



PLANNING AND BUILDING DEPARTMENT

ECONOMIC DEVELOPMENT DIVISION

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Date: July 23, 2019
To: Board of Supervisors
From: Kyle Zimbelman, Economic and Business Relations Manager
Subject: **Economic Development Work Plan for Fiscal Year 2019-20**

PURPOSE

This staff report includes a proposed Economic Development Division Work Plan for Fiscal Year (FY) 2019-20 for the Board's consideration.

DEPARTMENT RECOMMENDATION

Planning and Building Department, Economic Development Division recommending the Board review and provide direction on the Economic Development Work Plan and Project Prioritization Matrix for Fiscal Year 2019-20, as follows:

- 1) Review the Matrix and the recommended project prioritization;
- 2) Direct staff to modify the Matrix, if necessary, to better reflect the Board's current priorities; and
- 3) Endorse a final Matrix that prioritizes projects managed by the Economic Development Division for Fiscal Year 2019-20. (Est. Time: 30 Min.)

Projects are prioritized based on the following five objectives, with the goal of enabling a prosperous and vibrant economy:

1. Retain, develop and attract businesses that provide economic sustainability and quality job creation;
2. Increase employment opportunities by improving workforce development skills;
3. Invest in infrastructure needs to improve and maintain competitiveness;
4. Nurture the County and Community's business friendly reputation; and
5. Provide attainable housing options - balance jobs with housing.

BACKGROUND

Staff provided the Board with three comprehensive Program updates on March 28, 2017 (Legistar File #17-0338, Item 38), October 17, 2017 (Legistar File #17-0338, Item 13) and November 07, 2017 (Legistar File #17-0338, Item 37).

During the November 07, 2017 update, the Board directed Staff to:

1. Continue to Build a County-wide Economic Development Team and Culture;
2. Continue to Improve Communication, Outreach, and Image;
3. Continue to Explore 90-day Permit Processing;
4. Initiate a Sales Tax Retention Program(s); and

5. Direct the Chief Administrative Officer, Auditor-Controller and Assessor to return to the Board with recommendations to implement Policy J7 (Economic Development Incentives), including providing the Chief Administrative Officer the delegated authority to negotiate incentives under specific criteria.

Staff has diligently pursued this direction, which involved building a strong working relationship with the Department of Planning and Building. The Program has achieved great success in a short period of time with limited resources.

In response to the success of the Program and the collaborative efforts taking place between Economic Development and the Planning and Building Department, staff recommended the transfer of the Economic Development Program from the Chief Administrative Office to the Planning and Building Department.

The transfer of Economic Development to the Planning and Building Department brings added capacity to manage Program efforts. The transfer allows for Economic Development staff and Planning and Building staff to work collaboratively to share resources that are currently housed in separate offices. The relocation of Economic Development provides the ability to interact with customers immediately and respond to potential development needs expeditiously.

On January 29, 2019 (Legistar Item No. 19-0033), the Board:

1. Received and filed a presentation on Transient Occupancy Tax (TOT) funding sources and expenditures;
2. Approved Resolution 012-2019, deleting 1.0 FTE Principal Management Analyst from the Chief Administrative Office, adding 1.0 FTE Economic Development & Business Relations Manager, and transferring 1.0 FTE Administrative Assistant I/II (assigning that position to the General Unit), to the Planning & Building Department, resulting in the reassignment of Economic Development from the Chief Administrative Office to the Department of Planning and Building, effective February 2, 2019, and approve the related Budget Transfer Form (4/5 vote required);
3. Approved Resolution 013-2019, adding one Administrative Technician to the Chief Administrative Office (assigning that position to the Confidential Unit), effective February 2, 2019, and approve the related Budget Transfer Form (4/5 vote required); and
4. Conceptually approved the reorganization and addition of staffing resources to the Economic Development Program (Program) as outlined below and directed the Planning and Building Director to return to the Board with the necessary personnel resolutions and budget adjustments for the reorganization.

On March 12, 2019 (Legistar Item No. 19-0175), the Board adopted and authorized the Chair to sign Resolution 025-2019, amending the Authorized Personnel Allocation Resolution 132-2018 to:

1. Reassign the existing Department Analyst I/II - Ombudsman (1.0 Full Time Equivalent (FTE)) position from Community Development Services Administration and Finance to the Planning and Building Department, to be dedicated 75% to the Economic Development Program and 25% to Planning and Building activities;

2. Add one Senior Administrative Analyst (1.0 FTE) position to the Planning and Building Department, to be dedicated 75% to the Economic Development Program and 25% to Planning and Building activities;
3. Direct that the above changes be added to the Fiscal Year 2018-19 Position Allocation Schedule; and
4. Provide authorization to the Director of Human Resources to make, if needed, any technical corrections to the authorized personnel allocations for the Planning and Building Department and Community Development Services, Administration and Finance.

