



# Consideration of Economic Development Consultant (Scope of Work and Goals) and Direction to Staff

CITY OF  
**FOLSOM**  
DISTINCTIVE BY NATURE

*Regular City Council Meeting, June 27, 2023*

# Background/Issue



- The City Council unanimously approved the City Manager's Proposed FY2023-24 Budget at its regular meeting on May 23, 2023 with one change.
- The only change made by the City Council to the City Manager's Budget proposal upon adoption was to not transfer \$50,000 from the General Fund to help replenish the Risk Management Internal Service Fund nor transfer \$50,000 from the General Fund to create an Information Technology Capital Fund.
- A consensus of the City Council instead requested that up to \$100,000 be dedicated to an economic development consultant contract.
- The City Council further requested that the City Manager place an item on a future City Council agenda to allow the City Council to provide specificity as to the scope and work and goals for this consultant.

# What Is Economic Development?

## **According to the California Association for Local Economic Development (CALED):**

- From a public perspective, local economic development involves the allocation of limited resources – land, labor, capital and entrepreneurship in a way that has a positive effect on the level of business activity, employment, income distribution patterns, and fiscal solvency.
- It is a process of deliberate intervention in the normal economic growth by making it easier or more attractive. Today, communities in California are giving attention to what they can do to promote fiscal stability and greater economic development.
- Economic development is a concerted effort on the part of the responsible governing body in a city or county to influence the direction of private sector investment toward opportunities that can lead to sustained economic growth. Sustained economic growth can provide sufficient incomes for the local labor force, profitable business opportunities for employers, and tax revenues for maintaining an infrastructure to support this continued growth.



# What Is Economic Development? (cont.)



- There is no alternative to private sector investment as the engine for economic growth, but there are many initiatives that you can support to encourage investments where the community feels they are needed the most.
- It is important to know that economic development is not community development. Community development is a process for making a community a better place to live and work.
- Economic development is purely and simply the creation of wealth in which community benefits are created. There are only three approaches used to enhance local economic development. They are:
  - Business Retention and Expansion – enhancing existing businesses
  - Business Expansion – attracting new business
  - Business Creation – encouraging the growth of new businesses

# Adopted Five-Year Strategic Plan



- Complete the River District Master Plan to enhance the City's waterfront and waterfront-adjacent recreation and development opportunities.
- Complete a master plan of the City's Central Business District, with the goal to revitalize land use and infrastructure and set the foundation for future investments.
- Create a plan for relocating the corporation yard, including funding and timing.
- Evaluate market opportunities in Folsom to create opportunities to leverage existing high tech, healthcare, and other significant local industries.
- Establish a long-term vision for the Wye property and the Placerville and Sacramento Valley Railroad.

# Adopted Five-Year Strategic Plan (cont.)



- Develop funding/sponsorship plan for the Johnny Cash Art Trail to increase tourism focused on Lake Natoma.
- Develop a narrative plan (e.g., QR codes) along walking and trails, and historic sites for self-guided tours.
- Partner with Choose Folsom to market Folsom as a premier recreation and competitive events destination in northern California (e.g., Folsom Lake, Lake Natoma, the Historic District, scenic trails, bike trails, etc.).
- Identify funding and other factors to determine feasibility of large scale, highly visible facilities and events that could provide recreational and tourism benefits to the community.
- Conduct community outreach and collaborate with private developers to implement the vision-concept for a town center in the Folsom Plan Area (preliminary plans submitted and under review).

# For the Council's Consideration...



- City leadership would ideally focus on economic development actions and opportunities that both cultivate a high quality of life that supports, attracts, and strengthens businesses and employment opportunities, while also *enhancing City revenues*.
- City leadership would ideally focus on a scope of work for the economic development consultant that is *specific, measurable, achievable, relevant, and time-bound* because it is unknown if funds will be available in fiscal year(s) following to continue ongoing processes or projects.
- Any actions undertaken would ideally be *coordinated with Choose Folsom* to improve the chances of success and avoid duplication of efforts.

# Possibilities to Include in the Scope of Work



***Task #1:*** Prepare a three-year economic development action plan.

***Task #2:*** Assess development projects presented to the City through an economic development lens and include that information in staff reports to the City Council.

***Task #3:*** Conduct a regional comparison of the City's fees, taxes, rates, incentives, and processes to measure the City's degree of business friendliness/competitiveness.



# Possibilities to Include in the Scope of Work (cont.)



***Task #4:*** Conduct a void analysis to highlight possible businesses to target to attract to Folsom.

***Task #5:*** Develop an e-gift program to encourage residents to shop locally during the upcoming holiday season.

***Task #6:*** Provide third-party economic development staffing services to support the City of Folsom in this critical area.

# Recommendation/ City Council Action



The City Manager recommends that the City Council provide direction to the City Manager as to the scope of work and goals sought for the economic development consultant contract included as part of the approved FY2023-24 Budget.

# Questions?

## Sales tax concerns continued – Top 25 sales tax generators in alphabetical order

- ARCO AM/PM MINI MARTS
- BEST BUY STORES
- CHEVRON SERVICE STATIONS
- COSTCO WHOLESALE
- ENTERPRISE RENT-A-CAR
- FOLSOM BUICK GMC
- FOLSOM CHEVROLET
- FOLSOM LAKE CHRYSLER DODGE JEEP RAM
- FOLSOM LAKE FORD
- FOLSOM LAKE HYUNDAI
- FOLSOM LAKE KIA
- FOLSOM LAKE TOYOTA/SCION
- FUTURE NISSAN OF FOLSOM
- GREEN ACRES NURSERY & SUPPLY
- HOME DEPOT
- LOWE'S HOME CENTERS
- NIKE FACTORY STORE
- NORDSTROM RACK
- PRISON INDUSTRY AUTHORITY
- RALEY'S AISLE 1
- SAM'S CLUB
- TARGET STORES
- TOTAL WINE & MORE
- VSP ONE FOLSOM
- WALMART STORES

These “Top 25” businesses generate about \$13 million annually in sales tax revenue received by the City, about 58% of the total sales tax received.