

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 8/12/2004
Department Name: Housing & Community Dev
Department No.: 055
Agenda Date: 08/17/04
Placement: Departmental
Estimate Time: 30 min
Continued Item: YES
If Yes, date from: 07/13/04

TO: Board of Supervisors

FROM: Edward Moses, Director
Housing and Community Development Department

STAFF CONTACT: Jim Claybaugh, Economic Development Coordinator, 560-1093
Richard Morgantini, Economic Development Assistant, 560-1092

SUBJECT: Housing and Community Development Department's Economic Development Division 2004-05 Work Program.

Recommendation(s):

That the Board of Supervisors conduct a hearing to:

1. Receive report on County of Santa Barbara, Housing and Community Development Department (HCD), Economic Development Program (EDP) Proposed FY 2004-05 Activity Budget (Attachment A), and 04-05 Budget Narrative (Attachment B).

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 4. A Community that is Economically Vital and Sustainable and with actions required by law or by routine business necessity.

Executive Summary and Discussion:

On April 27, 2004, the Board directed the Housing and Community Development Department to return on June 1, 2004, with a report on the proposed work program for the Department's Economic Development Program for FY 2004-05. The proposed work program (Attachment A) addresses the issues raised during the April 27th hearing by the Board to promote the economic vitality of the County.

Mandates and Service Levels:

The Economic Development Program is not a mandated activity.

Fiscal and Facilities Impacts:

The appropriation to fund this program is included in the FY 2004/05 budget, pages D-256-257 and can be found in the County's FY 04-05 Operating Plan in the Housing and Community Development Department, Economic Development Program cost center.

Special Instructions:

None.

Concurrence:

County Administrator's Office

County Counsel

Planning and Development

Attachment "A"

**COUNTY OF SANTA BARBARA
HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT
ECONOMIC DEVELOPMENT PROGRAM
PROPOSED 2004-05 ACTIVITY BUDGET**

The work plan for Economic Development Program focuses on creating and stimulating economic vitality throughout the county economy. For the purposes of the program, "economic vitality" is defined as creating a business environment conducive to the growth and creation of clean, low-impact industries, while creating economic and employment opportunities for those most in need. In essence, the program aims to create a "lattice of opportunity" for lower-income wage-earners. To do this, the program has begun working very closely with the County's Workforce Investment Board (WIB) staff, and also with Women's Economic Ventures (WEV), a local non-profit that provides technical and financial assistance to entrepreneurs.

The program seeks to emphasize the strong entrepreneurial activity in the county. There is a considerable amount of entrepreneurship in Santa Barbara County, as evidenced by the work of WEV, but also the Center for Entrepreneurship and Engineering Management (CEEM) at UCSB. The Center provides assistance similar to WEV, but serves a very different clientele, primarily engineering students and professors seeking to create a venture for a product or service.

Likewise, the program seeks to utilize the county's intellectual capital. A strong competitive advantage exists in the overall state of the workforce, with more than 25% of the workforce having at least a Bachelors' degree, and more than half of the workforce having at least some college. There are, however, gaps in the skills and education of the workforce, with more than 20% of the workforce having less than a high school diploma. All of the above data was drawn from the County Workforce Investment Board's "State of the Workforce Report."

The programs approach to generating greater economic vitality is focused on the mapping and support of various industry clusters. Cluster development has emerged as a well-accepted best practice in the field of economic development, and will be part of the foundation of the program and its strategic plan.

COUNTY ECONOMIC VITALITY PROGRAM

The program has already initiated many of the projects identified in its work plan for the 2004-05 fiscal year. A new economic development advisory body is being developed, one that will provide a broad-based representation of the regional economy. Implementation of the County's Comprehensive Economic Strategy began with its approval by the Board of Supervisors last January, and program staff will soon begin revising the strategic plan to incorporate more workforce development strategies. This revision will provide greater direction for cooperation and collaboration with the County's workforce development program.

The program will continue to collaborate with entrepreneurship development programs such as CEEM and WEV. Additionally, regional meetings have begun that include key economic development directors from the tri-county region. These quarterly meetings will provide a forum for direct communication between the efforts of the three counties towards economic vitality.

The program also will be pursuing funding from any and all available state, federal, and private grant programs, both on behalf of the County and local business development organizations. When pursuing these programs, grant applications are favored when there is a direct cash match; therefore, an allocation has been requested for next fiscal year's budgets. Also, staff will be partnering with local business financing organizations to develop an application to the federal Department of Treasury's New Markets Tax Credit program. This application, if successful, would result in significant private capital being targeted for investment in low-income areas in the County.

As part of its business retention efforts, staff visits to businesses throughout the county will continue, as well as ongoing marketing of the online business-to-business database the Board of Supervisors approved in August, 2003. Additionally, the program will continue monitor and support the county-wide business-to-business database approved by the BOS last August, IntroNetworks.

ECONOMIC VITALITY PROGRAM BUDGET

- 1) Budget
 - a) 7510 Contractual Services - \$550,000
 - (1) Requested Budget Expansion - \$170,000
 - ii) Grants - \$400,000
 - (1) Portions of two separate CDBG grants
 - b) 7671 Special Projects – \$42,000
 - i) Requested Budget Expansion - \$4,500
 - c) 7677 Advertising Budget - \$264,600
 - i) Requested Expansion \$4,197

Economic Vitality Projects

- 1) Contractual Services – Line Item 7510
 - a) Approved Budget \$150,000
 - i) UCSB Economic Forecast Project Cluster Study
 - ii) Condo Fiber Feasibility Study
 - iii) Online Business Guide
 - iv) Cash Match for Other Grants
 - v) Central Coast Marketing Team
 - b) Budget Expansion \$ 170,000
 - i) Business Recruitment/Retention
 - ii) Micro-Enterprise/Entrepreneurship
- 2) Special Projects – Line Item 7671
 - a) Approved Budget \$42,000
 - i) Advisory Body
 - ii) New Markets Tax Credit Project
 - iii) Industry Cluster Projects
 - (1) The Alliance for Creative Commerce
 - iv) Economic Development Training
 - v) District Business Forums
 - vi) CES Update

