



ECONOMIC DEVELOPMENT ANNUAL REPORT 2013-2014

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 coordinated and conducted retention visits with 34 businesses that employ approximately 1,750 people and have a potential capacity for an additional 400 additional employees. Of those businesses, 12 were actively trying to expand. 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. In these instances, staff worked proactively with the business and their real estate representatives to find suitable space that meets the business' needs and City zoning requirements. In a number of cases, staff connected the CEO of a small, growing company with a CEO of an established company so that the business community could also help support future growth.

BUSINESS RETENTION MEETINGS:

| | | |
|---------------------------------|-----------------|--------------------|
| AVRS | Nelson Staffing | Cowgirl Creamery |
| Baeltane Brewing / Tres Hombres | Intelysis | Premium Outlets |
| Burdell Building | Jericho | Research Institute |

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| | | |
|------------------------|----------------------|---------------------------|
| Labcon | Friedman's | Rancho Veal |
| World Centric | Taps | Sunflower Center |
| Lagunitas | Well FX | Creamery |
| Straus Family Creamery | Smari Organics | GCX |
| Petaluma Poultry | Petaluma Pie Company | Mrs. Grossman's / Paragon |
| Hansel Toyota | Play Dog Play | Office Playground |
| Sonoma Cast Stone | Sjaak's Chocolates | Yuba Bikes |
| Farmer's Wife | Aqus Community | |
| Petaluma Hills Brewery | Clover Stornetta | |

Newsletter – Staff published three Economic Development Newsletters in July and December of 2013 and April 2014. One of the division goals is to grow this list over time and to develop content that demonstrates Petaluma's successes and provides useful business information. This year staff grew the outreach database from 500 to over 800. The open rate continues to exceed 50%.

Issues – A variety of issues arise when companies are growing. Sometimes, we learn about financing obstacles, other times city permitting and waste water present challenges for growing companies. Other issues such as available industrial space and broadband are causing issues with local companies. Staff works actively with the City Manager and other city departments to address City related issues. Other times, staff works with the Chamber of Commerce, local real estate representatives, or other business development agencies to address issues like financing and real estate needs. Staff developed a committee that includes people from the business sector in broadband delivery and our Information Technology staff to finds ways to expand access to high speed broadband in Petaluma's business parks.

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





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need help understanding government regulations or they need business development assistance such as help with financing, or other start-up questions.

Meetings / Leads – Staff met with 45 potential businesses representing over 400-500 potential new jobs. To date, this assistance has supported only 32 new jobs because many of the prospects are still working to complete their move. Staff continues to work with these businesses to identify hurdles and provide support to help them complete their growth goals locally.

BUSINESS ATTRACTION PROSPECTS

| | | |
|-----------------------------|--------------------------|------------------------------|
| Distillery | Pomoroy Property | Apollo |
| Bakery | Massage Business | Kutch Winery |
| Evergood Sausage Co. | Fogline Viniards | Food Truck |
| Mobile Catering | Beer Tasting Room | Marin Sun Farms |
| Anato.me | Bendig-Moran Roasting, | Overton Moore Properties |
| Bio Capital | Devlin Retail Properties | ACRE Coffee |
| Beer Tasting Room | Mala Closure Systems | Obstacle Events |
| fabrication business | Motocross Project | Brown and Riding |
| One Stop Graphics | Outdoor Storage Business | Catering company |
| Food Truck | Pizza Restaurant | Essential Oils |
| Revive Kambucha | Zodiaks | Golf Property Owners |
| Tea Docents | Revive Kambucha | Nutrative Dehydration Center |
| Urban Winery | Café / Pizza | Party Hand Rentals |
| Sift Cupcakes | Mighty Leaf Tea | Technology Lane Property |
| Global Cousine (food truck) | Morton and Basset Spices | Winery - downtown |

Marketing Program – Marketing, as identified in the Economic Development Strategy, is the final part of a proactive business attraction campaign. Last year, staff hired a marketing team to develop a website, collateral materials and an advertising supplement to highlight Petaluma as a premium business destination.

The campaign called Petaluma “Fertile Ground” for starting or moving a business. It featured local businesses with national brands as a way to demonstrate Petaluma’s business sectors. It also identified the key messages important to local and out of town businesses – Location, Innovation and Quality of Life. Thus, the campaigns are centered on these ideas. The group identified two initial ways to promote the brand – a 12 page supplement in the San Francisco Business Times and a new Website.

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Business Times - The Supplement for distribution through the San Francisco Business Times was designed by the City and financed with money from Petaluma businesses. Of the total \$30,000 cost to run the advertisement, Petaluma's business sector paid for \$27,500. The supplement was circulated the week of October 18, 2014 to the San Francisco Time's 85,000 subscribers.

Website - A new website was also created and launched to coincide with the large media purchase in October. The website incorporates information about starting or locating a business in Petaluma. It also provides information about living in Petaluma and includes an infographic poster which provides an overview of Petaluma statistics including cost of living, population and median age. The website also includes



company profiles and a hand crafted regional map highlighting Petaluma's advantageous location.

The website is based on blogs that are updated weekly and linked to social media sites including Facebook and Twitter. The blogs also feed into the ED Newsletter. As of June 30, 2014 the website had been viewed by 4,762 unique viewers looking at 26,854 pages for an average session of almost three minutes.

