



Action Plan

FISCAL YEAR 2020/21

Organizational statement

The Greater Sacramento Economic Council is the catalyst for innovative growth strategies in the Capital Region of California. The organization spearheads community-led direction to retain, attract, grow and scale tradable sectors; develop advanced industries and create jobs and investment throughout the six-county region. Greater Sacramento represents a collaboration between local and state governments, market leaders, influencers and stakeholders, with the sole mission of driving inclusive economic growth.

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A letter from Laurie Harting

Chairperson of the Board

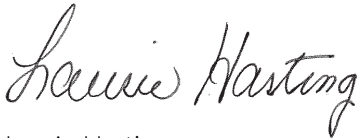
While this last year has certainly been full of challenges, I continue to be impressed and inspired by the forward momentum and tenacity of regional leaders. When faced with hardships beyond any of our imaginations, we have leaned in and worked tirelessly to put together a plan for recovery and resiliency for our community.

While we continue to welcome new companies to the region and engage prospects, we must move beyond just the counting of jobs and focus on more critical economic indicators such as the increase of tradable sector jobs versus non-tradable, the productivity level of existing firms and the participation rates of citizens in the workforce. We must deliver a new economic model to truly drive onward to inclusive regional recovery, and we must do this together as one region.

There is no denying COVID-19 has had an unprecedented impact on our economy, but I am confident the framework set forward in this action plan will pave the way for recovery. Together we can build a sustainable economy that serves all members of the community by focusing on industries that are environmentally sound, inclusive and tradable in nature with primary goals of regional investment in jobs and resulting economic impact.

I am honored to help lead the Greater Sacramento Economic Council forward and hope you are ready to roll up your sleeves and join me as we push forward.

Sincerely,



Laurie Harting
President & CEO Greater Sacramento Division
Dignity Health



Driving onward to regional recovery:

Key tenets

Our economy has seen upheavals, challenges, setbacks and imbalances since the beginning of our nation's history. But the economic challenges faced by economic development organizations such as GSEC at this time are truly unprecedented. Gone are the times of reacting to strong economic trends, focusing only on traditional business development and marketing tactics and celebrating victory.

The work ahead for GSEC and the Greater Sacramento community will be of the level not seen before and will test our skills and our merits. No, it is not at all business as usual. And no consensus exists regarding what recovery will look like and when we can hope to embrace it. But then again, GSEC is an unprecedented organization. It is up to the challenge.

GSEC's mission is to serve as the catalyst for innovative growth strategies in the Capital Region of California. In order to deliver on this during a time when unemployment has hit the highest levels in nearly a century – and just as the region had begun to see positive results from its efforts – GSEC must deliver an entirely new economic development model.

This is necessary as:

- **Talent and workforce skills** will continue to increase in importance as the **top driver of business decisions**.
- **The very nature of work and the use of commercial space** – from offices, to distancing practices in manufacturing facilities, to day-to-day retail and dining transactions – **has changed significantly, likely forever**.
- **The impact of a global pandemic and the exposure of ongoing systemic inequities, bias and racism** have made the importance of commitment to inclusive economic development painfully apparent. Communities that lack the commitment to tackling these issues head-on will continue to suffer, and **be left behind**.



Framework for GSEC’s mission to create a sustainable economy for the region

by focusing on industries that are environmentally sound, inclusive and tradable in nature with primary goals of regional investment in jobs and resulting economic impact

Sacramento was one of the first major metropolitan areas to recover after the 2001 recession, yet one of the last regions to recover after 2008. Even before the COVID-19 pandemic, the region was struggling to realize pathways out of poverty.

In 2018, GSEC commissioned the Brookings Institution to conduct a study of the Greater Sacramento workforce. Brookings found that the region disproportionately depended upon government jobs, resulting in a regional ranking of 91 out of 100 for inclusion numbers in similar markets. This is significant in that government jobs have the lowest multiplier effect, with four government jobs creating a single low wage job. Government jobs do not have a supply chain, do not scale, do not create wealth and do not have global connectivity. The Brookings Institute report showed that when compared to 16 other peer metro areas, the Greater Sacramento region ranked worst with a 0.7% decline in annual employment in tradable sectors 2006-2016.

Brookings also found 47% of African American residents and 42% of Hispanic residents in the region to be economically disadvantaged.

