



SACOG Board of Directors

**Board of Directors Regular Meeting**  
**Meeting Date:** 5/17/2018  
**Agenda Item No.:** 2018-May-7.

**Subject:** Support Assembly Bill 2596: Economic Development Strategic Plan  
(Est. time: 0 minutes)

**Consent**

**Prepared by:** Christina Lokke

**Approved by:** James Corless

**Attachments:** Yes

**1. Issue:**

Should SACOG take a position on Assembly Bill (AB) 2596 (Cooley, Kiley, and Quirk-Silva)?

**2. Recommendation:**

The Government Relations & Public Affairs Committee recommends that the Board take a position to Support AB 2596 (Cooley, Kiley, and Quirk-Silva).

**3. Background/Analysis:**

AB 2596 directs the Governor's Office of Business and Economic Development (GO-Biz) to lead the preparation of a California Economic Development Strategic Action Plan to create a comprehensive agenda and framework for inclusive statewide and regional economic growth. According to the author's office, California's lack of such a statewide strategy impedes its ability to identify and pursue clear economic priorities. As a result, the state's economic prosperity is concentrated in only a few metropolitan areas.

Until 2011, state law required the preparation of an Economic Development Strategic Plan, similar to the strategic plan envisioned by AB 2596. The last Economic Development Strategic Plan was developed in 2002 and the requirement for its preparation was eliminated in the 2011-2012 Budget.

**4. Discussion/Analysis:**

AB 2596 re-establishes a requirement for California to develop a strategic plan to guide the state's economic development activities, which could help with regional economic prosperity. The bill requires GO-Biz to conduct a study that includes numerous factors, including:

- An evaluation and identification of governmental and nongovernmental impediments

to economic development.

- An evaluation of the effectiveness of the state's economic development programs in creating and retaining jobs, supporting entrepreneurship, attracting and developing advanced industries, and promoting inclusive growth.
- An identification and analysis of economic opportunities for underserved and high-risk populations and geographic areas.
- An evaluation of each region 's national and international competitiveness, including major proposals, policies, and goals, and of the effectiveness of state programs supporting regional needs.
- Adequacy of state and local infrastructure to meet current and future business needs, including goods and passenger movement and information networks. Include an analysis of current relevant funding models.

After completion of the study, GO-Biz must convene a stakeholder advisory group to assist with evaluating and preparing the California Economic Development Strategic Plan. The advisory group must consist of representatives from a wide range of sectors, including businesses, labor unions, local government leaders, government agencies, academic economists and business professors, chambers of commerce and other business organizations, and economic development organizations.

The bill requires the action plan to cover a five-year period, with a review every two years.

Staff recommends a Support position on this bill. The bill is co-sponsored by the Greater Sacramento Economic Council, Bay Area Council, and Valley Vision, and is supported by numerous entities and individuals, including the cities of Citrus Heights, Elk Grove, Folsom, Lincoln, Rancho Cordova, Rocklin, and Woodland, the counties of El Dorado, Placer, Sacramento, Sutter, and Yolo, the Sacramento Metro Chamber, and the Sacramento Municipal Utilities District. The bill has no registered opposition. It passed the Assembly Committee on Jobs, Economic Development, and the Economy.

Attachment A is the current text of the bill.

## **5. Fiscal Impact/Grant Information:**

This item has no direct fiscal impact.

### **ATTACHMENTS:**

Description

Attachment A - AB 2596

**This staff report aligns with the following SACOG Work Plan Goals:**

#1 - Advance Economic Prosperity

AMENDED IN ASSEMBLY APRIL 26, 2018

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2596**

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**Introduced by Assembly Members ~~Cooley and Kiley~~ Cooley, Kiley,  
and Quirk-Silva  
(Principal coauthors: Assembly Members Cervantes, Eduardo Garcia,  
and Steinorth)  
(Coauthor: Assembly Member Cooper)**

February 15, 2018

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An act to add Section 12096.35 to the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 2596, as amended, Cooley. California Economic Development Strategic *Action Plan*.

