



Attachment B CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Economic Development Strategy Study Session
Category:	Community Development
Meeting Date:	11/12/2019
Staff Contact:	Alex Andrade, Economic Development Director, 408-586-3046 Daniel Degu, Economic Development Coordinator, 408-586-3054
Recommendation:	<ol style="list-style-type: none"> 1. Receive update on the draft Economic Development Strategy from the Office of Economic Development. 2. Provide feedback and direction to the Office of Economic Development regarding current preliminary research results of the draft Economic Development Strategy.

Background:

One of City Council's identified priorities is Economic Development and Job Growth, which is vital to the health of the local economy. The Office of Economic Development's mission is to provide services and resources to the business and development communities with the purpose of attracting, retaining and expanding business and employment opportunities for residents, stimulating the local economy and expanding local retail sales, transient occupancy and commercial property tax bases while maintaining a positive balance between growth, social equity and the economic vitality of Milpitas.

An Economic Development Strategy is a policy document intended to identify specific strategies and create a work-plan to stimulate economic and business development by providing a roadmap for the formulation and implementation of a program that creates opportunities to maximize economic growth. The current Milpitas Economic Development Strategy was adopted by City Council on February 7, 2006.

On June 18, 2019, the City selected Strategic Economics as the consultant to develop a new Economic Development Strategy. The purpose of an updated Economic Development Strategy is to prepare Milpitas for a resilient and sustainable local economy that captures emerging innovation and technology, growth opportunities with place-making solutions, strategies to prevent small business displacement, and establishes creative strategies to support economic vitality today and for future generations, which improves the quality of life for residents, employees and visitors alike.

The consultant team will establish an Economic Development Strategy based on the following goals:

1. Cultivate a strong stable and diverse local economy;
2. Achieve fiscal sustainability and maintain adequate revenues to provide quality and essential public services;
3. Encourage new development in key opportunity areas that provide high-quality work environments and competitive business locations;
4. Pursue economic development opportunities that foster and improve quality of life; and
5. Increase community workforce preparedness and cultivate an entrepreneurial environment that fosters innovation.

The purpose of this Study Session is to provide an update on the draft Economic Development Strategy and seek feedback from the Council on the current findings of the strategy. The consultant team and City staff will incorporate the Council's comments and direction from this Study Session into work currently underway. The Office of Economic Development anticipates providing the Council another update on the draft Economic Development Strategy via an Informational Memorandum in mid-December 2019 and expects adoption of the final Economic Development Strategy Report and Implementation Matrix in the first Quarter of 2020.

The Economic Development Strategy Report will describe economic context, existing conditions, and future changes necessary to maintain Milpitas' competitiveness in attracting cutting edge emerging technologies, retaining and expanding existing businesses and industries, preparing the local workforce for future jobs, encouraging development activity, and investing in the City's fiscal health.

The Implementation Matrix will identify specific priority actions for the next five years, with implementation guidelines, schedule, and identification of responsible parties and funding sources. The matrix will include strategies and actions for both the City and for the opportunity areas. The actions will incorporate measurable annual performance objectives, including the Office of Economic Development's new performance metrics. The Economic Development Strategy will also recommend new potential sources of funding to achieve the plan's objectives.

Analysis:

The current process of preparing a new Economic Development Strategy began in July 2019. The consultant team has completed approximately half of the project deliverables specified in their scope of work, which makes this an opportune time to receive vital City Council feedback and direction at this time. To date, the consultant team and City staff have completed the following tasks and milestones:

