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CITY COUNCIL AGENDA

CITY OF GILROY
CITY COUNCIL CHAMBERS, CITY HALL
7351 ROSANNA STREET
GILROY, CA 95020

SPECIAL MEETING
TUESDAY, JANUARY 9, 2018 6:00 P.M.

MAYOR

Roland Velasco

COUNCIL MEMBERS

Dion Bracco

Daniel Harney

Peter Leroe-Muñoz

Fred Tovar

Cat Tucker

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NO ACTION MAY BE TAKEN on a matter under Study Session other than direction to staff to further review or prepare a report. Any proposed action regarding items on Study Session must be agendaized for a future Regular or Special City Council meeting.

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shawna.freels@cityofgilroy.org

I. OPENING

A. Call to Order and Roll Call

II. STUDY SESSION

A. Council Direction Regarding the Proposed Economic Development Framework

1. Staff Report: Gabriel Gonzalez, City Administrator
2. Public Comment
3. Possible Action:

Receive report and provide direction to staff.

ADJOURNMENT

FUTURE MEETING DATES (*Meeting will be webstreamed and televised)

JANUARY, 2018

- 8*** Regular Meeting - 6:00 p.m., City Council Chambers
- 9*** Special Meeting/Study Session – 6:00 p.m., City Council Chambers
- 22*** Regular Meeting - 6:00 p.m., City Council Chambers

FEBRUARY, 2018

- 5*** Regular Meeting - 6:00 p.m., City Council Chambers
- 9*** Strategic Planning Session – 1:30 p.m., City Council Chambers
- 10*** Strategic Planning Session – 9:00 a.m., City Council Chambers
- 26*** Regular Meeting - 6:00 p.m., City Council Chambers

MARCH, 2018

- 5*** Regular Meeting - 6:00 p.m., City Council Chambers
- 19*** Regular Meeting - 6:00 p.m., City Council Chambers

* meeting is webstreamed and televised



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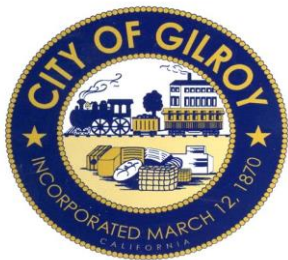
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ADJOURNMENT

MEETINGS/EVENTS(*Meeting will be webstreamed and televised)




City of Gilroy

STAFF REPORT

Agenda Item Title: Council Direction Regarding the Proposed Economic Development Framework

Meeting Date: January 9, 2018

From: Gabriel Gonzalez, City Administrator 

Department: Administration

Submitted By: Gabriel Gonzalez

Prepared By: Gabriel Gonzalez

Strategic Plan Goals

Financially Sustainable and High Performing

Livable Community

Grow the Economy

Upgrade Infrastructure

Vibrant Downtown

RECOMMENDATION

Receive report and provide direction to staff.

EXECUTIVE SUMMARY

Council held a study session on November 7, 2017 regarding economic development. At the conclusion of the presentation to Council a list of 24 initiatives were identified for further evaluation. Each of these initiatives will require significant work to analyze in a global context for all approaches towards economic development. Staff and the Mayor met with the three other entities engaged in economic development for the community to discuss roles and responsibilities as it relates to economic development activities. Staff later structured a framework for economic development based upon Council's directed activities to review and the identified roles and responsibilities identified.

BACKGROUND

Council held a study session on November 7, 2017 regarding economic development. At that meeting, the written staff report provided an overview of economic development, including discussion pertaining to:

- What is considered economic development;
- Economic development is not a one size fits all approach;
- A brief discussion about the 2014 economic development strategic plan being outdated;
- A listing of 52 best practices that had been identified as of the date of the staff report;
- Some examples of cities and their initiatives to spur their economies;
- A list of 17 categories of incentives;
- What is meant by the term “shovel ready”;
- Some example RFPs from businesses that list what their priorities are when selecting a location for their expansion;
- Some of the opportunities and challenges to economic development in Gilroy; and,
- A discussion on the partners and other players in economic development that Gilroy has.

At the conclusion of the presentation to Council, a slide was presented with various initiatives for further evaluation, with the intention that staff evaluates all of them. Staff would then come back to Council with the initial evaluation and recommend between five and seven initiatives to move towards implementation. The discussion with Council resulted in additional initiatives being added to the list presented on the slide for initial evaluation.

