

A STATEMENT OF PRINCIPLES AND PRIORITIES TO GROW SACRAMENTO'S ECONOMY

With the right leadership, Sacramento can be California's top destination for job creation

- *Best Places to Live*
- *Happiest Workers in Mid-Sized cities*
- *America's Fittest Cities*
- *Most Fun, Affordable U.S. Cities*
- *Greatest Small Cities for Food Lovers*
- *Best Place for Raising Active Children*
- *Best Cycling Towns*
- *Least Stressed-Out Cities*

These are just a few of the quality of life lists giving Sacramento high marks in recent years. It is gratifying to see Sacramento being recognized as the gem so many of its residents have long known it to be. California's capital has many amenities that make the region a wonderful place to live and play.

The entire Sacramento region, and especially the City of Sacramento, is widely recognized for the positive changes underway. Stimulated in large part by the development of the downtown arena and bolstered by a slowly recovering economy, Sacramento is undergoing profound changes. The feelings of civic pride and anticipation are almost palpable.

No longer a sleepy "stop on the way to Tahoe," Sacramento is more accurately the hub of all great things in Northern California. We are proud of our deep connection with California's valuable agriculture industry, the unique and livable neighborhoods, tree canopies, world-class parkway, award winning restaurants and bars, thriving arts community, and unmatched enthusiasm for sports. Surrounded by the natural beauty afforded by farms and rivers, and close to international destinations for wine tasting, mountain sports and cultural activities, Sacramento is a unique and exciting place.

Unfortunately, Sacramento falls short on leveraging these and other assets to make our City a desirable place to conduct business. Sacramento business owners and managers consistently give the City a failing grade for business friendliness due to onerous and/or inconsistent regulations and long waits for permits. Business leaders cite regulation challenges related to employment and hiring, licensing, tax code, environmental rules, and zoning.

Sacramento needs leadership that will develop and drive a plan to better its business environment.

CHAMPION SACRAMENTO'S ECONOMIC PROSPERITY

While it is encouraging that, after the worst recession in decades, Sacramento's economy is showing signs of recovery, the City's fragile economy still has a long road ahead, as experts believe another economic downturn is coming.¹ To stave off another downturn, Sacramento needs to foster the right conditions for businesses to achieve success, thereby powering our economy.

To keep the momentum going, it is imperative that Sacramento's leadership supports a plan to advance the City's economic growth while ensuring a high quality of life with access to necessary public services for its businesses and residents. Sacramento's mayor plays a vital role in this, prompting business leaders to produce the following plan to achieve economic prosperity. The resulting framework is intended to guide not only the decisions of Sacramento's next mayor, but also its council members, city manager, and department directors, while also serving as an example for civic leaders in neighboring jurisdictions.

¹ "U.S. Economic Outlook," Wells Fargo, 2015.

PROPOSED ECONOMIC VITALITY STRATEGY

With the right mindset, Sacramento can be the most desirable destination in California for business location and growth. To ensure Sacramento's continued economic climb, now is the time to focus on the strategies that will support a strong business climate and bring long-term prosperity to Sacramento.

As the City's top elected official, Sacramento's next mayor must focus on policies and practices that will grow Sacramento's economy. To help in this effort, we would respectfully request that the next mayor harness the expertise and unique perspectives of business through the creation of a council of economic advisors composed of private industry leaders. The decisions made by Sacramento's leadership have a major bearing on the course of the City's future economic prosperity. This council will be instrumental in strengthening Sacramento's economic development strategies, identifying roadblocks, and reducing competitive disadvantages for local entrepreneurs and employers.

Sacramento's next mayor will be charged with motivating all city leadership to subscribe to a robust and effective economic framework guided by the following core principles:

- Provide "best in class" public services.
- Embed long-term fiscal consciousness into policy-making.
- Improve and expand quality of life assets and economic development readiness.
- Grow the economy, instead of adding new business taxes or fees, to ensure sufficient fiscal resources are available.
- Develop a skilled and prepared workforce.
- Embrace policies that remove regulatory barriers and stimulate business growth.
- Incentivize quality growth and new development opportunities.

A PRIORITIZED APPROACH

To become California's top destination for job creation, Sacramento's next mayor must prioritize the following strategies:

#1: Improve Sacramento's business environment so that businesses want to locate and grow here.

