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Dear CALED Members & Friends,

It was awesome to see so many of you at our annual conference this year. If you did not make it, we hope you mark March 24-27, 2020 on your calendar as CALED celebrates forty years of economic development in California. In the lead up to that we want you to share your economic development successes so we can bring attention to how California’s local economic development professionals are making a difference.

Speaking of the value of economic development, by the time you receive this, we will be six months into Governor Newsom’s Administration and the Governor’s May Budget Revise will be out as well. I believe this Administration values economic development and is focusing on addressing related issues that hinder our ability to be successful. My hope is that as we work with what we have heard will now be the Governor’s Office of Economic Impact – formerly the Governor’s Office of Business and Economic Development (Go-Biz) – and as the new members on the team get into the details of how the office will work with practitioners, they will be able to provide meaningful support and partnerships that allow you to be more successful.

I was fortunate to be included in the Governor’s Economic Development Roundtable and here are some key things that were shared that may interest you:

- Housing is a top priority for the Administration, with healthcare and preparing for the fire season not far behind.
- On the economic development side, Lenny Mendonca, Chief Economic & Business Advisor to Governor Newsom and Director of the Governor’s Office of Economic Impact, has been charged to reinvent/invigorate the office. As noted above, the office will change names soon.
- The Governor spoke at length about his business background and his local background and that his intention is to have a proactive office that is in the communities to leverage and make a difference where they can.
- He emphatically shared the value of EIFDs and said that more people needed to be familiar with them. He also promoted his budget language to remove the vote threshold – language we absolutely support. It was great to see him champion this issue!
- He mentioned a focus on business retention, which they feel is key to California’s success.
- Additionally, it was noted that the Lt. Governor is taking the lead on re-establishing international trade offices.

I had an opportunity to thank him for his leadership on the budget language to remove the vote threshold for EIFDs and share that the vision for economic development has to go beyond just the Office of Economic Impact and be spread to other state entities that affect economic development. I also asked about the Governor’s vision for I-Bank, and he responded that they were working on it and to watch for a future announcement.

We are pleased to see Governor Newsom, Lenny Mendonca, and Chris Dombrowski, Chief Deputy Director of Governor’s Office of Economic Impact, focused on economic development and look forward to seeing how that translates into meaningful tools, resources, and partnerships with local economic developers. The CALED Board and team are committed to keep the practitioner perspective at the forefront of these efforts, but we also look to you to share your stories and input with legislators and the Administration, so that they hear firsthand about your efforts, successes, and needs.

Practitioners are the boots-on-the-ground professionals that work hard to deliver on promises policy makers and elected officials make to grow local economies and opportunities. One of the most important things we can do for you as your association is accurately represent your voice. Please feel free to reach out to me or any of our Board of Advisors if you would like to discuss anything I covered here or if you have input.

Thank you for the important work you do.

Gurbax Sahota
CALED Awards of Excellence 2019

AWARD OF EXCELLENCE WINNER:
City of Artesia
Restaurant Incentive Program
Artesians have long requested greater variety in restaurants in their community. In an effort to create more choice, expand job opportunities, and increase revenues to provide exceptional City services, the City created a Restaurant Incentive Program for new dine-in and sit-down restaurants. The program provides rebates for new restaurants toward planning, permit, and other fees up to $50,000, provided that the rebates are surpassed by tax revenues to the City in the restaurant’s first few years. This program has brought significant benefits, including high return on investment, new jobs, and new dining options for the community.

AWARD OF MERIT WINNERS:
Coachella Valley Small Business Development Center Hosted by the Riverside County Economic Development Agency
SBDC EATS
The SBDC EATS program is a hands-on crash course on becoming a food entrepreneur offered at no cost in the Coachella Valley. The course walks participants through creating their concept, using a commercial kitchen space and starting their business in just six weeks. The program culminates in an opportunity for participants to sell their products at a local market, street fairs and other venues.

City of Vista
Vista CARES
Vista CARES is a retention and expansion program that strives to keep businesses from relocating to other cities, helps businesses survive economic difficulties, assists businesses with expansion that create jobs, and helps firms increase their competitiveness. The program began with retention business visits and then expanded into its second phase, adding bi-annual business walks in partnership with the Vista Chamber of Commerce. From identifying the need for more hotels near the business park, to helping breweries export overseas, the program is valuable in identifying business needs and standing up new initiatives to support growth.

Economic Development Promotion

AWARD OF EXCELLENCE WINNER:
San Diego Regional EDC
San Diego: Life. Changing, is a three-year campaign that serves to attract and retain STEM talent in San Diego, California as a way to drive economic growth. As the first of its kind website for the region, SDlifechanging.org includes detailed information about living and working in San Diego, as well as digital toolkit to assist companies in their recruitment efforts. The campaign also includes curated social media, video testimonials, and more digital assets to convey San Diego’s authentic value proposition to talent and investor prospects around the world.
AWARD OF MERIT WINNERS:
Official Bakersfield Arrival Guide
San Diego: Life. Changing

Debuting in late 2017, Bakersfield’s visitor guide was rebranded as the Official Bakersfield Arrival Guide. While it was created with visitors in mind, it quickly became in demand throughout our city: personnel recruiters want copies when they are trying to bring new hires to Bakersfield; real estate agents use it to attract new homebuyers here; and new Bakersfield residents find it provides valued information to get settled quickly. When people ask for information about our city, the Official Bakersfield Arrival Guide is the publication that Bakersfield turns to.

City of Burbank Business and Economic Development in Collaboration with Visit Burbank
Visit Burbank Tourism Influencer Campaign

In 2017, Burbank Economic Development initiated the Social Media Influencer Campaign in partnership with Visit Burbank. The launch included six influencers with established reputations as trendsetters in family travel, millennials, shopping/dining, and film/television, and an additional five in year two. With the goal of promoting Burbank as a leading tourist destination while also generating additional room nights and increasing Transient Occupancy Tax Revenue, the campaign delivered high return-on-investment reaching more than 4 million potential travelers and boosting the tourism industry, which generates nearly $37 million in tax revenues for the City.

