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# ECONOMIC DEVELOPMENT ELEMENT

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The Economic Development Element is an optional element of the General Plan, which is not mandated by the State. By inclusion of this Element in the General Plan, the City of Elk Grove acknowledges the importance of economic development, including jobs creation, enhancement of the City's economic base through establishment of a clear economic strategy, and effective use of the City's finances, public services and facilities as they relate to economic development.

This is not a mandatory general plan element, and therefore there are no mandated content requirements. The City has defined this element and created policies within this element to support its long term effort to improve economic conditions for all city residents.

The City of Elk Grove makes a healthy local economy a high priority, and recognizes the need to create high quality jobs for the future well being of its citizens. As noted in the State of California's "General Plan Guidelines,"



*"The structure of a [local] economy plays an important role in the physical development of a planning area and the stability of the local tax base. An effective (economic) element will establish a consistent set of policies which provide general direction to local government on how the community can focus resources to retain local businesses, attract new industries, support the tax base, and sustain the ability to provide public services for existing and future residents."*<sup>1</sup>

This Element of the General Plan includes:

- An overview of the **historic economic conditions** affecting the City of Elk Grove;
- A description of **existing economic conditions**;
- A discussion of projected and desired **future economic conditions** for the City of Elk Grove; and
- A set of **focused goals, policies and actions** (implementation strategies) to help achieve the desired economic development conditions.

## HISTORIC ECONOMIC CONDITIONS

In 1850, Elk Grove was established as a hotel and stage stop 15 miles south of Sacramento's historic Sutter's Fort. The area became a crossroad for business, entertainment, mail service, agriculture, and home base for gold miners. After the gold rush and statehood period, Elk Grove evolved with a distinctly rural and western lifestyle, independent from urban Sacramento's growth and development.

In 1952, most of the 3,000 residents in the Elk Grove Community Plan Area lived in rural areas. However, job growth in Sacramento starting in the mid-1950s spurred a steady increase of residents to Elk Grove who commuted to Sacramento for work. This trend continued through 1975, when growth accelerated. During the 1990s, the population of Elk Grove grew by more than 70 percent. Job growth during that period was taking place in other areas of the County and region. Sacramento County's General Plan vision for the unincorporated Elk Grove Community Plan Area was primarily that of a suburb of Sacramento.

<sup>1</sup> State of California General Plan Guidelines, Governor's Office of Planning and Research, November 1998

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The City of Elk Grove was incorporated on July 1, 2000, establishing local control over land use and development services. Since incorporation, both residential and non-residential development in the City has increased.

Additional information regarding the City's origins and growth is provided in the General Plan Background Report.

### EXISTING ECONOMIC CONDITIONS

In all cities, interdependence exists between local economic issues and the overall quality of life—many important aspects of community life are provided by the local government, which relies in large part on tax revenues to fund these services.

Elk Grove is a growing community with a well-established mix of land use and significant opportunity for new development and redevelopment. Prior to incorporation, Elk Grove was planned and developed primarily as a bedroom community. However, the City's Vision as carried out in this General Plan identifies the desire to increase the jobs/housing balance in Elk Grove to match the numbers and types of workers living in Elk Grove with job opportunities in the city. To that end, General Plan Land Use Element map amendments increased the amount of land designated for commercial and office development and incorporated a regional commercial land use category.

The Comprehensive Fiscal Analysis for the incorporation (by EPS, dated March 1999) projected that the City's revenues would exceed its costs for services. Because the incorporation was not shown to be "revenue neutral," the City is obligated to mitigate the County's loss for the difference in transferred revenues and expenditures in the form of a tax sharing agreement. Under the terms of the Revenue Neutrality Agreement, a portion of the City's property tax revenues is returned to the County for a specified amount over a twenty-five year period.

Because of the loss in property tax revenues through fiscal year 2024/2025, Elk Grove will need to identify other sources of revenue and to diversify the City's sources for revenues. To that end, the City has commissioned the establishment of an Economic Development Plan, which will establish detailed, short-term strategies to implement the focused goals and policies in this Element.

Currently, the Elk Grove Chamber of Commerce is actively involved in many issues and efforts that foster community and business growth in Elk Grove. The Economic/Industrial Development Committee for the Chamber is tasked with identifying and encouraging industries and specific business firms which could enhance the Elk Grove area economy by relocating or expanding within the Chamber's service boundaries.

