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## STAFF REPORT

**TO:** THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**MEETING DATE:** MAY 18, 2026  
**FROM:** CITY MANAGER DUBOIS  
**SUBJECT:** ENTREPRENEURSHIP STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT

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### RECOMMENDATION:

Economic development in Amador county has been anemic over the last twenty years. Continuing as we are leads to a structurally imbalanced community: a beautiful retirement destination that lacks economic resilience, struggles to retain its youth, and leaves its historic Main Street completely dependent on the fluctuating whims of weekend tourism. Status quo is likely a slow downward spiral as other parts of the state are taking deliberate steps to create better futures for their residents.

In order to have a meaningful impact on economic development in our area, bold steps must be taken. Staff is recommending the City Council take those bold steps by aggressively supporting a transformative process for the economic development of the region and pursuing significant funding to invest in the future of Sutter Creek's and Amador County's economy.

We are asking you to dream big on a new vision. We are presenting a strategic plan for economic development developed by Staff and our consultant, Gary Jinks. We would like your feedback on direction.

### BACKGROUND:

#### Amador County Situation

Over the last twenty years (roughly 2006 to 2026), Amador County's economic development has been characterized by slow, deliberate growth. Unlike the explosive, master-planned suburban sprawl seen in neighboring Central Valley regions, Amador County has cultivated a distinct, rural "silver economy"—driven heavily by retirees, tourism, and state employment.

Here is a summary of how Amador County has evolved over the past two decades:

#### 1. Population Trends: Slow Growth via In-Migration

Amador County has experienced steady, incremental population growth.

- **2010 Population:** 38,091

- **2020 Population:** 40,474
- **2025/2026 Estimate:** 41, 778

**The Growth Driver:** Amador County’s growth is almost entirely driven by net in-migration rather than natural growth. The county has one of the oldest populations in California, with a median age hovering near 50 years old (compared to the state average in the late 30s). Because the mortality rate generally outpaces the birth rate, the population only grows because of a steady influx of new residents—primarily retirees and remote workers cashing out of the expensive Sacramento and Bay Area housing markets in search of a quieter, Sierra Foothills lifestyle.

## 2. Average Income and Wealth

As of recent 2024/2025 census data, the economic health of Amador County households is relatively strong, heavily bolstered by imported wealth and equity.

- **Median Household Income:** Roughly **\$88,044**.
- **Context:** While this median income sits below the California state average (which is pulled up by coastal tech hubs), it is actually about 10% higher than the national average.
- **Housing Market Impact:** Over the last 20 years, an influx of higher-income transplants has significantly boosted the local tax base but also driven up housing costs. The median home value now sits at approximately \$450,000. While this is affordable by Bay Area standards, the rising costs over the last two decades have created a growing affordability gap for local service-industry and blue-collar workers.

## 3. Core Economic Drivers (2006–2026)

Over the last twenty years, Amador County’s economic development has stabilized around four primary pillars rather than chasing major industrial or tech manufacturing:

- **Government and Corrections:** The public sector is the undisputed bedrock of Amador's economy. Mule Creek State Prison (located in Ione) is one of the county's largest economic engines, providing nearly 2,000 stable, high-paying, state-benefitted jobs. Public education and county government round out this sector.
- **The "Silver" Healthcare Economy:** Because over a quarter of the county's population is 65 or older, healthcare is one of the fastest-growing job sectors. Facilities like Sutter Amador Hospital in Jackson, alongside numerous assisted living and specialized geriatric care facilities, have seen substantial expansion to meet local demand.
- **Viticulture and Tourism:** The transformation of the Shenandoah Valley into a premier, globally recognized wine destination has been a major economic development victory over the last two decades. Paired with the historic appeal of Gold Rush towns like Sutter Creek and Jackson, this has spurred steady growth in the leisure, hospitality, and boutique retail sectors.
- **Gaming and Entertainment:** The Jackson Rancheria Casino Resort remains a dominant private employer in the county. Over the last 20 years, it has continually invested in its facilities—including hotels, RV parks, and event spaces—acting as a major draw for out-of-county dollars.

## Communities around us are not standing still...

Sutter Creek is uniquely positioned in Amador County. A 200-mile radius from there casts a wide net, encompassing the Greater Sacramento Area, the San Francisco Bay Area, the Central Valley, and even parts of western Nevada. Over the past couple of decades, several municipalities and counties within this footprint have experienced dramatic population and economic growth, largely driven by highly coordinated, deliberate economic development efforts.

