RESOLUTION NO. 2016-40

A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO, CALIFORNIA, ESTABLISHING A POLICY ENTITLED "ECONOMIC EXPANSION ACT"

WHEREAS, the Economic Expansion Act (the "Act") will develop measurable economic development and revitalization incentive policies that support the creation of permanent full time jobs; and

WHEREAS, the Act will implement policies and practices to attract investment in distressed neighborhoods and infill areas; and

WHEREAS, the Act will implement policies and practices to support new and expanding small businesses; and

WHEREAS, accomplishing the objectives set forth in the Act will will lead to economic expansion citywide.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Fresno as follows:

SECTION 1. The Council hereby adopts the attached Exhibit "A" Economic Expansion Act as a formal Council policy.

SECTION 2. This resolution shall become effective upon its adoption.

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Date Adopted: 03/17/2016
Date Approved: 03/28/2016
Effective Date: See Section 2

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, YVONNE SPENCE, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the Council of the City of Fresno, at a regular meeting held on the 17th day of March, 2016.

AYES : Baines, Brand, Brandau, Olivier, Quintero, Caprioglio
NOES : Soria
ABSENT : None
ABSTAIN : None

Mayor Approval: N/A, 2016
Mayor Approval/No Return: March 28th, 2016
Mayor Veto: N/A, 2016
Council Override Vote: N/A, 2016

YVONNE SPENCE, CMC
City Clerk

BY: Yvonne Spence
Deputy

APPROVED AS TO FORM:
DOUGLAS T. SLOAN
City Attorney

BY: 4/4/16
Laurie Avedisian-Favini [DATE]
Assistant City Attorney

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CITY OF FRESNO

ECONOMIC EXPANSION ACT

March 17, 2016

The following policies are enacted to improve the City's ability to attract new business, grow existing businesses and expand our tax base with carefully crafted, measurable incentives and initiatives.

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PREFACE

The overarching goals of this Act are to facilitate citywide economic expansion, restore core City services and create community wide wealth through lower unemployment and higher wages improving the quality of life for all of our citizens. The three goals are interrelated and can only progress sequentially. We need to achieve region wide economic expansion where unemployment drops to and remains at statewide averages under 10% for a sustained period of time. This will have a transformative affect citywide and will dramatically escalate the City's tax base. A substantially higher tax base will provide necessary funding for City core services including public safety, public works and parks. The quality of life for all of our citizens will benefit from having adequate public safety, sound infrastructure, well-maintained neighborhoods, and parks. Substantive improvements in quality of life in our City will make our City more viable for business attraction, expansion and startups, which will further the cycle of reinvestment back into our community.

We must offer more than economic incentives to achieve full economic expansion for our City. Quality of life issues are essential for economic recovery. New businesses want a City that offers amenities that will attract quality employees including a successful school system, parks and trails, adequate public safety, entertainment and sports venues and educational opportunities, including a strong local university. A vibrant downtown will attract young people and foster support of a "tech hub". Our challenge is not only to attract young people, but also to retain our best and brightest that leave our City.

Performance based incentive policies are presented to stimulate investment in industrial areas, revitalization areas and broad based citywide economic expansion and minimize financial risk to the City. Offering financial incentives with no accountability or objective measure of success will not make substantive improvements. We need to insure that incentives invested by the City produce jobs and economic expansion in a consistent and measurable manner.

This Act provides a road map for the practical and effective use of City resources to support job creation, economic expansion and citywide revitalization.

Lee Brand, Fresno City Councilmember District 6

ARTICLE I
DEFINITIONS

Angel Investor
An Angel is usually an affluent businessperson who provides capital for a business startup in exchange for convertible debt or ownership equity. Some investors form networks to share research and pool their investment capital.

Better Business Act
The City adopted the Better Business Act in 2009. This Act provides due diligence policies to be invoked whenever a for profit or not for profit organization requests financial assistance from the City exceeding $1,000,000.

Business License Fees
Business license fees apply to all businesses located within the City limits. They are assessed based on the quarterly sales revenues of the business.

