



CHAPTER 5: ECONOMY AND THE REGION



OVERVIEW



Commerce in Elk Grove



Office in Elk Grove

A healthy and sustainable economy is a critical component of Elk Grove’s overall well-being and enables City government to achieve and sustain community goals, such as enhanced resident employment options, reduced commute times, and an overall higher quality of life through the generation of wealth in the community. A healthy economy also provides the City with needed revenue for infrastructure improvements, core City services, safety, and maintenance. A range of factors determine the economic health of a city, including the number and diversity of businesses, the number and diversity of jobs in relation to the resident workforce, levels of employment, resident income and wages, and resident and business spending patterns.

Elk Grove has a complex local economy; it is currently a bedroom community, but is also the second largest City in the Sacramento region. The City contains a highly educated multicultural resident population that primarily works in government, healthcare, education, and tech industries. The City is home for commuters who travel to other cities to work but has a significant and growing business base of its own that employs a mix of residents and imported daily workers.

In addition, there is a strong relationship between Elk Grove’s local economy and that of the greater Sacramento and San Joaquin Valley regions, and the eastern portions of the Bay Area and Silicon Valley. The City’s economy and its residents rely on the flow of jobs, goods, and capital from these surrounding areas. The success of these larger regions in attracting and retaining a diversity of companies and jobs affects Elk Grove in a multitude of ways, particularly given the relationship between many City residents and employment opportunities in other jurisdictions. How the City is positioned in the Sacramento region is especially important both politically and economically. The City benefits from

coordination on regional economic development efforts with outside organizations and public agencies, such as Sacramento County, the City of Sacramento, the Sacramento Metropolitan Chamber of Commerce, the Sacramento Area Council of Governments, the Greater Sacramento Economic Council, and the San Joaquin Valley Partnership.

The City seeks to maintain and enhance many of the economic patterns present in the community today, while at the same time becoming a more self-sufficient and self-sustaining economy by:

- growing and diversifying its business and employment base;
- building up its emerging employment centers;
- supporting residents’ commutes to employment centers outside the City, while also supporting opportunities to provide local employment options that reduce commute burdens;



- increasing residents' overall quality of life through better lifestyle amenities;
- establishing effective rural-urban connections that preserve both land use types;
- preserving Elk Grove's unique identity and heritage; and
- contributing to regional economic development and transportation goals.

The Economy and the Region chapter contains goals and policies addressing the following two topics, which are each assigned a two-letter acronym. Within each topic, the following goals further the Community Vision and Supporting Principles.

ECONOMIC DEVELOPMENT (ED)

- **GOAL ED-1:** A Diverse and Balanced Mix of Land Uses
- **GOAL ED-2:** More Residents Employed Locally
- **GOAL ED-3:** Successful Local Businesses



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REGIONAL COORDINATION (RC)

- **GOAL RC-1:** A New Regional Employment Center
- **GOAL RC-2:** Strong Interagency Coordination on Economic Development Efforts
- **GOAL RC-3:** Regional Mobility and Infrastructure to Support the Local Economy



Commerce in Elk Grove



RELATIONSHIP TO OTHER CHAPTERS

The Economy and the Region chapter most closely relates to the Urban and Rural Development, Mobility, and Community and Resource Protection chapters, as follows.

- The Urban and Rural Development chapter (Chapter 4) presents policies related to land uses and development intensities allowed in various locations, which have major impacts on the number and types of businesses and jobs that exist or can exist in the City.
- The Mobility chapter (Chapter 6) lays out the City's policies for an efficient, multimodal transportation system. It is essential to have strong and well-functioning transportation connections within the City and region, and between Elk Grove and other cities in the state and beyond, to ensure the efficient movement of people and goods on which a healthy economy depends. Providing a range of transportation modes for people to commute to work or school can support a thriving job market. Reducing traffic congestion also improves quality of life, which in turn contributes to a prosperous region.
- The Community and Resource Protection chapter (Chapter 7) includes policies to ensure the conservation and protection of natural and cultural resources, as well as other community assets that contribute to the quality of life in Elk Grove. The viability and strength of the local and regional economy depend on maintaining a clean, healthy environment and a vibrant community where people want to live and work. In turn, a robust economy ensures that the City and the community have the necessary resources to properly care for and protect the environment and other important resources.