The *Economic Revitalization Act* establishes the Governor's Office of Business and Economic ~~Development~~ *Development*, also known as *GO-Biz*, to serve as the Governor's lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. The office, among others, makes recommendations to the Governor and the Legislature regarding policies, programs, and actions to advance statewide economic goals.

This bill would require the office to lead the preparation of a California Economic Development Strategic *Action Plan*, as ~~specified~~ *specified, to create a comprehensive agenda and framework for inclusive statewide and regional economic growth. The bill would authorize the office to accept nonstate moneys for the purposes of developing the action plan. The bill would require the deposit of private sector*

*donations into the Economic Action Plan Account, which the bill would establish in the California Economic Development Fund.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     *SECTION 1. The Legislature finds and declares all of the*
- 2     *following:*
- 3     *(a) California’s regional economies compete in an increasingly*
- 4     *connected and complex global market driven by changes in*
- 5     *technologies, demographics, and geopolitics.*
- 6     *(b) Public policy plays multiple and critical roles in creating*
- 7     *the conditions that attract private capital investment, while*
- 8     *encouraging equitable and sustainable economic growth.*
- 9     *(c) Scores of state, regional, and local programs strive to*
- 10    *develop skilled workers, to attract and grow employers, and to*
- 11    *support small businesses and entrepreneurs. Billions of dollars*
- 12    *are spent each year on infrastructure to support development,*
- 13    *transportation, and trade. Dozens of programs promote industries*
- 14    *and encourage commerce.*
- 15    *(d) Yet California lacks an assessment of its competitiveness*
- 16    *agenda and a coherent strategy that explicitly links state and*
- 17    *regional priorities with goals and metrics, investments, and*
- 18    *programs. An integrated economic strategy is essential to the*
- 19    *success of existing and future programs and investments addressing*
- 20    *the following:*
- 21    *(1) Growing inequality and the erosion of upward mobility in*
- 22    *California that call for state policy to be intensely focused on*
- 23    *increasing economic opportunity and security for all Californians.*
- 24    *(2) Global disruptions that are challenging California’s*
- 25    *economic leadership in advanced manufacturing, agriculture,*
- 26    *technology, health and life sciences, future mobility, and many*
- 27    *other sectors. Future success will require highly refined public*
- 28    *policies that help industries, institutions, and individuals adapt*
- 29    *and thrive.*
- 30    *(3) California’s commitment to reduce greenhouse gas*
- 31    *emissions, to restore ecosystems, and to improve environmental*
- 32    *health that requires the skillful integration of regulations and other*

1 *policies that shape natural resource management, energy, housing,*  
2 *transportation, and the myriad of job-creating economic decisions.*

3 *(e) To reconcile and align these ambitious and essential goals,*  
4 *California needs a “triple-bottom-line” strategy that*  
5 *simultaneously advances an inclusive economy through equity,*  
6 *prosperity, and sustainability while responding to market forces,*  
7 *including encouraging all of the following:*

8 *(1) The development within California of new technologies that*  
9 *yield more equitable, efficient, sustainable communities and*  
10 *affordable qualities of life.*

11 *(2) The rejuvenation of industrial zones, marketplaces, and*  
12 *community hubs to yield a greater diversity of business,*  
13 *employment, housing, and recreational opportunities for current*  
14 *and future residents of all income levels.*

15 *(3) Investments that amplify and balance the unique assets of*  
16 *urban, suburban, and rural communities, including working*  
17 *landscapes and infrastructure improvements.*

18 *(f) California’s triple-bottom-line prosperity strategy should*  
19 *be predicated on partnerships among state and local governments,*  
20 *and among public, private, and civic organizations, through which*  
21 *projects can integrate legal authorities, financial resources, and*  
22 *organizational expertise.*

23 *(g) The strategy should incorporate mechanisms for assessing*  
24 *and improving the public policies and investments according to*  
25 *triple-bottom-line metrics, affirming and reaffirming California’s*  
26 *commitment to a more inclusive, more sustainable, and more*  
27 *resilient economy.*

