



Mayor's Office of Economic Growth Services

Presentation

to the

The City Council's

Economic Development & Strategies Committee

regarding the City's

Economic Development Strategy

January 30, 2012



Current Economic Conditions

- Unemployment rate stands at **9.8%**
- Industrial vacancy rate at **10.8%**
- Continued loss of middle income jobs leads to “hour glass” economy (manufacturing jobs replaced with salaried R&D/professional jobs and low-wage retail/service sector jobs)

San Diego's Economic Base

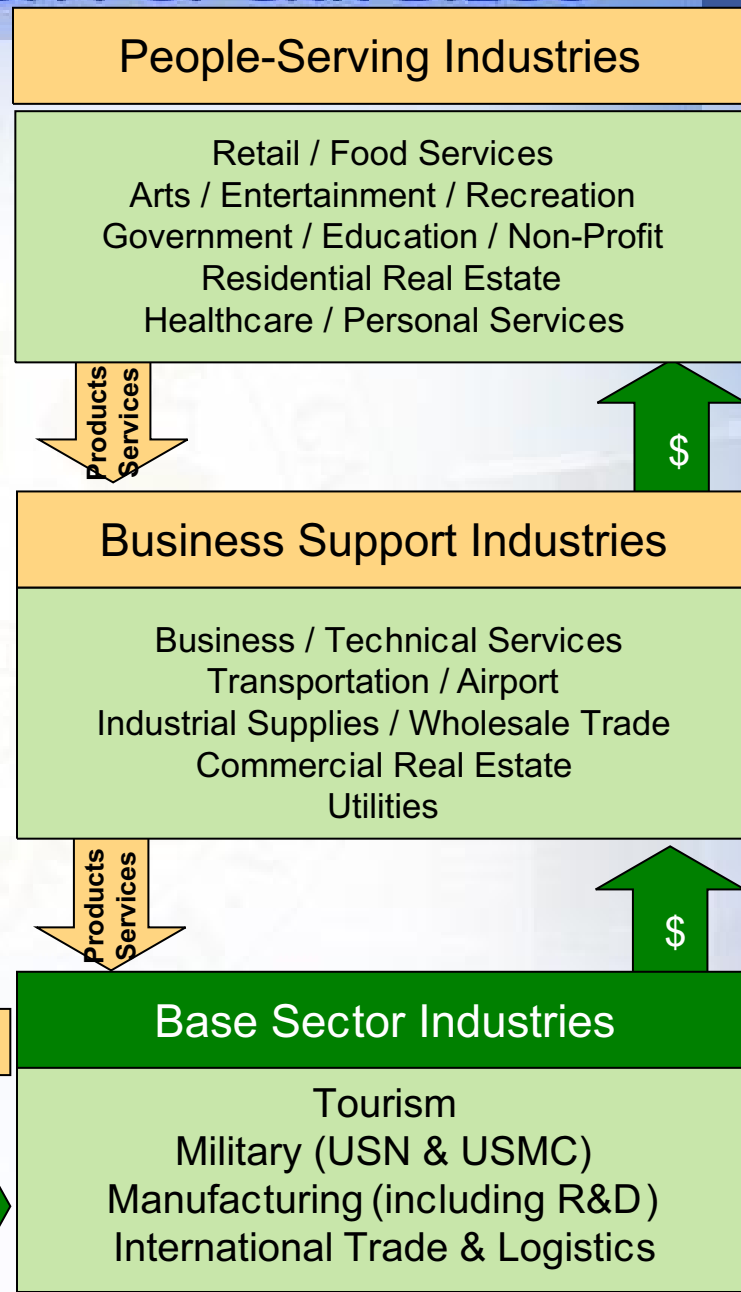


- Provides goods and services to people outside the San Diego region – thus creating local jobs
- The exportation of goods and services allows San Diegans to consume other goods and services produced elsewhere
- The resultant economic activity from buying and selling generates additional jobs in the wholesale, retail, and various service sectors



Base Sector Industries Drive Rest of the Economy

Because they bring outside dollars into the community, base sector industries are the *engines of the economy*. Without healthy base sector industries, the rest of the economy cannot prosper.





