



ECONOMIC DEVELOPMENT

Sacramento is the economic center of the region and a dynamic hub for business and innovation. The city boasts an extensive transportation network of roadways, railways, waterways, and an airport that connects it to the surrounding region, the state, and the nation. As the local economy continues to transition from a service-based economy toward one focused on growth driven by knowledge, technology, and innovation, the Economic Development Element seeks to foster a diverse range of businesses in established and emerging industry sectors; catalyze sustained and inclusive economic growth that creates opportunities for all residents; cultivate a business environment conducive to innovation and the exchange of ideas; and prepare the local workforce to succeed in the 21st Century economy. These actions are integral

to creating a more sustainable, equitable, and prosperous city for all.

The Economic Development Element of the General Plan establishes a framework to foster growth strategies that leverage community assets and guide investments in human capital and infrastructure over time. Although not required under state law, this Element recognizes the transformative potential of growth and seeks to harness it to increase opportunity and improve the quality of life in the community. Other strategies important for economic development are included in the Land Use and Placemaking; Environmental Justice; Mobility; Public Facilities and Safety; and Youth, Parks, Recreation, and Open Space Elements.



Economic Profile

BUSINESS AND INDUSTRY

Sacramento features a diverse range of businesses across an array of industry sectors, with strong employment concentrations in the government/education, healthcare and social assistance, professional and technical services, and retail-trade sectors. The city has seen strong, sustained job growth since the end of the 2008 Great Recession, expanding its employment base at a faster rate than the region as a whole and solidifying its position as the region's premier employment center. Anchored by its universities and colleges, Sacramento is also a growing center for entrepreneurial activity and innovation, with opportunities for growth in emerging industry sectors such as food and agriculture; advanced manufacturing, information, and communication technology; future mobility; clean economy; as well as life sciences and health services, as research and development activity translates into marketable products and the creation of new companies.



Jobs in the greater Sacramento area are largely concentrated in three major areas: Downtown Sacramento, which has nearly half of all employment in the city, Arden Arcade Community Plan Area, and the northern portion of Stockton Boulevard in the Fruitridge-Broadway Community Plan Area. There is also significant potential to accommodate new employment-oriented development in the Opportunity Areas identified on **Map LUP-3**.

WORKFORCE CHARACTERISTICS

Among the nation's 100 largest metropolitan areas, Sacramento stands out as productive and prosperous. Median household income ranks in the top 25 percent and average worker productivity is among the highest in the U.S. Since 2006, however, the share of households that do not earn enough to cover basic living expenses — including housing, transportation, and childcare costs — has consistently been greater than 30 percent.¹ This statistic shows that a significant share of the population continues to struggle while the region as a whole enjoys prosperity. This segment of the population also has lower average levels of educational attainment and includes a disproportionate share of Black and Latino residents, indicating a need for workforce development and entrepreneurial initiatives that focus on equity and are responsive to historic trends of disempowerment. Collectively, these trends underscore the critical importance of preparing a broader, more diverse population for in-demand jobs — particularly youth and people of color — so that all Sacramentans are equipped with the resources and skills needed in the 21st Century economy.

¹ Parilla, J., Liu, S., Gootman, M. (2018). Charting a Course to the Sacramento Region's Future Economic Prosperity. The Brookings Institution.

Business Attraction and Development

Policies in this section seek to focus business attraction and development activities on key industry sectors that have an existing presence in the region as well as potential for future growth. A fundamental part of this strategy involves fostering strong concentrations, or “clusters,” of specialized and interdependent businesses and institutions. These industry “clusters” can spark innovation, catalyze employment growth, and create a competitive advantage. Through the policies outlined in this section, the City seeks to support business growth and expansion by working to ensure that adequate sites and buildings are available, by providing technical assistance and funding to businesses, and by marketing and promoting opportunities in Sacramento.

For additional policies that encourage land use patterns to strengthen employment clusters and revitalization of corridors and centers, please see the Land Use and Placemaking Element.

GOAL AND POLICIES

E-1

A dynamic, resilient economy with a diverse array of business in established and emerging industry sectors.

E-1.1 Strengthening Employment Clusters.

The City should endeavor to actively recruit and consider ways to add and to build on existing employment clusters in Sacramento, including those in the following key sectors:

- Food and agriculture;
- Advanced manufacturing, information and communication technology;
- Future mobility;
- Clean economy; and
- Life sciences and health services.

