



City of Stockton

City Council/Successor
Agency of the
Redevelopment
Agency/Public Financing
Authority/Parking Authority
Concurrent Agenda

Meeting Agenda - Final

City Council/Successor Agency to the Redevelopment Agency/Public Financing Authority/Parking AuthorityConcurrent

Michael D. Tubbs Mayor/Chair

Elbert H. Holman Jr. Vice Mayor/Vice Chair (District 1)

Daniel R. Wright (District 2)

Susan Lofthus (District 3)

Susan Lenz (District 4)

Christina Fugazi (District 5)

Jesús M. Andrade (District 6)

Tuesday, April 18, 2017

5:30 PM

Council Chamber, City Hall, 425 N. El Dorado
Street, Stockton CA

**** SPECIAL MEETING ****

1. REGULAR SESSION CALL TO ORDER/ROLL CALL
2. INVOCATION/PLEDGE TO FLAG
3. REPORT OF ACTION TAKEN IN CLOSED SESSION
4. ADDITIONS TO REGULAR SESSION AGENDA**
5. PROCLAMATIONS, COMMENDATIONS, OR INVITATIONS
6. CONSENT AGENDA
7. ADMINISTRATIVE MATTERS
8. UNFINISHED BUSINESS
9. NEW BUSINESS
- 9.1 [17-3456](#) ACCEPT FISCAL YEAR 2016-17 SECOND QUARTER BUDGET
STATUS UPDATE AND AUTHORIZE BUDGET AMENDMENTS

Recommended Action:

RECOMMENDATION

It is recommended that the City Council adopt a resolution to:

1. Accept this budget status report on the results of the second quarter of Fiscal Year 2016-17 for the City's General Fund, and selected other funds, and

2. Authorize the recommended transfers and budget amendments to the Fiscal Year 2016-17 Annual Budget in the General Fund, the Golf Fund, the Recreation Fund, the General Liability Internal Service Fund, the Retirement Internal Service Fund, and Debt Administration Fund.

It is further recommended that the City Manager be authorized to take appropriate and necessary actions to carry out the purpose and intent of the resolution.

Department: Administrative Services

Attachments: [Attachment A - 2016-17 2nd Quarter GF Budget Update](#)
[Attachment B - Revenue Summary FY 2016-17 2nd Quarter](#)
[Attachment C - Measure A Mission Critical Project Update](#)
[Proposed Resolution - FY 2016-17 2nd Quarter Budget Update](#)

**9.2 [17-3545](#) LONG-RANGE FINANCIAL PLAN UPDATE AND ANALYSIS OF
CALPERS DISCOUNT RATE CHANGES**

Recommended Action:

RECOMMENDATION

Informational item only.

Department: Administrative Services

**9.3 [17-3395](#) STOCKTON ECONOMIC DEVELOPMENT STRATEGIC PLAN
UPDATE**

Recommended Action:

RECOMMENDATION

Information only. No Council action is required.

Department: Economic Development

Attachments: [Attachment A - Economic Development Strategic Plan \(Feb 15\)](#)
[Attachment B - CRIA EIFD Feasibility Analysis](#)

10. HEARINGS****

11. CITIZENS' COMMENTS, ANNOUNCEMENTS, OR INVITATIONS*

12. COUNCIL COMMENTS

13. ADJOURNMENT

INFORMATIONAL ITEMS

CERTIFICATE OF POSTING

**I declare, under penalty of perjury, that I am employed by the City of Stockton
and that I caused this agenda to be posted in the City Hall notice case on April
13, 2017, in compliance with the Brown Act.**

Bonnie Paige, CMC

By: _____

Deputy

**Citizens may comment on any subject within the jurisdiction of the City Council/Successor Agency to the Redevelopment Agency/Public Finance Authority/Parking Authority, including items on the Agenda. Each speaker is limited to three minutes. Speakers must submit "Request to Speak" cards to the City Clerk, and be prepared to speak when called. No speaker cards will be received after the close of the Citizen's Comments portion of the meeting.*

****Additions to the Agenda - Government Code Section 54954.2(b)(2), allows members of the City Council present at the meeting to take immediate action, with either a two-thirds or unanimous vote, to place an item on the agenda that action must be taken and that the item came to the attention of the City subsequent to the agenda being posted.*

***Speakers should hold comments on items listed as a Hearing until the Hearing is opened. If a large number of people desire to speak at a Hearing, the Mayor/Chair may reduce the amount of time allocated to each speaker to three (3) minutes.*

All proceedings before this meeting body are conducted in English. The City of Stockton does not furnish language interpreters and, if one is needed, it shall be the responsibility of the person needing one.

In accordance with the Americans With Disabilities Act and California Law, it is the policy of the City of Stockton to offer its public programs, services and meetings in a manner that is readily accessible to everyone, including those with disabilities. If you are disabled and require a copy of a public hearing notice, or an agenda and/or agenda packet in an appropriate alternative format; or if you require other accommodation, please contact the Office of the City Clerk located at 425 North El Dorado Street, Stockton, California 95202 during normal business hours or by calling (209) 937-8459, at least 5 days in advance of the hearing/meeting. Advance notification within this guideline will enable the City/Agency to make reasonable arrangements to ensure accessibility.

Materials related to an item on this agenda submitted to City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office at 425 North El Dorado Street, Stockton, California 95202, during normal business hours. Such documents are also available on the City's website at www.stocktongov.com subject to staff's ability to post the documents before the meeting.

CHALLENGING CITY DECISIONS: The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Stockton, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.



City of Stockton

Legislation Text

File #: 17-3456, Version: 1

ACCEPT FISCAL YEAR 2016-17 SECOND QUARTER BUDGET STATUS UPDATE AND AUTHORIZE BUDGET AMENDMENTS

RECOMMENDATION

It is recommended that the City Council adopt a resolution to:

1. Accept this budget status report on the results of the second quarter of Fiscal Year 2016-17 for the City's General Fund, and selected other funds, and
2. Authorize the recommended transfers and budget amendments to the Fiscal Year 2016-17 Annual Budget in the General Fund, the Golf Fund, the Recreation Fund, the General Liability Internal Service Fund, the Retirement Internal Service Fund, and Debt Administration Fund.

It is further recommended that the City Manager be authorized to take appropriate and necessary actions to carry out the purpose and intent of the resolution.

Summary

Staff reviewed the second quarter financial results of Fiscal Year (FY) 2016-17, and developed projected year-end results for all General Fund revenue and expenditure categories. Attachment A shows detailed General Fund activity through December 31, 2016, and year-end projections. The General Fund is projected to end the year with a fund balance of \$46.7 million, or 21.5 percent of budgeted expenditures. Total year-end expenditure savings in the General Fund are projected to be approximately \$7.6 million. Revenue collections are projected to end the year approximately \$115,000 over the budgeted \$214.7 million. Attachment B shows detailed General Fund revenue activity through December 31, 2016, and year-end projections. This report discusses significant variances in more detail below.

As has been the case for the last several years, General Fund expenditures are under budget primarily due to higher-than-expected vacancies. The largest vacancy savings continue to occur in the Police Department, both in Marshall Plan and non-Marshall Plan staffing. The Police Department continues to make progress toward the goal of filling 485 sworn positions with 430 onboard as of this report. Since the City Council approved new labor agreements the number of filled sworn positions increased from 409 on July 1, 2016 to 430 on April 10, 2017.

The projected \$7.7 million savings from revenue and expenditure variances would accrue to the General Fund available fund balance at the end of the fiscal year, increasing the \$39.0 million fund balance to \$46.7 million. At June 30, 2017, the fund balance will be more than sufficient to fully fund the Priority 1 Working Capital Reserve of \$37.0 million in accordance with the Reserve and Fund Balance policy for the General Fund. The balance of approximately \$9.7 million will fund the Known

Contingencies Reserve and the Risk Based Reserves consistent with the Reserve and Fund Balance policy for the General Fund.

Also included as an attachment to this report is a status update on Measure A-funded “Mission Critical Projects” that were included in the FY 2014-15 and FY 2015-16 Adopted Budgets (Attachment C).

Staff also reviewed all other City funds to determine significant budget variances. This review revealed four instances where amendments to the Adopted Budget are recommended.

Requesting Department	Fund	Budget/ Transfer Amount
Community Services	General Fund transfer to Golf Fund	\$200,000
Community Services	Recreation Fund	\$15,000
Human Resources/ City Attorney	General Liability Internal Service Fund	\$250,000
Human Resources/ Administrative Services	Transfer from Retirement Internal Service Fund to Debt Fund	\$297,000

These amendments are described later in this report and included in the proposed Council resolution.

Staff will continue to monitor revenue and expenditure levels, returning to Council with a third quarter report. A significant emerging issue will be new policies adopted by the CalPERS Board of Trustees. The Board adopted new policies regarding the discount (or investment earnings) rate and life expectancy assumptions to lower investment risk and stabilized contribution requirements. Although the City planned for increased CalPERS costs, the increased costs resulting from the recent Board action are now projected to exceed the Long-Range Financial Plan (L-RFP) projections. Further analysis is underway and will result in updates to the L-RFP and the development of recommendations for the FY 2017-18 Budget.

DISCUSSION

Background

One of the strategic initiatives developed to support the City Council’s “Fiscal Sustainability - Getting our Fiscal House in Order” goal was to provide regular analysis and reporting of the City’s financial status. Quarterly budget reports are part of that effort.

The FY 2016-17 annual city-wide budget of \$590.1 million was adopted on June 21, 2016, and was later amended by Council to include an additional \$11.3 million for employee labor agreements. The General Fund adopted expenditure budget was \$203.8 million of that total and amendments from labor agreements increased that amount by \$9.9 million. With the rollover of prior year encumbrances and mid-year budget adjustments, the FY 2016-17 General Fund expenditure budget is now at \$217.5 million.

Present Situation

General Fund Budget Status Update

Staff reviewed General Fund expenditure and revenue results for the first six months of the current fiscal year as shown in Attachments A and B. Staff then made initial estimates of year-end results based on current trends and known actions that will affect the second half of the fiscal year. As of December 31, 2016, the General Fund was budgeted to end the fiscal year with an available balance of just under \$39.0 million. As discussed above, year-end projections based on activity through December 31, 2016, indicate that revenues will end the year just slightly ahead of the budgeted level, and expenditures will be approximately \$7.6 million less than budget. The available fund balance is now estimated to be \$46.7 million or 21.5 percent of budgeted expenditures as shown in the table below.

Year-End Project (Dollars in millions)	Approved Budget	Q2 Year-End Projection	Variance from Budget	
Beginning Balance	<u>\$41.80</u>	<u>\$41.80</u>	<u>\$0.00</u>	
Revenues	214.69	214.80	0.11	0.1%
Expenditures	<u>(217.50)</u>	<u>(209.92)</u>	<u>(7.58)</u>	3.5%
Ending Balance	<u>\$38.99</u>	<u>\$46.68</u>	<u>\$7.69</u>	

The estimated year-end projections are preliminary and may change as additional revenue information becomes available and departments focus on hiring for vacant positions and delivery of services as planned during the remainder of the fiscal year. Staff will continue to monitor revenue collections and expenditure trends in all categories against the annual budget, the Long-Range Financial Plan, and department projections.

Two budget adjustments effective since the 1st Quarter Budget Update are shown on Attachment A. One increased the City Council budget for two new positions in the Office of the Mayor and the second increased the City Auditor Office budget for external auditor costs.

Revenue

Current information indicates General Fund revenues are likely to end the fiscal year very close to the budgeted level of \$214.7 million. Revenue growth is slowing in general, and trends in specific industries are causing fluctuations in many City revenue categories. The largest variance is in the sales tax category. However, other categories of the General Fund are projected to exceed estimates, and in the aggregate, should fully offset the expected shortfall in sales tax revenues.

Property tax proceeds were minimal as of December 31, 2016, as San Joaquin County remits the majority of property tax revenue to the City in January and May, in line with the property tax due dates for property owners. Based on the January receipts and projections from our property tax consultants, property tax revenue will end the year slightly above (\$186,000 or less than 0.4 percent) the budgeted growth level of 3.5 percent.

The most recent projections from our **Sales Tax** consultants show the 1 percent Point of Sale portion of sales tax falling below the budgeted level by \$824,000, due primarily to a decline in the fuel and service station sales and the correction of a misallocation of sales tax from a major retail outlet to Stockton. Measure A Transaction and Use Tax revenues are not expected to see the same reduction because the misallocation did not impact this tax and these tax revenues are less sensitive to fluctuations in the fuel category.

Utility Users Tax (UUT) proceeds are projected to be below the \$34.1 million budget by approximately \$566,000. Rate increases by water, electric and gas utility companies are resulting in higher revenues than previously expected. Conversely, Cable TV and Telecommunication tax proceeds are running well below the budgeted growth rates. Cable UUT revenues are currently projected to fall below the budget by as much as 14 percent, reflecting the continuing trend being felt nationwide, as more and more consumers find ways to “cut the cord” with traditional cable service. Similarly, Telecommunication (Telecom) tax proceeds are again well below projected levels at mid-year and are projected to be under budget by as much as \$553,000. Telecom UUT proceeds have declined for a number of years, primarily as the result of changes in consumer habits, and in particular the steep decline in wired residential phone services. Wireless telecom proceeds have also dropped, reflecting rapid changes in pricing models in the industry and increased competition, which has adversely affected growth rates. The continuing trend towards data (which cannot be taxed) and away from phone costs, as well as the ever-changing face of the competition in the wireless industry, is going to make projecting revenue estimates in this category increasingly difficult.

The downward trend in cable revenues is also impacting **Franchise Tax** revenue collections from cable providers which are projected to end the year under budget by almost \$297,000. Improved collections from Waste Hauler franchise agreements will offset some of the cable revenue loss. The offsetting impact of these variances on the Franchise Tax category is projected to end the year approximately \$206,000 or 1.6 percent below the budgeted amount.

Collections for **Business License Taxes** primarily occur in the last six months of the fiscal year and are expected to end the year less than one percent under budget. This projection assumed no new revenue would be realized from Medical Marijuana businesses in FY 2016-17. **Hotel/Motel Taxes** continue to perform above projections reflecting growth in tourism and business travel. Based on collections through December 2016, revenues are likely to exceed budget by as much as \$200,000.

The **Interest** category projection reflects the benefit of paying the full year of CalPERS employer contributions in July rather than with twice a month throughout the year. Bankruptcy debt restructuring and prior year savings gave the General Fund the cash on hand needed to prepay CalPERS and receive a \$1.3 million credit.

Collections in the remaining revenue accounts within the General Fund appear to be at or slightly above budgeted levels. Staff will continue to monitor the status of these and all revenue of the City and will bring forward any appropriate adjustments to the revenue budget later in the year.

Expenditures

Departments are on track to spend at or below their budgets with a couple of exceptions described below. Overall General Fund expenditures are expected to end the year under budget by \$7.6 million or 3.5 percent primarily due to continued higher-than-budgeted vacancy levels. Vacancy savings

were budgeted in the General Fund in two city-wide amounts: 5 percent for the largest General Fund departments and 20 percent for Marshall Plan personnel costs in the Police Department to adjust for the time required to add 40 sworn positions throughout FY 2016-17. In total, \$9.2 million was budgeted for vacancy savings in the General Fund.

Through the second quarter of FY 2016-17, vacancy savings in the non-Marshall Plan portion of the General Fund were approximately 7.0 percent. In the Marshall Plan personnel costs, overall vacancy savings are approximately 37.8 percent. At the halfway point of the year, total vacancy savings of approximately \$8.5 million have been realized in the General Fund. Vacancies in the second half of the fiscal year are projected to generate another \$6.7 million, for a total of \$15.2, or \$6.0 million more than the budgeted savings.

Vacancy Savings

Approved Budget	Q2 Year-End Projection	Variance from Budget	Percentage Variance
\$9.2 million	\$15.2 million	\$6.0 million	65%

The largest budget variance is in the **Police Department** which is projected to end the year \$6.5 million under budget due to vacancy savings. The Police Department continues its effort to fill sworn officer positions as fast as possible, and progress continues to be made towards the goal of filling all sworn positions. At the end of the second quarter of FY 2016-17, the Police Department had 417 sworn staff positions filled out of an authorized staffing level of 485. Hiring has remained brisk, with a total of 34 additional officers added during the 2nd quarter, resulting in a net gain of 8 officers. At mid-year, the Police Department already accrued \$7.4 million in salary savings. The amount budgeted for salary savings in the department for the entire fiscal year was \$7.3 million. Vacancy savings in the second half of the year are expected to be lower than the first half, and 430 sworn staff positions were filled as of April 10, 2017. The department will still end the year with savings above budget.

The savings projected for the **Administrative Services Department** (\$377,000) are primarily the result of a number of vacancies, particularly in the Financial Services and Revenue Services Divisions. Efforts are under way to fill these vacancies including the hiring of five new Accountants in February 2017. The savings projected for the **Human Resources Department** (\$162,000) are a combination of projected vacancy savings and savings anticipated in recruiting activities.

Savings anticipated in the **City Auditor** budget (\$238,000) reflect the fact that the internal audit activities budgeted for FY 2016-17 will not all be completed on the timeline previously anticipated.

As discussed in previous reports, the City continues to improve its hiring and retention. Recent salary increases and improved health benefits options approved for various bargaining units should help with both efforts, and vacancy savings above the budgeted amount are considered one-time savings. It is the City's goal that as many of the budgeted positions as possible be filled promptly to provide service to the community. It is also true that a number of positions will always be vacant due to normal turnover, including retirements and separations. The Budget Office will continue to refine the amounts budgeted for vacancy savings to reflect updated hiring trends and experience.

In the **Program Support for Other Funds** category, only one program that receives a General Fund subsidy is projected to require an increase in its budget. The Golf Fund is currently estimated to require an additional \$200,000 over the budgeted appropriation of \$550,000 from the General Fund

in the current fiscal year. The increase is the result of a combination of higher-than-anticipated expenditures, mostly to repair failing infrastructure and equipment, and lower than anticipated revenues.

All other General Fund departments or expenditure categories not mentioned above are operating at budgeted levels. Staff will continue to monitor revenue and expenditure levels, returning to Council with a third quarter report, along with necessary budget adjustments.

CalPERS

A significant emerging issue will be new policies adopted by the CalPERS Board of Trustees. The Board adopted new policies regarding the discount (or investment earnings) rate assumption to lower investment risk and stabilized contribution requirements. The new CalPERS policies gradually reduce the assumed discount rate from 7.5 percent to 7.0 percent to reflect investment returns and to address the growing costs of the CalPERS system. The effect will be to phase in increased costs to all CalPERS agencies including Stockton over the next several years. The City's L-RFP anticipated some, but not all, of these changes. Based on preliminary estimates, the City's CalPERS costs will exceed those projected in the L-RFP in FY 2020-21 by as much as \$4.2 million. When the CalPERS rate changes are fully implemented in FY 2024-25, the annual General Fund cost is estimated to be \$16.5 million more than prior estimates. It would be prudent to set funds aside for future CalPERS retirement system costs based on the new discount rate assumptions recently approved by the CalPERS Board of Trustees. The Budget Office is currently revising the L-RFP to incorporate the new CalPERS policies and other new revenue and expense information for the FY 2017-18 Budget deliberations.

Recommended Budget Amendments

In addition to the detailed review of the General Fund expenditures and revenues described above, all City funds have also been reviewed as part of the preparation of this report.

Prompted by this review, four budget amendments requiring Council authorization have been identified for recommendation in the Second Quarter Report.

1. Increased General Fund support to the Golf Fund by \$200,000 to cover higher expenditures and a reduction in program revenues as described above.
2. Increase Recreation Fund budget appropriation by \$15,000 to support the cost of hosting the traveling Vietnam Veteran Moving Wall exhibition, which will be in Stockton in June 2017. The Recreation Fund has sufficient fund balance to make this appropriation.
3. Increase General Liability ISF appropriation by \$250,000 from fund balance for legal expenses. During the bankruptcy, many pending risk claims against the City were settled or put on hold. During that time, the General Liability Internal Service Fund expenses were artificially low, which allowed the fund to build up reserves for liabilities and some fund balance. A return to a "normal" level of risk claims occurred, and a number of claims are being actively litigated. Legal costs are expected to exceed the annual budget by \$250,000. The fund has sufficient balance to cover the increased appropriation for legal fees. Increased litigation costs are expected to continue and will be budgeted at a higher rate in the FY 2017-

18 budget.

4. Transfer \$303,900 from the Retirement ISF fund balance to the Debt Administration Fund for Assured Guaranty debt payments. The City has a settlement agreement with Assured Guaranty that replaced the Pension Obligation Bond debt service payments through the City's Plan of Adjustment. A review of the Debt Administration fund revealed an error in the entries leading up to the July 1, 2015 payment to Assured Guaranty. Although proper payment was made to Assured Guaranty, the transfer of funds was less than the actual payment. The payment of \$1,441,164 was funded from special fund contributions collected in the Retirement Internal Service Fund after suspension of debt service payments on the Pension Obligation Bonds. The funds are still in the Retirement Internal Service Fund, and it is recommended that the \$303,900 be transferred to the Debt Administration Fund.

Status of Measure A Mission Critical Projects

Measure A was passed by the voters of Stockton to fund the City's proposed Plan of Adjustment, and fund law enforcement and crime prevention services as well as other essential city services. The Measure A implementation plan included funding for mission critical needs during the first two years of the tax as additional police staffing was phased-in. In Fiscal Years 2014-15 and 2015-16, a variety of projects of critical importance were identified and funded. In response to requests for an update on projects funded either in whole or in part, from Measure A monies, Attachment C provides a summary of Mission Critical Projects and the status of these initiatives by Council Strategic Initiative. Of the 19 funded projects, ten have been completed, eight are underway, and one is in the planning stages. The largest project is the replacement of the City's Enterprise Resource Planning (ERP) system. Measure A funded \$5 million, and when combined with other City resources, the City set aside a total of \$9.2 million for this multi-year project which is still in the early development stages. As shown in the Total Project Funding column, the \$16.0 million in Measure A funds were combined with other City resources for total project appropriations of \$23.1 million. As of February 2017, approximately \$11.1 million remains to be spent on active projects with most of the remaining funds (\$9.2 million) related to the ERP project.

Attachment C identifies whether projects were expended from the General Fund or transferred to other funds. Three projects, Police Radios, Police Body Cameras and IT Network Encryption Infrastructure, came in under budget leaving unspent funds totaling \$900,000. The unspent funds were reflected on the FY 2015-16 Measure A and General Fund reports and contributed to the June 30, 2016 General Fund reserve. Many of these mission critical projects required funds be transferred to capital and technology funds and are currently underway. All mission critical projects tracked in other funds are expected to be fully spent. The \$16 million in mission critical funding addressed many significant program and infrastructure needs that could not be afforded prior to voter approval of Measure A.

FINANCIAL SUMMARY

This report provides an analysis of FY 2016-17 second quarter budget status results. The review of the performance in the first six months plus projections for the remaining half of the year indicate expenditure savings are estimated to result in a year ending balance above that budgeted.

The recommended transfers and budget amendments to the FY 2016-2017 Annual Budget are

described above and listed below.

1. Increase the General Fund (010) transfer to the Golf Fund (481) by \$200,000

General Fund Contingency	010-0131-510	(200,000)
General Fund Transfer Out	010-0000-992	200,000
Golf Fund Transfer In	481-0000-492	200,000
Golf Fund Expenditure	481-3610-572	200,000
2. Increase Recreation Fund (044) appropriation by \$15,000 from fund balance for Vietnam Veteran Moving Wall exhibition.
3. Increase General Liability ISF (541) appropriation by \$250,000 from fund balance for legal costs.
4. Transfer \$303,900 from the Retirement ISF (561) fund balance to the Debt Administration Fund (201) for debt payments made to Assured Guaranty.

Trends and potential budget variances in City's funds will continue to be monitored, and staff will return to Council with periodic financial reports and future recommendations for changes where appropriate.

Attachment A - 2016-17 Second Quarter Budget Update - General Fund Budget Overview

Attachment B - 2016-17 Second Quarter General Fund Revenue Summary

Attachment C - Measure A Mission Critical Project Summary

Attachment A

City of Stockton
FY 2016-17 Budget Update
General Fund - 010 by Program (Unaudited)

	1st Quarter Approved Budget	Budget Adjustments Since 1st Qtr.	Approved Budget as of 12/31/16	Year to Date Activity As of 12/31/16	% of Budget	Year End Projection	Projection vs. Approved Budget	
							\$	%
Beginning Available Balance	\$ 33,898,628	\$ -	\$ 33,898,628	\$ 33,898,628		\$ 33,898,628		
Prior Year Encumbrances	7,597,534	301,000	7,898,534	7,898,534		7,898,534		
	<u>41,496,162</u>	<u>301,000</u>	<u>41,797,162</u>	<u>41,797,162</u>		<u>41,797,162</u>		
Revenues								
General Tax Revenues	162,242,200	-	162,242,200	32,604,787	20%	162,237,231	(4,969)	0%
Measure A/B Sales Tax	30,161,000	-	30,161,000	9,506,212	32%	30,120,000	(41,000)	0%
Program Revenues	11,504,637	-	11,504,637	4,491,793	39%	12,025,102	520,465	5%
Interfund Reimbursements	8,788,412	-	8,788,412	2,623,243	30%	8,428,587	(359,825)	-4%
Transfers In	1,996,094	-	1,996,094	1,779,747	89%	1,996,094	-	0%
	<u>214,692,343</u>	<u>-</u>	<u>214,692,343</u>	<u>51,005,782</u>	<u>24%</u>	<u>214,807,013</u>	<u>114,670</u>	<u>0.1%</u>
Expenditures								
<u>Programs</u>								
Police	118,123,890	-	118,123,890	54,364,844	46%	111,590,288	6,533,602	6%
Fire	42,584,786	-	42,584,786	20,455,581	48%	42,584,786	-	0%
Public Works	13,189,245	-	13,189,245	5,418,598	41%	13,189,245	-	0%
Economic Development	3,455,730	-	3,455,730	625,038	18%	3,339,181	116,549	3%
Office of Violence Prevention	1,594,226	-	1,594,226	625,326	39%	1,450,510	143,716	9%
	<u>178,947,877</u>	<u>-</u>	<u>178,947,877</u>	<u>81,489,387</u>	<u>46%</u>	<u>172,154,010</u>	<u>6,793,867</u>	<u>4%</u>
<u>Program Support for Other Funds</u>								
Library	4,504,000	-	4,504,000	2,252,000	50%	4,504,000	-	0%
Recreation	3,915,000	-	3,915,000	1,957,500	50%	3,915,000	-	0%
Entertainment Venues	3,445,000	-	3,445,000	1,722,500	50%	3,445,000	-	0%
RDA Successor Agency	200,000	-	200,000	-	0%	200,000	-	0%
Downtown Marina	170,000	-	170,000	85,000	50%	170,000	-	0%
Capital Improvement	1,933,000	-	1,933,000	966,500	50%	1,933,000	-	0%
Golf Courses	650,000	-	650,000	325,000	50%	850,000	(200,000)	-31%
Grant Match	300,000	-	300,000	33,832	11%	300,000	-	0%
Development Services	1,000,000	-	1,000,000	500,000	50%	1,000,000	-	0%
	<u>16,117,000</u>	<u>-</u>	<u>16,117,000</u>	<u>7,842,332</u>	<u>49%</u>	<u>16,317,000</u>	<u>(200,000)</u>	<u>-1%</u>
<u>Administration</u>								
City Council	533,693	135,000	668,693	207,326	31%	668,693	-	0%
City Manager	1,418,188	-	1,418,188	705,338	50%	1,408,949	9,239	1%
City Attorney	1,339,948	-	1,339,948	717,572	54%	1,339,948	-	0%
City Clerk	853,419	-	853,419	404,695	47%	835,355	18,064	2%
City Auditor	1,039,043	301,000	1,340,043	344,792	26%	1,102,238	237,805	18%
Administrative Services	5,107,558	-	5,107,558	2,183,659	43%	4,730,231	377,327	7%
Human Resources	2,590,190	-	2,590,190	912,430	35%	2,428,389	161,801	6%
Tax Collection & Election	3,759,451	-	3,759,451	(24,879)	-1%	3,759,451	-	0%
Other Administration	1,551,005	-	1,551,005	89,214	6%	1,479,016	71,989	5%
Labor Litigation	500,000	-	500,000	18,843	4%	390,000	110,000	22%
	<u>18,692,495</u>	<u>436,000</u>	<u>19,128,495</u>	<u>5,558,990</u>	<u>29%</u>	<u>18,142,270</u>	<u>986,225</u>	<u>5%</u>
Debt Service	1,443,873	-	1,443,873	836,247	58%	1,443,873	-	0%
Contingency	2,000,000	(135,000)	1,865,000	-	0%	1,865,000	-	0%
Total Expenditures	<u>217,201,245</u>	<u>301,000</u>	<u>217,502,245</u>	<u>95,726,956</u>	<u>44%</u>	<u>209,922,153</u>	<u>7,580,092</u>	<u>3.5%</u>
Net Annual Activity	(2,508,902)	(301,000)	(2,809,902)	(44,721,174)		4,884,860	7,694,762	
Proj. Ending Available Balance	<u>\$ 38,987,260</u>	<u>\$ -</u>	<u>\$ 38,987,260</u>	<u>\$ (2,924,013)</u>		<u>\$ 46,682,022</u>	<u>\$ 7,694,762</u>	<u>20%</u>
Fund Balance as % of Expenses	18%		18%			21.5%		

City of Stockton
FY 2016-17 Second Quarter Revenues
General Fund - 010

	FY 2016-17					
	Approved Budget	2nd Quarter Actual	% of Budget	2nd Quarter Projection	Variance vs. Budget	% Variance vs. Budget
General Tax Revenues						
Property Taxes						
Property Taxes	\$ 31,670,000	\$ 127,044	0.4%	\$ 31,991,067	\$ 321,067	1.0%
In-Lieu of Motor Vehicle Fees	21,416,000	-	0.0%	21,281,416	(134,584)	-0.6%
	53,086,000	127,044	0.2%	53,272,483	186,483	0.4%
Sales Tax						
1% Point of Sale	45,706,000	10,055,900	22.0%	44,882,000	(824,000)	-1.8%
Measure A Transaction Tax	30,161,000	9,506,212	31.5%	30,120,000	(41,000)	-0.1%
Proposition 172	1,517,000	631,662	41.6%	1,518,000	1,000	0.1%
	77,384,000	20,193,773	26.1%	76,520,000	(864,000)	-1.1%
Utility Users Tax						
Water	3,593,000	1,872,197	52.1%	3,911,000	318,000	8.9%
Electric & Gas	19,997,000	8,829,244	44.2%	20,059,470	62,470	0.3%
Cable	2,802,000	1,023,983	36.5%	2,408,495	(393,505)	-14.0%
Telecommunications	7,678,000	3,123,054	40.7%	7,125,217	(552,783)	-7.2%
	34,070,000	14,848,479	43.6%	33,504,182	(565,818)	-1.7%
Franchise Tax						
PG&E	2,246,000	-	0.0%	2,185,075	(60,925)	-2.7%
Cable/Video	2,629,000	593,779	22.6%	2,331,655	(297,345)	-11.3%
Waste Haulers	7,933,000	3,063,705	38.6%	8,084,744	151,744	1.9%
	12,808,000	3,657,484	28.6%	12,601,474	(206,526)	-1.6%
Business License Tax	10,955,000	2,269,405	20.7%	10,862,000	(93,000)	-0.8%
Hotel/Motel Tax	2,700,000	781,935	29.0%	2,900,000	200,000	7.4%
Document Transfer Tax	720,000	343,340	47.7%	814,000	94,000	13.1%
Motor Vehicle License	120,000	-	0.0%	141,381	21,381	17.8%
Interest	560,200	37,453	6.7%	1,741,711	1,181,511	210.9%
	15,055,200	3,432,134	22.8%	16,459,092	1,403,892	9.3%
Program Revenues						
Fire Contracts	3,566,855	1,701,889	47.7%	3,733,396	166,541	4.7%
Code Enforcement	3,602,719	1,344,633	37.3%	3,608,593	5,874	0.2%
Charges for Services	1,349,055	736,150	54.6%	1,501,292	152,237	11.3%
Fines & Forfeitures	289,507	169,926	58.7%	339,852	50,345	17.4%
Revenues from Other Agencies	1,811,128	154,970	8.6%	2,066,310	255,182	14.1%
Licenses & Permits	422,693	250,099	59.2%	448,948	26,255	6.2%
Sale of Fixed Assets	500,000	110,579	22.1%	462,390	(37,610)	-7.5%
Misc Other Revenues	(37,320)	27,421	-73.5%	(135,678)	(98,358)	263.6%
	11,504,637	4,495,666	39.1%	12,025,102	520,465	4.5%
Interfund Reimbursements						
Indirect Cost Allocation	4,518,606	2,054,183	45.5%	4,370,358	(148,248)	-3.3%
Refunds & Reimbursements	1,771,373	507,923	28.7%	1,558,975	(212,398)	-12.0%
Rents/Leases/Concessions	2,498,433	74,675	3.0%	2,499,254	821	0.0%
	8,788,412	2,636,781	30.0%	8,428,587	(359,825)	-4.1%
Transfers In						
Loan Repayment (BEDI)	1,086,000	1,086,000	0.0%	1,086,000	-	0.0%
From Parking for Debt Service	910,094	693,747	76.2%	910,094	-	0.0%
Successor Agency Repayment	-	-	-	-	-	0.0%
	1,996,094	1,779,747	89.2%	1,996,094	-	0.0%
Total Revenues	\$ 214,692,343	\$ 51,171,108	23.8%	\$ 214,807,013	\$ 114,670	0.1%

City of Stockton
Measure A Mission Critical Project Summary

ATTACHMENT C

		Project Status	Measure A Funding		Total Project Funding	Type	Project Update	Funding Status
			FY 2014-15	FY 2015-16				
Public Safety								
1	Radios (Police)*	Complete	-	1,800,000	1,800,000	GF Expense	342 portable radios and 70 mobile radios were purchased in FY 2015-16 for the Police Department. The portable radios have been put into services and the mobile radios are being deployed as quickly as possible without interrupting use of police vehicles.	The purchase of police radios only cost \$1.4 million of the \$1.8 million allocated because of a large quantity discount. The unspent funds remained in the General Fund balance and contributed to reserves established effective 6/30/16.
2	SEB 4th Floor Build Out	Underway	-	1,500,000	1,500,000	Transfer	This project was designed to provide space for the increased Police Department positions funded in recent budgets. It was added in the 2015-16 budget. The project is currently under construction with an anticipated completion date of July 2017.	Approximately \$1.3 million of the funds have been expended or encumbered. The balance is expected to be used for this project.
3	Body Camera Program (Police)*	Complete	-	175,000	175,000	GF Expense	Body cameras purchased and distributed. All officers responding to an incident in the field are required to carry the camera units.	Approximately \$70,000 was spent. Unspent funds remained in the General Fund balance and contributed to the reserves established effective 6/30/16.
4	Network Encryption Infrastructure (Police)*	Complete	-	396,000	396,000	GF Expense	The original plan was to purchase new equipment to address technology security requirements. IT was able to meet the requirements of the project with a solution based mainly on the use of NetMotion software.	Approximately \$50,000 was spent out of IT funds. Unspent Measure A funds remained in the General Fund balance and contributed to the reserves established effective 6/30/16.
5	Police Communications System Upgrade	Underway	-	650,000	1,175,000	Transfer	Funds were used to upgrade the Police records and dispatch systems. The project has a go-live date scheduled for May 1, 2017.	Approximately \$900,000 has been expended or encumbered. Measure A funds will be fully expended.

