



ECONOMIC DEVELOPMENT ANNUAL REPORT 2014-2015

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 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.

Assistance – Staff provided retention assistance to 77 *established* Petaluma businesses that employ approximately 2,600 people. Staff provided expansion assistance to 24 companies. Staff learned of the need for assistance in three ways: as a result of a formal retention meeting initiated by Economic Development (24 companies); as a result of a referral from another City Department; or as a result of a direct request from the company. Assistance included commercial real estate searches; referrals to other City departments or the Development Review Committee; referrals to regional business assistance and economic development organizations; introductions to community business leaders; inclusion in Petaluma Star branding activities. Staff helped coordinate a job fair for employees laid off when their employer closed its Petaluma facility.



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BUSINESS RETENTION MEETINGS

<i>101 North Brewing</i>	<i>Hyundai Dealership</i>	<i>PlanetOne/Winekeeper</i>
<i>ACRE Coffee</i>	<i>Jess Brown</i>	<i>Play Dog Play</i>
<i>Alvarado Street Bakery</i>	<i>JM Rosen Cheesecake</i>	<i>PlugOut</i>
<i>Adobe Hospital</i>	<i>JTB Consulting</i>	<i>Protofab</i>
<i>Athletic Soles</i>	<i>Kala Brand Music</i>	<i>Race For Kids</i>
<i>Bay Laurel</i>	<i>Kitsbow</i>	<i>Raydiance</i>
<i>Bruce Gordon Bikes</i>	<i>Labcon</i>	<i>Scott Labs</i>
<i>Brooks Automation</i>	<i>Lace House Linen</i>	<i>Small Precision Tools, Inc.</i>
<i>Buffalo Wild Wings</i>	<i>Lagunitas</i>	<i>Solairus</i>
<i>Bus Shoppe</i>	<i>Leghorn Marketplace</i>	<i>Sonoma Cast Stone</i>
<i>CamelBak</i>	<i>LGC Biosearch Technologies</i>	<i>Sonoma Portworks</i>
<i>Colvin-Freidman Company</i>	<i>Mala Closure Systems</i>	<i>Soulcraft</i>
<i>Clover</i>	<i>Marin Sun Farms</i>	<i>Speakeasy</i>
<i>Cowgirl Creamery</i>	<i>MarketLive</i>	<i>Straus</i>
<i>Custom Crush Winery</i>	<i>Mission Engineering</i>	<i>the Hive</i>
<i>Cyan</i>	<i>Moresco Distributing</i>	<i>The Smoked Olive</i>
<i>CORE Brands</i>	<i>Morgan Manufacturing</i>	<i>Traditional Medicinals</i>
<i>Della Fattoria</i>	<i>Morris Distributing</i>	<i>Tyler Chartier Photography</i>
<i>F.A. Ninos</i>	<i>Nicole Fugo Zibelman, LAc</i>	<i>Web perception</i>
<i>Farm to Fourchette</i>	<i>O Olive Oil</i>	<i>White Industries</i>
<i>Front Row</i>	<i>Parlour Petaluma</i>	<i>Wild Goat</i>
<i>Hansel Toyota</i>	<i>Petaluma Coffee & Tea</i>	<i>World Centric</i>
<i>Hen House Brewing</i>	<i>Petaluma Hills Brewery</i>	<i>Yuba Bikes</i>
<i>Hotel Petaluma</i>	<i>Petaluma Home & Garden</i>	<i>Zodiaks</i>
<i>Hydrofarm</i>	<i>Petaluma Poultry</i>	<i>76 Gas Station</i>
<i>Hydropoint Data</i>	<i>Petaluma Valley Athletic Club</i>	

Industry Groups – Staff launched a group for Petaluma companies that serve the bicycle industry. Seven companies participated and three meetings were held. At the first meeting, the companies expressed a desire to work as group to create a more cycling-friendly town in Petaluma. Staff also researched launching a similar group for companies in the apparel industry. Activities related to the apparel industry group included meeting with senior staff from SF Made, an organization that promotes manufacturing in San Francisco.