Line Item 7510 – Contractual Services

Approved Budget

Industry Cost-Benefit Study – UCSB Economic Forecast Project

- 1) Cost – \$37,500
- 2) Survey major industries in region
- 3) Determine basic infrastructure needs/costs
- 4) Ongoing supportive costs
- 5) Analyze positive economic impacts

Condominium Fiber Study

- 1) Cost – \$ 65,000
- 2) Analysis of existing communications infrastructure and resources
- 3) Study feasibility of creating a “fiber condominium”, similar to San Luis Obispo
- 4) Develop plan for implementation (phased) including future expansion

Online Business Guide

- 1) Cost – \$15,000
- 2) Online guide to provide assistance for:
 - a) Obtaining permits in the County/Cities
 - b) Developing a Business Plan
 - c) Obtaining Financing
 - d) Advice on Marketing and Financial Mgmt

Cash Match on Grants

- 1) Cost – \$32,500
- 2) USDA – Up to \$50,000 Available
 - a) Rural Business Enterprise/Opportunity Grants
- 3) CDBG-ED – Up to \$335,000 Available
 - a) Planning/Technical Assistance Grant
 - b) Enterprise Fund/Over-the-Counter Grants
- 4) EDA – Up to \$2 million Available
 - a) Public Infrastructure Grants
 - b) University/R&D Center Grants
- 5) HHS – Up to \$200,000 Available
 - a) Job Opportunities for Low-Income Individuals (JOLI) Program

Line Item 7510 – Contractual Services

Budget Expansion Request - \$170,000

Central Coast Marketing Team

- 1) Cost – \$3,500
- 2) Regional Effort of Econ Dev Programs
 - a) Monterey County to Santa Barbara County
- 3) Share Costs of Attending Trade Shows and other Marketing Activities

Cash Match for Additional Grants

- 1) Cost – \$45,000

Business Retention/Recruitment

- 1) Cost – Up to \$72,500
- 2) Contract out for services to provide marketing and retention services
 - a) Develop appropriate marketing strategy and materials
 - b) Conduct business retention interviews and compile retention database

Contract for Micro-Enterprise/Entrepreneurship Services

- 1) Cost – Up to \$36,500
- 2) Contract out for additional Business Start-up Assistance

IntroNetworks Enhancements

- 1) Cost – \$12,500
- 2) Database updates and software improvements
- 3) Promotion of service to local businesses

Line Item 7671 – Special Projects

Advisory Body

- 1) Establish a new economic development/vitality advisory body:
 - a) Recruit CEO's or other executives from sectors identified at Business Forum
 - b) Establish goals and objectives, meeting schedules, locations and sub committees
 - c) Utilize subcommittees as cluster development teams – Alliance for Creative Commerce
- 2) Develop Strategic Plan
- 3) Conduct update of the County's Comprehensive Economic Strategy as required by US EDA

New Market Tax Credit

- 1) Federal program designed to target investment capital to low-income areas
- 2) Provides a cumulative 39% tax credit to investors
- 3) Census tracts qualify based on income and poverty levels
- 4) Investments must be commercial or industrial projects

Economic Development Training

- 1) Developed by the California Association for Local Economic Development (CALED)
- 2) Training intended specifically for local government officials and staff

District Business Forums

- 1) Business Forums in Each Supervisorial District
 - a) Address Key Clusters
 - b) Address Relevant Business Issues
 - c) Develop Strategies to Increase Vitality
- 2) Data utilized in strategic plan and subsequent updates

Co-Sponsor Job Fairs

- 1) Collaborate with Workforce Investment Board and WRC
 - a) Assist with Funding of Event
 - b) Utilize Business Database to Market to Employers

Attachment “B”

DIVISION 05: ECONOMIC DEVELOPMENT

SERVICES DESCRIPTION

The mission of the economic development program is to improve quality of life and job prosperity by engaging communities and stakeholders with respectful consideration.

The objectives of the program include pursuing the reduction of poverty through economic vitality, and capacity-building of essential infrastructure, and local organizations and communities, to improve the business climate in the local economy. The program also implements a Comprehensive Economic Strategy, which allows local governments to pursue state and federal economic development funding.

ECONOMIC DEVELOPMENT (DIVISION 05)

Fiscal Year 2004-05 Goals

- Conduct comprehensive economic analysis and profiling of the County to understand the details of the County’s economy to facilitate economic development planning. This will include working with the Economic Forecast Project at UCSB to provide on-going economic and demographic data, and economic impact data on specific projects and proposals
- Implement Comprehensive Economic Development Strategy within the context of the local and regional economies to improve the effectiveness of programs for workforce preparation, infrastructure modernization, private capital investment, and the creation, expansion, retention and attraction of business. The Strategy qualifies the County and cities for state and federal economic development grant funding.
- Implement an organized, coordinated County-wide effort to promote doing business in Santa Barbara County, which will include: collaboration among stakeholders to market the County through appropriate media, and targeted value added commerce and industry development within appropriated economic development zones (one size does not fit all)
- Implement business creation programs to stimulate development within designated clusters, which will include coordinating necessary technical and financial assistance through proven methods and sources
 - Collaborate with Women’s Economic Ventures (WEV) to assist with micro-enterprise development – total of \$800,000 awarded to County from State CDBG program to facilitate development, second grant awarded January, 2004
 - Collaborate with Center for Entrepreneurship and Engineering Management (CEEM) at UCSB to assist with development of new ventures – Creating convergence of CEEM, agriculture interests, and med/bio-tech to develop new technologies and create niche within Santa Barbara County
- Continue Business Retention programs to slow the rate of businesses leaving the County by conducting retention interviews with individual businesses, industry sector forums to identify critical success factors for specific sectors, and utilization of County “Red Teams” to perform emergency visits with businesses considering leaving the county region

- Comprehensive Regional Planning through the creation of an economic vitality advisory body, created at the Economic Development Forum held in January 2004, to assist in the formation of economic vitality policies, practices and procedures for the program; and through multi-county economic vitality strategic planning recognize regional strengths and opportunities, while respecting local control and authority.