City of Stockton
Measure A Mission Critical Project Summary

ATTACHMENT C

		Project Status	Measure A Funding		Total Project Funding	Type	Project Update	Funding Status
			FY 2014-15	FY 2015-16				
Fiscal Sustainability								
6	Information Technology - ERP System	Underway	5,000,000	-	9,247,857	Transfer	The City is in the planning phase of replacing the outdated financial system.	Approximately \$60,000 has been expended or encumbered to date. The project is expected to need additional funding before completion.
7	Information Technology - Arena Point of Sale System	Complete	236,000	-	236,000	Transfer	The Point of Sale system at the arena was upgraded to address credit card security requirements. The system improved compliance and transaction processing at the Arena, and an unexpected benefit of the upgrade occurred at the Oak Park Ice Rink. The new system allows customers to purchase gift cards which has increased sales at the ice rink.	Funds have been fully expended.
8	Purchasing Improvements	Complete	164,000	-	334,000	GF Expense	A consultant was hired and purchasing improvements have been implemented.	Measure A funds were fully expended.
Organization Development								
9	Radios Replacements	Complete	1,000,000	-	1,690,767	Transfer	30 portable radios for MUD and Public Works and 18 mobile radios for MUD were replaced in FY 2015-16. 19 MUD mobile radios, 150 Police portable radios, 60 police mobile radios, 106 Fire portable radios and 42 Fire mobile radios were purchased in FY 2016-17.	Measure A funds were fully expended. Plans include replacement of another 167 radios in FY 2017-18.
10	IT Projects - Back up Infrastructure	Planning	-	385,000	385,000	Transfer	Plans to spend this money are part of an overall Data Management Plan currently in development.	
11	Citywide Training	Complete	-	130,000	294,400	GF Expense	Training was provided on a City-wide basis.	Funds were not fully expended in FY 2015-16. The unspent funds remained in the General Fund balance and contributed to reserves established effective 6/30/16.

City of Stockton
Measure A Mission Critical Project Summary

ATTACHMENT C

		Project Status	Measure A Funding		Total Project Funding	Type	Project Update	Funding Status
		FY 2014-15	FY 2015-16					
Economic Development								
12	Economic Dev. Implementation - ULI	Underway	100,000	-	100,000	GF Expense	Economic Development will working with a firm that reviews proposed master development plans and programs, provide project analysis, and prepare and negotiate agreements with developers in the downtown area. Primary work is on the Open Window Project. Funds were also used for appraisal and evaluation services of City-owned hotels and parking lots to use for marketing and sale of properties to promote development downtown.	Approximately \$50,000 has been expended or encumbered to date. The balance remains appropriated for future ULI recommendations.
Infrastructure								
13	LED Lighting Project Phase I	Complete	1,200,000	-	1,475,869	Transfer	Project completed in December, 2014. Annual energy savings achieved from LED conversions in Phase I and Phase II (not Measure A funded), total approximately \$400,000 per year.	The project cost approximately \$1.5 million. Remaining project funding from PG&E rebates re-allocated to other phases.
14	LED Lighting Project Phase III	Underway	-	1,576,000	2,088,000	Transfer	Project is approximately 90% complete with projected completion date of April 2017.	Approximately \$1.2 million has been expended or encumbered. The balance is expected to be used for this project.
15	Parks Irrigation Controller Upgrade	Underway	-	588,000	735,000	Transfer	Project is approximately 20% complete with projected completion date of March 2018.	Approximately \$700,000 has been expended or encumbered. The balance is expected to be used for this project.
16	Street Resurfacing	Complete	-	500,000	500,000	GF Expense	Street resurfacing materials were purchased.	Approximately \$475,000 has been spent and the balance is encumbered.
17	Sidewalks	Underway	-	300,000	550,000	Transfer	Project is approximately 99% complete with March 2017 anticipated completion date.	Funds have been fully expended.

City of Stockton
Measure A Mission Critical Project Summary

ATTACHMENT C

		Project Status	Measure A Funding		Total Project Funding	Type	Project Update	Funding Status
			FY 2014-15	FY 2015-16				
Public Relations/Image Target								
18	Implementation of Strategic Priorities	Complete	200,000	-	350,000	GF Expense/ Transfer	Funds were allocated to thirteen different projects in Community Services, Police, Human Resources, Office of Violence Prevention, City Manager's Office and Administrative Services per Council resolution 2014-11-25-0402.	Funds have been expended.
19	Marketing/ Communications Plan	Underway	100,000	-	100,000	GF Expense	Although the funds were allocated in FY 2014-15, the project was put on hold pending the finalization of the bankruptcy process. Following bankruptcy, the City Manager's Office initiated an image campaign: "Stockton is Home". Improving Stockton's image is critical to economic development and attracting and retaining qualified employees.	To date a total of \$75,000 has been expended or encumbered on the ongoing campaign.
Total			8,000,000	8,000,000	23,132,893			

<u>Project Status Summary</u>	
Complete	10
Underway	8
Planning	1
	<u>19</u>

* Measure B eligible expenses

Resolution No.

STOCKTON CITY COUNCIL

RESOLUTION ACCEPTING THE SECOND QUARTER BUDGET STATUS UPDATE REPORT AND APPROVING RECOMMENDED AMENDMENTS TO THE FISCAL YEAR 2016-2017 FISCAL YEAR ANNUAL BUDGET

Fiscal Sustainability is one of the City Council's goals; and

City Council adopted the Fiscal Year (FY) 2016-2017 Annual Budget on June 21, 2016, following a duly noticed budget study session and a public hearing; and

By the staff report accompanying this Resolution, incorporated into this Resolution by this reference (Staff Report), the Council has been provided with additional information upon which the actions set forth in this Resolution are based; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The status report on the FY 2016-17 Annual Budget is accepted.
2. The FY 2016-2017 Annual Budget is amended as follows:
 - a) Increase the General Fund (010) transfer to the Golf Fund (481) by \$200,000
 - b) Increase Recreation Fund (044) appropriation by \$15,000 from fund balance for Vietnam Veterans Memorial Moving Wall.
 - c) Increase General Liability ISF (541) appropriation by \$250,000 from fund balance for legal costs.
 - d) Transfer \$303,900 from the Retirement ISF (561) fund balance to the Debt Administration Fund (201) for debt payments made to Assured Guaranty.

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- PASSED, APPROVED, and ADOPTED April 18, 2017.

BONNIE PAIGE
City Clerk of the City of Stockton



City of Stockton

Legislation Text

File #: 17-3545, **Version:** 1

LONG-RANGE FINANCIAL PLAN UPDATE AND ANALYSIS OF CALPERS DISCOUNT RATE CHANGES

RECOMMENDATION

Informational item only.

Summary

The City maintains a forecasting model to estimate the long-term financial impact of current budgetary decisions. The Long-Range Financial Plan (L-RFP) is updated periodically to reflect significant changes and the most recent revenue and expenditure data. This report includes a revised L-RFP that is consistent with the changes included in the Second Quarter Budget Status update and provides a preliminary analysis of the effect of recent CalPERS actions on the General Fund.

The CalPERS Board of Trustees recently adopted new policies to strengthen the long-term sustainability of the pension fund. Specifically, the Board revised policies regarding the assumed investment earnings (discount rate) and life expectancy assumptions. These changes are designed to reduce the risk associated with volatile investment markets and stabilize contribution requirements. While these changes will improve the likelihood of CalPERS achieving investment earnings, it will also increase employer contributions to offset the reduced earnings targets.

Although the City planned for increased CalPERS costs, the recent Board action exceeds prior L-RFP assumptions regarding contribution increases. CalPERS issued general instructions for public agency employers in January, and information specific to the City's pension obligations will not be available until this summer. The following analysis is based on available information and prior actuarial reports commissioned by the City. Based on preliminary estimates, the City's CalPERS costs will exceed those projected in the Long-Range Financial Plan (L-RFP) by \$4.2 million in FY 2020-21, and \$16.5 million in FY 2024-25 when the full annual effect is realized.

Based on this preliminary analysis, it is also evident that the City can make budgetary changes to prevent a negative General Fund balance and ensure continued financial sustainability. Prior Council action to rely upon reasonable revenue forecasts, limit expenditures to what can be afforded in the L-RFP and establish General Fund reserves positioned the City to manage the greater than anticipated CalPERS changes. Staff will continue to analyze the impact of CalPERS changes and future quarterly updates, and will provide future L-RFP updates for FY 2017-18 budget deliberations.

DISCUSSION

Background

One of the strategic initiatives developed to support the City Council's "Fiscal Sustainability - Getting our Fiscal House in Order" goal was to use the financial forecasting model to monitor the fiscal health of the General Fund and to inform the City Council of any new developments that would impact the City's financial condition. This report is being written as a supplement to the FY 2016-17 Second Quarter Budget Status update report to provide the Council with information on the CalPERS changes that will have a significant long-term negative impact on the City.

Present Situation

CalPERS

As anticipated, the CalPERS Board of Trustees adopted new policies regarding the discount rate (investment earnings) assumptions on December 21, 2016. Although the City expected a reduction in the discount rate, the CalPERS action exceeded prior estimates. CalPERS reduced its assumed discount rate to:

- strengthen the long-term sustainability of the fund,
- reduce negative cash flows,
- reduce the long-term probability of funded ratios falling to undesirable levels,
- improve the likelihood of CalPERS investments earning the assumed rate of return, and
- reduce the risk of volatile contribution increases.

The new CalPERS policies gradually reduce the assumed discount rate from 7.5 percent to 7.0 percent to reflect lower anticipated investment returns and to address the growing benefit costs of the CalPERS system. Because pension benefits are paid from a combination of contributions and investment earnings, lowering the anticipated earnings results in increased contributions. Consequently, increased costs for all CalPERS agencies will be phased in over the next several years. The CalPERS Board policy will adjust the discount rate over three years as follows:

Fiscal Year	Discount Rate
FY 2018-19	7.375%
FY 2019-20	7.250%
FY 2020-21	7.000%

Lowering the discount rate means local agencies will see increases in both the normal costs (the cost of pension benefits accruing in one year for active members) and the unfunded accrued liabilities (UAL). The UAL can fluctuate over time based on various factors, such as changes in investment earning or life expectancy. The increase in normal costs will be phased in over three years beginning in FY 2018-19. The increase in the UAL costs will be extended over seven years to reduce the impact to local agencies. Prior to CalPERS changes, the City's Miscellaneous pension plan (non-safety employees) was 79 percent funded and the Safety Plan (police and fire sworn employees) was

72 percent funded. The combined UAL was \$403.3 million in the most recent CalPERS valuation report based on June 30, 2015 data. The new policy to lower the discount rate is estimated to increase the UAL by \$221.9 million or 55 percent in total. Based on preliminary estimates, the City's combined CalPERS costs will exceed those projected in the Long-Range Financial Plan (L-RFP) by \$4.2 million in FY 2020-21, and \$16.5 million in FY 2024-25 when the full annual effect is realized. These figures are preliminary estimates based on available information. CalPERS will release its annual valuation report with actual FY 2018-19 figures in the summer of 2017.

Going forward, hiring of employees under the Public Employees Pension Reform Act of 2013 (PEPRA) is still expected to limit the growth in future pension costs and significantly improve the ability of CalPERS agencies to afford pension benefits. Employees hired under PEPRA receive reduced retirement benefits compared to Classic (pre-existing) CalPERS members. Stockton also took the additional step of implementing a second tier with lesser benefits for Classic CalPERS members that join Stockton from another member agency, further lowering future pension obligations. While the recent CalPERS changes will significantly increase costs, the changes do not affect the predicted long-term positive effects of the PEPRA. The PEPRA is still forecast to stabilize and lower pension obligations in the long-term. The following graphs show the Safety and Miscellaneous CalPERS rates at the previously projected 7.25 percent discount rate compared to the recently adopted 7.0 percent discount rate. Both Figure 1 and Figure 2 clearly depict increased costs because of the change in discount rate, and the positive effect of the PEPRA in the long-term.

Figure 1. Safety Plan Employer Rates by Discount Rate

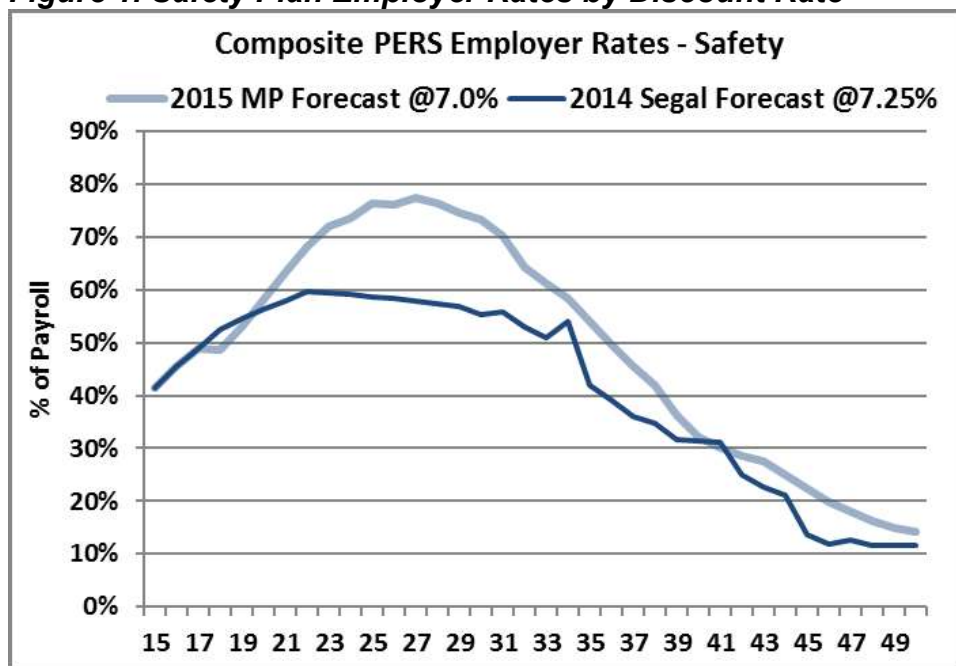
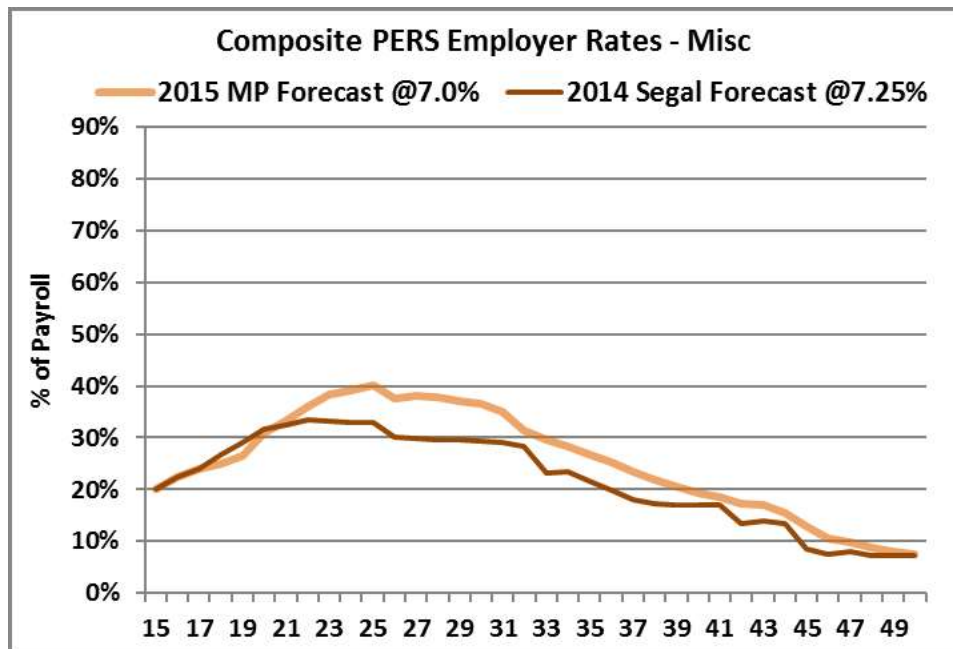


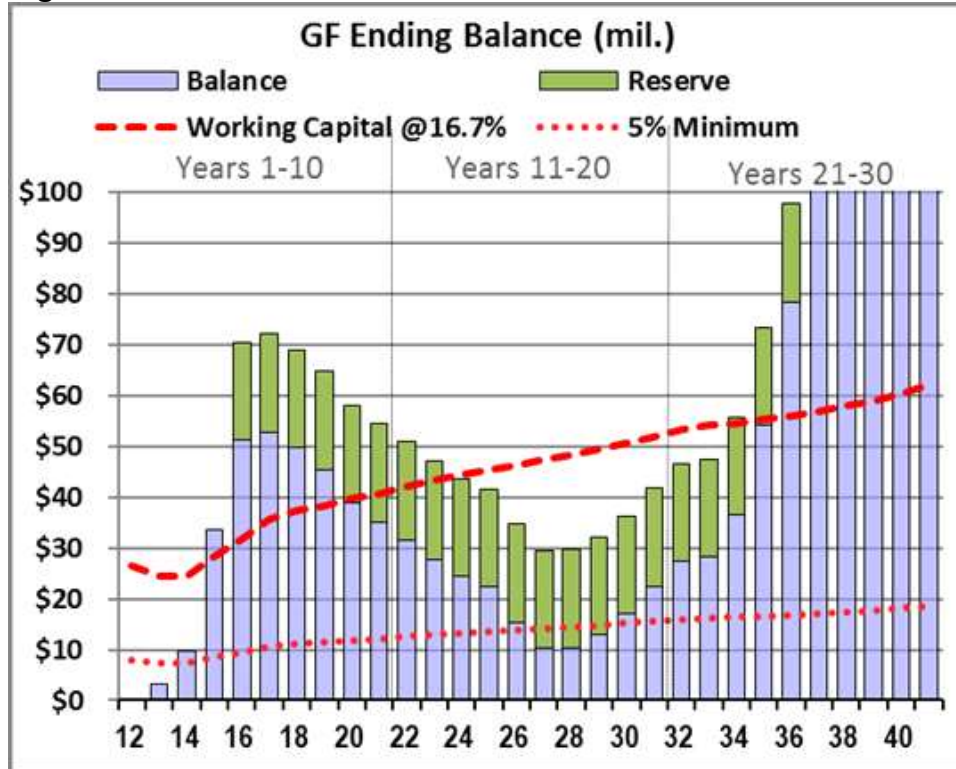
Figure 2. Miscellaneous Plan Employer Rates by Discount Rate



Long-Range Financial Plan

Since the development of the L-RFP during the Bankruptcy, the financial model assumed a 0.25 percent reduction in CalPERS discount rate, from 7.5 percent to 7.25 percent. To prepare for future discount rate reductions, Council adopted a General Fund Reserve policy and allocated funds to the reserve as part of the final budget actions for FY 2015-16. Following analysis and review of the CalPERS discount rate change, the Budget Office revised the L-RFP to incorporate the new CalPERS policies and other new revenue and expense information from the FY 2016-17 Second Quarter Budget. The following graph represents the L-RFP as it existed before the CalPERS rate increases. The Figure 3 graph, provided to Council on January 24, 2017, incorporated the FY 2015-16 year-end results and the addition of positions authorized by Measure O in 2016.

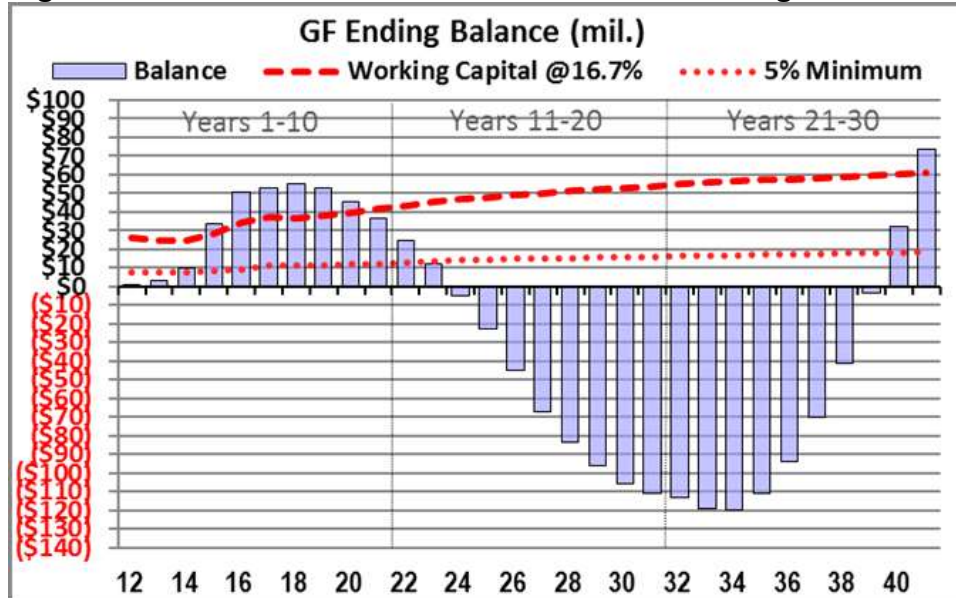
Figure 3. L-RFP Fund Balance before CalPERS Discount Rate Change



As can be seen in Figure 3, a reduction in the fund balance was projected during the ten-year period of the 2020-2030, due to a variety of factors including higher salary costs, anticipated economic slowdowns, and CalPERS rate increases. During that period the General Fund was forecast to be below the 16.7 percent Working Capital goal, but well above the 5 percent minimum in most years. The fund balance excluding reserves dropped below the 5 percent minimum for three years starting in 2027. After the year 2030, the fund balances were anticipated to increase and return to the 16.7 percent Working Capital Reserve by 2036.

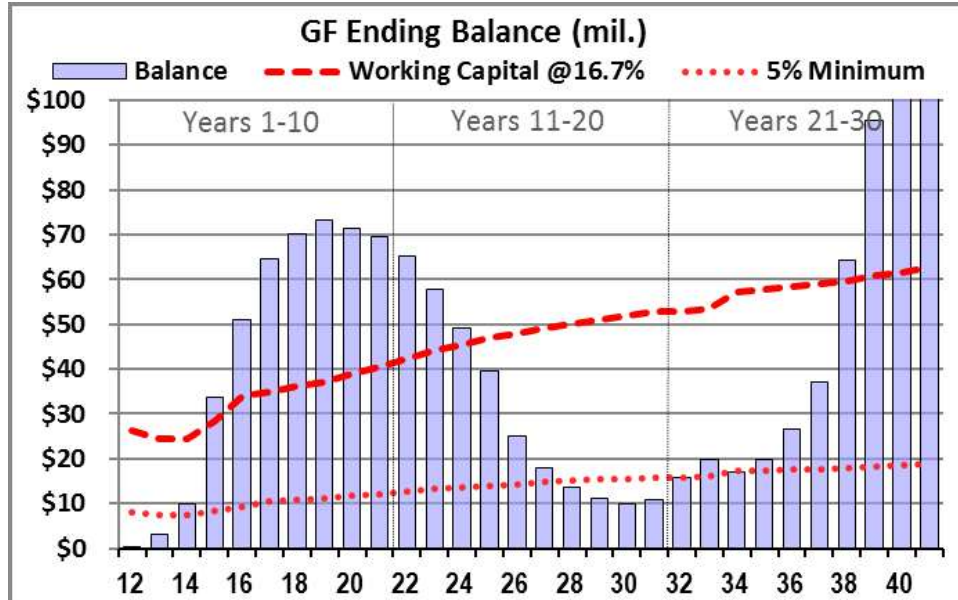
The following graph depicts the impact of the recent CalPERS Board actions, assuming no action is taken to mitigate the CalPERS rate changes.

Figure 4. L-RFP with CalPERS Discount Rate Change



Although the changes would not place the City into an immediate crisis, deficit spending would begin in the next two fiscal years and the General Fund balance would decline in future years. The General Fund balance is forecast to fall below the 5 percent minimum reserve level in 2023 and go negative in 2024. Absent mitigating actions, this course of action would result in a negative fund balance of \$120 million by 2033.

However, with prudent and rapid action the City is well positioned to weather the CalPERS changes because of the responsible fiscal behavior since Bankruptcy. This behavior included relying on reasonable revenue forecasts, limiting expenditures to what can be afforded in the L-RFP and establishing General Fund reserves. For discussion purposes, the following L-RFP graph is presented to demonstrate that the City can take budgetary action to prevent a negative General Fund balance and ensure financial sustainability. Figure 5 represents a potential scenario for the FY 2017-18 Budget that successfully mitigates the CalPERS policy changes.

Figure 5. L-RFP with CalPERS Discount Rate Change, Second Quarter Update and Strong Communities Maintenance of Effort

This graph includes revenue and expenditure data consistent with the FY 2016-17 Second Quarter update, reflects implementation of the Strong Communities (Measure M) transaction tax and assumes potential actions to balance the budget. In regards to CalPERS costs, this graph reflects the middle of the range impact provided in the CalPERS circular letter. The actual cost impact as a percent of salary will not be known until CalPERS provides valuation reports later this summer.

The budgetary solution represented in Figure 5 also assumes that General Fund contributions to Library and Recreation activities are limited to the maintenance of effort (MOE) requirement contained in the Strong Communities ordinance. For this scenario, the L-RFP was revised to reflect \$7.4 million General Fund for Library and Recreation activities consistent with the FY 2014-15 funding level during the years when the Strong Communities transaction tax is in effect. The financial model also reflects the additional cost burden of more than \$11 million General Fund starting in FY 2034-35 assuming the Strong Communities (Measure M) transaction tax is not renewed. Due to this updated assumption, the potential of further program expansions or new programs has been delayed from 2035 to 2039 in this updated scenario.

Beyond these baseline adjustments, additional actions would be required to maintain a positive fund balance in the L-RFP. Consequently, this scenario also assumes that \$11 million of the General Fund reserves and the savings identified in the Second Quarter update are directed toward the increased CalPERS contributions. Expenditures have also been adjusted to reflect increased salary savings consistent with the most recent expenditure data.

CONCLUSION

The L-RFP allows the City to protect current services by quantifying future financial challenges early and planning for them before service levels are impacted. As demonstrated in Figure 3, the City can take budgetary action to address the recent CalPERS changes, maintain current service levels and implement the Strong Communities initiative if appropriate action is taken during budget development

for FY 2017-18. Staff will continue to refine the L-RFP in time for budget deliberations, including the most up to date information from CalPERS and changes associated with the Third Quarter Update for FY 2016-17. The updated L-RFP will provide the tool and analysis necessary understand the fiscal effect of various options to address the projected negative fund balance resulting from recent CalPERS changes.



City of Stockton

Legislation Text

File #: 17-3395, Version: 1

STOCKTON ECONOMIC DEVELOPMENT STRATEGIC PLAN UPDATE

RECOMMENDATION

Information only. No Council action is required.

DISCUSSION

Background

In February 2015, the Stockton City Council adopted a comprehensive Economic Development Strategic Plan (see Attachment A). The purpose of the Strategic Plan is to provide a five-year road map for the City in determining where to allocate resources and identify priorities. The Strategic Plan includes specific action items geared towards creating new job opportunities, encouraging entrepreneurship and innovation, enhancing fiscal sustainability, and increasing private investment throughout the community. The goal is to establish a more collaborative approach to economic development throughout the City by partnering with both internal and external stakeholders.

The Strategic Plan is broken down into three Strategic Initiatives:

- Core Economic Development - programs directly focused on business retention/attraction/expansion, entrepreneurial development, and related education/workforce development initiatives.
- Quality of Life - initiatives focused on improving Stockton's overall attractiveness to residents, visitors, businesses, and employees.
- Foundational - initiatives addressing public safety and Stockton's physical capacity for new development and investment.

A total of 67 action items are included in the Strategic Plan and a recommended priority level was identified based on input from stakeholder participants, City staff, and City Council.

Present Situation

The Strategic Plan has been in place for two years and much has been accomplished since its adoption. On the following page is a summary of accomplishments during the past two years broken down by strategic initiative.

Core Economic Development Initiatives

- Participated in national trade shows, such as International Council of Shopping Centers, Logistics Development, Pack West Expo, Medical Design & Manufacturing, Food Processing Expo
- Conducted 55 Economic Review Committee meetings with prospective developers and businesses
- Facilitated the location/expansion of 57 businesses resulting in approximately 2,400 new/retained jobs
- Held a business walk along the Miracle Mile and visited 43 small businesses
- Awarded \$111,000 in entrepreneurship grants
- Created new incentives to stimulate economic development, including the Office & Industrial Sales Tax Incentive and Downtown Infill Infrastructure Program.
- Hosted the iHub Entrepreneur Leadership event featuring Jose Benitez Cong, former talent development for Apple, Nest & Google
- Marketed Stockton through trade publications, social media & e-newsletters

Quality of Life Initiatives

- Allocated \$5.2 million in redevelopment bond proceeds toward capital improvements along Harding Way, Wilson Way, Oak Park Ice Arena, and University Park
- Funded 7 facade improvement projects; the City contributed \$385,500 in forgivable loans and Property Owners contributed \$163,400
- Approved 3 micro loans totaling \$78,000 which resulted in 50 new jobs
- Approved ENRAs for two Airport Way City-owned properties for development
- Approved Master Development Plan, Development Agreement, and property Options Agreements for the Open Window Project
- Approved Lien Forgiveness agreements for 2 downtown properties
- Participated in City's Neighborhood Community Resource Fair
- Approved 15 single-family housing rehab loans
- Approved 8 single-family new construction loans (Habitat for Humanity)
- Provided financing to 4 affordable housing projects resulting in 124 units
- Participated in Visit Stockton's brand development - Stocked Full of Flavor

Foundational Initiatives

- Re-launched a newly revamped Advantage Stockton website
- Community Development launched new online permitting application
- Participating in the 2035 General Plan Update
- Coordinating with Stockton PD in producing monthly crime prevention articles for inclusion in ED's Small Business e-newsletter
- Participating in Neighborhood Services community outreach efforts
- Community Development established an express permitting program for minor residential and commercial TI's
- Coordinating with the Port of Stockton and City Departments on improvements to Navy Drive

In addition to the accomplishments mentioned above, the Economic Development Department has been working with a consultant, RSG, in conducting a feasibility analysis of recent legislation that established new “redevelopment” tools, specifically Enhanced Infrastructure Financing Districts (EIFD) and the Community Revitalization Investment Authority (CRIA). EIFDs and CRIAs are smaller versions of tax increment financing districts that were utilized in Stockton and throughout California prior to dissolution of redevelopment in 2012. In general, both of these tools share the following key traits:

- Tax increment financing may be created by consenting cities, counties and/or special districts only. School agencies, such as school districts and community colleges, are prevented from participating by law.
- Property taxes are prioritized each year to first meet a redevelopment successor’s agency’s enforceable obligations before any tax increment revenue can be available to an EIFD or CRIA.
- The formation process generally entails an agency consenting to participate, preparation of a financing plan, and a minimum of one public hearing.
- Tax increment revenues may be used to fund capital projects, including land acquisition in some cases, but may not be used on maintenance, operations, or municipal services.
- Although it’s not a body of the local government, participating agencies have most of the seats on the governing body and must appoint at least two public members.

There are some differences between an EIFD and CRIA as well. Specifically, the former are largely an infrastructure financing tool which in theory may be used to fund improvements anywhere, even outside their boundaries, while CRIAs are intended to benefit blighted or disadvantaged communities with not only tax increment but affordable housing and other community development tools. Several geographic areas of Stockton were studied and the complete report on the findings of the feasibility analysis conducted by RSG is included as Attachment B.

