The PROSPERITY Strategy

AN INCLUSIVE ECONOMIC GROWTH STRATEGY FOR THE SACRAMENTO REGION
Inclusive economic growth is good for both people and place. Regions with less inequality grow more sustainably over time – they optimize assets, are more efficient and productive and reduce the costs of poverty. Through an inclusive economic strategy, the Sacramento Region can focus its efforts to compete more successfully against other mid-sized markets by adding value and building upon our unique strengths and opportunities.

The Sacramento Region is a place in transition, building on its storied history and strong roots in agriculture and government, while fashioning a new future that embraces innovation in a knowledge-based economy. Although the region has been relatively prosperous compared to other markets, a recent Brookings Institution study identified a troubling trajectory, especially as it relates to middle class earnings and worker productivity. The region needed a collective strategy to prosper and compete against other mid-markets.

The Greater Sacramento Economic Council ("Greater Sacramento") is the catalyst for innovative growth strategies in the Capital Region of California. The organization spearheads community-led direction to retain, attract, grow and scale new businesses, develop advanced industries, and create jobs and investment throughout the six-county region. Greater Sacramento represents a collaboration between local and state governments, market leaders, influencers and stakeholders, with the sole mission of driving economic growth.

**WHY AN INCLUSIVE ECONOMIC GROWTH STRATEGY IS IMPORTANT**

Inclusive economic growth is good for both people and place. Regions with less inequality grow more sustainably over time – they optimize assets, are more efficient and productive and reduce the costs of poverty. Through an inclusive economic strategy, the Sacramento Region can focus its efforts to compete more successfully against other mid-sized markets by adding value and building upon our unique strengths and opportunities.

**THE PROSPERITY PARTNERSHIP**

The Prosperity Strategy is the collective work of the following organizations - each with its own unique focus - in order to drive an inclusive economy for the six-county region:

**GREATER SACRAMENTO ECONOMIC COUNCIL**

*Focus: Attraction of Business, Capital and Talent*

The Greater Sacramento Economic Council ("Greater Sacramento") is the catalyst for innovative growth strategies in the Capital Region of California. The organization spearheads community-led direction to retain, attract, grow and scale new businesses, develop advanced industries, and create jobs and investment throughout the six-county region. Greater Sacramento represents a collaboration between local and state governments, market leaders, influencers and stakeholders, with the sole mission of driving economic growth.

**SACRAMENTO AREA COUNCIL OF GOVERNMENTS**

*Focus: The Movement of Goods, People and Ideas*

The Sacramento Area Council of Governments (SACOG) is an association of local governments in the six-county Sacramento region. SACOG provides transportation planning and funding for the region and serves as a forum for the study and resolution of regional issues. SACOG also approves the distribution of affordable housing in the region and assists in planning for transit, clean air, and other areas.

**SACRAMENTO METROPOLITAN CHAMBER OF COMMERCE**

*Focus: Scaling Up Existing Businesses and Identifying the Needs for a Ready Workforce*

The Sacramento Metropolitan Chamber of Commerce (Metro Chamber) advocates for and supports the inclusive economic prosperity of our Capital Region by leading efforts for business. Established in 1895, Metro Chamber is the largest, most prominent and established voice for business representing 1,400 members and their workforce in 8 counties. Metro Chamber provides businesses and individuals the programs, services and advocacy needed to build vibrant communities, a ready workforce, connected region and strong business.

**VALLEY VISION**

*Focus: Aligning Organizations and Industries*

An independent civic leadership organization headquartered in Sacramento, Valley Vision strengthens the region’s communities through unbiased research, boundary-crossing collaboration and transformative leadership. Valley Vision has led, managed or supported hundreds of initiatives dedicated to creating the conditions for improved quality of life, economic growth and community vitality. These include a 21st century workforce, digital access and inclusion, and transformative climate readiness.
**OUR CLUSTERS**

Tradeable clusters are groups of related industries that create wealth. Three tradeable clusters were identified as having the most opportunity and potential to scale an inclusive economy for the Sacramento Region:

### Life Sciences

The Life Sciences cluster discovers and develops new therapies for patients, accelerated with innovations in computational technologies. Its opportunities range from the specialized manufacturing of new drug therapies to the manufacturing of medical devices. This cluster attracts top talent with specialized expertise and is fueling strategic, flexible and collaborative approaches to partnerships.