FY 04-05 Economic Vitality Work Plan



**Department of Housing and
Community Development**

**County of Santa Barbara
August 17, 2004**

County Econ Dev Program



⌘ “Economic Vitality”

- ☑ Create “Lattice of Opportunity”

⌘ Utilize Entrepreneurial Culture

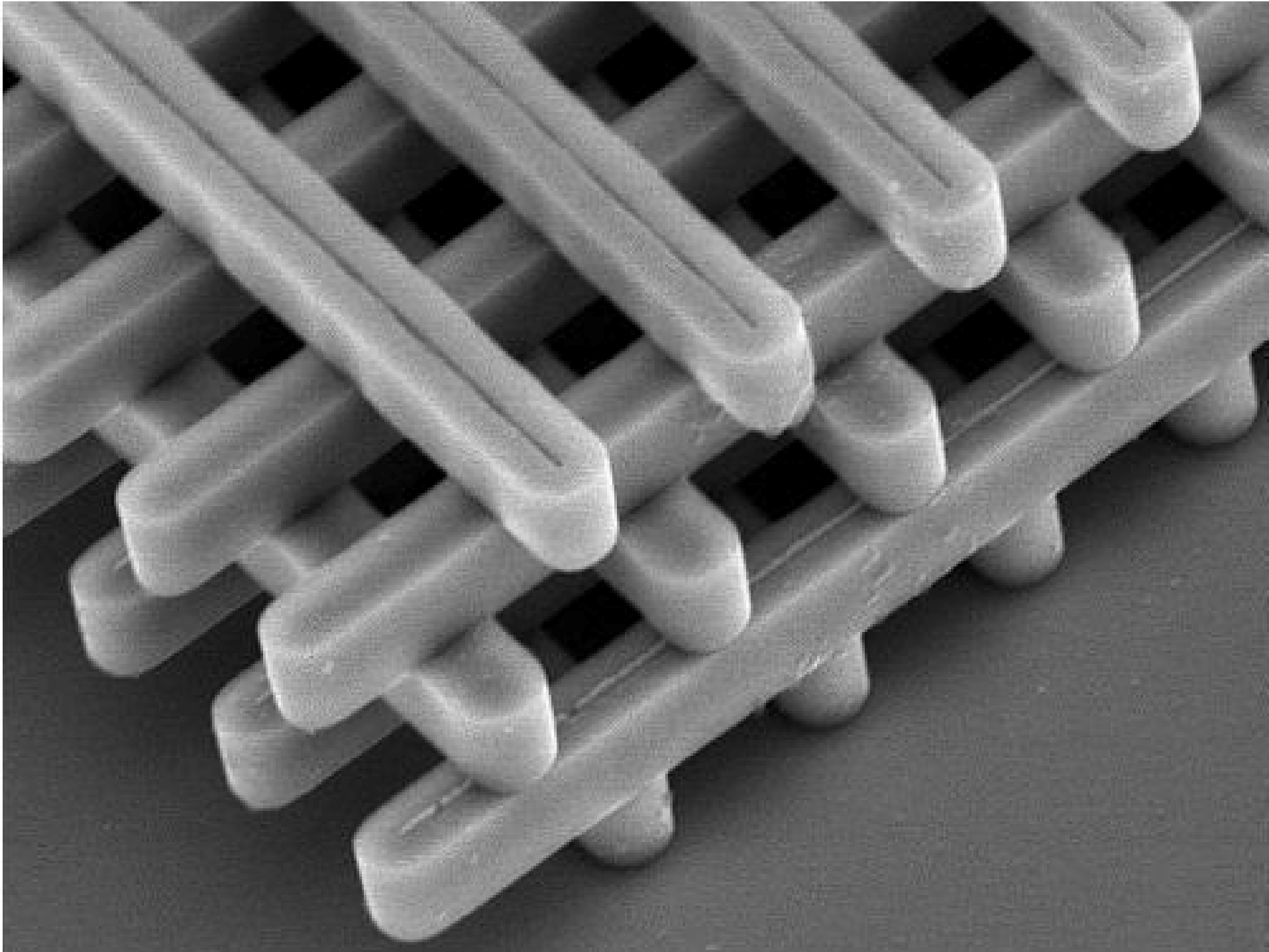
⌘ Capitalize on Intellectual Capital

⌘ Industry Cluster-based

- ☑ Creative Commerce

- ☑ Advanced Assembly

- ☑ Health Services



Economic Vitality Program



⌘ “Economic Vitality”