The report provides a good method in evaluating the opportunities and potential funding streams that might exist with these new tools, but here are a couple of items to keep in mind in moving forward:

- 1) Without any other entity participating the revenue that we are discussing is not new revenue, but restricting our own City General Fund revenue growth to reinvest in a specific way
- 2) There are formation costs (around \$500,000) and ongoing operational costs (\$100,000-\$200,000)
- 3) Governing structure creates an additional bureaucratic layer
- 4) Voter approval of bonds (EIFD) and mandatory set aside requirements (CRIA)

Going forward, staff has identified below some work plan actions for 2017:

- Complete Food & Ag Action Plan
- Explore creation of a Residential Lien Forgiveness Program
- Formalize Business Retention Program
- Update the Stockton Community Profile
- Issue NOFA for Entrepreneurship Grants

- Coordinate with SJ Partnership, Port of Stockton, and other ED partners to assist with business attraction, cluster mapping of existing industries, and foreign direct investment
- Utilize CoStar and Advantage Stockton to develop business leads
- Research and implement new incentives to support business development and entrepreneurship
- Seek proposals for the potential development of downtown City-owned property
- Seek proposals for the build out and occupancy of the Arena Garage
- Complete comprehensive Downtown Parking Strategy

Attachment A - Economic Development Strategic Plan (Feb 2015)

Attachment B - CRIA/EIFD Feasibility Analysis

CITY OF STOCKTON

ECONOMIC DEVELOPMENT

Strategic Plan



PREPARED FOR
THE CITY OF STOCKTON

PREPARED BY
THE NATELSON DALE GROUP

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FEBRUARY 2015

CONTENTS

1 INTRODUCTION.....	3
Stakeholders Involved in Strategic Planning Process.....	3
2 EXECUTIVE SUMMARY	6
Stockton EDSP Summary of Processes, Partners, and Outcomes.....	6
Overview of Strategy Categories	9
Major Theme: Core Economic Development Initiatives	9
Major Theme: Quality of Life Initiatives.....	9
Major Theme: Foundational Initiatives.....	9
3 DISCUSSION AND ACTION ITEMS BY STRATEGY CATEGORY	14
CORE ECONOMIC DEVELOPMENT INITIATIVES.....	14
A. Core business outreach/networking program.....	14
B. Business retention/expansion program.....	17
C. Business attraction.....	18
D. Entrepreneurship/innovation program.....	19
E. Business/development incentives.....	19
QUALITY OF LIFE INITIATIVES	20
F. Downtown revitalization program	20
G. Neighborhood revitalization program.....	21
H. Focused image and arts/culture programs	21
FOUNDATIONAL INITIATIVES	22
I. Public safety interface	22
J. Streamlined City permitting/licensing/regulations.....	23
K. Development capacity / site readiness program	23
L. Infrastructure interface.....	24
APPENDIX A: ACTION ITEM MATRIX.....	25
APPENDIX B: RECOMMENDED LEAD AND PARTNER ENTITIES FOR IMPLEMENTATION... 	37
APPENDIX C: CORE BUSINESS CLUSTER (TARGET INDUSTRY) ANALYSIS	41

1 | INTRODUCTION

OVERVIEW: *While the ultimate goal of the Stockton Economic Development Strategic Plan (EDSP) is to expand employment and investment in core local businesses/industries, the Plan recognizes that the long-term success of business retention/expansion, attraction and entrepreneurial development efforts is highly dependent on the strength of a community's basic foundational conditions. Thus, the business development components of the Plan are undergirded by a significant focus on quality of life and other foundational initiatives aimed at creating the workforce, business environment, development capacity and overall community image necessary to facilitate effective economic development programming. Within each of these broad areas of attention, the Plan outlines specific action items for the City of Stockton to implement in partnership with other entities active in local and regional economic development.*

While this Strategic Plan includes substantial focus on expanding the targeted (or “core”) business base, the overall strategic framework is necessarily broad, in recognition of several key challenges that are currently impediments to business attraction in Stockton. These challenges include:

- » Longstanding concerns about crime and public safety;
- » Uneven development/investment patterns among Stockton’s neighborhoods, with the result that sizeable portions of the City are underserved with respect to retail development and other basic commercial services;
- » Chronically high unemployment rates, and concerns about the “job readiness” of unemployed residents;

- » Concerns about the K-12 education system, reflected in measurable community challenges (e.g., the high portion – 26.3% – of the City’s adult residents who are not high school graduates); and
- » Overall image problems stemming from the above issues, and from Stockton’s nationally-visible municipal bankruptcy and housing foreclosure crisis.

At the same time, Stockton has a number of notable strengths (or potential strengths) that this Strategic Plan seeks to leverage. These strong points include:

- » Strategic location within a portion of California that is expected to experience tremendous growth in coming decades;
- » Excellent transportation infrastructure, including inland port, airport, intermodal rail hubs, and major highways (Interstate 5 and State Routes 99, 4, 26, and 88);
- » Well-established strengths in several core industries (most notably agriculture, food processing, construction materials, and warehousing/distribution);
- » A strong base of academic institutions, having some linkages to local industries, with potential additional capacity to strengthen and expand those linkages;
- » Favorable weather and enjoyable quality of life (despite external perceptions to the contrary);
- » Ethnic diversity;
- » The potential to create a vibrant “sense of place” and regional visitor destination in the City’s downtown/waterfront area;

1 | INTRODUCTION

- » The City's opportune position (in terms of both geographic proximity and workforce commute patterns) vis-à-vis the Silicon Valley and the greater San Francisco Bay Area, and the potential to capitalize on that region's increasingly high costs as a place to live and do business; and
- » The potential – based on Stockton's status as a port city and its growing connection to the dynamic Silicon Valley region – to implement business development efforts that are international in scope.

The Strategic Plan is organized in terms of three major groups of initiatives:

CORE ECONOMIC DEVELOPMENT INITIATIVES

Programs directly focused on business retention/expansion, attraction, entrepreneurial development, and related education/workforce development initiatives.

QUALITY OF LIFE INITIATIVES focused on improving Stockton's overall attractiveness to residents, visitors, businesses, and their employees.

FOUNDATIONAL INITIATIVES focused on the core City functions and its relationships to economic development.

Whereas the Strategic Plan is focused on recommended City-led actions for business retention/

expansion, attraction, and related foundational initiatives, the Plan also includes references to other planned or ongoing initiatives that will have a direct bearing on Stockton's capacity to successfully pursue business development. The most significant of these tandem efforts include the following:

- » The City of Stockton's "Marshall Plan on Crime;"
- » City of Stockton General Plan Revision Process;
- » The 2012 Urban Land Institute (ULI) Advisory Services Panel recommendations for Downtown Stockton.

Given that these topics are comprehensively addressed in other policies and documents, they are not addressed in detail in the Economic Development Strategic Plan. However, where appropriate, selected recommendations and implementation concepts from these other documents have been reiterated here in order to highlight their potential importance to the success of the economic development process. This broad framework is in keeping with the vision expressed in the City's Strategic Work Plan for Fiscal Year 2014-2015, whereby the Economic Development Strategic Plan is intended to "influence the culture of the organization" to bring about an across-the-board focus (i.e., across all City functions/departments) on economic development.



1 | INTRODUCTION

Stakeholders Involved in Strategic Planning Process

The strategic planning process for this document included substantial stakeholder involvement. Throughout the process, the consultant team worked closely with City staff and a Core Steering Committee to develop and refine the recommended initiatives. In addition, the consultants conducted interviews with individual members of the City Council and facilitated three strategic planning workshops with representatives from a broad range of public and private organizations active in local economic and workforce development. Members of the Core Steering Committee and participating City staff are listed below.

Core Steering Committee

Kathy Hart
President, San Joaquin Delta College

Lewis Gale
Dean of Business, University of the Pacific

Steve Escobar
Deputy Port Director, Port of Stockton

Debbie Calli
Properties Manager, Port of Stockton

Mike Ammann
President, San Joaquin Partnership

Shelley Burcham
Vice President, San Joaquin Partnership

Doug Wilhoit
President, Greater Stockton Chamber of Commerce

City Staff

Micah Runner
Economic Development Department, Director

Janice Miller
Economic Development Department, Deputy Director

Amie Mendes
Senior Economic Development Analyst

Nicole Wells
Economic Development Analyst

Steve Chase
Community Development Department, Director

Mark Martin
Community Development Department, Assistant Director

Forrest Ebbs
Community Development Department, Deputy Director

Gordon MacKay
Public Works Department, Director

Mel Lytle
Municipal Utilities Department, Director

2 | EXECUTIVE SUMMARY

This Economic Development Strategic Plan (EDSP) lays out an ambitious program to create new investment and employment opportunities in seven core business clusters identified during the background and research phases of the project¹:

- » Manufacturing
- » Food processing
- » Agricultural technologies
- » Energy resources and technologies
- » Office and IT professional services
- » E-commerce and logistics
- » Construction materials

The identified core business clusters generally align with the countywide targets of the San Joaquin Partnership. As described in Appendix A, the city-level analysis completed for the EDSP pinpoints specific components of the area-wide clusters that are likely to be the most productive targets for Stockton.

While the ultimate goal of the EDSP is to directly promote growth of the core business clusters, the Plan recognizes that the long-term success of business retention/expansion, attraction, and entrepreneurial development efforts is highly dependent on the strength of a community's basic foundational conditions.

Thus, the marketing and business development components of the Plan are undergirded by a significant focus on quality of life and other foundational initiatives aimed at creating the workforce, business environment, development capacity, and overall community image necessary to facilitate effective economic development

programming. Within each of these broad areas of attention, the Plan outlines specific action items for the City of Stockton to implement in partnership with other entities active in local and regional economic development.

Stockton EDSP Summary of Processes, Partners, and Outcomes

The following three charts summarize various aspects of the EDSP process and how the processes and benefits are intended to flow through the community and participating partner organizations (only major partner organizations are shown). The charts convey the notion that the EDSP has both measured results and spin-off enhancements for the parties involved.



¹ The analytical process used to identify the seven target clusters is documented in Appendix A.

2

EXECUTIVE SUMMARY

STRATEGY OVERVIEW



EXPECTED OUTCOMES

» Programmed, quantifiable results

» Qualitative community enhancements/institutional capacity

CORE ECONOMIC DEVELOPMENT

- » Core business outreach/networking program
- » Business retention/expansion program
- » Business attraction
- » Entrepreneurship/innovation program
- » Business/development incentives

QUALITY OF LIFE

- » Downtown revitalization program
- » Neighborhood revitalization program
- » Focused image and arts/culture programs

FOUNDATIONAL

- » Public safety interface
- » Streamlined City permitting/licensing/regulations
- » Development capacity/site readiness program
- » Infrastructure interface

MEASURED OUTCOMES



CORE ECONOMIC DEVELOPMENT

- » Cluster maps
- » Closer, organized linkages of education and industry
- » Focused, coordinated marketing efforts
- » Number of new/retained jobs in complementary firms
- » Focused inventory of higher education resources for economic development
- » Clearinghouse for local business issues: gaps in addressing needs, etc.
- » Consortium for international trade; export expansion in dollars, volume
- » Systems in place for core-business focus: clearinghouse, funding
- » Number of core-business start-ups
- » Strategic and focused incentive and other business assistance systems in place
- » Number and value of businesses/projects supported



QUALITY OF LIFE

- » New investment in Downtown: number and mix of new businesses
- » Type, extent/value of new desired infrastructure in targeted areas (including that leveraged by new development)
- » New investment in other strategic locations
- » Number and distribution of new improvement districts formed
- » Increased visitations and revenues to city and specific venues



FOUNDATIONAL

- » Crime reduction – Perception of increased safety in public
- » Business and building permit processing times decrease
- » Site sales/leases executed for strategic purposes
- » Capital improvements that are coordinated strategically
- » Economic development strategies that demonstrate institutional coordination

2

EXECUTIVE SUMMARY

PARTNERS AND THEIR PRIMARY THEMATIC RELATIONSHIPS

QUALITY OF LIFE INITIATIVES

Business Council
 Community Services Department
 Cultural Heritage Board
 Development Oversight Committee
 Downtown and Infill Developers
 Downtown Stockton Alliance
 Image Commission (needs to be reactivated)
 Local financial institutions
 Neighborhood Services Division – Police Department
 Neighborhood/business groups
 PBID (existing and/or new)
 Private property and business owners
 Redevelopment Successor Agency
 Reinvent Stockton
 Representatives of key arts groups
 (e.g., museum, civic theater, symphony, art league,
 UOP, CSU Stanislaus, Delta College, etc.)
 San Joaquin County
 SJRRC / RTD (funding and available development sites)
 SMG
 Stockton Arts Commission (and smaller arts groups)
 Stockton Ballpark/Ports
 Stockton Convention & Visitors Bureau
 Stockton Forward
 Stockton Marina-Westrec
 Stockton public media organizations

CORE ECONOMIC
DEVELOPMENT INITIATIVES

Café Coop
 California Infrastructure and
 Economic Development Bank
 (IBank)
 California Partnership for the San
 Joaquin Valley (CPSJV), Higher
 Education & Workforce
 Development Work Group
 Central Valley Fund
 Central Valley Partnership
 Chambers of Commerce
 Charter/Private Schools
 Community Partnership for
 Families
 CSU Stanislaus
 Downtown Stockton Alliance
 Huddle
 Miracle Mile Improvement
 District
 Port of Stockton
 San Joaquin Angels
 San Joaquin Business Council
 San Joaquin County
 San Joaquin County WorkNet
 Stockton Metro Airport
 San Joaquin Delta College
 San Joaquin Partnership (SJP)
 School Districts
 SJ County Office of Education
 Small Business Administration (SBA)
 Small Business Development
 Center (SBDC)
 Team California
 University of the Pacific (UOP)

FOUNDATIONAL INITIATIVES

Builders Exchange
 Building Industry Association
 City of Stockton IT Department
 Community Corrections Partnership (CCP)
 Community Development Department
 Manufacturers Industrial Distribution Roundtable (MIDR)
 OVP/Peacekeepers
 Stockton Administrative Services
 Stockton Municipal Utilities
 Stockton Police Department
 Stockton Public Works Department

2 | EXECUTIVE SUMMARY

The framework for implementing the EDSP is summarized below and detailed in the remainder of the document.

Overview of Strategy Categories

The EDSP includes a total of 12 major strategies that are detailed in terms of 67 specific action items. The 12 strategy categories are outlined below.

Major Theme: Core Economic Development Initiatives

- A.** Core business outreach/networking program
- B.** Business retention/expansion program
- C.** Business attraction program
- D.** Entrepreneurship/innovation program
- E.** Business/development incentives

Major Theme: Quality of Life Initiatives

- F.** Downtown revitalization program
- G.** Neighborhood revitalization program
- H.** Focused image and arts/culture programs

Major Theme: Foundational initiatives

- I.** Public safety interface
- J.** Streamlined City permitting/licensing/regulations
- K.** Development capacity / site readiness program
- L.** Infrastructure interface

Implementation Priorities and Timeframes. The 67 action items have been prioritized based on a scale of 1 to 3, with 1 being the highest priority level. The recommended priority levels reflect the input of stakeholders participating in the planning process, as well as recognized best practices for comprehensive economic development programming.

TABLE 1, beginning on page 10 lists the 67 action items and summarizes the recommended priority level for each activity. (Note: the action items are summarized in abbreviated form on the table and explained in greater detail in the next chapter of the document).

City Roles and Funding Needs. As described in more detail in the next chapter, implementation of the EDSP is designed to be led by the City in coordination with a range of partner organizations. For some action items, the City will assume direct responsibility of carrying out the indicated tasks. For other items, the City will function in more of an oversight/coordination capacity. The partnership approach builds on the City's existing, successful

relationships with the other organizations, and will expand the reach and impact of the City's economic development programs by leveraging the resources of other entities.

TABLE 1 classifies the action items in terms of the anticipated level of City involvement and funding commitment. On the matrix, the level of City involvement is indicated according to the following key:

Staff Lead: Indicates an item that is intended to be carried out by the City's economic development staff; many of these activities represent continuation and/or refocusing of existing City programs/services and therefore will not initially require additional staff members to implement.

Coordination: Indicates an item that would primarily be implemented by other entities; City Economic Development staff would serve in a coordination role.

Action items that are likely to require City funding resources are classified according to the following ranges of estimated costs:

\$: Less than \$25,000
(one-time or annually, as noted for each item)

\$\$: \$25,000 to \$50,000
(one-time or annually, as noted)

\$\$\$: \$50,000 to \$100,000
(one-time or annually, as noted)

Many of the recommended action items represent continuations of existing programs administered by the City and other agencies. The detailed Action Item Matrix in Appendix A provides a list of relevant existing programs for each action item. In order to give a sense of whether an action item is a new initiative versus a continuation of an ongoing program, Table 1 categorizes each action item as either "new" or "ongoing/existing." In this regard, it should be noted that even many of the "new" programs have some level of existing program infrastructure; the new/ongoing designations on Table 1 are therefore intended to indicate if an action item is predominantly new or predominantly a continuation of an existing program.

2 | EXECUTIVE SUMMARY

TABLE 1. ACTION ITEM SUMMARY AND PRIORITIZATION

Group Initiative Action Item	Group Initiative Action Item (Scale 1-3: 1-Highest, 3-Lowest)	City Role / Funding Needs ²	New or Ongoing/ Existing Program
Core Economic Development Initiatives			
A. Core business outreach/networking program			
A.1 Conduct "cluster mapping" process	1	Staff Lead	New
A.2 Facilitate and/or lead "network organizing" meetings	2	Staff Lead	New
A.3 Promote cluster-oriented, local supplier relationships	2	\$\$\$ (one-time) ³	New
A.4 Participate in key industry/trade associations	3	\$ (annually)	Ongoing
A.5 Facilitate group of higher education executives	1	Coordination	New
A.6 "Map" relevant K-12 and higher education resources	1	Staff Lead	New
A.7 Facilitate interaction between business and educators	1	Coordination	Ongoing
B. Business retention/expansion program			
B.1 Support business development groups/processes	1	Coordination	Ongoing
B.2 Expand existing-business visitation program	2	Staff Lead	Ongoing
B.3 Support efforts to promote international trade	3	\$ (annually)	New
B.4 Promote public awareness of career opportunities	3	Coordination	Ongoing
B.5 Support small-business creation programs	2	Coordination	Ongoing
B.6 Include CDBG programs in small business development	1	Coordination	Ongoing
C. Business attraction			
C.1 Align business attraction efforts of City, SJP, and Port	1	Coordination	Ongoing
C.2 Develop City economic development brand/message	1	\$\$ (one-time)	New
C.3 Investigate options for business lead generation	2	\$ (annually)	New
C.4 Participate in key trade shows/real estate forums	3	\$ (annually)	Ongoing
C.5 Target foreign direct investment	3	Coordination	Ongoing
C.6 Coordinate with education/workforce development	1	Coordination	Ongoing

² Scale for budget estimates: \$ - less than \$25,000; \$\$ - \$25,000 to \$50,000; \$\$\$ - \$50,000 to \$100,000.³ Cost estimate assumes development of an interactive, business-to-business networking website.

2 | EXECUTIVE SUMMARY

TABLE 1. ACTION ITEM SUMMARY AND PRIORITIZATION

Group Initiative Action Item	Group Initiative Action Item (Scale 1-3: 1-Highest, 3-Lowest)	City Role / Funding Needs	New or Ongoing/ Existing Program
D. Entrepreneurship/innovation program			
D.1 Serve as clearinghouse for entrepreneurial programs	1	Staff Lead	Ongoing
D.2 Coordinate program activities with SBDC	2	Coordination	Ongoing
D.3 Identify and support areas suitable for incubators	3	Staff Lead	Ongoing
D.4 Serve as clearinghouse for entrepreneurial funding	2	Staff Lead	Ongoing
D.5 Establish loan guarantee program with local banks	3	Staff Lead	New
D.6 Funding assistance for Downtown entrepreneurs	3	\$ (annually)	New & Existing
D.7 Coordinate with SJP's Greater Silicon Valley initiative	1	Coordination	Ongoing
E. Business/development incentives			
E.1 Define guiding principles for incentive policies	1	Staff Lead	New
E.2 Identify financial/funding resources for incentive program	1	\$ (annually)	Ongoing
E.3 Investigate applicability of "low cost" incentives	2	Staff Lead	New
E.4 Create prototypes of business types eligible for incentives	3	Staff Lead	New
E.5 Consider incentives for non-prototype firms case-by-case	1	Staff Lead	New
E.6 Funding assistance for Downtown entrepreneurs (D.6)	3	\$ (annually)	New & Existing
Quality of Life Initiatives			
F. Downtown revitalization program			
F.1 Developer/property owner meeting to review ULI recommendations	1	Staff Lead	Existing
F.2 Market publicly-owned opportunity sites in Downtown	2	Staff Lead	Existing
F.3 Incentivize housing in Downtown	3	\$ (annually)	New
F.4 Focus grant applications on Downtown area	1	Coordination	Ongoing
F.5 Promote/prioritize downtown as destination for events	2	Coordination	Ongoing
F.6 Funding assistance for Downtown entrepreneurs (D.6)	3	\$ (annually)	New & Existing

2

EXECUTIVE SUMMARY

TABLE 1. ACTION ITEM SUMMARY AND PRIORITIZATION

Group Initiative Action Item	Group Initiative Action Item (Scale 1-3: 1-Highest, 3-Lowest)	City Role / Funding Needs	New or Ongoing/ Existing Program
G. Neighborhood revitalization program			
G.1 Prioritize revitalization areas; facilitate "shovel readiness"	2	\$ - \$\$ (one-time, per area) ⁴	New
G.2 Implement retail tenant recruitment program	3	\$ (annually)	New
G.3 Market publicly-owned opportunity sites	2	Staff Lead	Ongoing
G.4 Facilitate formation of BID's or PBID's	3	\$ (one-time, per area) ⁵	New & Existing
G.5 Develop Lien Forgiveness Incentive Program for Residential	2	Staff Lead	Existing
G.6 Align Federal housing funds and Consolidated Plan with EDSP	1	Staff Lead	New
H. Focused image and arts/culture programs			
H.1 Build brand awareness through arts, sports, culture	2	Coordination	Ongoing
H.2 Convene "Arts, Culture and Leisure" Taskforce	1	Coordination	New
H.3 Implement public relations/image enhancement effort	2	\$\$\$ (annually)	New
H.4 Coordinate with CVB efforts to make City a destination	1	Coordination	Ongoing
H.5 Promote expanded use of City venues in waterfront area	2	Coordination	Ongoing
H.6 Target attraction of regional/restaurant development	3	(included in G.2 above)	New
Foundational Initiatives			
I. Public safety interface			
I.1 Support implementation of Marshall Plan	1	Coordination	Ongoing
I.2 Develop brochure reporting strategy on crime reduction	2	\$ (one-time)	New
I.3 Highlight progress in crime reduction in marketing efforts	1	Staff Lead	Ongoing

⁴ This budget estimate assumes that pre-entitlement would be pursued in infill/redevelopment settings where development would be largely exempt from CEQA requirements (per SB 226, CEQA Streamlining for Infill Projects); in other settings, pre-entitlement would be considerably more expensive (as much as \$250,000 for a programmatic environmental impact report in an area requiring a full CEQA process).

⁵ Reflects the estimated cost for an initial feasibility study for a BID or PBID. In addition to the feasibility study, a new BID or PBID would set-up costs of \$30,000 to \$80,000, depending on geographic area, scope, etc. However, the set-up costs can be recovered through the BID assessments and therefore would not be a net cost to the City.

2

EXECUTIVE SUMMARY

TABLE 1. ACTION ITEM SUMMARY AND PRIORITIZATION

Group Initiative Action Item	Group Initiative Action Item (Scale 1-3: 1-Highest, 3-Lowest)	City Role / Funding Needs	New or Ongoing/ Existing Program
J. Streamlined City permitting/licensing/regulations			
J.1 Work with development community to address “business friendliness” issues	1	Staff Lead	Ongoing
J.2 Review policies on expedited project reviews, etc.	1	Staff Lead	New
J.3 Develop checklist of business licensing requirements	1	Staff Lead	New
J.4 Develop checklist of permitting requirements	1	Staff Lead	New
J.5 Implement “one-stop” permitting/licensing counter	2	\$ - \$\$ (one-time)	New
J.6 Develop online permitting tools/resources	2	Staff Lead ⁶	Existing
J.7 Highlight business-friendly policies/programs in marketing	1	Staff Lead	Ongoing
K. Development capacity / site readiness program			
K.1 Coordinate with Advantage Stockton property database	1	Staff Lead	Existing
K.2 Review General Plan for commercial/industrial capacity	1	Staff Lead	New
K.3 Explore pre-entitlement options	2	\$ - \$\$ (one-time, per area) ⁷	New
L. Infrastructure interface			
L.1 Align proposed General Plan update with EDSP	1	Coordination	Ongoing
L.2 Align annual C.I.P. process with EDSP	1	Coordination	Ongoing
L.3 Coordinate with Port on infrastructure investments, etc.	1	Coordination	Ongoing
L.4 Coordinate with Airport on infrastructure investments	1	Coordination	Ongoing

⁶ This was budgeted in FY 2014/15 and development is currently underway by the Community Development Department.

⁷ This budget estimate assumes that pre-entitlement would be pursued in infill/redevelopment settings where development would be largely exempt from CEQA requirements (per SB 226, CEQA Streamlining for Infill Projects); in other settings, pre-entitlement would be considerably more expensive (as much as \$250,000 for a programmatic environmental impact report in an area requiring a full CEQA process).

3

DISCUSSION AND ACTION ITEMS
BY STRATEGY CATEGORYCORE ECONOMIC DEVELOPMENT
INITIATIVES

A. Core business outreach/networking program

Statement of opportunity/need:

As an important foundation to the City's business development efforts, core business outreach focuses on encouraging networking among businesses in Stockton's most important economic sectors and strengthening the larger business "ecosystem" that supports them.

During the course of this strategic planning process, the consultant team completed an analysis of potential "target industries" for the City's business retention/expansion, attraction, and entrepreneurial development efforts (see below). Since the targeted sectors are not limited to industrial/manufacturing activities, but also include a range of commercial/service sectors, the EDSP refers to them as Stockton's "core businesses."

For the most effective economic development programs, industry targeting extends beyond individual sectors to a broader focus on closely related groups of industries, which are often called "clusters." Agriculture – one of San Joaquin County's principal economic activities – is a prime example of a cluster. It supports a diverse array of business types in Stockton, including crop production, agricultural support firms, food processing/manufacturing, various types of distribution, and a range of professional services.

While business clustering is a market phenomenon, a true cluster is more than the coincidental co-location of complementary firms and sectors in a particular region. A full-fledged cluster involves systematic interaction and networking among the co-located firms. Strategy A is intended to strengthen cluster networks in Stockton and the surrounding region. At its core, cluster networking is a matter of identifying the relevant local "constituents" (primary and support firms, institutional assets, etc.) for each cluster and promoting interaction among them. The actual format of this interaction can be tailored to the preferences of the participants and the level of available resources to support the coordination effort.

Stockton's Core
Business Clusters

The identified core business clusters for Stockton generally align with the countywide targets of the San Joaquin Partnership (see Appendix C – page 41). Seven priority clusters are recommended as the focus of the EDSP:

- » Manufacturing
- » Food processing
- » Agricultural technologies
- » Energy resources and technologies
- » Office and IT professional services
- » E-commerce and logistics
- » Construction materials

As documented in Appendix A, the City-level analysis completed for the EDSP pinpoints specific components of the area-wide clusters that are likely to be the most productive targets for Stockton.

3

DISCUSSION AND ACTION ITEMS
BY STRATEGY CATEGORY

It should be strongly emphasized that the recommended focus on core businesses does not mean that other (i.e., non-core) businesses will be neglected in the City's economic development programming. The focus on core clusters is simply a means of maximizing the efficiency of the City's economic development investment by concentrating appropriate resources on the business types most likely to offer long-term growth potential. For some activities, such as marketing to recruit new firms, the nature of the City's programming will necessarily require choices and prioritization of targets (since these efforts tend to be industry-specific). However, many of the actions included in this plan are broader in scope and will directly improve the business climate for all types of business, both core and non-core.

ACTION ITEMS

A.1 Conduct “cluster mapping” process to identify existing firms, infrastructure, and institutional assets relevant to identified core businesses (building on existing resources/databases). Cluster mapping involves taking an inventory (and continually expanding a database) of existing Stockton firms that are relevant to each core business cluster. This is an essential first step in facilitating networking of firms in the core clusters. Firm lists should be segmented in terms of the following components:

- » Core industries
- » Raw materials and industrial inputs
- » Transportation, distribution, and logistics
- » Purchasers and distributors

Priority focus should be on identifying existing core industry firms within the City; to the extent that significant core industry firms are not currently present in Stockton, core firms in the larger (San Joaquin County) region should be mapped (inventoried) as part of the overall cluster.

A.2 Facilitate and/or lead “network organizing” meetings for core businesses, based on potential participants identified during cluster mapping process. The purposes of these meetings would be to facilitate a roundtable discussion about potential networking opportunities within the core business clusters and to identify specific activities the City (and partners) could pursue in order to strengthen local cluster networks.

A.3 Promote cluster-oriented, local supplier relationships via a “Stockton Delivers” campaign. The intent of this campaign would be to expand local supplier capacity (to the extent that local cluster demand is currently exported) and to expand opportunities for existing suppliers to achieve greater capture of local demand (either existing or potential) through buy-local initiatives. In conjunction with the “cluster mapping” process (Action Item A.1), local supplier relationships could eventually be facilitated via a website that identifies available suppliers and potential linkages.

A.4 Participate in key industry/trade associations relevant to core businesses (where appropriate, leverage partnerships to extend reach of City's exposure at events, trade shows, etc.). City should initially focus on associations for site selection/facilities/real estate executives; this activity may evolve over time to include City's participation in trade associations for specific industries (either directly or through partner organizations).

A.5 Establish a City-facilitated group of executive-level representatives of Stockton's higher education institutions. The purposes of this group, which will meet quarterly, will be to “map” higher education resources relevant to business development and to formalize ways in which the institutions can serve as resources for economic development (e.g. offering institutional expertise on specific strategic priorities/issues identified in this plan).

3

DISCUSSION AND ACTION ITEMS
BY STRATEGY CATEGORY

A.6 “Map” K-12 and higher education resources relevant to business development; coordinate with education/workforce development organizations to ensure maximum alignment with City’s business development programs. The intent of this action item is for the City to inventory existing programs and become a clearinghouse for information about educational resources relevant to economic development. Through this coordination role, the City will support improvements to K-12 education responsive to the workforce needs of local employers.

A.7 Establish a system for facilitating interaction/information flow between key business stakeholders and education/workforce system. This action item is intended to ensure opportunities/mechanisms for direct, ongoing interaction between the core business clusters and education/workforce development service providers.

Higher Learning

San Joaquin Delta College provides post-secondary education to the associate degree level, general education, and preparation for transfer to other post-secondary institutions. Major course divisions include the following:

- » Agriculture, Science & Math
- » Applied Science, Business & Technology
- » Arts & Communication
- » Health Sciences
- » Humanities, Social Science, Education, etc.
- » Languages, Library

University of the Pacific has nine schools and colleges, listed below, offering undergraduate to post graduate degrees, accelerated programs, professional certification, and opportunities for adults to re-enter the world of education.

- » College of the Pacific, the Arts and Sciences College
- » Conservatory of Music
- » Gladys L. Benerd School of Ed.
- » Eberhardt School of Business
- » School of Engineering and Computer Science
- » School of International Studies
- » Thomas J. Long School of Pharmacy and Health Sciences
- » Pacific McGeorge School of Law
- » Arthur A. Dugoni School of Dentistry

California State University, Stanislaus-Stockton Center offers upper division courses that earn full academic credit and lead to selected baccalaureate and master's degrees and credentials. Currently, courses are offered in:

- » Psychology
- » Sociology
- » Business
- » Public Administration
- » Criminal Justice (University Extended Education)
- » Social Science Degree Program (University Extended Education)

3

DISCUSSION AND ACTION ITEMS
BY STRATEGY CATEGORY**B. Business retention/ expansion program*****Statement of opportunity/need:***

Initiatives focused on retention/expansion of existing businesses are critical components of a well-balanced economic development program. In addition to being a cost-effective means of creating new jobs, business retention programs represent a powerful message about a community's commitment to business friendliness. This, in turn, creates an economic environment and related image that will allow for much greater success in the arena of new firm attraction. Whereas priority attention should be given to existing firms relevant to the seven core clusters, the indicated programs will also generally benefit (and should be fully accessible to) firms in other sectors as well.

ACTION ITEMS

B.1 Investigate and define City's role for supporting business development groups and processes within Stockton, including options such as activity tracking and other clearinghouse functions, business outreach, survey systems, etc.

B.2 Institute a proactive existing-business visitation program, prioritizing firms in identified core businesses, high revenue producers, and major employers.

B.3 Support public-private efforts to promote international trade, including agricultural exports, and foreign investment, leveraging existing federal and other programs where possible. This effort is currently being lead by the San Joaquin Partnership and the Port of Stockton. The consortium's initial/pilot program will be a forum/workshop on international trade for local manufacturing firms. The City will have the opportunity to sponsor this event. Based on the results of the initial forum, periodic follow-up programs will potentially be scheduled.

B.4 Promote public awareness, via social media, of career opportunities (and related training resources) in identified core businesses.

B.5 Coordinate with SBDC and Delta College to support small-business creation programs that expand business opportunities that are not necessarily within the core business groups targeted by this plan.

B.6 Incorporate existing CDBG programs into small-business development support strategies. (See Appendix A, page 27 for list of existing programs).



3

DISCUSSION AND ACTION ITEMS
BY STRATEGY CATEGORY**C. Business attraction*****Statement of opportunity/need:***

The City of Stockton conducts a portion of its business attraction activities via its membership in the San Joaquin Partnership (SJP). As the countywide economic development corporation, SJP has primary responsibility for generating business “leads” (i.e., for identifying firms in the targeted clusters that are candidates for attraction to San Joaquin County). The SJP is also responsible for managing the initial interface with identified candidate firms. At the appropriate stage in the recruitment process, SJP’s member cities are notified of a firm’s potential interest in locating in San Joaquin County and are given the opportunity to respond to the firm’s information requests regarding available sites, infrastructure issues, city-level incentives, etc.

The EDSP recommends that the City continue to utilize the SJP as its primary vehicle for business attraction. The recommended approach to business attraction focuses on enhancing the City’s ability to effectively respond to the leads generated by SJP’s marketing efforts. While one action item (C.3) relates to the potential for the City to engage in some direct lead-generation activities, it is intended that any such supplemental effort would complement (not compete with) the SJP’s countywide recruitment activities.

