



**GREATER SACRAMENTO**  
ECONOMIC COUNCIL



***Centene West:***

A Fortune 500 investment changing the face of the  
California Capitol Region

Business Facilities Deal of the Year Award Nomination Narrative

November 2019



*The Greater Sacramento Economic Council serves a six-county region with a population of more than \$2.5 million residents*

## Background

February 22, 2019 was a momentous day in the Capital Region of California. It was the day of the cornerstone dedication ceremony for the Centene West Corporate Campus in Natomas, in the City of Sacramento and the Greater Sacramento area. Centene, a \$40 billion company, is one of the nation’s largest managed health care providers employing more than 30,000 people nationwide. The company provides services to government sponsored healthcare programs, focusing on under-insured and uninsured individuals. It also contracts with other healthcare and commercial organizations to provide specialty services including behavioral health management, care management software, dental benefits management, in-home health services, managed vision, pharmacy benefits management, and more.

The cornerstone dedication ceremony was the culmination of years of business development efforts, the hard work of countless public sector staff and elected officials, and support from the entire community eager to see significant private investment in a community that has traditionally been brushed off as a government dominated town.

Greater Sacramento, a region with a population of more than 2.5 million, took longer to recover from the Great Recession than many competitor regions due to a relative lack of large private employers. In 2015 with catalytic political leadership and drive, the Greater Sacramento Economic Council was formed to be a change agent in the six-county area and rapidly formed a strong support system of 43 CEOs and 20 public sector community investors.

## Obstacles

A number of obstacles, large and small, had to be overcome to make this project happen. Not only was Sacramento up against formidable and attractive communities – Tempe, Arizona and Austin, Texas – but it had limited tools to ensure competitiveness and deliver on timelines. The dissolution of redevelopment agencies in California in 2011 has presented communities a hindrance through the demise of tax increment financing tools for redevelopment in disadvantaged areas.

Not only did the City of Sacramento and the Greater Sacramento Economic Council need to articulate to Centene a strong value proposition, but 1) creative incentive tools had to be developed and approved; 2) potential community opposition mitigated; and 3) development approval timelines had to be accelerated to a level highly uncommon in the region.

A critical factor that required significant political will and involvement occurred when the Laborers’ International Union of North America, Local 185, appealed the June 2018 approval of the development plan by the City of Sacramento Planning and Design Commission. The challenge argued that an environmental impact report should be produced to examine the project’s potential impacts on air quality, cancer risks, greenhouse gas emissions and traffic before the project could move forward. City officials helped broker an agreement between the union and the developer on the project, Houston-based Hines. As a result, the appeal was retracted, removing a potentially significant and even deal killing obstacle.

## Creative and First Time Incentive Programs

The Greater Sacramento Economic Council's regional value proposition development and the City of Sacramento's commitment to drive competitiveness by developing first-time creative incentives was the driving force behind Centene staying in - and expanding significantly- in the region. Barry Broome, the CEO & President of the Greater Sacramento Economic Council was directly involved in all stages but most notably through education of community leaders on structures for economic development incentives that are a win-win to the business and the community.

The Sacramento City Council identified economic development and job growth as a priority and goal for the City through multiple actions. An Employment Incentive Agreement was drafted to close operational cost gaps for Centene, and was consistent with the 2013 City Economic Development Strategy goal to invest in building Sacramento and to encourage strategic investments and initiatives that lead to the economic development, job growth and enhance the

beginning when it first hires new workers or Jan. 1, 2022, whichever is first. It is structured to promote employment instead of physical development. To clarify the overall greater economic benefit to the region and offer public support, the Greater Sacramento Economic Council offered public comment at the Council meeting and urged for approval which occurred.

To achieve timeline delivery, the City of Sacramento development services team led at the time by Assistant City Manager John Dangberg created an internal Centene West Natomas Task Force which worked around the clock to deliver planning and building design review approvals according to the needs of the project to ensure delivery by Q4 of 2021.