Career Technical Education
Career Technical Education is a term applied to schools, institutions, and educational programs that specialize in skilled trades, applies sciences, modern technologies, and career preparation.

City
"City" means the City of Fresno, a municipal corporation.

General Fund
Revenues of the City that are not otherwise restricted as to their use, including monies from local property and sales tax, and other revenue sources. The General Fund pays for City services such as police; fire; public works; elected offices; City Manager; City Clerk; City Attorney; parks and recreation, and community services.

Joint Powers Agreement
Joint Powers Agreement is a contract between a city, county, and a special district in which the city or county agree to perform services, cooperate with, or lend its powers to, the special district. They are permitted to under Section 6502 of the State of California Government Code.

Impact Fees
Fees adopted by the City requiring new developments to pay its proportional share of costs associated with providing necessary public infrastructure.

Infrastructure
Infrastructure includes facilities that support the daily life and growth of the City, such as roads, water and sewer lines, public buildings, parks and airport facilities.

Mitigation Fee Act
The Mitigation Fee Act, better known as AB 1600 in California Government Code permits local agencies to establish and collect fees as a condition of approval for a development project for the purpose of defraying the cost of public facilities.

Mixed Use Development
Mixed Use Development includes a residential component and a commercial or retail component in the same project area.

New Job
A full-time job (35 hours per week or more) is created in the City that adds to the City's total job base and involves a new employee working on-site at a company's facility that is located in the City.

Offsite Improvements
Offsite improvements include access roads, sidewalks and curbs, sewers and water lines, and utility lines

Primary Industries
Primary industries are defined as those that export products and services outside the local economy and, as a result, have the highest job multiplier effect and best economic impact on the City.

Property Tax
A general ad valorem tax levied on both real and personal property according to the property's assessed valuation and the tax rate. The City's share of property tax revenues is approximately 21% of the total for properties located within City limits and approximately 14% for all other properties located outside of the City limits and inside the City's sphere of influence as defined in the 2035 General Plan.

Proposer
A Proposer is also referred to as "Developer." A Proposer applying for an economic incentive offered in this Act from the City for the purposes of this policy shall be a (1) wholly private sector, for profit, entity, a (2) wholly private sector, not for profit, entity, a (3) combination of (1 and (2) or (4) a quasi-governmental not for profit entity. The entity can take the form of a sole proprietor, a general partnership, a limited partnership, a limited liability company or a corporation, or a combination thereof.

Recapture Provision
A recapture provision in a contractual/development agreement that can result in a company (Proposer) being required financially to repay any incentives it benefited from for which it did not meet certain performance thresholds, such as job targets, capital investment levels or project timelines.

Room Occupancy Tax (TOT)
The City Transient Occupancy Tax or TOT was originally developed to finance the City's Convention Center complex that was built about 50 years ago. Subsequently, the City Council redirected the TOT taxes to supplement General Fund purposes. The City currently charges a 12% TOT for City hotels and motels.

Sales Tax
The current sales tax rate for the City is 8.225%. The City's share of sales tax revenues is approximately 8.0% of the total (e.g. the City would collect $8.00 for every $100 of sales tax collected).

Secondary Industries
Secondary industries are defined as "people serving" industries (e.g. residential development, retail, etc.) that generate a level of economic activity, but do not drive improvements in unemployment or income rates in the local economy.

Tax Exempt Bonds
When bonds are issued through public entities the securities are tax-exempt. This means the investors who purchase the bonds do not pay federal taxes.

Venture Capital Funds
Venture Capital is financial capital provided to early-stage, high potential, growth startup companies. The venture capital fund earns money by owning equity in the companies in which it invests.

ARTICLE II
PURPOSE OF ACT

The purpose of this Act is to develop measurable economic development and revitalization incentive policies that support the creation of permanent full-time jobs; attract investment in distressed neighborhoods and infill areas; support new and expanding small businesses; and ultimately result in full economic expansion citywide.