### PROJECTED FUTURE ECONOMIC CONDITIONS

According to projections by the Sacramento Area Council of Governments (SACOG), all of the cities and the unincorporated areas in Sacramento County will experience growth in population, housing, and employment over the next 20-year period. Sacramento County population and employment growth projections range between 0.9 and 2.4 percent annually until 2020 (peak growth taking place in the 2000 through 2005 period and declining thereafter). Annual population and employment growth rates in Elk Grove are also projected to peak during the 2000 through 2005 period, but at a much higher



*Historic commercial building in  
Old Town Elk Grove*

rate of 6.2 and 13.1 percent, respectively. SACOG projection assumptions utilize historic growth rates and jobs housing balance data prior to Elk Grove's Incorporation in July 2000. It is the City's intent to increase the jobs/housing ratio and to expand the existing commercial and industrial growth trends. Therefore, the City anticipates a higher growth rate, particularly in terms of employment growth.

The City of Elk Grove is a developing community with opportunity to expand the existing commercial, business, and industrial development and employment base. As described in the Land Use Element, development efforts within specified areas will allow new investment and complementary uses to meet local and regional shopping needs, provide expanded job opportunities to improve the jobs/housing ratio, and build the City's tax base. The City's vision is for Elk Grove to be a community in which people can live, work, shop, and play. This Element will guide the economic component of that vision.

The structure of the City's economy plays an important role in the physical development of the planning area and the stability of the local tax base. The goals, policies, and actions in this section are intended to provide direction as to how the community can focus resources to retain local businesses, attract new commercial, business, and industrial enterprises, support the tax base (create additional tax revenue), and continue to provide public services for existing and future residents of Elk Grove.

The following goals serve as the foundation for an overall economic development strategy for the City:

### ***Guiding Goal 1: High Quality of Life for All Residents***

**Focused Goal 1-5:** Excellence in the design of new development

**Focused Goal 1-8:** Creation and maintenance of a strong, positive community image for Elk Grove

### ***Guiding Goal 2: Diversified Economic Base***

**Focused Goal 2-1:** A business community which includes a diversity of industrial and office uses, locally and regionally oriented retail and services, and a diversity of residential types

**Focused Goal 2-2:** A balance between the numbers and types of workers residing in Elk Grove and opportunities for employment in the city

**Focused Goal 2-3:** A positive environment for business retention and expansion

**Focused Goal 2-4:** Creation of Elk Grove as a desirable place to establish a business, particularly major employment-generating uses

**Focused Goal 2-5:** A current and comprehensive economic development plan outlining the City's strategy to strengthen the local economy

**Focused Goal 2-6:** A balanced municipal budget which will allow the City to provide a high level of service to all residents and businesses

The following policies and action items implement these goals:

### ECONOMIC DEVELOPMENT POLICIES: DIVERSE AND BALANCED MIX OF USES

**ED-1** Strive to establish a balanced mix of commercial, office and industrial businesses to the City to ensure a variety of employment and business opportunities.

**ED-1-Action 1** Periodically review the General Plan to ensure that there is an adequate supply of land designated for economic development, with flexibility in the commercial and industrial land use designations to allow a wide range of targeted businesses without the need for amendments to the General Plan.

**ED-2** The City recognizes the importance of making an adequate supply of land available for economic development. Specific properties for economic development and corresponding target land uses will be identified on the City's Zoning Map and/or in its Economic Development Plan or Strategy.

**ED-3** Encourage the full and efficient utilization of vacant and underutilized parcels in appropriately designated areas to support the development and expansion of targeted industrial and commercial facilities.

**ED-4** Encourage developers of larger commercial and office projects to provide for on-site ancillary uses that would allow employees and residents to make non-work-related trips (e.g., banking, lunch, dry cleaning, recreation, child care) without having to use their automobiles.

**ED-4-Action 1** Ensure that commercial and industrial land use designations and zoning designations for larger scale developments allow for a complimentary mix of uses.

**ED-4-Action 2** Encourage and support efforts to provide support services such as child care and health services near employment centers.

**ED-5** Consider the use of public/private partnerships as a means of revitalizing selected areas.

**ED-5-Action 1** On an ongoing basis, evaluate opportunities for City involvement in public/private partnerships, including public investment in infrastructure and other improvements, the location of public areas, and modification of land use regulations and other development controls.