Overall, there were 24 identified initiatives (inclusive of Council, strategic plan, and staff identified initiatives) and 2 thematic elements identified for evaluation by Council. The full list is included in the analysis portion of the staff report below.

The Mayor and staff convened a meeting with the Gilroy Economic Development Corporation (“EDC”), the Gilroy Welcome Center (“GWC”) and the Gilroy Chamber of Commerce (“COC”) on January 4th to discuss the roles and responsibilities of each entity as it relates to economic development activities being conducted in the community. This was to ensure that there are no overlapping redundancies, and to identify the entities that would lead the efforts for the different economic development initiatives.

The City has existing strong collaborative partnerships with each of the foregoing entities. The EDC has a long standing history of success as the City’s economic development arm of the City. As part of this partnership the City makes a financial contribution of \$200,000 annually to the EDC to perform the various economic development activities on behalf of the City. At the meeting it was agreed upon by the

EDC and City for the EDC to continue serving as the primary entity to undertake economic development activities.

The GWC also has a successful track record in the marketing department. Using the TBID revenue, GWC promotes and markets Gilroy for overnight stays. Using their local revenue they participate to market Gilroy at the regional, state and national levels to bring visitors from outside the area. While the Chamber focuses working with local businesses by providing support and resources to advocate for matters of interest to businesses.

Attached is a diagram that identifies the entities and shows the broad roles of each.

The following entities have the below described roles and responsibilities, as discussed in the meeting:

- City (local focus)
 - Overall economic development strategy
 - Regulations enforcement (local, regional, state, and national regulations)
 - Quality of life standards and enhancement
- EDC (high-level focus)
 - Business Attraction
 - Business Marketing
 - Business Expansion
- GWC (Tourism focus)
 - Marketing
 - Branding
- COC (local focus)
 - Business Retention
 - Business Advocacy
 - Workforce training opportunities
 - Business networking

ANALYSIS

Staff has considered the listing of the initiatives and thematic elements identified by Council, and applied the roles and responsibilities of the various entities listed above. The intent is that each initiative would be analyzed and subsequently implemented by the lead agency. No entity will be alone in conducting the work, but will have a team to

address the issue with technical or other assistance being provided by other entities within the economic development framework.

Based upon the identified roles, below are the assignments for each of the 26 elements, in no particular order.

1. Identify policies and ordinances to re-evaluate
 - Lead Entity: City – Community Development Department in concert with the City Administrator’s Office as the policies and ordinances are maintained and enforced by the City.
 - Supporting Entity(ies): EDC as a resource in their experience advocating for businesses that experience challenges in moving through prior and current development processes.
2. Evaluate and analyze pros and cons of certain incentives
 - Lead Entity: City – City Administrator’s Office, with assistance from the Finance Department and City Attorney’s office as needed to review appropriateness of incentives.
 - Supporting Entity(ies): EDC and COC as a consultation resource with their experience in business attraction, expansion, and retention efforts, and knowing what business are looking for.
3. Reduction of business fees
 - Lead Entity: City – City Administrator’s Office, with assistance from the Finance Department. The fees are established by the City, so the City must be the lead for this activity.
 - Supporting Entity(ies): EDC and COC potentially, to determine levels that will encourage and enhance business cultivation.
4. Revolving loans and other loan programs (City money, not Redevelopment)
 - Lead Entity: City – Finance Department, with direction from the City Administrator’s Office. The funding would come from the City, so the City would need to take lead to structure the requirements and conditions to ensure the funds are appropriated, issued, and used appropriately.
 - Supporting Entity(ies): EDC and COC to advise on likely needs of businesses, and thresholds for collaborative financing structures (matching funds, etc.).
5. Façade program for Downtown, 10th and 1st Street Corridors
 - Lead Entity: City – City Administrator’s Office, with assistance from the Community Development Department. Since the funding for such a

program would come from the City, unless another source is identified, the City will be required to take the lead to determine how its funding is used. Should alternative funding be available and channeled through one of the other entities, the City would then switch roles with said entity.