These numbers only started to make significant improvements over the past few years as a result of an aggressive economic development program focused on inclusive investment. The region moved from

government jobs making up 40% to 33% of total jobs. When Brookings released its most recent update on its inclusion metric, the region ranked second among large metropolitan areas.

Given the severe nature of this current recession, and without intentional intervention, the most likely outcome will be a repeat of the 2008 recovery.

The formula laid out in “The New Geography of Jobs” by Dr. Enrico Moretti indicates that every tradable sector job creates five additional high wage jobs. When tradable sector performance increases, more jobs are created and more of those jobs will be inclusive. As tradable sectors contract, less jobs are retained and exclusionary problems take root in the economy.

Demographics dictate economic potential, unique advantages and tradable sectors. Well managed and executed strategies focused on amplifying tradable sectors determine the success of the economy.

The impact of lost tradable sector jobs is exponential. Greater Sacramento has not always suffered from a disproportionate number of tradable sector jobs. McClellan as a military base once had 10,000 engineers and manufacturing jobs. Hewlett-Packard employed 12,000 and Aerojet employed 30,000. This equates to essentially a loss of 52,000 top tier tradable sector jobs. **In 1992 the Greater Sacramento region had a stronger economy than Austin, Denver, Salt Lake, Phoenix and Seattle.**

Now, it ranks last out of all of them.



The decline in Greater Sacramento's economic position is directly correlated to the reduction in these tradable sectors. The industry giants mentioned did not only provide jobs, but also created new innovation and built supply chains within the community.

The once vibrant, healthy middle class community adjacent to McClellan has suffered decline – a very visible result of the relationship between tradable sectors and inclusion.

Consider the impact of a tradable industry cluster with 500 companies that each add 20 new jobs as the result of growth in innovation, workforce investment and other factors. **Assuming a modest multiplier effect, the resulting impact of those 10,000 new jobs could actually result in an additional 30,000 or more jobs.**

These will in turn produce greater economic outcomes because they are in a market that's producing new innovation and driving success — as long as the needed talent is available. **The demographic position of the region sets the economic potential of the region.** Increasing the educational attainment average within the region is key to increasing the economic potential

of Greater Sacramento. Failure to retain college graduates drags down the demographic profile of the region and negatively impacts the economy.

An industry consortium model anchored by a university increases the capture of college graduates, provides an attractive environment for venture capital investment and increases the efficiency and productivity of the associated industry base. That is how powerful a university is as an anchor institution.

UC Davis-anchored Aggie Square

An industry consortium model focused on a tradable sector, Aggie Square offers the region a unique advantage. Every job created by Aggie Square will result in the creation of five additional jobs in the community. Its unique connection to UC Davis as the anchor institution will act as a significant retention tool for local market life science institutions, and will continue to attract interest within the cluster.

It is designed to allow Greater Sacramento to become a top location of choice for these companies because of the unique advantages of partnership with a university



that has 40,000 college students and is conducting \$1 billion of annual research. Of the 1,871 major colleges and universities, only 10 spend more annually.

Capitalizing on the world-class life science talent of UC Davis, Aggie Square will provide a regenerative medicine platform in Sacramento that does not exist in competitive markets. Because of its uniqueness, companies focused on regenerative medicine (cell therapies) and those that support this industry sector will gravitate to Aggie Square.

With the build-out of Aggie Square, our current 17,000 regional life science sector jobs should rise to between

When tradable sector performance increases, more jobs are created and more of those jobs will be inclusive.

25,000 and 50,000 over 10 years. The entire regional economy can be changed by expanding Aggie Square and connecting institutions throughout the region to its services and products.

The Aggie Square investment by Wexford is a defining moment for the future of Greater Sacramento. This is as significant as Intel and Hewlett-Packard's

investments in the region. This relatively small campus has the ultimate capability of directly and indirectly leading to the creation of 50,000 to 100,000 jobs over time. **Aggie Square is physically situated in Sacramento, but its impact is undeniably regional.**

The California Mobility Center

The California Mobility Center (CMC), led by SMUD, is also based upon a consortium model focused on a tradable sector with its own unique advantage and significant economic impact potential.

The CMC is not about transit or ride-sharing. It is not about testing. It is an applied engineering model connected to the software model center of Silicon Valley. Silicon Valley produces app-based tools like Uber and Lyft and software capabilities for connected electric vehicles. But the manufacturing of the associated components cannot occur in Silicon Valley due to cost. The CMC can take advantage of this and directly create new jobs in Greater Sacramento by engineering new products for a growing tradable sector, exporting products and bringing new wealth to the region.