Objectives of Act:

1. To lower the City's unemployment rate for a sustained period of time by supporting job creation;

2. To increase citywide property values and attract investment in industrial, infill and revitalization areas of the City that might not otherwise take place; and

3. To build a strong economic base of the City capable of supporting current and elevated levels of City services including public safety, public works, parks and other core services.

Accomplishing the above stated objectives will substantively improve the City's economic health, enhance the delivery of core services and improve the quality of life for our residents.

ARTICLE III
ACCOUNTABILITY AND COMPLIANCE WITH BETTER BUSINESS ACT

There must be accountability for any economic incentives offered by the City. Under this policy the City economic incentives are tied to Proposer performance standards or thresholds such as project type and location, job targets, production targets and/or project timelines that will be clearly specified in an incentive agreement between the City and the Proposer. The City Attorney's office and the City Controller will monitor al economic incentives offered to Proposers that are based upon future promises.

This Act is focused on developing specific economic incentives through abatement of development impact fees (Article V, Item 1), reimbursement of offsite improvements from project generated revenue (Article V, Section 2), and through participation in revenue sharing to incentivize private capital investment (See Article V, Item 3), with an overall purpose of expanding the City's economic base.

Projects that are eligible for abatement of development impact fees and/or reimbursements for offsite improvements and are limited to one or both of those forms of incentives are not subject to the Better Business Act since those agreements pose no financial risk to the City. However, any proposed project in which the City agrees to share $1 million or more project generated revenue to incentivize private capital investment (beyond waiving impact fees and/or reimbursing for offsite improvements) is subject to the due diligence provisions of the Better Business Act, including subsequent amendments.

ARTICLE IV
PRIORITIZING ECONOMIC INCENTIVES

The application of economic incentives pursuant to the provisions of this Act will be consistent with the goals of the City's 2035 General Plan and sound economic principles. The Economic Expansion Act provides direct incentives to projects that generate the highest job multiplier effect and support investment in revitalization areas within the City.

Consistent with the economic development goals of the 2036 General Plan, the Economic Expansion Act recognizes that the local economy is comprised of 'primary' and 'secondary' business types.

Primary industry types are businesses that export products or services outside of the local economy and have the highest economic impact on the City. The Economic Development Action Plan of the California Partnership for the San Joaquin Valley

identifies the following targets for economic development efforts, as they are highly concentrated in the region: 1) agribusiness, including food processing, agricultural technology; 2) manufacturing; 3) supply chain management and logistics; 4) e-commence and warehouse distribution; 5) health and medical care; and 6) renewable energy. The incentives provided in the Economic Expansion Act have been developed to support growth and expansion of these and similar primary industries in our City.

Secondary industry types are 'people serving' businesses (e.g. retail and residential development) that generate a lower level of economic activity and do not have the same level of job multiplier effect as businesses from primary industries. However, the 2035 General Plan prioritizes real estate investments in older, distressed neighborhoods. The Economic Expansion Act provides tools to incentivize investment in revitalization areas within the City.

The City Manager shall evaluate each proposal and determine the industry type with recommendations to the Council.

ARTICLE V
CITY ECONOMIC DEVELOPMENT AND REVITALIZATION INCENTIVES

The City wishes to provide three levels of direct local economic development and revitalization incentives ranging in value, benefit, and risk to the City in addition to other indirect incentives. The application and due diligence process for each level of incentive is commensurate with the potential benefit and risk to the City.

1. **Reduction and Abatement of Development Impact Fees**. Reducing or abating impact fees for certain eligible projects are the first and lowest value/lowest risks economic development incentive offered by the City.

   Impact fees are adopted by the City to cover the cost of public infrastructure that is proportional to the impact of the new development. The City recognizes that some industrial, commercial and retail development projects (depending on their type and location) have little to no impact on public infrastructure and/or provide benefits to the City that offset the impact to public infrastructure. As a result, the City is updating its Impact Fee program to provide a new structure that takes into account the lower infrastructure costs associated with development in existing parts of the City.