STRATEGIC PLAN

On June 11, 2019 (Legistar Item No. 19-0885), the Board updated the Countywide Strategic Plan, which refined the goals and priorities for Economic Development:

1. Retain, develop and attract businesses that provide economic sustainability and quality job creation.

- a. Continue business attraction and retention incentive efforts to retain, expand, and import businesses to El Dorado County
 - i. Reach out to targeted business sectors for relocation to the County
 - ii. Search out to local businesses for expansion incentives
 - iii. Develop business clusters and Geographically-Targeted Economic Development Areas if deemed feasible
- b. Deploy a small business/entrepreneurial development strategy
- c. Implement strategy to promote occupation and telecommuting jobs
- d. Identify what businesses have left the County in the last five years and why
- e. Continue to monitor appropriate and competitive fee levels
- f. Promote and expand agriculture, recreation and tourism (etc. geotourism and agriculture tourism) and their related businesses
- g. Increase retail opportunities

2. Increase employment opportunities by improving workforce development skills.

- a. Identify current workforce resources
- b. Identify labor skills gaps and assets
 - i. Conduct survey with the business community to determine labor skills gap
 - ii. Conduct survey with economic development recruiters and regional economic development organizations to determine labor skills gap
 - iii. Identify skills the County's workforce has in abundance for business attraction
- c. Collaborating with the local school systems, community colleges, and county departments on how to create workforce development classes desired by the market
 - i. Start workforce round table with business community, education partners, and local governments

3. Invest in infrastructure needs to improve and maintain competitiveness.

- a. Conduct a comprehensive land use, water/sewer, gas, electricity, multi-modal transportation, etc. infrastructure needs study to identify potential economic development zones or clusters
- b. Explore Community Choice Aggregation (CCA) Feasibility

- c. Encourage development of high speed Internet service (broadband and/or Wi-Fi)
- d. Explore the use of special financing districts such as Business Improvement Districts, Tourism Improvement Districts, Agriculture Improvement Districts, Tax Increment Financing, etc.
- e. Survey the local business community, regional economic development agencies and economic development recruiters on what infrastructure the County lacks

4. Nurture the County and Community's business friendly environment.

- a. Continue to evaluate opportunities to improve County processes that are identified as onerous for the business sector.
- b. Actively participate with local, Regional and National organizations to strengthen the County's economic development advantages.
- c. Continue to provide expert assistance and guidance to help navigate regulatory requirements in support of business development.

5. Provide attainable housing options - balance jobs with housing.

- a. Do a gap analysis on what housing options the County is lacking
- b. Research what housing options are needed to support desired business sectors
- c. Determine appropriate mix of housing alternatives for all types of housing including, transitional housing, very-low, low, moderate, and above-moderate income housing
- d. Complete a study of housing incentives used by peer counties or cities/towns
- e. Recognize the impact of homelessness on Economic Development and identify methods to assist the chronically homeless associated with mental illness

PROPOSED PRIORITIES FOR FY 2019-20

The following projects have been initiated to address the Economic Development Strategic Plan goals for FY 2019-20.

1. Retain, develop and attract businesses that provide economic sustainability and quality job creation.

- Business Retention and Expansion Program – On June 4, 2019, the Board approved a professional services contract with John Krueger, dba National Market Advisors, to assist with the development of the following Programs:
 1. Business Retention and Expansion Program Development;
 2. Marketing Outreach; and
 3. New Program Analysis including New Finance and Incentive Tool Identification.

The scope of work includes developing a new finance and incentive tool and creating a marketing and business outreach program that will engage our current and prospective businesses alike.

- Market Area Economic Impact Studies – staff proposes to engage a consultant to assess the economic potential in selected areas, with a goal to implement one new study per year. In 2018, New Economics and Advisory, Inc. completed an Apple Hill study. In 2019, New Economics and Advisory, Inc. will perform an analysis of the Coloma/Lotus area. In future years, the Board will determine the next area for analysis, using a list of potential areas provided by staff.

