

DATE ISSUED: May 9, 2001 REPORT NO. 01-083

ATTENTION: Honorable Mayor and City Council
Docket of May 15, 2001

SUBJECT: Community and Economic Development Programs and Policies

REFERENCE: City Council Policy 900-01
City Council Policy 900-12

SUMMARY

Issues – 1.) Should the City Council accept the City Manager’s Programs and Projects Report? 2.) Should the City Council accept the City Manager’s recommendation to update the Community and Economic Development Strategy? and 3.) Should the City Council amend Council Policy 900-12 to reflect changes in the law?

Manager’s Recommendation – 1.) Accept the Report, 2.) Update the Strategy, as amended, and 3.) Amend Council Policy 900-12.

Other Recommendations – The Public Safety & Neighborhood Services Committee on March 21, 2001, voted 3-0 to accept the City Manager’s Report, updated Strategy, and amendments to Council Policy 900-12, with specified changes to the Strategy as reflected in the revised Attachment 2.

Fiscal Impact – None with this action.

BACKGROUND

As outlined in City Council Policy 900-01, the City Manager is to provide an annual Economic Development Program review and biennial Strategic Plan. The annual review is submitted as Attachment 1 and the draft Strategy update is submitted as Attachment 2 to this Report. The scope of the Report and Strategy are expanded to cover the entire Community and Economic Development Department to include Community Services Division functions.

DISCUSSION

The Community and Economic Development Department is responsible for a broad range of

programs, projects, and other activities affecting neighborhoods, the economy, and increasing City revenues. Also, the Department administers over 300 contracts worth more than \$100 million. Because of the number of these activities, the attached annual report covers only major activities. The City's economic development strategy currently in effect focuses on providing business development assistance to targeted industries, as a response to the economic downturn of the early and mid-1990's. The strategy was informed principally by research the City conducted on industry clusters in 1994-1995. Since that time, the regional economy has improved and, further, more detailed research on industry clusters has been completed. In addition, San Diego's quality of life is increasingly coming to the fore as an economic development issue. As the City Council considers updating its General Plan consistent with the "City of Villages" concept, it is timely to reconsider and update the Community and Economic Development strategy.

The draft Strategy contained at Attachment 2 provides detail concerning the direction of the regional economy, recent industry cluster research, a summary of strategic issues, and recommendations for realigning the City's strategy. The principal recommendations for change are to redirect business incentives from what has been a broad range of industries and development projects to, instead, a narrowly targeted range of industries and projects to encourage reinvestment in our older communities and to implement "smart growth" principles. It also includes recommendations for issues to research and consider for future action, such as incentives for energy independence.

City Council Policy 900-12 has been the primary vehicle by which the Department's Economic Development Division has carried out business and industry assistance. Changes in the law resulting from court decisions require that the Policy be updated. A draft amended Council Policy 900-12 is at Attachment 3. The amendment removes those out-of-date provisions, clarifies some ambiguities, incorporates incentives adopted by the City Council but previously not included in the Policy, and provides more detail on administrative procedures.

ALTERNATIVES

- 1.) Do not accept the Annual Community and Economic Development Report.
- 2.) Do not update the Community and Economic Development Strategy.
- 3.) Modify the draft Community and Economic Development Strategy.
- 4.) Do not amend City Council Policy 900-12.

Respectfully submitted,

Hank Cunningham
Community and Economic Development
Department Director

Approved: Bruce Herring
Deputy City Manager

CUNNINGHAM/MDJ

Attachments:

1. Community and Economic Development Department Programs and Projects

2. Community and Economic Development Strategy (with changes directed by PS&NS)
3. Council Policy 900-12 (draft, current, and strikeout and underlined versions)