E-1.2 Business Attraction and Expansion. The City should endeavor to focus business attraction and retention/expansion efforts on emerging industries in the region that demonstrate strong growth potential and pay higher than average wages.

E-1.3 Tradable Industries. The City should endeavor to attract and nurture businesses that generate the majority of their revenue from the sale of products or services outside the region in order to increase the flow of capital into the community and maximize positive impacts on output, employment, and wages in Sacramento.

E-1.4 Suitable Buildings and Sites. The City should endeavor to anticipate the demands for commercial and industrial growth and employ regulatory and policy mechanisms and incentives to maintain sites and buildings in suitable locations as an attraction to major employers.

E-1.5 Technical Assistance. The City should continue to offer technical assistance and funding to support the establishment and growth of businesses in key sectors.

E-1.6 Growth in Opportunity Areas. The City should endeavor to work with property owners, particularly those in Opportunity Areas (see **Map LUP-3**), to encourage development projects that generate local jobs and further inclusive economic development objectives.

E-1.7 Destination For Business. The City should endeavor to position itself as a destination for business by actively promoting Sacramento’s assets and collaborating with the Greater Sacramento Economic Council (GSEC), the State of California, colleges, hospitals, and other local and regional business and employment groups.

E-1.8 Economic Development Strategic Plan. The City should endeavor to maintain an economic development strategic plan to guide the City’s strategic economic development initiatives, periodically reviewing and updating it to keep current with market conditions and economic trends.

E-1.9 Nighttime Economy. The City shall support the nighttime economy to help foster a vibrant and well-managed nightlife in Sacramento.

Sustained and Inclusive Growth

Policies in this section seek to foster “quality growth” that leads to long-term value and broad-based wealth creation in the community, rather than short-term profit extraction. Central to this objective is increasing access to economic opportunity and empowering all residents to participate productively in the local economy through intentional investments in under-resourced neighborhoods and people. The policies in this section support City efforts to lead by example with procurement practices and pilot projects that nurture small businesses and minority and women-owned enterprises and foster local business growth. These approaches can help ensure that no segment of the community is left behind and that Sacramento can leverage all its economic assets for equitable and sustainable growth.

GOAL AND POLICIES

E-2

Sustained, inclusive growth that generates long-term, shared value in the community and creates economic opportunities for all residents.

- E-2.1 Investments for Inclusive, Equitable Growth.** The City should make intentional investments to increase and diversify economic growth in an inclusive and equitable manner that focuses on neighborhoods and their unique needs.
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- E-2.2 Access to Capital.** The City should work with regional and local partners to increase access to capital for growing companies, targeting venture capital and angel investors.
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- E-2.3 Neighborhood Development Action Team.** The City shall strive to increase the quality of life and economic growth of people, businesses and places and facilitate equitable investments and resources toward Sacramento’s historically disenfranchised and disinvested neighborhoods through an interdepartmental Neighborhood Development Action Team.
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E-2.4 Access to Labor and Jobs. The City should endeavor to foster job growth in areas with higher population density and existing or planned transit connections to improve access to labor for employers and access to jobs for residents, particularly residents of low-income neighborhoods.

E-2.5 Opportunity Zones. The City should consider use of development agreements and other mechanisms to help ensure that inclusive economic objectives are achieved as development occurs in Opportunity Zones (as defined in Tax Cuts and Jobs Act of 2017) and throughout the city.

E-2.6 Sustainable Business Programs. The City should continue to support ongoing efforts of the Business Environmental Resource Center (BERC) efforts to advance sustainable business programs.

E-2.7 Small Business/Startup Support. The City should support the development and retention of small business startups and new firms — particularly minority/women/veteran-owned businesses — by providing assistance with business planning, expansion, and access to capital.

E-2.8 Public Procurement. The City should evaluate the public procurement process with an eye towards stimulating small business development, targeting minority/women/veteran-owned businesses in particular, and coordinating with anchor institutions such as universities, hospitals, public agencies, and school districts to foster more equitable procurement practices.

E-2.9 Local Pilot Projects. The City should consider encouraging large and established businesses to pilot the products and services of startup businesses to increase the number of successful startups that are able to launch and grow in Sacramento.