Creating the right environment that encourages businesses to locate, grow and thrive in Sacramento is more important than ever. Becoming California's top destination of choice for employers will not only grow the city's economy, it will also ultimately improve the quality of life for its businesses and residents.

To strengthen Sacramento's position as an attractive and vibrant place to do business, city leadership needs to consider the effect policy decisions will have on the City's identity as a destination for business.

For this reason, Sacramento needs to embrace a culture of innovation and leadership in city operations that eliminates unnecessary bureaucratic obstacles and establishes a customer-centric approach. This requires committed elected officials, a strong city manager, and motivated department directors who will pursue and support policies and practices that enhance Sacramento's business environment and achieve Sacramento's strategic competitive advantage.

Top priorities in pursuit of this goal must be:

1. Achieve a top rating among California cities for all business friendliness metrics and demonstrate annual improvement by being a competitive and attractive place to both live and operate a business by opposing new mandates, regulations, taxes, and/or fees in excess of state and federal statutes.²
2. Eliminate barriers to development by instituting the Permit Simplicity program, creating guarantees for permit issuance in 90 days or less, setting the lowest fees in the region and utilizing programmatic EIRs for CEQA streamlining.
3. When vacant, recruit a top-tier city manager who will pursue and implement policies that improve the efficiencies and effectiveness of city services to promote economic prosperity in the City of Sacramento. To attract the country's best candidates, the city manager's total compensation package should be competitive with the nation's top 20 cities.

#2: Stabilize the City of Sacramento's fiscal health in order to avoid higher taxes or reductions to public services.

Sacramento's unfunded liabilities now stand at nearly \$2.3 billion. That debt will soon hit taxpayers through higher taxes and fees, reduced services, or both. In order to avoid furloughs, layoffs, and negative impacts to public safety and municipal services provided to residents, city leadership needs to tackle this growing problem by establishing fiscally prudent policies that prioritize strategic investments and growing the City's revenue base long term.

In the same way that businesses use information, data and analysis to make decisions, city leadership is strongly encouraged to implement a similarly rigorous approach to evaluate new policies, review progress and improve city operations. Sacramento must shift its focus to grow the economy by leveraging returns on strategic investments and not depleting the existing revenue base by overburdening businesses with new taxes and fees.

Top priorities in pursuit of this goal must be:

1. Transition Sacramento to a two-year operating budget beginning July 1, 2017, that maintains a balanced budget and adheres to the city's goal for a 10 percent budget reserve per year.
2. Set standards for efficiencies in city operations that include leveraging external contracts to implement cost savings and improve public services while leading negotiations with employee organizations to require city employees to pay their fair share into their retirement funds. It will take measures like these to confront the City's massive unfunded pension liabilities.
3. Postpone tax, regulation or fee increases until the City of Sacramento has completed economic impact analyses that identify and consider any consequence, including but not limited to impacts on jobs, regional competitiveness and the cost of doing business, and require these findings to be included in all city staff reports alongside the current fiscal analysis to the city's budget.

² In 2014, *Forbes* and [Sacramento Business Journal](#), reported a national survey by the Kaufman Foundation of business owners gave Sacramento an "F" grade for business friendliness. Although the City's rating in 2015 [improved slightly](#) to a D+ overall, it still only ranked 85th overall among 100 large metropolitan areas, and it received an "F" in seven out of eleven graded categories.

#3: Improve infrastructure and transportation systems to support today's modern economy.

To be a competitive location for business to locate and grow, Sacramento must have a strong, stable foundation. Sacramento is in dire need of a comprehensive and systematic upgrade of its aging infrastructure, improved connectivity for employees, residents and visitors, and a long-term strategy to protect the area's resources. Sacramento must have decisive leadership that will not only lead the city, but also the region, to prioritize resources to improve Sacramento's infrastructure and transportation systems. Just as important, city leadership must identify funding mechanisms that do not require tax increases on businesses or penalize pioneer developers for the cost of improving the entire system simply because they are the first to invest in the future of Sacramento.

Top priorities in pursuit of this goal must be:

1. Modernize Sacramento's aging infrastructure, prioritizing the City's core where especially decaying systems such as sewer, lighting, energy and digital networks are inhibiting economic growth.
2. Pursue system improvements to Sacramento Regional Transit (RT), beginning with appointment of business members to the City's 4 seats on the board of directors to improve fiscal solvency³ and implement customer-centric solutions. Address RT's underutilization by increasing cleanliness, safety and on-time performance, inter-system connections, fare enforcement, and reconfiguration of transit routes. Additionally, pursue future reforms of up to, but not limited to, establishing a multi-jurisdictional transit authority for the region.
3. Unite the region to speak with one voice to support regional water and flood protection policies, including support for the protection of regional water rights, endorsement of the North State Water Alliance and SAFCA's policy platforms, and work with regional programs to reduce the City's flood risk and improve early warning systems.