City of Moreno Valley
CEO Campaign

Home to 4,500 businesses, the City of Moreno Valley in the heart of the Inland Empire is a dynamic, thriving community. Due to overwhelming public demand for higher-paying, higher-skilled local jobs, a corporate pitch piece, named Destination MoVal, was created by the Economic Development team to attract corporate relocations and expansions to the City. Originally mailed to all C-suite executives of every Fortune 1,000 company, Destination MoVal received positive response from recipients and has become an important tool for business attraction.

Economic Development Collaboration

AWARD OF EXCELLENCE WINNER:
City of San Marcos
California Competes Tax Credit Collaboration

The City of San Marcos collaborated with San Diego Regional Economic Development Corporation (San Diego Regional EDC) to help secure nearly $1.4M in California Competes Tax Credits (CCTC) for four San Marcos businesses, allowing them to collectively create 79 local jobs. With only 63 companies making the list during this most recent round, earning a CCTC is highly competitive—and in fact, San Marcos was the only city in northern San Diego County to make the cut as part of that round. This is particularly noteworthy for a city that just barely established an economic development division in 2015.

AWARD OF MERIT WINNERS:
City of Burbank Business and Economic Development in Collaboration with Visit Burbank
Universal Studios Preferred Hotel Partnership Program

Burbank Economic Development in partnership with Visit Burbank, the City’s destination marketing organization worked with Universal Studios Hollywood to significantly increase hotel room revenue through the Universal Studios Preferred Hotel Partnership Program. This program established 10 Burbank hotels as ideal accommodations for tourists both domestically and internationally visiting Universal Studios Hollywood. In return Visit Burbank invested an annual $10,000 fee for each participating hotel. The collaboration resulted in tremendous additional room revenue growth, since its inception room revenue has increased $960,000 in 2016, $1.48 million in 2017, and $1.61 million in 2018.
City of Clovis

Clovis Culinary Center

Clovis Culinary Center is a nonprofit organization which serves Fresno County and the surrounding region. It provides access to certified commercial kitchen space and business incubation resources for entrepreneurs who want to start or expand their business. The organization operates through partnerships with the City of Clovis and other regional, state, and federal agencies to offer job creation, job training, and job growth services.

City of Dublin

Valor Crossing

The City leveraged its Community Benefit Program to garner the critical land donation from Bay West, a private developer, to Eden Housing, a non-profit housing developer. Together, the three organizations built Valor Crossing, a 66-unit affordable residential project within walking distance of a BART station, bus lines and the many shops and restaurants of downtown Dublin. In addition to assisting in the revitalization efforts of downtown Dublin, Valor Crossing provides critical housing to veterans (35 of which were homeless or at risk of becoming homeless).

City of Fountain Valley

Experience FV Mobile Application: Shop, Eat, Play

The City of Fountain Valley teamed with Cty611 to bring a custom-branded mobile app to promote and fuel local businesses. The exclusive public private partnership encourages collaboration with the City, residents, local businesses, merchants, schools, clubs and organizations in a way that works to foster local engagement and prosperity. Small businesses matter so City of Fountain Valley and Cty611, Inc. collaborate to support and empower its smallest business like Sports Addict, a one-man retail shop that sells sports memorabilia, hats and T-shirts to be competitive with Amazon and major local sporting goods store through an EXPERIENCE FV mobile app.

City of Glendale

Pitchfest/Meet the Funders

Pitchfest and Meet the Funders are featured events at the City of Glendale’s annual Tech Week geared toward helping local businesses to grow and pivot. Pitchfest is an event in which preselected startups present their ideas and products in front of a live audience and a panel of judges comprising entrepreneurs, angel investors and VC funders, competing for a prize package. Meet the Funders is a speed-networking event in which participants meet angel investors, venture capitalists and lenders to discuss fundraising strategies in a one-on-one setting.

City of San Diego

City of San Diego Nonprofit Academy

In 2016, through a partnership between the City of San Diego and The Nonprofit Institute at the University of San Diego (USD), the City of San Diego Nonprofit Academy (NPA) was created. The City of San Diego Nonprofit Academy is an innovative, educational training program designed to strengthen the effective management and organizational capacity of local nonprofit organizations that provide or intend to provide valuable social services within the City of San Diego.

NPA is a free, intensive, two-day workshop for local nonprofits, offering core courses (Program Design and Development, Measuring Success, and Fiscal Compliance) and electives (Governance Rules, Social Impact Strategy, Financial Basics, Building a Board, and Partnering with the City). The courses are taught by nationally recognized experts in nonprofit education and research, including several professors from the prestigious USD School of Leadership and Education Sciences (SOLES), which offers a master’s degree in nonprofit management.

NPA, along with the placement of USD nonprofit management graduate students at local nonprofits to provide mentorship and gain work experience, is part of the “Train tier” of the San Diego Community Innovation Institute: Train, Accelerate, Innovate. NPA is held on a semi-annual basis with the latest two being held in May and August of 2018.

City of San Pablo

San Pablo Women, Infants and Children Building

The City of San Pablo has long partnered with Contra Costa County to provide its most vulnerable residents with access to healthcare. San Pablo was recognized by the Robert Wood Johnson Foundation as a 2017 Culture of Health Prize recipient working to build health equity for all. Given San Pablo’s commitment and longstanding partnership, the County approached the City in July 2015 to help find space for a new Women, Infants and Children (WIC) location.