**ED-6** Promote policies, programs and services that support a diverse local economy providing a range of goods and services, support existing local businesses, and that encourage new, independent business ventures.

**ED-6-Action 1** Support efforts that encourage Elk Grove residents and businesses to buy goods and services locally.

## ECONOMIC DEVELOPMENT POLICIES: JOBS HOUSING BALANCE

**ED-7** Maximize the use of non-residential land for employment-generating and revenue-generating uses.

**ED-7-Action 1** Continue to improve Elk Grove's jobs/ housing ratio and seek to achieve sufficient employment opportunities in Elk Grove for all of the employed persons living in the city, while continuing to promote the City's role as a regional center.

**ED-7-Action 2** In cooperation with the private sector, support efforts to provide a supply of land ready for the development of buildings (that is, land with all infrastructure in place) and available for development of uses in target markets.

**ED-8** Support the creation and retention of jobs that provide sustainable wages and benefits.

**ED-9** Provide sufficient land for business expansion and attraction of new employers that utilize the City's existing labor pool.

**ED-9-Action 1** Identify industries whose employee needs correspond to the educational and job skills profile of the community, and develop strategies to attract such employers.

**ED-9-Action 2** Promote the establishment and expansion of workplace alternatives, including home occupations and telecommuting.

**ED-9-Action 3** Support strategies to increase business-to-business commerce in Elk Grove.

**ED-10** Use Elk Grove's skilled labor force as an economic development and business attraction tool and increase the number of jobs that go to Elk Grove residents by coordinating economic development efforts with employment placement.

**ED-10-Action 1** Market Elk Grove's sizable skilled labor force as an economic development advantage for new and expanding businesses.

**ED-10-Action 2** Work with local businesses and employment recruiters to establish a process for recruitment of Elk Grove residents for new jobs. Consider incentive programs for new businesses that provide commitments to hire minimum numbers or percentages of Elk Grove residents.

**ED-10-Action 3** Support efforts to coordinate education and job training programs among the Elk Grove Unified School District, Cosumnes River College, local universities, employment training and service agencies, and employers.

**ED-10-Action 4** Provide labor market information from data sources and industry sectors to local educational institutions and training agencies for adults and youths.

## ECONOMIC DEVELOPMENT POLICIES: BUSINESS RETENTION AND EXPANSION

**ED-11** Retain existing businesses, particularly those that contribute to meeting Elk Grove's strategic economic goals, and facilitate their expansion as appropriate.

**ED-11-Action 1** Develop a proactive business retention program that addresses issues affecting all business sectors.

**ED-11-Action 2** Develop small business assistance programs, including but not limited to below market interest rate loans and creating new or expanding existing business plans.

**ED-11-Action 3** Work with the US Department of Commerce, State Trade and Commerce Agency, Sacramento Area Commerce and Trade Association, Sacramento County Economic Development Department, Chamber of Commerce, and educational institutions to implement marketing and educational programs supporting business retention strategies.

**ED-11-Action 4** Create a program to recognize employers that contribute to the quality of life in the community.

**ED-12** Promote a thriving local retail, personal and business services sector.

**ED-12-Action 1** Actively promote revitalization and strong sales in Old Town Elk Grove, and along major commercial thoroughfares.

**ED-12-Action 2** Assist local merchants and business organizations interested in forming mutual benefit organizations such as merchants associations and business improvement districts.

**ED-13** Recognizing that business conditions are often turbulent, the City shall endeavor to maintain close links with corporate leaders to monitor business conditions and identify issues in which the City may be of assistance.

**ED-13-Action 1** Host regular meetings with major employers to discuss current operation and to provide information on City services. This allows the City to quickly respond if the business is considering either relocating or expanding.

**ED-14** Support the retention of viable agricultural, ranching and dairy farm businesses and land uses, consistent with the City's long-term land use goals and policies

**ED-14-Action 1** Work with the U.S. Department of Agriculture, California Department of Food and Agriculture, and Sacramento County Farm Bureau to support local agriculture, ranches and dairies, consistent with the City's long-term land use policies.

**ED-14-Action 2** Consider assigning staff to serve as an Agricultural and Land Use Coordinator for the City of Elk Grove to assist in the retention of agricultural businesses.