- ☒ Create “Lattice of Opportunity”**

⌘ Utilize Entrepreneurial Culture

⌘ Capitalize on Intellectual Capital

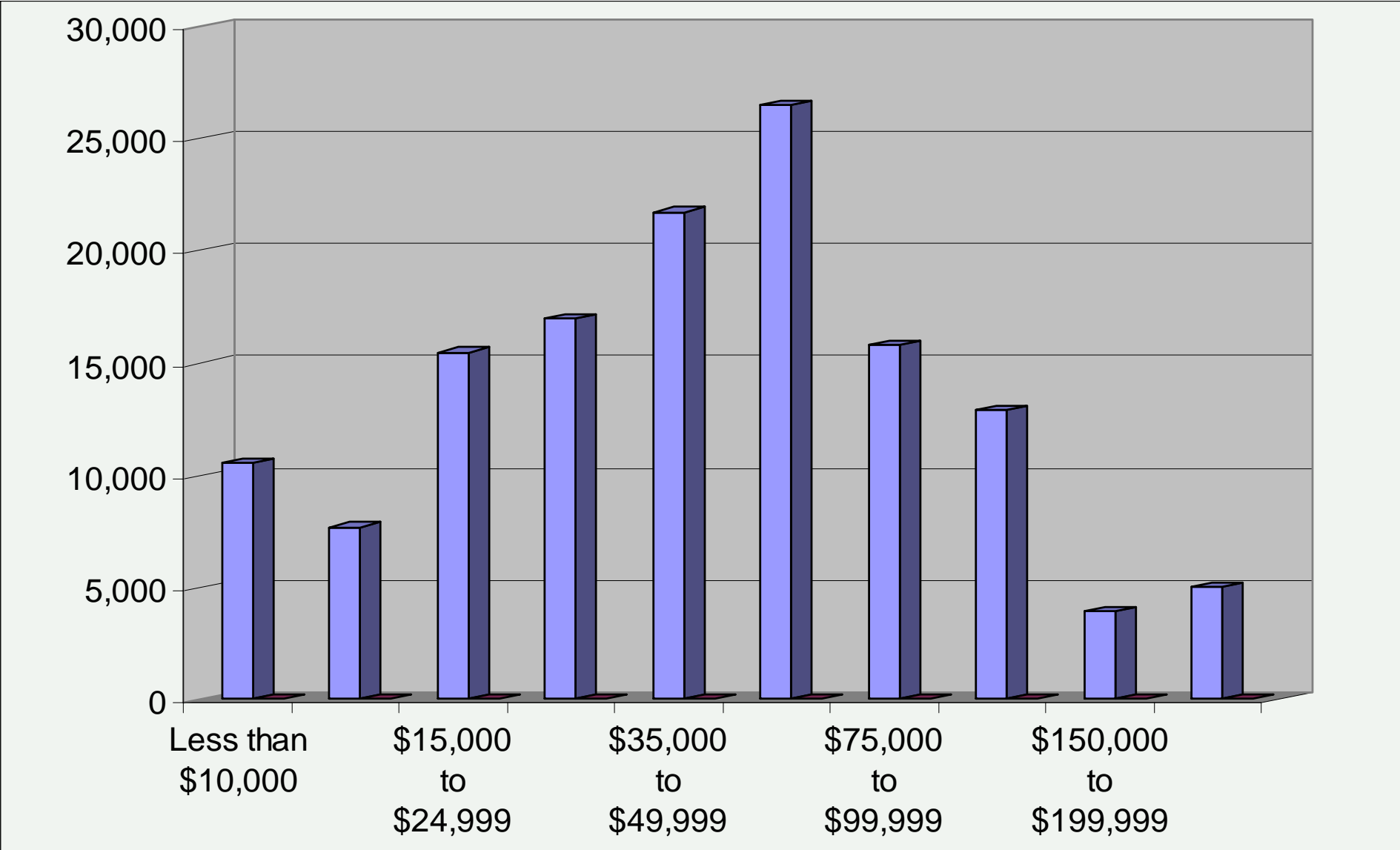
⌘ Industry Cluster-based

- ☒ Creative Commerce**

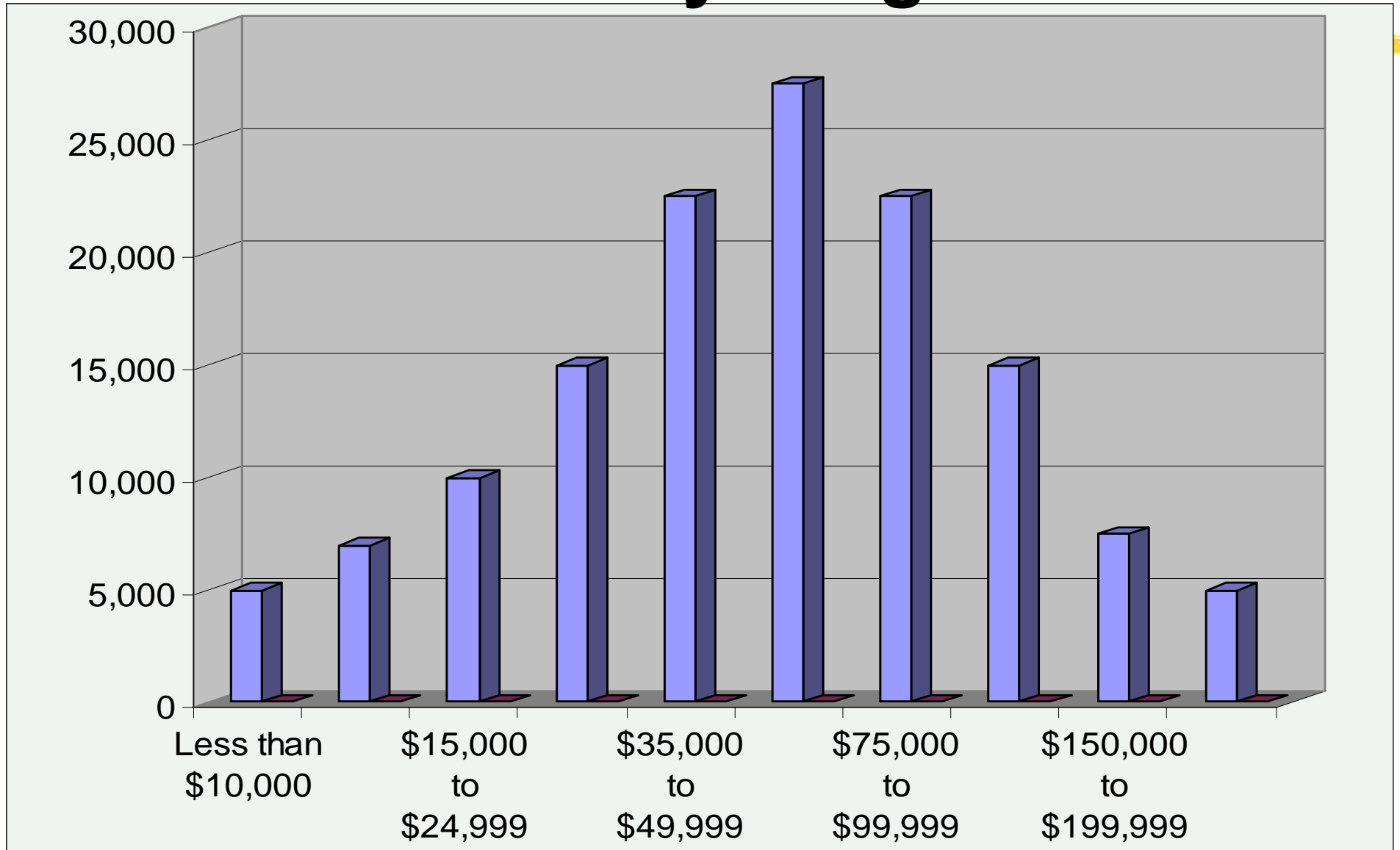
- ☒ Advanced Assembly**

- ☒ Health Services**

2000 Census Household Income



Economic Vitality Program Goals



Economic Vitality Program



Policy

Development

- **Cluster Analysis**
- **District Business Forums**
- **Advisory Body**
- **Business Cluster Projects**
- **CES Update/Strategic Plan**
- **Link Economic Vitality and Workforce Development**

