[MS-0398.040.011.002]

County of San Diego

NORMAN W. HICKEY
CHIEF ADMINISTRATIVE OFFICER
(619) 531-5250
FAX: (619) 557-4060

CHIEF ADMINISTRATIVE OFFICE

1600 PACIFIC HIGHWAY, SAN DIEGO, CALIFORNIA 92101-2472

January 15, 1992

TO: John Woodard, District 1 Chief of Staff
Dana Quittner, District 2 Chief of Staff
Craig Lee, District 3 Chief of Staff
Don Able, District 4 Chief of Staff
Nancy Allen, District 5 Chief of Staff

FROM: Bruce R. Boland
Deputy Chief Administrative Officer

CITY OF SAN DIEGO'S ECONOMIC DEVELOPMENT TASK FORCE REPORT

Attached for your information is the City of San Diego's Economic Development Task Force Report that will be heard by the City Council at their January 16th meeting.

Following is a brief synopsis of the report:

There will be no fiscal impact from the actions that will be considered tomorrow. However, if the Council approves the plan, the City Manager will be requesting additional funding to implement the program in the next four months.

The City Manager is recommending that the City:

- form a regional coalition, to include the County, for economic development coordination and information exchange.
- appoint an economic advisory committee.
- revise the City's regulatory process.
- expedite permitting process.
- provide incentives for targeted businesses (countywide).
- advocate for legislative and regulatory change.
- review/analyze business taxes/fees.

Printed on recycled paper

- encourage public-private sector communications.
- establish a small business office.
- provide economic impact analysis.
- improve "customer" service.
- provide reasonable, balanced environmental regulations.
- establish a major events entity.
- increase national/international travel to San Diego.
- develop additional tourist attractions.
- provide for a skilled-productive workforce.
- designate an international airport site.
- devise a citywide incentive program for affordable housing.
- generate additional jobs through public works projects.
- promote development of the border region.
- incorporate the task force recommendations into the City's Economic Development Policy, to include: "that the City will take a regional leadership role in promoting a proactive economic development program that will create a diverse, healthy, balanced and environmentally sensitive economy."

The existing City Economic Development Office will report directly to the City Manager.

~~If you~~ have any questions, please feel free to call me. #6174/73

Bruce

~~BRUCE~~ R. BOLAND

The City of San Diego

MANAGER'S REPORT

DATE ISSUED: January 10, 1992 REPORT NO.: 92-21

ATTENTION: Honorable Mayor and City Council, Special Meeting Agenda of January 16, 1992

SUBJECT: Economic Development Task Force Report

SUMMARY

Issue - Should the City Council proceed with the implementation of the Economic Development Task Force Report?

Manager's Recommendation - Proceed with the recommended actions for the implementation of the Economic Development Task Force Report as outlined in the attachment to this Manager's Report. Return to Council in four months with an Economic Development Program, financing proposal and Council Policy.

Other Recommendations - None

Fiscal Impact - None with this action. Recommended actions will be implemented with existing resources. Additional resources will be required to fully implement the Task Force Report. These will be identified in the financing proposal for the Economic Development Program.

BACKGROUND

On July 3, 1991, the City Council authorized the appointment of an Economic Development Task Force. On December 10, 1991, the 34 member Task Force presented the City Council with their Report. At that time, the Council requested the Manager to distribute the Report to the general public for review and comment and to identify the necessary actions to begin the implementation of the Task Force Report.

DISCUSSION

The Economic Development Task Force Report identified 21 actions for consideration by the City Council. Attached is a listing of those actions, status of current efforts, and recommended actions for the City Council to begin implementation of the Task Force Report.

The recommended actions do not address all of the items contained in the Economic Development Task Force Report, but represent actions which can be taken at this time using existing resources. The actions and information in the Task Force Report and the six Subcommittee Reports will be considered in the development of the Economic Development Program, financing proposal and Council Policy on Economic Development.

The Manager will return within four months with these items in addition to a status report on the completion of all recommended actions adopted by Council.

CONCLUSION

The Economic Development Task Force Report provides a comprehensive list of the actions necessary to promote a strong San Diego economy. The recommended actions identified in this Manager's Report will begin the implementation of the Task Force Report.