PEM Motion, an anchor of the CMC, is one of the most unique and respected international engineering firms for production of clean mobility sector hardware products.

The 10-acre CMC campus will offer the capacity to produce tens of thousands of jobs. This is coupled with the unique assets and value proposition of a Greater Sacramento, and California, location.

All of the electric cars in the United States are designed in California, all related demand policies in the United States originate in California and consumers in the state currently purchase 50% of all electric vehicles sold. The availability of electric vehicle charging stations is in turn unique to California. The California Air Resource Board provides a competitive advantage for Sacramento because it is a regulator that directly creates demand for the cleantech mobility industry. As a result, the California Mobility Center is strategically positioned to be a supply chain creator for innovative companies, from leaders like Tesla to unknown startups destined to be future mobility giants. Local low cost power providers offer a cost advantage over other California locations for associated manufacturing supply chains.

We cannot stumble on this industry consortium model. We have a unique position dictated by skill, location and market — we have to execute plans in a strategic and timely manner.

Why does this all matter?

COVID-19 has impacted our economy faster and more devastatingly than any other recession in decades. Local small businesses are shutting their doors and unemployment across the nation has hit over 16%. From the federal government to the local municipal level, all are offering financial stimuli and other assistance to save them — and it will not be enough.

The only way to truly save Main Street small business and service industries is to focus on the development of a strong and diverse tradable sector industry base.

Of the more than 1 million jobs that currently exist in the Greater Sacramento region, only 58,000 are tradable sector jobs. Aggie Square will increase the amount of tradable sector jobs for the region by more than 25%. That will change incomes for households throughout the entire region.

The market brand of Greater Sacramento has to center around its unique competitive advantages. These advantages are the foundation from which we build tradable sectors. When we leverage them to build efficient and productive tradable sector assets, industries will cluster in the Greater Sacramento region.

Greater Sacramento unique advantages:

1. In the state capital
2. Proximity to Silicon Valley innovation
3. In the state where the modern electric vehicle was born

The behaviors necessary for success in life sciences and advanced mobility sectors are identical, just nuanced for the industry. **Products resulting from new innovations, services that**

make companies more efficient and talent supply all create the environment for new industry clusters. Tradable sector jobs producing innovative products like regenerative medicine and services like the CMC's ramp-up factories, will create efficiency and productivity in enterprise. The measure of economic success for these enterprises is not size, but rather whether they are rooted in a tradable sector.

As a region, Greater Sacramento in turn must produce a body of work that enhances and strengthens its position around the region's unique advantages.



Introducing a new economic development model

with a reshaping of the very approach to economic development in order to impact the drivers of competitiveness in a new, digitally transformed, modern economy

The approach

To define and ultimately achieve success, GSEC will need to focus on outcomes instead of activity, such as the true advancement of the region’s competitiveness and wealth through the creation of tradable sector industry clusters and innovation, not just counting of jobs.

The productivity levels of existing firms and workers, participation rates of citizens in the workforce and continued increases over time in the percentage of tradable versus non-tradable sector jobs are much more critical tests of performance.

It must also recognize and embrace that while Greater Sacramento is one region, each of the communities within it will also have unique needs and strategies that GSEC will serve and support.

The execution

Due to the impacts of COVID-19, the way we interact and deliver economic development services will change, but this is a benefit to be embraced and leveraged. Instead of spending valuable time and dollars on business travel and hosting large events, production of programs and meetings can occur in a virtual setting. This will require less travel time and cost to execute; however, it will also require significantly more preparation in research, materials and digital technologies to ensure excellence.

To execute this plan, GSEC will need to be strategic and do things differently compared to years prior. Moving forward, the organization will support key initiatives, drive meaningful economic performance and continue practicing data driven strategies.