ACTION ITEMS

C.1 Align business attraction policies and practices with San Joaquin Partnership (SJP) and Port of Stockton marketing/business attraction activities,

San Joaquin Partnership

The San Joaquin Partnership is a private, non-profit economic development corporation serving all of San Joaquin County. The Partnership’s main focus is business attraction, retention, and expansion into and throughout San Joaquin County and its seven incorporated cities of Stockton, Lodi, Manteca, Lathrop, Tracy, Ripon, and Escalon. The Partnership’s services are available to large-scale office/industrial-space users, through direct client contact or site selection consultants, brokers, corporate real estate executives, and others as requested. (Adapted from <http://www.sanjoaquinusa.org/partners/about-sjp/>.)

including efforts to recruit firms from the Greater San Francisco Bay area.

C.2 Develop economic development brand specific to the City’s business attraction efforts (as distinct from the existing “Celebrate Stockton” brand which is oriented to consumers/visitors). The brand should articulate a compelling message about Stockton’s advantages as a business location; it should also proactively address image issues that are currently a hindrance to business attraction (including crime, the City’s bankruptcy, and local schools). This action item is not intended to involve a formal branding process, but intended to focus on developing a consistent message and selling points for attracting firms to Stockton.

C.3 Investigate options for supplementing (not competing with) the business lead generation process led by SJP, such as advertising in specific trade publications and social media.

C.4 Participate in key trade shows and site selector/real estate executive forums, coordinating with other development partners (e.g., SJP) to maximize return on such investments; actively participate in SJP “mission” and marketing events, consistent with City’s specific business attraction targets; establish process for evaluating the return on investment from trade show investments (while recognizing that effective participation in trade shows requires sustained efforts).

C.5 Incorporate foreign direct investment as a component of attraction policy. This action item is intended to be a coordination effort with existing, external programs (e.g., the Northern California World Trade Center and the EB-5 program administered by the California State Regional Center), allowing Stockton to get greater exposure with foreign investors and funding sources as part of the City’s comprehensive business attraction program.

C.6 Coordinate with education/workforce organizations to encourage customized services for employers targeted for recruitment.

3

DISCUSSION AND ACTION ITEMS
BY STRATEGY CATEGORY**D. Entrepreneurship/innovation program****Statement of opportunity/need:**

Active entrepreneurial development programs, including initiatives to expand access to capital for growing firms, are essential components of comprehensive employment growth and cluster-development efforts.

ACTION ITEMS

D.1 Serve as clearinghouse for entrepreneurial support programs and resources, making clear the distinctions between “small business” development and entrepreneurial support.

D.2 Coordinate entrepreneurship/innovation program activities with the Small Business Development Center (SBDC).

D.3 Identify and support areas/facilities that could serve as formal or de facto incubator(s), such as Cafe Coop and Huddle.

D.4 Serve as clearinghouse for existing funding sources available to support entrepreneurial startups, serving in a coordination role where appropriate to maximize strategic use of available funds. Examples of existing funding sources include Micro Loan, DSELF, RLF, etc.

D.5 Establish loan guarantee program with local banks; investigate opportunities to better leverage existing public sector loan programs.

D.6 For Downtown, establish geographically-focused entrepreneurial start-up funding assistance program (public/private partnership), potentially in concert with the San Joaquin Angels, for preferred business types (also in E.6 and F.6).

D.7 Coordinate policies and practices with SJP’s Greater Silicon Valley initiative.

E. Business/development incentives**Statement of opportunity/need:**

Incentives are critical factors in a city’s ability to effectively compete in the business attraction and entrepreneurial development arenas, and can also

be important components of business retention/expansion programs. Given the City of Stockton’s fiscal constraints, the recommended approach to business/development incentives is intended to maximize the use of non-monetary incentives and, where possible, to utilize non-City funding sources for financial incentives. The overall effectiveness of this approach to incentives will require that the City function in a “clearinghouse” capacity whereby City staff can define customized “packages” of available City and non-City incentives applicable to the needs of a particular firm/project.

ACTION ITEMS

E.1 Define guiding principles for a comprehensive incentive policy for the City. The guiding principles should clarify and communicate conceptual basis for incentives, monetary and non-monetary forms of incentives, relative benefits and costs, etc., as point of reference for both structuring incentives and communicating their purposes, value, etc. The process of developing an incentive policy for the City will necessarily reflect the City’s fiscal constraints and incorporate appropriate input from City decision-makers.

E.2 Identify financial resources/funding mechanisms to support an incentive program.

E.3 Investigate applicability of including “low cost” incentives such as density/parking bonuses, fee structure reductions/waivers for desired business/residential uses, and “in progress” permitting to reduce development time.

E.4 Create prototypes of business types for which incentives are available, applicable to existing as well as new businesses.

E.5 Evaluate specific projects (on a case-by-case basis) that might not fit prototypes, for potential application of incentives.

E.6 For Downtown, establish geographically-focused entrepreneurial start-up funding assistance program (public/private partnership), potentially in concert with the San Joaquin Angels, for preferred business types, such as CDBG funds and Federal/State/Local grants (also in D.6 and F.6).

3

DISCUSSION AND ACTION ITEMS
BY STRATEGY CATEGORY

QUALITY OF LIFE INITIATIVES

F. Downtown revitalization program

Statement of opportunity/need:

Stockton's downtown and the adjacent waterfront area have the potential to be the City's most strategic assets for creating a unique identity and sense of place, effectively positioning Stockton both as a visitor destination and a vibrant, ethnically-diverse business location. A 2012 Urban Land Institute (ULI) study, commissioned by the City, provides a detailed set of recommendations for revitalizing the downtown. While some progress has been made in implementing the ULI recommendations, challenging socioeconomic conditions and concerns about public safety continue to be significant barriers to creating a downtown environment that Stockton businesses, residents, and visitors can enjoy 24/7. Stakeholders involved in the EDSP process generally agree that an aggressive sustained effort aimed at attracting private reinvestment in the downtown area is needed, and that this effort is a high priority not only for improving the functionality of the immediate downtown area, but also for elevating Stockton's overall profile as a desirable business location. Given the vision for a downtown that is a functional, safe, 24-hour neighborhood, the downtown revitalization program should include a focus on appropriate housing types for this environment.

ACTION ITEMS

F.1 Conduct a meeting with members of the development community and property owners to refine implementation strategy for Urban Land Institute (ULI) recommendations; identify key properties and target desired land uses / business types.

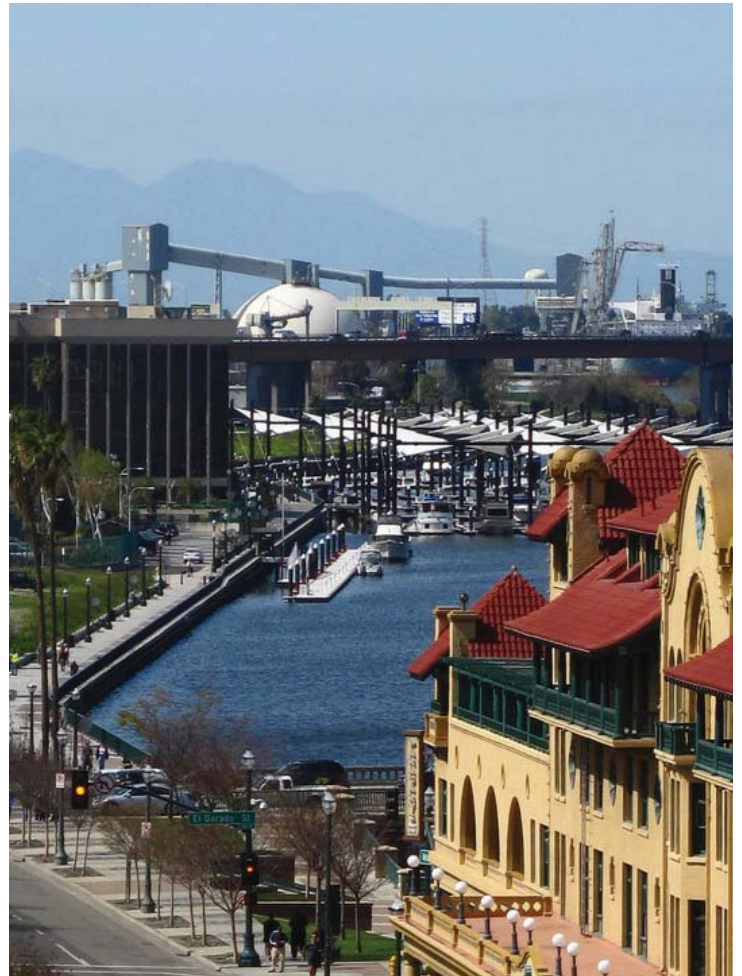
F.2 Market publicly-owned opportunity sites in downtown/waterfront areas and attempt to preserve key properties for preferred business types.

F.3 Incentivize housing in Downtown via focused application of relevant incentives from Strategy E (e.g., parking incentives).

F.4 Continue to focus grant applications (for infrastructure, etc.) on downtown area, based on the following thematic priorities: walkability, livable community, and sustainability.

F.5 Promote/prioritize downtown as a destination for special events (at City-owned and other venues), potentially offering a favorable fee schedule for City-owned downtown facilities (compared to City-owned facilities in other parts of Stockton), ease of permitting, and user-friendly insurance requirements.

F.6 For Downtown, establish geographically-focused entrepreneurial start-up funding assistance program (public/private partnership), potentially in concert with the San Joaquin Angels, for preferred business types (also in D.6 and E.6)



3

DISCUSSION AND ACTION ITEMS
BY STRATEGY CATEGORY**G. Neighborhood revitalization program****Statement of opportunity/need:**

In addition to the downtown, other Stockton neighborhoods and commercial corridors are in need of continued revitalization. The City has also applied for Promise Zone designation by the Federal Government that, if granted, will provide grant preferences and access to resources to help implement community revitalization. The recommended neighborhood revitalization program focuses on utilizing existing City resources (e.g., publicly-owned development sites) and implementing aggressive policy tools to incentivize private reinvestment in these areas. The intent of these action items is to streamline the development entitlement process (in terms of both time and cost) to give the targeted areas a competitive advantage in attracting private development. As part of an overall effort to improve neighborhood functionality in these areas, the neighborhood revitalization initiative includes a retail attraction program for underserved areas of the City.

ACTION ITEMS

G.1 Prioritize revitalization of neighborhoods/sub-areas (based on analysis identifying the areas where City investment would achieve the most leverage); facilitate “shovel-ready” development via pre-entitlement, program EIR’s, etc. for key revitalization areas (see also K.3).

G.2 Implement retail tenant recruitment program, focusing on underserved areas of Stockton.

G.3 Market publicly-owned opportunity sites in neighborhood areas and attempt to preserve key properties for preferred business types.

G.4 Facilitate neighborhood-level formation and use of Property Based Improvement Districts (PBID’s) or Business Improvement Districts (BID’s).

G.5 Use Lien Forgiveness Incentive Program (Residential and Commercial) as appropriate to reduce barriers to revitalization.

G.6 Align Federal housing funds and Consolidated Plan with Economic Development Strategic Plan.

H. Focused image and arts/culture programs**Statement of opportunity/need:**

Within the past decade arts and cultural initiatives have increasingly been recognized as integral parts of comprehensive economic development programs. A lifestyle-based approach to economic development reflects the reality that amenity-rich areas tend to be much more successful in developing and retaining the quality workforce needed to support the types of firms typically targeted for recruitment or entrepreneurial development.

In Stockton’s case, there is “disconnect” between its amenities (which are actually quite diverse) and outsider perceptions about the desirability of the community as a place to live and recreate. The existing array of cultural venues, events, and supporting organizations in Stockton provides a tremendous launching point for an image-enhancement campaign supporting tourism, economic development, and overall community livability. The most urgent need at this time is to increase public awareness of Stockton’s cultural richness through greater coordination among the various entities that support these activities locally, while continuing to improve the amenity base as a high-priority focus of the City’s overall economic development vision.

ACTION ITEMS

H.1 Build brand awareness through enhancement of arts, sports, and cultural activities with social media and other marketing efforts.

H.2 Convene “Arts, Culture, and Leisure” taskforce to jointly promote major arts, sports, cultural events and facilities (and develop coordinated calendar/schedule of events); taskforce should have broad representation of executive-level leaders/stakeholders.

H.3 Implement public relations effort focused on image enhancement.

H.4 Coordinate with Visit Stockton (convention and visitors bureau) to identify role of City in efforts to make Stockton a destination: attract new business, remove barriers, support cultural organizations, etc.

H.5 Promote expanded use of existing City venues in waterfront area (potentially a coordination role managed by a single City staff person); promote expansion of commercial services available near venues.

H.6 Target attraction of expanded range of regional/destination-oriented retail/restaurant development.

3

DISCUSSION AND ACTION ITEMS
BY STRATEGY CATEGORY

FOUNDATIONAL INITIATIVES

I. Public safety interface

Statement of opportunity/need:

Stockton's reputation as a high-crime area represents a substantial detriment to economic development progress. Public safety is a fundamental expectation of residents, workers, and business owners. In the absence of a clear, proactive message that "Stockton is a safe place" to live, work, and operate a business, concerns about violent crimes are likely to continue to significantly undermine economic development marketing efforts and be "deal killers" in the business recruitment process.

Appropriately, the City is aggressively addressing this urgent issue through its Marshall Plan on crime. Despite the City's well-known fiscal challenges, voter-approved funding has been implemented to markedly increase police protection in the City. This will be a sustained effort and needs the ongoing support of all City stakeholders. While police protection is naturally outside the purview of the City's Economic Development Department, it is

definitely within the necessary scope of economic development programming to coordinate with the Police Department in order to ensure long-haul community focus on this pivotal issue and to continuously report on progress in crime reduction as part of the City's economic development messaging. Until measurable headway is made in reducing crime and in mitigating related image issues, the City's realistic potentials for economic development success are likely to be significantly hindered.

ACTION ITEMS

- I.1** Support implementation of Marshall Plan to ensure alignment with economic development goals.
- I.2** Develop short brochure/handout summarizing progress made on crime reduction and explaining relationship to Stockton's economic development opportunities.
- I.3** Highlight City's ongoing progress in reducing crime levels in marketing/public relations efforts; include "Marshall Plan" progress as a regular feature in City's economic development newsletter.



Marshall Plan

The Marshall Plan is a systems-based approach to crime reduction that uses proven violence-reduction strategies based on data from within the community, as well as information on best practices to address and prevent crime. It is a collaboration between the City of Stockton, the criminal justice system, faith-based and nonprofit organizations, and businesses and neighborhoods. The intent of the program is to target high-risk persons, places, and situations through a series of sustained programs that address these problems comprehensively. (City of Stockton website)

3

DISCUSSION AND ACTION ITEMS
BY STRATEGY CATEGORY**J. Streamlined City
permitting/licensing/regulations****Statement of opportunity/need:**

This strategy is intended to improve Stockton's competitiveness and send a clear message to the development and entrepreneurial communities that "Stockton is ready for business." This group of action items addresses several levels of business friendliness:

- » Streamlined entitlement and permit processing for new development projects;
- » User-friendly policies and practices for permitting of new businesses.

The recommended action items will involve close coordination between the City's Economic Development and Community Development departments, ensuring that Community Development staff (who are often the City's first point of contact with private development projects) are fully knowledgeable about available Economic Development programs and incentives.

ACTION ITEMS

J.1 Work with the Development Community to identify any specific "business friendliness" issues needing attention.

J.2 Review City policies on expedited project reviews, abatement of impact fees, timing of when fees are determined/assessed (relative to developer's implementation cycles), and setting different/preferential fees for revitalization areas.

J.3 Develop (and make easy to find) user-friendly checklist of business licensing requirements for new businesses; facilitate by having licensing staff in Community Development.

J.4 Develop (and make easy to find) user-friendly checklist of permitting requirements for new businesses/developments.

J.5 Implement "one-stop" permitting/licensing counter, including incentive program information; consider the concept of a Welcoming Committee as an extension of the "one-stop" service.

J.6 Develop on-line tools/resources for permitting and other development-related functions.

J.7 Highlight City's business-friendly policies/programs in marketing efforts.

**K. Development capacity / site
readiness program****Statement of opportunity/need:**

This strategy seeks to minimize the City discretionary decisions/actions that are necessary to develop targeted opportunity sites, while still maintaining appropriate development and environmental standards. These recommended policies, aimed at reducing the timeframes and costs of development, are intended to maximize Stockton's competitiveness.

ACTION ITEMS

K.1 Coordinate with Advantage Stockton property database to include publicly-owned opportunity sites (including properties owned by City, Successor Agency, and Port).

K.2 Review land use designations in proposed General Plan revision and modify as necessary to provide sufficient zoning capacity, location options, etc. to accommodate commercial and industrial market demand.

K.3 Explore pre-entitlement options (specific plans, programmatic EIR's, etc.) and other policies to create "shovel ready" development sites.

Stockton Port

The Port of Stockton is now the second busiest inland Port on the Western Coast of the United States, handling approximately three million metric tons of cargo per year. Located in Foreign Trade Zone #231, close to Interstates 5 and 80 and serviced by the BNSF and UP railroads, the Port is an international 35-foot deep-water port with more than 2,000 acres for import/export cargoes such as containers, steel, wind energy, roll-on/roll-off and projects, as well as warehousing, refrigeration, cold storage, and distribution centers. (Port of Stockton, 2013 Annual Report, and www.portofstockton.com)

3

DISCUSSION AND ACTION ITEMS
BY STRATEGY CATEGORY**L. Infrastructure interface*****Statement of opportunity/need:***

Implementation of the EDSP will ultimately affect land use and development patterns in targeted areas of the City. A number of the EDSP strategies reflect this interface with land use issues (e.g., downtown revitalization, neighborhood revitalization, creation of shovel-ready development sites, alignment with the General Plan, etc.). As part of a comprehensive effort to ensure development readiness/friendliness of the targeted areas, it will be essential to ensure that infrastructure capacity is appropriately matched to the anticipated land uses. In addition to the infrastructure needs identified through the interface with land use issues, the “core business” outreach process described under Strategy A will enable the City to better understand industry-specific infrastructure requirements and concerns.

The intent of infrastructure interface strategy is to provide an ongoing information flow between economic development staff and the various entities responsible for infrastructure development, ensuring that infrastructure issues affecting economic development are appropriately addressed and prioritized in facility planning and funding decisions.

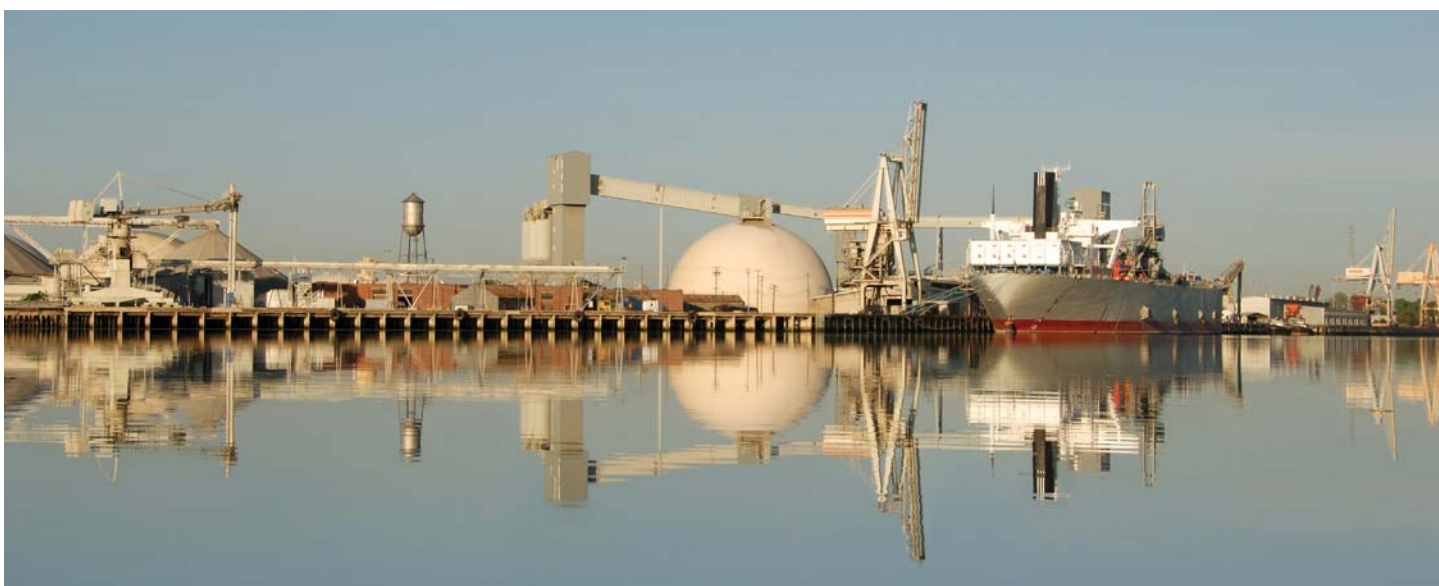
ACTION ITEMS

L.1 Align proposed General Plan revision with Economic Development Strategic Plan; recognize coordinating role of ED Strategic Plan in relevant aspects of General Plan implementation.

L.2 Align annual C.I.P. process with Economic Development Strategic Plan to ensure that prioritization of planned infrastructure is consistent with ED priorities.

L.3 Establish relationship-building coordinating practices with Port of Stockton to ensure alignment of economic development initiatives, including international trade, and priorities, and infrastructure investments.

L.4 Coordinate with Stockton Metropolitan Airport to ensure alignment of infrastructure investments with economic development priorities. Future Airport improvement plans should encourage cargo-transport capabilities.



APPENDIX A

Action Item Matrix

Table A-1 (below) shows the Action Items by initiative and initiative group, and includes a list of associated Key Partners and Applicable Programs, where relevant. The table can be extracted as a stand-alone summary document for the EDSP.

TABLE A-1. LIST OF ACTION ITEMS BY STRATEGY/INITIATIVE		
CORE ECONOMIC DEVELOPMENT		
A. Core Business Outreach/Networking Program		
A.1	Conduct "cluster mapping" process to identify existing firms, infrastructure and institutional assets relevant to identified core businesses (building on existing resources/databases)	
KEY PARTNERS		
<ul style="list-style-type: none">San Joaquin Partnership (SJP)University of the Pacific (UOP)Port of StocktonSan Joaquin County WorkNet		
APPLICABLE PROGRAMS		
<ul style="list-style-type: none">SJP employer databaseCity's Business License databaseUOP Business Forecasting Center's (GIS mapping of industry clusters)San Joaquin Valley Agricultural Manufacturing Investment Strategy and Sustainability Plan (currently being prepared under IMCP¹ grant)Executive Pulse systemAdvantage Stockton Mapping Appl.		
A.2	Facilitate and/or lead "network organizing" meetings for core businesses, based on potential participants identified during cluster mapping process. The purposes of these meetings would be to facilitate a roundtable discussion about potential networking opportunities within the core business clusters and to identify specific activities the City (and partners) could pursue in order to strengthen local cluster networks.	
KEY PARTNERS		
<ul style="list-style-type: none">Chambers of CommerceSJPSan Joaquin County WorkNet		
APPLICABLE PROGRAMS		
<ul style="list-style-type: none">Manufacturers Industrial Distribution Roundtable (MIDR)Green Team San JoaquinSan Joaquin Valley Agricultural Manufacturing Investment Strategy and Sustainability Plan		
A.3	Promote cluster-oriented, local supplier relationships (potentially through a web-based business networking platform)	
KEY PARTNERS		
<ul style="list-style-type: none">SJPChambers of Commerce		
APPLICABLE PROGRAMS		
<ul style="list-style-type: none">Stockton Chamber of Commerce's Buy Local Now		

¹ Investing in Manufacturing Communities Partnership (IMCP) grant from the U.S. Department of Commerce.

APPENDIX A

A.4	Participate in key industry/trade associations relevant to core businesses (where appropriate, leverage partnerships to extend reach of City's exposure at events, trade shows, etc.). City should initially focus on associations for site selection/facilities/real estate executives; this activity may evolve over time to include City's participation in trade associations for specific industries (either directly or through partner organizations)		
KEY PARTNERS			
<ul style="list-style-type: none">SJP			<ul style="list-style-type: none">Central Valley PartnershipTeam California
APPLICABLE PROGRAMS		<ul style="list-style-type: none">Various existing associations and trade shows attended by partner organizations	
A.5	Establish City-facilitated group of executive-level representatives of Stockton's higher education institutions. The purposes of this group, which will meet quarterly, will be to "map" higher education resources relevant to business development and to formalize ways in which the institutions can serve as resources for economic development (e.g. offering institutional expertise on specific strategic priorities/issues identified in this plan)		
KEY PARTNERS			
<ul style="list-style-type: none">UOPDelta College			<ul style="list-style-type: none">California Partnership for the San Joaquin Valley (CPSJV), Higher Education & Workforce Development work groupCSU Stanislaus
APPLICABLE PROGRAMS		<ul style="list-style-type: none">California Community Colleges economic development program ("Doing What Matters") and associated Sector Navigator and Deputy Sector Navigator personnelResources identified in the forthcoming IMCP strategic plan (regional)	
A.6	"Map" K-12 and higher education resources relevant to business development; coordinate with education/workforce development organizations to ensure maximum alignment with City's business development programs. The intent of this action item is for the City to inventory existing programs and become a clearinghouse for information about educational resources relevant to economic development. Through this coordination role, the City will support improvements to K-12 education responsive to the workforce needs of local employers.		
KEY PARTNERS			
<ul style="list-style-type: none">San Joaquin County WorkNetSJ County Office of Education			<ul style="list-style-type: none">California Partnership for the San Joaquin Valley (CPSJV), Higher Education & Workforce Development Work GroupCommunity Partnership for FamiliesSchool DistrictsCharter/Private Schools
APPLICABLE PROGRAMS		<ul style="list-style-type: none">SJ County Office of Education, Career Path Development program"Hire Me First" program (currently in the City of Tracy, now being implemented in Stockton by Chamber and SJC WorkNet)	
A.7	Establish system for facilitating interaction/information flow between key business stakeholders and education/workforce system		
KEY PARTNERS			
<ul style="list-style-type: none">SJPSan Joaquin County WorkNet			<ul style="list-style-type: none">San Joaquin Business CouncilMIDR
APPLICABLE PROGRAMS		<ul style="list-style-type: none">Business Team San Joaquin (business retention committee facilitated by San Joaquin County's Employment and Economic Development Department)Workforce Investment Board Business Development CommitteeExisting internship & work experience programs (UOP, Delta College, CSU Stanislaus, SJC WorkNet, Chambers, trade unions)	

APPENDIX A

B. Business Retention/Expansion Program		
B.1	Investigate and define City role for supporting business development groups and processes within Stockton, including options such as identifying gaps in issue coverage, activity tracking and other clearinghouse functions, business outreach, survey systems, etc.	
KEY PARTNERS	<ul style="list-style-type: none"> San Joaquin County WorkNet Chambers 	<ul style="list-style-type: none"> SBDC
APPLICABLE PROGRAMS		
B.2	Institute a proactive existing-business visitation program, prioritizing firms in identified core businesses and major employers.	
KEY PARTNERS	<ul style="list-style-type: none"> San Joaquin County WorkNet 	<ul style="list-style-type: none"> Chambers of Commerce
APPLICABLE PROGRAMS	<ul style="list-style-type: none"> Executive Pulse 	
B.3	Support public-private efforts to promote international trade, including agricultural exports, and foreign investment, leveraging existing federal and other programs where possible	
KEY PARTNERS	<ul style="list-style-type: none"> Port of Stockton SBDC 	<ul style="list-style-type: none"> Stockton Metro Airport MIDR
APPLICABLE PROGRAMS	<ul style="list-style-type: none"> SJP is considering establishing an international trade forum, in collaboration with the Port of Stockton; City should support and participate in the SJP/Port forum rather than have a direct/stand-alone role in promoting international trade 	<ul style="list-style-type: none"> Foreign Trade Zone
B.4	Promote public awareness of career opportunities (and related training resources) in identified core businesses	
KEY PARTNERS	<ul style="list-style-type: none"> San Joaquin County WorkNet School districts 	<ul style="list-style-type: none"> SJ County Office of Education Charter/Private schools
APPLICABLE PROGRAMS	<ul style="list-style-type: none"> SCAP— Stockton Chamber Apprenticeship Program SJC WorkNet's Occupational Classroom Training Program 	<ul style="list-style-type: none"> BEA – Stockton Chamber Business Education Alliance CA Dept. of Industrial Relations – Division of Apprenticeship Standards
B.5	Coordinate with SBDC, Delta College, to support small-business creation programs that expand business opportunities that are not necessarily within the core business groups targeted by this plan	
KEY PARTNERS	<ul style="list-style-type: none"> Delta College 	<ul style="list-style-type: none"> SBDC Chambers of Commerce
APPLICABLE PROGRAMS	<ul style="list-style-type: none"> SBDC programs (including one-on-one consulting, trouble shooting, expansion assessment, business planning, marketing plans, financial management, financing assistance, Mystery Shopper program, government procurement, international trade, Women Entrepreneurs, Restore Stockton project) 	<ul style="list-style-type: none"> Small Business Micro Loan Program (City) Local Business Preference ordinance (City)
B.6	Incorporate existing CDBG programs into small-business development support strategies	
KEY PARTNERS	<ul style="list-style-type: none"> SBDC Downtown Stockton Alliance (DSA) Miracle Mile Improvement District Chambers 	
APPLICABLE PROGRAMS	<ul style="list-style-type: none"> CDBG programs (administered by City, such as Commercial Façade, Micro Loan, DFIP, and Emergency Grant programs) 	<ul style="list-style-type: none"> San Joaquin County Economic Development Center and Revolving Loan Fund

APPENDIX A

C. Business Attraction		
C.1	Align business attraction policies and practices with San Joaquin Partnership (SJP) and Port of Stockton marketing/business attraction activities, including efforts to recruit firms from the Greater San Francisco Bay area	
KEY PARTNERS		<ul style="list-style-type: none">SJPPort of Stockton
APPLICABLE PROGRAMS		
C.2	Develop economic development brand specific to the City's business attraction efforts (as distinct from the existing "Celebrate Stockton" brand which is oriented to consumers/visitors). The brand should articulate a compelling message about Stockton's advantages as a business location; it should also proactively address image issues that are currently a hindrance to business attraction (including crime, the City's bankruptcy, and local schools). This action item is not intended to involve a formal branding process, but intended to focus developing a consistent message and selling points for attracting firms to Stockton	
KEY PARTNERS		<ul style="list-style-type: none">University of the Pacific (UOP)San Joaquin Partnership (SJP)Port of Stockton
APPLICABLE PROGRAMS		
C.3	Investigate options for supplementing (not competing with) the business lead generation process led by SJP	
KEY PARTNERS		<ul style="list-style-type: none">SJP
APPLICABLE PROGRAMS		
C.4	Participate in key trade shows and site selector/real estate executive forums, coordinating with other development partners (e.g., SJP) to maximize return on such investments; actively participate in SJP "mission" and marketing events, consistent with City's specific business attraction targets; establish process for evaluating the return on investment from trade show investments (while recognizing that effective participation in trade shows requires sustained efforts)	
KEY PARTNERS		<ul style="list-style-type: none">SJPCentral Valley PartnershipPort of StocktonTeam California
APPLICABLE PROGRAMS		<ul style="list-style-type: none">Various existing associations and trade shows attended by partner organizations
C.5	Incorporate foreign direct investment as a component of attraction and expansion policy	
KEY PARTNERS		<ul style="list-style-type: none">Port of StocktonSJP
APPLICABLE PROGRAMS		<ul style="list-style-type: none">EB-5 programNorthern California World Trade Center (existing resource, could become an active partner if Stockton became a member)
C.6	Coordinate with education/workforce organizations to encourage customized services for employers targeted for recruitment	
KEY PARTNERS		<ul style="list-style-type: none">San Joaquin County WorkNetStockton Chamber of CommerceDelta CollegeSchool districts
APPLICABLE PROGRAMS		<ul style="list-style-type: none">Example/model program: Delta College's Psych Tech program (implemented for prison hospital)Stockton Chamber Apprenticeship Program (SCAP)SJC WorkNet's OJT ProgramAB 109 ProgramSJC WorkNet's Occupational Driven Training

APPENDIX A

D. Entrepreneurship/innovation program		
D.1	Serve as clearinghouse for entrepreneurial support programs and resources, making explicit the distinctions between "small business" development and entrepreneurial support	
KEY PARTNERS	<ul style="list-style-type: none"> • UOP • Huddle • Café Coop 	<ul style="list-style-type: none"> • Downtown Stockton Alliance • San Joaquin Angels • Delta College, SBDC • Chambers
APPLICABLE PROGRAMS	<ul style="list-style-type: none"> • Sector Navigator/Deputy Sector Navigator personnel (California Community Colleges) 	<ul style="list-style-type: none"> • I-Hub
D.2	Coordinate entrepreneurship/	
KEY PARTNERS	<ul style="list-style-type: none"> • Delta College 	<ul style="list-style-type: none"> • SBDC
APPLICABLE PROGRAMS	<ul style="list-style-type: none"> • SBDC 	<ul style="list-style-type: none"> • Entrepreneur Challenge
D.3	Identify and support areas/facilities that could serve as formal or de facto incubator(s)	
KEY PARTNERS	<ul style="list-style-type: none"> • Huddle • Café Coop 	<ul style="list-style-type: none"> • Downtown Stockton Alliance • SBDC
APPLICABLE PROGRAMS	<ul style="list-style-type: none"> • Huddle co-working office • DSA Technology Incubator 	<ul style="list-style-type: none"> • Café Coop co-working office
D.4	Serve as clearinghouse for existing funding sources available to support entrepreneurial startups, serving in a coordination role where appropriate to maximize strategic use of available funds	
KEY PARTNERS	<ul style="list-style-type: none"> • San Joaquin Angels 	<ul style="list-style-type: none"> • Central Valley Fund • SBDC
APPLICABLE PROGRAMS	<ul style="list-style-type: none"> • Small Business Innovation Research (SBIR) program (federal grant) • Small Business Technology Transfer (STTR) program (federal grant) • San Joaquin Angels (investigate potential for expanding locally-based angel and venture capital funds, in cooperation with SJP) 	<ul style="list-style-type: none"> • EB-5 program • Community development/reinvestment funding programs of local banks • CDBG programs/funds • Federal/State grants
D.5	Establish loan guarantee program with local banks; investigate opportunities to better leverage existing public sector loan programs	
KEY PARTNERS	<ul style="list-style-type: none"> • Local financial institutions • San Joaquin County 	<ul style="list-style-type: none"> • Small Business Administration (SBA) • California Infrastructure and Economic Development Bank (IBank)
APPLICABLE PROGRAMS	<ul style="list-style-type: none"> • SJC Revolving Loan Fund • SBA Grow America Fund 	<ul style="list-style-type: none"> • SBA 504 Loan Program • Statewide Community Infrastructure Program (SCIP)
D.6	For Downtown, establish geographically-focused entrepreneurial start-up funding assistance program (public/private partnership), potentially in concert with the San Joaquin Angels, for preferred business types (also in E.6 and F.6)	
KEY PARTNERS	<ul style="list-style-type: none"> • San Joaquin Angels • Downtown Stockton Alliance 	
APPLICABLE PROGRAMS	<ul style="list-style-type: none"> • Downtown Stockton Enterprise Loan Fund (DSELF) 	<ul style="list-style-type: none"> • Small Business Micro Loan/CDBG • Federal/State grants
D.7	Coordinate policies and practices with SJP's Greater Silicon Valley initiative	
KEY PARTNERS	<ul style="list-style-type: none"> • SJP 	
APPLICABLE PROGRAMS	<ul style="list-style-type: none"> • Greater Silicon Valley initiative (including Silicon Valley TiE) 	<ul style="list-style-type: none"> • I-Hub

APPENDIX A

E. Business/Development Incentives		
E.1	Define guiding principles for a comprehensive incentive policy for the City. The guiding principles should clarify and communicate conceptual basis for incentives, monetary and non-monetary forms of incentives, relative benefits and costs, etc., as point of reference for both structuring incentives and communicating their purposes, value, etc.	
KEY PARTNERS		
APPLICABLE PROGRAMS		
E.2	Identify financial resources/funding mechanisms to support incentive program	
KEY PARTNERS		
APPLICABLE PROGRAMS		
<ul style="list-style-type: none">• Use Tax Rebate Program• Office & Industrial Sales Tax Incentive Program• PG&E Enhanced Economic Development Incentive Rate• Property Assess Clean Energy (PACE) Programs• Statewide Community Infrastructure Program (SCIP)• Go-Biz Incentives / California Competes• New Employment Credit (NEC)• Other programs described in State’s incentive booklet• Manufacturing and Research & Development Equipment Exemption (State sales and use tax exemption for equipment purchases)• Recycling Market Development Zone (RMDZ)• Development impact fees (could potentially be augmented to include a specific fee to support relevant economic development activities)• Employment Training Panel (ETP)• Federal/State grants		
E.3	Investigate applicability of including "low cost" incentives such as density/parking bonuses, fee structure reductions/waivers for desired business/residential uses, and “in progress” permitting to reduce development time	
KEY PARTNERS		
<ul style="list-style-type: none">• Community Development Department		
APPLICABLE PROGRAMS		
<ul style="list-style-type: none">• ULI recommendations²• Local Business Preference ordinance• Temporary Public Facilities Fee (PFF) Reduction Program• Nonresidential Fee Deferral Program• Downtown Financial Incentive Program (waives certain fees)• Commercial Facade Improvement Grant Program		
E.4	Create prototypes of business types for which incentives are available, applicable to existing as well as new businesses	
KEY PARTNERS		
<ul style="list-style-type: none">• Community Development Department		
APPLICABLE PROGRAMS		
E.5	Evaluate specific projects (on a case-by-case basis) that might not fit prototypes, for potential application of incentives	
KEY PARTNERS		
APPLICABLE PROGRAMS		
E.6	For Downtown, establish geographically-focused entrepreneurial start-up funding assistance program (public/private partnership), potentially in concert with the San Joaquin Angels, for preferred business types (also in D.6 and F.6)	
KEY PARTNERS		
<ul style="list-style-type: none">• San Joaquin Angels• Downtown Stockton Alliance		
APPLICABLE PROGRAMS		
<ul style="list-style-type: none">• Downtown Stockton Enterprise Loan Fund (DSELF)• Small Business Micro Loan/CDBG		

² 2012 Urban Land Institute (ULI) Panel for Downtown Stockton.