ALTERNATIVES

1. Do not accept the Report of the Economic Development Task Force or begin its implementation.

2. Accept the Report of the Economic Development Task Force, but specify a different set of recommended actions for implementation than contained herein.

Respectfully Submitted,

Jack McGrory
City Manager

Attachment: Recommended Actions for Implementation of the Economic Development Task Force Report

STAPLETON:KAC

ATTACHMENT

TABLE OF CONTENTS

Action	Page
A. Initiate a New Economic Development Public/Private Partnership	1
B. Revise the City's Regulatory Process	2
C. Expedite Permit Functions	3
D. Develop Incentives for Targeted Businesses	3
E. Advocate for Legislative and Regulatory Change	4
F. Review and Analyze Business Taxes and Fees	5
G. Encourage Communication Between Public and Private Sectors on San Diego's Economic Opportunities and Challenges	5
H. Establish a Small Business Office	6
I. Provide an Economic Impact Analysis for Council Actions Affecting Business	7
J. Develop a New Approach for City Staff Involved in the Regulatory Process	7
K. Provide a Reasonable, Balanced Approach to Environmental Regulations	8
L. Establish a Major Events Entity	8
M. Increase Long Distance and International Travel to San Diego	9
N. Develop Additional Attractions to Encourage Longer Visits	10
O. Provide for a Skilled and Productive Workforce	10
P. Designate a Site for an International Airport	11
Q. Devise a Citywide Incentive Program for Affordable Housing	11
R. Identify Resources for and Construct Key Employment Generating Infrastructure	12
S. Revitalize the Urban Communities	13
T. Promote Development of San Diego Border Region	13
U. Incorporate Recommendations of the Task Force into Economic Development Program and Policy	14

Recommended Actions for
Implementation of the Economic Development Report

A. INITIATE A NEW ECONOMIC DEVELOPMENT PUBLIC/PRIVATE PARTNERSHIP

Current Efforts

The Economic Development Task Force has taken the first step towards the initiation of a new public/private partnership. In addition, the City staff is currently working with the San Diego Economic Development Corporation and others on the implementation of the Economic Conversion Program, the development of a program for the San Diego biotechnology industry, and the compilation of existing business incentive programs.

Recommended Actions

That the City Council:

(1) Establish a regional coalition composed of representatives including but not limited to the City, Economic Development Corporation, Convention and Visitor's Bureau, Greater San Diego Chamber of Commerce, Port of San Diego, San Diego Consortium, San Diego Labor Council, San Diego County, San Diego Association of Governments, San Diego Gas and Electric, regional chambers of commerce and economic development councils, Small Business Advisory Board, Air Pollution Control District, World Trade Association and Tijuana and Baja California, to encourage the exchange of information and promote coordination between public and private sectors.

(2) Request the San Diego Economic Development Corporation to develop within 90 days, a preliminary proposal for a business marketing campaign.

(3) Designate a single Council Committee to deal with business and economic issues.

(4) Approve the reorganization of the Economic Development Division to place staff directly under the City Manager to serve as ombudsman between business and City government.

That the City Council direct the City Manager to:

(5) Appoint an Economic Advisory Committee within 30 days, comprised of representatives from targeted industries, international trade, small and minority business, environmental community, education, housing, employment and training and tourism, to recommend public policy and provide expert advice to the Council and Manager on implementation of the Task Force's recommendations, Economic Development Program and Policy.

(6) Define roles and responsibilities of the Chamber, Economic Development Corporation and Convention and Visitors Bureau and incorporate into the Economic Development Program. Once established, negotiate performance-based multiyear contracts with these organizations.

(7) Return to Council within 90 days with a proposal for completing an economic base study and analysis of land use, transportation and population projections to assist in defining appropriate targeted industries and areas.

B. REVISE THE CITY'S REGULATORY PROCESS

Current Efforts

A citizen's advisory committee and the Planning Department are currently formulating recommendations on updating and revising the process and regulations concerning land development. The Zoning Code Update Program is expected to be completed by the end of 1992.

The City's Waste Management Department is actively identifying business opportunities and regulatory barriers to promote recycling.