WIC helps safeguard the health of low-income women, infants, and children up to age 5 who are at nutritional risk by providing nutritious foods to supplement diets, nutrition education (including breastfeeding promotion and support), and referrals to health and other social services, such as health screenings and immunization. WIC is vitally important to San Pablo; however, an exhaustive search turned up no suitable existing sites.

With no other alternatives, and in light of the City’s desire to remove barriers to basic health services and healthy food access by opening a WIC location in San Pablo, the City identified a city-owned .93-acre vacant property within its Plaza San Pablo health campus development.
After negotiating a lease, the City initiated a bid process and signed a contract with a design builder for the design and construction of the new building on March 22, 2017. On November 20, 2018, the City and the County celebrated the ribbon cutting of its brand new, 7,500 square foot San Pablo Women, Infants and Children facility, proximate to public transportation, West County Health Clinic and the new San Pablo Library.

City of Seaside

Robert’s Lake Eco-Recreation Station

An under-used, “scary” park was transformed into a children’s environmental education and natural play area by a plethora of partners in Seaside, resulting in quality of life improvements and (finally) good impressions of the community on a major thoroughfare. Cooperation with six other agencies enabled this project to come to fruition within a year and now children are learning water stewardship and ecology!

The Robert’s Lake Eco-Recreation Station was funded by a Building Better Communities grant initiative, leveraged by nonprofits and educational institutions. This project continues expanding via new partnerships and collaboration.

City of South San Francisco Economic and Community Development Department

South San Francisco Life Sciences Cluster

The City of South San Francisco in partnership with local biotechnology firms, two major trade organizations, & the Biotech Facilities Managers Group, created what is now the world’s largest life science cluster. Key components of the strategy include:

• General Plan & Zoning policies.
• Adoption of Genentech’s Corporate Facilities Master Plan, the 1st master planned biotech-campus in the U.S.
• Major transit (ferry, rail, etc.), freeway, & arterial roadway improvements.
• Staff training & reorganization of the City’s permit center.
• Development Agreements to secure major biotechnology campuses.
• Coordination with trade organizations, real estate developers, facilities managers, & brokers in the biotechnology community.
• Marketing initiatives, events, & business attraction efforts.
• Workforce initiatives linking residents with work opportunities in biotechnology.

Award of Excellence Gamechanger - City of Needles, California

Economic Development Gamechanger

AWARD OF EXCELLENCE WINNER:
City of Needles “Green” Cannabis-Related Business Initiative
City of Needles, California

The City of Needles embarked in 2012 to become one of the first communities in California to embrace and encourage cannabis-related businesses. In November 2012 (4 years prior to becoming legal statewide), the residents of Needles, California passed Measure S which created a taxing framework for cannabis in the City of Needles. This ultimately led to ordinances that legalized the sale, cultivation and processing of Cannabis. Today, there are 14 facilities representing 97,659 square feet and 252 employees working in this budding industry within the community. In addition, another 167,893 square feet are under construction (and expected to open by June 30, 2019) generating an additional 434 employment opportunities. Jobs within this industry now account for 14% of total employment for Needles residents and are likely to increase to create more jobs in the community than there are persons in the labor force.
AWARD OF MERIT WINNERS:
City of Burbank Business and Economic Development in Collaboration with Downtown Burbank Partnership

Downtown Burbank Property Based Business Improvement District 10 Year Renewal

Downtown Burbank Property Based Business Improvement District (PBID) was recently renewed and expanded for a ten-year term. Created by Business and Economic Development (BED) in 2003 to revitalize Downtown Burbank (Downtown) staff worked in collaboration with property owners to create a public/private partnership. The PBID funds capital improvements, maintenance, marketing, and events to increase consumer spending and visitation. The renewed PBID includes a 60% increase in funding from property owners, new and enhanced services and an expanded footprint. The ongoing investment from the property owners has spurred additional investment, including a $60 million renovation of Burbank Town Center.

Innovate78

Startup78

Last year, Innovate78 (a collaborative economic development initiative of the five cities along the 78 Corridor in North San Diego County) launched a new program called Startup78. Startup78 connects city economic development staff with entrepreneurs across the five cities to help startups access resources to grow into sustainable businesses. In 2018 the program successfully launched a webpage, conducted four events that attracted more than 800 new community participants, increased social media engagement on Twitter by more than 1,000% compared to the previous year, earned five media placements, helped at least three businesses access economic development tools and inspired a group of entrepreneurs to create a new industry specific group for CPG (Consumer Packaged Goods) companies.

City of Glendale Economic Development Division

Arts and Entertainment District

Art and culture venues are increasingly used in conjunction with economic development programs to encourage the concentration of arts, cultural and entertainment venues and associated dining and retail uses in specific areas. With this understanding, in recent years, the Glendale City Council has introduced ordinances to amend Glendale’s Downtown Specific Plan and Municipal code, and approved economic development incentives to facilitate and promote the city’s Arts and Entertainment District. The Glendale Economic Development Division leveraged financing tools as well as partnerships with local nonprofits, other city departments, and private developers to nurture strategic establishments in its A & E District.

City of South San Francisco Economic and Community Development Department

South San Francisco Downtown Area Specific Plan (DASP)

In 2014, the City of South San Francisco adopted the Downtown Station Area Specific Plan (DSAP) for the area surrounding the City’s Caltrain commuter rail station, located east of Highway 101. The DSAP Area is located within one-half mile of the South San Francisco Caltrain station, and includes the majority of commercial and civic activities. The primary goal is to implement transit-supportive development solutions in Downtown South San Francisco that meets the diversity and affordability needs of the local community, while improving accessibility between the Caltrain station, Downtown, and a major regional employment hub.

City of Vista

Vista Craft Brewers

California breweries have an estimated $7.3 billion impact on the economy. In San Diego, a research study by the San Diego Brewer’s Guild states that craft brewers contributed more than $1.1 billion to the local economy in 2017, and it all started in Vista. Home to the most craft breweries per capita, and known as the center of “Hops Highway” the creative work of Vista City allowed brewers to move into commercial and retail space when other cities would not allow then, forever changing the local economy.