E-2.10 Business-to-Business Commerce. The City should consider promoting strategies to increase local business-to-business commerce as a way of helping local firms to mature and expand.

Innovation and Collaboration

Policies in this section seek to facilitate cross-sector collaboration and establish a business environment conducive to innovation and growth. The City hopes to play an important role in laying the groundwork for innovation by setting development standards that promote construction of appropriate facilities and amenities, fostering cooperation between business and government, and making investments in infrastructure and technology. These actions can support the exchange of ideas and facilitate relationships, transactions, and coordination across industry sectors and between the public, private, and civic sectors of the economy.

GOAL AND POLICIES

E-3

A business environment conducive to growth, investment, collaboration, and the exchange of ideas.

E-3.1 State-of-the-Art Business and Industrial Areas. The City should endeavor to encourage the planning and development of well-designed business and industrial areas that meet modern standards in terms of parcel size, location, and access to high-speed internet service and emerging technologies.

E-3.2 Innovation and Growth. The City should endeavor to support innovation and growth by fostering business incubators, accelerators, shared working spaces, and networking organizations.

E-3.3 Small Business Lending. The City should endeavor to work with financial institutions to promote small business lending opportunities that support and encourage local entrepreneurship and business growth.

E-3.4 Shared Infrastructure. The City should endeavor to coordinate investments in infrastructure and amenities with public, private, and institutional stakeholders and pursue the development of shared infrastructure through the development of innovation districts, applied research centers, and technology parks as part of a concerted cluster development strategy.

E-3.5 Local Business Coordination. The City should work to coordinate and align economic development initiatives among local economic development groups, chambers of commerce, property business improvement districts, civic leadership organizations, universities, and public agencies to stimulate the growth and expansion of local businesses and address the City's economic development needs.

E-3.6 Economic Gardening. The City should foster economic gardening (locally-grown and owned businesses) by promoting entrepreneurship and partnerships that facilitate the growth and expansion of in-demand industries.

E-3.7 Investments in Technology. The City should consider pursuing public/private technology infrastructure projects that support business and municipal efficiency.



Education, Training, and Empowerment

People are Sacramento’s most critical economic asset. As the knowledge-based economy grows, the city will continue to attract well-educated workers from outside the region; however, sustainable and equitable growth hinges on our ability to prepare the local workforce — particularly youth, women, and people of color — with the skills needed to succeed in the emerging job market and to better connect workers with job opportunities. This will require coordination and collaboration between government, educational institutions, employers, and community-based organizations to tailor education and training to in-demand skills, including entrepreneurship and social enterprise. Equally, it will require removing barriers to workforce participation for disadvantaged and under-resourced residents and expanding opportunities for internship and mentoring. Policies in this section support the dedication of City resources to foster vibrant, livable neighborhoods and improve the health and economic security of all residents.

GOAL AND POLICIES

E-4

A workforce equipped with the resources and skills needed to succeed in the 21st century economy.

E-4.1 Coordinated Economic and Community Development. The City should coordinate economic and community development investments to maximize efforts in improving economic opportunity and upward mobility.

E-4.2 Inclusive Economic Development Investments. The City should invest in projects and programs that advance inclusive economic development and reduce inequities.

E-4.3 Educational Attainment. The City should endeavor to support efforts to enhance education, increase high school graduation rates, and improve workforce-readiness.

E-4.4 Local Business Needs Assessment. The City should endeavor to continually assess business workforce needs and other requirements, using the findings to assist in developing a qualified workforce that meets the demands of established and emerging business and industry clusters within the city (e.g., food and agriculture; future mobility; clean economy; and life sciences and health services).

E-4.5 Labor Force Skills Development. The City should endeavor to partner with educational institutions, employers, and community-based organizations such as Sacramento Employment and Training Agency (SETA) and others to develop a local labor force with skills to meet the needs of the area’s businesses and industries.

E-4.6 Education and Training Systems. The City should work to attract professional, vocational, and technical institutions and engage employers in the development of education and training systems that equip Sacramentans with the skills and knowledge needed to succeed in an advanced economy.