## ECONOMIC DEVELOPMENT POLICIES: BUSINESS ATTRACTION

**ED-15** As part of the City's Economic Development Plan, include a Business Attraction Program to identify a focused market effort and assist businesses in locating in or relocating to Elk Grove. A successful business attraction program not only promotes economic growth but also provides economic diversification. This diversification will result in more resilience in the local economy and allows the community to withstand cyclical declines in various sectors of the local and national economies.

**ED-15-Action 1** Identify target industries in the manufacturing, retail, and office sectors.

**ED-15-Action 2** Implement specific recruitment programs tailored to specific target markets.

**ED-16** Attract and expand industrial, high technology, regional-serving office development that diversifies the local economy and produces higher-wage jobs.

**ED-16-Action 1** Consider a zoning incentive program (which may include flexible development standards, shared parking, fast-track processing, and the like) to facilitate development or re-use of key sites by high-employment-generating uses and high value-added businesses.

**ED-16-Action 2** Focus available incentives and business assistance services on attracting and retaining firms in industries that typically provide high-quality employment, living wages and strong career advancement opportunities, and which generate strong tax revenues, or fill a critical market niche.

**ED-17** Work to remove both real and perceived barriers to development, particularly for constrained sites. Potential strategies include:

- Conduct a thorough inventory of vacant and underutilized land designated for commercial and industrial uses and identify opportunities for pre-development studies (i.e., Phase I analysis, site assembly, right-of-way improvements) which could be done by the City or the private sector to facilitate development of key sites.
- Streamlining City administrative and regulatory processes wherever possible. Reduce inefficiencies, overlap, and time delays associated with these processes.
- Simplifying the development review process for small-scale changes to previously approved site plans and buildings.

**ED-18** Work proactively with those businesses interested in expanding existing businesses or establishing new businesses to install necessary infrastructure improvements. The goal is to establish an inventory of ready-to-go non-residential sites, complete with zoning, infrastructure, and environmental clearances. City actions may include:

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- 1) Sharing of engineering studies and plans on water supply and treatment capacities, wastewater collection, conveyance and treatment capacities, storm water drainage and roadway improvements.
- 2) Working jointly with developers where City Capital Improvement Plans call for extension or upgrades to City infrastructure.
- 3) Pursuing financing options, including possible tax credits, to assist developers in providing necessary infrastructure improvements.
- 4) Allowing for phased extension or upgrades to infrastructure in conjunction with approved phasing plans for site development.

**ED-19** The City shall use its discretion to ensure that retail land is appropriately sited and quantified.

**ED-20** Provide incentives for private reinvestment in underutilized commercial areas where adequate infrastructure exists.

**ED-21** Support micro loans, small business loan guarantees and other measures to support entrepreneurs and new business development.

## ECONOMIC DEVELOPMENT POLICIES: ECONOMIC DEVELOPMENT STRATEGY

**ED-22** Promote economic development within Elk Grove through preparation and implementation of an Economic Development Strategy.

**ED-22-Action 1** Prepare an Economic Development Strategy that:

- 1) Identifies the needs of existing businesses and acknowledges the important contributions existing businesses provide to the community;
- 2) Identifies specific goals or targets for business retention and development over the next 20 years; and
- 3) Includes targets for economic development in 5-year increments and implementation steps to be undertaken to help achieve specific goals.

**ED-22-Action 2** Involve community members and business leaders in preparing, updating, and implementing the Economic Development Strategy.

**ED-23** Designate an Economic Development Coordinator on City staff with responsibility for promoting economic development opportunities and implementing and tracking the progress/effectiveness of the policies and actions of the current Economic Development Plan.

**ED-24** Establish an Economic Development Action Team composed of key departments and outside organizations to respond to urgent or substantial needs of existing businesses.

**ED-25** Continue to participate in regional economic organizations and monitor the regional economy to ascertain the impacts on the local economy.

## ECONOMIC DEVELOPMENT POLICIES: BALANCED BUDGET WITH ADEQUATE SERVICE LEVELS

- ED-26** Coordinate between capital projects and economic development projects within the context of the City's Capital Improvement Program.
  
- ED-27** Seek innovative ways to reduce the cost burden of infrastructure provision on new industrial and commercial development, without unduly transferring the burden to the residential sector.