   The City has enacted legislation to allow the reduction and abatement of development impact fees for certain project types through the iDIFER Act, Commercial BUILD Act, and the Economically Disadvantaged Neighborhoods Act.

A. **Projects Eligible for Reduction and Abatement of Development Impact Fees.** Through the current legislation, the City can reduce or abate impact fees for projects meeting the following criteria:

- **Industrial projects**, which:
  - Support, leverage, or create expansion opportunities for Fresno's existing industrial base;
  - Are owner-occupied or have a long-term lease;
  - Create jobs that are a good match for the four-county commute shed;
  - Are located in an area where infrastructure already exists;
  - Are properly zoned industrial land; and
  - Result in an increased assessed valuation.

- **Commercial buildings on vacant and underutilized lots** that replace or reconstruct a building that was destroyed or demolished within established neighborhoods, which:
  - Are of similar character and use as the previous structure;
  - Do not significantly expand or intensify the use on the property;
  - Are located in an area where infrastructure already exists; and
  - Are substantially similar in size to the building being replaced or reconstructed.

- **Specific Types of Development in Economically Disadvantaged Neighborhoods**, which:
  - Include grocery stores that meet certain criteria, professional and medical offices, banks and credit unions, or mixed use developments; and
  - Are located in a CDBG targeted area; a census tract with 40% or more households at low or moderate income levels; within a one-half mile of the Blackstone Bus Rapid Transit (BRT corridor) south of Shaw Avenue; are located in one of 18 former redevelopment areas.

B. **Additional Project Type for Economically Disadvantaged Neighborhoods Act.** Recognizing the need to attract newly built and newly renovated hotels in disadvantaged neighborhoods, the Economically Disadvantaged Neighborhoods Act will be amended to include newly built and newly renovated hotels that meet the location criteria specified in the Act and have a four-star rating or are of comparable quality. Relevant provisions of the Fresno Municipal Code are being amended concurrently and consistently with this Act (See Bill B-9, Ordinance 16-__). In addition, the project shall be determined by the City Manager to be of a type and quality of hotel establishment that adds value to the surrounding property owners and

neighborhoods, including a thorough operation and management plan and a reputable operator with a proven track record.

C. **Additional Project Type for Office, Retail Tenants and Residential Uses Locating in Downtown.** Large office, retail and residential developers in the downtown area may be eligible for impact fee reductions as determined by a thorough review and evaluation of the developer's operational plans, pro-forma statements and any Development Agreement, if applicable. For an office and retail projects, the net value of impact fee reductions must be passed on directly to the prospective tenant to cover tenant improvement costs above the allowance set forth by the developer/owner.

D. **Additional Project Type for Professional Office Locating Citywide**. Large office projects, of sufficient scope and specific purpose, shall be eligible for impact fee reductions. These businesses must generate a minimum of 250 net new full time jobs and produce net new taxes for the City. Acceptable businesses shall include but not be limited to call centers, company headquarters, software companies, health care entities and similar business types. The iDifer Act will be amended to accept professional offices that are properly zoned to accept professional offices and meet the 250 minimum job creation requirements. Relevant provisions of the iDifer Act are being amended concurrently and consistently with this Act (See Resolution 2016-41). If the business is leasing space from a developer of a newly constructed building the net value of impact fees reduction must be passed on directly to the prospective tenant to cover tenant improvement costs above the allowance set forth by the developer/owner. The City Manager shall review and approve these types of projects pursuant to the iDifer Act.

E. **Application Process for Reduction and Abatement of Development Impact Fees.** IDIFER, Commercial BUILD, and the Economically Disadvantaged Neighborhoods Act outline the specific application process. In each case, City staff work with the proposer to complete an application, which is routed to the City Manager for approval.

F. **Reporting Requirements.** IDIFER, Commercial BUILD, and the Economically Disadvantaged Neighborhoods Act outline the specific reporting requirements. In each case, the City Manager is required to bring an annual report to the City Council for review as a part of the annual report required by the Mitigation Fee Act.