Sustainability Circle – Staff recruited eight Petaluma organizations to participate in a six-month working group focused on sustainability. The organizations include The City of Petaluma, Petaluma City Schools, Lagunitas Brewing, Traditional Medicinals, Amy's Kitchen, Petaluma Healthcare District, Petaluma Poultry, and Straus Creamery.



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Drought Education – Staff worked with Public Works to educate businesses about water restrictions and effective water conservation methods.

Newsletter—Four Economic Development newsletters were published between July 1, 2014 and June 30, 2015. This year, the outreach database grew from 800 to over 1100. 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. The open rate continues to exceed 45%, well above the average open rate.

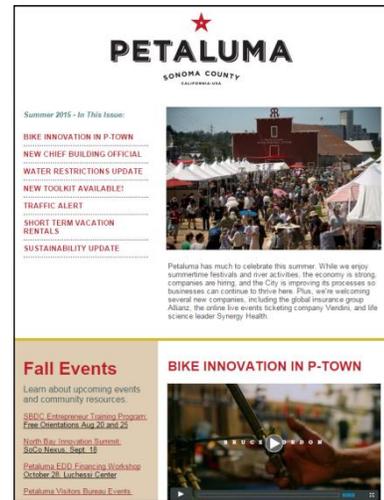
Social Media – The division consistently posts information about Petaluma on four social media outlets: LinkedIn, Facebook, Twitter, and Instagram. The goal is to share information and news relating to Petaluma’s business community in ways that appeal to the unique audiences of each social media outlet. The Petalumastar Facebook page is “liked” (followed) by 684 people and the Twitter feed has 635 followers.

Public Relations—The division pitched three different article ideas to three media outlets, resulting in one article (about Petaluma’s bike industry) in the Argus-Courier.

Issues – A variety of issues arose during this year for Petaluma companies. These include financing obstacles, City permitting and wastewater challenges, lack of commercial space for growing industrial companies, and the ability to recruit qualified employees (low-wage skilled labor and high-wage talent with specific skills such as computer programming or engineering). To address City-related issues, Staff works actively with the City Manager and other City departments; to address other issues, staff works with the Chamber of Commerce, local real estate representatives, and other business development agencies.

BUSINESS ATTRACTION PROGRAM

Petaluma’s Business Attraction Program focuses on the characteristics that make Petaluma desirable for business and talent: Bay Area Location; Strong Talent Pool; Innovative, Sustainably-focused Business Community; and Lifestyle. Inquiries are generated from website/social media traffic; referrals from the business community (including property owners and realtors); networking at local or regional events; and from regional awareness of Petaluma as a good place to start or grow a business. Sometimes a business lead will contact Economic Development early in a start-up or relocation process; other times Economic Development will become involved after the lead has contacted other City Departments.





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Economic Development continues to use the Development Review Committee meetings, which provides up-front consultation from City staff to businesses, as a way to show Petaluma as a business-friendly city and thus encourage businesses to choose Petaluma over other locations.

Business attraction leads come in many shapes and sizes. Some are established businesses looking to relocate while others are companies interested in starting in Petaluma. Some involve experienced professionals who know what questions to ask and how to get funded while others involve first-time entrepreneurs with big dreams but little experience and no money. A third category includes companies interested in developing land or existing buildings such as the historic Silk Mill. Economic Development meets the needs of these companies by conducting online real estate searches, by providing assistance with City requirements and processes, and by referring people to other regional business development organizations for assistance with financing or entrepreneurial education.

Assistance – Staff provided assistance to 60 leads. Of these 12 companies opened or signed a lease in this fiscal year. Staff continues to provide support to those leads that have not yet committed to Petaluma. Staff also provided support to large development projects involving existing buildings or vacant land.

NEW BUSINESS ATTRACTION PROSPECTS

Development Projects

1 C Street
Cader Lane
Haystack
North River Landing
Petaluma Blvd North
Silk Mill
Stony Point Commercial
Leads (New & Existing)
2London Foodies
42Floors.com
Alabaster Jar
Allianz
Anato.me
atelier rhoclo, LLC
Barber Cellars
Barron & Bailey Cider
Bijan's Protective Equipment
Brewed Awakening
Brewsters Beer Garden
Bruno & Kathleen Schneider
Camp Creative
Cigar business