Here are the most notable success stories within that 200-mile radius:

### 1. Rancho Cordova (Sacramento County)

**Distance from Sutter Creek:** ~35 miles northwest

Rancho Cordova is currently one of California's most dynamic economic development success stories. According to recent 2025/2026 state data, it ranks among the top five fastest-growing cities in California for populations over 30,000, surging while much of the state's population remained flat or declined.

- **The Strategy:** The city engineered a highly aggressive, targeted business attraction strategy. They recently launched a suite of incentives, including the **Jobs and Talent Attraction Program**, which offers companies \$10,000 for every new job created that pays over \$100,000 in target industries like advanced manufacturing, fintech, healthcare, and life sciences. In 2025–2026, Rancho Cordova launched a major initiative to become a regional leader in AI and robotics, investing \$5 million from their economic development fund to establish an "[AI & Robotics Ecosystem" in partnership with NVIDIA and the Human-Machine Collaboration Institute.
- **The Results:** Rancho Cordova has transformed from its legacy as a defense and aerospace hub (anchored historically by Aerojet) and home of junkyards / auto disassembly into a modern business powerhouse. It leads the region in new home sales, issued record numbers of residential developer permits, and boasts a workforce of 65,000 across roughly 3,500 businesses.

### 2. San Joaquin County (Lathrop, Mountain House, and Tracy)

**Distance from Sutter Creek:** ~60 miles southwest

San Joaquin County has capitalized perfectly on its geographic position just over the Altamont Pass from the Bay Area, transitioning from a heavy agricultural focus into a logistics, manufacturing, and residential juggernaut.

- **The Strategy:** Economic development leaders recognized that businesses and residents were being priced out of the Bay Area but still needed access to coastal markets. They aggressively zoned for massive distribution centers along the Interstate 5 and Interstate 205 corridors and approved highly amenitized master-planned communities.
- **The Results:** **Lathrop** and the newly incorporated **Mountain House** recently tied as the fastest-growing cities in the entire state, both posting population growth rates north of 5.5% in a single year. Lathrop's massive River Islands planned community (slated for over 15,000 homes) and its attraction of mega-manufacturing facilities (including Tesla) have completely redefined the local economy.

### 3. Placer County (Roseville and Rocklin)

**Distance from Sutter Creek:** ~45 miles northwest

Placer County has consistently ranked as the fastest-growing county in California by percentage growth, frequently bucking statewide trends of population decline.

- **The Strategy:** Placer County positioned itself as the premium destination for corporate relocations out of the Bay Area. Local governments heavily invested in high-quality infrastructure, maintained top-tier school districts, and streamlined commercial permitting to attract major employers.
- **The Results:** **Roseville** is a standout, experiencing phenomenal numeric and percentage growth. It has become a regional hub for healthcare (Sutter Health, Kaiser Permanente) and technology, boasting robust commercial and retail sectors that keep the county's job-to-housing ratio incredibly healthy.

#### 4. Washoe County, Nevada (Reno and Sparks)

**Distance from Sutter Creek:** ~130 miles northeast

Crossing the border into Nevada, the Reno-Sparks metro area executed one of the most successful economic turnarounds in the western United States following the 2008 recession.

- **The Strategy:** The Economic Development Authority of Western Nevada (EDAWN) deliberately shifted the region's brand away from a reliance on gaming and tourism. They pre-invested heavily in infrastructure to create massive industrial space that would appeal to modern tech and logistics giants.
- **The Results:** The creation of the **Tahoe-Reno Industrial Center (TRIC)**—the largest industrial park in the world—secured the massive Tesla Gigafactory. This acted as a catalyst, pulling in massive data centers and distribution hubs for Apple, Google, Switch, and Amazon, radically diversifying the economy and driving a prolonged population boom.

#### 5. Yuba County

**Distance from Sutter Creek:** ~65 miles northwest

While historically overshadowed by its southern neighbors, Yuba County has quietly emerged as one of the fastest-growing counties in California, recently posting the second-highest county growth rate in the state.

- **The Strategy:** Yuba County has focused on offering affordable, developable land for residential builders and commercial interests who find the immediate Sacramento suburbs too expensive or heavily regulated. They have streamlined their development pipeline to capture the outward push of the Sacramento regional footprint.
- **The Results:** A rapid surge in single-family housing construction has triggered a population boom, setting the stage for subsequent retail and commercial economic development as the local consumer base expands.