Finally, and most importantly, all efforts in service to this new economic development model will be conducted with **equity and inclusivity as their most critical consideration.**

TRACKING PERFORMANCE

Metric	Goal	Stretch Goal
Overall ROI to region	10:1	15:1
Jobs created / retained	1,400	2,000
Direct economic impact	\$200 m	\$500 m
Induced economic impact	\$500 m	\$1 B
Earned media value	\$4 m	\$5 m
Stakeholder satisfaction	86%	87%

Key initiatives

- I. Respond with solutions and deliver positive impact in the attraction, retention and delivery of skilled workers**
Reinforce and expand the region’s value proposition to top talent in search of a premier employee experience, while simultaneously lifting up the regional community through fast-delivery training to upskill workers for marketability in a digitally transforming economy.
- II. Develop and administer a comprehensive, regional business retention and expansion program**
Refocus economic growth strategies to prioritize ensuring local businesses survive, recover and have the opportunity to thrive.
- III. Grow and attract the industries of the future**
With reinforced commitment to major industry efforts already underway, deliver leading industry development strategies through consortium models and anchors with Aggie Square and the California Mobility Center.
- IV. Advance and grow positive recognition of Greater Sacramento and the GSEC brand**
Launching the region out of a recession will require a continued commitment to advancing awareness of its efforts, successes and value proposition.

I. Be a leader in talent development, attraction and retention

strategies to attract top talent and provide upward mobility paths for members of the community

Objectives

- Deliver new opportunities for upward economic mobility in disadvantaged communities of Greater Sacramento.
- Become a recognized, go-to region for top talent seeking relocation in top employee experience and quality of life communities.
- Utilize existing and new partners to advise and solve challenges with talent attraction and hiring, including creating and promoting material that directly combats misconceptions about the region's talent capacity.

Strategies and tactics

- Identify and advance partnerships with training providers for rapid deployment of digital skills training.
- Analyze the need for new workforce development programs or revisions to current systems and work to secure funding allocations.
- Create marketing materials extolling the positive employee experience available in Greater Sacramento, while directly combating misconceptions about the region's talent capacity.
- Launch and aggressively market a centralized jobs database for the region, promoting opportunities in high-demand occupations at local businesses. Host this database in a customized microsite online, focused on quality of life.
- Continue to produce and leverage success stories and testimonials.
- Create a multi-year framework for how the Greater Sacramento region can invest in current and future talent development pipelines via local universities.
- Conduct an outreach and marketing strategy to connect firms to students and recent graduates to retain them in the local market, and recruit high-net-worth alumni from Greater Sacramento educational institutions to return to the region from outside the market.

Desired outcomes

The Greater Sacramento region has hundreds and potentially thousands of residents trained with new skills that are in high demand in a digitally transforming economy. Top talent in the megaregion is increasing its prevalence of migration to the region, and new talent across the nation is taking notice.

- 10 New success stories produced and marketed externally
- + Trained individuals equipped with new digital skills and placed into jobs in growing tech companies
- 5 New testimonial videos produced and utilized in social media promotions
- 200 Featured jobs listed on GSEC jobs database site

II. Execute the launch of a comprehensive, regional business retention and expansion program

with a priority on the recovery and growth of local business

Objectives

- Ensure located firms remain successful in the region and that emerging issues affecting industry have a solutions advocate.
- Continue to drive communities to develop new employment centers throughout the region.
- Direct collaboration with all local communities to ensure delivery of support for their individual recovery strategy needs.

Strategies and tactics

- Business attraction program will deliver direct outreach to the top businesses in the region in each target industry sector.
- GSEC will continue to annually audit the impacts, performance and status of all past locates.
- A regional database tool will be developed and launched, offering a critical resource and service to local communities in outreach to their companies.
- Local business outreach executed in partnership with local economic development directors and chamber of commerce CEOs.
- Launch a regional mayors' round-table to ensure local voices and issues are heard.
- Leverage new partners such as property managers and staffing agencies for outreach and connections.

Desired outcomes

The Greater Sacramento region has developed and delivered a model business retention and expansion program with GSEC serving as the connector and facilitator and all communities and regional leaders serving as partners. Intelligence gathered in the process is driving legislation required to support and advance the top industries in the region.

100+ Businesses reached for retention and expansion discussions

70% Of all past locates connected to directly through annual audit program

+ Regional business retention and expansion database delivered

III. Grow and attract industries of the future to the Greater Sacramento region

Objectives

- Elevate national awareness of regional assets such as Aggie Square, the California Mobility Center, key development opportunities and higher education assets.
- Identify a path to competitiveness through national analysis and benchmarking.
- Put Greater Sacramento high on the radar of the top tech giants for future hub and spoke location considerations.
- Establish GSEC's role in influencing and engaging in state and local policies affecting business opportunities and regional competitiveness.