SUPPORTING PRINCIPLES

The Economy and the Region chapter carries out the following Supporting Principles:

Our Economy Is Diverse & Balanced & Enhances Quality of Life. This principle calls for a strong, diverse, and balanced local economy that supports existing and prospective businesses, from large to small, and attendant job growth, revenue generation, and capital investment. The policies in this chapter aim to strengthen the economy in Elk Grove through a number of measures. These include increasing economic diversity by offering a broad range of companies, jobs, goods, and services in the City. In addition, the City seeks to attract new businesses in targeted industries including government, healthcare, corporate office, higher education, light and advanced manufacturing, and other types of industries (e.g., retail, entertainment, hospitality) that enhance resident quality of life.

Our Regional Neighbors Know Us & Our Contributions. This principle speaks to Elk Grove’s place and function within the larger Sacramento region, and relationship to nearby regions such as San Joaquin Valley, the San Francisco Bay Area, and Silicon Valley. Since the economy in Elk Grove is strongly influenced by regional factors and trends, the policies in this chapter aim to enhance the City’s prominence in the regional economy in a variety of ways. These include establishing a major regional employment center in Elk Grove pursuant to the regional transportation and land use strategy (discussed in further detail on pages 5-8 and 5-9); improving coordination between the City and regional agencies and organizations on economic development matters; and strengthening Elk Grove’s linkages to the regional transportation network to support local economic development.



Commerce in Elk Grove



What is the jobs/housing ratio?

The ratio of available jobs to available housing in the community has been commonly used by planners and decision-makers to identify the need for attracting and retaining employment-generating uses. A 1:1 ratio indicates there is one job for every household in a community.

Neither the City nor SACOG has a specific jobs/housing ratio goal, but it remains a useful metric for shorthand assessment of overall land use character, economic condition, and commute patterns.

Other useful employment indicators include:

Jobs to working resident ratio

Unemployment rate

Percentage of workforce locally employed

Worker outflow/inflow

Wages vs. cost of living

Job skills needed by employers vs. residents' job skills

GOALS AND POLICIES: ECONOMIC DEVELOPMENT

THE LOCAL ECONOMY

HISTORICAL ECONOMIC CONDITIONS

Elk Grove's economy was predominantly agricultural from the time of its founding in 1850 and continued that way for nearly a century. However, starting in the 1950s, job growth in Sacramento and elsewhere spurred a steady increase of residents to Elk Grove who commuted to Sacramento or other predominantly northern destinations for work—a trend that continues today. During the 1990s, Elk Grove's population grew by more than 70 percent, while corresponding job growth during that period was primarily happening in other parts of Sacramento County and the region. Sacramento County's General Plan vision for the unincorporated Laguna and Elk Grove Community Plan Areas was primarily that those communities would continue to function as suburbs of Sacramento.

The City of Elk Grove was incorporated on July 1, 2000, establishing control over land use and development services. In 2003, the City completed its first comprehensive General Plan, establishing a long-term vision for the community, including a desire to both preserve a rural lifestyle in portions of east Elk Grove and boost economic development and local employment. In 2011, the City established an Economic Development Department to facilitate economic growth in the community and ensure the success of its businesses.

RECENT JOBS AND HOUSING TRENDS

According to the City's 2016 Employment Dynamics Report, at the end of 2013 the City had 44,806 jobs at 8,710 business establishments. Between 2000 (the year the City incorporated) and 2013, the City added 6,603 businesses (net of known losses), an 8.7 percent average annual increase. Over the same period, the City added 29,601 jobs (net of known losses), an 11.5 percent average annual increase. Only 11 percent of job growth and 5 percent of business growth was due to annexation. At the end of 2013, Elk Grove's 25 largest employers employed 34.4 percent of the City's total employment base, 65 percent of businesses employed less than 150 people, and 37 percent of businesses and 11 percent of jobs were home-based.

Elk Grove was impacted by the national housing and banking crisis known as the Great Recession in the late 2000s, similar to other communities in California and throughout the country. From an employment standpoint, however, Elk Grove was impacted only modestly.