#### 6. San Mateo and Santa Clara Counties (Silicon Valley)

**Distance from Sutter Creek:** ~130 miles southwest While the Bay Area has always been an economic engine, the specific growth within San Mateo and Santa Clara counties over the last two decades is historically unprecedented.

- **The Strategy:** Economic development here is driven by ecosystem building—fostering partnerships between world-class universities (Stanford), venture capital, and local governments that zoned for massive tech campuses.
- **The Results:** According to recent 2026 federal data analyses, these two counties have effectively tripled their economies since 2001. San Mateo County's GDP grew by nearly 379%, and Santa Clara's by 264%. While population growth has fluctuated due to housing costs, their *economic* growth has dwarfed the rest of the state.

## Key Takeaways for Regional Growth

If you are looking at these regions as case studies for what works, they all share three common denominators in their economic development efforts:

1. **Public-Private Synergy:** They utilize regional councils (like GSEC or EDawn) rather than relying solely on underfunded municipal city staff.
2. **Infrastructure Pre-Investment:** They built the roads, utilities, and industrial parks *before* the companies agreed to move there (e.g., TRIC in Nevada).
3. **Targeted Diversification:** They actively recruited industries outside their historical norms to ensure they could survive economic downturns.

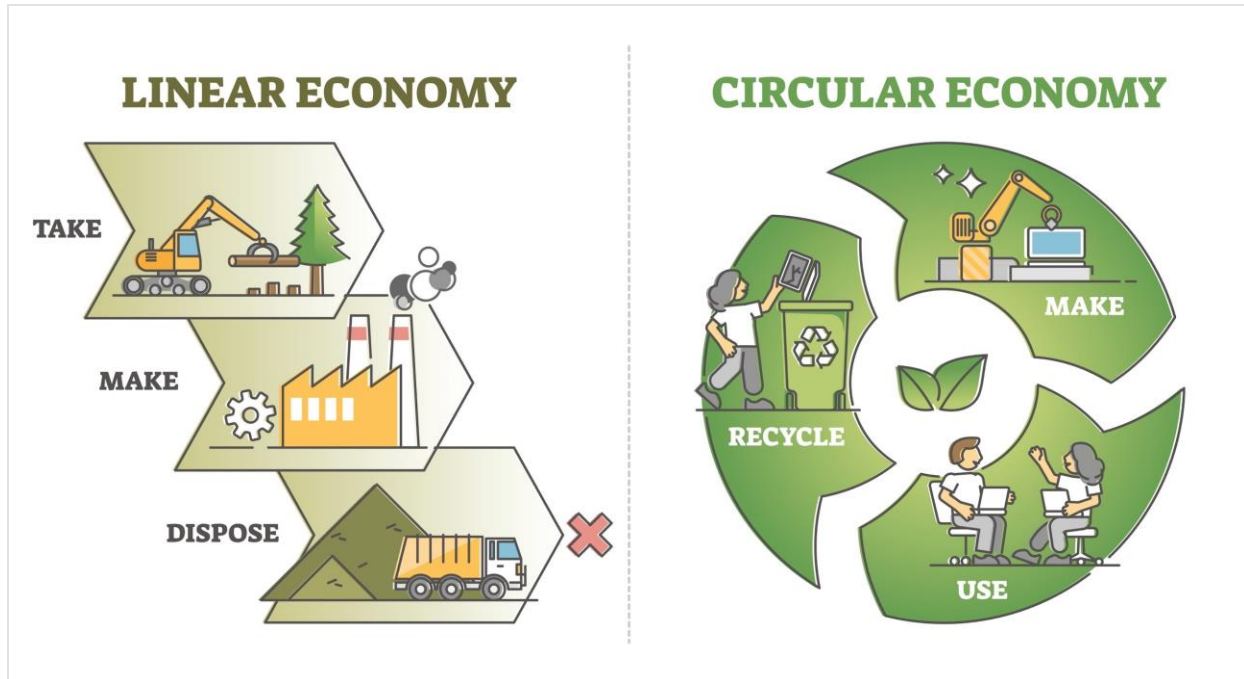
## DISCUSSION:

Transitioning from a slow-growth path without falling into the trap of explosive, character-altering residential sprawl is the ultimate tightrope walk for historic municipalities. The "Folsom model" worked for Folsom, but it required thousands of acres of greenfield residential development to support the massive corporate campuses they attracted. We are not recommending that model!