2. **Reimbursement for Offsite Improvements From Project Generated Revenue.** Utilizing new revenue directly generated by the proposed project to reimburse the developer for offsite improvements triggered by the project is the second level of economic development incentive offered by the City. This incentive can offer a higher value of incentive for the proposer while still offering a low degree of risk to

the City, as the proposer would pay for the improvements at the time of development and be reimbursed by the City as local revenues are generated from the project. Examples of revenues generated directly by a project include property tax, sales tax, business license fees, and room occupancy taxes.

A. Projects Eligible for Revenue Sharing for Offsite Improvements.

- **Industrial projects,** which:
  - Support, leverage, or create expansion opportunities for Fresno's existing industrial base;
  - Are owner-occupied or have a long-term lease;
  - Retain or Create at least 100 new full time jobs that are a good match for the four-county commute shed;
  - Are located in an area where infrastructure already exists;
  - Are properly zoned industrial land; and
  - Result in an increased assessed valuation.

- **Mixed Use projects,** which:
  - Are located within one-half mile of the Blackstone Bus Rapid Transit corridor south of Shaw Avenue and within one-half mile of the Ventura-Kings Canyon Bus Rapid Transit corridor;
  - Are zoned Mixed Use;
  - Include residential uses; and
  - Are consistent with the City's Development Code requirements for Mixed Use zone districts.

- **Mixed Use, Residential and Commercial projects**, which:
  - Are located within the Fulton Corridor Specific Plan boundaries;
  - Are properly zoned; and
  - Are consistent with the City's Development Code requirements for applicable projects.

B. Application Process for Revenue Sharing for Offsite Improvements Reimbursement – The application process for securing reimbursements for offsite improvement shall follow the guidelines of the application process for abatement or reduction of development impact fees and shall require a majority vote of the Council to determine eligibility for reimbursement of offsite improvement costs. In addition to the information required by the iDifer Act, Commercial Build Act and the Economically Disadvantaged Neighborhoods Act, the City Manager shall provide the Council a schedule of the projected local tax dollars generated by the project, the total estimated value of offsite improvements, and an estimate of the length of time needed to reimburse the Proposer for the required off site improvements.

C. Reporting Requirements. The City Controller shall provide an annual report to the Council during the month of December updating the status of each

development project that is participating in the Offsite Improvements Reimbursement incentive from the City. The report shall include the following:

1) A detailed accounting of the value of all financial incentives provided during the calendar year for offsite improvements reimbursement;

2) The number of new jobs created or jobs preserved from the projects participating in the Offsite Improvements Reimbursement Incentive; and

3) A direct comparison of the offsite improvements completed by the Proposer and the total capital costs of the project expended by the Proposer.

3. **"Project Revenue" Sharing to Incentivize Capital Investment.** Utilizing new revenue directly generated by the project to incentive private, capital investment is the third level of economic development incentives offered by the City. This type of incentive agreement is reserved for unusually large and publicly beneficial projects. As a result, more thorough analysis and due diligence is required as detailed below. The shared revenue will be reimbursed to the Proposer after the City receives it.

A. Projects Eligible for Revenue Sharing to Incentivize Capital Investment.

- **Industrial projects**:
  The City shall offer revenue sharing subsidies to offset capital investment costs for qualified industrial projects. In order to be considered for revenue sharing incentives a project must generate at least 500 new jobs. Where legally permissible, City may require 50% of the new jobs to be offered to local residents. The duration and amount of the subsidy will vary depending upon the following criteria:

  1) The overall size and scope of the proposal and it's projected economic impact on the City;

  2) The overall cost to the City for economic incentives offered;

  3) A cost-benefit analysis weighing the overall incentive costs with the projected economic benefits to the City;

  4) The aggregate level of initial investment by the proposer in land acquisition and real property improvements including infrastructure, facilities, fixtures, and equipment;

  5) The application of performance based incentives that are tied to specific performance criteria such as job creation and net

increases in City revenues creating a situation where there is little or no risk to the City; and

6) The overall financial condition of the City General Fund.