By the early 2010s, the local economy began to recover from the recession. Elk Grove added 11,499 jobs and 2,705 businesses between 2009 and 2013. The largest employers are a mix of public and private entities, including educational institutions, healthcare institutions, major retailers, and technology companies.

1 EPS, Elk Grove Employment Dynamics, March 2016.



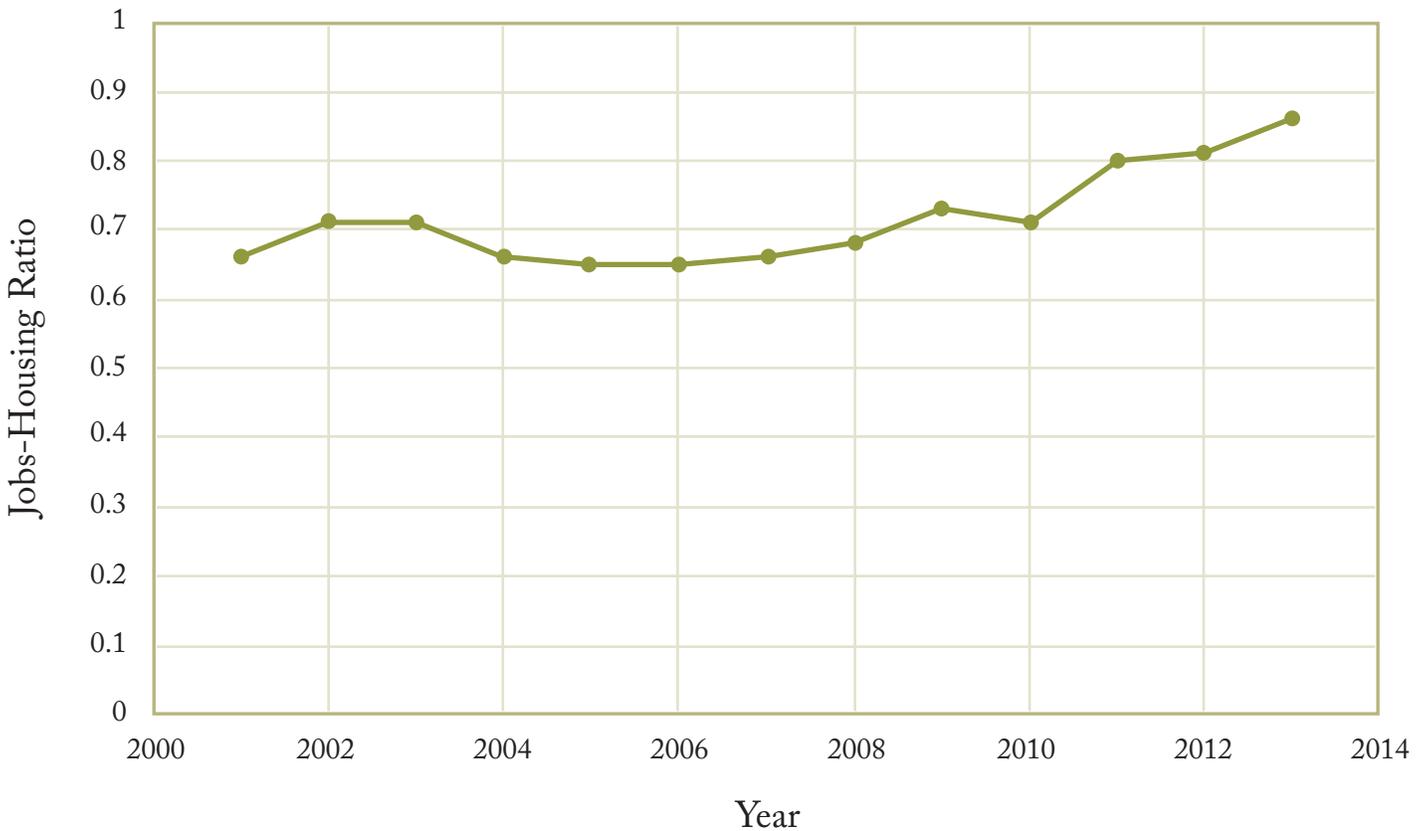
Elk Grove’s jobs/housing ratio was approximately 0.86:1 in 2013. A potential implication of this indicator is that a high proportion of residents commute elsewhere for work, based either on limited employment opportunities available in the City or a mismatch in the types of jobs or wages available and the skills of the workforce.

