

# 7. ECONOMIC DEVELOPMENT



## VISION

Chico's economy in 2030 is strong and diversified. Many companies have established their headquarters in or relocated to the City because of its high quality of life, skilled workforce, community resources, opportunities for investment, and business-friendly environment. Chico is known as a premier center for commerce and a haven for innovation and entrepreneurship in the North State.

## INTRODUCTION

The Economic Development Element guides the City's use of resources to protect and improve Chico's economic vitality.

Economic development refers to activities that strengthen and diversify the local economic base of Chico. Local government plays an important role by creating conditions that foster investment within the community. Chico is the center of economic activity for the tri-county area (Butte, Glenn, and Tehama counties), with premier retail, a strong base of export employers, and major medical and educational services supporting the region. Maintaining this role in the future will be critical as well as challenging.

Chico must address the current mismatch between local skills and local job opportunities. The community has an educated and trained population but lacks corresponding professional and skilled jobs and incomes. Although the city is slightly more affluent than Butte County overall, the median household income in the Chico area lags behind the state by a substantial margin. Fortunately, housing in Chico remains relatively affordable for both renters and homeowners. The City will need to monitor jobs and housing trends to ensure there are opportunities to live, work, and enjoy the quality of life in Chico.



In recent years, the City's structural budget deficit put a renewed focus on the need for progress in economic development, not only to help improve the private economy, but also to improve the City's revenue base so that it can continue to provide a high level of municipal services. In 2007, the City Council adopted an Economic Development Strategy to formalize the City's leadership role in local economic development efforts to improve the health of the regional economy. It directs the City to foster a positive climate for economic development, ensure the readiness of physical conditions to support development, target public investments to support local prosperity, create partnerships within the region to help attract investment, and ensure a quality of life that supports the local economy. The City's key role in economic development can help build a sustainable community for years to come. This element provides policies that will advance the



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Economic Development Strategy, which can be found on the City’s website and at City Hall. The Economic Development Strategy is one of many important implementation documents that will be reviewed and updated as needed within the life of this General Plan to ensure it’s meeting the City’s short and long term economic needs.

### ISSUES AND CONSIDERATIONS

This section of the element identifies and addresses primary economic development issues raised during the outreach efforts for the General Plan Update. Policy guidance is found in the goals, policies, and actions section of this element. An explanation of specialized terms can be found in the General Plan Glossary (**Appendix A**).

### CHICO’S ECONOMIC ROLE

Chico has historically served as a regional hub for base-level employment, agriculture, retail services, health care, and education. Due to the economic growth of other urbanized areas in the region, Chico has seen a reduction in its share of the region’s jobs and retail sales. Planning for the right mix of land uses in the right locations for new base level employment



and retail opportunities is essential to the City’s continued economic vitality. Given existing business innovation, the core of intellectual capital, expanding agricultural opportunities, and a business-friendly environment, Chico is exceptionally well positioned to be successful in the local, regional, and global economy.

### HIGHER PAYING JOBS

By the year 2030, it is estimated that Chico’s economy will have expanded to produce over 20,000 new jobs. A key issue is how to support an increase in the proportion of professional and highly skilled jobs. While Chico has a relatively strong employment base today, incomes have not been keeping pace with the median home price and cost of living. Many young

**Base Level Employers** are businesses that import money from outside the community by exporting products or services.

adults who were raised in Chico, local college graduates, and would-be transplants to Chico decide to locate outside the area because they are unable to find suitable, well-paying jobs. Chico’s base-level employers have difficulty recruiting for higher-level positions from outside of Chico because there are limited additional, local employment opportunities. Chico seeks to attract and retain a skilled workforce by creating an environment of innovation and entrepreneurship that can

provide quality jobs for its residents. This element supports a strategy to diversify the employment base by actively supporting emerging industries. An important component of promoting economic development is providing adequate and available land in appropriate locations to ensure that opportunities exist for businesses to grow and for new businesses to locate in Chico.

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## RETAIL AND SERVICE EMPLOYMENT BASE

As Chico expands its base level employment industries, the City must at the same time support growth in the retail and service sectors. Chico has long been the regional retail and services hub between Sacramento and Redding. With a mix of large and small, as well as national and local retail choices, Chico has been successful in capturing local and regional spending. Sales tax revenue generated by this strong regional retail base has been the primary funding mechanism for public services that support Chico's quality of life.