28 **SECTION 1.**

29 **SEC. 2.** Section 12096.35 is added to the Government Code,  
30 to read:

31 12096.35. (a) The office shall lead the preparation of a  
32 California Economic Development Strategic Action Plan.—~~In~~  
33 ~~fulfilling this duty, the office shall commission a study that~~  
34 ~~includes, but is not limited to, all of the following:~~ *The purpose*  
35 *of the action plan is to create a comprehensive agenda and*  
36 *framework for inclusive statewide and regional economic growth.*

37 ~~(1) Recommendations regarding an economic development~~  
38 ~~strategic plan for the state, covering a two-year period for the first~~  
39 ~~report and a three-year time period for subsequent reports and~~  
40 ~~containing a statement of economic goals for the state.~~

1 ~~(2) Governmental and nongovernmental impediments to~~  
 2 ~~economic development and a list of legislative, regulatory, and~~  
 3 ~~administrative reforms necessary to ease those impediments and~~  
 4 ~~improvements to the business climate and economy of the state.~~

5 ~~(3) An evaluation of the effectiveness of the state's economic~~  
 6 ~~development programs.~~

7 ~~(4) A list of key industries in which the state shall focus its~~  
 8 ~~economic development efforts, and strategies to foster job growth~~  
 9 ~~and economic development covering all state agencies, offices,~~  
 10 ~~boards, and commissions that have economic development~~  
 11 ~~responsibilities.~~

12 *(b) The goal of the action plan is to create a process by which*  
 13 *the office can identify economic development challenges that*  
 14 *confront the state and develop a plan that addresses the shifting*  
 15 *economic landscape, changing demographics, and unique strengths*  
 16 *of California's industries, businesses, workers, and entrepreneurs.*

17 *(c) (1) The priorities set in the action plan shall be consistent*  
 18 *with a current State Environmental Goals and Policy Report,*  
 19 *developed pursuant to Section 65041, and used to guide the*  
 20 *development and recommended actions of related state functional*  
 21 *plans and strategies of state agencies, boards, and commissions.*

22 *(2) The office shall advocate for the alignment of priorities and*  
 23 *recommendations for the purpose of increasing the state's overall*  
 24 *national and international competitiveness, to support regional*  
 25 *priorities, and lead the state toward an inclusive economic growth*  
 26 *agenda.*

27 *(d) The action plan shall cover a five-year period, with a review*  
 28 *every 2 years, and the office shall revise the action plan, if the*  
 29 *office determines it to be necessary, to ensure the action plan is*  
 30 *responsive to the changing economic landscape.*

31 *(e) In preparation for the development and update of the action*  
 32 *plan, the office shall commission a study that includes, but is not*  
 33 *limited to, all of the following:*

34 *(1) Identification of state agencies, departments, boards, and*  
 35 *commissions that have economic development-related*  
 36 *responsibilities.*

37 *(2) An evaluation and identification of governmental and*  
 38 *nongovernmental impediments to economic development.*

39 *(3) An evaluation of the effectiveness of the state's economic*  
 40 *development programs in creating and retaining jobs, supporting*

1 *entrepreneurship, attracting and developing advanced industries,*  
2 *and promoting inclusive growth.*

3 *(4) An identification and analysis of economic opportunities for*  
4 *underserved and high-risk populations and geographic areas.*

5 *(5) An evaluation of each region's national and international*  
6 *competitiveness, including major proposals, policies, and ~~goals~~*  
7 *~~developed at the regional level.~~ goals, and of the effectiveness of*  
8 *state programs supporting regional needs.*

9 *(6) ~~Strengths~~ An evaluation of the strengths and weaknesses of*  
10 *the California ~~economy~~ economy, statewide economic development*  
11 *programs, and tools, and the state's prospects for future economic*  
12 *~~prosperity.~~ prosperity, benchmarked against 10 or more competitor*  
13 *states and regions in the world.*