Strategies and tactics

- Develop a streamlined portal and process for GSEC investors and Board leadership to access key strategy and trend talking points.
- Launch, promote and advance the leadership of industry consortium models: fintech, mobility and life sciences.
- Leverage and grow relationships established through brokerage MOUs.
- Using big data sets, continue asset mapping and supply chain analysis for target industries.
- Attend strategic trade shows, sales missions and conferences virtually and in person while encouraging local community and broker partner attendance.
- Support regional initiatives and bills that will drive economic recovery, such as critical infrastructure and education projects.
- Advocate for state level incentive programs that increase California's competitiveness, are performance based and that do not negatively impact the state's bottom line.
- Create and distribute high quality marketing and research documents highlighting regional assets such as manufacturing with brokerage partners.
- Increase interest and venture capital investment in regional firms while celebrating and supporting the launch of new local investment funds.

Desired outcomes

GSEC is externally known as a leader in key industries of the future, and measurable growth has been seen in their expansion. Greater Sacramento is a known value proposition for national development firms considering new investment locations.

7+

MOU relationships maintained and nurtured with brokerage offices

2

Newly launched industry consortiums driving impact to the region

25

New direct interactions with venture capital firms outside of the Greater Sacramento region

+

Comprehensive competitor and analysis delivered, outlining recommended performance based incentive programs that prioritize equity and inclusion

IV. Advance and grow positive local, national and international recognition

of the Greater Sacramento region and GSEC organizational brands

Objectives

- Expanded communications platform in the marketplace will educate the citizenry on the role and accomplishments of the Greater Sacramento Economic Council.
- National recognition of GSEC as a best practices economic development organization.
- Achieve 100% success rate in continued support from Board investors.

Strategies and tactics

- Hold recurring virtual and/or in-person short programs to educate community members about the efforts of GSEC and the elements of economic development practices, and ensure that each community partner in the region is featured during the year.
- Host site selector familiarization tours creating direct connections to 10 new national site selection consultants.
- Host a minimum of one inbound national media tour opportunity, virtually or in-person.
- Increase regional brand awareness in target national markets through strategic, paid social media and digital ad campaigns as well as organic connections.
- Connect, directly or virtually, with all key consulate offices in the Bay Area to explore foreign direct investment and export and trade opportunities.

Desired outcomes

GSEC has developed relationships in competitor markets showing its value and expanding its network. Awareness of the region has increased in a measurable way — qualitatively and quantitatively— and the Greater Sacramento region is widely known as the California Option.

2+

Recognition awards for excellence in the economic development field for GSEC

500

New local followers and contacts as a result of community outreach and education

+

Increase in project requests for information from site selection consultants

1

Inbound media tour, incorporating national press and trade publication writers in target industries

\$

\$4 million or more in earned media ad value

Budget summary

Revenue

Investor revenue	\$1,405,000
Governmental agencies	\$979,623
Other revenue	\$330,000
<i>Interest income</i>	\$48,000
<i>Office sublease</i>	\$132,000
<i>Annual dinner</i>	\$150,000
Total revenue	\$2,714,623

Personnel expenditures

Salaries	\$2,132,121
Payroll taxes	\$170,570
Employee benefits	\$151,927
Retirement plan contributions	\$127,927
Professional development	\$15,426
Total personnel expenditures	\$2,597,971

Office expenditures

Depreciation and amortization	\$59,762
Dues and subscriptions	\$32,170
Equipment rental and lease	\$12,000
Insurance	\$21,000
Merchant card fees	\$5,000
Office technology	\$78,660
Operation travel	\$6,200
Other office expenses	\$15,600
Parking	\$39,996
Printing	\$18,000
Property taxes	\$2,750
Rent expense	\$309,024
Research and software	\$149,590
Telephone	\$29,900
Total office expenditures	\$779,652

Professional services

Accounting and payroll fees	\$66,500
Contingency	\$200,000
Design service fees	\$12,000
Legal fees	\$55,200
Other professional fees	\$30,000
Total professional services expenditures	\$363,700

Community outreach

Advertising	\$36,000
Business development travel	\$34,427
Meals and entertainment	\$24,000
Promotional materials	\$10,000
Total community outreach expenditures	\$104,427

General events & programs

Annual dinner	\$150,000
Board meetings	\$5,000
General events and programs	\$14,250
Site selection familiarization tours	\$15,000
Total general events & programs	\$184,250

Total expenditures	\$4,030,000
Other revenue	- \$330,000
True budget	\$3,700,000

Meetings, events and programs

Please note: Events are subject to change.