DID YOU KNOW?

CALED Promotes Economic Development Career Opportunities

Attracting talent can be difficult and time consuming.

CALED’s job advertisement program is a great resource for our members to promote open positions within their organization. With over 700 members, your job opening will be seen by economic developers throughout the state. We also use other social media platforms to appeal to professional networks outside of our membership.

CALED offers a discounted rate to our members starting at $350.00 to promote the advertisement until the date the job opening closes. Different rates apply for job ads considered “open until filled”.

For more information, please contact Laura Cole-Rowe at laura@caled.org.
Golden Bear Winner is Making a Difference in Economic Development

The California Association for Local Economic Development’s (CADE) Golden Bear Award is presented to the recipient for vision, drive, enthusiasm, creativity and commitment to the economic development profession. The CALED Golden Bear award is an exceptional honor and is CALED’s highest award for career achievement in local economic development.

The 2019 Golden Bear was presented to Ralph Lippman, Executive Director of the California Community Economic Development Association (CCEDA).

CCEDA is a statewide membership association committed to economic change in California’s disadvantaged neighborhoods. Ralph has served 35 years – most of his career – making a difference in community economic development.

His work as the Executive Director of CCEDA has led to key outcomes such as: developed almost two million square feet of commercial and industrial space; assisted more than one thousand businesses; retained at least six thousand jobs.

Congratulations to Ralph Lippman for being the 2019 Golden Bear Winner.

Federal ‘Opportunity Zone’ Tax Incentive Can Help California Build An Inclusive Economy

As the federal rule-making process develops, state and local leaders should proactively determine what their communities need—jobs, housing, new business—and design an opportunity zone framework that will support those outcomes.

The framework might include, for example, additional tax incentives to offset the typically low returns provided affordable housing investments.

Leaders must look beyond the traditional transactional dynamic of investing in economic development, and instead focus on the benefits of addressing the needs of the 3 million people living in California’s opportunity zones. Only then can we begin to foster increased economic equity.

Partisanship, fear of displacement, or concerns about public-sector inefficiency will make some people skeptical that the public-private cooperation involved in opportunity zone investments will contribute to a more inclusive, equitable economy. They shouldn’t be.

By aligning state and local incentives with financing tools, investors and civic leaders can focus on the economic needs of residents.

Read more: https://calmatters.org/articles/commentary/opportunity-zone/

#Makinganimpact Campaign has Launched!

Economic development practitioners and stakeholders have been doing great work in their field for the last 40 years. CALED wants to highlight these successes and celebrate their work during CALED’s 40th Annual Conference.

See the Faces and Projects in economic development by checking out our website: https://caled.org/making-an-impact-in-economic-development and our weekly EDlerts.

Learn from Camoin Associates about Disaster Recovery for Economic Development

By Camoin Associates

Following a disaster, a community must act. A post-disaster economic impact study should be conducted to assess the physical damage and economic damage. Additionally, an economic development organization should lead a post-disaster economic recovery planning process to fully assess the situation on the ground. The economic development organization must work with the community and key stakeholders to create a plan with action strategies and priorities. In addition to this plan, an effective communications strategy should be incorporated to ensure public is aware of planning efforts and to build community support.

Read more: http://www.camoinassociates.com
How HCD is Being Redesign to Protect Economic Development Funding for Communities

As some of you may know, CALED’s CEO Gurbax Sahota has been participating in California’s Housing & Community Development department’s (HCD) Community Development Block Grant (CDBG) Redesign Working Group for the past two years. Our role in participating in this group is to work with practitioners to provide input on how to improve the process and program for the economic development set aside for non-entitlement communities.

If you work in a non-entitlement community, you know how critical this economic development funding is and why a functioning CDBG program is key to achieving your community’s economic development goals. If you are NOT from a non-entitlement community, you receive CDBG allocation directly from the federal government and do not have to address the additional state overlay requirements; however, it is important for you to be aware of this issue, because the economic health of our smaller communities impacts the overall success of our state.

At some point in January of 2020, California’s Housing and Community Development Development Department (HCD) will release a super-NOFA for the CDBG Economic Development Non-Entitlement programs, and it is imperative that communities apply for this money. As you will read in the recommendations below, HCD has used under-subscription as a reason for decreasing the availability of economic development funding amounts. CALED is well-aware of the need in non-entitlement communities and also understands that the lack of applications speaks to the difficulty in using the program, not a sign of “all is well”.

It is for this reason that we are getting the word out early to our members throughout the state that this money is coming, and you should apply for it in 2020! As we learn more about the CDBG Economic Development application process, you can be assured that CALED will share information and will work to help our members. Since the program is undersubscribed, it has been noncompetitive. The 2020 NOFA creates an opportunity for communities to get back in the game with CDBG Economic Development funding.

Getting back to the Redesign process, CALED recently submitted a summary of the recommendations from our Redesign Working Group to HCD on how to improve this pivotal program for economic development. Our goal in sharing this memo with our wider membership is that by informing you about this program and the work that has been done over the last few years, you will be encouraged to apply for funding. Below is the summary of the recommendations made by the Redesign Working Group:

Our role in participating in this group is to work with practitioners to provide input on how to improve the process and program for the economic development set aside for non-entitlement communities.

CA HCD – CDBG Redesign Recommendations

The California Association for Local Economic Development (CALED) is the voice of economic development practitioners and stakeholders in California. With over 750 members, CALED is one of the largest economic development organizations in the country.

Background: CALED has long understood that the rural communities of California have specific economic development needs. While their concerns are often similar to those in urban areas (affordable housing, quality infrastructure, trained workforce, access to capital, excessive regulations) the solutions can be different in areas where distance, accessibility, and a lack of population concentration create unique challenges.

