



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

Staff Report
September 11, 2007

Honorable Mayor and
Members of the City Council

Title: New Contract for Professional Services with the Sacramento Area
Commerce & Trade Organization (SACTO)

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** authorizing the City Manager to execute a professional services agreement with the Sacramento Area Commerce and Trade Organization (SACTO), in an amount not to exceed \$113,250, to provide services that successfully influence the location of new payrolls and investment to the City of Sacramento and the region.

Contact: James Rinehart, Citywide Division Manager (916) 808-5054; David Spaur, Economic Development Director (916) 808-8196

Department: Economic Development

Organization No: 4453

Description/Analysis

Issue: The City Council authorized significant additional resources, funding and employees to promote economic development for FY2007/08. A critical component of economic development is the attraction of new jobs, investment and business to the jurisdiction. To best leverage the resources authorized by the City Council for the function of business attraction, a partnership with SACTO is desired to best promote Sacramento's advantages to the outside business community.

By far, SACTO has been the most significant partner of the City in helping attract new investment to Sacramento and the region. During the last five years SACTO has brought 14 companies to the City of Sacramento, providing direct employment for 884 people. The companies range from Applied Cytometry Systems (the smallest with 7 employees) to SunTechnics Energy (at 250

employees, the largest). Over the last eight years, firms assisted by SACTO have generated over \$7.6 million in state and local taxes and have induced an additional value-added-benefit amounting to over \$76.9 million. This value-added concept is steeped in the notion that companies produce a ripple effect in the Sacramento Region's economy as a result of the linkages that occur because of their activities, suppliers of goods and services, and consumer spending.

SACTO has generated 56 national media stories about the greater Sacramento Region over the last five years. Last year alone, these efforts resulted in over 3.2 million impressions and an advertising impact of \$129,735.

In 2006 SACTO's efforts resulted in 14 new corporate locations to the region (more than half of which located in the City of Sacramento) with the following impacts:

- 1,165 new jobs
- An additional 869 new indirect jobs
- \$73 million in new direct payroll
- New state and local tax generation of over \$24 million
- \$592 million in new capital investment
- Four new corporate headquarters

Additionally, SACTO features the City of Sacramento in all of its marketing material - - databook, economic profile, industry specific marketing brochures, etc. - - and, as the capital city of the region and the state, Sacramento is prominently mentioned and referenced in all written and oral presentations to prospects and site location consultants.

Through SACTO's research arm, the Sacramento Regional Research Institute, the City's Economic Development Department is able to access primary and "packaged" data to provide companies, the media, and decision makers with quick and accurate information necessary to making informed assessments.

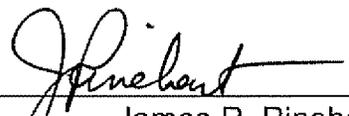
Policy Considerations: The action requested is consistent with the City's Strategic Plan of advancing economic development and of making Sacramento the most livable city in the nation.

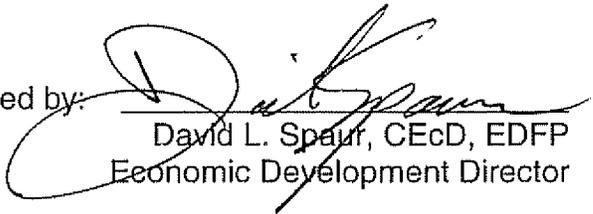
Environmental Considerations: The requested action of approving the proposed agreement with SACTO does not cause significant environmental impacts and does not constitute a "project" under CEQA. Where applicable, appropriate environmental review will occur when City discretionary approvals are required upon the siting of new businesses in the city as a result of efforts made by SACTO under the proposed agreement.

Rational for Recommendation: Commensurate with the increase in the City's economic development efforts, partnering with SACTO provides a cost-efficient, effective manner to help promote the city and increase new jobs, investment and businesses.

Financial Considerations: Funding for this agreement is available in the Economic Development Department's operating budget.

Emerging Small Business Development (ESBD): N/A

Respectfully submitted by: 
James R. Rinehart
Citywide Division Manager

Approved by: 
David L. Spaur, CEcD, EDFP
Economic Development Director

Recommendation Approved:


Ray Kerridge
City Manager

Table of Contents:

	Pg	1-3	Report
Attachments			
1	Pg	4	Resolution

RESOLUTION NO. 2007-XXXX

Adopted by the Sacramento City Council

**APPROVING AN AGREEMENT WITH SACRAMENTO AREA
COMMERCE & TRADE ORGANIZATION (SACTO)**

BACKGROUND

- A. On May 29, 2007, the City Council approved the 2007 Five-Year Economic Development Strategy and Related Actions that, among other things, initiates a series of activities that promotes retention, expansion and attraction of business to the City.
- B. To best accomplish those aforementioned objectives, the City's Economic Development Department partners with other organizations and entities to optimize its efforts and leverage its resources.
- C. One such organization that the Economic Development Department partners with is the Sacramento Area Commerce and Trade Organization (SACTO).
- D. Founded in 1975, SACTO is tasked with helping promote the 6-county Sacramento region to business in an effort to attract jobs, talent and investment to the region.
- E. In calendar year 2006, SACTO helped attract investment to the region that resulted in 14 new corporate locations, 1,165 new jobs, 869 new indirect jobs, \$73 million in new direct payroll, new state and local tax generation of over \$24 million, \$592 million in new capital investment and four new corporate headquarters; more than half of which located in the City of Sacramento.

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

- Section 1. The City Manager or the City Manager's designee is authorized to execute a one-year Consultant and Professional Services Agreement with the Sacramento Area Commerce and Trade Organization (SACTO) to provide

economic development related services in an amount not to exceed \$113,250.00.

- Section 2. Such services shall include actions designed to influence the location of businesses that provide new payrolls and investment in the City of Sacramento by conducting sales and marketing travel programs on a state, national, and international basis and developing a public relations/marketing program for businesses and industrial periodicals with regional distribution in market target areas.
- Section 3. SACTO shall provide quarterly reports to the Economic Development Director detailing activities performed under the Consultant and Professional Services Agreement.
- Section 4. SACTO shall provide the City with its Quarterly Report subscription, Economy Watch subscription, access to the Sacramento Regional Research Institute (SRRI) research/data services, Monthly economic development prospect updates, Ex-Officio Board of Directors Seat and Executive Profile in the Annual Report.
- Section 5. SACTO will provide the City Council with an annual presentation of its activities as they relate to the direct benefits to the City of Sacramento.
- Section 6. SACTO representatives will meet quarterly with City staff to discuss available commercial sites in the City.