



## City Council Report

915 I Street, 1<sup>st</sup> Floor  
Sacramento, CA 95814

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**File #:** 2017-00096

January 10, 2017

**Discussion Item 30**

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### **Title: Creative Economy Pilot Project and Implementation [To Be Delivered]**

**Recommendation:** Pass a Resolution: 1) adopting a Creative Economy Pilot Project Strategy attached as Exhibit A; 2) authorizing the City Manager or his designee to take administrative actions to implement the Creative Economy Pilot Project, including executing grant agreements as long as each grant agreement is less than \$100,000 and is approved as to form by the City Attorney; 3) establishing the Creative Economy Pilot Project multi-year operating project (I18000200); and 4) appropriating \$500,000 from the Innovation and Growth Fund (Fund 2031) to the project (I18000200).

**Location:** Citywide

**Contact:** Crystal Strait, Senior Advisor, (916) 808-7881, Office of Mayor Darrell Steinberg; Ash Roughani, (916) 808-7751, Mayor's Office for Innovation & Entrepreneurship

**Presenter:** Crystal Strait, Senior Advisor, (916) 808-7881, Office of Mayor Darrell Steinberg

**Department:** Mayor's Office for Innovation & Entrepreneurship

#### **Attachments:**

- 1-Description/Analysis
- 2-Resolution
- 3-Exhibit A

## Description/Analysis

**Issue Detail:** On June 21, 2016, Council amended the Innovation and Growth Fund Policy to authorize the creation of new programs to expand the startup pipeline and engage the innovation ecosystem (Resolution 2016-0240). In doing so, Council unanimously approved a framework to support the development of Sacramento's entrepreneurial and innovation ecosystem, and a new approach to economic development.

As the City considers new forms of economic development, arts, food, and culture are amenities that can help attract and retain Millennials and drive economic growth. Investment in these activities enable valuable data to be generated on their economic impact. In order to test and validate the hypothesis that minimal investments in arts and culture may yield a significant multiplier effect, the City must facilitate intentional, data-driven experimentation.

The Creative Economy Pilot Project consists of four strategies that expand civic innovation beyond the technology sector:

1. Making Sacramento a Platform for Experimentation
2. Building a Place-based Neighborhood Ecosystem around Food, Tech, and Art
3. Empowering Individual Creators, Makers and Entrepreneurs
4. Practicing What We Preach: Civic Engagement and Innovation in City Hall

These strategies are intended to provide policy direction to the City Manager to fund experiments and economic analysis of arts and culture investments to support the implementation of the Creative Economy Pilot Project. Results will be used to inform the development of future programs and versions of the City's Economic Development Strategy.

**Policy Considerations:** Council adopted the Innovation and Growth Fund policy on June 21, 2016. The grant funding recommendations are in alignment with the Fund goals to "advance innovation, economic growth, and job creation in Sacramento."

**Economic Impacts:** None at this time. The Creative Economy Framework and Pilot Projects are intended to test the economic impact of investing in art, tech, and food. These experiments will generate data that will help the City estimate the economic impacts of future investments.

**Environmental Considerations:** This report concerns fiscal activities that will not have a potentially significant effect on the environment, and does not constitute a "project" as defined by Sections 15061(b)(3) and 15378(b)(4) of the CEQA Guidelines (Title 14 Cal. Code Reg. §15000 et seq.).

**Sustainability:** None.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** As noted in the City of Sacramento 2013 Economic Development Strategy, Sacramento's economy has been over-reliant on government and real estate industries. Without an intentional shift towards new industries, and without a specific commitment to diversity and inclusion, Sacramento will continue to stall economically compared to other cities, including comparable capital cities. In order to be recognized as a national innovation leader and create new private sector jobs that will bring new wealth to the community and drive growth in other industries, Sacramento must become a hub of innovation, technology, and entrepreneurship.

Similarly, attracting and retaining Millennials will be a critical driver of future economic growth. Research suggests that quality of place (urban lifestyle, civic amenities, arts and culture, etc.) is becoming a more dominant factor relative to economic conditions in influencing where Millennials choose to live. That is, younger, college educated workers are prioritizing where they want to live ahead of where they want to work. To stay competitive, the City must invest in arts and culture.

**Financial Considerations:** Implementation of the Creative Economy Pilot Strategy will be funded by the Innovation and Growth Fund (Fund 2031) and will not impact the General Fund. Net property tax revenues received as a result of the dissolution of California redevelopment agencies and surplus land sales are the sole sources of revenue for the Innovation and Growth Fund. The current available fund balance is approximately \$10 million. Total funding for Creative Economy Pilot Project will not exceed \$500,000.

**Local Business Enterprise (LBE):** Not applicable.

## **RESOLUTION NO. 2017-XXXX**

Adopted by the Sacramento City Council

### **ADOPTING THE CREATIVE ECONOMY PILOT PROJECT AND AUTHORIZING THE CITY MANAGER TO IMPLEMENT THE CREATIVE ECONOMY PILOT PROJECT**

#### **BACKGROUND**

- A. The dissolution of Redevelopment in 2011 resulted in the loss of an important source of funding for economic development projects within the city of Sacramento.
- B. In recognition of the critical nature of these projects to job creation and private investment, on June 11, 2013, the City Council established the Economic Development Fund (ED Fund, Fund 2031) to be funded with property tax revenues received as a result of the dissolution of Redevelopment (Resolution 2013-0198).
- C. As part of the Fiscal Year (FY) 2015/16 budget, the ED Fund was renamed to the Innovation and Growth Fund (Fund) to reflect the aspirations of the program.
- D. New Fund Policy, Guidelines, and Procedures were developed to reflect the aspirations of the program and were adopted by the City Council on June 9, 2015 (Resolution 2015-0172).
- E. On June 21, 2016, Council amended the Fund Policy, Guidelines, and Procedures to authorize the development of new programs to expand the startup pipeline, engage the innovation ecosystem, and make City Hall open for business (Resolution 2016-0240).
- F. In adopting Resolution 2016-0240, Council unanimously approved a framework to support the development of Sacramento's entrepreneurial and innovation ecosystem, and a new approach to economic development.
- G. The Creative Economy Pilot Project consists of four strategies that expand civic innovation beyond the technology sector:
  - 1. Making Sacramento a Platform for Experimentation
  - 2. Building a Place-based Neighborhood Ecosystem around Food, Tech, and Art
  - 3. Empowering Individual Creators, Makers and Entrepreneurs
  - 4. Practicing What We Preach: Civic Engagement and Innovation in City Hall
- H. Millennials will be a critical driver of the City's future economic growth and quality of place investments in arts, food, and technology may improve the City's competitiveness.

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

Section 1. The Creative Economy Pilot Project, attached as Exhibit A, is adopted.

Section 2. The City Manager or his designee is hereby authorized to take administrative actions to implement the Creative Economy Pilot Project, including executing grant agreements as long as each grant agreement is less than \$100,000 and is approved as to form by the City Attorney.

Section 3. The Creative Economy Pilot Project (I18000200) multi-year operating project shall be established.

Section 4. An expenditure budget in the amount of \$500,000 shall be appropriated from the available fund balance in the Innovation and Growth Fund (Fund 2031) to the Creative Economy Pilot Project (I18000200).

Section 5. Exhibit A is a part of this Resolution.

Table of Contents:

Exhibit A – Creative Economy Pilot Project

## Creative Economy

# Pilot Project Strategy

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The Creative Economy Pilot Project consists of four strategies that expand civic innovation beyond the technology sector:

1. Making Sacramento a Platform for Experimentation
2. Building a Place-based Neighborhood Ecosystem around Food, Tech, and Art
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