E-4.7 Barriers to Workforce Participation. The City should endeavor to collaborate with regional and local partners to identify and address barriers to workforce participation and access to training. Solutions to explore may include the following:

- Two-generation programs that link education, job training, and career-building for low-income parents with supports for their children;
- Bridge programs that prepare people with low academic skills for further education and training;
- Transitional jobs programs that provide short-term subsidized employment.

SOCIAL ENTERPRISE

A **Social Enterprise** is a revenue-generating business with a primarily social mission. Profits are reinvested either in the business or in the community to achieve social goals, rather than paid out to shareholders and owners. Examples include Goodwill, Micro Lenders, or companies providing Fairtrade products.

E-4.8 Entrepreneurship and Social Enterprise Training. The City should endeavor to support education and training in entrepreneurship and social enterprise as an alternative pathway to traditional jobs so that individuals can see themselves as job creators, not just employees.

E-4.9 New Graduate Workforce Integration. The City should consider collaborating with employers and higher education institutions to expand programs that connect new college graduates and current students with job and internship opportunities in Sacramento to better integrate them into the local workforce and retain them after graduation.

IMPLEMENTING ACTIONS

Plans and Programs

E-A.1: Prioritizing Digital Skills Training. The City shall strive to work with community colleges, universities, and workforce and economic development groups to increase investment in digital skills training to both grow the pool of high-skill technical workers and expand the number of workers with basic digital literacy.

Responsible Entity: Office of Innovation and Economic Development

Timeframe: Mid-term (2030-2035)



E-A.2: Aligning Education and Training. The City should consider establishing forums/channels for discussion and action on better aligning secondary and post-secondary education and training with the needs of local businesses.

Responsible Entity: Office of Innovation and Economic Development

Timeframe: Mid-term (2030-2035)

E-A.3: Paid and Volunteer Job Programs. The City should expand programs that provide paid and volunteer jobs and internships for local youth and for economically, physically, and socially disadvantaged people, continuing to work with federal, State, and regional partners to seek funding opportunities for strategic workforce and economic development programs.

Responsible Entities: Office of Innovation and Economic Development (lead); Youth, Parks, & Community Enrichment (support)

Timeframe: Ongoing

E-A.4: Life-Long Learning. The City should identify and market local life-long learning opportunities, including work-study programs, internships, online learning, and expanded curriculum offerings, in collaboration with educational institutions, businesses, and non-profit organizations.

Responsible Entity: Office of Innovation and Economic Development

Timeframe: Ongoing

E-A.5: Cluster Development Strategy. The City should consider developing and implementing a coordinated cluster development strategy to promote strong concentrations of specialized businesses and related institutions with synergies that spark innovation and job growth.

Responsible Entity: Office of Innovation and Economic Development

Timeframe: Mid-term (2030-2035)

Planning Studies and Reports

E-A.6: Workforce Preparedness Program. The City should consider studying the feasibility of developing a workforce preparedness program that creates pathways to jobs and economic opportunities for disadvantaged, underserved Sacramentans, targeting in-demand and emerging industry sectors.

Responsible Entity: Office of Innovation and Economic Development

Timeframe: Near-term (2024-2029)

E-A.7: Development Incentives. The City shall periodically consult with real estate brokers, business leaders, and other informed stakeholders to understand the needs of prospective businesses and institutions in target sectors and employment clusters. The City should endeavor to use this information to develop incentives that attract these targets and to update land use regulations to ensure that the spaces they require are available in Sacramento.

Responsible Entity: Office of Innovation and Economic Development (lead); Community Development Department (support)

Timeframe: Ongoing

E-A.8: Sustainable Procurement Policy. The City should periodically review and update the Sustainable Procurement Policy, considering ways to further incorporate the principles of “circular procurement.”

Responsible Entity: Finance Department

Timeframe: Ongoing

E-A.9: Competitiveness Assessment. The City should endeavor to regularly assess Sacramento’s competitiveness as a place to do business and maintain development regulations and fees accordingly.

Responsible Entities: Office of Innovation and Economic Development (lead); Community Development Department (support)

Timeframe: Ongoing

City Data and Services

E-A.10: Municipal Open Data. The City should endeavor to expand the range and type of municipal data available on its open data portals to spur data-driven innovation and entrepreneurship.

Responsible Entities: Office of Innovation and Economic Development (lead); Community Development Department (support); Information Technology Department (support)

Timeframe: Long-term (2036-2040)