September

10 Board of Directors Meeting

December

3 Greater Sacramento Annual Celebration

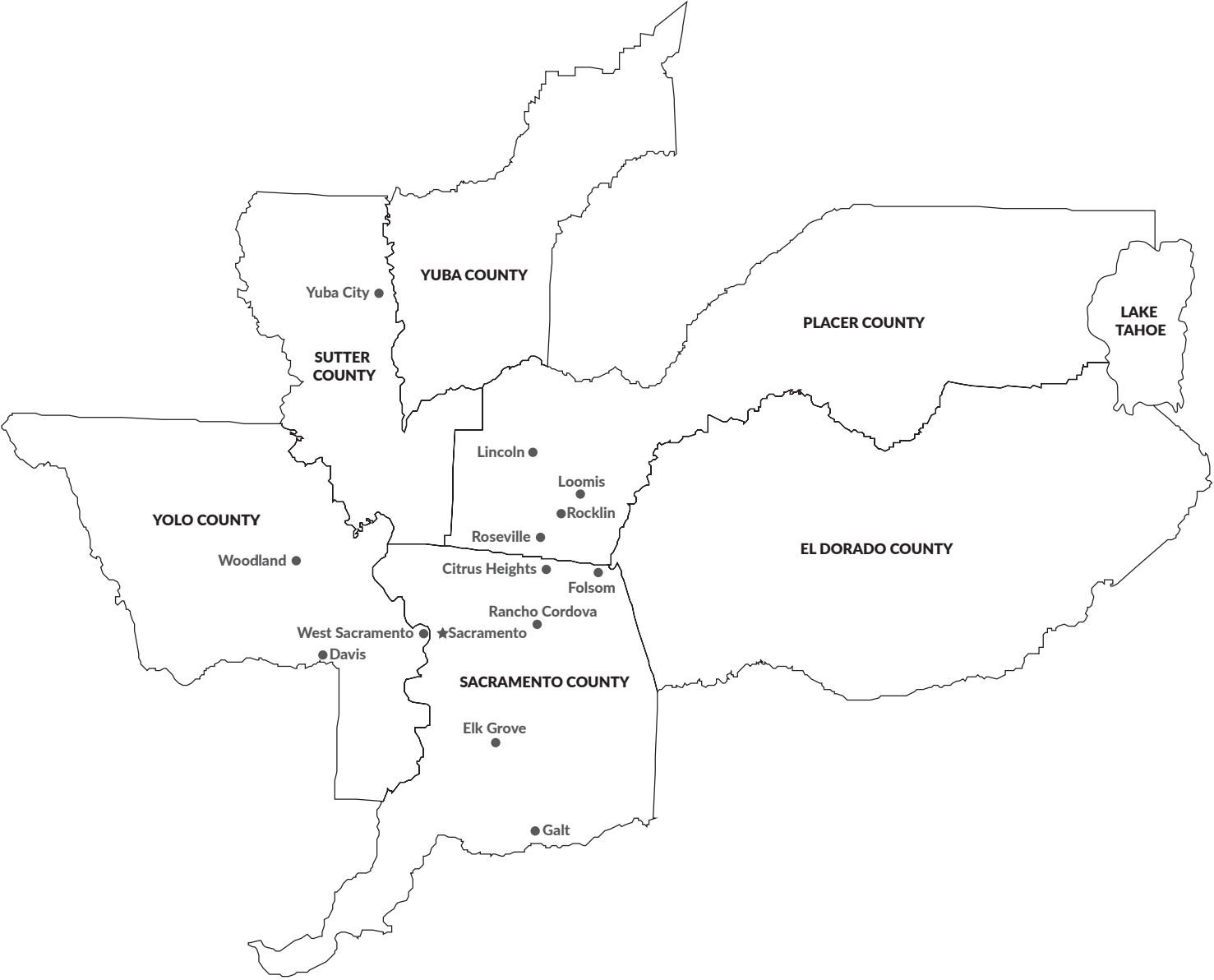
10 Board of Directors Meeting

March

11 Board of Directors Meeting

June

10 Board of Directors Meeting





For more info on upcoming events and webinars visit
GreaterSacramento.com/Events



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