The staff's recommendation to launch an entrepreneurship center focused on the circular economy, and managed by a specialized firm like gener8tor, a highly sophisticated, "surgical" approach to economic development. It is designed to foster high-value innovation and attract industry rather than high-volume footprints.

Here is an explanation of why this strategy makes sense for Sutter Creek and how the mechanics of it work to protect your community's character:

### 1. The Theme: The Circular Economy



The traditional economy is linear: take materials, make a product, and throw it away. A **circular economy** focuses on eliminating waste by designing products, materials, and processes that are continually reused, refurbished, regenerated, or cleanly recycled.

**Why it fits Sutter Creek:** A circular economy innovation center wouldn't attract massive smokestack factories or massive logistics warehouses. Instead, it leans directly into Amador County's existing assets: agriculture, viticulture, and forestry. It attracts "bioeconomy" and "ag-tech" startups.

- *Examples in action:* Startups that develop technologies to turn vineyard trimmings into sustainable packaging, companies that convert forestry clearing (biomass) into clean energy, or businesses innovating in agricultural water reclamation.

## 2. The Mechanism: Outsourcing to gener8tor

Building a startup ecosystem from scratch is incredibly difficult for a small city government. Municipal staff rarely have the venture capital connections or tech-sector expertise required to mentor founders.

**How the partnership works:** gener8tor is a globally recognized, nationally ranked venture firm and startup accelerator that specializes in partnering with local governments. (In fact, they are currently running a "BEAM Circular Accelerator" in the North San Joaquin Valley).

- Sutter Creek provides the physical facility (the center) and the foundational seed funding/sponsorship.
- gener8tor brings their proprietary curriculum, their national network of investors, and intensive 12-week coaching programs.

- Rather than the city trying to recruit a single large corporation, gener8tor acts as a magnet, drawing in highly motivated, innovative founders to Sutter Creek to build their businesses from the ground up. These founders can be from anywhere in the world.

### 3. The Outcome: High Industry, Low Sprawl

If you attract a massive corporation, you instantly need thousands of new homes, fundamentally changing the town's demographics and traffic patterns. Startup accelerators achieve the exact opposite.

- **Lean Footprints:** Startups consist of small, agile teams (often just 2 to 10 people in their early stages). They require co-working space, labs, and high-speed internet—not 100-acre corporate campuses.
- **Targeted Job Creation:** These companies create high-paying, knowledge-economy jobs (engineers, scientists, business developers) and specialized "green-collar" manufacturing jobs that elevate the local median income.
- **Organic, Manageable Scaling:** Instead of importing a giant company that displaces locals, you grow companies locally. Some will fail, some will stay small, and the ones that scale up will be deeply rooted in the Sutter Creek community. This allows the city to plan for infrastructure and housing growth incrementally rather than all at once.

#### Expounding on the Strategy: How to Ensure Success

To make this strategy a reality, city leadership will need to ensure a few foundational elements are in place alongside the gener8tor contract:

- **Zoning for "Light Green" Manufacturing:** If a startup successfully invents a new way to process agricultural waste in your center, they will eventually need a place to build a pilot plant. Sutter Creek needs zoning that accommodates clean, low-impact biomanufacturing so these companies don't leave for another county once they graduate from the accelerator program.
- **Enterprise Infrastructure:** Tech and bio-startups cannot function without enterprise-grade, redundant fiber internet and reliable power grids.
- **Local Beta-Testers:** The center should be deeply tied to local industries. The vintners in the Shenandoah Valley or local forestry management teams should be brought in as partners who can act as "beta testers" for the startups' new technologies.

Ultimately, this strategy positions Sutter Creek not as a bedroom community for commuters, but as a boutique rural innovation hub. It preserves the historic charm while importing high-tier economic activity.

#### Complementing, Not Competing: The Innovation Center vs. Historic Main Street

A common concern when introducing "tech" or "innovation" into a heritage-rich community is that it might alter the historic character or compete with existing local businesses. However, a circular economy entrepreneurship center is designed to be the perfect economic complement to Sutter Creek's historic Main Street, functioning as a parallel engine rather than a competitor.