Figure 5-1 shows the change in the jobs/housing ratio in Elk Grove between 2000 and 2013. As the graph illustrates, there has been a general upward trend in the jobs/housing ratio since the mid-2000s (i.e., a greater number of jobs relative to the number of housing units in the City). The increase in the jobs/housing ratio has been most significant in the years following the recession—rising from 0.71 to 0.86, an increase of 21 percent, between 2010 and 2013. This demonstrates that not only is the absolute number of jobs in Elk Grove growing, but also that the balance between jobs and housing is improving despite significant housing unit growth over the same time period. This potentially indicates that a greater number of residents have the option to work in Elk Grove as opposed to commuting elsewhere in the region.

Largest Employers by Industry (2013):

- Education, Health, Care, and Social Assistance* 22%
- Retail Trade* 22%
- Administrative and Waste* 10%
- Accommodations and Food* 7%
- Professional, Scientific, and Technical* 6%

FIGURE 5-1:
JOBS/HOUSING RATIO IN ELK GROVE, 2001–2013



Source: EPS, Elk Grove Employment Dynamics, March 2016



THE FUTURE ECONOMY

Elk Grove is a fast-growing community, known for its family-friendly features, competitive living costs, affordable housing options and top-notch public schools, parks, and recreation programs. Elk Grove is a multicultural community, with many prosperous households, and is a community of choice for many millennials. Elk Grove is also an affordable and business-friendly location for companies to grow in or relocate to within an emerging major metropolitan region with excellent access and proximity to the Bay Area and to neighboring states. The City intends to build on and market these strengths, and implement strategies to grow, diversify, and balance the economy with increased employment, entertainment, recreation, and housing opportunities.

Strategies to achieve the vision for economic vitality require a focus on the following objectives, as identified in the goals and policies included in this chapter:

- Establishing land use policies, regulations, programs, and incentives that encourage desired development at appropriate locations.
- Attracting new businesses in targeted industries, in accessible employment centers throughout the City.
- Retaining and expanding existing businesses.
- Developing an entrepreneurial and startup culture and ecosystem in which small businesses can launch and thrive.
- Developing needed and enhanced lifestyle amenities (retail, restaurants, entertainment, recreation, and civic facilities).
- Developing increased hospitality and visitation assets to foster increased business and personal travel to the City.
- Attracting companies that more closely align with resident skills and work choices.
- Maintaining low resident unemployment by increasing available local jobs that align with resident skills, wages, and work choices; connecting resident workers with regional workforce services and local employers; and assisting Elk Grove companies with their hiring needs.
- Increasing the City's jobs/housing ratio while providing a greater diversity of housing options.
- Building critical public and private infrastructure and utilities to serve employment centers.
- Coordinating effectively with neighboring jurisdictions, regional agencies, and service providers on economic development matters.



GOAL ED-1: A DIVERSE AND BALANCED MIX OF LAND USES

The City of Elk Grove is a developing community with the opportunity to expand its existing commercial and employment base. As described in Chapter 3: Planning Framework, flexible land use designations allow the City to accommodate shifts in market trends over time, which will facilitate new investment and complementary land uses to meet local and regional shopping needs, provide a broader range of job opportunities to improve the jobs/housing ratio, and grow the City's tax base. The City's vision is for Elk Grove to be a community in which people can live, work, shop, and play.

POLICIES: BUSINESS DIVERSITY

- Policy ED-1-1:** Allow for a variety of sizes and types of commercial development in order to attract a diverse range of job opportunities and types.
- Policy ED-1-2:** Promote programs and services that support a diverse local economy.

POLICIES: BUSINESS Attraction and Expansion

The reader should also consult Chapter 3: Planning Framework and Chapter 4: *Urban and Rural Development* for additional policies related to infill and expansion areas that accommodate a variety of business types.

