

City of San Diego



Planning, Neighborhoods, & Economic Development Department

Presentation
to the

The City Council Committee on Rules & Economic Development

regarding the

**Preparation of the
Economic Development Strategy 2014-2016
December 11, 2013**



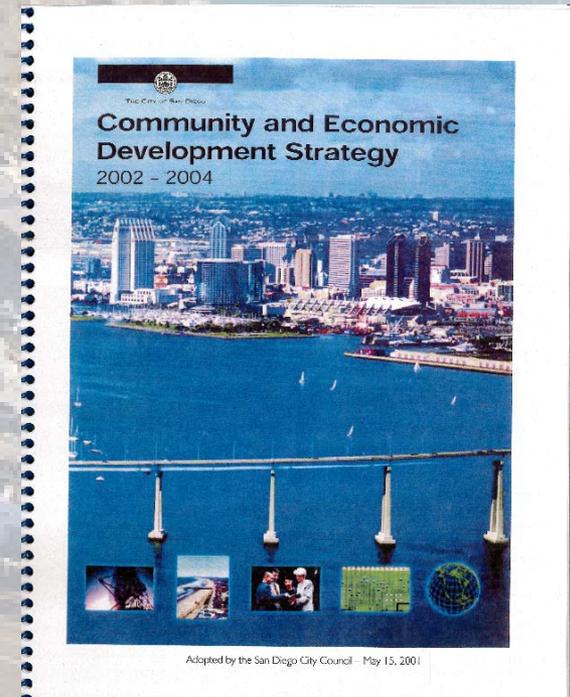
Economic Development Strategy 2014-2016

Existing Community and Economic Development Strategy 2002-2004

- Written 2000, Adopted by City Council 2001

Five Chapters

- ***1. Regional Economic Prosperity***
- ***2. Expanding Economic Opportunity***
- ***3. Implementing Smart Growth***
- ***4. Energy Independence***
- ***5. Revenue Enhancement***





Economic Development Strategy 2014-2016

Economic Development Performance Audit (2012)

- No operational deficiencies, but proposed *Economic Development Strategy 2011* found to be “lacking critical elements”
- City Auditor: the EDS should have
 - *Mission*
 - *Goals*
 - *Objectives*
 - *Actions*
 - *Economic Indicators*
 - *Performance Measures*

Performance Audit of the
Economic Development Program

CITY'S ECONOMIC DEVELOPMENT PROGRAM NEEDS IMPROVED
STRATEGIC PLANNING

SEPTEMBER 2012

Audit Report
Office of the City Auditor
City of San Diego





Economic Development Strategy 2014-2016

City Auditor - EDS should also have:

- ***“The City should align economic development efforts with other efforts such as the Capital Improvement Program and CDBG Program”***
- ***“The City should determine necessary points of alignment with the General Plan and other comprehensive City plans”***
- ***“The City should establish and further develop formal and ongoing internal and external coordinating mechanisms specifically related to the EDS”***



Economic Development Strategy 2014-2016

Independent Budget Analyst (IBA) Report 12-44

- IBA agreed with findings and recommendations of the City Auditor
- The IBA also recommended that the EDS:
 1. *“Provide support and assistance to small businesses”*
 2. *“Strategically use programs and incentives to grow, retain, and attract manufacturing businesses”*
 3. *“Take a leadership role in creating job opportunities for City residents and developing a workforce for local businesses”*
 4. *“Evaluate all reasonable regulatory relief suggestions and develop new innovative economic development initiatives”*



Economic Development Strategy 2014-2016

Economic Development & Strategies Committee: Year-End Report and First Year Recommendations – 2012

- Recommendations Related to the EDS:
- *“Implement the Auditor’s Recommendations”*
- *“Implement policies to support base sectors”*
- *“Support and expand manufacturing”*
- *“Preserve military installations”*
- *“Enact policies that support international trade”*