APPENDIX A

QUALITY OF LIFE INITIATIVES		
F. Downtown Revitalization Program		
F.1	Conduct meeting with property owners and members of development community to refine implementation strategy for Urban Land Institute (ULI) recommendations; identify key properties and target desired land uses / business types	
KEY PARTNERS		<ul style="list-style-type: none">Downtown Stockton Alliance (and other downtown non-profits)Downtown developersBuilding Industry AssociationFinancing entitiesDowntown property ownersSan Joaquin County (leverage presence of downtown administration building)Stockton Police Department
APPLICABLE PROGRAMS		<ul style="list-style-type: none">See ULI Report dated February 2012 for list of recommendationsGeneral Plan
F.2	Market publicly-owned opportunity sites in downtown/waterfront areas and attempt to preserve key properties for preferred business types	
KEY PARTNERS		<ul style="list-style-type: none">Port of StocktonDowntown Stockton AllianceRedevelopment Successor AgencyPrivate property ownersCultural Heritage Board
APPLICABLE PROGRAMS		
F.3	Incentivize housing in Downtown via focused application of relevant incentives from Strategy E (e.g., parking incentives)	
KEY PARTNERS		<ul style="list-style-type: none">Community Development DepartmentDevelopment community
APPLICABLE PROGRAMS		
F.4	Continue to focus grant applications (for infrastructure, etc.) on downtown area, based on the following thematic priorities: walkability, livable community, sustainability	
KEY PARTNERS		<ul style="list-style-type: none">Public Works DepartmentDowntown Stockton AllianceSJRRRC / RTD (funding and available development sites)
APPLICABLE PROGRAMS		
F.5	Promote/prioritize downtown as a destination for special events (at City-owned and other venues), potentially offering a favorable fee schedule for City-owned downtown facilities (compared to City-owned facilities in other parts of Stockton), ease of permitting, and user-friendly insurance requirements	
KEY PARTNERS		<ul style="list-style-type: none">Downtown Stockton AllianceSMGVisit Stockton (convention & visitors bureau)Community Services DepartmentStockton Marina-WestrecStockton public media organizations
APPLICABLE PROGRAMS		<ul style="list-style-type: none">Entertainment and Assessment Districts
F.6	For Downtown, establish geographically-focused entrepreneurial start-up funding assistance program (public/private partnership), potentially in concert with the San Joaquin Angels, for preferred business types (also in D.6 and E.6)	
KEY PARTNERS		<ul style="list-style-type: none">Downtown Stockton AllianceLocal financial institutionsUOPSan Joaquin Angels
APPLICABLE PROGRAMS		<ul style="list-style-type: none">Downtown Stockton Enterprise Loan Fund (DSELF)Small Business Micro Loan/CDBGPG&E ED Grant

APPENDIX A

G. Neighborhood Revitalization Program		
G.1	Prioritize revitalization of neighborhoods/sub-areas based on analysis leveraging the impact; facilitate "shovel-ready" development via pre-entitlement, program EIR's, etc. for key revitalization areas (see also K.4). Re-consider issue of unincorporated County pockets	
KEY PARTNERS <ul style="list-style-type: none">Community Development DepartmentPublic Works DepartmentRedevelopment Successor AgencyInfill developersCounty (County pockets)		
APPLICABLE PROGRAMS <ul style="list-style-type: none">Database of completed EIR's with summary of potential projects (needs to be mapped)		
G.2	Implement retail tenant recruitment program, focusing on underserved areas of Stockton	
KEY PARTNERS <ul style="list-style-type: none">Chambers of CommercePBID (existing and/or new)Public Works DepartmentRedevelopment Successor AgencyPrivate property ownersInfill/mixed-use developersNeighborhood/business groups		
APPLICABLE PROGRAMS		
G.3	Market publicly-owned opportunity sites in neighborhood areas and attempt to preserve key properties for preferred business types	
KEY PARTNERS <ul style="list-style-type: none">Redevelopment Successor Agency		
APPLICABLE PROGRAMS		
G.4	Facilitate neighborhood-level formation and use of Property Based Improvement Districts (PBID's) or Business Improvement Districts (BID's)	
KEY PARTNERS <ul style="list-style-type: none">Private property and business owners		
APPLICABLE PROGRAMS <ul style="list-style-type: none">Entertainment and Assessment Districts		
G.5	Develop Lien Forgiveness Incentive Program for residential as appropriate to reduce barriers to revitalization	
KEY PARTNERS <ul style="list-style-type: none">Community Development DepartmentNeighborhood Services Division – Police Department		
APPLICABLE PROGRAMS <ul style="list-style-type: none">Lien Forgiveness Incentive ProgramEmergency Grant Program (to fix serious code violations)		
G.6	Align Federal housing funds and Consolidated Plan with EDSP	
KEY PARTNERS <ul style="list-style-type: none">Community Development Committee (CDC)Infill DevelopersHousing DevelopersHUDDSASBDC		
APPLICABLE PROGRAMS <ul style="list-style-type: none">Emergency Rehab & Commercial Loan ProgramsDAP		

APPENDIX A

H. Focused Image and Arts/Culture Programs	
H.1	Build brand awareness through enhancement of arts, sports and cultural activities with social media and other marketing efforts
KEY PARTNERS	<ul style="list-style-type: none"> • SMG/Stockton Thunder • Stockton Marina-Westrec • Downtown Stockton Alliance • Stockton Ballpark/Ports • Stockton Arts Commission (and smaller arts groups) • Delta College • UOP • Visit Stockton
APPLICABLE PROGRAMS	
H.2	Convene "Arts, Culture and Leisure" Taskforce to jointly promote major arts, sports and cultural events and facilities (and develop coordinated calendar/schedule of events); taskforce should have broad representation of executive-level leaders/stakeholders
KEY PARTNERS	<ul style="list-style-type: none"> • Community Services Department • Visit Stockton • Representatives of key arts groups (e.g., museum, civic theater, symphony, art league, UOP, CSU Stanislaus, Delta College, etc.)
APPLICABLE PROGRAMS	<ul style="list-style-type: none"> • Potential collaboration with Visit Stockton and City Arts Commission (new taskforce should have broader focus/representation than existing Commission)
H.3	Implement public relations effort focused on image enhancement
KEY PARTNERS	<ul style="list-style-type: none"> • Business Council • Chambers of Commerce • Image Commission (needs to be reactivated) • Reinvent Stockton • Stockton public media organizations • Stockton Forward
APPLICABLE PROGRAMS	
H.4	Coordinate with Stockton Visit Stockton to identify role of City in efforts to make Stockton a destination: attract new business, remove barriers, support cultural organizations, etc.
KEY PARTNERS	<ul style="list-style-type: none"> • Visit Stockton
APPLICABLE PROGRAMS	
H.5	Promote expanded use of existing City venues in waterfront area (potentially a coordination role managed by a single City person on City staff); promote expansion of commercial services available near venues
KEY PARTNERS	<ul style="list-style-type: none"> • Visit Stockton • Downtown Stockton Alliance • SMG • Stockton Marina-Westrec • Community Services • Stockton Ballpark/Ports
APPLICABLE PROGRAMS	
H.6	Target attraction of expanded range of regional/destination-oriented retail/restaurant development
KEY PARTNERS	<ul style="list-style-type: none"> • Visit Stockton
APPLICABLE PROGRAMS	

APPENDIX A

FOUNDATIONAL INITIATIVES		
I. Public Safety Interface		
I.1	Support implementation of Marshall Plan to ensure alignment with economic development goals	
KEY PARTNERS	<ul style="list-style-type: none">Stockton Police DepartmentOVP/Peacekeepers Office of Violence Prevention (OVP) and Peacekeepers Program (part of Marshall Plan)	<ul style="list-style-type: none">Could have broad coalition (faith-based organizations, non-profits, neighborhood groups, neighborhood leaders, business organizations, individual businesses and property owners and building tenants)
APPLICABLE PROGRAMS	<ul style="list-style-type: none">AB 109	
I.2	Develop short brochure/handout summarizing strategy on crime reduction and explaining relationship to Stockton’s economic development opportunities	
KEY PARTNERS	<ul style="list-style-type: none">Stockton Police Department	
APPLICABLE PROGRAM		
I.3	Highlight City’s ongoing progress in reducing crime levels in marketing/public relations efforts; include “Marshall Plan progress” as a regular feature in city’s economic development newsletter	
KEY PARTNERS	<ul style="list-style-type: none">Stockton Police Department	
APPLICABLE PROGRAMS		
J. Streamlined City Permitting/Licensing/Regulations		
J.1	Work with to the Development Community identify any specific "business friendliness" issues needing attention	
KEY PARTNERS	<ul style="list-style-type: none">Residential and commercial developersBuilding Industry Association (BIA)	<ul style="list-style-type: none">MIDR
APPLICABLE PROGRAMS		
J.2	Review City policies on expedited project reviews, abatement of impact fees, timing of when fees are determined/assessed (relative to developer’s implementation cycles), and setting different fees for revitalization areas	
KEY PARTNERS	<ul style="list-style-type: none">Community Development Department	<ul style="list-style-type: none">ChambersBuilding Industry Association (BIA)Builders ExchangeCity IT departmentSJP (for marketing)MIDR
APPLICABLE PROGRAMS	<ul style="list-style-type: none">Downtown Financial Incentive Program (waives certain fees)	<ul style="list-style-type: none">New Construction Impact Fee Deferral Program (nonresidential)Local Business Preference OrdinanceTemporary PFF Reduction ProgramOnline permittingEconomic Review CommitteeImpact Fee Estimates
J.3	Develop (and make easy to find) user-friendly checklist of business licensing requirements for new businesses; facilitate by having licensing staff in Community Development	
KEY PARTNERS	<ul style="list-style-type: none">Administrative Services DepartmentCommunity Development Department	<ul style="list-style-type: none">City IT DepartmentCommunity Development
APPLICABLE PROGRAMS	<ul style="list-style-type: none">Downtown Financial Incentive Program (waives certain fees)	<ul style="list-style-type: none">New Construction Impact Fee Deferral Program (nonresidential)Local Business Preference OrdinanceTemporary PFF Reduction ProgramOnline permittingEconomic Review CommitteeImpact Fee Estimates
J.4	Develop (and make easy to find) user-friendly checklist of permitting requirements for new businesses/developments	
KEY PARTNERS	<ul style="list-style-type: none">Community Development Department	<ul style="list-style-type: none">Administrative ServicesSBDC
APPLICABLE PROGRAMS		

APPENDIX A

J.5	Implement "one-stop" permitting/licensing counter, including incentive program information; consider the concept of a Welcoming Committee as an extension of the "one-stop" service.		
KEY PARTNERS		<ul style="list-style-type: none">Administrative ServicesMunicipal UtilitiesPublic Works	
<ul style="list-style-type: none">Community Development Department			
APPLICABLE PROGRAMS		<ul style="list-style-type: none">New Construction Impact Fee Deferral Program (nonresidential)Local Business Preference Ordinance	<ul style="list-style-type: none">Temporary PFF Reduction ProgramOnline permittingEconomic Review CommitteeImpact Fee Estimates
<ul style="list-style-type: none">Downtown Financial Incentive Program (waives certain fees)			
J.6	Develop on-line tools/resources for permitting and other development-related functions		
KEY PARTNERS		<ul style="list-style-type: none">City IT departmentAdministrative ServicesMunicipal Utilities	
<ul style="list-style-type: none">Community Development Department			
APPLICABLE PROGRAMS		<ul style="list-style-type: none">New Construction Impact Fee Deferral Program (nonresidential)Local Business Preference Ordinance	<ul style="list-style-type: none">Temporary PFF Reduction ProgramOnline permittingEconomic Review CommitteeImpact Fee Estimates
<ul style="list-style-type: none">Downtown Financial Incentive Program (waives certain fees)			
J.7	Highlight City's business-friendly policies/programs in marketing efforts		
KEY PARTNERS		<ul style="list-style-type: none">ChambersBuilding Industry Association (BIA)Builders Exchange	
<ul style="list-style-type: none">Community Development Department			
APPLICABLE PROGRAMS		<ul style="list-style-type: none">New Construction Impact Fee Deferral Program (nonresidential)Local Business Preference Ordinance	<ul style="list-style-type: none">Temporary PFF Reduction ProgramOnline permittingEconomic Review CommitteeImpact Fee Estimates
<ul style="list-style-type: none">Downtown Financial Incentive Program (waives certain fees)			
K. Development capacity / Site readiness program			
K.1	Coordinate with Advantage Stockton property database to include publicly-owned opportunity sites (including properties owned by City, Successor Agency, and Port)		
KEY PARTNERS		<ul style="list-style-type: none">Port of StocktonRedevelopment Successor Agency	
<ul style="list-style-type: none">SJP			
APPLICABLE PROGRAMS		<ul style="list-style-type: none">Advantage Stockton website (site selection tool)	
K.2	Review land use designations in new General Plan and modify as necessary to provide sufficient zoning capacity, location options, etc. to accommodate commercial and industrial market demand		
KEY PARTNERS		<ul style="list-style-type: none">Community Development Department	
APPLICABLE PROGRAM		<ul style="list-style-type: none">General Plan update underway	
K.3	Explore pre-entitlement options (specific plans, programmatic EIR's, etc.) and other policies to create "shovel ready" development sites		
KEY PARTNERS		<ul style="list-style-type: none">Redevelopment Successor AgencyPort of Stockton	
<ul style="list-style-type: none">Community Development DepartmentPublic Works Department			
APPLICABLE PROGRAMS			

APPENDIX A

L. Infrastructure interface	
L.1	Align proposed General Plan revisions with Economic Development Strategic Plan; recognize coordinating role of ED Strategic Plan in relevant aspects of General Plan implementation
KEY PARTNERS	<ul style="list-style-type: none"> Community Development Department
APPLICABLE PROGRAMS	
L.2	Align annual C.I.P. process with Economic Development Strategic Plan to ensure that prioritization of planned infrastructure is consistent with ED priorities
KEY PARTNERS	<ul style="list-style-type: none"> Public Works Department SJC Worknet and other CEDS partners (County)
APPLICABLE PROGRAM	
L.3	Establish relationship-building coordinating practices with Port of Stockton to ensure alignment of economic development initiatives, including international trade, and priorities, and infrastructure investments
KEY PARTNERS	<ul style="list-style-type: none"> Port of Stockton
APPLICABLE PROGRAMS	
L.4	Coordinate with Stockton Metropolitan Airport to ensure alignment of infrastructure investments with economic development priorities. Future Airport improvement plans should encourage cargo-transport capabilities.
KEY PARTNERS	<ul style="list-style-type: none"> Stockton Metropolitan Airport
APPLICABLE PROGRAMS	

APPENDIX B

Recommended Lead and Partner Entities for Implementation

Table B-1 below shows the recommended lead and partner entities for implementation of each Action Item. The entities referenced on the table include only those with the most Action Item relationships throughout the EDSP, and the last column of the table references the number of other entities, where relevant, involved in that Action Item.

TABLE B-1. ACTION ITEMS BY LEAD (L), COORDINATOR (C) & PARTNER (♦) ENTITIES

	City of Stockton E.D. Department	San Joaquin Partnership (SJP)	Downtown Stockton Alliance	Chambers of Commerce	Port of Stockton	SBDC	Stockton Con. & Visitors Bureau	Stockton Police Department	Community Development Dept.	San Joaquin Angels	University of the Pacific (UOP)	Delta College	Manuf. Ind. Distr. Roundtable (MIDR)	Redevelopment Successor Agency	San Joaquin County	San Joaquin County WorkNet	Other partners (#)
A. Core business outreach/networking program																	
A.1 Conduct "cluster mapping" process	L	♦			♦						♦						♦
A.2 Facilitate and/or lead "network organizing" meetings	L	♦		♦													♦
A.3 Promote cluster-oriented, local supplier relationships	L	♦		♦													
A.4 Participate in key industry/trade associations	♦	L															2
A.5 Facilitate group of higher education executives	C										♦	♦					2
A.6 "Map" relevant K-12 and higher education resources	L															♦	5
A.7 Facilitate interaction between business and educators	C	♦											♦				2
B. Business retention/expansion program																	
B.1 Support business development groups/processes	C																
B.2 Institute existing-business visitation program	L			♦													
B.3 Support consortium to promote international trade	C	L			♦	♦							♦				1
B.4 Promote public awareness of career opportunities	C															L	3
B.5 Support small-business creation programs	C			♦		♦						♦					
B.6 Include CDBG programs in small business development	C																
C. Business attraction																	
C.1 Align business attraction efforts of City, SJP and Port	C	L			♦												
C.2 Develop City economic development brand/message	L	♦			♦						♦						
C.3 Investigate options for business lead generation	L	♦															
C.4 Participate in key trade shows/real estate forums	L	♦			♦												2
C.5 Target foreign direct investment	C	♦			♦												
C.6 Coordinate with education/workforce development	C															L	

APPENDIX B

TABLE B-1. ACTION ITEMS BY LEAD (L), COORDINATOR (C) & PARTNER (♦) ENTITIES

	City of Stockton E.D. Department	San Joaquin Partnership (SJP)	Downtown Stockton Alliance	Chambers of Commerce	Port of Stockton	SBDC	Stockton Con. & Visitors Bureau	Stockton Police Department	Community Development Dept.	San Joaquin Angels	University of the Pacific (UOP)	Delta College	Manuf. Ind. Distr. Roundtable (MIDR)	Redevelopment Successor Agency	San Joaquin County	San Joaquin County WorkNet	Other partners (#)
D. Entrepreneurship/innovation program																	
D.1 Serve as clearinghouse for entrepreneurial programs	L		♦			♦				♦	♦	♦					1
D.2 Align focus of local SBDC with Stockton's core businesses	C					♦						♦					
D.3 Identify and support areas suitable for incubators	L		♦			♦											2
D.4 Serve as clearinghouse for entrepreneurial funding	L					♦				♦							1
D.5 Establish loan guarantee program with local banks	L														♦		3
D.6 Funding assistance for Downtown entrepreneurs	C		L							♦							
D.7 Coordinate with SJP's Greater Silicon Valley initiative	C	L															
E. Business/development incentives																	
E.1 Define guiding principles for incentive policies	L																
E.2 Identify financial/funding resources for incentive program	L																
E.3 Investigate applicability of "low cost" incentives	L								♦								
E.4 Create prototypes of business types eligible for incentives	L								♦								
E.5 Consider incentives for non-prototype firms case-by-case	L																
E.6 Funding assistance for Downtown entrepreneurs (D.6)	C		L							♦							

APPENDIX B

TABLE B-1. ACTION ITEMS BY LEAD (L), COORDINATOR (C) & PARTNER (♦) ENTITIES

	City of Stockton E.D. Department	San Joaquin Partnership (SJP)	Downtown Stockton Alliance	Chambers of Commerce	Port of Stockton	SBDC	Stockton Con. & Visitors Bureau	Stockton Police Department	Community Development Dept.	San Joaquin Angels	University of the Pacific (UOP)	Delta College	Manuf. Ind. Distr. Roundtable (MIDR)	Redevelopment Successor Agency	San Joaquin County	San Joaquin County WorkNet	Other partners (#)
F. Downtown revitalization program																	
F.1 Developer meeting to review ULI recommendations	L		♦					♦								♦	3
F.2 Market publicly-owned opportunity sites in Downtown	L	♦	♦		♦									♦			2
F.3 Incentivize housing in Downtown	L								♦								1
F.4 Focus grant applications on Downtown area	C		♦														2
F.5 Promote/prioritize downtown as destination for events	C		♦				L										4
F.6 Funding assistance for Downtown entrepreneurs (D.6)	C		L			♦				♦	♦						1
G. Neighborhood revitalization program																	
G.1 Prioritize revitalization areas; facilitate "shovel readiness"	L								♦					♦	♦		2
G.2 Implement retail tenant recruitment program	L	♦		♦										♦			6
G.3 Market publicly-owned opportunity sites	L													♦			
G.4 Facilitate formation of BID's or PBID's	L							♦									
G.5 Develop Lien Forgiveness Incentive Program for residential	L							♦	♦								
G.6 Align Federal housing funds and Consolidated Plan with EDSP	L		♦			♦											
H. Focused image and arts/culture programs																	
H.1 Build brand awareness through arts, sports, culture	C		♦				♦										3
H.2 Convene "Arts, Culture and Leisure" Taskforce	C						♦				♦	♦					1
H.3 Implement public relations/image enhancement effort	L			♦													5
H.4 Coordinate with Visit Stockton efforts to make City a destination	C						L										
H.5 Promote expanded use of City venues in waterfront area	L		♦				♦										1
H.6 Target attraction of regional/restaurant development	L	♦					♦										

APPENDIX B

TABLE B-1. ACTION ITEMS BY LEAD (L), COORDINATOR (C) & PARTNER (♦) ENTITIES

		City of Stockton E.D. Department	San Joaquin Partnership (SJP)	Downtown Stockton Alliance	Chambers of Commerce	Port of Stockton	SBDC	Stockton Con. & Visitors Bureau	Stockton Police Department	Community Development Dept.	San Joaquin Angels	University of the Pacific (UOP)	Delta College	Manuf. Ind. Distr. Roundtable (MIDR)	Redevelopment Successor Agency	San Joaquin County	San Joaquin County WorkNet	Other partners (#)
I. Public safety interface																		
I.1	Support implementation of Marshall Plan	C							L									1
I.2	Develop brochure reporting strategy on crime reduction	L							♦									
I.3	Highlight progress in crime reduction in marketing efforts	L							♦									
J. Streamlined City permitting/licensing/regulations																		
J.1	Work with development community to address “business friendliness” issues	L												♦				1
J.2	Review policies on expedited project reviews, etc.	L	♦		♦					♦				♦				3
J.3	Develop checklist of business licensing requirements	L	♦		♦					♦				♦				3
J.4	Develop checklist of permitting requirements	L	♦		♦					♦				♦				3
J.5	Implement “one-stop” permitting/licensing counter	L	♦		♦					♦				♦				3
J.6	Develop online permitting tools/resources	L	♦		♦					♦				♦				3
J.7	Highlight business-friendly policies/programs in marketing	L	♦		♦					♦				♦				3
K. Development capacity / site readiness program																		
K.1	Coordinate with Advantage Stockton property database	L	♦			♦									♦			
K.2	Review General Plan for commercial/industrial capacity	L								♦								
K.3	Explore pre-entitlement options	L				♦				♦					♦			1
L. Infrastructure interface																		
L.1	Align proposed General Plan revision with EDSP	C								L								
L.2	Align annual C.I.P. process with EDSP	C																1
L.3	Coordinate with Port on infrastructure investments, etc.	C				L												
L.4	Coordinate with Airport on infrastructure investments	C																1

APPENDIX C

Core Business Cluster (Target Industry) Analysis

As part of the background and research phase of this strategic planning process, The TNDG team completed an analysis to identify potential target industries (or “core business clusters”) for the City of Stockton. The methodology for the target industry analysis is documented below.

Methodology for Target Industry Analysis

- The analysis is based on current, historic and projected employment levels by detailed industry sector. The data source is EMSI – an economic modeling firm highly regarded throughout the United States for developing detailed employment data for small levels of geography (i.e., at the zip code level).
- The EMSI employment data used for the analysis were compiled at the city and county levels, and compared to state and national benchmarks. Since the small-area EMSI data are based on zip code geography, the city-level data were estimated based on aggregations of the zip codes within Stockton. Given that some Stockton zip codes partially extend beyond the city boundaries, the aggregated totals somewhat overstate the number of jobs in the City.
- The EMSI data cover the historic period from 2001 to 2014 and the projection period from 2014 to 2023.
- The employment data are classified according to the North American Industry Classification System (NAICS). For this initial summary report, the data have been evaluated at the 3-digit level of detail. The “universe” of industries at the 3-digit level includes 95 individual sectors. Each of these sectors was evaluated in terms of its existing strength and growth potentials in Stockton. The master list of 3-digit sectors was shortened to exclude retail activities, government employment, and strictly local-serving services (e.g., barber shops), since these types of firms are not generally the primary focus of business attraction efforts.
- The following metrics were used to develop an initial “short list” of 3-digit industries that are potential targets for business retention, expansion or attraction efforts in Stockton:
 - » Absolute numbers of jobs in Stockton in 2001 and 2014.
 - » Location quotient (LQ) analysis – a measure of the concentration or importance of an industry in a local area relative to its concentration/ importance at the state and national levels. An LQ of 1.0 indicates that an industry’s local concentration is exactly on par with the larger area benchmark; an LQ above 1.0 indicates that an industry is more concentrated locally than it is in the larger reference area (i.e., the state or the U.S.); and LQ below 1.0 indicates that an industry is less concentrated locally than it is in the larger reference area.
 - » Shift-share analysis (for the period 2001 to 2014) – whereas a location quotient provides a “snapshot” of an industry’s current strength in the local economy, a shift-share analysis measures an industry’s performance over a period of time. In particular, the shift-share analysis quantifies the “competitive effect” of employment growth (or retraction) – i.e., the portion of local growth that can be attributed to some competitive advantage (or disadvantage) relative to state and national trends for the industry.
 - » Projected growth/retraction rate at the national level – evaluating projected trends at the national level can provide insight into the magnitude of opportunities that may exist for local expansion of an industry; conversely, if an industry is in a declining posture nationally, it can provide an indication of

APPENDIX C

retraction pressures facing local firms (and thus potentially signal the need for a strategic focus on business retention).

Initial Short List of Candidate Industries

Among the 95 three-digit sectors considered for this analysis, a total of 50 were included on an initial short list of candidates for targeting in Stockton. The short-listed industries all meet one or more of the following selection criteria:

- A.** Current location quotient (relative to state and/or national benchmark) higher than 1.2.
- B.** LQ higher than 1.2; positive “competitive effect” identified in shift-share analysis; and projected positive growth at the national level.
- C.** National growth expected to be greater than 10% between 2014 and 2013; and local LQ greater than 0.5.
- D.** Local “competitive effect” (as determined by the shift-share analysis) of at least 50 jobs between 2001 and 2014; positive growth projected at the national level; and local LQ greater than 0.5.
- E.** At least 200 jobs in Stockton in 2014.
- F.** Meets one or more of the above criteria at the County level (even if not specifically strong in Stockton).

The above criteria are intended to capture a range of industries that include a mix of: a) existing local strengths that can be retained/expanded in the future; b) national growth sectors that are currently under-represented in Stockton (but have at least enough of a local presence to potentially be viable growth targets); and c) sectors that are important enough locally (in terms of total existing) jobs to deserve strategic attention regardless of external growth expectations.

Table C-1 provides a summary of trends for the 50 short-listed sectors. In order to consolidate the detailed industries into a manageable number of targets for programming purposes, the individual

sectors have been grouped under the following 12 headings:

- » Agriculture and support activities;
- » Energy;
- » Construction;
- » Manufacturing;
- » Wholesale trade;
- » Distribution;
- » Information;
- » Financial services;
- » Professional services;
- » Private educational services;
- » Health care and social assistance;
- » Recreation and tourism.

As noted previously, some of the short-listed industries were included on the initial list based on the strength at the County level, even if they do not currently meet the selection criteria based on Stockton-specific data. County level data for these industries are provided on Table C-2.

Table C-3 compares the 12 major industry groups identified in this analysis with the current target industries of the San Joaquin Partnership. There is a significant degree of overlap/correspondence between the two lists, suggesting that the Partnership’s county-wide targets are generally well-aligned with the Stockton-specific opportunities identified in this study.

Table C-4 provides more detailed data for the 3-digit industry sectors considered for this analysis (including indication of the particular selection criteria met by each sector).