Chico's retail and services industry is strengthened through tourism. Visitors are drawn to the area to enjoy rural scenery, arts and cultural activities, recreation, and special events. There is an opportunity to build upon existing tourist attractions to provide more reasons for visitors to stay and spend money locally. This element seeks to increase tourism by enhancing visitor-oriented attractions and accommodations and by supporting the dissemination of information regarding tourism.



## SUSTAINABLE ECONOMIC DEVELOPMENT

A healthy economy is one component of long-term sustainability, and a sustainable economy depends on a healthy environment to provide essential resources and a high quality of life. A sustainable economy also requires a healthy society to provide entrepreneurial skills, labor, and markets for goods. Therefore, a sustainable economy must support, conserve and enhance the environmental and social equity components of sustainability.

In keeping with the vision for a sustainable economy in Chico, the General Plan promotes infill, redevelopment, and quality new development to meet the City's future job and housing needs. The City will play a pivotal role in ensuring that adequate infrastructure exists to provide access, capacity, and connectivity to infill, redevelopment and greenfield areas to promote efficient and intensified use of the available land supply. Key infrastructure assets such as the highway, the airport, the railroad, and non-motorized circulation routes need to be fully utilized in order to create a strong economy for the community.



The use of local resources and skills; conservation of energy, water and other resources; and reduction of dependence on distant and non-renewable resources should play a central role in Chico's economic development.



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## LOCAL GOVERNMENT ROLE

Implementing the Economic Development Strategy will confirm the City’s leadership role in facilitating and supporting a strong and healthy local economy. Given changing economic conditions, local governments are competing for business interests. Moving forward, the City may need to update the Economic Development Strategy to adjust to a changing economic climate to ensure that Chico competes successfully in the regional and global economy. One key area where the City can take a leadership role in economic development is in its attitude toward business, including a streamlined project review process and predictability in decision-making.

## READINESS AND INVESTMENT OPPORTUNITY

Property is considered to be **shovel ready** when it can be readily served by existing infrastructure, utilities, and other public services and its development is not significantly constrained by environmental conditions.

The essence of economic development is a readiness for investment to occur. Factors that affect the readiness of land include location, appropriate zoning, availability of infrastructure, and environmental constraints. While Chico is an attractive place to do business, the number of opportunities available for immediate investment is constrained, in particular for sites of five or more acres. The City recognizes the need to play a role in actively increasing land readiness, also known as “shovel ready.”

## ~~REDEVELOPMENT AGENCY TOOLS~~

~~Redevelopment is a tool created by State law to assist local governments in revitalizing deteriorated and blighted areas. When a redevelopment agency is formed, it adopts a redevelopment plan defining one or more redevelopment project areas and the blight which will be eliminated within those areas. After a project area is established, future increases in property taxes within that area are allocated to the redevelopment agency; this is referred to as the tax increment and is the source of funding for redevelopment agencies.~~



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Redevelopment agencies are limited in the ways they can spend money. For example, agencies can use funds to acquire property and build public buildings and infrastructure, but they cannot pay for maintenance or providing services. Redevelopment agencies are generally required to spend money for projects located within designated project areas, although there are some exceptions. Redevelopment agencies can be useful tools in assembling land for redevelopment and providing public infrastructure which is necessary to encourage private development and investment that will expand business opportunities and create jobs.

The Chico Redevelopment Agency (RDA) project area is shown in **Figure ED-1**. While the RDA is distinct from the City, its activities are closely coordinated with City priorities. The RDA Five Year Implementation Plan identifies criteria for RDA investment, including meeting General Plan goals such as improving infrastructure, supporting infill, readying sites for investment, redeveloping the Opportunity Sites, and developing mixed use projects. **Page 3-9** of the Land Use Element identifies specific tools that the RDA possesses that can spur investment and economic development.



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## GOALS, POLICIES, AND ACTIONS

**Goal ED-1: Maintain and implement an Economic Development Strategy to enhance Chico's long-term prosperity.**

**Goal ED-2: Enhance regional tourism opportunities and resources to attract visitors who support local businesses.**

~~**Goal ED-3: Maintain a redevelopment strategy that encourages revitalization of existing neighborhoods, along with successful commercial and employment centers.**~~