Recommended Actions

That the City Council direct the City Manager to:

(8) Incorporate a budget impact analysis into all City Manager Reports involving new or modified regulations to address the cost of administration, implementation and enforcement.

(9) Return to Council within 120 days with an organizational analysis and evaluation of the permit and regulatory functions within the City including organizational alternatives to streamline the process.

That the City Council direct the City Manager and City Attorney to:

(10) Make the Zoning Code Update Program a top priority for completion and implementation. Submit proposed revisions to the appeals process (Phase I) to the City Council by March, 1992; and the proposed development regulations consolidation by December 1992, or sooner if possible.

C. EXPEDITE PERMIT FUNCTIONS

Current Efforts

Permit expediting is currently provided to biotechnology and biomedical firms as well as some businesses within the City's two Enterprise Zones. The Building Inspection Department has taken a number of steps to improve service including plan check quality control, pre-submittal service, continuous projecy monitoring and performance standards. The Planning Department has instituted an early assistance function for development projects.

Recommended Actions

That the City Council direct the City Manager to:

(11) Give priority in processing land use and permitting applications to targeted industries and projects.

(12) Undertake an analysis of the current business inspection functions including County and State inspections to identify opportunities for consolidation and streamlining.

D. DEVELOP INCENTIVES FOR TARGETED BUSINESSES

Current Efforts

The City and the Economic Development Corporation currently provide information on incentive programs to businesses. A specific package of local incentives is offered to firms locating in the City's Enterprise Zones. The Economic Development Corporation provides a contact point and referral service for existing and new businesses. Ombudsman service is provided to the biotechnology industry through the City. Referrals are often made to other organizations which provide financing or worker training for businesses. The local office of the California Department of Commerce and the local chapter of the California Association for Local Economic Development (CALED) are currently working on the development of a package of programs specifically for business retention purposes.

Recommended Actions

That the City Council:

(13) Convene a biotechnology summit to provide direct communication between elected officials and the biotechnology industry.

That the City Council direct the City Manager to:

(14) Continue to work with the Chamber, San Diego Consortium and Economic Development Corporation to develop funding proposals for implementation of the San Diego Economic Conversion Program as adopted by the City Council.

(15) Develop an informational package of existing incentive programs for marketing to businesses in San Diego County, working with the Economic Development Corporation, California Department of Commerce and California Association for Local Economic Development.

(16) Develop specific new incentives in the areas of financing, technical assistance, employee training and expedited permit processing for targeted industries.

(17) Modify current City policies with regard to City property to incorporate pre-permitting and below market sale and lease to targeted industries.

(18) Develop a water supply strategy which will assure targeted industries with a guaranteed source of water for current and future use.

E. ADVOCATE FOR LEGISLATIVE AND REGULATORY CHANGE

Current Efforts

The City's legislative agenda is administered through the Department of Legislative Services in accordance with Council Policy 000-19. Several of the recommended actions are currently addressed through this program. A number of local and statewide organizations are also attempting to put forth proposals for state and federal legislation which supports the work of the Economic Development Task Force.

Recommended Actions

That the City Council:

(19) Direct the Department of Legislative Services to review the current legislative agenda as it applies to the recommendations of the Task Force, and return to Council within 60 days with recommendations for a revised legislative program.

F. REVIEW AND ANALYZE BUSINESS TAXES AND FEES

Current Efforts

Cost recovery measures, as well as infrastructure and affordable housing needs have resulted in the proliferation of a variety of fees for San Diego businesses. Both the City and State are examining more closely the economic impacts of new or increased fees and taxes on businesses such as workers compensation and environmental regulations.

Recommended Actions

That the City Council direct the City Manager to:

(20) Include an analysis of all business related fees and charges in the proposed FY 93 budget, with the intent of possible consolidation or reduction.

That the City Council direct the City Manager and City Attorney to:

(21) Evaluate the feasibility of reduction, waiver, deferral and phasing of fees to targeted businesses and projects and return with recommendations for implementation within 120 days.

G. ENCOURAGE COMMUNICATION BETWEEN PUBLIC AND PRIVATE SECTORS ON SAN DIEGO'S ECONOMIC OPPORTUNITIES AND CHALLENGES

Current Efforts

The San Diego Economic Development Corporation and the Greater San Diego Chamber of Commerce currently produce newsletters and bulletins on issues facing San Diego businesses and on the San Diego economy.