- Policy ED-1-3:** Encourage the full and efficient use of vacant and underutilized parcels in appropriately designated areas to support the development and expansion of targeted commercial uses.
- Policy ED-1-4:** Use public/private partnerships as a means to revitalize existing employment and/or retail spaces, and to catalyze development of vacant sites.
- Policy ED-1-5:** Support existing and prospective businesses that contribute to meeting Elk Grove's strategic economic goals and facilitate their relocation and expansion as appropriate.

GOAL ED-2: MORE RESIDENTS EMPLOYED LOCALLY

The City will seek to increase the number of jobs in Elk Grove to improve the jobs/housing ratio, and increase the number of Elk Grove residents employed by Elk Grove businesses to reduce commute times.

The reader should also consult Chapter 4: Urban and Rural Development for Development Patterns policies related to allowances for minor changes in residential configurations and densities under certain conditions.



POLICIES: LOCAL EMPLOYMENT OPPORTUNITIES

- Policy ED-2-1:** Continue to improve Elk Grove’s jobs/housing ratio by expanding local employment opportunities, with an emphasis on attracting jobs in sectors and industries that are well matched for the skills of the local workforce.
- Policy ED-2-2:** Maximize the use of nonresidential land for employment-generating and revenue-generating uses.
- Policy ED-2-3:** Support efforts to provide residents with training opportunities, in particular helping residents acquire new skills needed for employment opportunities in coordination with targeted industries.
- Policy ED-2-4:** Provide for a range of housing options that match the anticipated preferences and income levels of potential workers associated with planned employment-generating projects.
- Policy ED-2-5:** Support the creation and retention of jobs that provide sustainable wages and benefits.

GOAL ED-3: SUCCESSFUL LOCAL BUSINESSES

As part of its overall economic development strategy, the City will make special efforts to encourage local businesses that reflect, strengthen, and reinforce a balanced and diverse economy in Elk Grove.

POLICIES: BUSINESSES REFLECTING LOCAL VALUES

- Policy ED-3-1:** Promote a thriving locally owned business sector in a diversity of industries, particularly in the civic core, Old Town, and the retail portion of the Rural Area.
- Policy ED-3-2:** Support existing and prospective small and home-based businesses and enable them to launch and grow into larger thriving, successful companies and employers.



GOALS AND POLICIES: REGIONAL COORDINATION

ELK GROVE AND THE REGIONAL ECONOMY

Elk Grove is part of the Sacramento Metropolitan Region, which includes six counties (Sacramento, El Dorado, Placer, Sutter, Yolo, and Yuba); the cities in these counties share economic conditions and a common labor market. The region is served by the agency known as the Sacramento Area Council of Governments (SACOG). SACOG provides transportation planning and funding for the region and serves as a forum for the study and resolution of regional issues. In addition to preparing the region's long-range transportation plan, the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS), SACOG allocates the distribution of affordable housing in the region and assists in planning for transit, bicycle networks, clean air, and airport land uses.

It is part of Elk Grove's vision to play a unique and active role in the region. In terms of the economy, that goal consists of two parts. First, Elk Grove seeks to better establish itself in the regional market as an activity and employment center by attracting additional high-quality jobs, enhanced amenities, visitation, and additional tax revenue to the City. Second, Elk Grove seeks to support the economic growth, circulation, and sustainability goals established for the region. To achieve the former, the City will encourage the growth of businesses in targeted industries and at targeted locations by providing a regulatory framework, business support, and infrastructure to attract these new businesses. To achieve the latter, in addition to local activities, the City will work to meet the goals set by regional plans.



