

OPPORTUNITY4ALL

Improving San Diego's economic competitiveness for everyone



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FOR SAN DIEGO COUNTY SUPERVISOR

EXECUTIVE SUMMARY

Our inclusive economic growth plan, *Opportunity4All*, recognizes that to create a sustainable, competitive economy on the global stage, we must augment our current policies to foster greater inclusion of our region’s diverse communities and all its regional assets. This shift in focus recognizes the connection between economic well-being and population health – a core function of the County government.

Five Key Strategies/Five Core Actions

Strategy	Key Strategy & Supporting Action
1	Leverage the County’s \$1 Billion annual spending power
ACTION	<ul style="list-style-type: none">• Implement geography-specific small business procurement policies to create more contracting opportunities (similar to those of the service disabled veterans policy).
2	Augment County role in business supportive services to work with small business members of Business Improvement Districts
ACTION	<ul style="list-style-type: none">• Establish an Economic Development division utilizing existing staff within the Office of the Chief Administrative Officer and entrepreneurship support in LiveWell centers to support small business and growth.
3	Strengthen direct global competitiveness of local small businesses
ACTION	<ul style="list-style-type: none">• Scale investment in the <i>MetroConnect</i> program that supports San Diego’s businesses increasing exports to foreign clients and expand support for cross-border collaboration with Mexican trade partners.
4	Enhance ladders to prosperity in Construction, Life Sciences, Healthcare, and Blue/Ocean Technology careers
ACTION	<ul style="list-style-type: none">• Drive further innovation by supporting workforce talent development.
5	Youth Entrepreneurship Expansion
ACTION	<ul style="list-style-type: none">• Partner with philanthropy and community college system to establish support for workforce and entrepreneurship education within existing County delivery systems.

Overcoming our past, building our future

Our country has struggled with racist structures and institutions since before it became a country. The San Diego region has not escaped this struggle. To fully and finally move our region forward out of the ugly legacy that continues to drown entire communities, we must acknowledge the intentional and systemic disinvestment that created massive economic disparities. This is not a conversation about assigning blame, it is about encouraging progress.

Figures for clarity

Understanding the present impact of our historical policies on specific parts of San Diego will help us think strategically about ensuring all communities have the opportunity to prosper. **Figure 1** is a 1930s “redline” map and **Figure 3** is a portion of that map with key economic indicators included.

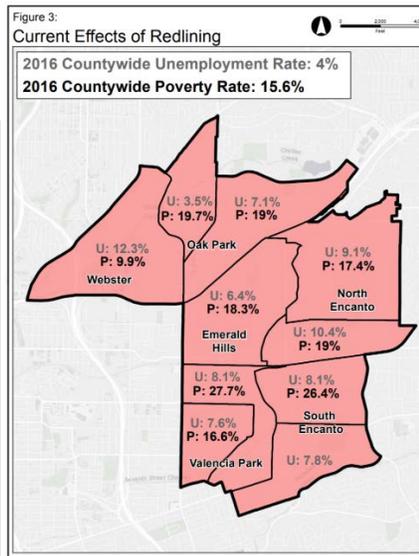
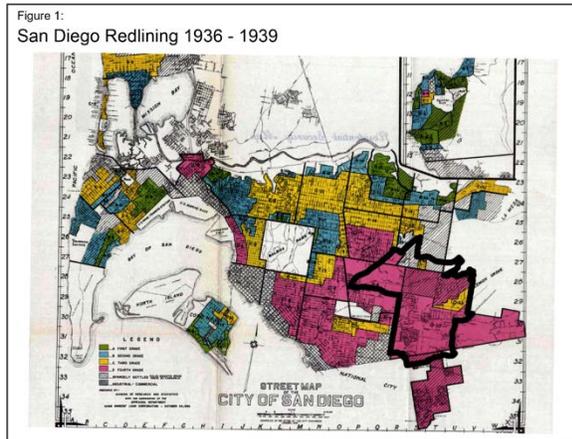


Figure 3 reveals unemployment and poverty rates as much as two and three times the countywide average. Our country’s policies in the early 20th century made obtaining a home mortgage more expensive and, in some cases, impossible. In San Diego, wealth is often built from rising home values over time; therefore, these policies stunted the ability of families to pass down a legacy of success. Without access to capital through home equity, people have been less able to invest in new businesses, pay for college or other education, and create generational wealth.

Critical long-term issues: water, labor, goods movement

In addition to the five key strategies above, there are three overarching regional issues that will demand our long-term attention if we aim to improve our region for everyone. These are (1) how we manage water supply and conservation, (2) the relationship between business and labor in our future workforce, and (3) the movement of goods to and through our region. The County is in a unique position to convene these critical dialogues and must step forward to lead.