Recommended Actions

That the City Council:

(22) Request the Chamber of Commerce and Economic Development Corporation to develop a plan for the dissemination of information on issues impacting businesses and the San Diego economy including sponsorship of a series of seminars on topics such as international trade, public financing, job training and pollution prevention, and return to City Council within 120 days.

(23) Request the Economic Research Bureau of the Chamber to provide an annual report and briefing on the state of the San Diego economy as a part of the annual Economic Development Report to City Council.

(24) Request the Chamber of Commerce to develop within 120 days, educational materials for San Diego businesses on the opportunities available to become involved in local government advisory groups and projects.

H. ESTABLISH A SMALL BUSINESS OFFICE

Current Efforts

The Economic Development Division currently provides support to the Small Business Advisory Board and the City's eleven Business Improvement Districts. In addition, the Division participates in the activities of the Business Improvement District Coordinating Council, the San Diego Small Business Financing Corporation, the Small Business Development Center Advisory Board of the Chamber, and the Small Business Agency Roundtable.

The Division has also been directly involved in the development of programs for small business through the Community Reinvestment Act, including the recent creation of the multibank Community Development Corporation and Southeast Economic Development Corporation's revolving loan fund. A credit needs assessment is underway which will aid in the development of a Community Reinvestment Master Plan as called for in Council Policy 900-9.

Small businesses are also served through the SEDC's business development programs, the Enterprise Zone programs and the Purchasing Department's Equal Opportunity Contracting Program.

Recommended Actions

That the City Council direct the City Manager to:

(25) Develop recommendations for the expansion and funding of services to small business as a part of the Economic Development Program.

I. PROVIDE AN ECONOMIC IMPACT ANALYSIS FOR COUNCIL ACTIONS AFFECTING BUSINESS

Current Efforts

Currently there is no consistency in the type of analysis and information provided to Council on actions affecting San Diego businesses. Each Department takes a different approach to the type of information provided.

Recommended Actions

That the City Council direct the City Manager to:

(26) Provide an economic impact analysis with each proposed action that affects the City's economic base. The analysis should include specific information on the anticipated economic impacts of the proposed action.

J. DEVELOP A NEW APPROACH FOR CITY STAFF INVOLVED IN THE REGULATORY PROCESS

Current Efforts

The City's customer service program has made considerable progress in improving customer service throughout the City; however, additional work remains. The City has recently opened its one stop permitting center and continues to make refinements to improve that process.

Recommended Actions

That the City Council direct the City Manager to:

(27) Develop and implement a plan to further improve customer service, cross training and coordination among key regulatory Departments through the Organizational Effectiveness Program.

(28) Develop within each regulatory department, user friendly printed materials on the regulatory process and applicable fees. Provide regularly scheduled seminars and workshops to assist in updating appropriate business representatives on regulatory fees and procedures.

K. PROVIDE A REASONABLE, BALANCED APPROACH TO ENVIRONMENTAL REGULATIONS

Current Efforts

Environmental issues are currently considered on a case by case basis. Task forces, advisory groups and citizen's committees are often used to facilitate discussion. Industry and environmental associations typically put forward proposals which are then considered by the City Council. The Hazardous Materials Buffer Zone, and the Air Pollution Control Board's programs are examples of current issues.

Recommended Actions

That the City Council:

(29) Sponsor a forum in conjunction with the regional coalition, industry associations and environmental groups, to identify the major environmental issues facing San Diego. At this event consider the establishment of an ongoing roundtable or other organizational forum to develop and review environmental proposals, and advise the City Council on their implementation.

L. ESTABLISH A MAJOR EVENTS ENTITY

Current Efforts

Major events are currently sponsored by a variety of organizations throughout the region, including the City. In FY 1992, the City Council allocated $441,000 for the establishment of a Major Events Revolving Fund (MERF). In November, 1991, the Public Services and Safety Committee, endorsed the event selection criteria, MERF fiscal operation and review procedures as devised by an ad hoc task force composed of representatives from the Convention and Visitors Bureau and the Hotel/Motel Association.

