



# Council Agenda Report

**From:** Thomas Frutchey, City Manager

**Subject:** Regional Economic Development Guiding Principles

**Date:** June 19, 2018

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## Facts

1. The loss of Diablo Canyon Power Plant (DCPP) will negatively impact the entire region, constituting the loss of almost \$0.5 billion each year. In this context, the region is seen as extending from Camp Roberts to Vandenberg.
2. The region is initiating a regional economic development effort to counteract the loss of DCPP.
3. The results of numerous economic research efforts are clear: regions that engage in collaborative economic development are more successful than regions where each city acts independently.
4. The Economic Vitality Corporation, with representatives from the entire region, is taking the lead on the recovery effort. The EVC just signed a contract with Vital, Inc., an economic development consulting consortium, that has undertaken similar efforts for communities facing the imminent closure of military bases, nuclear power plants, etc.
5. In order for cities and chambers of commerce in the region to proceed collaboratively, a set of guiding principles will be necessary. These principles need to include, for example, a prohibition on cities fighting for the same businesses by, among other actions, offering incentives to move a business from one city in the region to another city. Such efforts would not only not benefit the region, they actually would harm the region.
6. The chambers of commerce throughout the region, the cities, and the Cal Poly Local Economic Development Committee created by President Jeff Armstrong, have worked together over the past few months to develop an acceptable set of guiding principles. The resulting recommended principles (see Attachment 1) are adapted from a set developed by the Denver, Colorado region.

## Options

1. Take no action;
2. Adopt a set of guiding principles that promote collaborative economic development efforts, not competition amongst the cities in the region;
3. Provide alternative direction to staff.

## Analysis and Conclusions

It is easy for cities to fall into the trap of trying to entice businesses away from their current location rather than seeking to attract businesses that already need to move, or are already committed to moving (see Attachment 2). Such efforts would harm this region. By being the first in the region to adopt the Guiding Principles, the City of Paso Robles can demonstrate a commitment to a jointly developed standard and encourage other cities to follow suit.

## Fiscal Impact

No direct impact of adopting the Principles. The City might be able to attract to Paso Robles some businesses already in the County by offering incentives or other enticements; however, research shows that, in general, such efforts would not contribute positively to the regional economy.

**Recommendation**

Adopt the Guiding Principles for use by the City and the Chamber of Commerce in their efforts to attract new and ongoing businesses to Paso Robles.

**Attachments**

1. Guiding Principles
2. Recent article on the reasons to not poach businesses from other cities in the region

# **CENTRAL COAST ECONOMIC DEVELOPMENT COLLABORATION**

*(entity name ...)*

## **GUIDING PRINCIPLES**

### **INTRODUCTION**

As leaders of economic development initiatives serving Central Coast communities in San Luis Obispo and northern Santa Barbara Counties, we recognize that our economic destinies are interdependent and that we are more likely to grow our economies and deliver economic vitality to our individual communities by working collaboratively as a region rather than in competition with each other. We acknowledge that each of our communities brings strengths and challenges to the economic development exercise, and recognize that by presenting our region as an integrated market, we maximize the strengths and minimize our weaknesses. Given this fundamental agreement, we are committed to a proactive, collaborative regional approach to economic development.

We further recognize that a successful and effective collaboration requires that certain standards of conduct be developed and adhered to by those who participate. This statement of guiding principles represents the standards that the individuals and organizations participating in this collaboration support and commit to practice in our daily conduct of business.

### **PREAMBLE**

We, the members of the Central Coast economic development collaboration, commit to the following principles of behavior and standards of conduct to guide our individual and collective efforts in promoting the long-term economic vitality of the Central Coast Region. We recognize that no statement of principles can cover every conceivable circumstance, and is without value absent an inherent level of trust in the integrity of one another and an ongoing commitment from each of us to conduct ourselves at the highest level of professional conduct. It is with that spirit that we set forth this statement of guiding principles.

### **GUIDING PRINCIPLES**

1. We recognize that each participating economic development partner has a primary responsibility to the community and members that it serves. We are committed, however, to the idea that our individual communities will benefit from proactively collaborating with our neighboring communities as stewards of the regional economy.
2. We are committed to the promotion of the Central Coast region as a competitive business location for new and expanding companies. Our primary objectives are to proactively attract new businesses as well as retain existing businesses and grow new ones within our region. In the case of new business attraction, our approach shall be to sell the region first and then to assist the prospect in identifying the best location within the region. When assisting an existing business looking to expand or relocate, our priority is to keep them in their existing community first, and within the region ultimately.
3. As we work to attract new businesses to our region, we agree that our collective efforts will be best invested in focusing on companies that will generate head-of-household jobs and make positive contributions to the quality of life and culture that makes the Central Coast a unique and attractive destination.
4. We recognize that our communities are strongest when they are open and welcoming to everyone. A more diverse and inclusive Central Coast will increase our ability to attract and retain businesses and residents from across the country and around the world.
5. We are committed to proactively identifying opportunities where we can pool resources to create marketing tools and activities that will maximize the investment of each partner and the region.
6. We are committed to locating prospects in the Central Coast region. In the event that our individual communities cannot meet the needs of a particular prospect, we shall communicate with our fellow members in an effort to meet the company's needs elsewhere in the Central Coast region.
7. We are committed to working as partners with the real estate and development communities and are not in direct competition with them. Economic developers are a resource and facilitator in the site selection process.
8. We recognize the critical need for confidentiality with respect to information shared by both our fellow members of the Central Coast economic development collaboration, our real estate and development partners, and ultimately the businesses that we are seeking to grow and attract.
9. Transactions are to be driven by the client; we commit to putting their needs first, while striving to find solutions to those needs within our communities and region.
10. At no time shall any member of the Central Coast economic development collaboration knowingly solicit a fellow member's prospects.
11. At no time shall any member of the Central Coast economic development collaboration advertise or promote its respective area to companies within another member's geographic area in a manner that is derogatory or insulting to the other geographic area. "Selling against" another member of the Central Coast economic development collaboration or another Central Coast community, or direct solicitation of intra-region relocations, is forbidden by the members.

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