California’s Housing and Community Development Department (HCD) plays a key role in providing financial support to address some of these issues. In particular, the Community Development Block Grant Program’s economic development set-aside for non-entitlement communities is critical to helping some of California’s smallest and often-times most underserved areas create economic opportunity for their residents.
As demonstrated by the attached chart, since 2012 when HCD instituted a “super NOFA” and “super rep” process, combined with the limitation of two activities per applicant, the “50% rule” and the management memo changes that removed a community’s ability to use the 17% from program income for general and administrative expenses for a Revolving Loan Fund the economic development funds have been undersubscribed. From our communications with a number of communities around the state, the reduction in economic development applications was not due to a lack of need, but rather to a process that limited their ability to address both community development and economic needs and increased their risk should they be awarded funds.

Recommendations and Follow Up:
After two years of meeting with HCD staff to redesign the CDBG program, we have discussed potential improvements in the overall program, but have yet to see any of the recommendations on economic development incorporated into the redesign. In order to maximize the impact of the economic development funds as well as meet national objectives, we once again ask that you make these changes to increase the applications and expenditures for the economic development set aside:

- Separate the community development and economic development activities – even if you continue to use one NOFA:
  - Ask questions distinctive to economic development for those that apply for that funding – community development and economic development are two different activities and should be scored differently during HCD’s rating and ranking process.
- Do not include economic development in the two activity rule – because many communities rely heavily on CDBG funding to support much needed community development programs (e.g., foodbanks) that address the immediate needs of LMI households. As a result, they are presented with the choice to stop funding these programs in order to apply for economic development funds for longer-term programs designed to bring people out of poverty. Such a choice is a risky and difficulty proposition at best.
- Apply the “50% rule” to each pot of funds separately – you must expend 50% of funds awarded for economic development before you apply for more economic development funds.
- Allow jurisdictions to retain the 17% in General and Administration dollars from the program income generated from Revolving Loan Fund loans to administer the program and service the loans. This would be in accordance with the definition of Program Income as per 24 CFR Part 570.500(a)(v) and 570.500(b) and apply regardless of whether or not the operator has another open CDBG grant.
- Establish an acceptable dollar amount of retained program income such that a jurisdiction can draw down on new grant funding versus the current policy of requiring a zero dollar program income balance which can jeopardize other planned program income CDBG eligible activities and is unattainable for jurisdictions that have any CDBG supported programs that receive ongoing payments from recipients. This would be in accordance with 24 CFR Part 570.504(b)(2)(ii) which utilizes the term “substantially all” not “all” when determining when cash withdrawals from new grant can be made.
South Gate LEAPs Forward to Assist Small Businesses

By Dima Galkin, Associate, RSG, Inc.

How can small- and medium-sized cities with limited staff resources identify the most effective strategies to support local businesses more effectively? The City of South Gate used the Local Economic Advisory Program (LEAP) to do just that for a vital segment of its business community.

South Gate has an unusually large number of small businesses. While small businesses make up about 70% of all California businesses, that number in South Gate is 77%. Furthermore, more than one out of every six jobs in South Gate is in a business with less than five employees.

Because of the traditionally high failure rate of small businesses, a thriving entrepreneurial and startup culture is essential not only to a successful small business sector, but also local employment levels. To encourage success, South Gate staff wants to ensure that small businesses in the community are aware of local, state, and federal resources to help them succeed and to attract more business mentors actively working in the region.

To understand what kind of help would best serve local businesses, South Gate retained the California Academy for Economic Development to facilitate the preparation of a LEAP.

Our communities need these funds to create economic opportunities for their residents, and HCD staff has the discretion to interpret regulations to achieve maximum economic development impact. We ask that the leadership encourage them to do so. With only one meeting left of the Redesign Working Group, please provide a written reply to this request for improvements and a path to follow up on our ongoing concerns.

As you can see from the memo, we cannot guarantee that all of the recommendations will be adopted and that the program will be flawless. That being said, we also cannot leave the money on the table and encourage all non-entitlement communities that are eligible to apply. CALED will continue to follow this process and provide assistance where we can.

For more information or if you have questions or input, please contact us.
City staff recognized the LEAP’s value early. Community Development Director Joe Perez said, “as a community that thrives on the entrepreneurial spirit of immigrants and second generation Latinx, South Gate needed to align our state and federal partners to the unique needs of our business community. We felt the LEAP was needed to provide an approachable and direct line of communication between our partners and local businesses.”

A team of five economic development experts volunteered to serve on South Gate’s “LEAP Team” and convened in South Gate on August 27, 2018 to study the situation and provide recommendations to the City.

Prior to the LEAP, the team reviewed the City’s relevant market research and business data. On the day of the event, the LEAP Team interviewed:

- business owners;
- commercial brokers;
- representatives from the local Chamber of Commerce;
- representatives from the Tweedy Mile Association (a local business improvement district);
- representatives from the local Small Business Development Center; and
- City staff.

South Gate has long been committed to supporting its small business community in a variety of ways, including assisting business owners with mentoring, learning and applying practical marketing, workforce development, and financing tools. The LEAP allowed City staff to focus on what areas of assistance are most valuable to local businesses, how events and resources are currently benefiting small businesses, and how the City can coordinate better with its local partners in economic development. Following the research and interviews, the LEAP Team synthesized its findings and recommendations in a report.

While it serves close to 100,000 residents and approximately 3,000 businesses, South Gate has limited staff and budget for economic development. The LEAP provided the City with a prioritized list of steps to improve coordination with economic development partners and increase the chances of successful outcomes for small businesses.

South Gate’s decision to host the LEAP showed both current businesses in the City and those considering relocation or expansion that the City is determined to work with partners to provide greater support for small businesses. The LEAP also provided notice to businesses on how the City plans to improve the local business environment and equip business owners with the tools needed for success.