Eligible revenue sharing subsidies include property and sales taxes (subject to applicable laws), hotel room taxes (TOT), business license taxes and any other local revenue stream generated directly by the project.

- **Large Scale Mixed Use Projects** – A large scale mixed use development in the Fulton Corridor Specific Plan area may qualify for revenue sharing subsidies from the city if it is determined to have a catalytic impact on downtown. The City Manager shall review and evaluate large scale mixed-use developments that are of sufficient size such that they will have a catalytic impact on downtown revitalization. The general requirements for consideration of revenue sharing are: 1) approximately 500 residential units and/or 2) approximately 500,000 net leasable office/retail space. The master planned project must also generate at least 100 full time jobs upon completion. Where legally permissible, City may require 50% of the new jobs to be offered to local residents. The City Manager shall have the discretion to be flexible in the strict numerical unit numbers or commercial square footage numbers if it can be determined that the proposed project has a catalytic impact on downtown revitalization.

B. Application Process - Any net City subsidy in excess of $1,000,000 shall follow the due diligence guidelines of the Better Business Act as discussed in Article III. The City Manager shall review and evaluate all net subsidies less than $1,000,000 and include them in a report to the Council. A majority vote of the Council is required for approval.

C. Reporting Requirements: The City Controller shall provide an annual report to the Council during the month of December updating the status of each development project that is participating in the Revenue Sharing incentive from the City. The report shall include the following:

1) A detailed accounting of the value of all financial incentives provided during the calendar year by project;

2) The number of new jobs created or jobs preserved from the projects participating in the Revenue Sharing incentives; and

3) A direct comparison of the value of the Revenue Sharing compared to the Proposers total capital costs of the project.

4. **Other Indirect Financial Incentives.** The City shall offer other direct and indirect financial incentives to qualified proposers as determined by a review and evaluation by the City Manager and approved by the Council.

   Below is a list of other direct and indirect financial incentives:

   1. Low Interest Rate Bond Financing:
      The City may assist by writing a letter of support to help a successful Proposer in finding low interest rate bond financing through available resources including but not limited to Industrial Development Bonds, Infrastructure Assessment District Bonds, and Mello Roos Bonds,

   2. Tax Credits:
      The City may assist by writing a letter of support for a project, a successful Proposer in applying for tax credits, including but not limited to New Market Tax Credits, Historical Tax Credits, California Competes Tax Credits, and Statewide Communities Infrastructure Program.

   3. Recycled Water Rebate/Rate Reduction:
      Where economically feasible and legally permissible, the City shall have the authorization to offer recycled water from City owned facilities to approved projects. The price reduction may be up to 100% of the City Master Fee Schedule rates for a period between 1 year and 10 years.

   4. PG&E Enhanced Economic Development Rate:
      Qualified businesses either expanding existing operations or locating in Fresno or Fresno County can receive electrical rates of up to 30% reduction for up to 5 years.

ARTICLE VI
DATABASE INVENTORY OF INDUSTRIAL LAND

Policy Resolution: The City shall maintain a database inventory of vacant industrial zoned land within the City limits and its sphere. City staff shall work directly with the private sector real estate brokerage firm selected pursuant to the Asset Management Act adopted in 2014 by the Council in selling surplus properties with a priority being placed on industrial properties.

The private sector asset management firm shall assist the City in working with private investors in trying to assemble contiguous land parcels sufficient in size to meet the land size, infrastructure, transportation access and other requirements of the prospective industrial users.

ARTICLE VII
LOCAL VENTURE CAPITAL FUND

Some states including Georgia, New Mexico and Pennsylvania utilize Venture Capital Funds for the purpose of funding new start up businesses to add jobs. Venture Capital is financial capital provided to early-stage, high potential, growth startup companies. The venture capital fund earns money by owning equity in the companies it invests in. Most venture capital firms focus on high tech businesses.