Here is how the two economic sectors compare and support one another:

- **Distinct Economic Roles:**
  - **Historic Main Street** is the cultural and aesthetic heart of Sutter Creek. It is a "front-facing" economy driven by retail, hospitality, and tourism. It relies heavily on seasonal fluctuations, weekend foot traffic, and regional visitors drawn to the gold rush history and nearby Shenandoah Valley wineries.
  - **The Entrepreneurship Center** is a "back-office," knowledge-based economy. Startups in the circular economy (ag-tech, forestry tech) operate business-to-business (B2B). They do not require retail storefronts, heavy foot traffic, or large tourist influxes to succeed. They can operate seamlessly out of a repurposed building or secondary commercial space without altering the town's historic aesthetic.
- **Fixing the "Tuesday Afternoon" Problem:** Main Street businesses often thrive on weekends but face slower revenue days during the mid-week slump. The entrepreneurship center introduces a steady, year-round workforce of founders, mentors, and investors. These are high-earning professionals who buy coffee, schedule lunch meetings, and shop locally on a Tuesday afternoon, providing consistent, reliable revenue to Main Street merchants outside of peak tourist seasons.
- **Preserving Charm as an Asset:** Startups are highly mobile and founders can choose to build their companies anywhere. The primary reason a founder would relocate to Sutter Creek for a gener8tor cohort is the high quality of life. The charm, walkability, and preservation of Main Street are actually competitive assets used to attract these entrepreneurs. If the town's historic character is compromised, the center loses its recruiting appeal.

Ultimately, Main Street captures *imported wealth* (tourism dollars), while the entrepreneurship center *generates local wealth* (intellectual property and high-wage jobs). By linking the two, Sutter Creek can maintain its historic identity while building an economically resilient, year-round community.

### **The Hidden Cost of the Status Quo: The Risks of "Doing Nothing"**

In local government, maintaining the current trajectory often feels like the safest choice, especially for a historic town like Sutter Creek where preserving the community's character is a top priority. However, in economic development, "doing nothing" is not a neutral position—it is an active decision to accept a compounding set of long-term risks.

Choosing not to diversify Sutter Creek's economy through initiatives like the circular economy entrepreneurship center carries several structural costs:

#### **1. The Demographic "Brain Drain"**

Amador County has a median age significantly higher than the California average, largely driven by an influx of retirees. While retirees bring imported wealth, a community cannot survive on a "silver economy" alone.

- **The Cost:** Without the creation of high-wage, knowledge-economy jobs, the town's younger generations—graduates from Amador County Public Schools—will continue to export their talents to Sacramento, Reno, or the Bay Area. Doing nothing ensures that Sutter Creek remains a place where young professionals cannot afford (or find the opportunity) to build careers and raise families.

## 2. The Widening Affordability Gap

Sutter Creek is experiencing a steady rise in housing costs, driven largely by remote workers and retirees bringing equity from more expensive coastal and urban markets.

- **The Cost:** If housing prices continue to rise while the local job market remains anchored in the service and hospitality sectors, the affordability gap will break. The very workers needed to staff Main Street's shops, restaurants, and local services will be completely priced out of living in or near the city. Introducing a startup ecosystem creates the high-paying local jobs necessary to keep pace with the rising cost of living.

## 3. Vulnerability to Economic Shocks

Currently, the "front-facing" economy of Sutter Creek relies heavily on tourism, historic sightseeing, and the Shenandoah Valley wine region.

- **The Cost:** The hospitality and tourism sectors are historically the most fragile during macroeconomic downturns. Furthermore, in the Sierra Foothills, these industries are highly susceptible to environmental disruptions, such as severe wildfire seasons that choke the region with smoke and immediately halt weekend tourism. Doing nothing leaves the city's tax base and local merchants completely exposed to these external shocks. An innovation center provides a recession-resistant, year-round economic anchor.

## 4. Municipal Fiscal Attrition

The costs of running a city—maintaining aging infrastructure, funding pensions, upgrading utilities, and providing emergency services—rise every year due to inflation and depreciation.

- **The Cost:** A slow-growth, residential-heavy tax base rarely generates enough new municipal revenue to cover these compounding civic costs over the long term. A specialized business sector, however, bolsters commercial property taxes and business licensing revenues without placing a heavy, disproportionate strain on city services like schools and road maintenance.