APPENDIX C

TABLE C-1. SUMMARY OF TRENDS FOR POTENTIAL TARGET INDUSTRIES – CITY OF STOCKTON

NAICS Code	Description	2001 Jobs	2014 Jobs	2001-14 Job Growth	State Location Quotient	National Location Quotient	2014-23 National % Change	Notes
Agriculture & Support Activities								
111	Crop Production	2,777	2,043	-734	1.30	1.69	-2%	
112	Animal Production	448	410	-38	1.43	0.44	-1%	
115	Support Activities for Agriculture	2,126	2,600	474	1.65	4.74	10%	
Energy								
211	Oil and Gas Extraction	90	349	259	1.19	0.55	37%	
221	Utilities	555	702	147	1.70	1.50	0%	
Construction								
236	Construction of Buildings	1,556	1,359	-197	0.83	0.82	13%	
237	Heavy and Civil Engineering Construction	537	388	-149	0.05	0.03	14%	
238	Specialty Trade Contractors	4,251	3,606	-645	0.78	0.71	10%	
Manufacturing								
311	Food Manufacturing	2,429	2,910	481	2.76	2.32	3%	
312	Beverage and Tobacco Product Manufacturing	94	93	-1	0.25	0.52	7%	See County table (1).
321	Wood Product Manufacturing	1,481	583	-898	3.36	1.75	2%	
322	Paper Manufacturing	446	344	-102	2.36	1.12	-9%	
323	Printing and Related Support Activities	420	286	-134	0.82	0.69	-9%	
325	Chemical Manufacturing	135	229	94	0.41	0.34	1%	See County table (1).
326	Plastics and Rubber Products Manufacturing	412	282	-130	0.94	0.52	0%	See County table (1).
327	Nonmetallic Mineral Product Manufacturing	312	226	-86	0.94	0.65	9%	See County table (1).
332	Fabricated Metal Product Manufacturing	2,045	1,371	-674	1.45	1.12	7%	
333	Machinery Manufacturing	169	178	9	0.32	0.19	2%	See County table (1).
335	Electrical Equipment, Appliances, and Components	62	202	140	0.91	0.64	-3%	
336	Transportation Equipment Manufacturing	1,004	711	-293	0.99	0.56	3%	

APPENDIX C

TABLE C-1. SUMMARY OF TRENDS FOR POTENTIAL TARGET INDUSTRIES – CITY OF STOCKTON

NAICS Code	Description	2001 Jobs	2014 Jobs	2001-14 Job Growth	State Location Quotient	National Location Quotient	2014-23 National % Change	Notes
Wholesale Trade								
423	Merchant Wholesalers, Durable Goods	2,657	2,817	160	1.09	1.07	7%	
424	Merchant Wholesalers, Nondurable Goods	1,665	3,626	1,961	1.78	2.01	8%	
425	Wholesale Electronic Markets, Agents and Brokers	50	78	28	0.09	0.10	28%	See County table (1).
Distribution								
482	Rail Transportation	235	209	-26	0.15	0.19	3%	See County table (1).
484	Truck Transportation	2,919	3,720	801	2.52	2.25	10%	
485	Transit and Ground Passenger Transportation	456	398	-58	0.88	0.70	14%	
486	Pipeline Transportation	0	43	43	2.33	1.14	4%	
488	Support Activities for Transportation	454	753	299	1.09	1.30	17%	
491	Postal Service (Private Sector)	0	0	0	0.00	0.00	12%	See County table (1).
492	Couriers and Messengers	721	849	128	1.36	1.22	7%	
493	Warehousing and Storage	733	1,193	460	1.87	1.75	21%	
Information								
511	Publishing Industries (except Internet)	504	489	-15	0.65	0.68	1%	
512	Motion Picture & Sound Recording Industries	118	129	11	0.12	0.36	7%	See County table (1).
515	Broadcasting (except Internet)	186	141	-45	0.42	0.51	8%	See County table (1).
517	Telecommunications	991	551	-440	0.70	0.67	0%	
Financial Services								
522	Credit Intermediation and Related Activities	2,133	1,585	-548	0.82	0.68	7%	
523	Securities, Commodities, and Other Investments	1,171	1,834	663	0.61	0.58	36%	
524	Insurance Carriers and Related Activities	1,974	2,648	674	1.26	1.03	11%	

APPENDIX C

TABLE C-1. SUMMARY OF TRENDS FOR POTENTIAL TARGET INDUSTRIES – CITY OF STOCKTON

NAICS Code	Description	2001 Jobs	2014 Jobs	2001-14 Job Growth	State Location Quotient	National Location Quotient	2014-23 National % Change	Notes
Professional Services								
541	Professional, Scientific, and Technical Svcs.	5,172	5,496	324	0.42	0.53	17%	
551	Management of Companies and Enterprises	1,740	1,272	-468	0.76	0.68	11%	
561	Administrative and Support Services	7,598	9,114	1,516	0.94	0.98	18%	
562	Waste Management and Remediation Svcs.	102	421	319	1.29	1.30	14%	
Private Educational Services								
611	Educational Services (Private)	4,075	4,707	632	1.36	1.28	20%	
Health Care and Social Assistance								
621	Ambulatory Health Care Services	4,112	7,919	3,807	1.26	1.19	25%	
622	Hospitals (Private)	2,572	2,428	-144	0.95	0.63	14%	
623	Nursing and Residential Care Facilities	2,678	3,014	336	1.52	1.10	19%	
624	Social Assistance	4,845	8,078	3,233	1.54	2.23	22%	
Recreation and Tourism								
711	Performing Arts, Spectator Sports, & Related	679	909	230	0.38	0.53	15%	
713	Amusement, Gambling, and Recreation Industries	1,155	1,385	230	0.83	0.87	15%	
721	Accommodation	508	611	103	0.38	0.37	10%	

(1) These industries were included on the candidate industry list primarily due to their strength in other parts of San Joaquin County. County-level data for these industries are provided on the next table.

Source: EMSI; The Natelson Dale Group, Inc.

APPENDIX C

TABLE C-2. SUMMARY OF COUNTY-LEVEL TRENDS FOR SELECTED INDUSTRIES – CITY OF STOCKTON CANDIDATE INDUSTRY LIST

NAICS Code	Description	2001 Jobs	2014 Jobs	2001-2014 Job Growth	2014 State Location Quotient	2014 National Location Quotient	2014-2023 National % Change
312	Beverage and Tobacco Product Manufacturing	1,022	1,918	896	2.70	5.58	7%
325	Chemical Manufacturing	451	532	81	0.50	0.41	1%
326	Plastics and Rubber Products Manufacturing	1,496	1,277	-219	2.22	1.22	0%
327	Nonmetallic Mineral Product Manufacturing	1,718	1,538	-180	3.36	2.31	9%
333	Machinery Manufacturing	625	554	-71	0.52	0.30	2%
425	Wholesale Electronic Markets, Agents and Brokers	672	1,059	387	0.62	0.67	28%
482	Rail Transportation	472	418	-54	2.60	1.10	3%
491	Postal Service (Private Sector)	0	19	19	2.29	2.09	12%
512	Motion Picture and Sound Recording Industries	263	285	22	0.13	0.41	7%
515	Broadcasting (except Internet)	336	256	-80	0.40	0.48	8%

Source: EMSI; The Natelson Dale Group, Inc.

APPENDIX C

TABLE C-3. SUMMARY OF COUNTY-LEVEL TRENDS FOR SELECTED INDUSTRIES – CITY OF STOCKTON CANDIDATE INDUSTRY LIST

Preliminary Candidate Industry Groups for City of Stockton	Correspondence with San Joaquin Partnership Targets							
	Advanced/ Specialized Manufacturing	Medical Equipment & Supplies	Food Processing	Agricultural Technologies	Energy Resources & Technologies	Construction Materials	Office & IT Professional Services	E-Commerce/ Logistics Centers
Agriculture & Support Activities			X	X				
Energy					X			
Construction						X		
Manufacturing	X	X	X	X		X		
Wholesale Trade								X
Distribution								X
Information							X	
Financial Services							X	
Professional Services							X	
Private Educational Services							X	
Health Care & Social Assistance		X					X	
Recreation & Tourism								

APPENDIX C

TABLE C-4.
ANALYSIS OF HISTORIC, CURRENT AND PROJECTED STRENGTH OF 3-DIGIT NAICS INDUSTRIES
CITY OF STOCKTON

									SELECTION CRITERIA MET (See key at bottom of table)					
NAICS Code	Description	2001 Jobs	2014 Jobs	2001-14 Job Growth	2001-14 Competitiv e Effect	2014 State Location Quotient	2014 National Location Quotient	2014-23 National % Change	A	B	C	D	E	F
111	Crop Production	2,777	2,043	-734	-359	1.30	1.69	-2%	X				X	
112	Animal Production	448	410	-38	-5	1.43	0.44	-1%	X				X	
113	Forestry and Logging	0	46	46	42	23.22	0.33	-12%	X					
114	Fishing, Hunting and Trapping	25	0	-25	-13	0.00	0.00	-8%						
115	Support Activities for Agriculture and Forestry	2,126	2,600	474	-23	1.65	4.74	10%	X				X	X
211	Oil and Gas Extraction	90	349	259	150	1.19	0.55	37%			X	X	X	
212	Mining (except Oil and Gas)	14	0	-14	-13	0.00	0.00	13%						X
213	Support Activities for Mining	0	0	0	-7	0.00	0.00	26%						
221	Utilities	555	702	147	183	1.70	1.50	0%	X	X		X	X	
236	Construction of Buildings	1,556	1,359	-197	-24	0.83	0.82	13%			X		X	
237	Heavy and Civil Engineering Construction	537	388	-149	-121	0.05	0.03	14%					X	X
238	Specialty Trade Contractors	4,251	3,606	-645	-455	0.78	0.71	10%			X		X	
311	Food Manufacturing	2,429	2,910	481	565	2.76	2.32	3%	X	X		X	X	
312	Beverage and Tobacco Product Manufacturing	94	93	-1	-5	0.25	0.52	7%						X
313	Textile Mills	0	0	0	-1	0.00	0.00	-17%						
314	Textile Product Mills	29	0	-29	-14	0.00	0.00	-13%						
315	Apparel Manufacturing	0	0	0	4	0.00	0.00	-33%						
316	Leather and Allied Product Manufacturing	0	0	0	4	0.00	0.00	0%						
321	Wood Product Manufacturing	1,481	583	-898	-391	3.36	1.75	2%	X				X	
322	Paper Manufacturing	446	344	-102	53	2.36	1.12	-9%	X				X	

Key to selection criteria:

A - Industry has current location quotient (LQ) higher than 1.2 (relative to California and/or U.S. benchmarks).

B - Current LQ higher than 1.2; positive "competitive effect" for period between 2001 and 2014 (as part of shift-share analysis); positive growth projected at national level for 2014-2023.

C - Projected national growth of 10% or higher for 2014-2023; LQ of at least 0.50.

D - Shift share "competitive effect" of at least 50 jobs between 2001 and 2014; positive national growth projection; LQ of at least 0.50.

E - Industry has at least 200 existing jobs in Stockton.

APPENDIX C

TABLE C-4.
ANALYSIS OF HISTORIC, CURRENT AND PROJECTED STRENGTH OF 3-DIGIT NAICS INDUSTRIES
CITY OF STOCKTON

									SELECTION CRITERIA MET (See key at bottom of table)					
NAICS Code	Description	2001 Jobs	2014 Jobs	2001-14 Job Growth	2001-14 Competitiv e Effect	2014 State Location Quotient	2014 National Location Quotient	2014-23 National % Change	A	B	C	D	E	F
F - Industry is strong in other parts of San Joaquin County (based on the same selection criteria used for the City-level analysis).														
323	Printing and Related Support Activities	420	286	-134	23	0.82	0.69	-9%					X	
324	Petroleum and Coal Products Manufacturing	0	0	0	0	0.00	0.00	3%						
325	Chemical Manufacturing	135	229	94	112	0.41	0.34	1%					X	X
326	Plastics and Rubber Products Manufacturing	412	282	-130	-15	0.94	0.52	0%					X	X
327	Nonmetallic Mineral Product Manufacturing	312	226	-86	-11	0.94	0.65	9%					X	X
331	Primary Metal Manufacturing	192	81	-111	-53	0.60	0.25	1%						X
332	Fabricated Metal Product Manufacturing	2,045	1,371	-674	-418	1.45	1.12	7%	X				X	
333	Machinery Manufacturing	169	178	9	38	0.32	0.19	2%						X
334	Computer and Electronic Product Manufacturing	280	125	-155	-47	0.07	0.14	-2%						X
335	Electrical Equipment, Appliance, and Component Mfg	62	202	140	159	0.91	0.64	-3%					X	
336	Transportation Equipment Manufacturing	1,004	711	-293	-91	0.99	0.56	3%					X	
337	Furniture and Related Product Manufacturing	500	107	-393	-190	0.40	0.32	-4%						X
339	Miscellaneous Manufacturing	392	455	63	110	0.66	0.81	0%				X	X	
423	Merchant Wholesalers, Durable Goods	2,657	2,817	160	277	1.09	1.07	7%				X	X	
424	Merchant Wholesalers, Nondurable Goods	1,665	3,626	1,961	1,950	1.78	2.01	8%	X	X		X	X	
425	Wholesale Electronic Markets and Agents and Brokers	50	78	28	0	0.09	0.10	28%						X
481	Air Transportation	37	24	-13	-4	0.07	0.06	2%						
482	Rail Transportation	235	209	-26	-33	0.15	0.19	3%					X	X
483	Water Transportation	0	0	0	-2	0.00	0.00	20%						
484	Truck Transportation	2,919	3,720	801	617	2.52	2.25	10%	X	X		X	X	
485	Transit and Ground Passenger Transportation	456	398	-58	-188	0.88	0.70	14%			X		X	
486	Pipeline Transportation	0	43	43	42	2.33	1.14	4%	X	X				
487	Scenic and Sightseeing Transportation	0	10	10	5	0.24	0.28	19%						

Key to selection criteria:

A - Industry has current location quotient (LQ) higher than 1.2 (relative to California and/or U.S. benchmarks).

B - Current LQ higher than 1.2; positive "competitive effect" for period between 2001 and 2014 (as part of shift-share analysis); positive growth projected at national level for 2014-2023.

C - Projected national growth of 10% or higher for 2014-2023; LQ of at least 0.50.

D - Shift share "competitive effect" of at least 50 jobs between 2001 and 2014; positive national growth projection; LQ of at least 0.50.

APPENDIX C

TABLE C-4.
ANALYSIS OF HISTORIC, CURRENT AND PROJECTED STRENGTH OF 3-DIGIT NAICS INDUSTRIES
CITY OF STOCKTON

									SELECTION CRITERIA MET (See key at bottom of table)					
NAICS Code	Description	2001 Jobs	2014 Jobs	2001-14 Job Growth	2001-14 Competitiv e Effect	2014 State Location Quotient	2014 National Location Quotient	2014-23 National % Change	A	B	C	D	E	F
E - Industry has at least 200 existing jobs in Stockton.														
F - Industry is strong in other parts of San Joaquin County (based on the same selection criteria used for the City-level analysis).														
488	Support Activities for Transportation	454	753	299	196	1.09	1.30	17%	X	X	X	X	X	
491	Postal Service (Private Sector)	0	0	0	8	0.00	0.00	12%						X
492	Couriers and Messengers	721	849	128	121	1.36	1.22	7%	X	X		X	X	
493	Warehousing and Storage	733	1,193	460	67	1.87	1.75	21%	X	X	X	X	X	
511	Publishing Industries (except Internet)	504	489	-15	94	0.65	0.68	1%				X	X	
512	Motion Picture and Sound Recording Industries	118	129	11	7	0.12	0.36	7%						X
515	Broadcasting (except Internet)	186	141	-45	-25	0.42	0.51	8%						X
517	Telecommunications	991	551	-440	-75	0.70	0.67	0%					X	
518	Data Processing, Hosting and Related Services	67	14	-53	-51	0.00	0.00	13%						
519	Other Information Services	11	35	24	12	0.07	0.16	20%						
521	Monetary Authorities-Central Bank	0	0	0	0	0.00	0.00	10%						
522	Credit Intermediation and Related Activities	2,133	1,585	-548	-576	0.82	0.68	7%					X	
523	Securities, Commodity Contracts, and Other Financial Investments	1,171	1,834	663	-416	0.61	0.58	36%			X		X	
524	Insurance Carriers and Related Activities	1,974	2,648	674	368	1.26	1.03	11%	X	X	X	X	X	
525	Funds, Trusts, and Other Financial Vehicles	32	50	18	-16	0.12	0.11	41%						
531	Real Estate	4,049	7,080	3,031	239	0.83	1.10	18%			X		X	X
532	Rental and Leasing Services	579	557	-22	41	0.89	0.93	13%			X		X	
533	Lessors of Nonfinancial Intangible Assets	0	0	0	0	0.00	0.00	8%						
541	Professional, Scientific, and Technical Services	5,172	5,496	324	-956	0.42	0.53	17%			X		X	
551	Management of Companies and Enterprises	1,740	1,272	-468	-967	0.76	0.68	11%			X		X	
561	Administrative and Support Services	7,598	9,114	1,516	-248	0.94	0.98	18%			X		X	X
562	Waste Management and Remediation Services	102	421	319	305	1.29	1.30	14%	X	X	X	X	X	
611	Educational Services (Private)	4,075	4,707	632	-1,180	1.36	1.28	20%	X		X		X	

Key to selection criteria:

A - Industry has current location quotient (LQ) higher than 1.2 (relative to California and/or U.S. benchmarks).

B - Current LQ higher than 1.2; positive "competitive effect" for period between 2001 and 2014 (as part of shift-share analysis); positive growth projected at national level for 2014-2023.

C - Projected national growth of 10% or higher for 2014-2023; LQ of at least 0.50.

APPENDIX C

TABLE C-4.
ANALYSIS OF HISTORIC, CURRENT AND PROJECTED STRENGTH OF 3-DIGIT NAICS INDUSTRIES
CITY OF STOCKTON

									SELECTION CRITERIA MET (See key at bottom of table)					
NAICS Code	Description	2001 Jobs	2014 Jobs	2001-14 Job Growth	2001-14 Competitiv e Effect	2014 State Location Quotient	2014 National Location Quotient	2014-23 National % Change	A	B	C	D	E	F
D - Shift share "competitive effect" of at least 50 jobs between 2001 and 2014; positive national growth projection; LQ of at least 0.50.														
E - Industry has at least 200 existing jobs in Stockton.														
F - Industry is strong in other parts of San Joaquin County (based on the same selection criteria used for the City-level analysis).														
621	Ambulatory Health Care Services	4,112	7,919	3,807	1,774	1.26	1.19	25%	X	X	X	X	X	
622	Hospitals (Private)	2,572	2,428	-144	-620	0.95	0.63	14%			X		X	
623	Nursing and Residential Care Facilities	2,678	3,014	336	-289	1.52	1.10	19%	X		X		X	
624	Social Assistance	4,845	8,078	3,233	590	1.54	2.23	22%	X	X	X	X	X	
711	Performing Arts, Spectator Sports, Related Industries	679	909	230	-42	0.38	0.53	15%			X		X	
712	Museums, Historical Sites, and Similar Institutions	33	40	7	-1	0.29	0.11	15%						
713	Amusement, Gambling, and Recreation Industries	1,155	1,385	230	-97	0.83	0.87	15%			X		X	
721	Accommodation	508	611	103	75	0.38	0.37	10%					X	

Key to selection criteria:

A - Industry has current location quotient (LQ) higher than 1.2 (relative to California and/or U.S. benchmarks).

B - Current LQ higher than 1.2; positive "competitive effect" for period between 2001 and 2014 (as part of shift-share analysis); positive growth projected at national level for 2014-2023.

C - Projected national growth of 10% or higher for 2014-2023; LQ of at least 0.50.

D - Shift share "competitive effect" of at least 50 jobs between 2001 and 2014; positive national growth projection; LQ of at least 0.50.

E - Industry has at least 200 existing jobs in Stockton.

F - Industry is strong in other parts of San Joaquin County (based on the same selection criteria used for the City-level analysis).

Source: EMSI; The Natelson Dale Group, Inc.

APPENDIX C

Potential Areas of Strategic Focus for Candidate Industries

Table A-5 beginning on the next page discusses potential areas of strategic focus for each candidate industry group.

Recommendations - Core Business Targets and Strategic Positioning

Given the close correlation between the candidate industries identified by TNDG's screening process and the existing targets of the San Joaquin Partnership (SJP), TNDG recommends that the City of Stockton align its core business targeting efforts with SJP's business retention/expansion/attraction program. Table A-6 describes the specific components of each SJP target that are most relevant to Stockton and recommends a potential strategic approach for each cluster.

TABLE C-5. POTENTIAL AREAS OF STRATEGIC GROWTH FOR CANDIDATE TARGET INDUSTRY GROUPS

INDUSTRY GROUP	SUMMARY OF KEY TRENDS/ISSUES	POTENTIAL STRATEGIC FOCUS
Agriculture & Support Activities	<ul style="list-style-type: none"> Crop and animal <i>production</i> have experienced significant employment declines nationally and locally due to technology innovation, and this trend is projected to continue. <i>Support activities</i> for agriculture are a strong growth industry and a core strength for Stockton. 	<p>Agricultural production – focus on retention of existing production activities.</p> <p>Support industries – focus on expansion of existing firms and attraction of new firms.</p>
Energy	<ul style="list-style-type: none"> Oil & Gas Extraction and Utilities have both experienced sizeable recent employment gains in Stockton. Nationally, Oil & Gas Extraction is projected to experience employment growth of 37% over next 10 years. Available growth opportunities in Stockton require further investigation (later in this planning process). 	<p>Investigate opportunities for continued expansion of oil and gas extraction.</p> <p>Investigate opportunities for expansion of utility sectors.</p>
Construction	<ul style="list-style-type: none"> Construction employment in Stockton is growing, but still well below pre-recession peaks. Listed candidate sectors are projected to show strong growth nationally, and Stockton will participate in this growth as economy continues to strengthen. 	<p>Recovery/growth of construction sectors will occur in response to market demand, and does not necessarily warrant targeting effort by City.</p> <p>Limit targeting to key firms needed to fill gaps in Stockton's ability to source construction activities locally.</p>
Manufacturing	<ul style="list-style-type: none"> Consistent with national trends, most manufacturing sectors have experienced reductions in employment due to technology/productivity changes, and other external factors. In addition to the national trend, manufacturing in San Joaquin County 	<p>Strategic approach to manufacturing should include a retention/expansion component as well as an attraction component, with the specific approach tailored to the situation of each targeted sector.</p>

APPENDIX C

TABLE C-5. POTENTIAL AREAS OF STRATEGIC GROWTH FOR CANDIDATE TARGET INDUSTRY GROUPS

INDUSTRY GROUP	SUMMARY OF KEY TRENDS/ISSUES	POTENTIAL STRATEGIC FOCUS
	<p>was significantly impacted by the closure of the New United Motors Manufacturing (NUMMI) plant in Fremont in 2010, with nine San Joaquin County automotive manufacturing firms directly affected by this loss.</p> <ul style="list-style-type: none"> • Projected national trends for manufacturing vary depending on the specific activity, with some sectors expected to grow and others projected to continue losing employment. • Beverage manufacturing is projected to be a sizeable growth nationally and is a core strength in San Joaquin County. • Other national growth sectors that have an existing presence in Stockton include Food Manufacturing, Wood Product Manufacturing, Chemical Manufacturing, Nonmetallic Mineral Product Manufacturing, Fabricated Metal Products, Machinery Manufacturing, and Transportation Equipment Manufacturing. 	
Wholesale Trade	<ul style="list-style-type: none"> • The “Electronic Markets” component of wholesale trade (with a connection to e-commerce) is projected to experience employment growth of nearly 30% nationally over the next 10 years. San Joaquin’s established success in attraction e-commerce fulfillment centers can potentially be leveraged to capture a share of this growth. • Wholesale Trade has a strong 	Stockton’s excellent, multi-modal transportation infrastructure should be leveraged to attract additional firms involved in wholesale trade.

APPENDIX C

TABLE C-5. POTENTIAL AREAS OF STRATEGIC GROWTH FOR CANDIDATE TARGET INDUSTRY GROUPS

INDUSTRY GROUP	SUMMARY OF KEY TRENDS/ISSUES	POTENTIAL STRATEGIC FOCUS
	connection to one of Stockton's core industrial strengths – Distribution (described below).	
Distribution	<ul style="list-style-type: none"> • Strong growth sectors nationally. • Core industrial strength in Stockton/San Joaquin County. • Direct connection to Port and other local/ regional infrastructure. • Direct connection to e-commerce. • Provides critical support and growth capacity to other industry groups. 	Stockton's excellent, multi-modal transportation infrastructure should be leveraged to attract additional firms involved in distribution and e-commerce.
Information	<ul style="list-style-type: none"> • Includes national growth sectors. • Some presence locally, but generally under-represented in Stockton compared to national benchmarks. • Feasibility of future expansion in Stockton needs further investigation. 	<p>Investigate opportunities for expansion of Information industries in Stockton.</p> <p>These sectors may be appropriate candidates for incubator facilities in Stockton.</p>
Financial Services	<ul style="list-style-type: none"> • Includes strong national growth sectors • Significant presence and sizeable recent growth in Stockton. • Mix of local-serving and potential "export" activities (e.g., Insurance Carriers). 	<p>Local-serving components will tend to grow in response to overall economic growth in the region.</p> <p>Investigate potential for expansion of Insurance Carriers as an "export" activity (i.e., serving a market beyond local consumers).</p>
Professional Services	<ul style="list-style-type: none"> • Strong national growth sectors. • Sizeable presence locally, but generally under-represented in Stockton compared to national benchmarks. • Aligned with San Joaquin Partnership's target industries. • Aligned with San Joaquin Partnership's Greater Silicon Valley initiative. 	Target new firm attraction in tandem with San Joaquin Partnership's Greater Silicon Valley program.
Private Educational Services	<ul style="list-style-type: none"> • Very strong growth sector nationally. • Strong and growing presence locally. 	Actively leverage presence of prestigious educational

APPENDIX C

TABLE C-5. POTENTIAL AREAS OF STRATEGIC GROWTH FOR CANDIDATE TARGET INDUSTRY GROUPS

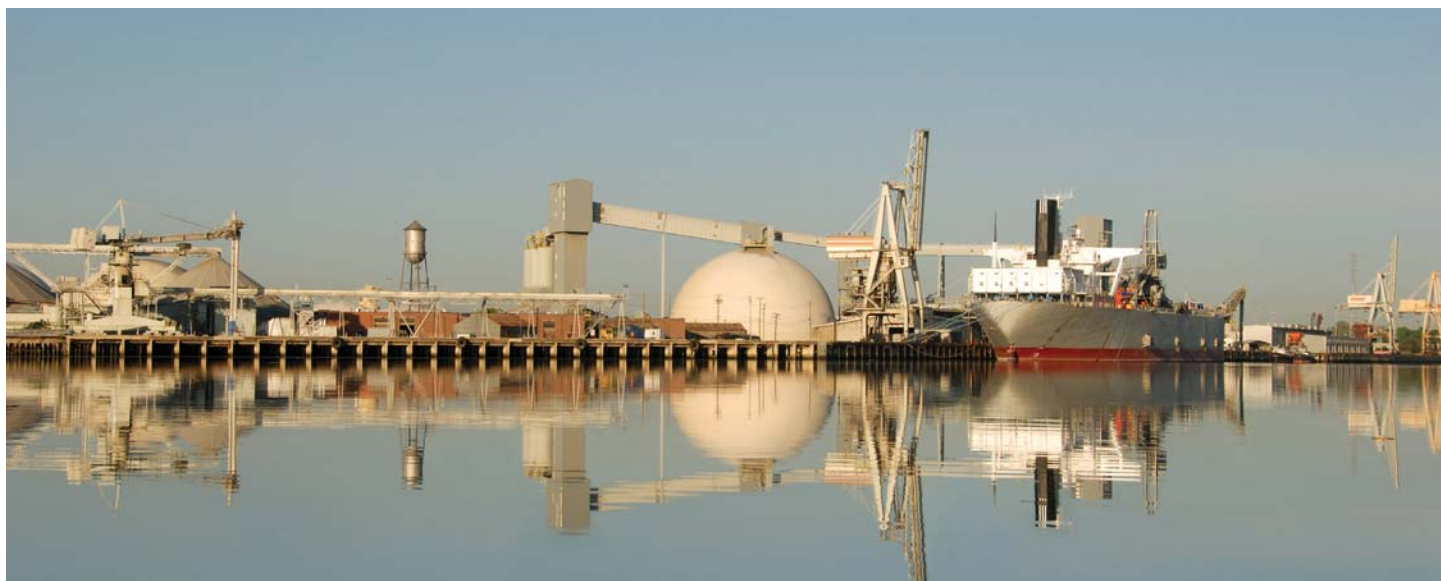
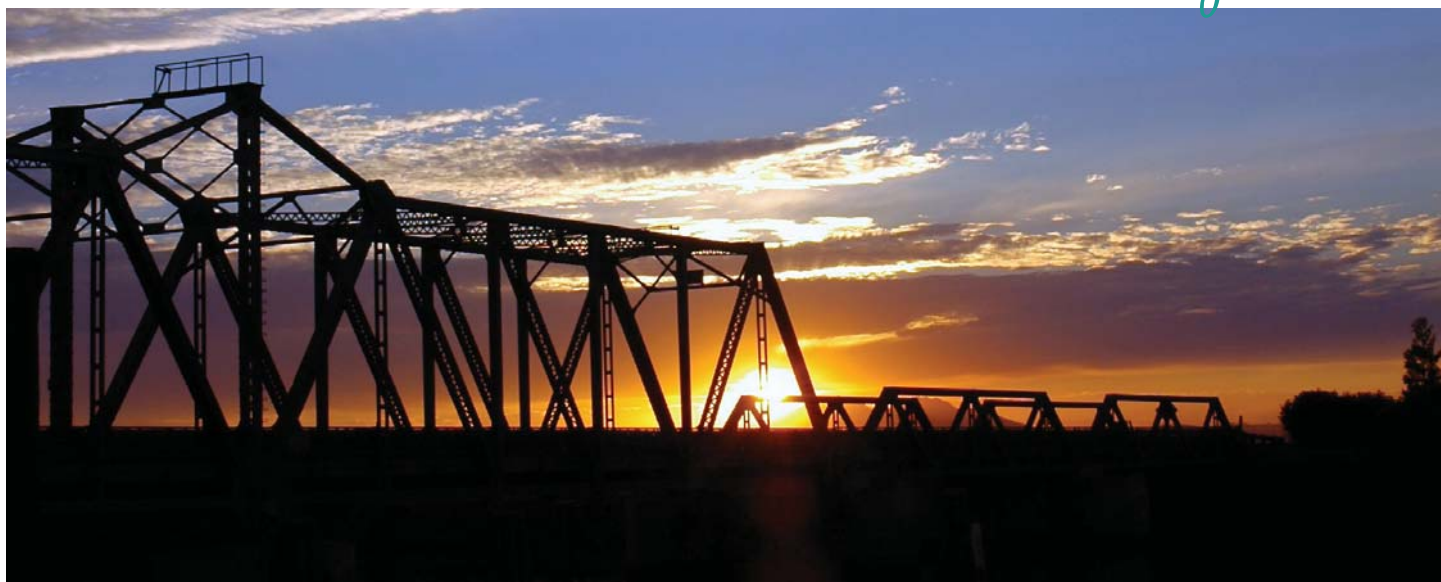
INDUSTRY GROUP	SUMMARY OF KEY TRENDS/ISSUES	POTENTIAL STRATEGIC FOCUS
	<ul style="list-style-type: none"> • UOP provides high-profile anchor for this cluster, with significant image-enhancing impacts to Stockton the larger region. 	<p>institutions as part of overall image-enhancement effort for Stockton.</p> <p>Target opportunities for expanded access to higher education in Stockton.</p>
Health Care & Social Assistance	<ul style="list-style-type: none"> • Very strong growth sector nationally. • Strong and fast-growing presence locally. • Social Assistance addresses vital needs in community, but can also have negative effect on local image. 	Target attraction of firms needed to assure that full complement of medical services is available locally.
Recreation & Tourism	<ul style="list-style-type: none"> • Strong growth industries nationally. • Responds both to local (resident) and visitor demand, and provides place-making amenities. • Potential opportunity to leverage downtown/waterfront beautification and development. 	City should focus on continuing to improve amenities attractive to visitors.

APPENDIX C

TABLE C-6. RECOMMENDED CORE BUSINESS CLUSTER FOR CITY STOCKTON

SJP TARGET	COMPONENTS MOST RELEVANT TO STOCKTON	RECOMMENDED STRATEGIC FOCUS
Manufacturing	<ul style="list-style-type: none"> • Transportation equipment • Wood products • Chemicals and chemical products • Fabricated metal products • Machinery manufacturing 	Strategic approach to manufacturing should include a retention/expansion component as well as an attraction component, with the specific approach tailored to the situation of each targeted sector.
Food processing	<ul style="list-style-type: none"> • Beverage manufacturing 	Attraction/expansion focus (strong growth sector nationally).
Agricultural technologies	<ul style="list-style-type: none"> • Support activities for agriculture 	Attraction/expansion focus (strong growth sector nationally).
Energy resources and technology	<ul style="list-style-type: none"> • Oil & gas extraction • Utilities 	Investigate opportunities for continued expansion of oil and gas extraction; investigate opportunities for expansion of utility sectors; investigate opportunities for entrepreneurial startups (energy technologies).
Office and IT professional services	<ul style="list-style-type: none"> • Financial services (especially insurance carriers) • Professional services • Information (currently underrepresented in Stockton) 	<p>Primary focus on entrepreneurial development (especially for IT sectors); align with SJP's Greater Silicon Valley initiative to expand presence of Information and technology firms in Stockton. These sectors are appropriate candidates for incubator facilities in Stockton.</p> <p>Investigate opportunities for expansion of Insurance Carriers as an "export" activity (i.e., serving a market beyond local consumers).</p>
E-commerce and logistics	<ul style="list-style-type: none"> • Wholesale trade (especially "Electronic Markets" component) • E-commerce fulfillment centers • Multi-modal distribution facilities 	Stockton's excellent, multi-modal transportation infrastructure should be leveraged to attract additional firms involved in wholesale trade, e-commerce and distribution.
Construction materials	<ul style="list-style-type: none"> • Non-metallic mineral products • Wood products 	Target attraction of key firms needed to fill gaps in Stockton's ability to source construction activities locally.

ECONOMIC DEVELOPMENT *Strategic Plan*



 CITY OF
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March 15, 2017

Via Electronic Mail

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Janice Miller, Deputy Director
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CITY OF STOCKTON
400 E. Main Street, 4th Floor
Stockton, CA 95202

FEASIBILITY STUDY FINDINGS

ENHANCED INFRASTRUCTURE FINANCING DISTRICT (EIFD)
COMMUNITY REVITALIZATION INVESTMENT AUTHORITY (CRIA)

Dear Mr. Runner and Ms. Miller:

In May 2016, the City of Stockton proposed a five-year, \$549 million capital improvement and maintenance program ("CIP") to address street, storm drain, water, recreation/open space, public safety facilities projects needed in the near term throughout the 64.8 square mile city. The proposed CIP could not identify funding sources for \$253 million (46 percent) of the projects.

When invested strategically, capital improvements can be a significant way to leverage public investment to capture long term economic benefits in terms of new development, maintaining a quality of life and sustaining economic activity. Not surprisingly, the February 2015 Economic Development Strategic Plan priorities the alignment of future infrastructure investments to areas where economic activity can be unleashed.

With these public investment needs, the Economic Development Department requested RSG to prepare this study to evaluate whether two newer financing tools: Enhanced Infrastructure Financing Districts (EIFD) and Community Revitalization Investment Areas (CRIA) are feasible in select areas of the City. Either an EIFD or CRIA are financed with property tax increment revenues contributed from consenting cities, counties, and special districts; while a far cry fiscally from the benefits of redevelopment tax increment revenue, we project Stockton could see **over \$79 million in new capital resources** to fund improvements in the greater downtown area, the Port of Stockton and the Airport/Industrial areas of the community.