An essential component of attracting venture capital investors is the establishment of our City as a hub for high tech. Startup activity in the U.S. is concentrated in cities that have creative class appeal and amenities such as a revitalized urban core and walkable neighborhoods, to attract young entrepreneurs. The growing activity in our downtown and formation of tech companies like Bit Wise could be the start of making for entrepreneurial tech activity. The Silicon Valley/San Francisco urban area alone accounted for approximately $11 billion in venture capital dollars.

Local sources for venture capital funds include San Joaquin Capital, the Central Valley Fund, the Central Valley Venture Forum (through the Lyles Center for Innovation and Entrepreneurship), the CSUF Foundation and The Central Valley Angel Group. The Central Valley Fund serves Central California providing private capital for small and medium sized established businesses to finance stage growth and expansion with a target investment of $2 to $10 million.

Local investors formed the San Joaquin Fund and the Central Valley Angel Fund. San Joaquin Capital is a newly formed fund focused on series 'A' rounds for high growth technology startups up to $5 million. This Angel Fund group will focus on $1 million plus investment opportunities. Both groups are welcome additions to assist local startup businesses.

Policy Resolution: The City shall take the lead in assembling a stakeholder network including the City, the Central Valley Fund, the San Joaquin Fund, the Central Valley Angel Group Fund, the Lyles Center for Innovation and Entrepreneurship, the Central Valley Business Incubator (CVBI), the Water, Energy & Technologies (WET), the CSUF Foundation, local area business leaders, and the Greater Fresno Chamber of Commerce to explore forming a local Venture Capital Group focused on Fresno regional based entrepreneurs for new technologies.

This Venture Capital Group would bring all of the stakeholders together and help connect qualified local entrepreneurs, venture capital investors, and investment bankers.

ARTICLE VIII
FOCUS ON SMALL BUSINESS

The Small Business Administration (SBA) defines small business as an enterprise having fewer than 500 employees. According to U.S. Census data in 2011 99.7% of businesses in the U.S. have fewer than 500 employees. Small businesses employ over half of the private sector workforce and have generated over 65% of net new jobs in the U.S. since 1995.

According to the US Census Bureau data in 2010, 88% of the businesses in the United States and California have five or fewer employees, employ more than 31 million people, generate $2.4 trillion in revenues and account for 17% of the national GNP. There are 4 million micro-businesses in California.

Business Retention and Expansion
Only 2% of new jobs come from relocations within the United States. The remainder comes from expansion of existing businesses or the creation of new companies. Accordingly, City resources and economic development efforts should focus on new small business startups and encouraging and assisting existing business to expand their operations.

Many economists believe start-ups are the most reliable job creators. Studies have shown that new firms are responsible for nearly all of the nation's net new job growth. The National Bureau of Economic Research that there is no systematic relationship between the size of a firm and job growth. In fact, the number of stock IPO's over $50 million has dramatically dropped since the 1990's.

Cities and states can spend substantial amounts of money and resources chasing down the "big fish" prospective employer in a very competitive market. There is often a gross disparity between the actual new jobs created and tax base benefits for the city or state compared to the economic development incentives expended to attract the big fish.

The City needs to be the catalyst to promote small business and chart a clear course to access capital to help cash flow to start a new business or expand an existing business. The Fresno Food Expo is an excellent example of promoting and growing local small businesses in our City.

Policy Resolution: The City shall re-evaluate the Local Small Business Ordinance to strengthen it and provide more resources to implement policies encouraging and supporting small business in the City.

Later this year, an expansive and detailed Local Small Business Ordinance will be introduced to fully implement the goals outlined in this Act.

ARTICLE IX
PREPARING OUR WORKFORCE

There are two primary components to creating sustainable economic expansion in our community. The specific policies contained in this Act are designed to elevate the demand side of the economy through carefully crafted economic incentives. The other primary and necessary component is to the raise the supply side by having a trained and capable work force in our community to fill in the newly created jobs. Because of past decades of poverty and under performance in our school system we have a substantial portion of our population lacking in education and requisite job skills.