- **Goal ED-1: Maintain and implement an Economic Development Strategy to enhance Chico's long-term prosperity.**
  - **Policy ED-1.1 (Maintain the Economic Development Strategy) – Ensure that the Economic Development Strategy is current and relevant to the City's short and long term economic goals.**
    - ▲ **Action ED-1.1.1 (Monitoring and Reporting)** – Track implementation of the Economic Development Strategy and report on its status to the City Council.
    - ▲ **Action ED-1.1.2 (Periodic Updates)** – Update the Economic Development Strategy as necessary to ensure that it is current and relevant to meeting the City's short and long term economic development needs.
  - **Policy ED-1.2 (Physical Conditions) – Ensure an adequate supply of appropriately zoned land that is readily served by infrastructure to support local economic development for base level job growth and to maintain Chico's prominence as the regional center of retail activity for the tri-county region.**
    - ▲ **Action ED-1.2.1 (Land and Buildings)** – Monitor conditions in regard to the City's supply of land and buildings to support economic growth and identify factors which may be inhibiting their development or redevelopment. Address any identified issues through appropriate zoning, infrastructure planning, and coordination with landowners and developers.
    - ▲ **Action ED-1.2.2 (Infrastructure Availability)** – Monitor the availability of infrastructure and identify infrastructure needs that hinder the City's ability to successfully attract, expand, and retain businesses. Where a lack of infrastructure is found to be a barrier, investigate strategies and develop plans for the provision of needed infrastructure.

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SUS-1.1

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▲ **Action ED-1.2.3 (Shovel-Ready Sites)** – Work with owners of undeveloped or underdeveloped land to ready and market shovel-ready sites. This process would involve determining landowner willingness to sell or ready sites for different types of business development, providing assistance in organizing or assembling multiple properties under different ownership into larger parcels or coordinated project areas, assisting in the provision of infrastructure, environmental review, and site marketing.

▲ **Action ED-1.2.4 (CUSD Opportunity)** – Work with Chico Unified School District to explore relocation of the District’s bus yard and support buildings along State Route 99 in order to provide a strategically located commercial development opportunity.

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PPFS-3.2.2

▲ **Action ED-1.2.5 (Strategic Partnerships)** – Work with CSU Chico, Butte College, non-profit organizations, CARD, businesses, and private developers to pursue public/private partnership opportunities that capitalize on Chico’s skilled workforce and local educational institutions.

▲ **Action ED-1.2.6 (Industrial Preserve)** – Limit the expansion of incompatible uses within and surrounding areas where manufacturing and light industrial uses are to be retained, expanded, and attracted, including, but not limited to, the Southwest Industrial Region and the Chico Municipal Airport area.

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CIRC-1.7

▲ **Action ED-1.2.7 (Rail, Aviation, and Highway Access)** – Explore opportunities to improve access to Chico from other markets via enhancements to the local rail and aviation facilities and services, as well as through improved connections from Chico’s business districts to State Route 99 and Interstate 5.

▲ **Action ED-1.2.8 (Agricultural Production and Distribution)** – Promote local agricultural production and value-added food products as a base industry by enhancing local food distribution systems and supporting the reuse of agricultural and food wastes.

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● **Policy ED-1.3 (Regulatory Environment)** – **Ensure that regulations and permitting processes for the conduct of commerce and land development do not unreasonably inhibit local business activity.**

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LU-2.3.1

▲ **Action ED-1.3.1 (Fast Tracking Key Opportunities)** – For key economic development projects, prioritize project review and permitting by establishing a quick response interdepartmental staff team.

▲ **Action ED-1.3.2 (Development Standard Enhancements)** – ~~Amend the Municipal Code~~ Continue to seek opportunities to simplify and streamline the

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permitting process, including allowing more uses outright subject to development standards.

- ▲ **Action ED-1.3.3 (Economic Resilience)** – Update the Economic Development Strategy to highlight the importance of using renewable, recyclable, and local resources to strengthen the resilience of Chico's economy.
- ▲ **Action ED-1.3.4 (Local Outreach)** – Conduct regular outreach to the local business and development community to identify opportunities for greater regulatory efficiency. Share the outreach findings and recommendations with the City Council for consideration.
- **Policy ED-1.4 (Public Investment in Support of Economic Development)** – **Consider economic development needs, potential return on investment, base level employment goals, and long-term sustainability when allocating public funds and other resources.**
  - ▲ **Action ED-1.4.1 (Phase and Prioritize Investment)** – Prioritize investment in public infrastructure to areas that have the highest potential to retain and add jobs and attract new private investment based on factors such as access, location, compatibility with other uses, and potential to spur revitalization.
  - ▲ **Action ED-1.4.2 (Pursue Funding)** – Identify, pursue, and contribute City funds to help secure state, federal, and other grants in support of economic development efforts.
  - ▲ **Action ED-1.4.3 (City-Owned Sites)** – Pursue opportunities to sell or lease City-owned lands for uses other than municipal operations.
  - ▲ **Action ED-1.4.4 (Land Assembly for Infill/Reuse/Redevelopment)** – Where appropriate, request Redevelopment Agency assistance to facilitate infill, reuse, and redevelopment through land banking and land assembly in partnership with private landowners and developers.
  - ▲ **Action ED-1.4.5 (Base Level Employers)** – Invest local resources and pursue outside investment and partnerships to retain, expand, and add new base level employers in Chico.
  - ▲ **Action ED-1.4.6 (Enhance Technology)** – Continue to use technology to support the City's economic development goals.
  - ▲ **Action ED-1.4.7 (Sports Marketing for Economic Development)** – Invest in the attraction and promotion of regional and other major sporting events to bring economic benefit to businesses located in Chico.