Infrastructure

Development

- **Connectivity Study**
- **Workforce Development**
- **Grant Cash Match**
- **Online Business Guide**
- **New Markets Tax Credit**

Economic Vitality Program

⌘ Budget

☒ **7510 Contractual Services - \$550,000**

☒ **\$150,000 Requested GF**

- **\$170,000 Requested Budget Expansion**

☒ **\$400,000 CDBG Grants**

☒ **7671 Special Projects - \$42,000**

- **\$4,500 Requested Budget Expansion**

☒ **7677 Advertising Budget - \$264,600**

- **\$4,197 Requested Budget Expansion**

Economic Vitality Projects



⌘ Contractual Services - 7510

- ☑ Economic Forecast Project Cluster Study
- ☑ Connectivity Feasibility Study & Plan
- ☑ Online Business Portal
- ☑ Cash Match for Grants
- ☑ Central Coast Marketing Team
- ☑ Business Recruitment/Retention
- ☑ Micro-Enterprise/Entrepreneurship
- ☑ WEV CDBG Contract

Economic Vitality Projects



⌘ Special Projects - 7671

- ☑ Advisory Body
- ☑ New Markets Tax Credit Project
- ☑ Economic Development Training
- ☑ District Business Forums
- ☑ Cosponsor Job Fairs with WIB

Industry Cluster Study



- ⌘ **Survey major industries in region**
- ⌘ **Determine largest and fastest growing sectors**
- ⌘ **Analyze economic impacts**

Connectivity Study & Plan



- ⌘ **Analysis of existing communications infrastructure and resources**
- ⌘ **Study feasibility of creating a “fiber condominium”**
 - ☒ **Similar to San Luis Obispo**
- ⌘ **Phased implementation (each phase independent)**

Online Business Portal



⌘ Online guide to provide assistance for:

☑ Obtaining permits in the County/Cities

☑ Developing a Business Plan

☑ Obtaining Financing

☑ Advice on Marketing and Financial Mgmt

Cash Match on Grants



⌘ USDA - \$50,000

- ☑ Rural Business Enterprise Grant
- ☑ Rural Business Opportunity Grant

⌘ CDBG - \$335,000

- ☑ Planning/Technical Assistance Grant
- ☑ Enterprise Fund/Over-the-Counter Grants

⌘ EDA - ▲ \$2 million

- ☑ Public Infrastructure Grants
- ☑ University/R&D Center Grants

⌘ HHS - \$200,000

- ☑ JOLI Program

Regional Economic Development



⌘ Central Coast Marketing Team

- ☑ Monterey County to Ventura County

- ☑ Share various marketing costs

⌘ Regular Meetings of E.D. Officials

Business Development



- ⌘ **Contract out for services to provide marketing and retention services**
 - ☑ **Develop appropriate marketing strategy and materials**
 - ☑ **Conduct business retention interviews and compile retention database**
- ⌘ **Support Micro-Enterprise/
Entrepreneurship Activities**

Advisory Body



- ⌘ **Recruit CEO's and other executives**
- ⌘ **Develop strategic plan**
- ⌘ **Conduct update of the County's Comprehensive Economic Strategy**
 - ☑ **Required by US Economic Development Administration**
- ⌘ **Recommend Policy to HCD and BOS**

New Market Tax Credit



- ⌘ Federal program designed to target private capital to low-income areas**
- ⌘ Provides a cumulative 39% tax credit**
- ⌘ Low-Income Census tracts qualify**
 - ☑ Based on income and poverty levels**
 - ☑ Guadalupe, Santa Maria, Lompoc, Goleta, Santa Barbara, Carpinteria**
- ⌘ Investments must be commercial or industrial projects**

Economic Development Training



- ⌘ Developed by the California Association for Local Economic Development (CALED)**
- ⌘ Training intended specifically for local government officials**

District Business Forums



- ⌘ **Business Forums in Each Supervisorial District**
- ⌘ **Address Key Clusters**
- ⌘ **Address Relevant Business Issues**
 - ☑ **Develop Strategies to Increase Vitality**
- ⌘ **Information Used in Updating CES**