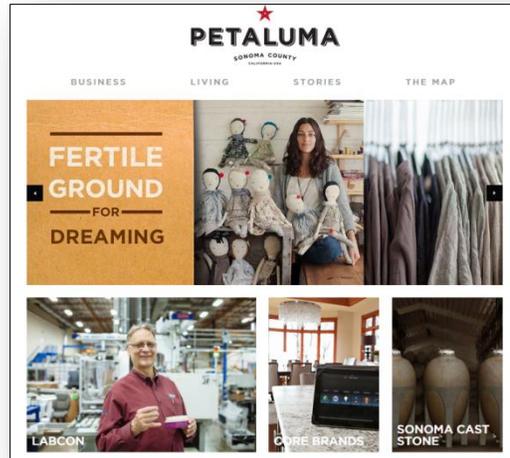
Coffee Cart
Coffee Shop
Cottage Food Operation
Crooked Goat Brewery
Dog Walking
Downtown Cafe
Downtown Café / Bakery
Downtown Barber Shop
DRLI
Food Truck
Genuine Grub
Golf Fitness Center
Greenwood Supply
Griffo Distillery
Ice Cream Shoppe
Jewelry Retail location
Li Ning
Mamie's Pies
Medical Device Company
Megan Warren
Mfoundry / FIS Mobile
Mill Bldg Tap Room
New Bakery Concept

Nicole Fugo Zibelman, LAc
Nursery
Nutrative Dehydration Center
Oblivion Labs
Peek-A-Boo Playland
Petaluma Hills Brewery
Petaluman Hotel
photographer
Recording studio
Refrigeration business
Restaurant
Revive Kombucha
Rust and Shine
Rustic Bakery
Santa Rosa Tap Room
Scott Street Custom Winery
Sewing Machine Repair
SWAT Cop Consulting
Synergy Health
Third Space
Ulia's deli
Yellow Leaf Hammocks
Zoe's



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Marketing Program – Marketing, as identified in the Economic Development Strategy, is the final part of a proactive business attraction campaign. Staff continued its work with The Design Guild to develop marketing materials that highlight Petaluma as a premium business and talent destination. All materials adhere to the “Petaluma: Fertile Ground” branding strategy that was launched in 2013. This branding strategy won the 2014 Gold Medal for marketing campaigns from the California Association of Local Economic Development (CALED) industry group.



Website – The Petaluma Star website is a key marketing tool. 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 updated weekly with original content written by Economic Development staff and/or links to articles published elsewhere, such as the local newspaper. Every website post is linked to social media sites including Facebook, Twitter and LinkedIn. The posts also feed into the Economic Development Newsletter. As of June 30, 2015, the website had been viewed by 13,303 unique viewers looking at 34,364 pages for an average session of almost 1.5 minutes.

Under the direction of Economic Development staff, the Design Guild worked to improve the website’s ability to attract visitors, known as Search Engine Optimization or SEO. The site was analyzed against industry search standards, such as those put forth by Google, and changes were made to the site accordingly. The Design Guild also developed a plan for changing the organization of the website in order to make it more appealing and easier to use for site visitors.

Brochure – Staff hired The Design Guild to develop a printed marketing piece that could be used by Economic Development for business and talent attraction. The goal was to tell the Petaluma business story—as established in marketing materials published in 2013—in a short but visually appealing way.

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The end result was an 18" x 11" brochure that folds accordion-style to 6" x 4". One side of the brochure features a map showing Petaluma's Bay Area location; a paragraph on Petaluma's innovative, sustainably-focused business community; a list of industry sectors; and demographic information about cost of living/doing business in Petaluma. The other side of the brochure features portrait-style photographs of the CEOs or Founders of leading Petaluma companies, a headline and tagline, and contact information for the division. The brochure was distributed at several community events and business retention meetings.



Business Profiles & Videos – Six written profiles and five videos were produced as a way to tell Petaluma's story through the eyes of local businesses. Staff wrote the profiles, which were on Sonoma Cast Stone, The Smoked Olive, Solairus, Core Brands, Kala Brand Music, Petaluma Coffee & Tea. The Design Guild produced the videos, which were on Petaluma Coffee & Tea, Kala Brand Music, Bruce Gordon Bikes, Thistle Meats, and Sonoma Portworks.