2. Increase employment opportunities by improving workforce development skills.

- Strategize with Human Resources Department to develop a Countywide Internship Program.
- Facilitate collaboration between County Departments, local Chambers of Commerce and businesses to develop potential industry partnerships.
- Continue association with Workforce Innovation and Opportunity Act (WIOA): the WIOA helps job seekers succeed in the labor market by providing access to employment, education, training, and support services while matching employers with the skilled workers they need to compete in the global economy. In addition, the enactment of WIOA provides a new opportunity to ensure that America's Job Center of CaliforniaSM(AJCC) locations remain effective and job-driven—responding to the needs of employers and preparing workers for jobs, now and in the future.
- Promote the Economic Development Corporation of El Dorado County (EDC²): EDC²provides a variety of services in order to encourage local enterprises and improve the quality of life within the County.
- Collaborate with Sierra Business Council: The Sierra Business Council implements projects that model proactive change. The Council helps create or retain jobs in the area and advocate for legislation to improve communities.
- Continue partnership CEDAC: CEDAC is advisory to the Board in developing the Countywide Economic Development Plan. A main objective of CEDAC's work plan is to advocate for Higher Education Pathways. The office of Economic Development will help assist with these efforts.

3. Invest in infrastructure needs to improve and maintain competitiveness.

- Encourage development of Broadband and/or Wi-Fi infrastructure, examining the potential for allocating Transient Occupancy Tax revenue to this effort (including potential grant match).
- Missouri Flat Area Master Circulation and Financing Plan (MC&FP) Phase II Project. The ultimate goal of the MC&FP is to encourage economic development in the Missouri Flat area. This project is led by the Department of Transportation, with assistance from Economic Development staff and consultant Economic and Planning Systems, Inc. (EPS). Phase II of the MC&FP will provide a framework to fund any necessary additional major improvements to the Highway 50/Missouri Flat Road Interchange and adjacent arterial and collector roads that will alleviate traffic congestion and facilitate additional commercial development in the Missouri Flat Road corridor.
- Economic Development Opportunity Areas Analysis: Staff is initiating a contract with EPS to identify areas in the County that could accommodate future nonresidential development, determine the extent of market demand for nonresidential uses, and determine what barriers may preclude future development, including the need for additional infrastructure improvements and funding. This effort may include a Fiscal Impact Analysis, which evaluates the impact of future development on the County's operating budget; and a Financing Plan, which documents public infrastructure costs and funding sources and potentially would establish a financing arrangement similar to the MC&FP, if needed.

- Collaborate with the El Dorado County Transportation Commission on the El Dorado Hills Transportation Circulation Plan, and provide economic development data.

4. Nurture the County and Community's business-friendly reputation.

- **Staff Development Program:** Development and implementation of an internal cross-training program to improve flexibility and responsiveness to customer service requests, including conducting a study to identify professional development needs in the Department, and creating recommendations for an ongoing, efficient training program. This effort will also include coordinating workshops to be conducted by outside vendors for all Department staff (e.g., critical thinking, emotional intelligence, communication) and trainings specific to Divisions (e.g., Tribal Consultation, Housing, California Environmental Quality Act, Land Use). In addition, the Greater Sacramento Economic Council Certified Champion Program provides training for staff to act as ambassadors able to advocate for Economic Development in the County. This program will be made available to appropriate staff.
- **Zoning Ordinance Minor Updates** – Updates to the Zoning Ordinance are ongoing, as conditions change or new conditions arise. Staff will analyze factors for Economic Development projects that encompass planning and building codes/policies. The goal is to alleviate obstacles to customer service, to create clear expectations for quality development, and make those expectations easy to understand and follow. The Zoning Ordinance Minor Update is expected to be presented to the Board in the fall.
- **Expanded social media presence:** Facebook, Twitter, LinkedIn, Instagram and YouTube. The Ombudsman will take the lead on keeping the Planning and Building Department website up to date.
- **Implementation of various efforts to improve customer service:**
 - Establish a baseline (e.g., develop and conduct a survey to discover deficiencies in customer service).
 - Post the Ombudsman at the door to interview customers as they exit the Planning and Building Department.
 - Determine analytical approach to gauge average amount of staff time to process a discretionary permit.
 - Conduct studies to analyze the number of permits processed, the number of referrals to the Ombudsman, the number of referrals to Code Enforcement, the number of appeals, etc.
 - Use “staple me to a process” method (i.e., follow random applications through the process) to determine where there are inefficiencies in current processes.
 - Develop customer-focused procedures, including more user-friendly applications, which make it easier to apply for permits.
- **Community Planning: Commercial/Multi Family Residential Design Guidelines/Standards for Community Regions** – This project will be conducted by Economic Development and Long Range Planning staff, with assistance from consultant De Novo Planning Group. Once developed, the final design standards will be presented to the Board of Supervisors for adoption. The adopted design standards will streamline the process for future new commercial and multi-family residential

development that meets the design standards requirements. This effort is anticipated to take two to three years to complete. Staff has already been reaching out to community groups in the four Community Regions.