Ultimately, the cost of doing nothing is a slow transition into a structurally imbalanced community: a beautiful retirement destination that lacks economic resilience, struggles to retain its youth, and leaves its historic Main Street completely dependent on the fluctuating whims of weekend tourism. The gener8tor pilot is a low-risk, highly targeted insurance policy against that future.

## The Regional Imperative: Scaling Beyond Sutter Creek's City Limits

While Sutter Creek offers the ideal historic charm and quality of life to host an innovation hub, its population of roughly 2,500 residents presents a mathematical limitation. Economic development in the startup sector relies heavily on scale. For the gener8tor circular economy center to be viable, sustainable, and highly competitive for funding, it must be designed with a scope that extends far beyond the city limits—operating as a regional engine for all of Amador County and neighboring jurisdictions.

Positioning the center in Sutter Creek, while casting a multi-county net for participation, is essential for the following reasons:

## 1. Generating Sufficient "Deal Flow"

In the venture and accelerator industry, success relies on "deal flow"—having a large enough pool of applicants to consistently identify high-potential founders.

- **The Reality:** A town of 2,500 people cannot organically produce enough high-caliber, tech-driven startups to sustain ongoing 12-week accelerator cohorts year after year.
- **The Solution:** By expanding the catchment area to the broader Sierra Foothills (including Calaveras, El Dorado, and Tuolumne counties) and the eastern edges of San Joaquin and Sacramento counties, the center can draw from a talent pool of hundreds of thousands. Sutter Creek becomes the destination where this regional talent converges.

## 2. Unlocking Federal and State "Regionalism" Grants

Major funders fundamentally do not underwrite highly localized, siloed economic development in populations under 5,000. They invest in regional transformation.

- **The Strategic Advantage:** Programs like the federal EDA Build to Scale and the state-level California Jobs First initiative explicitly mandate regional collaboration. By framing Sutter Creek as the anchor host for a *multi-county* circular economy initiative, the City's grant applications immediately move to the top of the pile. We are no longer asking for money to help one small town; we are asking for funding to build an innovation corridor across the historic Sierra Foothills.

## 3. Creating Cross-County Industry Synergies

The circular economy relies heavily on physical supply chains. The agricultural waste, forestry biomass, and viticulture byproducts needed to fuel these startups do not stop at the Sutter Creek city line.

- **The Synergy:** An Amador County-wide or multi-county scope allows the entrepreneurship center to formalize partnerships with major regional players—such as the broader Shenandoah Valley viticulture associations, the US Forest Service operating in neighboring jurisdictions, or larger agricultural producers in the Central Valley. These regional partners become the "beta testers" and first customers for the technologies developed inside the Sutter Creek center.

## 4. Local Benefit from Regional Reach (The "Hub" Model)

Expanding the scope of the program does not dilute the benefit to Sutter Creek; it amplifies it.

- **The Benefit:** By serving as the physical "hub" for a regional "spoke" network, Sutter Creek captures the concentrated economic activity. Even if a startup founder lives in Jackson, Ione, or Calaveras County, they will be commuting into Sutter Creek to utilize the center, meet with gener8tor mentors, and pitch to visiting investors. This guarantees that the daily foot traffic, the mid-week spending at local restaurants, and the prestige of hosting the region's premiere innovation center remain firmly within our city limits.

By thinking regionally, Sutter Creek does not lose its identity. Instead, it elevates its status, transitioning from a localized historic destination into the undisputed capital of rural innovation in the Sierra Foothills.

## **Funding Strategy: Financing the Circular Economy Innovation Pilot**

To minimize the impact on the City of Sutter Creek's General Fund, launching an entrepreneurship center alongside an established partner like gener8tor should be financed through a "capital stack" approach—layering federal, state, and regional/private funds.

Because Sutter Creek is explicitly targeting the **circular economy** (ag-tech, bioeconomy, and sustainable forestry) rather than generic business services, the city is highly competitive for specialized innovation and rural development grants. Furthermore, applying for these grants with a nationally recognized accelerator like gener8tor listed as the contracted operator drastically reduces the perceived execution risk for the grantors, significantly increasing our likelihood of an award.