The region has about 9,000 employed in Life Sciences through 373 companies, including 172 companies in research and development. Of these, only 23 companies are tied to pharmaceutical manufacturing. This cluster is a growing place for startups, with over 25 percent of the region’s startups tied to this cluster. Multiple accelerators and incubation spaces exist to support its growth, especially UC Davis and future sites including Aggie Square.

While work is being done to scale up manufacturing, parallel efforts will be needed to recruit and incentivize contract manufacturers to meet the commercialization needs of startups. These contract manufacturers have a high multiplier effect for more life sciences companies to move and start in the region.

Life Sciences also offers significant overlap with our AgTech cluster. For example, already established Sacramento firms such as Bayer Crop Science [seeds/biologies] and Marrone Bio Innovations [pest management/plant health] are fostering partnerships to enable further research and development in this ag-bio sector.

**Sample Initiative: Long Term**
**Food and Agriculture**

The supply chain that generates our food and beverages is vast, with its own unique networks and clusters. As the Farm-to-Fork Capital of America, the Sacramento Region is both fertile and productive, with $2 billion in farm gate (crop) output value, over 7,200 farms and over 15 million acres of farmland. But it is Food and Beverage Manufacturing, and two emerging sub-clusters of Agricultural Production, which offer the most opportunity as tradeable clusters.

Industry trends are changing dramatically as consumer demand for functional/healthy and niche foods is creating a space for small, nimble and creative food and beverage manufacturers – many of which are locating or starting up in the Sacramento Region. Sacramento County generates $319 million in beverage manufacturing while Yolo County provides over $676 million in food manufacturing. Although major food manufacturers such as Blue Diamond are already based in Sacramento, there is significant room for growth, especially with the region’s access to transportation arteries, robust production of high value crops and national distribution capabilities.

The production sub-clusters of Digital Farming and AgBiotechnology also provide opportunity to fuel an inclusive economy. The region is well-positioned to lead this space given its specialized assets, including the largest patch of Class 1 soil, beneficial Mediterranean climate and 300 types of crops which digital farming startups have as a wide testing ground.

Lastly, the region has key assets in AgBiotechnology that include strong agriculture research assets, more than 30 AgBiotechnology startups and R&D facilities for global companies such as Bayer, Syngenta and HM.CLAUSE. As AgBiotechnology grows to a $39.5 billion industry globally, the Sacramento Region can seize upon its piece of this pie through technology and environmental sciences.

**Sample Initiative: Long Term**
**Food and Agriculture**

**Sample Initiative: Short Term**
**Life Sciences**

The collaborative would tie together, accelerate and coordinate more effectively.

Sample Initiative: Long Term
Inclusive Cluster Collaborative
The collaborative would be together, accelerate and scale growth, and enable industry stakeholders to coordinate more effectively.

Sample Initiative: Short Term
Life Sciences Companies Inventory
Complete inventory of existing assets and organizations that could be anchors to a Life Science Collaborative.

**Future Mobility**

Mobility-related industries are undergoing rapid transformation due to the rise of autonomous mobility, connectivity, the electrification of vehicles and shared mobility options. The electric vehicle market alone is expected to pass $420 billion by 2025, and by 2040 it is predicted that 57 percent of all vehicle sales will be EVs.

The California Mobility Center (CMC), also referred to as the Future Mobility Center, is one catalytic initiative currently under development that will position the Sacramento Region as a leader in Future Mobility. Its goals are to promote the development of EV and AV technologies; accelerate their commercialization; facilitate the development of standards and policies; and carry out applied research to advance global EV adoption (including for public transportation). Multiple regional entities including SMUD, Los Rios Community College District, California State University Sacramento, UC Davis, Valley Vision and GSEC have partnered to advance the CMC.

In addition, the Sacramento Region is also home to the Civic Lab initiative, an accelerator for government agencies that is funding innovative mobility pilot projects across the six-county region and connecting public agencies with private sector mobility partners. Civic Lab has attracted experimental pilot projects deploying autonomous shuttles, on-demand rideshare and rural microtransit in order to test new services in more suburban and rural settings. The proximity of the California State Legislature and the California Air Resources Board makes the geographically diverse Sacramento region a perfect testbed for future mobility.