Recommended Actions

That the City Council:

(30) Adopt the Public Services and Safety Committee's recommendations for proceeding with implementation of the Major Events Program including program eligibility criteria, operating procedures and funding arrangements.

That the City Council direct the City Manager to:

(31) Develop an organizational structure and plan for a major events entity, working with the current ad hoc task force, which would oversee the major events trust fund.

M. INCREASE LONG DISTANCE AND INTERNATIONAL TRAVEL TO SAN DIEGO

Current Efforts

Current tourist attraction efforts have focused predominantly on the regional market. CONVIS has prepared a multiyear strategy to increase revenues from the tourism industry. The Port District recently commissioned a report on the expansion of the San Diego cruise ship industry. Similarly, the Convention Center Corporation has completed a report on the need for the expansion of Convention Center facilities.

Recommended Actions

That the City Council:

(32) Request the Port District to identify alternatives to support the expansion of the cruise ship industry and the Convention Center.

(33) Request CONVIS to develop a long term plan and strategy for increasing long distance travel to San Diego and return to Council in 120 days.

(34) Request the Port District, County and incorporated cities to work with the City of San Diego to develop a plan for provision of international signage in San Diego's key tourist areas.

N. DEVELOP ADDITIONAL ATTRACTIONS TO ENCOURAGE LONGER VISITS

Current Efforts

The Commission for Arts and Culture, CONVIS and the San Diego Theatre League are in the process of compiling a master schedule of San Diego events and attractions to be used in marketing the region.

Recommended Actions

That the City Council:

(35) Request the Centre City Association, Gaslamp Merchants Association, and others as appropriate, to develop a proposal for the promotion of late night activities and events in the downtown and other areas.

(36) Request CONVIS, working with the arts and culture community, to create a pre-arrival information dissemination program on attractions, events and activities for visitors traveling to San Diego.

(37) Request the Commission for Arts and Culture to incorporate appropriate criteria into arts and culture funding decisions which encourage better publicity, additional tourist attractions and longer visits.

O. PROVIDE FOR A SKILLED AND PRODUCTIVE WORKFORCE

Current Efforts

The City's involvement in job training is predominantly through the San Diego Consortium and Private Industry Council. These programs provide job training to disadvantaged adult and youths as well as displaced workers. Efforts to improve the educational system in San Diego are underway through the San Diego Unified School District and the Community Colleges. Several programs have been developed by the private sector to encourage educational quality, including the San Diego Compact, Adopt a School and mentoring programs.

Recommended Actions

That the City Council:

(38) Request the San Diego Consortium, Community Colleges and School District to assist in the development of a Council Policy on Education and Employment which outlines how the City can support quality education and a skilled workforce.

(39) Request the San Diego Consortium return to the Council with a proposal for coordination of employment and training programs for San Diego businesses.

P. DESIGNATE A SITE FOR AN INTERNATIONAL AIRPORT

Current Efforts

The City has applied for Federal Airport Improvement Program funding for Phase I of an airport master plan of the proposed Twinports, including an aeronautical study and economic impact analysis. It is anticipated that the City will receive grant funds and that the results of this initial analysis will be available for the City Council in the spring of 1992.

Recommended Actions

That the City Council:

(40) Request that the Port District proceed with plans to improve Lindbergh Field.

That the City Council direct the City Manager to:

(41) Accelerate the feasibility study for the Twinports proposal.

Q. DEVISE A CITYWIDE INCENTIVE PROGRAM FOR AFFORDABLE HOUSING

Current Efforts

A revised Housing Element of the General Plan is currently under consideration by the San Diego Planning Commission. The Comprehensive Housing Affordability Strategy (CHAS), a federally mandated document prepared by the Housing Commission, was recently adopted by the City Council. In addition, the Housing Commission is currently working on an inclusionary housing proposal through a task force including representatives of City Departments. The Housing Trust Fund is in its first year of operation.

Recommended Actions

That the City Council:

(42) Request that the Housing Commission, working with the City Manager, expedite the development of a citywide incentive program for affordable housing which builds on existing efforts, including density bonus, support for nonprofits, Community Reinvestment Act, regulatory reform and community outreach components.