The City can pursue the following specific funding avenues to finance the pilot program:

### 1. Federal Grant Programs

- **EDA Build to Scale (Venture Challenge):** The U.S. Economic Development Administration's (EDA) Build to Scale program is the premier federal grant for launching startup accelerators, distributing roughly \$50 million annually to build regional tech and innovation ecosystems.
  - *The Strategy:* The EDA explicitly encourages local governments to partner with proven accelerator organizations as subcontractors. The Fall 2026 funding cycle is actively approaching, and Sutter Creek can position this center as a critical rural innovation hub for the Sierra Foothills.
- **USDA Rural Business Development Grants (RBDG):** This program is designed specifically to finance targeted technical assistance, training, and business expansion in rural communities (strictly defined as populations under 50,000).
  - *The Strategy:* Sutter Creek perfectly fits the demographic profile for USDA rural funds. An RBDG grant can be utilized to directly fund the administrative costs, curriculum deployment, and expert coaching provided by gener8tor to local entrepreneurs.

### 2. State of California Initiatives

- **California Jobs First (Catalyst and Implementation Phases):** Formerly known as CERF, this massive statewide initiative is currently deploying hundreds of millions of dollars in 2026 to support "high-road" economic development, climate resilience, and equitable job creation.
  - *The Strategy:* A circular economy accelerator hits every core metric of California Jobs First. By framing the gener8tor pilot as a "sustainable ag-tech and bioeconomy workforce pipeline," Sutter Creek can apply for regional investment allocations explicitly designed to diversify regional economies away from traditional, linear industries.
- **CalOSBA / GO-Biz Technical Assistance Grants:** The California Office of the Small Business Advocate (CalOSBA) and GO-Biz routinely fund local incubators, inclusive innovation hubs (iHubs), and micro-business support programs. The City can leverage these state-level technical assistance grants to subsidize the operational overhead of the physical center space.

### 3. Regional and Private Capital

- **SSBCI 2.0 Technical Assistance Funds:** The State Small Business Credit Initiative (SSBCI 2.0) has deployed nearly \$10 billion nationally to support small businesses. While much of this is direct investment capital, states are actively funding *Technical Assistance providers* who can generate a pipeline of investment-ready companies. The gener8tor curriculum is uniquely designed to produce exactly this type of deal flow.
- **Corporate Sponsorships (Industry Partners):** Large regional corporations often sponsor accelerator cohorts to get early access to new innovations and bolster their community relations.
  - *The Strategy:* The City can solicit cohort sponsorships from entities that have a vested interest in the circular economy. For example, utilities like PG&E (interested in biomass and forestry-clearing tech for wildfire mitigation), regional waste management companies, or larger viticulture consortiums in the Shenandoah Valley could fund a 12-week gener8tor cohort in exchange for the first rights to pilot the startups' newly developed technologies.

To move this funding strategy forward, City Staff recommends executing a non-binding **Memorandum of Understanding (MOU)** with gener8tor. This MOU does not require immediate upfront City funding; rather, it formally establishes the public-private partnership, allowing Sutter Creek and gener8tor to seamlessly co-apply for the upcoming 2026 EDA and USDA grant cycles as a unified entity.

### **Long-Term Sustainability and Nonprofit Spin-Out**

The strategic plan is looking at the next three years only. We will learn a lot if we proceed down that path and future plans may very well change. At this moment, if successful, we would see the ECS spinning out of the city to become a stand alone non-profit. While the City of Sutter Creek must act as the initial catalyst to launch the entrepreneurship center and secure the pilot contract with gener8tor, the long-term strategic goal is not for this to remain a permanent municipal department. City governments are uniquely positioned to ignite economic development, but they are rarely equipped to manage the day-to-day operations of a venture ecosystem indefinitely.

To ensure the center's permanent success, longevity, and financial independence, the City's roadmap would include a planned "spin-out" phase. Following the initial pilot years, the center will be transitioned into an independent 501(c)(3) nonprofit organization.

Transitioning the innovation center to an independent nonprofit structure provides several critical advantages:

#### 1. Unlocking Philanthropic and Private Capital

Many major philanthropic foundations, corporate social responsibility (CSR) programs, and private donors will not write grants or donation checks directly to a municipal government.

- **The Advantage:** By establishing a 501(c)(3), the center becomes eligible for a massive new tier of funding. It can accept tax-deductible contributions from private citizens, secure endowments, and apply for foundation grants dedicated to rural economic development and climate/circular economy initiatives. This permanently relieves the burden on the City's General Fund.

## 2. Operational Agility and Speed

The startup ecosystem moves incredibly fast. Subjecting the center's day-to-day operations to standard municipal procurement rules, public contract bidding, and city council approval cycles can stifle innovation and frustrate private-sector partners.