5. Provide attainable housing options - balance jobs with housing.

- The Economic and Business Relations Manager will assume a project management role to assist major developers in navigating the planning and permitting process. This effort will encompass all stages of the planning and permitting process, ideally, from inception to doors opening for business.
- Staff is initiating a contract with BAE Urban Economics to study economic issues in the County related to housing, including: evaluating the implications of the County's policies that favor development of age restricted housing as they relate to the County's long-term economic and community development; evaluating the gap between housing supply and needs; providing the Board with reasonable data on which to base potential incentives for workforce housing; understand long term impacts of incentivizing age-restricted housing and conducting an analysis of using unspent TOT revenue to fund workforce housing.
- Staff will obtain a clear understanding from the Board on their desire to incentivize housing.

ECONOMIC DEVELOPMENT ONGOING ACTIVITIES

In addition to these project priorities, the Economic Development team has an extensive list of other ongoing planning activities that are listed on the second page of Exhibit A.

- Coordinate with local Chambers of Commerce to strengthen the County's economic development advantages.
- Collaborate with the Chief Administrative Office (CAO) on implementation of the Countywide Strategic Plan.
- Develop new and evaluate existing Planning and Building Department policies.
- Implement Policy J-7 (Economic Development Incentives), including providing the CAO the delegated authority to negotiate incentives under specific criteria.
- Implement Policy J-8 (Special District Impact Fee Offset for Non-Residential Business Development), which was created to incentivize non-residential development by providing for the offset of Special District Impact Fees.
- Implement Policy J-2 (Economic Development Policy/Industrial and Commercial Priorities), which will promote the economic health and viability of El Dorado County by ensuring that all departments provide priority treatment for commercial and industrial projects being processed in El Dorado County, to assure that the future tax base of the County is provided for in a timely manner.
- Research potential grants and coordinate grant application process, including solicitation, submission and review. Ensure compliance with grant terms and conditions.
- Research and identify potential industry partnerships.
- Develop and foster relationships with other County Departments, Board Appointed Committees and external organizations to develop a greater understanding of various economic and business relations issues.

- Coordinate with Housing, Community and Economic Development Program on housing programs.

ECONOMIC DEVELOPMENT STAFF RESOURCES

The Economic Development Team is currently allocated four employees as follows:

Economic and Business Relations Manager (1 FTE): dedicated full-time to Economic Development responsibilities. This position plans, initiates, implements and manages a broad range of economic development, business services, business attraction and retention, marketing, public relations and event programs for the Economic Development Division. The Economic and Business Relations Manager is responsible for the overall direction and administration of the County economic development function. The position is responsible for formulating policy, developing goals and objectives, supervising staff, and directing day-to-day operations.

Sr. Administrative Analyst (.75 FTE): The Sr. Administrative Analyst is dedicated 75 percent to Economic Development, 12.5 percent to Current Planning and 12.5 percent to Long Range Planning. This position ensures that the administrative functions of the Economic Development Division are effectively carried out. The Senior Administrative Analyst will research, analyze and make policy recommendations on special projects and highly visible public issues, analyze and interpret existing, newly enacted and proposed local, state, federal legislation and regulation for policy and financial impact on the Division, and prepare recommendations with appropriate supporting documentation regarding how to comply with new regulations, thus mitigating adverse action against the Division and/or maximizing potential revenues.

Department Analyst I/II - Ombudsman (.75 FTE): The Department Analyst I/II - Ombudsman is dedicated 75 percent to Economic Development, 12.5 percent to Current Planning and 12.5 percent to Long Range Planning. This position collects, analyzes, and utilizes data and feedback to identify opportunities to improve the relationship between the public and the Department. In addition, the Ombudsman compiles reports about particular incidents, events, or updates about important issues in the Department. This position proactively responds to incidents, solves conflicts and addresses issues that could affect the Department.

Administrative Assistant II (1 FTE): This position provides support to the Economic and Business Relations Manager in the daily management of operations, in addition to completing complex clerical assignments including taking and transcribing meeting minutes and assisting in Economic Development projects and programs. The Administrative Assistant communicates with officials and staff of other departments and agencies to obtain and relay information and to coordinate activities. The position is responsible for serving as clerk of CEDAC.

The staffing changes in the Economic Development team will require a substantial investment in training and the transition period is expected to be several months. Increased program costs will be funded from existing Economic Development funding in the Economic Development Special Projects account.