The LEAP Program is available to all California communities and can be fully customized to meet any specific economic development needs. LEAPs can be used to focus on any of a wide variety of issues, including the following:

- Targeting industries in your community;
- Starting and funding an economic development program;
- Building community consensus;
- Assessing industrial or commercial areas;
- Developing marketing strategies; or
- Preparing for disaster recovery and resilience.

For more information on how a LEAP can further your community’s local economic development, Southern California communities should contact Dominique Clark at dclark@webrsg.com and Northern California communities should contact Wes Ervin at wes@weservinassociates.com. You can also visit the LEAP webpage at https://edacademy.org/training-education/local-economic-advisory-program-leap.
Mobility Trends and Their Impact on Economic Development

Digital technologies are changing virtually every industry. Mobility is no exception—we are at a historic turning point with several accelerating and converging innovation streams. Four topics underpinning the mobility “revolution” are:

- **Electrification** – California’s ambitious climate goals are driving a shift toward electric vehicles. At the same time, micro-mobility devices (e.g. scooters) are rapidly proliferating.
- **Automation** – California is the global center of autonomous vehicle (AV) technology, leading a race to deliver safe, reliable, self-driving vehicles for consumer and commercial applications.
- **Shared Mobility** – A range of new transportation mode choices, on-demand mobility services, and shared vehicles are creating new travel options.
- **Mobility Pricing** – The need to replace declining gas tax revenues while maximizing our infrastructure’s efficiency is creating renewed interest in new forms of road pricing.

These revolutionary topics have the potential to reshape cities of all sizes across California. They could change how people and goods travel, how infrastructure is planned, designed, operated and paid for, how transportation impacts the energy grid and the environment, as well as the economics of transportation and other industries.

**Lawmakers’ response to the mobility revolution**

The public and private sectors are working together to understand the impact of the mobility revolution. Dozens of proposed laws, regulations, and incentives are already in the pipeline at all government levels. These will shape how California cities are impacted by the mobility revolution and how they embrace and take advantage of it. Examples of policies and incentives include:

- State and local agencies are considering Vehicle Miles Traveled (VMT) Tax and congestion pricing as an alternative to the gas tax. Congestion pricing is also being explored to push auto trips to other transportation modes or to off-peak periods.
- Legislation to streamline permitting for Electric Vehicle Charging Equipment (EVSE) and to facilitate its installation has been introduced. Similarly, facilities that supply electricity to power motor vehicles are not considered a public utility, shifting the path of future “gas stations”.
- Senate Bill 50, introduced late last year, tried to address the mobility, urban sprawl, and commuting issues in California by up-zoning housing development near transit. The proposal would allow higher density construction on land zoned for only single-family houses; however, the bill has been delayed for a vote until January 2020. The mobility revolution could complement proposals such as those outlined in SB50 with localized programs such as first and last mile mobility solutions.

**What can economic development agencies do?**

There are opportunities and risks for California cities. For example, reduced parking demand could free up land for other uses but also reduce revenues from parking fees and enforcement. Similarly, local economies could be disrupted as industries and business models evolve to reflect changing conditions. There is no one single strategy, policy, or program to leverage mobility solutions to accelerate economic development.

Each community has its own constraints and advantages under which mobility trends can be managed. Examples of potential city policies and programs are:

- San Francisco and Los Angeles are studying congestion pricing following the recent approval of a “cordon congestion pricing” measure in New York, where drivers will pay for entering a defined area in Manhattan.
- The DMV has authorized pilot projects to explore applications of AV technology, with limitations on operational speeds and testing areas.
- Research to understand the impact of technology on workers, employers, and the economy. This could inform apprenticeship programs, which may be developed in coordination with technology companies and local community colleges.

The mobility revolution can be an opportunity for California cities, but the challenge is to harness these innovations to enhance mobility choices, social equity, and economic competitiveness. Cities across California can be in the driver’s seat of the mobility revolution and marshal existing resources with the support of subject matter experts to navigate these dynamic times.
Annual Nonfarm Job Growth Rate By State

Highlights

- California remains in the upper-middle tier, showing an increase of Nonfarm payroll jobs by 1.5 percent in the 12 months ending March 2019, ranking 17th among all states.
- Idaho rose to the upper-tier concentration of high performing states on the west coast seen in the two previous years. The area continues to excel in the first quarter with the exception of California and Oregon.
- Nevada rose to be the state with the highest job growth rate at 3.2 percent.
- There was a decrease in job growth rates across most states from last quarter with 43 states realizing a decrease in job growth rates. Only six states experienced increased job growth from last quarter.

<table>
<thead>
<tr>
<th>State</th>
<th>Annual Job Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nevada</td>
<td>3.2%</td>
</tr>
<tr>
<td>Utah</td>
<td>3.0%</td>
</tr>
<tr>
<td>Washington</td>
<td>2.4%</td>
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<tr>
<td>Idaho</td>
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<tr>
<td>Arizona</td>
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<tr>
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<tr>
<td>Colorado</td>
<td>1.8%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>1.6%</td>
</tr>
</tbody>
</table>


State Annual Nonfarm Job Growth Rate

Highlights

- California’s annual job growth remained consistent with the last quarter, remaining below the national average.
- Job growth rates for the United States slightly fell after a minor spike in January.
- Texas, Arizona, and Nevada all experienced decreases in job growth rates throughout the quarter.
- Despite a sharp decline at the beginning of the quarter, Washington ended at a job growth level consistent with the previous quarter.
California Annual Industry Segment Job Growth Rate

- Job growth in California’s Service-Providing sectors, comprising 87 percent of Nonfarm jobs, remained relatively steady in terms of job growth ending slightly below the previous quarter.
- Despite a sharp decline in February, growth in Goods-Producing sectors ended consistent with the previous quarter remaining above the other two sectors.
- Job growth in Government sectors experience a slight upward trend early in the quarter ending at levels slightly higher than the previous quarter.