This letter presents our approach, methodology, assumptions, findings and recommendations for proceeding with the preparation of financing plans for City Council consideration in approximately 12 months.

FISCAL HEALTH
ECONOMIC DEVELOPMENT
REAL ESTATE, HOUSING
AND HEALTHY COMMUNITIES

Micah Runner, Director
 Janice Miller, Deputy Director
 Economic Development Department
 CITY OF STOCKTON
 March 15, 2017
 Page 2

CONTENTS

About EIFDs and CRIAs	3
Approach	4
Methodology	4
Assumptions	6
Findings	9
Recommendations	13

FIGURES

Figure 1: CalEPA Disadvantaged Communities within Study Area.....	5
Figure 2: Assumed Share of Future Tax Increment Contributed.....	8
Figure 3: 2016-17 Average Property Tax Shares by Agency.....	9
Figure 4: EIFD and CRIA Eligibility Findings	10
Figure 5: Tax Increment Revenue Forecast Summary	11
Figure 6: Key Differences between EIFDs and CRIAs.....	14
Figure 7: Original Study Area	15
Figure 8: Central Stockton Study Area	16
Figure 9: Port of Stockton Study Area	17
Figure 10: Airport Industrial Study Area	18
Figure 11: Central Stockton EIFD and CRIA Projections.....	19
Figure 12: Port of Stockton EIFD and CRIA Projections.....	20
Figure 13: Airport Industrial EIFD and CRIA Projections	21

Micah Runner, Director
 Janice Miller, Deputy Director
 Economic Development Department
 CITY OF STOCKTON
 March 15, 2017
 Page 3

ABOUT EIFDS AND CRIAS

EIFDs (Title 5, Division 2, Part 1, Chapter 2.99 of the California Government Code) and CRIAs (Title 6, Division 4 of the California Government Code) are smaller versions of tax increment financing districts that were prolific in Stockton and California prior to dissolution of redevelopment in 2012. While there are important differences in the use, governance, and scope of these tools, the both generally share these key traits:

- Tax increment financing created by consenting cities, counties and/or special districts. School agencies (school districts, community college districts, offices of education) cannot participate by law.
- Property taxes are annually prioritized to first meet a redevelopment successor agency's enforceable obligations before any tax increment revenue can be available to an EIFD or CRIA.
- The formation process generally entails an agency consenting to participate, preparation of a financing plan, and at least one public hearing.
- Tax increment revenues may be used to fund capital projects, including land acquisition in some cases, but may not be used on maintenance, operations or municipal services.
- Though not a body of the local government, participating agencies have most the seats on the governing body and must appoint at least two public members. The most likely scenario is a five-member board with 3 representatives from the consenting taxing agency(ies) and 2 public members.

Despite these similarities, EIFDs differ from CRIAs in that the former are largely an infrastructure financing tool which conceptually can be used to fund improvements anywhere, even outside their boundaries. CRIAs on the other hand are intended to avail blighted or disadvantaged communities to not only tax increment financing, but affordable housing and other community development tools. See **Figure 6** for a summary of some of the key differences between EIFDs and CRIAs

By not having mandatory participation as well as the prohibition on school agency participation, EIFDs and CRIAs are much less of a financial engine compared to redevelopment. Under the latter tool, many local governments were attracted to the potential of gaining control over far more property taxes than what they would otherwise collect in their general fund alone. This is not the case with an EIFD or CRIA; these newer tools allow for the diversion of a consenting districts future property taxes only and therefore have a limited potential, especially when considering startup costs (which can exceed \$500,000), ongoing operating costs (\$100-250k annually) and competing needs for general fund dollars in many cities.

A feasibility study can inform decision makers with estimates of the financial potential of specific areas in context of these costs and considerations.

Micah Runner, Director
 Janice Miller, Deputy Director
 Economic Development Department
 CITY OF STOCKTON
 March 15, 2017
 Page 4

APPROACH

The objectives of this study were to:

- 1) Evaluate areas eligible and qualified to be a CRIA
- 2) Estimate the potential tax increment revenues for these and other areas designated by staff and advise on their suitability for either an EIFD or CRIA
- 3) Describe appropriate uses of EIFD and CRIA funds
- 4) Provide recommendation regarding EIFDs and CRIAs within Stockton

Staff identified four general areas, based on a combination of large-scale development potential (necessary to generate tax increment revenue in many cases), existing economic development needs and current strategic priorities. See **Figure 7** for the boundaries of the initial study areas.

METHODOLOGY

Beginning June 2016, RSG undertook this engagement iteratively, working on this project in four phases:

Phase I: Assess Financing Goals and Potential Boundaries

First, RSG collected background material from the City, County, and other sources necessary to conduct our work, including parcel-level GIS data identifying assessed values, land use, crime, median household incomes and other data. The initial goal was to preliminarily screen what parts of the City's study areas met the socioeconomic requirements of a CRIA as well as get a sense of what might be the approximate amount of tax increment revenues if formed as an EIFD or CRIA. This led to some refinement of the boundaries, consolidating some areas for efficiency and more focused study.

Phase II: Socioeconomic Conditions Analysis

Next, RSG conducted more detailed analysis of the study areas by a census tract and block-group level socioeconomic analysis to evaluate tracts or blocks that met the qualifications to be included in a CRIA. At the time this analysis was performed, prior to AB 2492 becoming law, at least 80 percent of a CRIA must have a combination of household incomes below 80 percent of the state average, unemployment rates at least 3 percentage points above the state average, crimes rates at least 5 percent higher than the state average crime rate and other physical conditions.

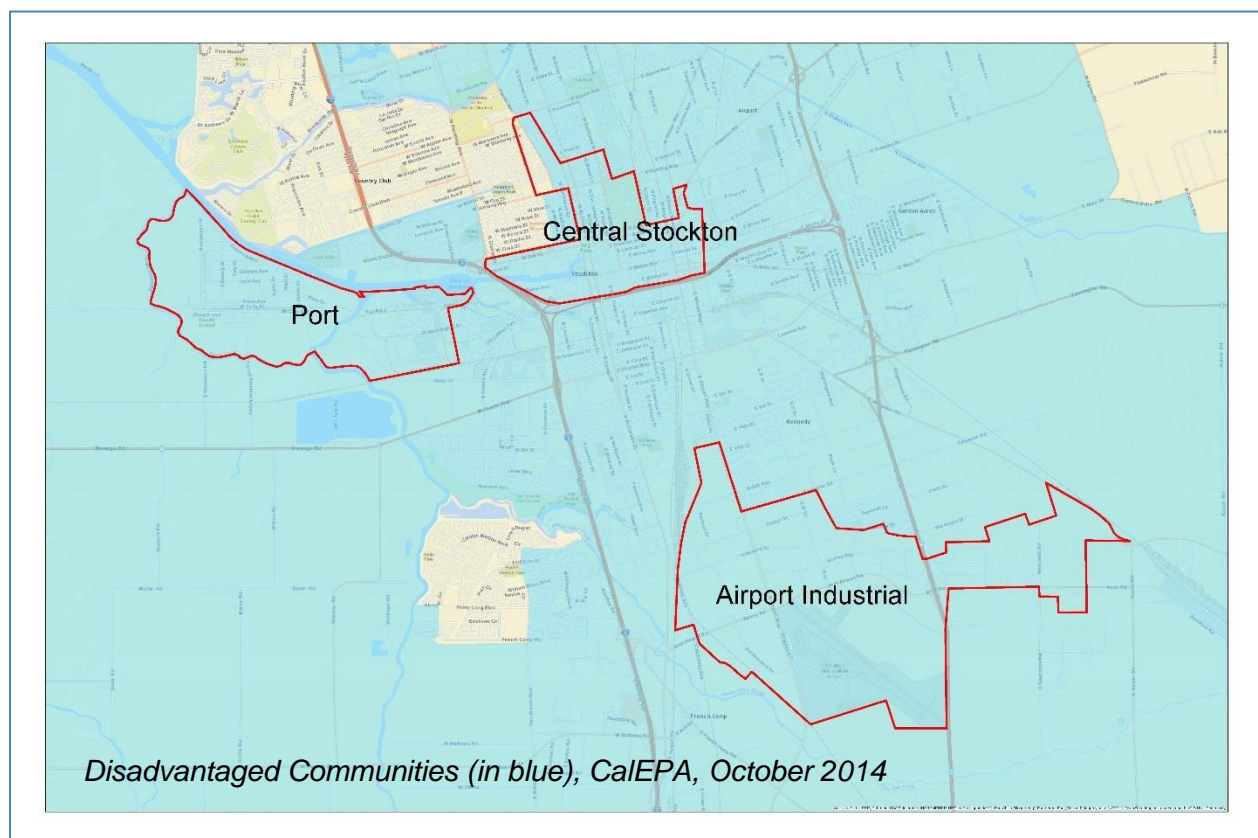
In September 2016, the Governor signed AB 2492 into law, which was the first amendment to the CRIA statutes. Among the changes included a broadening of how areas could qualify for a CRIA,

Micah Runner, Director
 Janice Miller, Deputy Director
 Economic Development Department
 CITY OF STOCKTON
 March 15, 2017
 Page 5

including allowing comparisons to county and city, and not just state, standards, but more importantly for Stockton, allowing CalEPA designated “Disadvantaged Communities” (as defined by California Health and Safety Code Section 39711) to qualify even without these physical or economic conditions present. As it turns out, the entire City of Stockton as well as much of the surrounding unincorporated community, lies within a disadvantaged community. Disadvantaged communities were identified by CalEPA to channel the state’s use of cap-and-trade funds into areas where a combination of poverty and environmental conditions were concentrated.

Figure 1 shows the boundaries of the local area designated by CalEPA in October 2014 as a disadvantaged community. Based on this designation, the virtually all of City limits could qualify as a CRIA, thereby eliminating the need to have any further consideration of the socioeconomic conditions with the exception of the west side of Pacific Avenue. Because CRIAs explicitly limit the investment of tax increment within the district boundaries and towards affordable housing programs which must receive at least 25 percent of the tax increment revenue, only the greater downtown Stockton area was considered as a viable candidate due to the existing and planned land uses.

Figure 1: CalEPA Disadvantaged Communities within Study Area



Micah Runner, Director
 Janice Miller, Deputy Director
 Economic Development Department
 CITY OF STOCKTON
 March 15, 2017
 Page 6

At this stage, staff directed RSG to remove a large undeveloped section of the City (the proposed “Sanctuary” master planned community in northwest Stockton) from further consideration since the timeline for future development was less certain and such tools may not be needed for its development. This left three areas for the financial feasibility evaluation:

- Central Stockton CRIA, including portions of downtown, the north shore of the Stockton Channel and Miracle Mile district (see map on **Figure 8**);
- Port of Stockton EIFD, as shown on **Figure 9**; and
- Airport Industrial EIFD, as shown on **Figure 10**.

Phase III: Tax Increment Financing Analysis

RSG prepared a series of forecasts incorporating 2016-17 net secured assessed values historical assessed valuation trends, and major development activity anticipated within the next 10 years. The forecasts were prepared to contrast EIFD and CRIA tax increment, because the latter financing requires an annual set-aside of 25 percent for affordable housing.

Due to the long (45 year) horizon of the forecasts, RSG translated the annual cash flow projections to a net present value and approximated the first year in which a \$5 million bond could be issued. Both the net present value and initial bond year are important considerations as they provide context to the overall viability of these tools as compared to the present needs. For example, if a bond could not be issued for 20 years, that may be too long of a wait for policy-makers.

Phase IV: Review Findings and Recommendations with Staff

Finally, RSG summarized our findings and recommendations into a final presentation deck that was presented in draft form to the Department on December 13, 2016 and subsequently refined based on staff feedback.

RSG identified next steps for proceeding with executive- and legislative-level discussions within the City as well as the County of San Joaquin, and outlined a process under applicable law to process the formation of these new tax increment tools.

ASSUMPTIONS

RSG’s assumptions on the financial feasibility entailed annualized growth rate in secured assessed values, new development, and discount rates to estimate the net present value of projected cash flows. These assumptions are detailed below

Growth Rate

Assessed values historically have increased differently in various parts of the City. RSG considered trends going back several years and opted to anticipate a **3 percent annual growth rate** in net secured assessed values for the term of the forecast.

Micah Runner, Director
 Janice Miller, Deputy Director
 Economic Development Department
 CITY OF STOCKTON
 March 15, 2017
 Page 7

New Development

In collaboration with the Department, RSG identified development potential in each of the three study areas. These projects were not exhaustive and the timing may well differ for several reasons, but for each of the areas, we included the following:

Central Stockton: \$258 million of new development

- 20,000 square feet of new commercial development opening in 2021 and 2022
- 300 units of medium-density residential along the north shore area between 2024 and 2026
- 500 units of medium-density residential in downtown

Port of Stockton: \$82 million of new development

- 700,000 square feet of new industrial and warehouse development opening in 2020 and 2025

Airport Industrial: \$198 million of new development

- 1.6 million square feet of new industrial and warehouse development opening in 2019 and 2027

Discount Rate

RSG assumed a 5.0 discount rate, roughly equivalent interest rate on a 25-year taxable, tax allocation bond as of the time of this report.

Other Assumptions

As mentioned on page 3, an EIFD or CRIA may not collect tax increment revenue until preexisting successor agency enforceable obligations are paid (Gov't Code Sections 533398.75(b) and 62005(f)). At present, RSG understands that the Stockton Successor Agency has ample cash to meet its current annual obligations and the County Auditor-Controller disburses residual RPTTF (redevelopment property tax trust funds) to the affected taxing agencies, thereby signaling that existing obligations may not be impaired by formation of these new district(s). However, this may change due to unsettled litigation, reductions in assessed values funding the RPTTF, and other factors.

Finally, RSG made preliminary assumptions as to the level of contribution by the City (and in some cases, the County) towards these districts. Other than a school entity, any taxing entity may participate in the district and has the discretion to set their level of financial participation.

Micah Runner, Director
 Janice Miller, Deputy Director
 Economic Development Department
 CITY OF STOCKTON
 March 15, 2017
 Page 8

Such participation may come in the form of a percentage of their share of future tax increment revenue. In consultation with the City, we arrived at the assumptions in **Figure 2**:

Figure 2: Assumed Share of Future Tax Increment Contributed

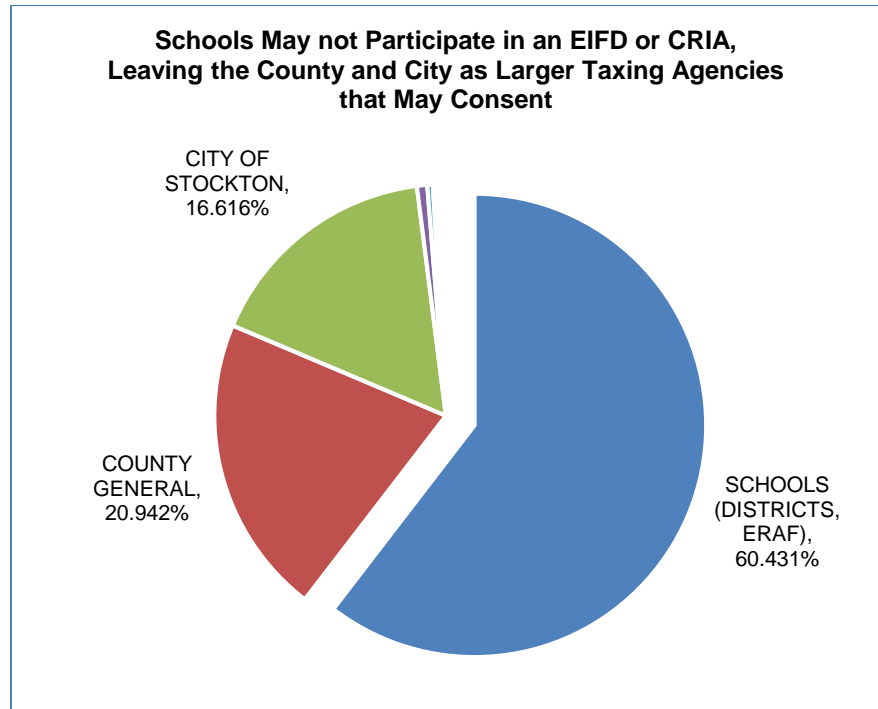
District	City	County	Others
Central Stockton CRIA	50%	25%	0%
Port of Stockton EIFD	50%	0%	0%
Airport Industrial EIFD	50%	50%	0%

We assumed the City would only share future tax increment revenues with the districts. With an EIFD, Gov't Code Section 53398.75(d) allows taxing agencies to contribute some of their residual RPTTF disbursed by the County Auditor-Controller; these distributions can be especially useful in the initial years of implementation when tax increment revenue is just beginning to grow, or for startup loans to the district.

We believe the County may be one additional viable participant in an EIFD or CRIA, based on their share of the property tax levy. No other taxing agencies have a significant share of the property tax levy, as shown in the graphic in **Figure 3** summarizing the weighted average general levy among taxing agencies citywide. (Note, the shares vary by area within the city and this summary may not reflect how the property taxes are divided in each area of the city.)

Micah Runner, Director
 Janice Miller, Deputy Director
 Economic Development Department
 CITY OF STOCKTON
 March 15, 2017
 Page 9

Figure 3: 2016-17 Average Property Tax Shares by Agency



FINDINGS

When looking at the feasibility of an EIFD or CRIA, the City should consider the legal requirements (eligibility as well as qualifications), financial implications, and policy objectives. Our findings focus on the first two of these, to inform the City's policy considerations.

Eligibility

Prior to initiation of formation of an EIFD or CRIA, certain affairs of the Stockton Successor Agency MUST be resolved to be eligible for proceeding with an EIFD or CRIA.

To be eligible to form an EIFD or CRIA, the law establishes specific requirements pertaining to any properties within former redevelopment project areas. Among the study areas, the Port and Central Stockton are largely comprised of former redevelopment territory (Port Industrial and Merged Midtown, respectively).

At the Airport Industrial Study Area, only a small portion north of Duck Creek lies within a redevelopment project area (Merged South Stockton), which could be eliminated from the EIFD or CRIA boundaries if the City wished to proceed without this eligibility requirement.

See **Figure 4** below for a summary of the current Stockton Successor Agency requirements.

Micah Runner, Director
 Janice Miller, Deputy Director
 Economic Development Department
 CITY OF STOCKTON
 March 15, 2017
 Page 10

Figure 4: EIFD and CRIA Eligibility Findings

Applicable Gov't Code Eligibility Requirement (EIFD / CRIA) ¹		Conclusion
53398.54(a) or 62001(b)(3)(A)	Successor Agency received Finding of Completion	Completed October 2014
53398.54(b) or 62001(b)(3)(B)	City finds or certifies to DOF and EIFD Authority that no former redevelopment assets subject to litigation involving the state have been or will be used to benefit efforts of the EIFD.	Complied, Staff Not Aware of Any Such Litigation
53398.54(c)	State Controller review of successor agency completed	Completed August 2013
53398.54(d) or 62001(b)(3)(C)	Successor agency and city complied with State Controller findings and orders stemming from review	Review Findings Disputed by City

Staff is not certain if the City and Successor Agency have complied with the findings of the August 2013 State Controller audit of the former redevelopment agency. If Stockton cannot yet meet these requirements, it cannot initiate the process to start an EIFD, but it may be able to proceed to create a CRIA, as the law is more lenient in this regard. Until these successor agency matters are concluded, any CRIA could not become effective².

Qualifications

The study areas are qualified for inclusion into an EIFD or CRIA provided the eligibility issues are addressed.

Presuming that the successor agency matters could be resolved prior to commencement of formation of an EIFD, nothing further is needed to qualify to form an EIFD. The City would simply proceed with the process to negotiate with the taxing agencies their consent and participation.

Under a CRIA, the study areas lie within CalEPA's October 2014 disadvantaged communities (as is the entire City limits and most surrounding unincorporated areas). Under Gov't Code Section 62001(e)(2), such disadvantaged communities automatically are qualified to be placed into a CRIA without having to demonstrate the socioeconomic ("blight") requirements in the law. See **Figure 1** for a map depicting the boundaries of the local disadvantaged community.

¹ The law establishes slightly different processes for making these determinations during the formation process of the district, but the outcomes are summarized here.

² See Gov't Code Section 62001(b)(3)

Micah Runner, Director
 Janice Miller, Deputy Director
 Economic Development Department
 CITY OF STOCKTON
 March 15, 2017
 Page 11

Fiscal Feasibility

Based on the assumptions outlined on page 6, RSG projects that the Study Areas would collectively generate **\$79.2** million in new capital investment. Projections for each study area are summarized in **Figure 5** below and shown on the accompanying tables.

Figure 5: Tax Increment Revenue Forecast Summary

Area	See Figure	Cumulative Revenues (45 Years)	Net Present Value (5.0%)	Less: 25% Share to CRIA Housing Set Aside
Central Stockton CRIA	Figure 11	\$86.1m	\$21.8m	\$5.5m
Port of Stockton EIFD	Figure 12	\$35.5m	\$8.7m	--
Airport Industrial EIFD ³	Figure 13	\$199.0m	\$48.7m	--
TOTAL ALL STUDY AREAS		\$320.6m	\$79.2m	\$5.5m

The projections do not factor in the following potential costs:

1. **One-Time Startup Costs - \$500,000:** Startup costs to create the CRIA or EIFD, which can vary, include consultants, legal, environmental review, engineering, and staff time. RSG estimates approximately \$500,000 for creation of one of these districts, which may be advanced by the City and repaid by the district upon formation.
2. **Annual Operational Costs - \$100,000-\$250,000:** Both EIFDs and CRIAs have specific administrative responsibilities associated with their operation, as well as incidental costs associated with project implementation that are particularly prevalent in a CRIA which affords several redevelopment tools to the revitalization authority. Each city may decide how to staff and operate these districts; the City could economize costs using existing staff and the districts limited exclusively as a financing tool for example.

CRIAs have periodic reporting activities stipulated in the law, including:

- a. Annually reviewing the revitalization plan and preparing an independent financial audit (Gov't Code Section 62006(a)),
- b. Annually adopting an annual report, including but not limited to providing notice of its availability to each property owner before June 30 of each year (Gov't Code Section 62006(b)),

³ Assumes County also participates at 50 percent of their share of future property taxes within the district.

Micah Runner, Director
Janice Miller, Deputy Director
Economic Development Department
CITY OF STOCKTON
March 15, 2017
Page 12

- c. Every five years, after receiving a cumulative total of \$1 million in tax increment revenues, prepare an independent audit of the authority's compliance with affordable housing requirements,
- d. Every ten years, conduct a protest public hearing regarding the continued implementation of the plan, which may lead to the ultimate termination of the plan and wind-down of authority duties.

Micah Runner, Director
Janice Miller, Deputy Director
Economic Development Department
CITY OF STOCKTON
March 15, 2017
Page 13

RECOMMENDATIONS

Based on the forgoing, RSG offers the following recommendations:

1. **Airport Area: Proceed with joint City/County EIFD, eliminating area north of Duck Creek**
 - a. Engage City management, elected officials, and County in discussions to identify projects and terms for consent.
 - b. Proceed with formation activities, including preparation of an Infrastructure Financing Plan and related documents.
2. **Central Stockton: Proceed with joint City/County CRIA once October 2014 State Controller Audit of Successor Agency is resolved**
 - a. Evaluate possible options for challenging State Controller erroneous findings or structuring a shared contribution from consenting agencies for the \$1.2m claim.
 - b. Engage City management, elected officials, and County in discussions to identify projects and terms for consent.
 - c. Proceed with formation activities, including preparation of an Infrastructure Financing Plan and related documents.
3. **Monitor pertinent legislation that may make these tools more effective.** As of the date of this report, the State Legislature are considering a handful of EIFD and/or CRIA reform bills – including [SB 711 \(Hilli\)](#) that proposes to allow cities or counties to recapture their share of the ERAF shift into these districts. This could substantially increase revenues if this ambitious League-backed bill is approved.

Sincerely,

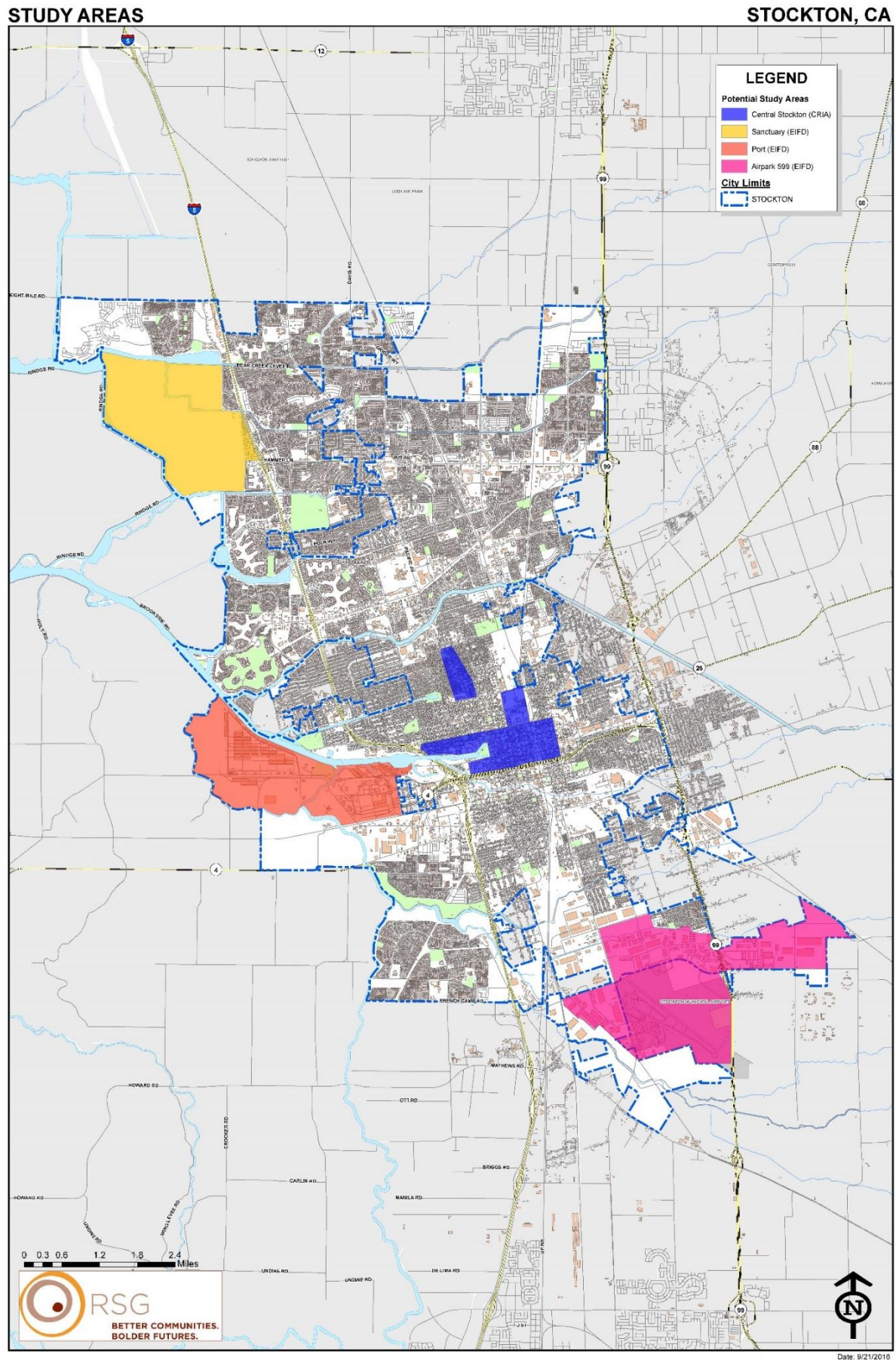


Jim Simon, Principal

Figure 6: Key Differences between EIFDs and CRIAs

	EIFD	CRIA
Boundary Restrictions	None	Must meet socioeconomic and physical conditions
Time Limit to Incur Debt	None	30 years from district formation
Financial Limits	Must place TI collection limit in Plan. Bond limit depends on bonding capacity.	Not specified in law.
Taxing Agency Participation	Must adopt resolution opting in prior to Plan adoption	May adopt resolution opting in at any time. May opt out at any time with 60-day notice.
Land Conveyance	Not permitted	Permitted
Private Building Construction/Rehab	Yes, for industrial or affordable housing only	Yes, may make rehabilitation loans/grants to property owners.
Business Assistance	None	May assist businesses in connection to industrial or manufacturing facilities. May not assist big box retailers or auto dealerships on undeveloped land, or any gambling/gaming businesses.
Eminent Domain Authority	Only for environmental remediation funded by District	Powers similar to former RDA (12 year limit)
Public Vote	Election required to issue bonds (55% majority)	Subject to protest vote (similar to LAFCo process) at public hearing for adoption, and every 10 years
Housing Set-Aside	None	25% set-aside requirement
Reporting Requirements	Financial audit required every 2 years after issuing debt	Annual financial audit Annual report adopted at noticed public hearing Noticed public hearing required every 10 years to continue or terminate plan Affordable housing compliance audit every 5 years

Figure 7: Original Study Area



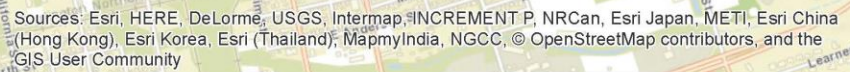


Figure 9: Port of Stockton Study Area

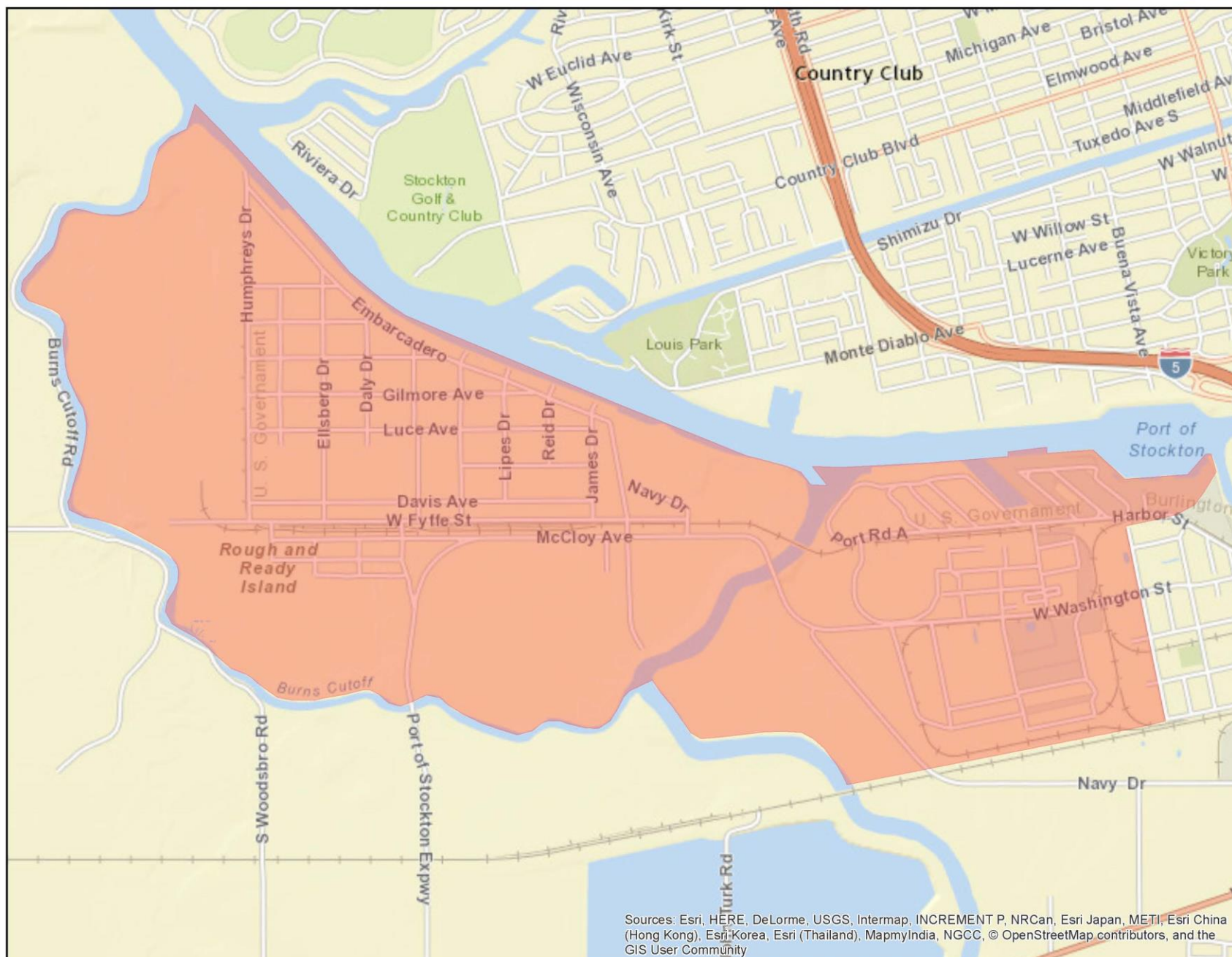
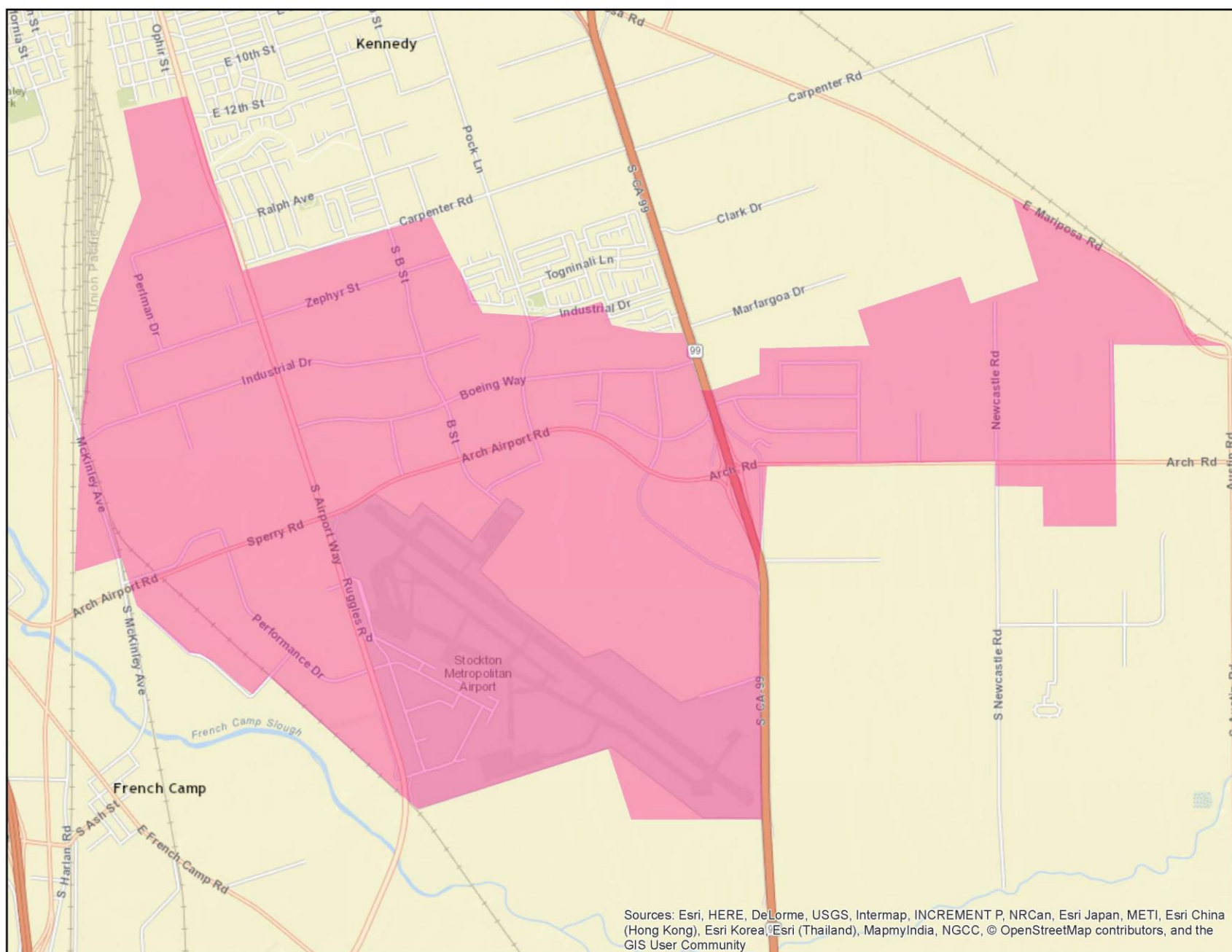


