



STAFF REPORT

TO: THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
MEETING DATE: NOVEMBER 18, 2024
FROM: CITY MANAGER TOM DuBOIS
SUBJECT: ECONOMIC DEVELOPMENT – JOBS FIRST GRANT

RECOMMENDATION:

Approve Staff applying for Jobs First Catalyst grant

BACKGROUND:

Andrew Gardener presented the Jobs First California program to Council at a prior meeting. The state of California has grouped counties across the state into regions to receive economic development funds, according to the strategic plan developed by each region. Amador County is part of an eight county Sierra Jobs First region. The strategic plan has been completed and now initial pilot grants are available. Applications are due by Dec 15, 2024.

\$9M in pilot project funding is available with an additional \$5M for projects involving tribes for a total of \$14M. Once pilot projects are completed, the next round of funding for our region is expected to be \$900M. Having completed a pilot will position us better to continue funding once larger pools are available.

During the first year under City Manager DuBois, staff have focused on efficiency and better budgeting as well as passing a local sales tax to finance needed infrastructure. Looking ahead the City also needs to be looking at growth opportunities. Creating good paying jobs will have a multiplicative positive impact on the City and the Region.

However, it can be difficult for local governments to predict which areas of industry will be productive. We focus a lot on our historic retail core, which attracts tourism but generates relatively few jobs or sales tax revenue for the city. Larger businesses tend to be located on the outskirts of town. If the City put effort into proactively attracting new commercial businesses such as industrial uses or offices, we run the risk of attracting companies to the region who would then decide to locate in Martell or other parts of the county. We may decide it is worth the risk and go ahead and pursue this strategy, but it doesn't provide us with much leverage of our time and effort.

In any case, a successful economic development strategy should have multiple prongs and no singular focus. Rather than pick winners or go after individual companies, a highly appropriate role for local government is to provide resources that anyone could use for any type of business – sowing the ground

for businesses to grow. By helping to enable private enterprise, the City can provide a neutral but positive environment and let the market sort out which businesses will be successful in our area.

Staff is proposing that Sutter Creek form a small business incubator.

This will be a hub for entrepreneurs to learn, to access resources needed to start a new business, and network with experts and like-minded people. Resources would be available to anyone interested, but the incubator would be focused on high value company creation, specifically technology companies. Such companies could leverage their location in the Sierras such as natural resources, tourism, and other aspects highlighted in the Jobs First Strategic plan.

Staff has held several discussions on the concept with Sierra Jobs First, College Connect, and Amador County Economic development staff to validate the idea and to understand the application process.

Proposals will be scored based on complying with the Sierra Jobs First strategic plan, being able to work across the eight counties and by demonstrating a commitment to expand with support beyond just the Jobs First grant. The pilot project can be a framework, with an example in Sutter Creek, that could be replicated in other counties. Tribe involvement increases the chance of a successful grant.

A lot of the value will be created by forming groups of like-minded people – entrepreneurs themselves who are going through the same experience, mentors with experience in company formation, leadership, management in various industries, service professionals such as attorneys, accountants and coaches, and finally investors. These can be directories or databases of people that interested in supporting the effort. In order to be successful, it is critical that the people involved want to be there and find value from it.

The grant application requires letters of support to demonstrate interest. Andrew Gardener and I have been working to gather letters of support from Amador County, Jackson Rancheria Band of Mi-Wok Indians, Amador College Connect, Mariposa County Educational Bridge, Amador Childcare Council, Columbia College, The Leadership Hub (Executive mentoring in Sutter Creek), Buena Vista Rancheria Band of Mi-Wok Indians, and the Mother Lode Central Valley Regional Consortium. It would be great if Council would authorize a letter of support from the Sutter Creek City Council as well.

We have found interesting examples from other cities. I have visited the Mill in Bloomington, Indiana and know the executive director there. He has been very willing to share information on how they got started, challenges, and changes along the way. He will be a valuable resource. The Eastern Sierra Small Business Center is opening this month. Their business plan is available online and we are planning to meet with them in Bishop, CA.

Examples from other cities

1. The Mill - <https://www.dimensionmill.org/>
2. Eastern Sierra Small Business Center - <https://www.inyocounty.us/business/eastern-sierra-small-business-resource-center>

DISCUSSION:

This is an early stage concept. We are asking Council to support taking the next step and applying for funds by the Dec 15th deadline. Exactly what shape the project takes will be dependent on funding and will evolve as we learn more, so in many ways, we are asking Council to bless the general concept, understanding that many of the details need to be developed over time.

The idea is subject to change but would roughly consist of the following:

1. Mentoring database of individuals willing to help startups

2. Three Talks on entrepreneurship in the first year, shifting to monthly in year 2.
3. Engagement with a consultant to flush out the business plan for the incubator
4. Potentially a physical co-working collaboration space
5. Validation from gathering of key metrics during the pilot stage
6. Formation of an angel investing network near the end of the first year.
7. Ties to startup networks in other parts of the state.
8. If funding provides, hiring an executive director to lead the effort and work on additional grants and second round funding.

The city would initially provide in-kind contributions in the form of staff time, acting as the initial fiscal agent, and potentially offering physical space. The city has multiple buildings which are empty the vast majority of the day. We incur costs for utilities and try to rent them for special occasions. We could utilize the Grammar School by setting up a co-working space in one of the rooms that would have desks available to rent. Showing an in kind contribution will help us qualify for the grant.

Motion: Direct staff to apply for Catalyst grant and for Mayor to sign a letter of support

BUDGET IMPACT:

Net impact could be positive by taking an under-utilized resource and turning into a revenue generating rentals. Staff time will be used to support this effort.