

## 2 Workbook on the California Business Investment Services Program

### Statutory References:

Government Code Section 12096.3

Government Code Sections 12096 through 12096.5

**Program Purpose:** To serve employers, corporate executives, business owners, and site location consultants who are considering California for business investment and expansion.

**Program Narrative:** The Business and Investment Services Unit (CalBIS) is designed to serve as the primary point of contact for firms interested in relocating or expanding in California. The unit's primary duties include assisting businesses in identifying suitable site locations and business incentives. When advantageous, CalBIS works with all other GO-Biz units, including Permit Assistance and International Trade, as well as other state, local, and federal entities in order to meet the business clients' needs.

For businesses that are looking to relocate or expand in a new site, CalBIS can provide confidential site selection services. In this case, CalBIS works with the business to develop a Request for Proposal (RFP), which CalBIS sends to local governments and economic development corporations. Responses are collected and presented to the client business. CalBIS continues to work with the business client as he or she reviews the proposals and decides how to proceed. According to GO-Biz, the factors a company most commonly analyze when making site selections decisions include: utility cost and availability; land cost; available acreage; zoning; overall site readiness; rail service; water/sewer capacity and cost; and a ready and applicably trained workforce.

Based on a business clients' needs, CalBIS can also prepare an individualized list of federal, state, and local business incentives and related information. Among other things, a business can obtain information on available tax credits, financial assistance and loan programs, local workforce skills, transportation and infrastructure, and economic and demographic data.

CalBiz staff are available to meet with businesses throughout the state, with Senior Business Development Specialists assigned to the Bay Area, Sacramento, Los Angeles, and San Diego regions.

**Related Appendices:** *Appendix D* includes a fact sheet with data on the California economy, *Appendix F* has a graphic of the 10 drivers of the California economy, and *Appendix A and B* include additional program information provided by GO-Biz. *Appendix E* has information on the significant number of small businesses in California, including the increase in minority, women, and veteran-owned businesses between 2007 and 2012. <http://ajed.assembly.ca.gov/faq>

### Key Program Requirements:

- 1) Requires GO-Biz to serve as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth.
- 2) Requires GO-Biz to establish a process for convening teams on key business development situations, including, but not limited to, attracting new businesses, relocation of large manufacturers, or the closure of a large business employer.

3) Requires GO-Biz to work cooperatively with local, regional, federal, and other state public and private marketing institutions and trade organizations in attracting, retaining, and helping businesses grow and be successful in California.

**Target Client Group Served:** Employers, corporate executives, business owners, and site location consultants

**Small Business Focus in Statute:** None

**Program Priority in Statute:** None

**Reporting Requirements in Statute:** None

**Number of Businesses Served:** GO-Biz estimates that Cal-Biz serves an average of 250 unique businesses per month.

**Number of Out-of-State Businesses Served:** According to GO-Biz, its legacy client management system makes this very difficult to determine geographic location of businesses without extensive staff time. In July 2015, GO-Biz launched a new California Business Portal, which will allow GO-Biz to more effectively track businesses receiving extended levels of service. GO-Biz has not fully transitioned to the new system.

**Tracking Business Assistance Activity:** CalBIS often works in collaboration with other units within GO-Biz, including the Innovation and Entrepreneurship and Permit Assistance units. GO-Biz's current client management system only tracks business assistance that merits the establishment of a "project" designation. Questions answered over the phone or for which extensive research is not warranted are not currently tracked.

**Number of Business Receiving Project-Level Service:** While not every business assisted by CalBIS receives the level of service that warrants the creation of a "project" within the customer management relationship computer database, projects are one indicator of the number of businesses that receive significant services including site selection and individualized business incentive lists. CalBIS logged approximately 285 projects in 2014 and had 243 active projects in 2015.