In addition to the approval of the Incentive Agreement, the City of Sacramento provided sewer credits which resulted in a lowering of Centene's connection fees by approximately \$450,000, a 50% or greater discount. Not to be forgotten as well was the large award from the

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**“Our agreement is a model for private-public partnerships in the state. We offered an incentive not for developing office space. Instead, we said, you bring thousands of new jobs to our city, and we'll use our Innovation and Growth Fund to help you grow those jobs. Our agreement sets a high standard. Building a high-wage jobs base in our city is paramount. Our incentives also encourage Centene to hire people from our disadvantaged neighborhoods, a key piece of our equity agenda in Sacramento.”**

**- Darrell Steinberg, Mayor, City of Sacramento**

quality of life in Sacramento as well as the associated Council approved Job Growth and Employment Incentive Strategy. The strategy underscores the City's commitment to corporate recruitment efforts that bring large numbers of high-wage jobs to the City, diversify the City's economic base, provide employment opportunities to under-served populations, and provide broad public benefits that enhance the quality of life within the City.

The agreement with Centene was unprecedented in the City of Sacramento as well as to the Greater Sacramento region. It defines employment milestones that Centene must meet to obtain the incentive of \$13.5 million, which equates to a maximum benefit of \$9,000 per job. Centene has 12 years to meet its milestones,

State of California to the tune of a \$7 million tax credit received in the competitive California Competes tax credit program. The City of Sacramento as well as the Greater Sacramento Economic Council worked diligently to offer a large number of letters of support to advocate for the tax credit approval.

The Governor's Office of Business and Economic Development continues to demonstrate support for businesses locating, growing and expanding in California. In 2018, the California Competes program was extended for an additional five years, with at least \$180 million in tax credit allocations available to businesses each year through 2023.

# Impact to the Community

Centene's new home will bring new private-industry, full-time jobs and expand the range of employment opportunities within the region. **The company brings with it 4,045 direct and induced new jobs to the region, making it one of Greater Sacramento's largest employers.** Those jobs will be in desirable high-growth, sustainable industry sectors, targeted at the region's areas of strength: health care, information technology, accounting and administration.

Additionally, income associated with the new jobs will produce a cash infusion throughout the entire region, with an estimated direct economic impact of more than \$8.5 billion over a fifteen-year period. In City of Sacramento direct tax revenue alone, some \$516,000 to \$1.63 million is expected.

The new facility will also be an opportunity for more inclusive hiring. The City's Employment Incentive Agreement includes a provision to incentivize the hiring of the city's priority residents including veterans, former foster youth, convicted felons and individuals that receive public assistance. The effort to grow Centene's presence in the region is an example of effective partnership with the State of California. With support from across the public and private sectors, Sacramento now serves as a new model that proves regions can collaborate effectively by using smart policy – like incentives tied to high wage, full-time jobs – to spur job creation, expand prosperity, and build sustainable communities for generations to come.

Centene's decision to locate its facility in the North Natomas area is also critical to achieving the jobs-housing balance envisioned as part of the North Natomas Community Plan, solving critical issues with current imbalance and providing traffic relief as well as climate change crisis benefits.

Finally, the ability to retain a top employer in the region should not be overlooked. Should the City of Sacramento not have won this facility location the entire region would have instead lost 3,000 existing high wage positions that would have relocated outside of the region and reduced the private sector opportunities needed to retain local talent.

CITY BEAT



## Sacramento reaches deal with Fortune 500 insurer to establish West Coast headquarters

BY RYAN LILLIS

NOVEMBER 17, 2017 03:15 PM, UPDATED NOVEMBER 18, 2017 03:46 PM



This Thursday, July 2, 2015, file photo shows the building housing Centene Corporation headquarters in Clayton, Mo. The Fortune 500 company has reached a deal on an incentive package that would lead to establishing the insurer's West Coast headquarters in Sacramento. JEFF ROBERSON AP

