



ECONOMIC DEVELOPMENT ANNUAL REPORT 2012-2013

The city created and staffed the Economic Development Division in response to the findings of an Economic Development Strategy adopted in late 2010. The study identified strategic issues and a course of action to help attract businesses to and retain businesses in Petaluma. The findings of the study drive much of the Economic Development Division's work. In addition to attracting and retaining business, staff also provides support to local start-up businesses by providing information and helpful resources.

BUSINESS EXPANSION AND RETENTION PROGRAM

Our private sector partners know well that it is much easier to keep and enhance sales to existing clients than attract new ones. Private businesses do this by focusing on customer service and product quality – efforts that begin with good customer relationships. The City's Expansion and Retention program follows the private sector model building strong customer relationships and improving customer service by connecting and communicating with business leaders. These relationships and connections occur through in person meetings, newsletter communications, and participating in local networking events.

Business connections provide a pathway between the City and business to address issues as they come up – particularly because it is impossible to anticipate how City policies or other factors may affect each business. Sufficiently developed relationships between staff and businesses throughout Petaluma's business sectors improve our ability to intervene when a local business has a problem or concern, before that issue manifests into a business decision to move, expand elsewhere, or convey negative experiences with other business leaders.

Meetings – Staff, in conjunction with the Sonoma County BEST (Building Economic Success Together) "100 business in 100 days" business retention campaign met with 27 Petaluma businesses through direct, in-person meetings. Those businesses represent over 1,900 current jobs, over 500 potential expansion jobs and almost \$400,000 of annual sales tax to the City. These meetings focused primarily on how things are going with their business and how staff could support business growth. In some scenarios, the businesses interviewed were on the verge of expansion and required assistance finding suitable space to reach their expansion goals. Many of these cases are ongoing. In these cases, staff works proactively with the business and their real estate representatives to find suitable space that meets the business's needs and City zoning requirements. In one case, the company was laying off employees. In that case, staff connected that company with Sonoma County BEST who then reached out to other Sonoma County businesses who could potentially absorb the staff.



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BUSINESS RETENTION MEETINGS:

Alvarado Street Bakery	Labcon International	Sonoma Cast Stone
Brooks Automation	Lagunitas	Sonoma Technology
CamelBak	Parmatech	Straus Family Creamery
The Smoked Olive	Protofab	Sustainvest Management
Hen House Brewing	Rancho Veal	Tea Room Cafe
Cowgirl Creamery	Raydiance	Ventek International
Dow Pharmaceuticals	Scott Labs	Gordon Bikes
Enphase	Serendipity	Xandex
Hotel Petaluma	ACRE Coffee	Cyan

Newsletter – Staff published two, quarterly Economic Development Newsletters in April and June of 2013. As part of this effort, staff collected an initial database of 450 businesses and interested parties to receive the emailed newsletter. That list grew to over 500 by June and continues to grow. The open rate was over 50% - more than double the typical government correspondence open rate.

Issues – The two most important issues affecting Petaluma’s ability to support local company expansions are a lack of suitable industrial space and wastewater costs. Staff is working with the local real estate community to identify spaces and with the Wastewater Division to review the current capacity fee rates to see if there are alternative ways to cover our wastewater costs with less, upfront impact to businesses.

BUSINESS ATTRACTION PROGRAM (BAP)

Petaluma’s Business Attraction Program builds on Petaluma’s reputation as a business friendly city. In support of Petaluma’s reputation, staff continued its Development Review Committee program, providing comprehensive, up front consultation from City staff to businesses either expanding in or relocating to Petaluma. Staff responds to inquiries generated from website leads or referrals from other business leaders. In general, those referrals fit into one of three categories - either a business is looking for a suitable location, they have a location in mind and need help understanding government regulations or they need business development assistance such as help with financing, or other start-up questions. Staff began to track those leads in January of 2013.

Meetings / Leads – Staff met with 30 potential businesses representing over 950 potential new jobs. To date, this assistance has supported businesses to create 89 new jobs in Petaluma. Staff continues to work with these businesses to identify hurdles and provide support to help



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them complete their growth goals locally. One example is a custom crush winery business that had chosen an industrial building to make wine on contract. With staff assistance, he was able to sign a lease, order equipment, and plans to open in time for the fall harvest.