**Sample Initiative: Long Term**
**Future Mobility**

A transformative initiative already underway in the Sacramento Region, the CMC would grow capacity and move up the value chain for emerging mobility industries region-wide. The Electric Vehicle Charging Forum, a collaborative between public and private entities, has partnered to advance the CMC.

**Sample Initiative: Short Term**
**Future Mobility**

Identify Next Generation Food Manufacturers
Identify and scale up an early stage future mobility manufacturing company through a regional economic gardening program.

**Sample Initiative: Long Term**
**Future Mobility**

Building on the California Mobility Center, a transformative initiative already underway in the Sacramento Region, the CMC would grow capacity and move up the value chain for emerging mobility industries region-wide.

**Sample Initiative: Short Term**
**Future Mobility**

Economic Gardening Program
Identify and scale up an early stage future mobility manufacturing company through a regional economic gardening program.
The Prosperity Strategy advocates for a shift from business as usual in how the Sacramento Region approaches transportation and infrastructure investments: the region needs to be strategic and innovative in the choices made with limited resources in order to build an advanced and inclusive economy. This shift is more than just a result from future fuel tax revenue reductions or increasing infrastructure costs. A shift is necessary to provide the spatial efficiency required to drive a more dynamic, knowledge-intensive economy that increasingly favors mixed-use development with strong transportation connections, thereby increasing mobility and accessibility. Expanded broadband infrastructure is another important strategy to achieve sustainable connectivity across the region. The Prosperity Strategy’s infrastructure section highlights initiatives to prioritize infrastructure investment that align with economic prosperity outcomes.

**Sample Initiative: Long Term**

The Project Performance Assessment (PPA) Tool
This tool evaluates transportation projects by examining both existing and forecast conditions in the project area. It uses data from a variety of observed and modeled sources to compare a base year where the project has yet to be built to a future year with the project built. For the Prosperity Strategy, the partnership improved the PPA tool to include inclusive economic prosperity outcomes centered around improving business, supporting people and developing place.

**Sample Initiative: Short Term**

UC Davis Electric Shuttle Finalized Operating Plan
The shuttle will better connect a primary innovation asset (UC Davis) with the rest of the region, supports a key tradable cluster (Life Sciences and Future Mobility), and makes near-term progress on a corridor providing megaregion connectivity. An operating plan for the UC Davis electronic shuttle is to be finalized in the next 12 months.

**Workforce**

Human capital is the single most important input for economic growth, particularly in an economy where the impact and value of knowledge is greater than ever. The Sacramento Region is facing a regional talent development challenge – dealing not only with rapid technology changes and the dynamics of the global economy, but also demographic shifts and looming gaps in middle-skill jobs.

Although the region has a relatively well-educated workforce, more than one-third of its residents struggle to meet daily expenses, a disproportionate amount of these individuals are minorities and those with lower levels of education. There is also an increasing disparity in attainment of digital skills.

Workers need to be better informed about the emerging skills required for high-growth, in-demand jobs and supported to gain those skills. Employer partnerships are also vital for addressing current skills gaps and creating the workforce pipeline of the future. With training and education systems becoming more agile and continually upgraded to align with market demand. This includes emerging clusters that will need a highly proficient workforce requiring increased cross-functional skills and critical thinking.

The Sacramento Region’s education and workforce partners are working with employers, Valley Vision and other partners on a demand-driven workforce ecosystem focused on priority cluster initiatives, especially to tackle the middle-skill gaps, the digitalization of skills and reach disconnected youth and adults. Community colleges in particular are responding to these shifts through the Strong Workforce Program, with new investments in career education programs for high-demand skills, including in manufacturing, ICT, health, construction and agtech.

While employers currently help identify the skills gap, there is a need for greater private-sector involvement in the development and deployment of training programs – such as through programs offered in-house by employers or employer collaborations to address skills gaps in specific industries.

**Sample Initiative: Long Term**

Next Generation Labor Market System
Create a next generation labor market system that leverages emerging sector-specific developments - alignment with education institutions and corporate leadership - to form and scale employer-led collaboratives that lay the foundation toward systems-level change in hiring and training practices.

**Sample Initiative: Short Term**

Neighborhood Workforce Collective Pipeline Group
Implement a construction workforce pipeline pathway for immediate construction projects, including Aggie Square and CMC, in partnership with local high school, community college and workforce training partners.

**Learn more at TheProsperityStrategy.org.**