These companies were selected because they represent different business sectors and have strong national and regional brand awareness.

Toolkit – Staff worked with The Design Guild to produce a comprehensive guide for starting and growing a business in Petaluma. Called the Business Toolkit, the guide was produced in printed, web, and .pdf formats. The Toolkit includes a business checklist for those new to business, a section about commercial real estate including permit requirements, a section about business requirements, a list of resources with contact information, and a schedule for City fees. The Toolkit was introduced at community events and in local publications and was made available for distribution by other City departments.





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North Bay Life Science Alliance – This is a newly-formed, regional economic development organization focused on attracting companies in the biotech and life sciences sector. Staff participated in meetings to discuss funding and marketing campaigns.

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

OFFICE ADMINISTRATION

Economic Development Specialist – An Economic Development Specialist was hired to assist the manager with office activities. The position is part-time and will not exceed 1000 hours per fiscal year.

Relationship Management System – Staff began to use an internet-based software system (Salesforce) to manage information about the office's business retention and attraction activities. Staff is now tracking interactions with new leads and ongoing accounts to better manage customer experience and staff output.

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 (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 continued a collaboration with BEST by serving on the BEST Board, participating in the organization's Food Industry Group and the Tech Industry Group, and attending business retention meetings with Petaluma companies. Staff also planned and attended a conference for site selectors co-hosted by BEST and the State of California's Economic Development Agency. This provided an opportunity to network with professionals who help companies choose where to relocate. It also gave staff a chance to tell the Petaluma story to these important decision-makers. As part of the Board, Staff also participated in the recruitment of a new director, a post that was not filled by the end of the fiscal year.

County EDB – Staff continued to strengthen its relationship with the County EDB. Staff initiated meetings with the EDB about workforce development programs, introduced the idea of starting an industry groups for the region's apparel companies, and helped the EDB educate Petaluma businesses about state incentive programs for which the EDB is a lead agency. Staff also promoted and attended EDB



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events such as a focus group for the outdoor recreation industry and a conference for beer and cider makers. Finally, staff worked with BEST to submit business proposals requested by the State Economic Development Agency (Go-Biz).

Santa Rosa Junior College – Staff met with the director of Corporate Relations for the SRJC Foundation to discuss how we could coordinate efforts to develop courses and programs responsive to local company needs.

Community Presentations and Events – Staff presented Economic Development Updates to the Downtown Rotary Club and the Petaluma Area Chamber of Commerce. Staff also presented to the leadership group at government day. Staff attended several events that honored Petaluma businesses or addressed topics relevant to Petaluma business challenges, such as the North Bay Innovation Conference.

POLICY PROGRAMS

From time to time, staff supports City departments to complete proactive changes to policies and procedures that would support economic development.

Vacation Rental Ordinance – Staff continued to work on a process to allow and regulate vacation rentals in Petaluma. Staff met with community members, researched similar policies in other cities, and consulted with Airbnb to identify best practices. A program was proposed and presented to the Planning Commission and City Council, with approval granted after the fiscal year ended. Work on this project will continue as the program will be implemented in the 2015-16 fiscal year.

Wastewater – Staff continued to work with the Public Works & Utilities Department to refine wastewater capacity fees, including developing a program allowing eligible companies to pay a portion of waste water fees up front and the balance plus interest over the course of 20 years. The program was approved by City Council, and Staff helped to publicize it in local publications and on the website.

Process Improvements – Staff began to work on a project to improve service levels while increasing staff efficiency related to City permitting requirements. The project involves the implementation of OpenCounter, an interactive, online database tool that helps businesses navigate city requirements. Applicants as well as City staff would use OpenCounter to see the requirements, fees, and processing time associated with a particular business use in a specific location. This work is ongoing.

SUCCESSOR AGENCY / REDEVELOPMENT DISSOLUTION

Staff continued to comply with State requirements to dissolve the former Redevelopment Agency. This year we approved two six month budgets called ROPs (Recognized Obligation Payment Schedule). We



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also approved a loan to provide upfront funds to cover attorney expenses related to ongoing litigation with the State. Staff supported the restructuring of Agency debt to save money for other projects. Staff also reviewed and commented on proposed legislation for ongoing Agency dissolution.