Figure 10: Airport Industrial Study Area



Sources: Esri, HERE, DeLorme, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), MapmyIndia, NGCC, © OpenStreetMap contributors, and the GIS User Community

Figure 11: Central Stockton EIFD and CRIA Projections

TABLE 1: CENTRAL STOCKTON WITH 50% FROM CITY & 25% FROM COUNTY														
PROJECTIONS OF ENHANCED INFRASTRUCTURE FINANCING DISTRICT (EIFD) OR COMMUNITY REVITALIZATION INVESTMENT AREA (CRIA) TAX INCRMENT REVENUE														
Year	Projected Assessed Value					Projected Property Taxes			Projected Property Taxes			EIFD Funding	or CRIA Funding	
	Value	Growth Rate /1	New Construction	Total Increment over Base	Total	Base /2 100%	Share: 0.174778 Retained Inc. 50%	Total	Base /1 100%	Share: 0.202632 Retained Inc. 75%	Total		Increment 0.138047	Housing 25%
Base	\$ 840,093,333				\$ 840,093,333	\$ 1,468,302			\$ 1,702,299					
1	865,296,133	3.00%	\$ -	\$ 25,202,800	865,296,133	1,468,302	\$ 22,025	\$ 1,490,327	1,702,299	\$ 38,302	\$ 1,740,601	\$ 34,792	\$ 8,698	\$ 26,094
2	891,255,017	3.00%	29,766,884	80,928,568	921,021,901	1,468,302	70,723	1,539,025	1,702,299	122,990	1,825,290	111,720	27,930	83,790
3	948,652,558	3.00%	30,362,222	138,921,448	979,014,781	1,468,302	121,402	1,589,705	1,702,299	211,125	1,913,424	191,777	47,944	143,833
4	1,008,385,224	3.00%	32,940,251	201,232,142	1,041,325,475	1,468,302	175,855	1,644,157	1,702,299	305,821	2,008,120	277,795	69,449	208,347
5	1,072,565,239	3.00%	33,599,056	266,070,962	1,106,164,295	1,468,302	232,517	1,700,820	1,702,299	404,359	2,106,658	367,304	91,826	275,478
6	1,139,349,224	3.00%	32,220,633	331,476,524	1,171,569,857	1,468,302	289,675	1,757,977	1,702,299	503,759	2,206,058	457,594	114,399	343,196
7	1,206,716,952	3.00%	32,865,046	399,488,665	1,239,581,998	1,468,302	349,110	1,817,412	1,702,299	607,119	2,309,419	551,483	137,871	413,612
8	1,276,769,458	3.00%	33,522,347	470,198,471	1,310,291,804	1,468,302	410,903	1,879,205	1,702,299	714,580	2,416,879	649,096	162,274	486,822
9	1,349,600,558	3.00%	34,192,793	543,700,019	1,383,793,352	1,468,302	475,135	1,943,438	1,702,299	826,283	2,528,583	750,563	187,641	562,922
10	1,425,307,153	3.00%	-	585,213,820	1,425,307,153	1,468,302	511,414	1,979,716	1,702,299	889,374	2,591,673	807,872	201,968	605,904
11	1,468,066,367	3.00%		627,973,034	1,468,066,367	1,468,302	548,781	2,017,083	1,702,299	954,357	2,656,656	866,900	216,725	650,175
12	1,512,108,358	3.00%		672,015,025	1,512,108,358	1,468,302	587,269	2,055,571	1,702,299	1,021,289	2,723,588	927,698	231,925	695,774
13	1,557,471,609	3.00%		717,378,276	1,557,471,609	1,468,302	626,911	2,095,214	1,702,299	1,090,229	2,792,529	990,321	247,580	742,741
14	1,604,195,757	3.00%		764,102,424	1,604,195,757	1,468,302	667,743	2,136,045	1,702,299	1,161,238	2,863,537	1,054,823	263,706	791,117
15	1,652,321,630	3.00%		812,228,297	1,652,321,630	1,468,302	709,800	2,178,102	1,702,299	1,234,377	2,936,676	1,121,259	280,315	840,944
16	1,701,891,279	3.00%		861,797,946	1,701,891,279	1,468,302	753,119	2,221,421	1,702,299	1,309,710	3,012,009	1,189,689	297,422	892,266
17	1,752,948,017	3.00%		912,854,684	1,752,948,017	1,468,302	797,737	2,266,039	1,702,299	1,387,303	3,089,602	1,260,171	315,043	945,128
18	1,805,536,458	3.00%		965,443,125	1,805,536,458	1,468,302	843,693	2,311,996	1,702,299	1,467,224	3,169,523	1,332,768	333,192	999,576
19	1,859,702,551	3.00%		1,019,609,218	1,859,702,551	1,468,302	891,029	2,359,331	1,702,299	1,549,542	3,251,842	1,407,543	351,886	1,055,657
20	1,915,493,628	3.00%		1,075,400,295	1,915,493,628	1,468,302	939,784	2,408,086	1,702,299	1,634,330	3,336,630	1,484,561	371,140	1,113,421
21	1,972,958,437	3.00%		1,132,865,104	1,972,958,437	1,468,302	990,002	2,458,304	1,702,299	1,721,662	3,423,961	1,563,889	390,972	1,172,917
22	2,032,147,190	3.00%		1,192,053,857	2,032,147,190	1,468,302	1,041,727	2,510,029	1,702,299	1,811,613	3,513,913	1,645,598	411,399	1,234,198
23	2,093,111,605	3.00%		1,253,018,272	2,093,111,605	1,468,302	1,095,003	2,563,305	1,702,299	1,904,264	3,606,563	1,729,758	432,439	1,297,318
24	2,155,904,954	3.00%		1,315,811,621	2,155,904,954	1,468,302	1,149,878	2,618,180	1,702,299	1,999,693	3,701,993	1,816,442	454,111	1,362,332
25	2,220,582,102	3.00%		1,380,488,769	2,220,582,102	1,468,302	1,206,399	2,674,701	1,702,299	2,097,986	3,800,285	1,905,727	476,432	1,429,295
26	2,287,199,565	3.00%		1,447,106,232	2,287,199,565	1,468,302	1,264,615	2,732,917	1,702,299	2,199,227	3,901,526	1,997,691	499,423	1,498,268
27	2,355,815,552	3.00%		1,515,722,219	2,355,815,552	1,468,302	1,324,578	2,792,880	1,702,299	2,303,506	4,005,805	2,092,413	523,103	1,569,310
28	2,426,490,019	3.00%		1,586,396,686	2,426,490,019	1,468,302	1,386,340	2,854,642	1,702,299	2,410,913	4,113,212	2,189,977	547,494	1,642,483
29	2,499,284,719	3.00%		1,659,191,386	2,499,284,719	1,468,302	1,449,955	2,918,257	1,702,299	2,521,542	4,223,841	2,290,469	572,617	1,717,851
30	2,574,263,261	3.00%		1,734,169,928	2,574,263,261	1,468,302	1,515,478	2,983,780	1,702,299	2,635,490	4,337,789	2,393,974	598,494	1,795,481
31	2,651,491,159	3.00%		1,811,397,826	2,651,491,159	1,468,302	1,582,967	3,051,269	1,702,299	2,752,856	4,455,155	2,500,585	625,146	1,875,439
32	2,731,035,894	3.00%		1,890,942,561	2,731,035,894	1,468,302	1,652,480	3,120,782	1,702,299	2,873,743	4,576,043	2,610,395	652,599	1,957,796
33	2,812,966,970	3.00%		1,972,873,637	2,812,966,970	1,468,302	1,724,079	3,192,381	1,702,299	2,998,257	4,700,557	2,723,498	680,875	2,042,624
34	2,897,355,980	3.00%		2,057,262,647	2,897,355,980	1,468,302	1,797,826	3,266,128	1,702,299	3,126,507	4,828,806	2,839,995	709,999	2,129,996
35	2,984,276,659	3.00%		2,144,183,326	2,984,276,659	1,468,302	1,873,785	3,342,088	1,702,299	3,258,604	4,960,903	2,959,987	739,997	2,219,990
36	3,073,804,959	3.00%		2,233,711,626	3,073,804,959	1,468,302	1,952,023	3,420,326	1,702,299	3,394,664	5,096,963	3,083,578	770,895	2,312,684
37	3,166,019,107	3.00%		2,325,925,774	3,166,019,107	1,468,302	2,032,609	3,500,911	1,702,299	3,534,805	5,237,105	3,210,877	802,719	2,408,158
38	3,260,999,681	3.00%		2,420,906,348	3,260,999,681	1,468,302	2,115,611	3,583,914	1,702,299	3,679,151	5,381,451	3,341,995	835,499	2,506,496
39	3,358,829,671	3.00%		2,518,736,338	3,358,829,671	1,468,302	2,201,104	3,669,407	1,702,299	3,827,828	5,530,127	3,477,047	869,262	2,607,785
40	3,459,594,561	3.00%		2,619,501,228	3,459,594,561	1,468,302	2,289,162	3,757,464	1,702,299	3,980,964	5,683,263	3,616,150	904,038	2,712,113
41	3,563,382,398	3.00%		2,723,289,065	3,563,382,398	1,468,302	2,379,861	3,848,164	1,702,299	4,138,695	5,840,994	3,759,426	939,857	2,819,570
42	3,670,283,870	3.00%		2,830,190,537	3,670,283,870	1,468,302	2,473,282	3,941,584	1,702,299	4,301,157	6,003,457	3,907,001	976,750	2,930,251
43	3,780,392,386	3.00%		2,940,299,053	3,780,392,386	1,468,302	2,569,505	4,037,807	1,702,299	4,468,494	6,170,793	4,059,003	1,014,751	3,044,252
44	3,893,804,158	3.00%		3,053,710,825	3,893,804,158	1,468,302	2,668,614	4,136,917	1,702,299	4,640,850	6,343,150	4,215,565	1,053,891	3,161,673
45	4,010,618,282	3.00%		3,170,524,949	4,010,618,282	1,468,302	2,770,697	4,239,000	1,702,299	4,818,378	6,520,677	4,376,823	1,094,206	3,282,617
Total						\$ 67,541,903	\$ 54,532,206	\$ 120,605,807	\$ 78,305,770	\$ 94,834,158	\$ 171,437,629	\$ 86,143,592	\$ 21,535,898	\$ 64,607,694
NPV						26,250,000	13,790,000	39,890,000	30,440,000	23,980,000	54,240,000	21,790,000	5,450,000	16,340,000
						Increment to EIFD/CRIA: 13,790,000			Increment to EIFD/CRIA: 7,990,000					

- 1/ Annual Growth in Net Secured Assessed Values
 2/ May include property taxes also used to fund enforceable obligations of a successor agency to a former redevelopment agency in same territory.



Figure 12: Port of Stockton EIFD and CRIA Projections

TABLE 2: PORT WITH 50% FROM CITY & 0% FROM COUNTY														
PROJECTIONS OF ENHANCED INFRASTRUCTURE FINANCING DISTRICT (EIFD) OR COMMUNITY REVITALIZATION INVESTMENT AREA (CRIA) TAX INCREMENT REVENUE														
Year	Projected Assessed Value					Projected Property Taxes			Projected Property Taxes			EIFD Funding COMBINED Increment 0.089386	or CRIA Funding COMBINED	
	Value	Growth Rate /1	New Construction	Total Increment over Base	Total	CITY Base /2 100%	Share: Retained Inc. 50%	Total	COUNTY Base /1 100%	Share: Retained Inc. 100%	Total		Housing 25%	Other 75%
Base	\$ 664,141,136				\$ 664,141,136	\$ 1,187,304			\$ 1,319,136					
1	684,065,370	3.00%	\$ -	\$ 19,924,234	684,065,370	1,187,304	\$ 17,810	\$ 1,205,114	1,319,136	\$ 39,574	\$ 1,358,710	\$ 17,810	\$ 4,452	\$ 13,357
2	704,587,331	3.00%	-	40,446,195	704,587,331	1,187,304	36,153	1,223,458	1,319,136	80,335	1,399,472	36,153	9,038	27,115
3	725,724,951	3.00%	11,040,808	72,624,623	736,765,759	1,187,304	64,917	1,252,221	1,319,136	144,249	1,463,386	64,917	16,229	48,687
4	758,868,732	3.00%	11,261,624	105,989,220	770,130,356	1,187,304	94,740	1,282,044	1,319,136	210,519	1,529,655	94,740	23,685	71,055
5	793,234,267	3.00%	11,486,857	140,579,987	804,721,123	1,187,304	125,659	1,312,964	1,319,136	279,224	1,598,360	125,659	31,415	94,245
6	828,862,757	3.00%	-	164,721,621	828,862,757	1,187,304	147,239	1,334,543	1,319,136	327,175	1,646,311	147,239	36,810	110,429
7	853,728,640	3.00%	23,901,851	213,489,355	877,630,491	1,187,304	190,831	1,378,135	1,319,136	424,039	1,743,175	190,831	47,708	143,123
8	903,959,406	3.00%	24,379,888	264,198,158	928,339,294	1,187,304	236,157	1,423,461	1,319,136	524,758	1,843,894	236,157	59,039	177,118
9	956,189,473	3.00%	-	292,048,337	956,189,473	1,187,304	261,052	1,448,356	1,319,136	580,075	1,899,211	261,052	65,263	195,789
10	984,875,157	3.00%	-	320,734,021	984,875,157	1,187,304	286,693	1,473,997	1,319,136	637,051	1,956,188	286,693	71,673	215,020
11	1,014,421,412	3.00%		350,280,276	1,014,421,412	1,187,304	313,103	1,500,407	1,319,136	695,737	2,014,873	313,103	78,276	234,827
12	1,044,854,055	3.00%		380,712,919	1,044,854,055	1,187,304	340,306	1,527,610	1,319,136	756,183	2,075,319	340,306	85,076	255,229
13	1,076,199,676	3.00%		412,058,540	1,076,199,676	1,187,304	368,324	1,555,629	1,319,136	818,443	2,137,579	368,324	92,081	276,243
14	1,108,485,666	3.00%		444,344,530	1,108,485,666	1,187,304	397,184	1,584,488	1,319,136	882,570	2,201,706	397,184	99,296	297,888
15	1,141,740,236	3.00%		477,599,100	1,141,740,236	1,187,304	426,909	1,614,213	1,319,136	948,621	2,267,758	426,909	106,727	320,182
16	1,175,992,444	3.00%		511,851,308	1,175,992,444	1,187,304	457,526	1,644,830	1,319,136	1,016,654	2,335,790	457,526	114,381	343,144
17	1,211,272,217	3.00%		547,131,081	1,211,272,217	1,187,304	489,061	1,676,365	1,319,136	1,086,728	2,405,864	489,061	122,265	366,796
18	1,247,610,383	3.00%		583,469,247	1,247,610,383	1,187,304	521,542	1,708,846	1,319,136	1,158,904	2,478,040	521,542	130,386	391,157
19	1,285,038,695	3.00%		620,897,559	1,285,038,695	1,187,304	554,998	1,742,302	1,319,136	1,233,245	2,552,381	554,998	138,750	416,249
20	1,323,589,856	3.00%		659,448,720	1,323,589,856	1,187,304	589,458	1,776,762	1,319,136	1,309,816	2,628,953	589,458	147,364	442,093
21	1,363,297,551	3.00%		699,156,415	1,363,297,551	1,187,304	624,951	1,812,255	1,319,136	1,388,685	2,707,821	624,951	156,238	468,713
22	1,404,196,478	3.00%		740,055,342	1,404,196,478	1,187,304	661,509	1,848,813	1,319,136	1,469,919	2,789,056	661,509	165,377	496,132
23	1,446,322,372	3.00%		782,181,236	1,446,322,372	1,187,304	699,164	1,886,468	1,319,136	1,553,591	2,872,727	699,164	174,791	524,373
24	1,489,712,043	3.00%		825,570,907	1,489,712,043	1,187,304	737,948	1,925,253	1,319,136	1,639,773	2,958,909	737,948	184,487	553,461
25	1,534,403,405	3.00%		870,262,269	1,534,403,405	1,187,304	777,896	1,965,201	1,319,136	1,728,540	3,047,677	777,896	194,474	583,422
26	1,580,435,507	3.00%		916,294,371	1,580,435,507	1,187,304	819,043	2,006,347	1,319,136	1,819,970	3,139,107	819,043	204,761	614,282
27	1,627,848,572	3.00%		963,707,436	1,627,848,572	1,187,304	861,424	2,048,728	1,319,136	1,914,144	3,233,280	861,424	215,356	646,068
28	1,676,684,029	3.00%		1,012,542,893	1,676,684,029	1,187,304	905,076	2,092,380	1,319,136	2,011,142	3,330,278	905,076	226,269	678,807
29	1,726,984,550	3.00%		1,062,843,414	1,726,984,550	1,187,304	950,038	2,137,342	1,319,136	2,111,050	3,430,187	950,038	237,509	712,528
30	1,778,794,087	3.00%		1,114,652,951	1,778,794,087	1,187,304	996,349	2,183,653	1,319,136	2,213,956	3,533,092	996,349	249,087	747,261
31	1,832,157,909	3.00%		1,168,016,773	1,832,157,909	1,187,304	1,044,049	2,231,353	1,319,136	2,319,949	3,639,085	1,044,049	261,012	783,036
32	1,887,122,646	3.00%		1,222,981,510	1,887,122,646	1,187,304	1,093,180	2,280,484	1,319,136	2,429,121	3,748,258	1,093,180	273,295	819,885
33	1,943,736,326	3.00%		1,279,595,190	1,943,736,326	1,187,304	1,143,784	2,331,089	1,319,136	2,541,569	3,860,705	1,143,784	285,946	857,838
34	2,002,048,416	3.00%		1,337,907,280	2,002,048,416	1,187,304	1,195,908	2,383,212	1,319,136	2,657,390	3,976,527	1,195,908	298,977	896,931
35	2,062,109,868	3.00%		1,397,968,732	2,062,109,868	1,187,304	1,249,594	2,436,899	1,319,136	2,776,686	4,095,822	1,249,594	312,399	937,196
36	2,123,973,164	3.00%		1,459,832,028	2,123,973,164	1,187,304	1,304,892	2,492,196	1,319,136	2,899,561	4,218,697	1,304,892	326,223	978,669
37	2,187,692,359	3.00%		1,523,551,223	2,187,692,359	1,187,304	1,361,848	2,549,152	1,319,136	3,026,122	4,345,258	1,361,848	340,462	1,021,386
38	2,253,323,130	3.00%		1,589,181,994	2,253,323,130	1,187,304	1,420,513	2,607,817	1,319,136	3,156,479	4,475,616	1,420,513	355,128	1,065,385
39	2,320,922,824	3.00%		1,656,781,688	2,320,922,824	1,187,304	1,480,938	2,668,242	1,319,136	3,290,748	4,609,884	1,480,938	370,235	1,110,704
40	2,390,550,508	3.00%		1,726,409,372	2,390,550,508	1,187,304	1,543,176	2,730,480	1,319,136	3,429,044	4,748,181	1,543,176	385,794	1,157,382
41	2,462,267,024	3.00%		1,798,125,888	2,462,267,024	1,187,304	1,607,281	2,794,585	1,319,136	3,571,490	4,890,626	1,607,281	401,820	1,205,460
42	2,536,135,034	3.00%		1,871,993,898	2,536,135,034	1,187,304	1,673,309	2,860,613	1,319,136	3,718,209	5,037,345	1,673,309	418,327	1,254,981
43	2,612,219,085	3.00%		1,948,077,949	2,612,219,085	1,187,304	1,741,317	2,928,622	1,319,136	3,869,329	5,188,465	1,741,317	435,329	1,305,988
44	2,690,585,658	3.00%		2,026,444,522	2,690,585,658	1,187,304	1,811,366	2,998,671	1,319,136	4,024,983	5,344,119	1,811,366	452,842	1,358,525
45	2,771,303,228	3.00%		2,107,162,092	2,771,303,228	1,187,304	1,883,517	3,070,821	1,319,136	4,185,306	5,504,443	1,883,517	470,879	1,412,638
Total						\$ 54,615,990	\$ 35,507,729	\$ 88,936,415	\$ 60,680,274	\$ 78,900,655	\$ 138,261,793	\$ 35,507,729	\$ 8,876,932	\$ 26,630,797
NPV						21,230,000	8,700,000	29,800,000	23,590,000	19,330,000	42,780,000	8,700,000	2,170,000	6,520,000
						Increment to EIFD/CRIA: 8,700,000			Increment to EIFD/CRIA: -					

1/ Annual Growth in Net Secured Assessed Values

2/ May include property taxes also used to fund enforceable obligations of a successor agency to a former redevelopment agency in same territory.

Figure 13: Airport Industrial EIFD and CRIA Projections

TABLE 3: AIRPORT INDUSTRIAL WITH 50% FROM CITY & 50% FROM COUNTY														
PROJECTIONS OF ENHANCED INFRASTRUCTURE FINANCING DISTRICT (EIFD) OR COMMUNITY REVITALIZATION INVESTMENT AREA (CRIA) TAX INCRMENT REVENUE														
Year	Projected Assessed Value					Projected Property Taxes			Projected Property Taxes			EIFD Funding Increment 0.181115	or CRIA Funding	
	Value	Growth Rate /1	New Construction	Total Increment over Base	Total	Base /2 100%	Share: Retained Inc. 50%	Total	Base /1 100%	Share: Retained Inc. 50%	Total		Housing 25%	Other 75%
Base	\$ 1,876,929,414				\$ 1,876,929,414	\$ 2,879,397			\$ 3,919,404					
1	1,933,237,296	3.00%	\$ -	\$ 56,307,882	1,933,237,296	2,879,397	\$ 43,191	\$ 2,922,588	3,919,404	\$ 58,791	\$ 3,978,195	\$ 101,982	\$ 25,496	\$ 76,487
2	1,991,234,415	3.00%	10,824,322	125,129,323	2,002,058,737	2,879,397	95,980	2,975,378	3,919,404	130,648	4,050,052	226,628	56,657	169,971
3	2,062,120,499	3.00%	11,040,808	196,231,893	2,073,161,307	2,879,397	150,520	3,029,917	3,919,404	204,886	4,124,290	355,405	88,851	266,554
4	2,135,356,146	3.00%	22,523,248	280,949,981	2,157,879,395	2,879,397	215,503	3,094,900	3,919,404	293,340	4,212,744	508,843	127,211	381,632
5	2,222,615,776	3.00%	22,973,713	368,660,076	2,245,589,490	2,879,397	282,781	3,162,178	3,919,404	384,918	4,304,322	667,699	166,925	500,774
6	2,312,957,175	3.00%	58,582,969	494,610,730	2,371,540,144	2,879,397	379,391	3,258,789	3,919,404	516,423	4,435,827	895,814	223,954	671,861
7	2,442,686,348	3.00%	59,754,628	625,511,562	2,502,440,976	2,879,397	479,799	3,359,196	3,919,404	653,097	4,572,501	1,132,895	283,224	849,671
8	2,577,514,206	3.00%	-	700,584,792	2,577,514,206	2,879,397	537,384	3,416,781	3,919,404	731,481	4,650,885	1,268,864	317,216	951,648
9	2,654,839,632	3.00%	-	777,910,218	2,654,839,632	2,879,397	596,696	3,476,093	3,919,404	812,216	4,731,620	1,408,912	352,228	1,056,684
10	2,734,484,821	3.00%	12,682,418	870,237,825	2,747,167,239	2,879,397	667,516	3,546,913	3,919,404	908,615	4,828,019	1,576,131	394,033	1,182,098
11	2,829,582,256	3.00%		952,652,842	2,829,582,256	2,879,397	730,732	3,610,130	3,919,404	994,665	4,914,069	1,725,397	431,349	1,294,048
12	2,914,469,724	3.00%		1,037,540,310	2,914,469,724	2,879,397	795,845	3,675,243	3,919,404	1,083,296	5,002,700	1,879,141	469,785	1,409,356
13	3,001,903,815	3.00%		1,124,974,401	3,001,903,815	2,879,397	862,912	3,742,309	3,919,404	1,174,586	5,093,990	2,037,497	509,374	1,528,123
14	3,091,960,930	3.00%		1,215,031,516	3,091,960,930	2,879,397	931,990	3,811,387	3,919,404	1,268,614	5,188,018	2,200,604	550,151	1,650,453
15	3,184,719,758	3.00%		1,307,790,344	3,184,719,758	2,879,397	1,003,141	3,882,538	3,919,404	1,365,464	5,284,868	2,368,604	592,151	1,776,453
16	3,280,261,350	3.00%		1,403,331,936	3,280,261,350	2,879,397	1,076,426	3,955,823	3,919,404	1,465,219	5,384,623	2,541,645	635,411	1,906,233
17	3,378,669,191	3.00%		1,501,739,777	3,378,669,191	2,879,397	1,151,909	4,031,307	3,919,404	1,567,967	5,487,371	2,719,876	679,969	2,039,907
18	3,480,029,267	3.00%		1,603,099,853	3,480,029,267	2,879,397	1,229,658	4,109,055	3,919,404	1,673,797	5,593,201	2,903,454	725,864	2,177,591
19	3,584,430,145	3.00%		1,707,500,731	3,584,430,145	2,879,397	1,309,738	4,189,136	3,919,404	1,782,802	5,702,206	3,092,540	773,135	2,319,405
20	3,691,963,049	3.00%		1,815,033,635	3,691,963,049	2,879,397	1,392,222	4,271,619	3,919,404	1,895,077	5,814,481	3,287,298	821,825	2,465,474
21	3,802,721,940	3.00%		1,925,792,526	3,802,721,940	2,879,397	1,477,179	4,356,577	3,919,404	2,010,720	5,930,124	3,487,899	871,975	2,615,924
22	3,916,803,599	3.00%		2,039,874,185	3,916,803,599	2,879,397	1,564,685	4,444,083	3,919,404	2,129,833	6,049,237	3,694,518	923,630	2,770,889
23	4,034,307,706	3.00%		2,157,378,292	4,034,307,706	2,879,397	1,654,817	4,534,214	3,919,404	2,252,519	6,171,923	3,907,336	976,834	2,930,502
24	4,155,336,938	3.00%		2,278,407,524	4,155,336,938	2,879,397	1,747,652	4,627,050	3,919,404	2,378,885	6,298,289	4,126,538	1,031,634	3,094,903
25	4,279,997,046	3.00%		2,403,067,632	4,279,997,046	2,879,397	1,843,273	4,722,670	3,919,404	2,509,043	6,428,447	4,352,316	1,088,079	3,264,237
26	4,408,396,957	3.00%		2,531,467,543	4,408,396,957	2,879,397	1,941,762	4,821,160	3,919,404	2,643,105	6,562,509	4,584,867	1,146,217	3,438,651
27	4,540,648,866	3.00%		2,663,719,452	4,540,648,866	2,879,397	2,043,206	4,922,603	3,919,404	2,781,189	6,700,593	4,824,395	1,206,099	3,618,297
28	4,676,868,332	3.00%		2,799,938,918	4,676,868,332	2,879,397	2,147,693	5,027,091	3,919,404	2,923,416	6,842,820	5,071,109	1,267,777	3,803,332
29	4,817,174,382	3.00%		2,940,244,968	4,817,174,382	2,879,397	2,255,315	5,134,712	3,919,404	3,069,910	6,989,314	5,325,225	1,331,306	3,993,919
30	4,961,689,613	3.00%		3,084,760,199	4,961,689,613	2,879,397	2,366,165	5,245,563	3,919,404	3,220,798	7,140,202	5,586,963	1,396,741	4,190,223
31	5,110,540,302	3.00%		3,233,610,888	5,110,540,302	2,879,397	2,480,341	5,359,739	3,919,404	3,376,213	7,295,617	5,856,554	1,464,139	4,392,416
32	5,263,856,511	3.00%		3,386,927,097	5,263,856,511	2,879,397	2,597,942	5,477,340	3,919,404	3,536,291	7,455,695	6,134,233	1,533,558	4,600,675
33	5,421,772,206	3.00%		3,544,842,792	5,421,772,206	2,879,397	2,719,072	5,598,469	3,919,404	3,701,170	7,620,574	6,420,242	1,605,061	4,815,182
34	5,584,425,372	3.00%		3,707,495,958	5,584,425,372	2,879,397	2,843,835	5,723,232	3,919,404	3,870,997	7,790,401	6,714,831	1,678,708	5,036,123
35	5,751,958,133	3.00%		3,875,028,719	5,751,958,133	2,879,397	2,972,341	5,851,738	3,919,404	4,045,917	7,965,321	7,018,258	1,754,565	5,263,694
36	5,924,516,877	3.00%		4,047,587,463	5,924,516,877	2,879,397	3,104,702	5,984,099	3,919,404	4,226,086	8,145,490	7,330,788	1,832,697	5,498,091
37	6,102,252,384	3.00%		4,225,322,970	6,102,252,384	2,879,397	3,241,034	6,120,431	3,919,404	4,411,660	8,331,064	7,652,694	1,913,173	5,739,520
38	6,285,319,955	3.00%		4,408,390,541	6,285,319,955	2,879,397	3,381,456	6,260,853	3,919,404	4,602,801	8,522,205	7,984,257	1,996,064	5,988,192
39	6,473,879,554	3.00%		4,596,950,140	6,473,879,554	2,879,397	3,526,091	6,405,488	3,919,404	4,799,676	8,719,080	8,325,766	2,081,442	6,244,325
40	6,668,095,941	3.00%		4,791,166,527	6,668,095,941	2,879,397	3,675,064	6,554,462	3,919,404	5,002,457	8,921,861	8,677,521	2,169,380	6,508,141
41	6,868,138,819	3.00%		4,991,209,405	6,868,138,819	2,879,397	3,828,507	6,707,905	3,919,404	5,211,322	9,130,726	9,039,829	2,259,957	6,779,872
42	7,074,182,983	3.00%		5,197,253,569	7,074,182,983	2,879,397	3,986,553	6,865,951	3,919,404	5,426,452	9,345,856	9,413,006	2,353,251	7,059,754
43	7,286,408,473	3.00%		5,409,479,059	7,286,408,473	2,879,397	4,149,341	7,028,738	3,919,404	5,648,037	9,567,441	9,797,378	2,449,344	7,348,033
44	7,505,000,727	3.00%		5,628,071,313	7,505,000,727	2,879,397	4,317,012	7,196,410	3,919,404	5,876,269	9,795,673	10,193,281	2,548,320	7,644,961
45	7,730,150,749	3.00%		5,853,221,335	7,730,150,749	2,879,397	4,489,713	7,369,111	3,919,404	6,111,348	10,030,752	10,601,062	2,650,265	7,950,796
Total						\$132,452,281	\$ 84,288,086	\$ 213,860,970	\$180,292,584	\$114,732,013	\$ 291,105,193	\$ 199,020,099	\$ 49,755,025	\$ 149,265,074
NPV						51,480,000	20,600,000	71,780,000	70,080,000	28,050,000	97,710,000	\$ 48,650,000	12,160,000	36,490,000
						Increment to EIFD/CRIA: 20,600,000			Increment to EIFD/CRIA: 28,050,000					

1/ Annual Growth in Net Secured Assessed Values
2/ May include property taxes also used to fund enforceable obligations of a successor agency to a former redevelopment agency in same territory.