Development in Elk Grove

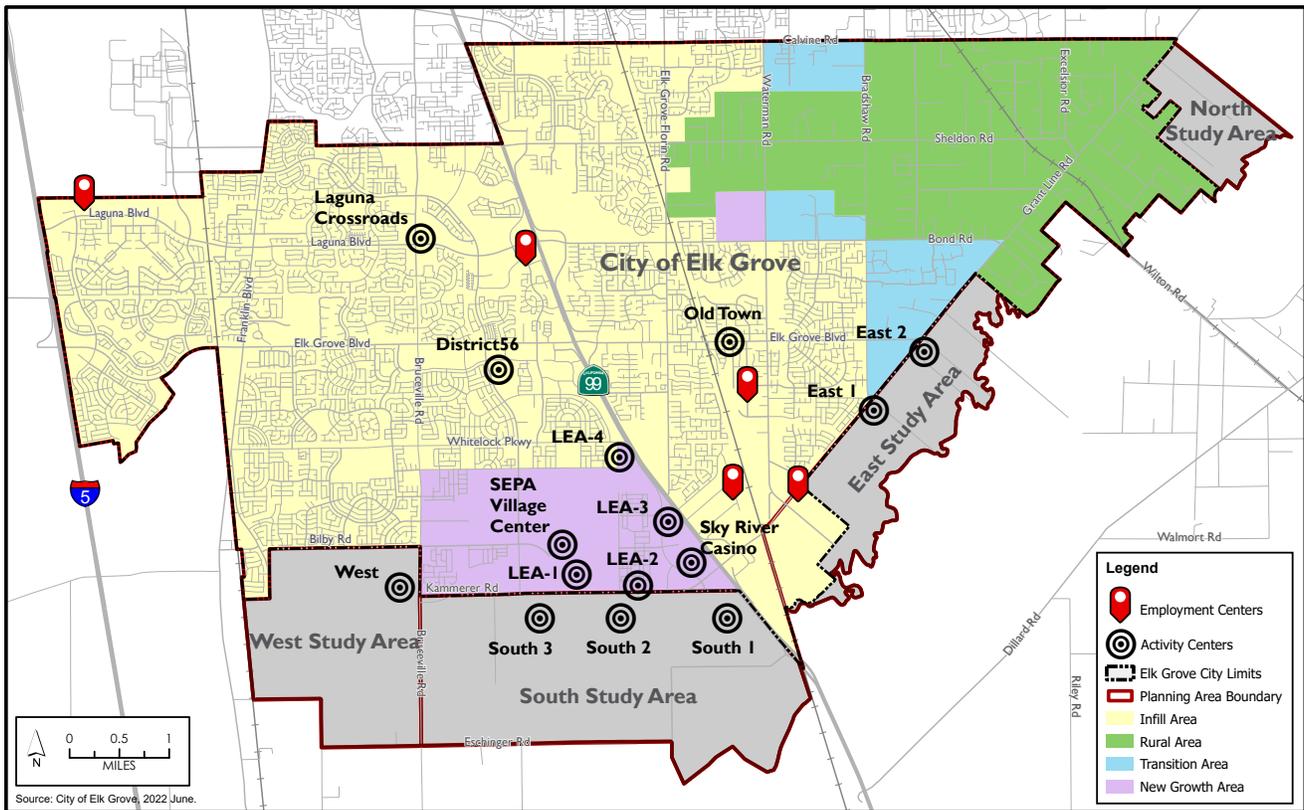
The development of activity and employment centers in the City provides opportunities to employ residents locally, improving opportunities for work-life balance and reducing vehicle miles traveled. It also provides opportunities to diversify the City's employment and tax base, improving community sustainability.

Several activity and employment centers exist in the City and there are multiple opportunities for creating new centers in the future. Figure 5-2 illustrates the locations of these existing and planned centers. The development of these will occur over time and as market conditions provide.

Elk Grove also recognizes that jobs in the retail, restaurant, hospitality, and related sectors are, and will continue to be, important to Elk Grove. The City's economic strategy includes actions to continue to foster these types of employment uses in the community.



**FIGURE 5-2:
EXISTING AND PLANNED CENTERS**



GOAL RC-1: A CENTER WITHIN THE REGION

Elk Grove aims to become a center within the larger region, providing opportunities for employment, recreation, education, retail, industry, and residential development. This objective aligns with regional goals for economic development, sustainability and resiliency, and quality of life.

POLICIES: EMPLOYMENT CENTERS

The reader should also consult Chapter 4: Urban and Rural Development for additional policies establishing the type of land uses and growth allowed within centers as well as Chapter 9: Community Plans for a description of the Livable Employment Area.



Policy RC-1-1: Establish and maintain a sufficient area for business and job locations, including office and industrial.

Policy RC-1-2: Continue efforts to attract larger employers in target industries.