Inclusion for economic competitiveness

The intent of *Opportunity4All* is simple: our region will only prosper long-term if we ensure better opportunity for all San Diegans. This is about entrepreneurship in every community, service provision in every community, and quality support for youth in development and education in every community. Inclusive growth will better protect a high quality of life across our region.

INTRODUCTION

San Diego is known for its great weather, its rich military tradition, world famous attractions and, increasingly, a life sciences sector that ranks among the world's most significant. San Diego has seen dramatic growth and prosperity in high tech sectors, but that prosperity has not been shared by our entire region. To create a sustainable, competitive economy on the global stage, we must augment our current policies to foster greater inclusion of our region's diverse communities and all its regional assets. This shift in focus recognizes the connection between economic well-being and population health – a core function of the County government.

The County government's role in economic prosperity

The County government is responsible for protecting the public's health, which the World Health Organization defines as "complete physical, mental, and social well-being, not merely the absence of disease." This definition is more accurate than the one that merely looks at preventing the spread of outbreaks like Hepatitis A or Influenza. This is because it recognizes what public health professionals know well: there is simply no way to divorce our underlying social, civic and economic conditions from those that give rise to deadly health threats. The public's health is under its most significant threats from preventable diseases that are exacerbated by social and economic conditions. In short, the County's public health role is best embraced by recognizing its regional leadership role in our economic and civic fabric.

Our *Opportunity4All* plan is a strategic, direct, bold component of our **Blueprint for Regional Prosperity & Inclusion** – a comprehensive framework for addressing housing, support for children & seniors, transportation, homelessness and our economy. It is based on the proposition that the San Diego region can only flourish if all of its communities have the opportunity to succeed. Our success on an increasingly competitive national and international stage demands that we better support and utilize our homegrown talent. This plan provides a path to achieving this end.

A critical part of moving our region forward is addressing root causes of disparate economic realities head on. Before we discuss the essential strategies for our region, we need to better understand the long-term economic impact of a practice called redlining.

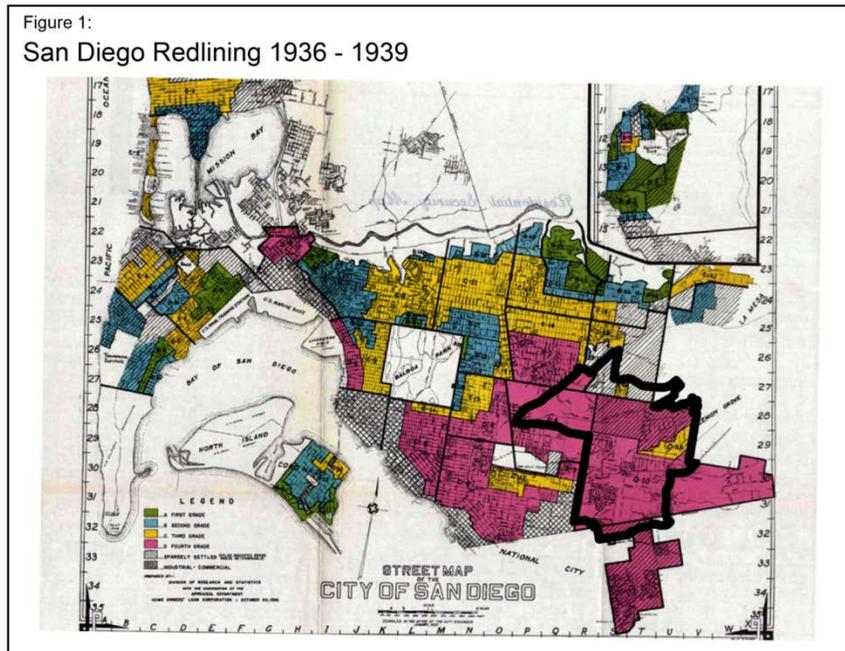
Structural causes of economic disparity: reversing the impact of racism

Our country has struggled with its racist structures and institutions since before it became a country. The San Diego region has not escaped this struggle. To fully and finally move our region forward out of the ugly legacy that continues to drown entire communities, we must acknowledge the intentional and systemic disinvestment that created massive economic disparities. We must also implement a strategic path based on educational and economic opportunity for every person in our region.

Unlike so many conversations across the nation, this effort must not be focused on blame. No one reading this plan was alive to create the problems we must remediate, and many of us **from all backgrounds** have benefited. San Diego is a national leader on many fronts and we must also lead on healing the roots of a racial and economic divide that needlessly holds us back. This requires us to look with fresh eyes at the generational impacts of long-retired practices.