Co-Sponsor Job Fairs



⌘ Collaborate with Workforce Board

- ☑ Assist with Funding of Job Fairs

- ☑ Utilize Business Database to Outreach to Employers

Advertising Resources

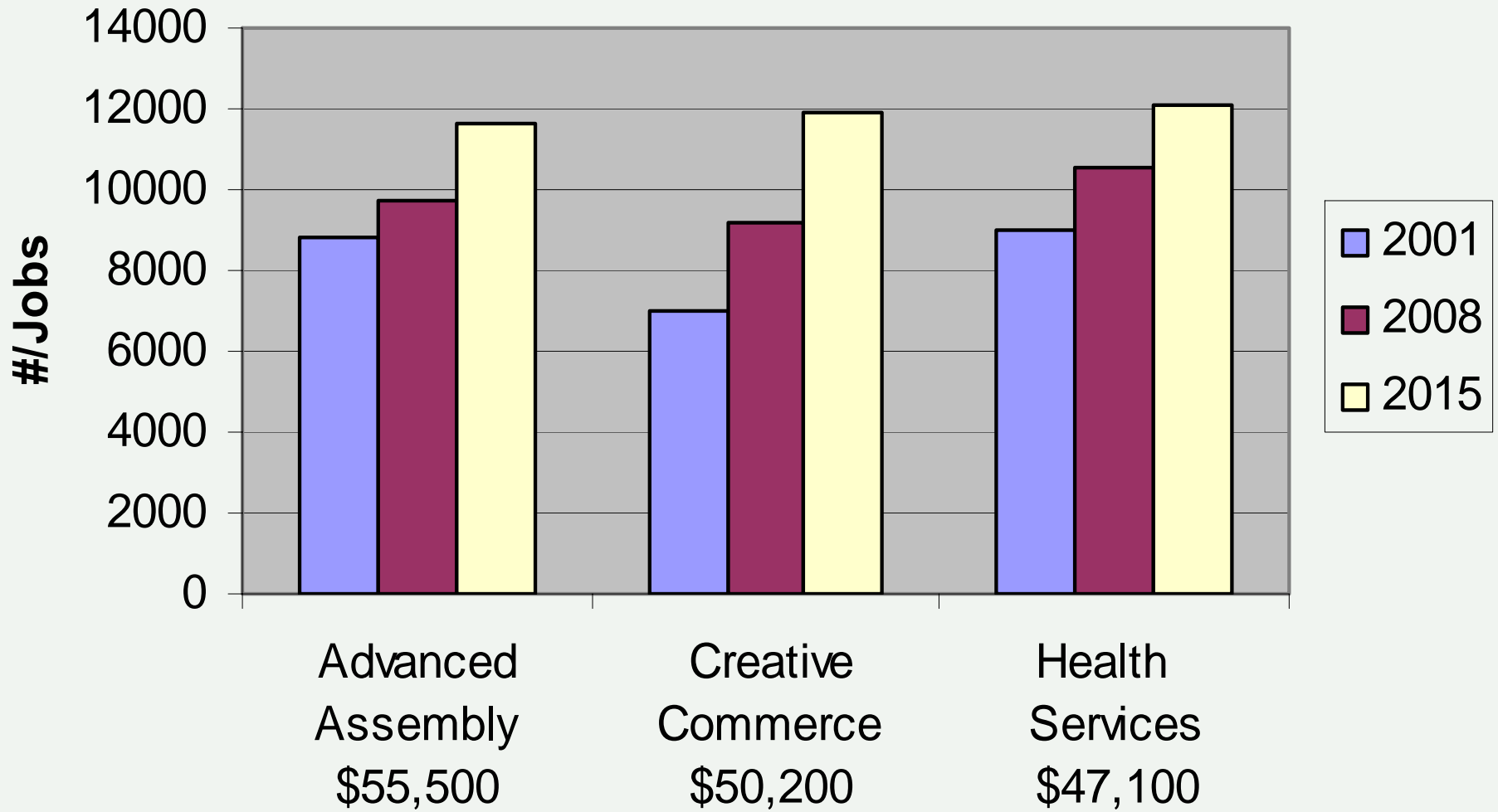


⌘ **Augments tourism marketing**

☑ **Chambers of Commerce**

☑ **Visitors' Associations**

Job Growth Impacts

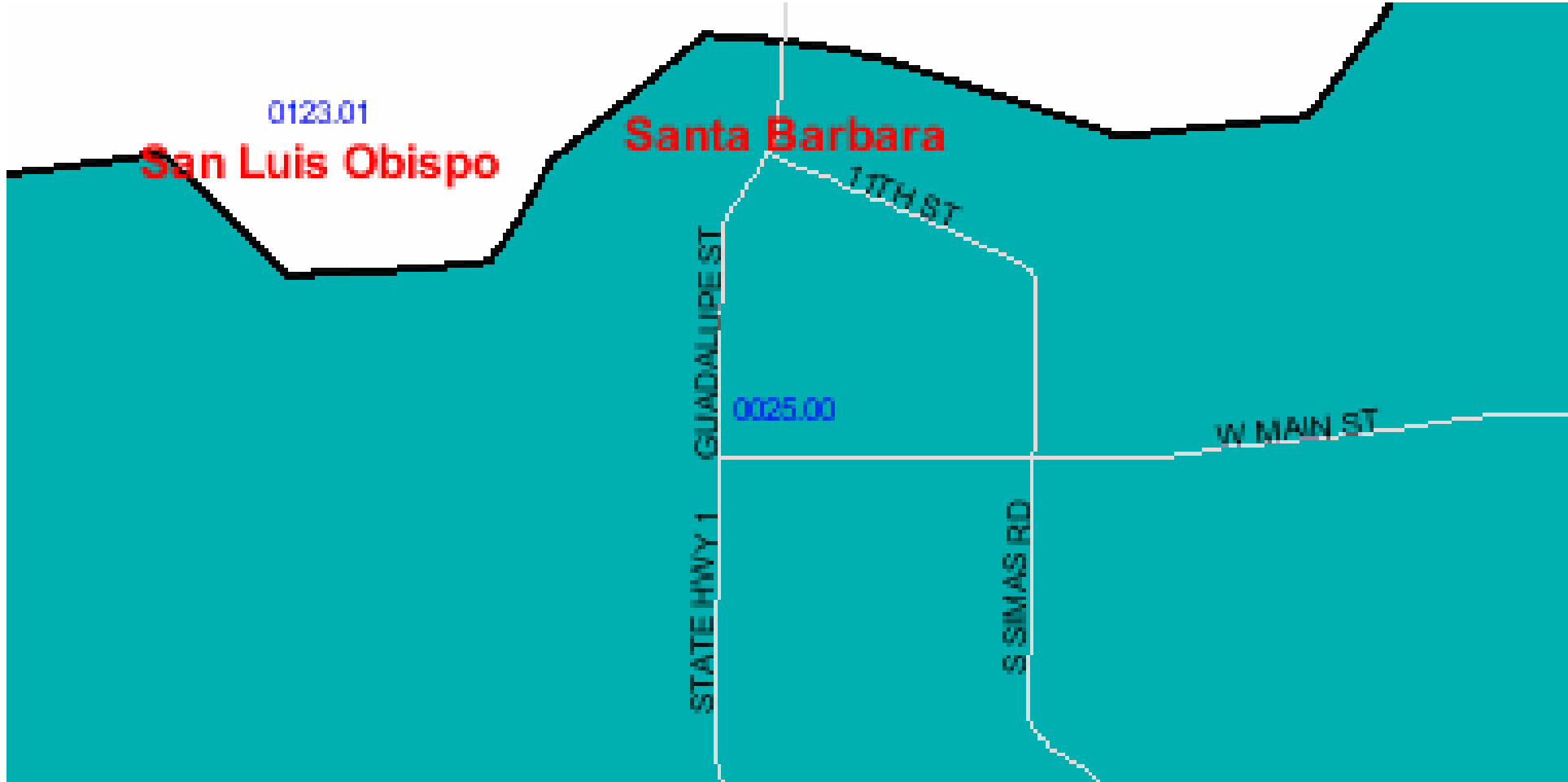


Selected Sectors -- 2001 Avg. Salaries

Net 10 Year Economic Impacts



- ⌘ Job Growth – 10,800 in Selected Sectors
- ⌘ Additional 9,600 Jobs Indirect/Induced
- ⌘ Net State/Local Tax Revenues
 - ☑ ~\$39-48 Million over 10 years