San Diego's Economic Development Advantages

- Highly skilled and highly educated workforce
- Mediterranean climate/beautiful coastline
- Established business clusters with strong support networks
- Proximity to Mexico/Pacific Rim and the availability of air, land, and sea ports
- Largest concentration of military personnel in the world

San Diego's Economic Base



Military Installations



Tourism



Manufacturing



International Trade



Importance of Small Businesses

- Although many small businesses are part of the economic base (military, tourism, mfg., intl. trade) most are not (retail, service sector etc.)
- However, small businesses increase overall economic activity by “recycling” profits back into the local economy by consuming services of other small businesses – i.e. \$\$ stays “local” longer



Importance of Small Businesses

- Most small businesses located in older historical districts and “Main Street” corridors





Economic Initiatives & Programs

Economic Development Division (EDD) in the Office of the COO:

- **Business Finance Program**
- **Economic Development & Tourism Support (EDTS)**
- **Tourism Marketing District (TMD)**
- **Business Improvement Districts (BID's)**
- **Small Business Enhancement (SBEP)**
- **Storefront Improvement Program (SIP)**
- **Community Parking Districts**
- **Small Local Business Enterprise (SLBE)**



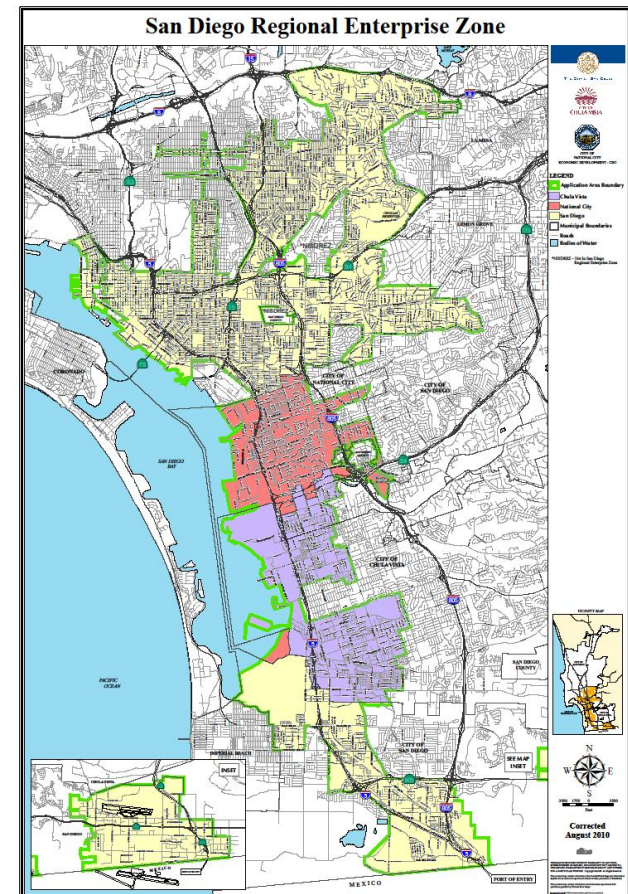
The Mayor's Office of Economic Growth Services

- Goal 1 Attract, retain, and expand businesses through the use of appropriate and beneficial tools
- Goal 2 Maintain a business-friendly environment to increase jobs and promote economic stability
- Goal 3 Make San Diego competitive in emerging market such as CleanTech
- Goal 4 Foster economic development in economically distressed communities
- Goal 5 Increase the City's international trade-related activities