Economic Development Strategy 2014-2016

- **Council Policy 900-01 Economic Development**
- Revised in November 2012
- **EDS should have**
 - *Mission*
 - *Goals & Objectives*
 - *Actions*
 - *Economic Indicators*
 - *Performance Measures*
- **EDS should focus on:**
 - *Business development and retention*
 - *Workforce development*
 - *Managed growth (revitalization of older neighborhoods)*
 - *Manufacturing*
 - *International trade*
 - *Tourism*
 - *Military Installations*



Economic Development Strategy 2014-2016

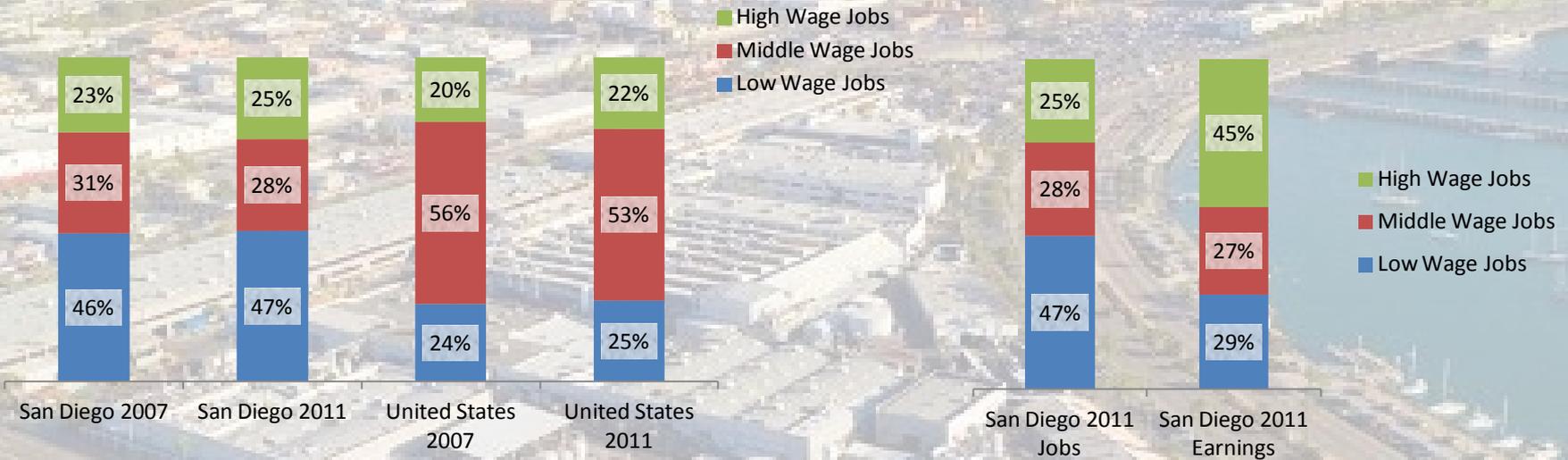
Basic Themes of the Strategy

- **The Hourglass Economy**
- **Basic Economic Development**
- **Cities Perform Economic Development**
- **Small Businesses Augment the Economic Base**
- **City Policies Affect the City's Tax Base**



Economic Development Strategy 2014-2016

The Hourglass Economy



- “High Wage” jobs are those that provide compensation 25% or more above the overall average (mean) wage, “Middle Wage” jobs are those paying +/- 25% of the average overall wage, and “Low Wage” jobs are those paying 25% or less than the average overall wage for San Diego County
- Average Wage = \$24/hour or \$50,000 annually
- High Wage = More than \$30/hour or \$62,500+/annually
- Middle Wage = \$18 - \$30/hour or \$37,500 - \$62,500/annually
- Low Wage = Less than \$18/hour or \$37,500 annually