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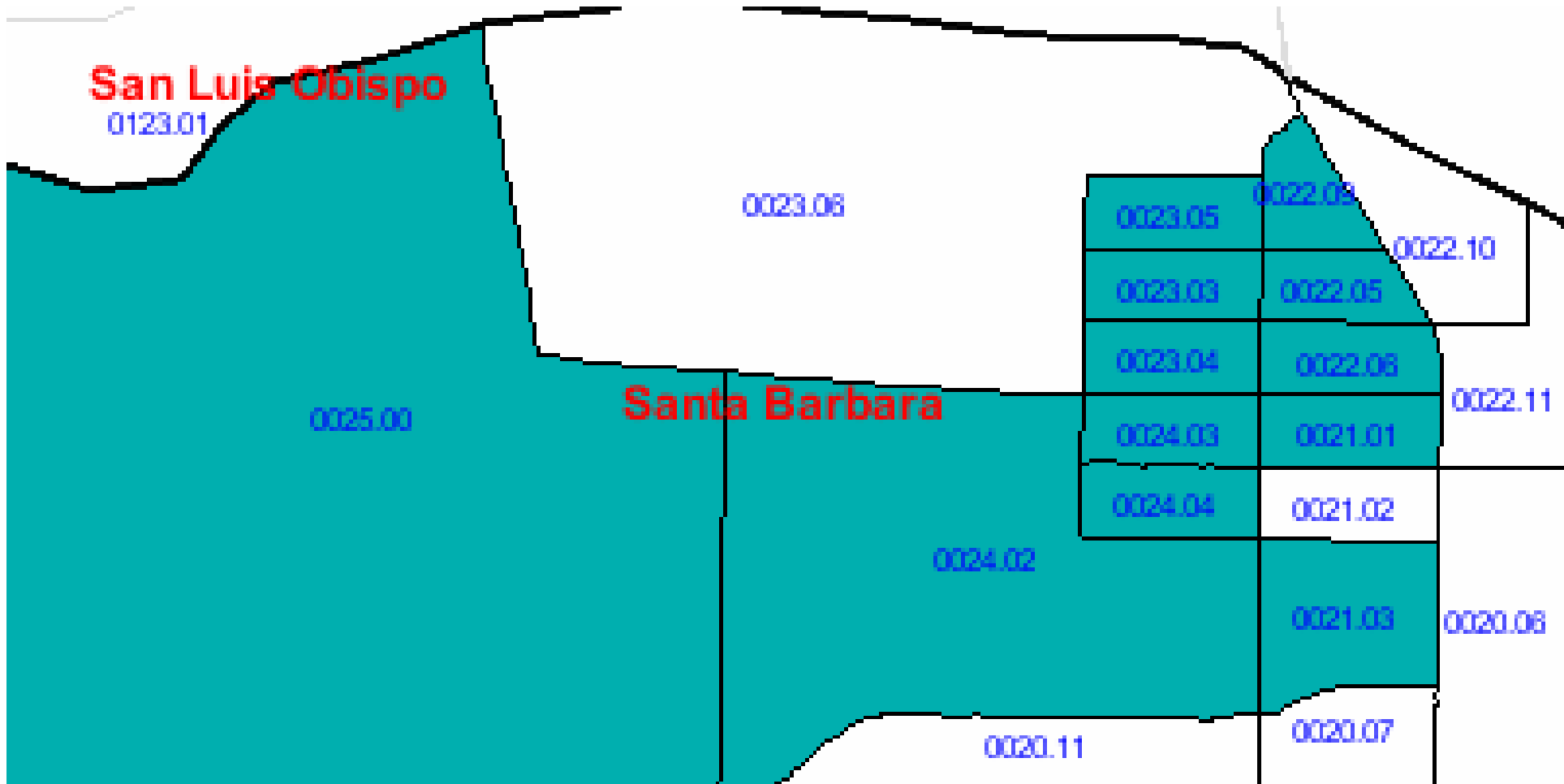
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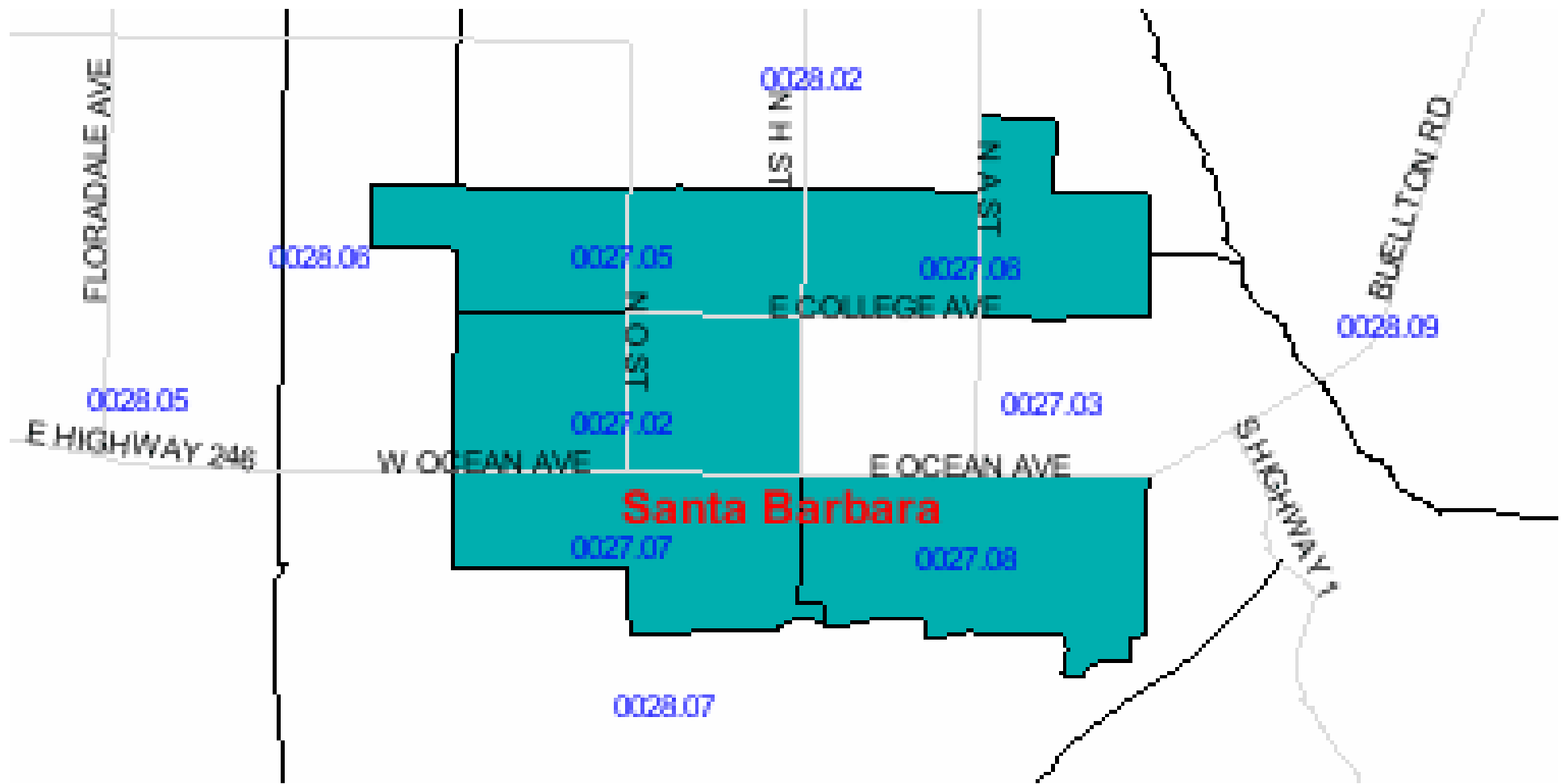
