



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Approve Economic Development and Trade Commission Work Plan for Fiscal Year 2019-2020 and receive a Trade Progress Report
Category:	Community Development
Meeting Date:	2/18/2020
Staff Contact:	Alex Andrade, 408-586-3046, Margaret Tamisiea, 408-586-3047
Recommendation:	<ol style="list-style-type: none"> 1. Approve proposed Fiscal Year 2019-2020 Economic Development and Trade Commission Work Plan; 2. Receive an International Trade Progress Report.

Background:

The Milpitas Economic Development Commission was originally established on February 18, 2003 by City Council with the purpose of advising City Council on matters pertaining to business attraction, retention and expansion and implementation of the Economic Development work program. On August 21, 2018, the City Council approved a merger of the Economic Development Commission with the Sister Cities Commission to form the Economic Development and Trade Commission (EDTC). The merger of the two commissions allows for cultivating international trade initiatives and relationships.

It is important to make a distinction between the Office of Economic Development's work effort on trade and the Parks and Recreation and Community Services Department's focus on Sister Cities Cultural and Community Relationship Program. On February 4, 2020, Council approved and directed staff to implement the Sister Cities Cultural and Community Relationship Program through the Milpitas Parks, Recreation and Cultural Resources Commission (PRCRC). Regarding cultural and community relationships, staff from Recreation and Community Services will provide support for the creation of informal Friendship Cities or Associations in concert with Council approval. If new relationship requests are proposed for trade, EDTC and Office of Economic Development staff would be assigned to evaluate the request and application. Therefore, the revised Sister Cities Program will be community-based and led, with staff taking a less extensive role.

Analysis:

At its October 14, 2019 meeting, EDTC discussed and voted to forward their Fiscal Year 2019-20 Work Plan to City Council for final approval. On January 23, 2020, EDTC reviewed the Work Plan and approved establishing Subcommittees for Better Block and the Pilot Façade Improvement Grant Program. Commissioners and members of the proposed Subcommittees are responsible for promoting, marketing, researching and assisting staff on implementation of these work efforts. The Work Plan represents new work efforts as well as ongoing initiatives and programs that may take multiple years to complete (Attachment A). Below are a few significant Work Plan items underway:

- **Economic Development Strategy** – review, provide recommendations and participate in strategy development;
- **International Trade** – promote Foreign Trade Zone, assist in developing educational criteria for training sessions pertaining to trade, business-to-business and workforce development;

- **Better Block** – Subcommittee will assist in program development, act as ambassadors, promote and participate in the event; and
- **Pilot Façade Improvement Grant Program** – Subcommittee will assist by reviewing applications, providing input on grants, façade design, and implementation.

During the calendar year of 2019, a total of 6 new EDTC members were appointed by the City Council. There are two current vacancies on the EDTC, which are meant to represent the hospitality and real estate industries.

International Trade Progress Report

On August 21, 2018, the City Council approved a merger of the Economic Development Commission with the Sister Cities Commission to form the Economic Development and Trade Commission (EDTC), effectively incorporating a trade component of the former Sister Cities Commission. Per Council direction, EDTC is now charged with enhancing relationships with Milpitas-based businesses that have a global presence for trade and commerce, business-to-business opportunities and workforce development. Below is a Trade Progress Report.

The Office of Economic Development is actively incorporating “trade” into EDTC in various ways. On April 16, 2019, a former Sister Cities Commissioner, Dipak Awasthi, was appointed to the EDTC by Council to integrate topics formerly associated with the Sister Cities Commission. On October 15, 2019, Casey McNeil (Flex) was appointed by Council and serves as EDTC’s technology and trade representative, which further aides’ the Commission and staff in achieving Council’s direction of incorporating trade. In addition, staff has established a relationship with Governor Gavin Newsom’s Office of Business and Economic Development via monthly calls since July 2019 with the International Affairs and Trade team to cover topics regarding state and federal resources, foreign direct investment, foreign trade shows, importing/exporting, etc. And, the International Affairs and Trade team has pledged support in guiding EDTC and staff on developing a successful City trade program. Furthermore, in December 2019, Margaret Tamisiea began working with the Economic Development team as a part-time, Special Projects Associate, assisting with incorporating trade and other work plan initiatives.

Since the December 17, 2019 City Council meeting resulting in direction to renew a Sister City Memorandum with the City of Dagupan, Philippines, staff has been conducting research on best practices to incorporate trade into the work program. Best practices research includes meetings or calls with the State’s International Affairs and Trade team, Cities of San Jose and San Francisco, Mission College Centers for International Trade Development, and the U.S. Department of Commerce to learn more about the Foreign Trade Zone (FTZ), Foreign Direct Investment (FDI), Select USA, trade shows and export and import programs.

Governor Newsom’s Office of International Affairs & Trade

On January 16, 2020, a call took place with Governor Newsom’s Office of International Affairs and Trade Office. Discussion topics included a statewide effort on export trading program being launched and led by the Mission College Centers for International Trade Development, investment incentives through FDI, trade show participation subsidies for small-medium sized businesses, FTZ, and a potential partnership with Select USA.

City of San Jose - Foreign Trade Zone

On January 17, 2020, a meeting was conducted with San Jose’s Office of Economic Development to learn more about FTZ #18, which was established in 1974 for a service area that includes Santa Clara County, portions of Santa Cruz, and southern part of Alameda County. FTZs allow U.S. businesses to remain globally competitive and retain jobs through manufacturing and trade policies. Manufacturing and distribution businesses are eligible to apply to become an FTZ and the benefit includes a delay, reduction or elimination of duties on foreign goods admitted in the zone. The FTZ is a regional economic asset, but there are no businesses located in Milpitas that are part of the program. Staff will assist local businesses in determining the overall duties savings if they become an FTZ.