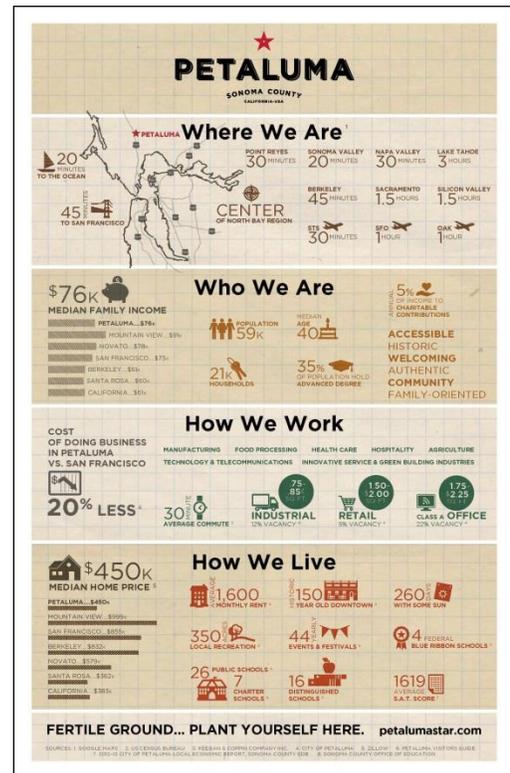
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Infographic Poster – Demographics are integral to an Economic Development Website. Typically, Economic Development websites include demographic data points for interested business. To better tell Petaluma’s story, staff boiled the demographics down to a few simple data points that we could then compare to other areas. The poster focuses on the key points we want to emphasize – Petaluma is more affordable, well educated, proximate to San Francisco, has great schools, and offers a plethora of community events.

Business Profiles – As part of the initial launch, staff worked with the design guild to complete 15 business profiles that could tell Petaluma’s story through the eyes of a local business. The 15 businesses are Bio Search, Cameron & Co, Work, Amy’s Kitchen, Cowgirl Creamery, Lagunitas, Traditional Medicinals, Cyan, Raydiance, Enphase, World Centric, CamelBak, Acre, Jess Brown and Yuba Bikes. These companies were selected because they represent different business sectors and have strong national and regional brand awareness. The goal was to demonstrate that Petaluma is host to many well-known and successful businesses. This is by no means an exhaustive list of successful Petaluma businesses and staff plans to continue to profile businesses over time.

Visitor Guide and Chamber Directory – To help strengthen the new Petaluma brand, staff worked with the Chamber and the Visitor Program to blend the Petaluma Star logo and Fertile Ground branding into their large publications. The cover of the 2014 visitor’s guide includes the new logo and the upcoming 2014 cover of the Chamber’s Directory will also include the new logo.

City / Chamber / Visitor Program / Downtown Association Websites – Staff also worked with each organization to explore ways to incorporate the new branding into their websites, further unifying the brand image and bringing the various marketing programs together. This work is ongoing.



Infographic Poster



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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 (BEST) to establish a regional Economic Development Working Group that included representatives from each Sonoma County City. Staff was appointed to the board and heads the Business Readiness Committee. Staff also participates in the Food Industry Group and the Tech Industry Group created by BEST. In that role, staff meets regularly with high level staff and owners of many local Food and Technology based companies. Staff has been able to leverage these relationships to help attract companies to Petaluma and to help Petaluma companies grow.

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.

Policy Programs - From time to time, staff supports other City departments to complete proactive changes to policies and procedures that would support economic development. This year, staff began a process to allow and regulate vacation rentals in Petaluma. Staff met with community members, reviewed other City policies and reached out to Airbnb to identify best practices. Staff has finalized a proposed program which will be presented to the Planning Commission and City Council next year.

Staff continues to work with the Public Works department to refine waste water capacity fees and to educate new and growing businesses about how that rate is assessed. Staff conducted an Economic Feasibility Study that looked at Petaluma's Industrial Waste Water users. That study concluded that Petaluma's 11 food-related industrial users have a \$1.3 Billion annual economic impact on the regional economy and they support 4,500 local jobs.

SUCCESSOR AGENCY / REDEVELOPMENT DISSOLUTION

ROPS #5 & #6 – Staff developed a Recognized Obligation Payment Schedule for the fourth and fifth periods (July 2013 – Dec. 2013 & Jan 2014 – June 2014). The Petaluma Successor Agency, the Oversight Board, and the State Department of Finance approved each ROPS.



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Train Depot Lease – Staff negotiated an extension to the Train Depot lease with the Sonoma Marina Rail Transit Authority to allow the visitor center and the art center to continue operations in the renovated Train Depot buildings.

Ice House Lease – Staff also terminated a lease to rent space on behalf of Sonoma Marin Rail Transit Authority and the Northwestern Railway Authority.

Long Range Property Management Plan – Staff drafted a Long Range Property Management Plan to address the sale or transfer of Successor Agency assets. The Successor Agency, the Oversight Board, and the State Department of Finance (DOF) approved the plan. Staff will transfer or sell property as appropriate now that the plan is approved.