- Supporting Entity(ies): EDC, GWC, and COC all consulting on what aesthetic(s) will encourage visitation to these areas.
6. Giving land only for really good businesses
- Lead Entity: City – City Administrator’s Office with the City Council having significant involvement in this analysis. With information and recommendation being provided from staff, the determination of what businesses meet the standard desired for giving land is something on which only Council can provide direction.
 - Supporting Entity(ies): EDC may be a supporting entity in researching the subject business, and the nature of any previous interactions between the business and other communities that requests land as an incentive.
7. Evaluate public-private-partnership (“P3”) concept for business development
- Lead Entity: City – City Administrator’s Office and Finance Department. P3s require specific structuring for municipalities, so the City will need to be the lead on this type of activity.
 - Supporting Entity(ies): EDC as a consultation resource regarding what structures are considered favorable by potential industries and businesses.
8. Identify zones of economic incentives (Downtown, Solice Valley, 10th and First Street, etc.)
- Lead Entity: EDC will lead utilizing their expertise in the conditions that generate superior economic activity in various zones and configurations.
 - Supporting Entity(ies): City – City Administrator’s Office and other departments as needed. Additionally, the COC, GWC, and Downtown Business Association may be supporting entities, each depending upon the nature of the zone in question.
9. High-level review of available properties and their pros and cons
- Lead Entity: EDC will lead as they currently maintain a listing of available properties, have the role of business attraction and marketing, and track data that businesses will desire.
 - Supporting Entity(ies): City as an information resource for identifying required improvements and other conditions, and to assist in determining

cost of improvements, and what approvals, permits, and other regulatory requirements exist for a particular property.

10. Monterey Street unreinforced masonry buildings - if the same type of use is applied, is that sufficient for occupancy or does it have to be deconstructed?

- Lead Entity: City – Community Development would lead in answering this question, as this is a matter of regulatory enforcement.
- Supporting Entity(ies): N/A – the matter is internal in addressing the question. EDC and COC would be advised on the result, however.

11. Downtown business revitalization policy and program

- Lead Entity: City – City Administrator’s Office would assemble the program in concert with supporting entities as the policy and programs would be implemented by the City. Community Development will assist.
- Supporting Entity(ies): EDC, GWC, and COC will provide information and consultation assistance with crafting a policy and associated programs to revitalize the downtown.

12. Pre-entitlements for downtown

- Lead Entity: City – Community Development with direction from the City Administrator’s Office. The entitlement process, if pre-entitled by the City, would require the City to be the lead entity.
- Supporting Entity(ies): EDC, COC, and Downtown Business Association to provide consultation for which properties and/or structures should be pre-entitled, and what entitlements should be done for attracting preferred business types.

13. Financing resources such as an Enhanced Infrastructure Finance District

- Lead Entity: City – City Administrator’s Office with assistance from Finance and Community Development to determine if the resource(s) will be appropriate for recommendation, and City Council to make final decision.
- Supporting Entity(ies): EDC and COC to consult regarding suggested improvements, and to assist in recommending order of priority in projects.

14. Enforcement program for code compliance and design guidelines

- Lead Entity: City – Community Development with direction from the City Administrator.

- Supporting Entity(ies): EDC, COC, and GWC to provide additional reporting of properties in violation of codes, as well as input in any design guidelines that are established.

15. Expand tourism

- Lead Entity: GWC in its dedicated focus and expertise in tourism marketing will be the lead in this initiative.
- Supporting Entity(ies): City, EDC, and COC as needed, based upon the approaches to expand tourism undertaken by the GWC.

16. Work with external partners to capitalize on the local wine industry

- Lead Entity: GWC will lead this initiative as it leads in the tourism industry, and is already working with the local wine industry to enhance the local wine industry's offerings.
- Supporting Entity(ies): City, COC, and EDC, as appropriate, based upon developments from the wine industry and capitalizing on its attraction of tourists.

17. Branding as the Garlic Capital

- Lead Entity: GWC will lead this initiative based on its tourism attraction focus, and its existing relationship with Articulate Solutions in marketing and branding campaigns.
- Supporting Entity(ies): City, COC, and EDC, as appropriate in consideration of the branding campaign.

18. Community events policy/guidelines

- Lead Entity: City – Community Development will lead on this initiative, as it is developing a policy for the City and is the department that oversees permitting. Additionally, this is an item in the City's Strategic Plan, assigned to the Community Development Department.
- Supporting Entity(ies): GWC will provide consultation assistance, as needed, regarding the community events, to help identify those recurring events that attract the most visitors, and to get the word out regarding community events that are taking place to market to tourists.