Policy RC-1-3: Continue to invest in public infrastructure to attract target industries to Elk Grove, such as improved broadband capacity and reliability, road and protected bike lane construction and maintenance, safe and adequate pedestrian facilities including crosswalks, and shaded sidewalks, public transit, new and upgraded public utilities, great public spaces including urban plazas and parks, and adequate community services.



*New Growth Area
Infrastructure Project 2018*

Policy RC-1-4: Encourage the facilitation and attraction of companies in emerging industries, both known or to be identified, in both private and public sectors. Many emerging technology companies prefer to be located in exciting, vibrant communities with great quality-of-life amenities that are able to attract and retain the best and the brightest in their respective disciplines.

Standard RC-1-4a: Create a public realm allowing venture capitalists, technology entrepreneurs, creative engineers, and designers to mix and network.

Standard RC-1-4b: Create places that will inspire architects, artists, engineers, and others employing design thinking to mix with one another as well as technology professionals to inspire and be inspired. This will require great placemaking and a vital public realm.

Policy RC-1-5: Consider options to develop activity centers in portions of the City with enough available undeveloped land and potential sufficient transit access to support such a center. The reconstruction of Kammerer Road as a Throughfare and Urban Avenue provides an opportunity for the City to advance this initiative by targeting the centers toward the type of employment centers that will appeal to companies and employees participating in the knowledge economy of 21st century.



GOAL RC-2: STRONG INTERAGENCY COORDINATION ON ECONOMIC DEVELOPMENT EFFORTS

Encouraging new businesses to locate in Elk Grove will require coordination with regional partners and a focus on providing the infrastructure needed to support employment centers, including both base jobs and targeted industries.

POLICIES: INTERAGENCY COORDINATION

- Policy RC-2-1:** Coordinate with adjacent cities, counties, and the Sacramento Area Council of Governments on local land use and transportation planning efforts.
- Policy RC-2-2:** Coordinate with regional planning agencies working on land use and environmental issues, and cooperate in the implementation of programs consistent with General Plan policy.
- Policy RC-2-3:** Support efforts to coordinate education and job training programs among the Elk Grove Unified School District, Los Rios Community College District (Cosumnes River College), other community college districts and local colleges and universities, employment training and service agencies, and employers.
- Policy RC-2-4:** Improve interagency coordination during the development review process for major commercial developments, to provide faster, more streamlined, cost-effective and predictable review and approval processes, thereby making it easier for businesses to locate or expand in Elk Grove.
- Policy RC-2-5:** Coordinate with regional economic development agencies on economic development and related issues, and cooperate in the implementation of coordinated programs consistent with General Plan policy and City-adopted economic development strategies.



GOAL RC-3: REGIONAL MOBILITY AND INFRASTRUCTURE TO SUPPORT THE LOCAL ECONOMY

Transportation infrastructure and transportation choices are a major determinant for regional and local economic success. The City will work to ensure that the transportation network and related infrastructure serve the economic needs of the local community and region. These facilities are further addressed in Chapter 6: Mobility.

POLICIES: REGIONAL MOBILITY

The reader should also consult Chapter 6: Mobility for additional policies related to regional mobility.

- Policy RC-3-1:** Integrate economic development and land use planning in Elk Grove with planning for regional transportation systems.
- Policy RC-3-2:** Ensure that decisions regarding transportation between regions result in benefits to the Elk Grove community, including decisions regarding regional roadways, airport, port, and passenger and freight rail **services.**
- Policy RC-3-3:** Coordinate and participate with the City of Sacramento, Sacramento Area Council of Governments, Sacramento County, the Capital SouthEast Connector Joint Powers Authority, Caltrans, and other regional and local agencies on roadway improvements that are shared by the jurisdictions in order to improve operations, including joint transportation planning efforts, roadway construction, and funding.
- Policy RC-3-4:** Advocate for fixed-route transit service in Elk Grove as part of a coordinated regional network designed and routed to serve Major Employment Centers, employment, residential, and shopping centers, and colleges and universities.
- Policy RC-3-5:** Identify and advocate for future, as yet unknown or fully developed, transportation technologies that would be of benefit to Elk Grove and surrounding regions.