California & United States Annual Major Sector Job Growth Rate

- California’s annual job growth rate outpaced the nation in four of the 11 major sectors, but lagged in total Nonfarm job growth. Positive (albeit tepid) job growth was experienced in all sectors except financial activities.
- The most robust state job growth rates occurred in Construction, Professional and Business Services, and Mining and Logging.
- Job growth rates in the Mining and Logging industry continued to rise sharply in the United States and in California.
California Absolute Annual Job Gains and Losses

- Just over 254,000 Nonfarm jobs were added in California in the 12 months prior to March 2019.
- California's absolute job gains were strongest in Professional and Business Services, led by growth in employment in scientific research and development and technical consulting services.
- Despite showing strong job growth rates, the Mining and Logging industry added only 600 jobs, the lowest absolute growth of any industry showing positive job growth.

State Annual Average Unemployment Rate

- California’s annual average unemployment rate remained consistent with last quarter at 4.2 percent, falling to the lower-middle tier.
- All but three states have experienced unemployment at or below 5 percent, putting nearly all states at full employment levels.
- Unemployment rates have decreased across 33 states from the previous quarter continuing a downward trend from the last three quarters.
- Just over 21 percent of unemployed Californians have been out of work for more than 27 weeks, a figure that remains slightly higher than the national average of 20 percent.
- California’s “real” unemployment, accounting for underemployed and marginally attached workers, was 9 percent, also higher than the national average of 8 percent.
Annual Nonfarm Job Growth Rate for Metropolitan and Non-Metropolitan Areas

Job growth rates in the Sacramento metro rose by approximately 1 percent, elevating the metro to the upper tier.

Despite job growth rates in the San Jose metro falling by over one-half percent from the previous quarter, the metro remains in the upper tier.

While the San Francisco metro remains in the upper-middle tier, the metro continues to account for 21 percent of the state’s absolute job growth alone and 39 percent when combined with the Los Angeles metro, greater than levels seen in the prior quarter.

California Large MSA Annual Nonfarm Job Growth Rate

The Los Angeles metro continues to experience the lowest job growth rates among the major metros.

Job growth rates in the Riverside metro plummeted early in the quarter before stabilizing and ending just below the statewide average.

San Jose job growth rates continue to rise, continuing the trend from last quarter, ending second among major metros, below Sacramento.

The Sacramento metro continued to experience the strongest job growth rates among the major metros.
Annual Average Unemployment Rate for Metropolitan and Non-Metropolitan Areas

- 34 markets had rates at or below 6 percent, placing significantly more than half of all California markets near full employment levels, consistent with the previous quarter.
- San Francisco and San Jose markets continue to experience low unemployment rates and most of the Bay Area metros and counties remain in the upper tier consistent with previous quarters.
- Unemployment rates have increased across 41 California markets and counties from the previous quarter.

State Leading Index 2018

- The State Leading Index indicator predicts the six-month growth rate of the Coincident Index for each state, combining several indicators of current conditions.
- California’s leading index slightly decreased, falling sharply to the 34th rank in March 2019. Economic conditions may improve in the next quarter.

Economic trends to follow:

- Retailers posted the best monthly increase in over a year, reflecting less of a slowdown in consumer spending than anticipated.
- Recent data suggest stronger first quarter economic performance than expected, reducing concerns of a near-term recession.
Samueli Academy is a 501(3)(3) non-profit charter high school located in Santa Ana that currently serves students in grades 9 through 12. The Academy’s mission is to provide a transformational learning environment to local, underserved and foster teens that offers consistency, stability, and support. The Academy was established as an answer to the low high school graduation rates among teens in Orange County and prides itself in providing structure for youth in foster care.

Tax-exempt financing through the California Enterprise Development Authority (CEDA) in a 2016 bond issue helped finance and refinance costs associated with development of the Academy’s first phase educational facilities and campus.

Orangewood Real Property LLC, a California limited liability company that owns the facilities leased to Samueli Academy, completed a $32.5 million financing with CEDA in March 2019 that is a continuation of capital improvements in the 2016 issue and expands the Academy’s mission through the addition of a junior high school (grades 7 and 8). Upon completion of the improvements, in addition to the junior high school, the Academy will add a student innovation building, a 16,000 square-foot gymnasium, an outdoor soccer field, and a 48-unit dormitory on a 7.1 acre parcel of land. The dormitory, which will house foster youth during the school week, is the first of its kind.

Tax-exempt financing benefits the Academy through notable savings in the effective interest rate, which can ultimately be used to offer enhanced services to more youth.
Register for CALED's Webinar Wednesdays Today!

All webinars are from 1:00 pm – 2:00 pm (PST)

July 10, 2019 – The Gig Economy
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August 7, 2019 – Business Resilience
Join our expert panelists as they discuss best practices for businesses to be prepared for a natural disaster.

September 4, 2019 – Game Changing Economic Development
Learn about an award-winning economic development finance project as CALED’s 2018 Gamechanger winner discusses their project, highlighting economic development finance tools and collaboration, as well as helping change the local economy.

All webinars are free for CALED members. For non-members, there is a fee of $35 per webinar. You can register online at caled.org under the training tab, then click events and webinars. If you have questions or need help with registration, please contact Laura Cole-Rowe, at laura@caled.org.