R. IDENTIFY RESOURCES FOR AND CONSTRUCT KEY EMPLOYMENT GENERATING INFRASTRUCTURE

Current Efforts

The City is in the process of updating the twenty year capital facilities plan. The Clean Water program will provide a needed boost to the construction trades as it is implemented and represents one key employment generating project. The City and County recently entered into an agreement with San Diego State University's International Center for Communications to study the telecommunication needs of the region. Additional recommendations for the development and maintenance of infrastructure in the urban communities are being proposed by the Urban Form Action Plan.

Recommended Actions

That the City Council direct the City Manager to:

(43) Develop recommendations for leveraging current capital improvement funds to provide additional financing for infrastructure projects and include for consideration in the FY 93-94 budget.

(44) Accelerate those capital improvement projects which result in significant job creation or economic benefit.

(45) Expedite the telecommunications infrastructure study designed to assist the City and County in determining the telecommunications and information systems needs of the region.

S. REVITALIZE THE URBAN COMMUNITIES

Current Efforts

The City currently operates revitalization and redevelopment programs in targeted areas of the urban neighborhoods. These are implemented through the Economic Development Division, SEDC, CCDC and various community organizations. Activity under redevelopment is increasing dramatically as new project areas are adopted. New project areas are under study in City Heights, Centre City East, Central Imperial, Dells Imperial, North Park, Linda Vista, San Ysidro and San Diego State.

The Redevelopment Agency is currently considering the issue of Agency organization and the development of a long term fiscal strategy for the Agency. Housing Commission, Housing Trust Fund and other organizations are working to develop affordable housing in the urban communities. Part of this strategy involves the support and capacity building of non-profit housing developers.

Recommended Actions

That the City Council:

(46) Establish a separate Redevelopment Agency staff and a long term fiscal strategy for the ongoing administration of the Agency and implementation of its projects.

That the City Council direct the Manager to:

(47) Conduct a revitalization needs assessment for the urban communities as the first step towards the development of a comprehensive revitalization strategy.

(48) Identify potential funding sources for an urban facade rebate program and return during the FY 1993 budget process.

T. PROMOTE DEVELOPMENT OF THE SAN DIEGO BORDER REGION

Current Efforts

A number of organizations and programs curently exist which seek to promote the border region. These include the San Diego Economic Development Corporation, the South County Economic Development Council, the Mayor's Office of Binational Affairs, the County Office of Transborder Affairs, the Otay Mesa Chamber of Commerce, Enterprise Zone program, San Ysidro Revitalization Project, Foreign Trade Zone, San Ysidro redevelopment as well as organizations in Mexico. A coordinated marketing program to promote the Otay Mesa/San Ysidro area is currently under discussion.

Recommended Actions

That the City Council:

(49) Direct the Department of Legislative Services to promote the development of border crossing, transportation and customs facilities as a part of the City's legislative program.

That the City Council direct the City Manager to:

(50) Develop and implement coordinated marketing programs for Otay Mesa/San Ysidro and the City's International Trade Program which emphasizes communication and coordination with Mexico.

(51) Convene a border region working group within the City to oversee coordination of efforts in this area and promote staff to staff communication across the border.

U. INCORPORATE RECOMMENDATIONS OF THE TASK FORCE INTO ECONOMIC DEVELOPMENT PROGRAM AND POLICY

Current Efforts

This Manager's Report represents the initial step in the implementation of the Economic Development Task Force Report.

Recommended Actions

That the City Council direct the City Manager to:

(52) Incorporate the work of the Task Force and direction from City Council as well as public input, in the development of a City Economic Development Program and Policy which will be returned for Council consideration within four months. Integrate the following principles into these documents:

> That the City will take a regional leadership role in promoting a pro-active economic development program that will create a diverse, healthy, balanced and environmentally sensitive economy.
>
> That the City provide a positive business climate.
>
> That the City aggressively pursue efforts to create new jobs, and actively support targeted industries.

That the City will work closely with a variety of organizations including our institutions of higher learning to encourage support and collaboration in our economic development efforts.

(53) Reconvene the Task Force within six months to review the progress on the implementation of the Task Force Report.

SAN DIEGO STATE UNIVERSITY 1897
ALL RECEIVED