AGREEMENTS:

Promotional Funding Agreements:

Policy 10.1.6.4 of the Economic Development Element of the County’s General Plan specifies that “The majority of transient occupancy tax (TOT) generated revenue shall be directed toward the promotion of tourism, entertainment, business, and leisure travel in El Dorado County”.

To accomplish the goals of the Policy, the County has entered into Funding Agreements with the El Dorado County Chamber of Commerce - Visitors Authority, the El Dorado County Chamber of Commerce - Film Commission, the El Dorado Hills Chamber of Commerce, the Lake Tahoe South Shore Chamber of Commerce, and the Tahoe Prosperity Center, to act on the County’s behalf to promote tourism, entertainment, business, and leisure travel. Below are the current Funding Agreements that run until FY 2020-2021:

1. Tahoe Prosperity Center (\$30,000/year)
2. Film Commission (\$150,750/year)
3. Visitors Authority (\$240,920/year)
4. El Dorado Hills Chamber of Commerce (\$110,320/year)
5. Tahoe Chamber (\$78,950/year)

Staff Development:

CPS Human Resources Consulting firm training is necessary to develop skills for current and new employees’ communication, supervisory and management skills, conflict management and interpersonal skills and many other skills to use throughout their working career. Individual classes for managers, supervisors, all staff and any new up and coming leaders in the Planning and Building Department will be provided by the consultant on-site in order to save time for the agency and money that would be otherwise spent to send employees off-site for these types of trainings. The estimated cost of the training for FY 2019-20 is \$30,000.

Professional Services Contracts (budgeted):

1. De Novo Planning Group: On December 4, 2018, the Board directed staff to negotiate a three year Agreement with DeNovo Planning Group for the provision of land use planning services, in an amount not to exceed \$250,000. The scope of work includes two components. Component 1 is to create custom commercial and multi-family residential design standards for Shingle Springs Community Region. Component 2 is to develop commercial and multi-family residential design guidelines/standards for the other Community Regions (Cameron Park, Diamond Springs/El Dorado, and El Dorado Hills). This project will be funded by Economic Development (TOT funding: \$125,000) and Long Range Planning (General Fund: \$125,000). Contract negotiations are in process, and work is expected to begin in June, 2019.
2. BAE Urban Economics: study of economic development issues (\$88,000): Consultant and staff are developing the scope of work, which includes: Profiling Recent Demographic and Economic Trends and Review Growth; Updating Non-Residential Land Inventory; Evaluating Long-Term Implications of Age-Restricted Housing; Evaluating Gap Between Housing Supply and Needs; Evaluating Commute Patterns and Implications; Evaluating Long-Term Implications of Non-Residential Land Conversion. This effort should begin in summer, 2019.

3. New Economics & Advisory, Inc. – Coloma/Lotus Economic Impact Study (\$50,623): New Economics & Advisory, Inc. will assess the economic role played by river recreation activities occurring in the Coloma/Lotus Area. The study will be centered on peak-season river recreation (June-September), but will include annual river recreation and other tourism activity impacts to the extent that additional information is made available. Consultant and staff are discussing the scope of work. This effort should begin in July, 2019.
4. EPS (\$56,690): Identification of areas in the County that could accommodate future nonresidential development, determining the extent of market demand for nonresidential uses, and determining what barriers may preclude future development, including the need for additional infrastructure improvements and funding. Consultant and staff are discussing the scope of work. This effort should begin in summer, 2019.
5. John Krueger dba National Market Advisors (\$100,000): professional services to assist with the development of the following Programs:
 1. Business Retention and Expansion Program Development;
 2. Marketing Outreach; and
 3. New Program Analysis including New Finance and Incentive Tool Identification

The Board approved this contract on June 4, and work should begin in June, 2019.

Other:

1. Tahoe Workforce Housing Project (\$30,000)
2. Greater Sacramento Economic Council Annual Dinner Table Sponsor (\$5,000)
3. Greater Sacramento Economic Council Annual Membership (\$62,345)
4. Wagon Train (\$30,000)

NEXT STEPS

In order to achieve the objectives described in this staff report, the Economic Development Division will rely heavily on other Planning and Building Department and County staff. Economic Development is a cross-divisional effort that requires collaboration to be successful. Staff is recognizing the impact additional Economic Development efforts will create for existing staff, particularly in the Planning Services Division. The Planning Services Division has been adjusting to various new duties, assignments, policies, ordinances, and regulations which have resulted in increased workloads. Additional staff may be required in Economic Development in order to allow existing Planning employees to manage their ongoing, regular duties.