**Current Regulatory Activities:** None known

**Summary of Related Reports:** None known

**Selected Program Highlights:**

- **Site Selection:** One of the primary responsibilities of CalBIS is assisting prospective businesses identify appropriate site for relocation or expansion. In undertaking these duties, CalBIS often works with other GO-Biz units, as well as other state, federal, and local service providers and economic development professionals. Prospective business clients are provided free and confidential site selection services. As a first step, CalBIS works with the business to develop a

Request for Proposal (RFP), which is then sent to local governments and economic development corporations that match the client's project profile. CalBIS then collects the responses and puts together a response package for the client. According to GO-Biz, the factors that most commonly analyzed by a company when making a site selection include: utility cost and availability; land cost; available acreage; zoning; overall site readiness; rail service; water/sewer capacity and cost; and a ready and applicably trained workforce.

- **Economic Development Rate:** In addition to identifying business development resources, CalBIS can also assist other state agencies in providing targeted business assistance. As an example, Pacific Gas & Electric, and Southern California Edison are authorized by the California Public Utilities Commission (CPUC) to offer certain businesses an Economic Development Rate (EDR), CPUC 2013 Decision 13-10-019 and 2015 CPUC Decision 15-04-006 respectively. The EDR is either a 12% discount over five years for a qualified company in their service territory or, a 30% discount for five years for a qualified company in their service territory that is in an economically distressed area.

In order to be eligible for the EDR, however, an applicant has to be certified that they are considering an out of state relocation or that the project will not happen in the state, without the EDR incentive. CalBIS facilitates the process by providing an independent business case assessment, which meets CPUC requirements. Undertaking the assessment also provides CalBIS with an opportunity to inform the business of state incentive programs, like workforce training money through the Employment Training Panel, business related tax credits, and the state's sales and use tax exemption on manufacturing equipment. With this assessment in hand, the utility makes a final decision about approving the EDR. The Southern California Edison EDR program is currently fully subscribed \*\*

- **Critical Proposal Assessment:** CalBIS can also recommend applications to the Employment Training Panel as being a "critical proposal," as provided in California Code of Regulations, Title 22, Section 4402.2. A critical proposal provides the benefit of preferred consideration, expedited processing, and/or a higher maximum cap for funding. While CalBIS can make a recommendation, the actual designation is made by the Employment Training Panel.

### **Selected Program Accomplishments**

- The 2015 launch of the California Business Portal, including a Business Service Desk, information on business incentives, local mapping function to identify business and workforce capabilities in certain geographic areas, and a business navigator with an application to help business customize regulation, permitting, and incentive information.
- GO-Biz was named the 2016 Gold Shovel Awardee by Area Development Magazine.
- *GO-Biz will share other success stories during the hearing.*

### **Issues for Possible Further Discussion:**

- **Partnering:** CalBIS' success is contingent on the quality and quantity of its relationships within California's economic and business development community. Members may want to ask GO-Biz

and the stakeholders on the most important elements of forging and enhancing those relationships, including offering examples.

- **Engage on New Tracking:** In July 2015, GO-Biz launched the California Business Portal, which will provide a range of services allowing users to customize the provided information to best suit their business needs. Another attribute of the California Business Portal will be an increased ability to track the number of businesses and types of businesses served. Members may wish to talk with GO-Biz about the implementation of this new resource to ensure it is tracking, among other things, the type of information GO-Biz management and the Legislature require to oversee service and outreach related activities, as well as economic development planning and analysis. Stakeholders may also have ideas about to link or align this new resource with other networks.
- **Measuring Progress:** Given resource limitations, understanding where those resources are deployed is central to achieving an integrated and comprehensive economic development program for the state. This is especially true when the state is utilizing a network approach to business and economic development. Annual reports are not the only way to share data, and with no baseline measure or performance metric, it is difficult to assess the extent that the unit meets its mission or whether a different set of programs may more effectively meet the objectives. Members may wish to engage with GO-Biz about how priorities for the CalBIS are set, monitored, and outcomes reported. Stakeholder may also be able to highlight successes and make recommendations on how to keep public and private stakeholder groups informed of new state initiatives and opportunities to collaborate on projects and business development services.
- **Site Selection Process:** Local communities have expressed an interest in making the site selection process more transparent to communities developing the proposal. According to GO-Biz, RFPs from prospective clients are sent to areas of state selected by the business client. A concern has been expressed to the JEDE Committee that some areas of the state may be overlooked due to a lack of easily retrievable information about each areas capabilities. Members may wish to engage with GO-Biz and the stakeholders on ways to expand the amount of basic information GO-Biz has about local community capacities. More information, organized in a consistent fashion, may result in a larger number or more diverse number of communities receiving RFPs. Additionally, GO-Biz may have useful information on the geographic areas most often selected by prospective businesses and be able to share strategies for more communities to be identified as meeting the most commonly requested criteria.