14 *(7) ~~Existing.~~ Identification of existing, emerging, and declining*  
15 *industries in California and elsewhere. California, in comparison*  
16 *to the nation and the world.*

17 *(8) Effectiveness of California's economic development*  
18 *programs in creating and retaining jobs and attracting industries.*

19 *(9) Adequacy of state and local ~~physical and economic~~*  
20 *~~infrastructure.~~ infrastructure to meet current and future business*  
21 *needs, including goods and passenger movement and information*  
22 *networks. Include an analysis of current relevant funding models.*

23 *(10) Opportunities to leverage federal resources for state*  
24 *priorities.*

25 *(11) ~~Tactics~~ Evaluation of tactics for attracting private capital*  
26 *to the state and investment in state priority areas.*

27 *(12) Identification of state work-force preparation and delivery*  
28 *systems, including workforce training programs, apprenticeships,*  
29 *and incumbent worker training.*

30 *(13) Identification and evaluation of impediments and support*  
31 *programs for small businesses and entrepreneurship, including*  
32 *in emerging and advanced industries.*

33 *(f) (1) The study shall also include recommendations on goals,*  
34 *priorities, and actions that would advance the purposes of the*  
35 *action plan, as provided in this section.*

36 *(2) Recommendations shall include, but not be limited to, a list*  
37 *of legislative, regulatory, and administrative initiatives to address*  
38 *key issues, seize opportunities, and ease impediments.*

39 *(g) The study shall also include potential funding options for*  
40 *covering the cost of implementing the recommendations.*

1 (h) (1) Nothing precludes the office from undertaking additional  
 2 studies to assist in the development, review, and update of the  
 3 action plan.

4 (2) In fulfilling the requirements of this section, the office may  
 5 utilize portions of previous studies that satisfy the requirements  
 6 of this section to the extent feasible, current, and topically relevant.

7 ~~(b)~~

8 (i) Upon completion of the study, study required in subdivision  
 9 (e), the office shall convene a stakeholder shall do the following:

10 (1) Post the study on the office Internet Web site and open a  
 11 public comment period to obtain feedback on the assessments and  
 12 recommendations in the study.

13 (2) Engage with and encourage stakeholders to hold statewide,  
 14 regional, topic-specific, and industry-focused events to review the  
 15 study and provide feedback on the assessments and  
 16 recommendations.

17 (3) Convene an advisory group consisting of representatives  
 18 from businesses, labor unions, organizations representing the  
 19 interests of diverse ethnic and gender groups, local government  
 20 leaders, academic economists and business professors, chambers  
 21 of commerce and other business organizations, economic  
 22 development organizations, economic development groups focusing  
 23 on regional economies, government agencies, and key industries  
 24 to assist with reviewing the study, evaluating the stakeholder  
 25 comments, and preparing the California Economic Development  
 26 Strategic Action Plan.

27 ~~(e) The office shall submit a report of its findings and  
 28 recommendations regarding subdivision (a) to the Governor and  
 29 the Legislature no later than one year after its first meeting after  
 30 January 1, 2019, and every three years following that date. The  
 31 report shall be submitted to the Legislature in the manner required  
 32 pursuant to Section 9795.~~

33 ~~(d) The office shall electronically deliver copies of the  
 34 recommended California Economic Development Strategic Plan  
 35 to every constitutional officer, legislator, member of the Governor's  
 36 cabinet, and every state agency, office, board, and commission  
 37 having economic development responsibilities.~~

38 ~~(e) In fulfilling the requirements of this section, the office may  
 39 utilize portions of previous studies that satisfy the requirements  
 40 of subdivision (a) to the extent feasible and relevant.~~