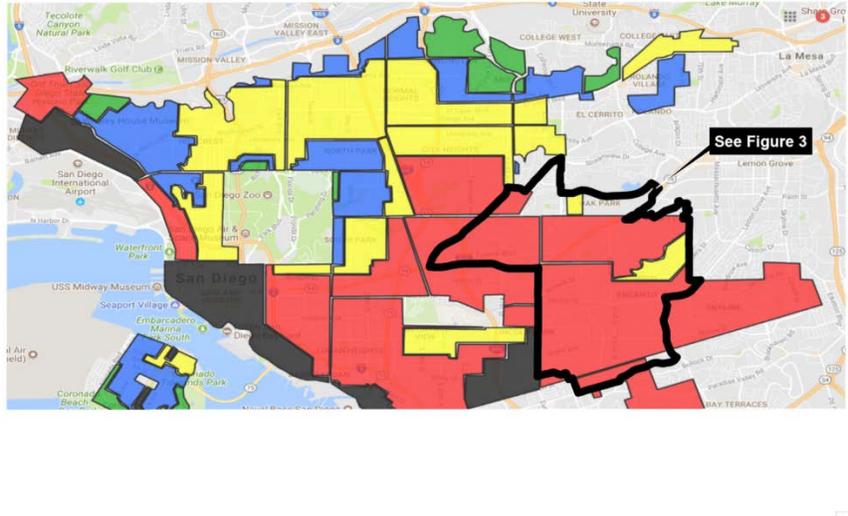
Understanding race and the role of redlining

As a next step in our region’s evolution, we must have a critical conversation about how we make progress and create true economic opportunity in every community. This starts with an important understanding about the policy known as redlining. **Figure 1** below is a map of the communities in which the federal government would not insure the types of loans that would allow residents to invest, grow, and build wealth. It is commonly known as a “redline map.”

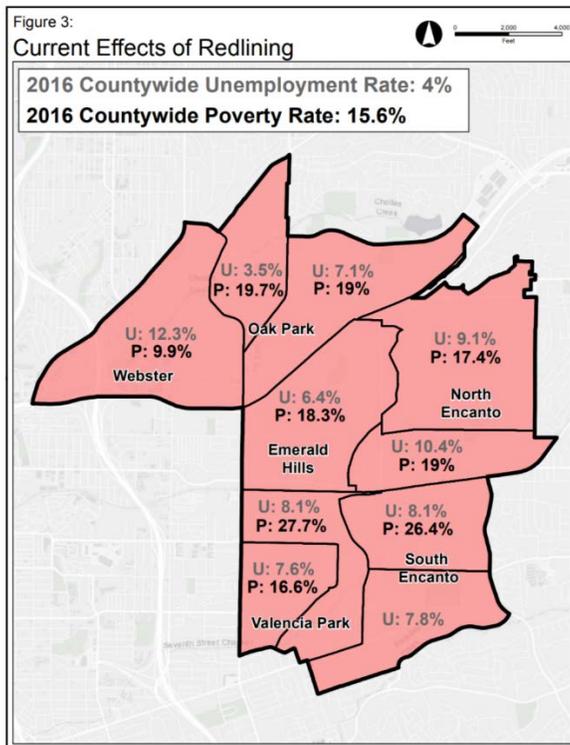


The dark outline in Figure 1 encompasses several San Diego neighborhoods. A view of the current version of this map overlaid on the San Diego of today (see **Figure 2**, below) provides some insight about the portion of San Diego most impacted by these intentional choices made by our past elected representatives.

Figure 2:
Redlining Over Current San Diego Map



To deepen our appreciation for the current impacts of these 80-year old policies, Figure 3 synthesizes key current data. Figure 3 is a map of several San Diego communities within San Diego’s Fourth Supervisor’s District with the region’s highest poverty and unemployment rates from 2016.



It is important that we remember these communities are *far more* than a few statistics. They are as vibrant and full of life as any in our region. However, an honest assessment of some of our region's most difficult economic problems requires that we pay attention to the points these maps clarify.

First, there is a direct correlation between the communities that were subject to systemic racism and disinvestment in the redline map (Figure 1) and the highest concentrations of poverty and unemployment in our region today (Figure 3). Second, just as government policies prolonged and deepened our region's unequal opportunities for building wealth, so too can they help foster the environment in which all San Diegans are able to participate fully in our regional prosperity and global competitiveness.

We must, however, keep in mind one vital point: **this is not about assigning blame, it is about encouraging progress.**

Our *Opportunity4All* plan will help our region move forward from the residues of racism that have stopped us as a community from reaching our full potential. Ending the stain of race and national origin-based discrimination is not solely about the members of our community who suffered directly. San Diego County is more integrated than most communities and whether you live in Santee, San Ysidro, Skyline Hills or anywhere else in the county, the ability of every San Diegan to flourish benefits us all. The opportunity for our neighbor to increase his or her quality of life has a direct impact on our own quality of life. It improves our schools and our environment and the violence in our communities and our ability to enjoy the natural beauty and culture that San Diego has to offer.

We can do this, together.