**Related Statute:**

**CHAPTER 1.6. of the Government Code  
Governor’s Office of Business and Economic Development**

**ARTICLE 3. Powers and Duties**

12096.3. The office shall serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. In this capacity, the office may:

- (a) Recommend to the Governor and the Legislature new state policies, programs, and actions, or amendments to existing programs, advance statewide economic goals and respond to emerging

economic problems and opportunities, and ensure that all state policies and programs conform to the adopted state economic and business development goals.

(b) Coordinate the development of policies and criteria to ensure that federal grants administered or directly expended by state government advance statewide economic goals and objectives.

(c) Market the business and investment opportunities available in California by working in partnership with local, regional, federal, and other state public and private institutions to encourage business development and investment in the state.

(d) Provide, including, but not limited to, all of the following:

(1) Economic and demographic data.

(2) Financial information to help link businesses with state and local public and private programs.

(3) Workforce information, including, but not limited to, labor availability, training, and education programs.

(4) Transportation and infrastructure information.

(5) Assistance in obtaining state and local permits.

(6) Information on tax credits and other incentives.

(7) Permitting, siting, and other regulatory information pertinent to business operations in the state.

(e) Establish a well-advertised telephone number, an interactive Internet Web site, and an administrative structure that effectively supports the facilitation of business development and investment in the state.

(f) Encourage collaboration among research institutions, startup companies, local governments, venture capitalists, and economic development agencies to promote innovation.

(g) In cooperation with the federal government, foster relationships with overseas entities to improve the state's image as a destination for business investment and expansion.

(h) Conduct research on the state's business climate, including, but not limited to, research on how the state can remain on the leading edge of innovation and emerging sectors.

(i) Support small businesses by providing information about accessing capital, complying with regulations, and supporting state initiatives that support small business.

12096.4. (a) Each member of the Governor's cabinet shall identify a senior manager within his or her agency who shall coordinate business support activities with the office.

(b) For the 2012–13 fiscal year and subsequent fiscal years, the office shall develop a budget in coordination with the Department of Finance pursuant to the state budgeting process, including the permanent transfer of associated positions.

#### **ARTICLE 4. California Business Investment Services Program**

12096.5. (a) The California Business Investment Services Program is hereby created within the Governor's Office of Business and Economic Development.

(b) The program shall be under the direct authority of the director.

(c) The purpose of the program is to serve employers, corporate executives, business owners, and site location consultants who are considering California for business investment and expansion.

(d) In implementing the program, the director shall establish and implement a process for convening teams on key business development situations, including, but not limited to, attracting new businesses, relocation of large manufacturers, or the closure of a large business employer.

(e) In implementing the program, the director shall work cooperatively with local, regional, federal, and other state public and private marketing institutions and trade organizations in attracting, retaining, and helping businesses grow and be successful in California.

## ARTICLE 6.5. Local Economic Development

12100. (a) The Legislature finds and declares all of the following:

(1) California's economic development organizations and corporations are an integral component of the state job creation effort because they are a critical link between state economic development activities and the statewide business community, providing an excellent opportunity to leverage state resources.

(2) Economic development corporations and organizations provide broad public benefits to the residents of this state by alleviating unemployment, encouraging private investment, and diversifying local economies.

(3) Economic development corporations engage in a wide range of programs and strategies to attract, retain, and expand businesses, including marketing the community, small business lending, and other financial services, a wide range of technical assistance to small business, preparation of economic data, and business advocacy.

(4) By using public sector resources and powers to reduce the risks and costs that could prohibit investment, the public sector often sets the stage for employment-generating investment by the private sector.

(b) For purposes of this chapter, all of the following definitions apply:

(1) "Local economic development organization" means a public or public-private job creation activity recognized by cities and counties as the lead agency within that city or county for planning and implementation of job creation involving business expansion, business retention, and new business development.

