



REPORT TO COUNCIL

City of Sacramento

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Staff Report
August 21, 2007

Honorable Mayor and
Members of the City Council

Title: Resolution of Support for Clean Technology in the Sacramento Region

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** indicating the City's support of economic development efforts in promoting the growth of the Clean Technology Industry in the Sacramento Region.

Contact: David Spaur, Director of Economic Development, 808-8196; Tom Zeidner, Sr. Economic Development Project Manager, 808-1931

Presenters: David Spaur

Department: Economic Development

Division: Citywide and Downtown

Organization No: 4451, 4453, 4455

Description/Analysis

Issue: On April 3, 2007, the Sacramento City Council was presented the City's draft Sustainability Master Plan. That plan was formulated in response to the Council's direction for staff to develop a Sustainability Agenda with goals and objectives to move the City towards using natural resources efficiently to prevent pollution and to improve the economic, environmental and social well-being of current and future generations. Concurrent with the drafting of the Sustainability Master Plan, staff was engaged in updating the City's Economic Development Strategy. The updated strategy, adopted by the City Council on May 29, 2007, contains four strategic objectives and related implementation actions. One of those is to conduct targeted business attraction within "high-value" industries, including clean technology and renewable energy.

This focus is especially timely given:

- Recent passage of the California Solar Initiative, SB1, which sets a target of 3,000 megawatts of solar power to be installed in California homes and businesses by 2018;
- A study by a panel of state agencies (as reported in Business Week's October 2, 2006 issue) predicting that building renewable energy infrastructure and battling climate change will create 83,000 jobs and \$4 billion in income by 2020 in California;
- A study by UC Berkeley released on August 16, 2006 predicting that returning California's global warming emissions to 1990 levels by 2020, as required by AB32, will increase the Gross State Product by \$74 billion and create 89,000 additional jobs by 2020; and
- The industry being characterized as "probably the largest economic opportunity of the 21st century" by L. John Doerr, partner at Silicon Valley venture capital firm Kleiner Perkins Caufield & Byers.

It is further recognized among industry pundits that many of the resources needed to support the new state laws for solar power and emission reductions are locally abundant. Those include nearby availability of agricultural & forest biomass, sunshine for a significant portion of the year and wind in the Sacramento River Delta sufficient for generating electricity. The Sacramento region's public and private sector have also begun conducting many sustainability initiatives, including: advancing research in bio-fuels at UC Davis and fuel cell technology at West Sacramento's California Fuel Cell Partnership; encouraging Science, Technology, Math and Engineering curriculum in the region's schools to educate the future clean technology workforce; recruiting international and domestic companies to the Sacramento region; increasing the use, and therefore, market demand for clean, alternative energy; and developing programs to encourage energy efficiency and solar panel installations.

To position the City to take advantage of these opportunities, staff is considering a new "Clean Energy and Green Technology" incentive zone within the City limits for purposes of facilitating the start-up and growth of enterprises in these industries. The new zone's intent will be to combine the benefits of existing business incentive programs to the particular advantage of targeted firms and thus secure Sacramento's position as an ideal location for investment by clean-energy and green-technology companies. Staff will be reporting back to Council with further details on the proposed incentive zone at a later date. These efforts will be complemented by the progressive programs and services offered through the Sacramento Municipal Utility District (SMUD) that encourage sustainable development, energy conservation and environmental quality.

At a regional level, the Partnership for Prosperity (PfP) initiative was begun based on successful models of regional planning efforts elsewhere, to identify an economic development vision for the six-county Sacramento region. It has been championed by a wide coalition of public- and private-sector groups, with the aim of developing a business plan to guide economic development policy within the region. The PfP has considered a large body of research, analysis and stakeholder input to focus in on catalytic strategies to leverage the region's competitive advantages, strengths and market opportunities. The result is a strategy framework focusing on: 1) business development; 2) post-secondary and high school education; 3) civic amenities; and 4) clean energy technology.

Within the realm of clean energy, a PfP action team of representatives from throughout the region, including the City, has evolved around the notion of the Sacramento area becoming a center for clean energy, green building and efficient transportation technologies. The Team's focus has thus been on developing strategies to increase clean energy-related academic and private sector research, start-up companies, investment capital and education infrastructure. The Action Team further seeks to increase public awareness of the potential that clean technology holds as a vibrant growth industry in creating future jobs within the region.

