,291,751	(761,574)
Transfers In	-	100,000	-	(100,000)
<b>Total</b>	<b>\$ 6,466,602</b>	<b>\$ 8,566,363</b>	<b>\$ 7,470,912</b>	<b>\$ (1,095,451)</b>

## Personnel Expenditures

Job Number	Job Title / Wages	FY2014 Budget	FY2015 Budget	FY2016 Adopted	Salary Range	Total
<b>FTE, Salaries, and Wages</b>						
20000011	Account Clerk	1.00	1.00	2.00	\$31,491 - \$37,918	\$ 73,985
20000866	Accountant 2	1.00	1.00	0.00	54,059 - 65,333	-
20000102	Accountant 4	1.00	0.00	0.00	66,768 - 88,982	-
20000012	Administrative Aide 1	2.00	3.00	3.00	36,962 - 44,533	125,069
20000024	Administrative Aide 2	4.00	3.00	3.00	42,578 - 51,334	145,593
20001202	Assistant Deputy Director	1.00	1.00	1.00	23,005 - 137,904	105,000
20000116	Assistant Engineer-Traffic	0.00	0.00	1.00	57,866 - 69,722	57,866
20000119	Associate Management Analyst	0.00	1.00	1.00	54,059 - 65,333	59,974
90000539	Clerical Assistant 2 - Hourly	0.38	0.00	0.00	29,931 - 36,067	-
90000544	Clerical Assistant 2 - Hourly	0.00	0.70	0.35	29,931 - 36,067	10,476
20000295	Community Development Coordinator	4.00	5.00	5.00	76,731 - 92,893	432,141

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## Personnel Expenditures (Cont'd)

Job Number	Job Title / Wages	FY2014 Budget	FY2015 Budget	FY2016 Adopted	Salary Range	Total
20000300	Community Development Specialist 2	11.00	11.00	11.00	54,059 - 65,333	656,178
20000301	Community Development Specialist 3	1.00	1.00	1.00	62,254 - 75,275	72,640
20000303	Community Development Specialist 4	8.00	8.00	8.00	66,768 - 80,891	647,128
20001101	Department Director	0.00	1.00	1.00	59,155 - 224,099	141,627
20000104	Development Project Manager 2	1.00	1.00	1.00	66,622 - 80,454	79,247
90001073	Management Intern - Hourly	4.12	4.00	4.00	24,274 - 29,203	116,813
20001222	Program Manager	3.00	5.00	5.00	46,966 - 172,744	461,746
20000015	Senior Management Analyst	1.00	1.00	2.00	59,363 - 71,760	139,896
20000918	Senior Planner	1.00	0.00	0.00	65,354 - 79,019	-
20000926	Senior Traffic Engineer	1.00	1.00	1.00	76,794 - 92,851	91,458
20000970	Supervising Management Analyst	0.00	1.00	1.00	66,768 - 80,891	80,891
20000756	Word Processing Operator	0.50	1.00	0.00	31,491 - 37,918	-
	Bilingual - Regular					5,824
	Budgeted Vacancy Savings					(108,118)
	Overtime Budgeted					3,835
	Reg Pay For Engineers					13,928
	Sick Leave - Hourly					1,490
<b>FTE, Salaries, and Wages Subtotal</b>		<b>46.00</b>	<b>50.70</b>	<b>51.35</b>		<b>\$ 3,414,687</b>
		<b>FY2014 Actual</b>	<b>FY2015 Budget</b>	<b>FY2016 Adopted</b>	<b>FY2015-2016 Change</b>	
<b>Fringe Benefits</b>						
	Employee Offset Savings	\$ 44,654	\$ 58,428	\$ 42,484	\$ (15,944)	
	Flexible Benefits	290,756	360,339	439,757	79,418	
	Insurance	297	-	-	-	
	Long-Term Disability	23,730	11,454	11,053	(401)	
	Medicare	40,720	46,482	47,170	688	
	Other Post-Employment Benefits	237,043	266,904	264,870	(2,034)	
	Retiree Medical Trust	1,413	993	2,821	1,828	
	Retirement 401 Plan	1,052	959	2,556	1,597	
	Retirement ADC	1,086,383	1,228,453	988,702	(239,751)	
	Retirement DROP	6,857	6,975	6,975	-	
	Retirement Offset Contribution	66	-	-	-	
	Risk Management Administration	35,659	41,668	47,250	5,582	
	Supplemental Pension Savings Plan	164,669	167,367	198,944	31,577	
	Unemployment Insurance	8,146	6,558	6,334	(224)	
	Workers' Compensation	61,117	18,654	31,951	13,297	
<b>Fringe Benefits Subtotal</b>		<b>\$ 2,002,562</b>	<b>\$ 2,215,234</b>	<b>\$ 2,090,867</b>	<b>\$ (124,367)</b>	
<b>Total Personnel Expenditures</b>					<b>\$ 5,505,554</b>	