- 1 (j) In reviewing and evaluating the study required in subdivision  
2 (e) and any comments submitted pursuant to subdivision (i), the  
3 advisory group shall consider how this information relates to  
4 supporting the following:
- 5 (1) Upward mobility, including enhanced economic  
6 opportunities, workforce development, wage and income growth,  
7 job creation, and poverty reduction.
  - 8 (2) Local and regional economic development efforts.
  - 9 (3) Supporting the state competitiveness relative to other states  
10 and nations.
  - 11 (4) Innovation and advanced technologies and industries.
- 12 (k) The California Economic Development Strategic Action  
13 Plan shall include the following:
- 14 (1) A statement of statewide economic development goals, with  
15 the development of a service model to support regionally created  
16 economic goals.
  - 17 (2) A prioritized list of short-term and long-term issues that the  
18 action plan is designed to address.
  - 19 (3) Identification of statewide and regionally dominant and  
20 emerging industry sectors.
  - 21 (4) Legislative, regulatory, and administrative initiatives to  
22 address key issues, seize opportunities, and ease impediments.
  - 23 (5) Identification of key state government and nonstate public  
24 and private partners.
  - 25 (6) An outline of funding options for key features of the action  
26 plan.
  - 27 (7) An evaluation process and metrics that will be used to assess,  
28 track, and report on the implementation and success of the action  
29 plan.
  - 30 (l) The office, prior to action plan approval, shall seek the advice  
31 of the Legislature.
  - 32 (m) (1) The office shall post the approved action plan on its  
33 Internet Web site and submit a letter providing notice of its public  
34 availability the Legislature in the manner required pursuant to  
35 Section 9795.
  - 36 (2) The first action plan shall be posted and notice received by  
37 the Legislature on or before January 10, 2020, and every five years  
38 after that date.

1 (3) *The office shall notify the Legislature, consistent with Section*  
2 *9795, each time the action plan is updated pursuant to subdivision*  
3 *(d).*

4 (n) *Within 120 days of submitting notice of the posting of the*  
5 *action plan, the office shall publish a list of performance indicators*  
6 *that will be used to evaluate and track the implementation of the*  
7 *action plan. The list shall include specific benchmarks, metrics,*  
8 *and timelines for each recommendation that is under the control*  
9 *or direct influence of the state. In meeting the requirements of this*  
10 *subdivision, the office shall engage relevant stakeholders for the*  
11 *inclusion of benchmarks and timelines for the industry-driven*  
12 *recommendations.*

13 (o) *On or before January 10 of each year, the office shall post*  
14 *on its Internet Web site a progress report and next steps toward*  
15 *implementation of the action plan.*

16 (p) *The biennial review pursuant to subdivision (d) shall*  
17 *evaluate the action plan compared to factors including, but not*  
18 *limited to, significant shifts in state or regional economic*  
19 *environments, available funding models, the removal of*  
20 *impediments, and new implementation options for identified*  
21 *priorities and goals.*

22 ~~(f)~~

23 (q) (1) *The development and update of the California Economic*  
24 *Development Strategic Action Plan may be funded in whole or in*  
25 *part by nonstate funds.*

26 ~~(f)~~

27 ~~(2) The Governor's Office of Business and Economic~~  
28 ~~Development office may accept nonstate moneys, including, but~~  
29 ~~not limited to, federal and private sector funds, for the purposes~~  
30 ~~of developing the California Economic Development Strategic~~  
31 ~~Action Plan. A donor shall not donate more than 25 percent of~~  
32 ~~funding for the California Economic Development Strategic Action~~  
33 ~~Plan. The private sector moneys shall be deposited in the Economic~~  
34 ~~Action Plan Account, which is hereby created in the California~~  
35 ~~Economic Development Fund.~~

36 ~~(2)~~

37 (3) *For each donation that it receives to fund the California*  
38 *Economic Development Strategic Action Plan for this purpose,*  
39 ~~the Governor's Office of Business and Economic Development~~  
40 *office shall post a report on its Internet Web site within 30 days of*

1 receiving that donation. The report shall contain all of the following  
2 information: name and address of the donor, amount of the  
3 donation, and the date the donation was made.

4 (r) *As used in this section, “California Economic Development*  
5 *Strategic Action Plan” or “action plan” means the California*  
6 *Economic Development Strategic Action Plan established pursuant*  
7 *to this section.*

O