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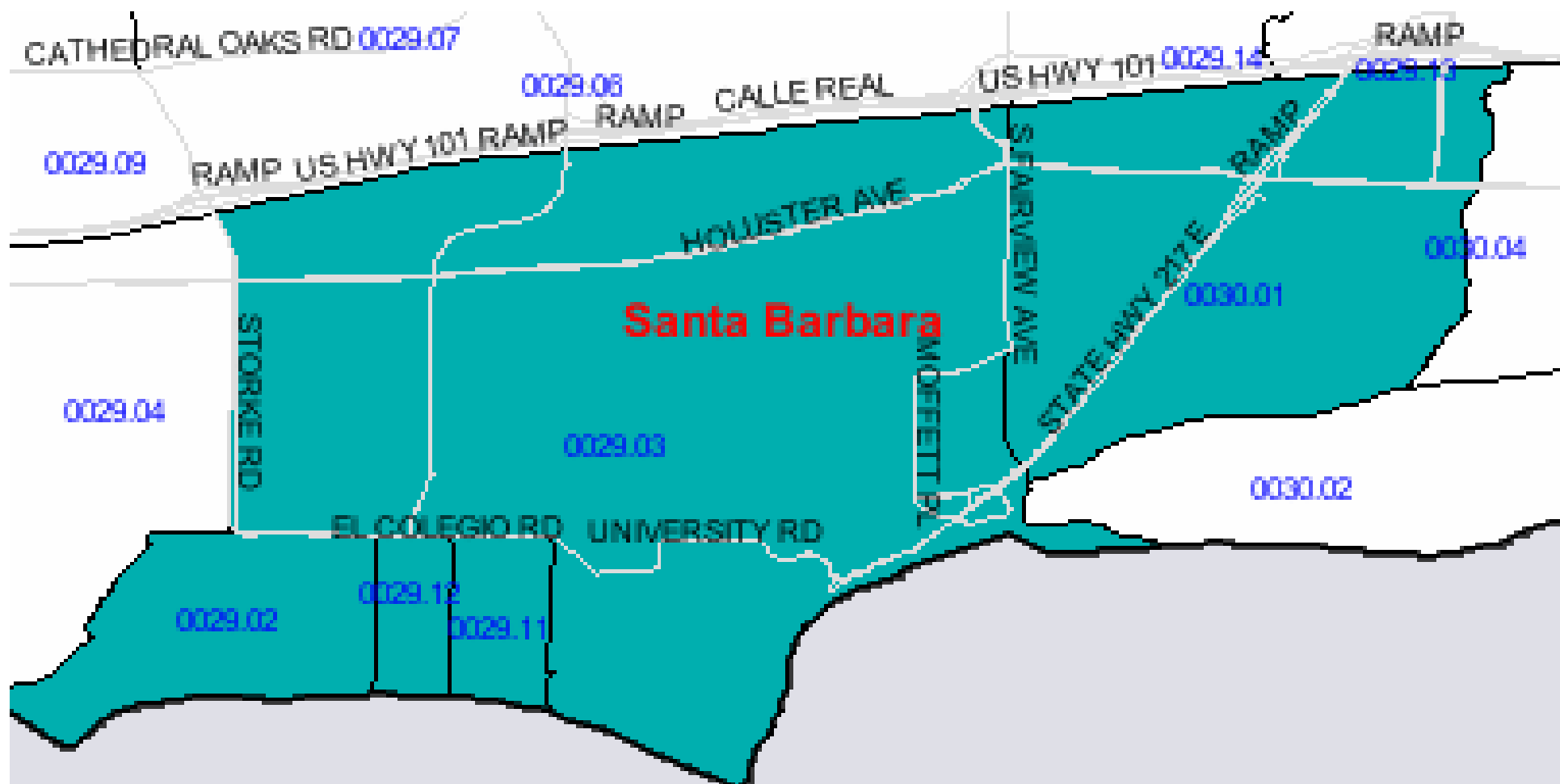
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