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27 March 2019
Thanks to Acting Deputy Executive Director Bill Burwell & @sethisen with @SelectUSA for helping the CALED leadership kick off our Annual Conference & our #makinganimpact effort to promote how #econdev is making a difference at the local level #practitionerpower

20 March 2019
Great day at capitol for #SB128 sponsored by @CALED_EconDev & #SB5! Thank you to @Jimbealljr for authoring #SB128 & co-authoring #SB5 with @ilike_mike. Special thanks to Aaron @cityofwestsac & Constantine with Kronick for support! #econdev #makinganimpact

16 January 2019
Great rural discussion yesterday during @CALED_EconDev Rural Exchange event! Happy to have a lot of partners working together to advance rural priorities. @CALED_EconDev is #makingithappen and #makinganimpact!
The drive to create smart cities and keep pace with the technological advances in the fourth industrial revolution creates both opportunities and challenges for economic development professionals. The opportunities range from improving efficiencies in public service to attracting the businesses and workforce talent that gravitate to communities that embrace a culture of digital excellence. And as the digital opportunities grow, so do cyber threats. In the FBI’s "2018 Internet Crime Report," California is ranked number one in victims of cybercrime with a reported $450M in losses. Of course, it’s easy to dismiss cyber threats as a problem for large-scale firms, but 61% of small and midsize businesses said they experienced a cyber attack and data breach in 2017, according to the “2017 State of Cybersecurity in Small and Medium-sized Businesses Report.”

Educating the community is one of the best lines of defense against these attacks. The critical question for any public agency or business to answer is how does an organization keep their data safer from cybercriminals? It all begins with your people, process, and tools.

**People**

One of the most significant vulnerabilities to any network is the human factor. The primary reason for this is that most people are not provided cyber training; therefore they easily fall prey to cyber attacks.

Many organizations presume that if they hire more cyber specialists, the problem will go away. The reality is that your entire workforce needs to be aware of the looming cyber threats that may threaten your organization. Your community should host training to inform people about password policies, phishing emails and videos, social media, mobile phones, multi-factor authentication, and what to do if a cyber attack happens. Many cyberattacks can be thwarted just by raising the cyber IQ of your community.

**Process**

The cost of a cyber breach is not only financial but harms the public’s trust in an agency’s services. A common misconception is that cyber is just an "IT" thing. From HR to finance, develop cyber policies, frameworks, and procedures for your entire organization. Begin with a vulnerability assessment that will help your organization gain insight where they may be compromised.

**Tools**

There are many facets necessary to secure your network. Consider developing a strategy for:

- **Physical Security**: Ensure your resources are physically protected and that critical systems have restricted access.
- **Boundary Protection**: Identify resources that need to be made available to the public. Restrict access to everything else.
- **Encryption**: It is imperative to encrypt data at rest and in transit.
- **Network Segmentation**: If a device or machine is compromised, make sure to reduce the blast radius, so other parts of your network are not impacted.
- **Workload Protection**: Use anti-virus and vulnerability management tools that regularly scan web sites for vulnerabilities.
- **Asset and Software Inventory**: Know all your products and devices as well as keep them patched and secured.

**Be Ready and Be Prepared**

It is vital that our communities begin cyber education as early as elementary school. Several states around the nation have started creating cyber ranges that are focused on providing cyber training and resources to not only their existing workforce but students in K-12.

Cal Poly is dedicated to making California’s citizens and economy cyber-resilient. Learn more about the programs and services we offer at https://cci.calpoly.edu/
A Strong Local Entrepreneurship Ecosystem is a Great Strategy for Rural Development

By Heidi Pickman, Vice President, Programs and Policy, CAMEO

Most, if not all, businesses start small and in rural areas. 95% of businesses are microbusinesses with five or fewer employees.

“Boosting the [business] creation rate is required to make sure [rural] economies remain above water when it comes to entrepreneurship and the economic opportunity and local dynamism it fosters.”

With huge, structural changes in our economies, we need new innovative, creative and flexible economic development strategies. One such strategy that any rural community can implement is to create a strong Local Entrepreneurial Ecosystem. The ecosystem includes: business training and management skills, small amounts of capital, access to markets, an environment in which to thrive, and policies that encourage entrepreneurship, or put a simpler way, the five ‘C’s: Coaching/training, Capital, Connections, Climate, and Culture.

In many cases, the focus is often narrow, e.g. “Let’s start a loan program.” It’s important to consider the five C’s as a whole, not in silos. You can’t have a loan program without a business having clients or understanding their financials.

A growing number of efforts are shifting to a more holistic view, a view that we advocate for to become commonplace. The result is to create a strong and diversified infrastructure of many small, locally-owned businesses that will be a major source of job creation, economic stability, and community success in the new economic reality.

With that in mind, here are five ideas to start working on your Local Entrepreneurial Ecosystem.

Coaching: Assess the existing business assistance infrastructure to identify strengths and what services are offered, as well as what might be missing. Does your community have a Small Business Development Center or Women’s Business Center? Does your community have business services such as legal, marketing, production, accounting, etc.? If not, reach out to other nearby communities to connect your business owners with training resources.

Capital: Work to increase bank relationships and participation with the small business community and when businesses don’t qualify for a bank loan, work to connect those rejected by banks and refer them to a Community Development Financial Institution or a training program.

Connections: Reliable broadband for your community is a must for any business owner, and especially important for rural business owners who need to connect outside their communities to bring in more wealth. Advocate for better broadband or create your own broadband network (https://muninetworks.org/content/community-connectivity-toolkit).

Culture: Host an activity or program that promotes local businesses. Examples include: Small Business Saturday, a small business expo, or a Buy Local program.

Climate: Review your regulations and check for conflict between municipal departments and larger jurisdictions, (i.e. make sure your town’s regulations don’t conflict with county regulations and work to align them).

Part of being in an ecosystem is that the pieces interact, support each other and depend upon each other. Much like a puzzle, our ecosystem needs each piece, (each C in this case), to show the full picture and increase its impact.

1 “The Challenges and Opportunities of Running a Small Business in Rural America,” John Lettieri, Economic Innovation Group.