19. Farm-to-table strategy

- Lead Entity: GWC will lead as the Farm-to-Table movement is primarily tourism, attracting those that wish to eat at locations that receive their food locally sourced from a farm or ranch, and able to visit both sites.

- Supporting Entity(ies): City, EDC, and COC, depending upon what needs are identified to deliver on this strategy.

20. Identify industry clusters for cultivation

- Lead Entity: EDC will lead, given that industry analysis is their role.
- Supporting Entity(ies): City, COC, and GWC will provide information, as needed, regarding existing industries and businesses, based on information currently possessed.

21. Evaluate the agriculture technology industry

- Lead Entity: EDC will lead, given that industry analysis is their role.
- Supporting Entity(ies): City, COC, and GWC will provide information, as needed, regarding existing industries and businesses, based on information currently possessed.

22. Evaluate transit oriented development

- Lead Entity: EDC will lead, given that industry analysis is their role.
- Supporting Entity(ies): City, COC, and GWC will provide information, as needed, regarding existing industries and businesses, based on information currently possessed.

23. Evaluate the light industrial cluster

- Lead Entity: EDC will lead, given their focus and knowledge of development interest in the City.
- Supporting Entity(ies): City, COC, and GWC will provide information, as needed, regarding existing industries and businesses, based on information currently possessed.

24. Develop skilled and trainable labor force

- Lead Entity: COC, as they current work on training programs and networking for their membership, and is the most knowledgeable in this area.
- Supporting Entity(ies): City and EDC, as needed for connections and to collaborate on engaging local education and other workforce training organizations.

25. Focus on small business entrepreneurship

- Lead Entity: EDC will be the lead, with their focus on business attraction and expansion.

- Supporting Entity(ies): COC will assist as appropriate, and the City and GWC may assist as needed, based on the needs of the small business.

26. Focus on large revenue generating businesses

- Lead Entity: EDC will be lead on this initiative, given that this is one of their major focus areas to attract larger businesses.
- Supporting Entity(ies): City, GWC, and COC will assist depending upon needs, incentives, or other activities that need to be undertaken to assist the EDC in this role.

Once direction is received, staff will make the necessary amendments and then relay to the other entities the final assignment of initiatives. At that time, each entity will begin conducting analysis of their initiatives, with the intent to return to Council before the end of June 2018 with a detailed analysis of each approach, potential work plans, opportunities and challenges for each initiative.

The staff from each entity (collectively the “Team”) will meet quarterly or at other time intervals determined collectively to review progress regarding analysis, and later in reporting progress of each initiative and updating current activities that occur between the meetings. An update will be prepared and shared with the City Council at a meeting of the Council following a Team meeting.

ALTERNATIVES

Council may provide direction to make changes to the list, the lead and supporting agencies, or make additions or deletions to the framework provided above.

FISCAL IMPACT/FUNDING SOURCE

None. This item is receiving direction about the proposed framework for Council’s vision of economic development for the City. Any actions that would carry a fiscal cost would be brought back before the Council for separate approvals.

CONCLUSION

Staff is requesting Council to review and provide direction to staff regarding the framework proposed to conduct the research and implementation of the initiatives provided above. This will assist staff in determining the approach and which entity will be completing the evaluation of these initiatives, and who will be lead in implementing them once analysis is completed and the initiative is selected by Council for implementation.

Staff is also recommending that City work with its three partner entities to undertake one, unified economic development strategy. For example, EDC has a long standing partnership with the City as its economic development arm; in addition, the EDC has existing relationships with industries and businesses that may be conducive to Gilroy’s current or future economy. The GWC is already does a phenomenal job at marketing

and branding efforts to make Gilroy a destination and attract visitors. While the chamber focused on local merchants and businesses. Furthermore, by strengthening these relationships duplication of effort is eliminated and limited resources are leveraged to maximize return of investment.

NEXT STEPS

As described above, once Council provides its direction, staff will then coordinate efforts with the rest of the Team to progress in analyzing the initiatives for future implementation. Once the analysis is complete, then staff will return to Council with the recommendations regarding the initiatives for implementation. Once final initiatives are approved, staff will work with the Team to flesh out the framework with the approved initiatives and implement them.

PUBLIC OUTREACH

There was a previous public study session on November 7, 2017 addressing an overview of economic development and identifying various types of initiatives to review. Otherwise, this item was included in the posting of the agenda for this meeting.