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- **Policy ED-1.5 (Quality of Life In Support of Economic Development) – Encourage projects and programs that help increase the quality of life for local businesses and their employees.**
  - ▲ **Action ED-1.5.1 (Placemaking)** – Support the development and enhancement of “Third Places” (places people go after work or when not at home), including open space, recreation, art, and entertainment venues.
  - ▲ **Action ED-1.5.2 (Business Improvement Districts)** – Assist local businesses and property owners in forming business improvement districts to promote economic development through initiatives, including marketing, tourism promotion, special events and programs, physical improvements, clean and safe programs, and activities which benefit the businesses and real property of the districts.
  
- **Policy ED-1.6 (Enhanced Wireless Telecommunication) – Encourage the provision of wireless telecommunications services throughout the urban area at a level greater than the minimum required by the Telecommunications Act for improved business development, access to information, and public safety.**
  
- **Policy ED-1.7 (Airport Viability) – Support the continued operation and expansion of Chico Municipal Airport as critical to the City’s economic vitality.**
  
- **Policy ED-1.8 (Regional Partnerships for Economic Development) – Support regional economic development efforts with other agencies, businesses, and organizations for the purpose of improving the regional economy.**
  - ▲ **Action ED-1.8.1 (Economic Development Summit)** – Conduct a regional economic development summit to foster improved planning, coordination, and partnerships that benefit the local and regional economy.
  - ▲ **Action ED-1.8.2 (Silver Dollar Fairgrounds)** – Encourage the State and the Silver Dollar Fair Board to increase utilization of the fairgrounds for uses such as conferences, fairs, concerts, or sporting events that draw residents from the greater region.
  
- **Policy ED-1.9 (Chico Based Businesses) – Encourage Chico residents and visitors to support businesses that are located in the City of Chico.**
  - ▲ **Action ED-1.9.1 (Buy Local Campaign)** – Promote spending at businesses located in the City of Chico through a “Buy Local” campaign.

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- **Goal ED-2: Enhance regional tourism opportunities and resources to attract visitors who support local businesses.**
  - **Policy ED-2.1 (Tourism Assets) – Protect and maintain existing recreation and tourism assets, and encourage the development of additional recreation and tourism businesses and industries, such as an aquatic center or hotels.**
    - ▲ **Action ED-2.1.1 (Showcase Events)** – Solicit and encourage major events such as professional bicycle races, and cultural and art events, to showcase Chico and increase tourism.
    - ▲ **Action ED-2.1.2 (Convention Center and Hotels)** – Explore the feasibility of establishing a convention center, either Downtown or in another location, such as the fairgrounds, and monitor the need for and availability of sites to accommodate additional hotels to meet the needs of visitors.
  - **Policy ED-2.2 (Promote Tourism) – Promote Chico’s attractions and special events.**
    - ▲ **Action ED-2.2.1 (Event Marketing)** – Collaborate with other groups to market local and regional attractions and events.
  - **Policy ED-2.3 (Agricultural Business) – Support opportunities to expand agricultural-related businesses as a growth industry important to the local economy.**
    - ▲ **Action ED-2.3.1 (Agricultural Tourism)** – Promote agricultural tourism in Chico in collaboration with local farmers and food businesses.
- ~~**Goal ED-3: Maintain a redevelopment strategy that encourages revitalization of existing neighborhoods, along with successful commercial and employment centers.**~~
  - ~~**Policy ED-3.1 (Redevelopment Project Areas) – Consistent with the General Plan and the City’s Economic Development Strategy, identify areas and projects that support infill, mixed-use, and redevelopment in the Opportunity Sites which could benefit from Redevelopment Agency participation and support.**~~
    - ▲ ~~**Action ED-3.1.1 (Five Year Implementation Plan)** – Partner with the Redevelopment Agency to update, adopt, and realize the Redevelopment Agency’s Five Year Implementation Plan.~~

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CRHP-2.4.2

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