(2) "Regional economic development organization" means an organization comprised of any of the following:

(A) A single county.

(B) More than one county.

(C) A subregion within a county established by the cities and county within that subregion.

(D) An economic development corporation.

(3) "Economic development corporation" means a local or regional nonprofit public-private economic development organization recognized in a defined region by the public and private sector as the lead agency for the planning and implementation of job creation involving business retention and new business development.

(4) "Regional economic development corporation" means a corporation comprised of any of the following:

(A) A single county.

(B) More than one county.

(C) A subregion within a single county established by a group of cities and counties.

(5) "Economic development" means any activity that enhances the factors of productive capacity, such as land, labor, capital, and technology, of a national, state, or local economy. "Economic development" includes policies and programs expressly directed at improving the business climate in business finance, marketing, neighborhood development, small business development, business retention and expansion, technology transfer, and real estate redevelopment. "Economic development" is an investment program designed to leverage private sector capital in such a way as to induce actions that have a positive effect on the level of business activity, employment, income distribution, and fiscal solvency of the community.

- (6) “Local economic development” is a process of deliberate intervention in the normal economic process of a particular locality to stimulate economic growth of the locality by making it more attractive, resulting in more jobs, wealth, better quality of life, and fiscal solvency. Prime examples of economic development include business attraction, business expansion and retention, and business creation.
- (7) “Emerging domestic market” means people, places, or business enterprises with growth potential that face capital constraints due to systemic undervaluations as a result of imperfect market information. These markets include, but are not limited to, ethnic-owned and women-owned firms, urban and rural communities, companies that serve low-income or moderate-income populations, and other small- and medium-sized businesses.
- (8) “Financial intermediary” means an institution, firm, organization, or individual who performs intermediation between two or more parties in a financial context, such as connecting sources of funds with users of funds. A financial intermediary is typically an entity that facilitates the channeling of funds between lenders, investors, foundations, or other entities that have money and are interested in connecting with businesses or communities where their money can be deployed. Financial intermediaries include, but are not limited to, banks, financial development corporations, economic developers, microbusiness lenders, and community development organizations.
- (9) “Community development intermediary” means an institution, firm, organization, or individual that performs intermediation between two or more parties in a community development context, such as connecting people and organizations that have a stake in the future well-being of communities and individuals who may not easily have access to these stakeholders. A community development intermediary is typically an entity that channels financial and nonfinancial resources between government and foundations and other nonprofit organizations that have resources and are interested in connecting with small- and medium-size businesses and low- and moderate-income households and communities. Community development intermediaries include, but are not limited to, community development corporations, microbusiness lenders, and community development financial institutions.
- (10) “Triple bottom line” means the economic, environmental, and social benefits arising from a project, investment, or community and economic development activity.
- (11) “Small businesses” means a business with less than 100 employees and with a gross revenue of less than five million dollars (\$5,000,000), or a business that is otherwise targeted by or participating in a federal or state program engaged in programs or services for small businesses. Application of this definition may only be used pursuant to a direct reference.
- (12) “Community development” means a process designed to create conditions of economic and social prosperity for the whole community, or a targeted subset of the whole community, with the fullest possible reliance on the community’s initiative and active participation.
- (13) “Financial institution capital” means resources of a financial institution, including, but not limited to, a bank or credit union, that are legally available to be used to generate wealth for the financial institution.
- (14) “California Council on Science and Technology” means the council established by California academic research institutions, including the University of California, the University of Southern California, the California Institute of Technology, Stanford University, and the California State University, in support of Assembly Concurrent Resolution No. 162 (Res. Ch. 148, Stats. 1988).
- (15) “Microbusiness lender” means a nonprofit or nonbank lender that serves very small businesses in low- and moderate-income communities that experience barriers in accessing capital. These businesses are often owned by minorities, immigrants, women, and persons with disabilities. Microbusiness lenders generally provide loans under fifty thousand dollars (\$50,000) and offer business technical assistance, both preloan and postloan, to improve an applicant’s ability to qualify and successfully repay a loan.