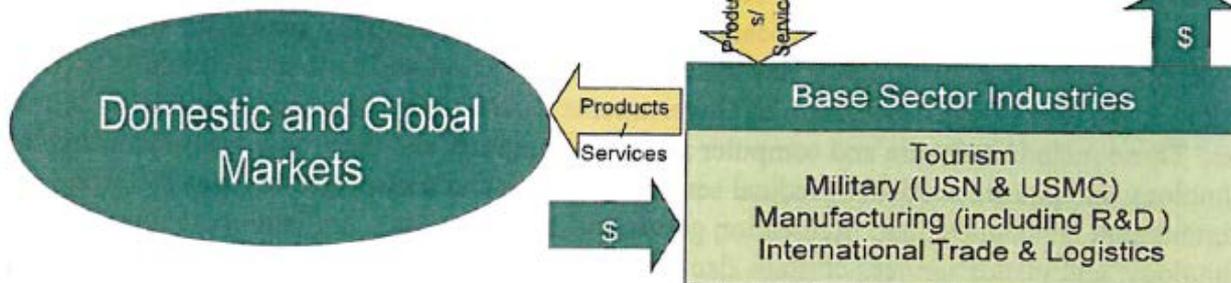


Economic Development Strategy 2014-2016

Basic Economic Development

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.





Economic Development Strategy 2014-2016

Cities Perform Economic Development

To Businesses, the City of San Diego is:

- The Land Use Authority
- The Local Taxing Jurisdiction
- The Water & Sewer Utilities Provider





Economic Development Strategy 2014-2016

Small Businesses Augment the Economic Base

- Create authentic dining/shopping environment for tourists using charming streets, classic architecture, ornamental street lighting
- Recycle \$\$\$ from economic base activity by spending profits locally at other small businesses
- Influenced most by regulatory accommodation and public improvements in “Main St.” corridors



Economic Development Strategy 2014-2016

City Policies Affect the City's Tax Base

- The City can increase tax revenue by better supporting its manufacturers and retailers
- City codes can increase costs for businesses without any benefit to neighborhoods
- Regulatory accommodation of manufacturers and retailers in the industrial parks and freeway commercial areas will not impact residents quality of life.

Freeway-Oriented Signs



Westfield Mission Valley 25'
up to 30' permitted in San Diego



Westfield in National City 75'
- not permitted in San Diego



Teac Mfg. Plant in Santa Fe Springs 90'
- not permitted in San Diego



Economic Development Strategy 2014-2016

Mission:

To create a wide spectrum of job opportunities for San Diego residents by expanding the City's economic base and increasing local economic activity, and to generate new tax revenues for essential public services by expanding the City's tax base.





Economic Development Strategy 2014-2016

Strategic Objectives

#1: Economic Base Growth

Attract, retain, and expand businesses in the City's four economic base sectors (innovation/manufacturing, international trade & logistics, military, and tourism), focusing especially on emerging sectors such as Cleantech & Energy Efficiency and the Food & Beverage industry clusters.



Economic Development Strategy 2014-2016

Strategic Objectives

#2: Middle-Income Jobs

Increase the number of middle-income jobs, especially in economic base sectors





Economic Development Strategy 2014-2016

Strategic Objectives

#3: Neighborhood Businesses

Increase the amount of neighborhood business activity, especially in underserved neighborhoods





Economic Development Strategy 2014-2016

Example Action Items

- **“Review the Municipal Code to identify any code changes to improve the viability and feasibility of manufacturing in the City’s industrial zones.”**
- **“Make excess City-owned industrial property available for sale to manufacturing companies in accordance with Council Policy 900-03.”**
- **“Create a “Buy San Diego” campaign aimed at increasing local demand for products made in San Diego – not only among consumers but among local businesses as well.”**
- **“Prioritize transportation Capital Improvement Program funds to improve truck circulation to and from the Otay Mesa Port of Entry facilities.”**
- **“Convert the City’s BIDs (business improvement districts) to PBIDS (property-based improvement districts) in order to strengthen management of business districts.”**