- **The Advantage:** An independent nonprofit can operate at the "speed of business." It can sign leases, hire specialized staff, execute contracts with future operators (like gener8tor), and deploy capital with the flexibility required to support fast-moving startups.

## 3. Political Insulation and Longevity

Municipal priorities inevitably shift with election cycles and fluctuating tax revenues. An economic downturn could force future City Councils to choose between funding essential civic services or funding the innovation center.

- **The Advantage:** A spin-out ensures the center's survival regardless of local political changes or municipal budget deficits. Governed by its own dedicated Board of Directors—comprised of regional business leaders, industry experts, and investors—the nonprofit's sole fiduciary duty will be to the success of the entrepreneurial ecosystem.

## 4. Shielding the City from Risk

The nature of the venture capital and startup world involves risk; many startups fail before they succeed.

- **The Advantage:** A distinct nonprofit entity creates a vital legal and financial firewall. It completely shields the City of Sutter Creek from the legal liabilities, financial risks, and market fluctuations associated with business incubation and venture investments.

## The City's Future Role

Post spin-out, the City of Sutter Creek would transition from being the primary funder and operator to becoming a key strategic partner and champion. The City might retain a permanent advisory seat on the nonprofit's Board of Directors, ensuring that the center's overarching mission continues to align with Sutter Creek's economic development goals, all while the organization operates entirely self-sufficiently.

## RECOMMENDATION

City Staff recommends that Sutter Creek pivot from its current slow-growth trajectory by establishing a Circular Economy Entrepreneurship Center in partnership with gener8tor, a nationally ranked startup accelerator. This initiative is designed to attract high-value, "light green" industry—specifically in ag-tech, bioeconomy, and sustainable forestry—without triggering the explosive residential sprawl that characterizes neighboring regions.

### The Strategic Imperative

While Sutter Creek's historic charm and thriving "silver economy" are tremendous assets, relying solely on tourism and retiree-driven growth leaves the City structurally vulnerable. Maintaining the status quo carries significant hidden costs, including a persistent "brain drain" of our younger workforce, a widening housing affordability gap for local service workers, and an over-reliance on a weekend tourism sector that is highly susceptible to macroeconomic downturns and seasonal disruptions.

To build a resilient, year-round economy, Sutter Creek must generate local wealth rather than merely importing it. The gener8tor partnership accomplishes this through a highly targeted, "surgical" approach to economic development.

### **Key Benefits of the Initiative:**

- **Targeted Industry over Residential Sprawl:** Unlike the Folsom model, which required thousands of acres of new housing to support large corporate campuses, an innovation accelerator attracts lean, agile startup teams. This fosters the creation of high-wage, knowledge-economy jobs while allowing the City to manage infrastructure and housing growth incrementally.
- **Complementing Historic Main Street:** This initiative is a parallel economic engine, not a competitor to local merchants. By operating as a B2B (business-to-business) enterprise, the center does not disrupt the town's historic aesthetic. Instead, it provides Main Street with a steady, year-round workforce of founders and investors who inject reliable mid-week revenue into local coffee shops, restaurants, and retail stores outside of peak tourist seasons.
- **A Low-Risk, Grant-Funded Financial Model:** The City will not shoulder the burden of building a startup ecosystem from scratch. By outsourcing the curriculum and network to gener8tor, Sutter Creek instantly becomes highly competitive for major federal (EDA, USDA) and state (California Jobs First) innovation grants. An initial Memorandum of Understanding (MOU) allows the City and gener8tor to co-apply for these funds, minimizing the risk to the City's General Fund.

### **Conclusion & Next Steps**

By leaning into the circular economy, Sutter Creek can leverage its natural and agricultural assets to become a boutique rural innovation hub. This strategy protects the community's historic character while building the robust commercial tax base and high-paying jobs necessary to sustain the City's future.

Staff recommends moving forward with a non-binding MOU with gener8tor to formally establish this public-private partnership and begin the joint pursuit of 2026 state and federal economic development grants.

### **BUDGET IMPACT:**

This is a major initiative over several years that requires attention from staff to seek out grant funding and help manage this, even with outsourced management of the program. Budget impacts will be indirect, mostly time invested to support this initiative.

### **ATTACHMENT:**

1. ECS Strategic Plan
2. Press Release Beam Circular
3. Biocatalyst Conference