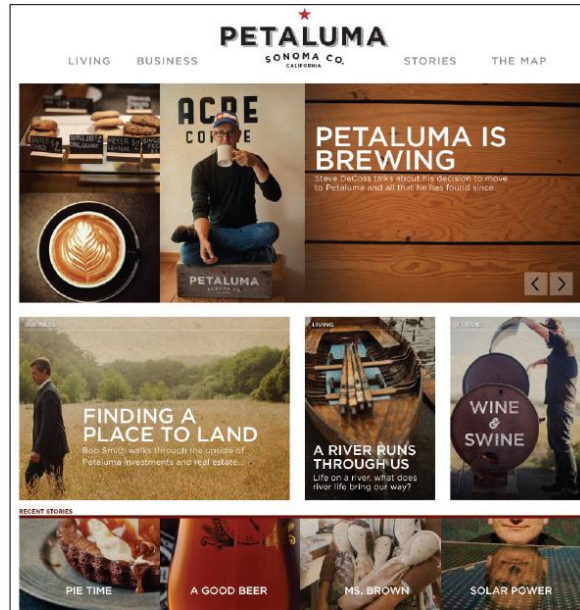
BUSINESS ATTRACTION MEETINGS

World Centric	Custom Crush Winery	Moyland's Brewery
Terranomics	The Farmer's Wife	Amy's Kitchen
Well FX – Cement Mixing	French Bistro	Downtown Cafe
Petaluma Gymnastics	Preserve Sonoma	Red Boy Pizza
Petaluma Hills Brewery	Manufacturing Company	Downtown Thrift Store
Petaluman Hotel	Longboard	Downtown Consignment
OGO	Wallgreens	Morton & Basset Spices
Mezzetta	Colvin-Freidman Company	Ruthy's Real Meals
Sonoma Coast Spirits	Barbara's Building Buyer	Regency Centers
Health Care District	Free Range	Mycopia

Broker Breakfast Meetings – In many cases, commercial real estate brokers are the City's unofficial sales team selling Petaluma through their leads and listings. To assure that this sales force is prepared with the most up to date information about City operations, regulations and goals, staff set out to coordinate regular meetings with the brokers. Staff worked with the large real estate owners to sponsor quarterly breakfast gatherings. Staff hosted the first two meetings in April and June of 2013 and focused on two common issues: broadband connectivity in the business parks and wastewater fees and constraints.

Marketing Program – Marketing, as identified in the Economic Development Strategy, is the final part of a proactive business attraction campaign. Staff completed a competitive selection process in October to identify a marketing team to develop an outreach program to highlight Petaluma's business assets. The Petaluma Design Guild won the contract and developed an initial brand concept based on local interviews. Staff presented the concept to the City Council in May that included a new logo, a new website, a collateral piece for distribution through the San Francisco Business Times, and a series of videos. Staff worked with local businesses to identify partners who would help finance the San Francisco Business Times piece that cost \$30,000. Staff plans to launch the fully developed website, print collateral, and videos in October 2013.

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Website Wire Frame

COUNTY COLLABORATION

Working with our County partners is a critical step to assuring that Petaluma has access to and receives services from regional economic development organizations. Both Sonoma County BEST and the County Economic Development Board provide services to the entire County. Staff meets with each group regularly to assure that Petaluma businesses can access countywide services and to assure that any potential leads are aware of Petaluma’s assets when they are looking for a Sonoma County location.

Sonoma County BEST – Staff worked collaboratively with Sonoma County BEST to establish a regional Economic Development Working Group that included representatives from each Sonoma County City. Staff developed a lead generation protocol that would allow staff from city economic development organizations to work with BEST on a confidential basis. Each participant adopted the model that helped Petaluma attract World Centric. A variety of other business attraction leads came from BEST through this collaborative model. Staff also worked collaboratively with the countywide working group to develop consistent economic data and research State and National incentive programs.

County EDB – Staff connected with the County EDB periodically through the year to stay abreast of County activities and resources that could be helpful to local businesses.



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101 MFG – Staff worked with the 101 MFG – a trade group for local manufacturing companies – to host a manufacturing expo / job fair in Petaluma.

SUCCESSOR AGENCY / REDEVELOPMENT DISSOLUTION

ROPS #3 & #4 – Staff developed a Recognized Obligation Payment Schedule for the third and fourth periods (July 2012 – Dec. 2012 & Jan 2013 – June 2013). The Petaluma Successor Agency, the Oversight Board, and the State Department of Finance approved each ROPS.

Due Diligence Reports – Staff worked with an auditing firm to produce two audits – one for the housing fund and one for all other funds. The Successor Agency, the Oversight Board, and the State Department of Finance (DOF) approved each audit. Staff requested and attended a “meet and confer” meeting to address a miscalculation by the DOF of the available fund balances.