#4: Develop and enhance quality places and venues that will attract visitors and residents will enjoy.

When Sacramento is included among other top destinations nationally, the City will attract business investment, enhance economic development, increase tourism, enhance livability and retain college graduates. City leadership must prioritize destination development – the development or redevelopment of amenities and assets – and continue to support and grow local initiatives that are unique to Sacramento. The expansion of key civic assets and recreational amenities is not only a quality of life initiative, but also essential to garnering a positive national perception of Sacramento.

Top priorities in pursuit of this goal must be:

1. Develop Sacramento as one of the Top 25 convention business cities in America and set the table to become a Tier One destination by promoting the development of a convention center/theater district in order to attract more regional and national conventions, thousands of new visitors and hundreds of millions in spending annually. This includes support for issuance of necessary bonds.
2. Develop public/private partnerships between state, city and commercial interests to maximize the use of the Sacramento Riverfront, creating high-quality public space corridors, river access and

³ RT is plagued with financial difficulties, including declining bond ratings, declining farebox recovery and expenses exceeding current revenues for multiple years.

connectivity enhancements including new streets, bridge crossings, bikeways and pedestrian trails and encouraging private development, as well as improved access to Old Sacramento.

3. Take bold steps to address the needs of homelessness by working with the appropriate county agencies, nonprofits, and Continuum of Care to ensure they are providing necessary services to the people who need them. Support city policies that leverage public and private resources, improve public safety and deter illegal conduct, including aggressive panhandling, intimidating behavior, and illegal camping, in order to preserve the quality of life for the entire community.

#5: Cultivate and retain the nation’s top STEM workforce so that Sacramento will attract high-wage technology-based jobs.

To improve business attraction, expansion, and retention focused on productive workforce growth and technology advancement in the City of Sacramento, the next mayor should lead the charge with the appropriate educational and private sector partners to set in motion a comprehensive STEM initiative that creates a technology hub focused on digital, coding, and engineering competencies. Positioning Sacramento as a technology and innovation hub, the City will attract STEM professionals leaving the Bay Area and Silicon Valley, and thereby, advanced technology industries.

City leadership must position Sacramento to compete and participate in the economic successes of the nearby San Francisco and San Jose markets, becoming the state’s third hub in a “Mega Region” with the Bay Area.

Top priorities in pursuit of this goal must be:

1. Develop a strategy to coordinate and elevate partnerships and pathways among Sacramento’s educational systems, including city school districts, Los Rios Community College District, Sacramento State University, UC Davis and local technical colleges with the business community, Next Ed and the city’s economic development department.
2. Lead a workforce initiative to move the city toward a modern economy, with a focus on development of key innovation corridors such as the MedZone Corridor in partnership with UC Davis Medical School, the Railyards and others.
3. Champion efforts to improve the city’s K-12 education options to prepare students for rapidly changing technology and increased skilled worker demands, while also utilizing existing local and state workforce programs to reskill underserved and disadvantaged populations.

KEEP THE MOMENTUM GOING

The goals, principles and priorities supported by the business leaders herein are not a comprehensive list, but rather a launching point to build a strong and healthy local economy. To institute a continuous path to success, Sacramento must have bold and visionary leaders who will break away from the politics of today to build a city for tomorrow – a city that provides greater job opportunities for its workers, a better quality of life for its residents, and the right conditions for businesses to strive for – and achieve – success. The rebirth of downtown is an important reminder of what we can do when together we tap our potential.

The undersigned commit to work hand-in-hand with the next mayor to ensure Sacramento is California's top destination for job creation.

Business Leaders:

Christi Black-Davis

Kipp Blewett

Grant Deary

Mark Friedman

Terry Harvego

Wendy Hoyt

Ed Manning

Daniel Ramos

David Taylor

Greg Thatch

Stan Van Vleck

Business Organizations:

Sacramento Regional Builders Exchange (pending)

Downtown Sacramento Partnership (pending)

Region Business

Sacramento Metro Chamber of Commerce