The City's and PfP's sustainability and related economic development strategies are consistent with and complement the Sacramento Area Council of Governments' (SACOG) Blueprint regional growth plan. Indeed, the SACOG Board of Directors on December 14, 2006 adopted a resolution expressing its support for the Clean Energy Initiative, citing the economic development potential and existing regional advantages mentioned above.

The attached resolution indicates the City of Sacramento's recognition and support of the sustainability and economic development potential that clean technology holds for the Region's future and the efforts of the Clean Energy Technology Action Team.

Policy Considerations: The actions described in this report are consistent the City's Economic Development Strategy and draft Sustainability Master Plan as well as the regional Partnership for Prosperity initiative and recent policy established by the SACOG Board of Directors.

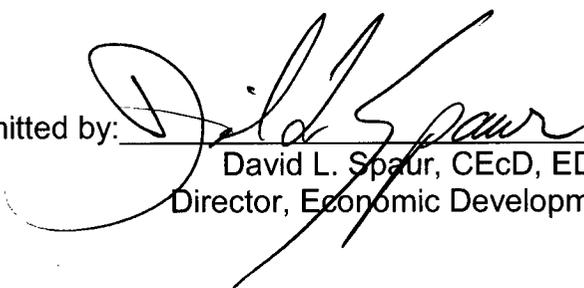
Environmental Considerations: The requested actions are not a project as defined by CEQA as they do not involve activities that may cause a direct or indirect impact on the environment (Public Resources Code Section 21065). Environmental review will be performed in conjunction with specific projects related to the actions described in this report.

Rationale for Recommendation: These actions are consistent with earlier-adopted City planning efforts, including the Economic Development Strategy and draft Sustainability Master Plan.

Financial Considerations: The actions recommended in this report have no direct financial impact on the City.

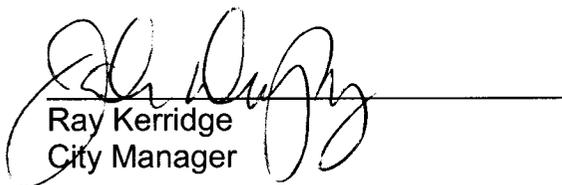
Emerging Small Business Development (ESBD): None

Respectfully Submitted by:



David L. Spaur, CEcD, EDFP
Director, Economic Development

Recommendation Approved:



Ray Kerridge
City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

APPROVING A RESOLUTION IN SUPPORT OF CLEAN TECHNOLOGY INDUSTRY DEVELOPMENT IN THE SACRAMENTO REGION

BACKGROUND

- A. On April 3, 2007, the Sacramento City Council reviewed and commented on the City of Sacramento's (City) draft Sustainability Master Plan (Plan). The Plan was formulated in response to the City Council's earlier direction to develop a Sustainability Agenda with goals and objectives to move the City towards using natural resources efficiently to prevent pollution and to improve the economic, environmental and social well-being of current and future generations.
- B. On May 29, 2007, the City Council adopted an updated Economic Development Strategy containing strategic objectives and related action steps. Amongst the action steps is the targeted business attraction of high-value industries, including clean technology and renewable energy.
- C. The future development of the clean technology industry within the Sacramento Region holds significant potential for realizing the goals and objectives of the Plan and the Economic Development Strategy.
- D. The Partnership for Prosperity is a regional effort by the public and private sectors in the six-county Sacramento region to create a shared business agenda with focused economic development strategies that leverage the region's competitive advantages, unique strengths, and market opportunities. Business development, post-secondary education and high school education, civic amenities, and clean energy technology have been identified as the four priority opportunities to be addressed, coordinated, and aligned.
- E. Within Partnership for Prosperity, a Clean Energy Technology Action Team has been formed, which includes representatives from throughout the region, that is developing strategies to increase clean-energy related academic and private sector research, start-up companies, investment capital and education infrastructure. The Clean Energy Technology Action Team seeks to increase public awareness that clean technology is a vibrant growth industry that will create thousands of jobs in the Sacramento region in the future.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City of Sacramento recognizes and fully supports the environmental, social and economic benefits related to development of the clean

technology industry within the Sacramento Region.

Section 2. The City recognizes and supports the regional Partnership for Prosperity initiative and the efforts of its Clean Energy Technology Action Team.