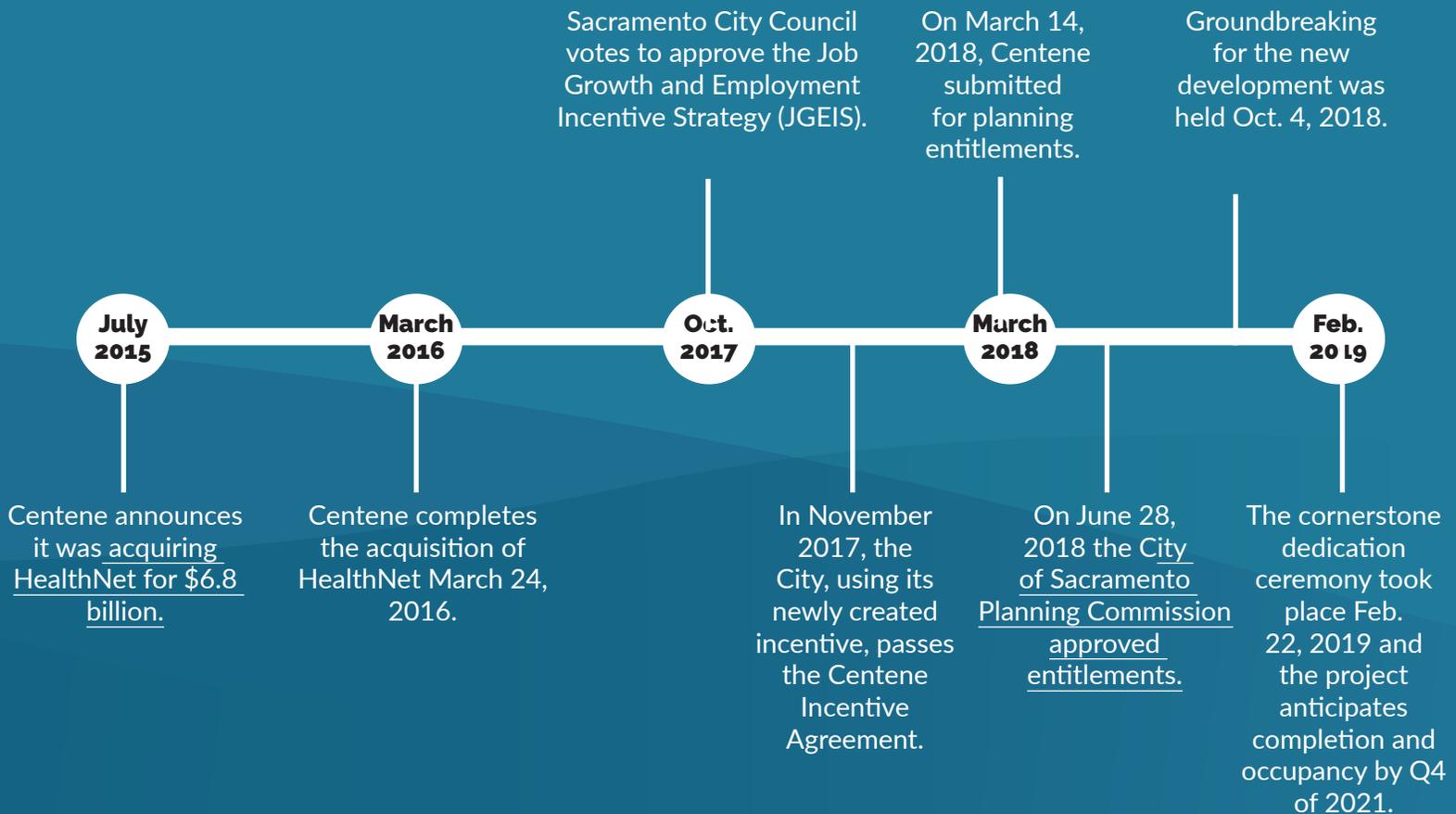
Sacramento city leaders have signed a multimillion-dollar incentive package with a Fortune 500 health insurer that plans to establish its West Coast headquarters in North Natomas, bringing hundreds of jobs in the years to come.

Centene, a St. Louis-area company that manages Medicaid and other health insurance programs for more than 12 million people, signed the incentive deal on Friday and could employ "upwards of 5,000" workers at its Sacramento headquarters, Mayor Darrell Steinberg said. That number, at least initially, will likely include the 3,000 employees Centene already has in the region.



## 5 Project Timeline

As often happens with significant project decisions, securing Centene's commitment to the region did not happen overnight, but the community did expedite the process in record time at many stages:



**“California is an engine of commerce, and this state-of-the-art corporate campus is a natural fit for the fastest-growing major city in California.”**

**- Michael F. Neidorff, CEO, Centene**

Greater Sacramento Economic Council CEO Barry Broome (center) and City of Sacramento Mayor Darrell Steinberg (left) celebrating the cornerstone groundbreaking for Centene West with a friendly embrace.

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