- **Kick-Off Meeting and Site Visit** – The consultant team attended a project initiation meeting with City staff to review the scope of work and the schedule of deliverables, and meetings with stakeholders and the Economic Development and Trade Commission (EDTC). During the kick-off meeting, Strategic Economics also began to identify stakeholders, discussed the engagement strategy, and discussed project role and responsibilities. After the meeting, the consultant team toured the Milpitas with City staff, with a special focus on the City's key economic drivers and opportunity areas.
- **Industry Analysis** – Since initiation of the project, the consultant team has been selectively analyzing employment, industry, and business trends by examining county-level employment and industry data. Strategic Economics is currently awaiting receipt of detailed confidential establishment data from the State of California to complete analysis of employment and industry trends for Milpitas itself. And, they have also conducted multiple interviews with commercial and industrial real estate brokers to better understand market factors that impact Milpitas' ability to attract and retain different kinds of businesses.
- **Workforce Development and Jobs-Skills Match** – Since August 2019, Strategic Economics has been analyzing demographic and commute characteristics of the resident labor force in Milpitas and identifying the potential types of occupations that the City could attract that would better match their skills. A detailed analysis of the occupational mix in Milpitas versus Santa Clara County has also been performed.
- **Preventing Displacement of Small Businesses** – Since project initiation, the consultant team has been evaluating the current conditions and recent trends affecting small businesses in Milpitas and assessing the potential risk of displacement. This task will be completed upon receipt of establishment data from the State of California, as noted in the "Industry Analysis" task above.
- **Online Survey** – An online public survey was made available to the public, targeting those that live and/or work in Milpitas, to learn about their priorities and needs as it relates to having a more diverse, healthy, and vibrant local economy. The public survey was made live on October 23, 2019 and was shared with the Milpitas Chamber of Commerce, posted onto the City website and the City's social

media outlets: Nextdoor and Facebook. City staff will also send the public survey to major property owners and shopping/retail centers to be distributed to their tenants and employees. The survey will close at the end of November 2019. The online survey website is www.opentownhall.com/portals/293/Issue_7961.

- **Project Website** – The Economic Development Strategy website has been active since October 24, 2019, and provides information regarding the upcoming schedule, online survey, and other resource materials. The project website is www.ci.milpitas.ca.gov/milpitas/economicdevelopmentstrategy.
- **Community Outreach** – The consultant team and City staff has been using a high-touch approach to community engagement, integrating person-to-person community outreach with frequent, multiple contacts to effectively reach as many members of the community as possible. **Attachment B** (attached) includes a high-level summary of issues and topics from all business, organization, and broader community outreach events, as highlighted below.
 - **Stakeholder Meetings and Interviews**
 - Strategic Economics conducted an extensive number of interviews since September 2019 with business community stakeholders, including high-tech businesses, Milpitas Chamber of Commerce Board of Directors and Chamber staff, commercial real estate brokers, business owners, property owners, landlord representatives, and hospitality operators. To date, there have been 5 in-person stakeholder group meetings and 11 stakeholder phone interviews.
 - **Community Engagement and Meetings**
 - On September 19, 2019, the Office of Economic Development and Strategic Economics engaged EDTC to provide a project introduction and obtain feedback from the Commission on how the City can improve its services and develop strategies to address key issues. General comments received from Commissioners included in **Attachment B**.
 - A Community Workshop that provided an overview of the draft Economic Development Strategy was held the evening of October 24, 2019. The Community Workshop was promoted through a variety of methods, including direct outreach to Great Mall, local and regional community-based organizations, social gathering places, homeowner associations, City staff, social groups such as Rotary, Kiwanis, and Executive Lions Club, business community stakeholder groups, and workforce development partners such as NextFlex, NOVA, and SEMI. The consultant team and City staff provided an oral presentation and answered questions from attendees. Community members at this meeting evaluated Milpitas' performance in several topic areas related to economic development, and expressed their priorities for issues that should be addressed in the Economic Development Strategy. This feedback is summarized in **Attachment B**.

Policy Alternatives:

This is an informational item for Council direction. The draft Economic Development Strategy is an approved Council Priority, and the project is currently underway.

Fiscal Impact:

This is an informational item for Council direction. No fiscal impact.

California Environmental Quality Act:

By the definition provided in the California Environmental Quality Act (CEQA) Guidelines Section 15378, this action does not qualify as a “project” for the purpose of CEQA as this action has no potential to result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

Recommendation:

1. Receive update on the draft Economic Development Strategy from the Office of Economic Development.

2. Provide feedback and direction to the Office of Economic Development regarding current preliminary research results of the draft Economic Development Strategy.

Attachments:

- A. 06-18-19 Council Agenda Report + Meeting Minutes
- B. Presentation for Study Session on the draft Economic Development Strategy