There some promising programs currently underway in our community addressing the issue of poverty and focused on bringing families out of poverty through education and job training. The Fresno Bridge Academy has demonstrated a high degree of success by moving families out of poverty with over 80% of the people enrolled in the program.

Policy Resolution: The City shall actively work with community stakeholders and support the Fresno Bridge Academy and similar programs in the community to keep the focus on reducing poverty in our community. A corollary to preparing our workforce is the development of a comprehensive career technical education program in our community. See Article X below.

ARTICLE X
CAREER TECHNICAL EDUCATION (CTE)

Fresno must do more to offer career technical education (CTE) and career paths for its students.

Our local schools districts should partner with the State Center Community College District, Fresno State University, Workforce Investment Board, trade unions, other private and nonprofit organizations, Fresno County and the City of Fresno to assess our job needs and job training requirements, and integrate these job training programs into the private market. Career technical training also includes hands-on-training and internships to better prepare students for their chosen field. The City of Fresno has a full array of non-college technical job opportunities for potential future employees. They include auto and bus mechanics, drivers, computer techs, construction trades and related jobs. The City should develop a formal on-the-job internship program for these types of jobs and work closely with local schools for internship placements.

For many years, there has been serious discussion of the need to offer vocational training for high school students to prepare them for jobs in the building industry, manufacturing, medical and other industry clusters

One of the essential elements to economic expansion is to have a trained work force sufficient to provide the labor necessary for both expansion of existing businesses and

new businesses locating in our City. This can best be accomplished through using industry clusters to connect the major stakeholders (employers, education and students). The initial plan should be to support the Advanced Manufacturing Cluster as a model to advance local job creation.

Policy Resolution: The City shall explore and evaluate its support and commitment of resources to partner with the State Center Community College District, Fresno Unified School District, Central Unified School District, and Clovis Unified School District to assist in developing a vocational school.

ARTICLE XI
TRANSPARENCY

Consistent with applicable law, all documents related to the application for economic incentives pursuant to this Act shall be available to the public on the City's website. Written reports shall also be available to the public in the City Clerk's office.

ARTICLE XII
ONE-YEAR REVIEW

The provisions of this Act shall be reviewed at a regularly scheduled Council meeting approximately one year from the passage of this Act to evaluate its effectiveness and to make necessary amendments to implement the goals of the Act.

ARTICLE XIII
EFFECTIVE DATE

This resolution shall take effect XXXXXXXX.

March 18, 2016

RECEIVED

Council Adoption: 3/17/2016
Mayor Approval:
Mayor Veto:
Override Request:

TO: MAYOR ASHLEY SWEARENGIN

FROM: YVONNE SPENCE, CMC
City Clerk

2016 MAR 29 PM 12 0

CITY CLERK, FRESNO CA

SUBJECT: TRANSMITTAL OF COUNCIL ACTION FOR APPROVAL OR VETO

At the Council meeting of 3/17/16, Council adopted the attached Resolution No. 2016-40, entitled, **Adopting the Economic Expansion Act,** Item No. 3B1, ID#16-309, by the following vote:

Ayes	:	Baines, Brandau, Brand, Caprioglio, Olivier, Quintero
Noes	:	Soria
Absent	:	None
Abstain	:	None

Please indicate either your formal approval or veto by completing the following sections and executing and dating your action. Please file the completed memo with the Clerk's office on or before March 28, 2016. In computing the ten day period required by Charter, the first day has been excluded and the tenth day has been included unless the 10th day is a Saturday, Sunday, or holiday, in which case it has also been excluded. Failure to file this memo with the Clerk's office within the required time limit shall constitute approval of the ordinance, resolution or action, and it shall take effect without the Mayor's signed approval.

Thank you.

****

APPROVED/NO RETURN: _____

VETOED for the following reasons: (Written objections are required by Charter; attach additional sheets if necessary.)

_____

_____

_____ Date: _____
Ashley Swearengin, Mayor

COUNCIL OVERRIDE ACTION: Date: _____

Ayes	:	
Noes	:	
Absent	:	
Abstain	:	