Economic Initiatives & Programs

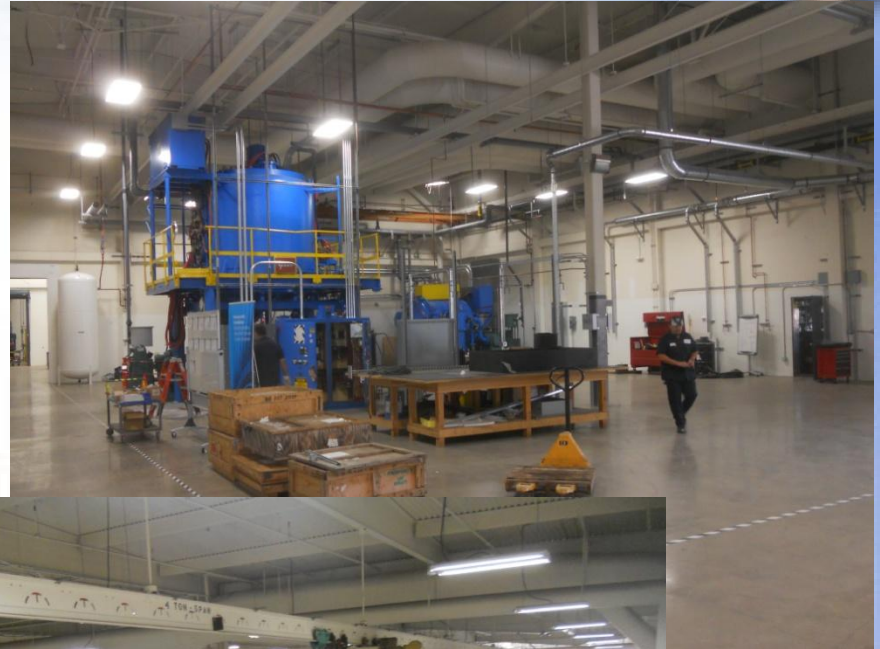
- *Mayors Office of Economic Growth Services (EGS):*
 - Business & Industry Incentive Program
 - Business Cooperation Program (BCP)
 - Guaranteed Water for Industry Program
 - Enterprise Zone Program (EZ)
 - Foreign Trade Zone Program (FTZ)





Recent Business Attractions

- *Chromalloy*
- 135,000 s.f. improvement
- 130 blue collar jobs created
- \$6 million private capital investment
- FAA certified aircraft turbine engine repair/test and parts manufacturing plant
- Permit assistance throughout relocation process





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Business Expansion Attraction & Retention Team

Company Name	Project Type	Jobs	Capital Investment	Size (in Square Feet)
Restaurant Depot	Distribution Center	14	\$7,500,000	71,000
Costco Wholesale	Distribution Center	250	\$6,000,000	300,000
DiscovRx	R&D Lab	42	\$2,000,000	14,263
Advanced Bio-Healing	Office Building	15	\$1,000,000	5,705
Chromalloy	Manufacturing Plant	75	\$10,000,000	135,000
Bow Tape Corp	Distribution Center	15	\$3,000,000	20,165
Illumina	R&D Lab	370	\$70,000,000	503,000
Green Flash Brewing	Manufacturing Plant	20	\$2,000,000	43,281
Safeway Co.	Retail Store	0	\$25,000,000	67,375
White Labs	Manufacturing Plant	15	2,000,000	13,721
San Diego Gas & Electric Co.	Service Center	26	\$3,500,000	26,047
Power Efficiency Corp.	Manufacturing Plant	20	\$20,000	9,392
Menon & Associates	R&D Lab	15	\$500,000	30,000
Westfield UTC	Shopping Center	528	\$180,000,000	170,000
Totals		1,405	\$312.5 M	1,408,949



**The Mayor's Office of
Economic Growth Services**
Government Incentives Team

Enterprise Zone Program

- Program Status in Sacramento
- Expanding San Diego's Boundaries
- Educating the Business Community



The Mayor's Office of Economic Growth Services Government Incentives Team

- **FY 2007 to 2011**
 - **12,700** Employees Hired by to San Diego EZ Companies
 - **700+** EZ Companies Hired New Employees
 - Average Hourly Rate = **\$11.59**
 - Organized or Participated in Over **40** Workshops
 - Monthly EZ Newsletter
 - Impact Statements



Recent Business Attractions

- **Costco - Packaging Center**
- 300,000 s.f. adaptive reuse in Enterprise Zone
- 250 blue collar jobs created
- \$6 million private capital investment
- Packages and ships products to 157 retail outlets in western U.S and northern Mexico



News: Regional

November 17, 2010

Written by Doran Buenaventura (dbuenaventura@costar.com)

Costco Purchases Otay Mesa Bldg For \$17.9M

300,000-SF Warehouse/Distribution Facility Changes Hands



Costco Wholesale Corporation acquired the 300,000-square-foot warehouse building located at 2222 Enrico Fermi Dr. in San Diego, CA for \$17.88 million, or about \$60 per square foot.

Built in 2000, this property is situated on 14.73 acres in the Brown Field Business Park. The building was originally a build-to-suit property for Hitachi Transport.

Costco will occupy the building and will use the facility for packaging and distributing their Kirkland-brand products. This location will serve its retail locations in the Western United States, Western Canada, Mexico and Hawaii.



Other Initiatives

- Cleantech Initiative
- Smart City San Diego
- San Diego Regional EDC Coordination
- Business Regulation Streamlining