San Francisco Office of Economic and Workforce Development

On January 17, 2020, a call occurred with representatives from San Francisco's Office of Economic Development and Workforce Development to discuss international trade, foreign offices and consulates, China SF program, federal partnership with Select USA to attract investors from overseas, and FDI. Based on these learnings, staff will seek partnership opportunities with Culture Center of Taipei Economic and Cultural Office in San Francisco located in Milpitas, as well as SEMI, the global industry association serving the product design and manufacturing chain for the electronics industry, which is also located in Milpitas.

Mission College Centers for International Trade Development

On January 29, 2020, staff participated on a call with Mission College's head of the Centers for International Trade and Development. Staff learned that in the year 2000 the California Trade and Commerce Department was eliminated, and funds were re-appropriated to community colleges. Mission College is the trade education leader of the Bay Area. There will be an opportunity for the Office of Economic Development to partner with Mission College on co-sponsoring workshops for informing and educating small-medium sized business. The partnership may result in working with the state's Office of Business and Economic Development (Go-Biz) and Mission College to build an educational model and host 2-3 training sessions.

U.S. Department of Commerce

On January 29, 2020, a meeting transpired with representatives of the U.S. Department of Commerce through their San Jose office of the U.S. Commercial Service. The U.S. Commercial Service helps businesses through leveraging global networks and trade expertise to meet the exporting needs of the corporate community. They are known globally for their export promotion services, trade shows, international partner searches and Select USA. Select USA is dedicated to connecting early stage and startup technology companies to prospects and advance the U.S. market. There is an opportunity to attend the 2020 Select USA Investment Summit in Washington, D.C. between June 1-3, 2020. After the 2020 Select USA Investment Summit concludes, there may be a San Francisco or San Jose Select USA Tech Spinoff Event to highlight the strategic benefits of locating business operations in the region.

Strategies for Trade Work Program

Partnerships between the City of Milpitas' Office of Economic Development and local businesses can play a critical role in deepening our commercial relationships and shaping a well-functioning international trade program. The goal for the trade program will be to strengthen the competitiveness of Milpitas businesses while promoting trade and investment. EDTC and staff will assist the local business community through education and information on the benefits of international trade and increase the awareness of government resources that help importers, exporters and investors. The goals for the trade work program are to build value for local businesses in international markets so they can compete at home and abroad, develop trade, commerce, business-to-business and workforce development opportunities, and retain existing jobs in Milpitas and create new job opportunities.

Based on best practices research and meetings with experts in the field, staff has developed the following proposed strategies for EDTC implementation. The strategies for the Milpitas trade program include, but are not limited to, the following:

- Develop FTZ #18 marketing plan for Milpitas technology and advanced manufacturing companies; the marketing plan explains how the FTZ can reduce or eliminate duties.
- Explore building an educational trade model and host 2-3 training sessions for small-medium sized business with Mission College's Centers for International Trade and Development focused on import/export programs that create jobs, global digital marketing and expand trade knowledge;

- Develop marketing plan for Milpitas businesses in partnership with the U.S. Department of Commerce and Select USA for the purpose of export promotion services, trade shows and business-to-business opportunities within the U.S. market;
- Develop local and regional partnerships on trade with the Culture Center of Taipei Economic and Cultural Office, SEMI, Silicon Valley Leadership Group (SVLG), Silicon Valley Economic Development Alliance (SVEDA), East Bay Economic Development Alliance;
- Investigate creating and leading a Bay Area-wide trade and commerce working cohort. This regional collaboration will be focused on international trade and education; and
- Assess Milpitas business relationships to foster expansion and retention through international city relationships, governance and exchange of mutually beneficial ideas and funding.

EDTC and staff expect the strategies outlined above to be implemented and successful. Other strategies to research in the future include developing a targeted FDI program and seek trade offices and consulate partnerships for an export trading program locally.

Milpitas companies need to be in global markets and being in Silicon Valley is the best location for these businesses. EDTC and staff are exploring the possibility of enhancing relationships with Milpitas-based businesses that have a global presence for trade and commerce, business-to-business opportunities and workforce development. Businesses such as Flex, View, Nanometrics, KLA and Cisco have global offices throughout Western and Eastern Europe, Middle East, Asia, Latin America, Australia, Canada and Africa. This exercise may result in establishing new foreign relationships and is part of the recommended new technology and trade EDTC category necessitated by the commission mergers.

Fiscal Impact:

There are no fiscal impacts to the Fiscal Year 2019-20 budget associated with any of the items on the proposed Work Plan with the exception of \$50,000 budgeted under community beautification for Better Block and \$100,000 budgeted for the Pilot Façade Improvement Grant Program (under Fiscal Year 2019-2020), which are both currently underway.

There are no fiscal impacts associated with the Trade Progress Report.

The City's budget for Sister Cities Program supplies is \$6,240. These funds will be shared between Sister Cities Programs related to cultural and community relationships (Recreation and Community Services) and trade and commerce (Office of Economic Development). This budgeted amount is adequate for the Sister Cities Program for the remainder of the fiscal year.

Recommendation:

1. Approve proposed Fiscal Year 2019-2020 Economic Development and Trade Commission Work Plan;
2. Receive a Trade Progress Report.

Attachment

Attachment A - Draft Fiscal Year 2019-2020 EDTC Work Plan Matrix