The key strategies outlined below help move us toward this shift. They embrace every neighborhood, every zip code, every group and clustering of San Diegans with economic principles that support and strengthen us all.

FIVE POINT FRAMEWORK FOR INCLUSION

Every element of this plan is tied to the other pillars of our *Blueprint for Regional Prosperity and Inclusion*. For example, our *StrongStarts4All* plan is about policy that enables children to get strong education and parents to work. Both are essential to creating long-term opportunity for every San Diegan. Similarly, having a safe home you can afford provides the foundation for the educational attainment needed to participate in a truly inclusive regional economy. That is why our *Housing4All* plan presents a clear path for increasing housing supply to bring down cost and increasing affordable homes for those most in need.

These interconnections provide the foundation for the five essential economic strategies of this plan. These strategies include:

Strategy One: Leverage the County’s \$1 Billion annual spending power

Strategy Two: Greater Small Business Support with Business Improvement Districts and their member businesses

Strategy Three: Strengthen direct global competitiveness of local small businesses

Strategy Four: Enhance ladders to prosperity in Construction Life Sciences, Healthcare, and Blue/Ocean Technology careers

Strategy Five: Growth From the Bottom – Youth Entrepreneurship Expansion

Detailing the Five Key Strategies of *Opportunity4All*

This inclusive economic growth plan lays out the case for each key strategy and the role the County must play in implementing these strategies. Importantly, the County’s role is not always or even primarily in spending limited revenues to fund sporadic programs. Rather, the County has a unique position to build bridges to opportunity, to support the regional economic engines that power our economy of the future, and to shape a more inclusive economic landscape for more San Diegans. Although the County’s role in economic growth is not primarily about spending money, there are opportunities for strategic investment and we must be bold about identifying them and moving forward. This *Opportunity4All* plan, together with our upcoming *Access4All* transportation plan, and previously released *Housing4All* helps provide an integrated strategic pathway that recognizes our planning for housing, transportation and jobs must be done in concert for maximum impact to improve the quality of life of every San Diegan.

Strategy #1 – Economic opportunity through County procurement

The case

Each year, the County of San Diego spends up to one billion dollars in contracts for goods and services to fulfill its role in our community. Several regions across the nation have experienced economic improvements when large regional institutions shifted their focus to get the same great products and services but from more targeted vendors.

Example: The San Diego County Airport Authority has a Small Business Development program that ensures communities historically unable to compete for contracts have this opportunity. For example, nearly 40% of the Rental Car Center contracts went to these businesses.

The County's role

The County's current Board Policies establish how it will proceed regarding procurement of goods and services. This approach prudently calls out key protections for transparency, process for competing, and spending within the County's means. Our County government purchases everything from IT services to office supplies, construction services for buildings and a wide range of social services. Many of these contractual arrangements are subject to a preference for service disabled veteran owned small businesses. This policy recognizes the service and sacrifice many San Diegans have made. The existence of this policy demonstrates that our County can and does implement decisions that include a social benefit component. The opportunity presented here is to evaluate additional policies that protect the integrity of the process while recognizing other types of social benefits.

As noted in the forward of this plan, several areas of the County's Fourth District have experienced not merely neglect but intentional policies that hampered wealth creation and economic opportunity. Together with other aspects of this plan, implementing policies that enable businesses and organizations within historically constrained communities will have a major impact on our regional economy. First, empowering businesses to compete for County contracts strengthens their abilities to compete for other public and private resources and attract them to the San Diego region. Second, raising the economic floor of regions hit hardest by discriminatory policies has the potential to strengthen the regional workforce, lower poverty rates, and decrease the social service budgetary burden in the long run.

Proposed Action

- Implement geography-specific small business procurement policies to create more contracting opportunities (similar to those of the service disabled veterans policy).

Strategy #2 – Small business partnerships and concierge support

The case

San Diego County is home to thousands of small businesses that provide a range of goods and services to public and private clients. In San Diego, small businesses are the engines that power our economy. The strength of this economic engine is directly related to how well our small businesses are prepared and able to compete, to access and manage capital and debt, to support their employees with livable wages, and to be good corporate citizens.

The business support ecosystem in San Diego is robust in certain ways but disjointed and underperforming in others. Organizations like the Service Core of Retired Executives (SCORE), the Local Initiatives Support Corporation (LISC), Small Business Development Corporation (SBDC), Accion, and even the City of San Diego’s Economic Development Department all play a role in providing support to developing local small business. In addition, lenders like CDC Small Business Finance and most regional and national banks offer some level of credit counseling and business planning in support of small business. The element that is missing in the San Diego small business support ecosystem is a cohesive way to help businesses navigate these capacity-building options. This is a role the County of San Diego can play.

The County’s role

The County of San Diego has a track record of very strong financial oversight, which is essential to any small business. It also has an advantage of being present in every community through a combination of County libraries, administration buildings and existing service contracts. Several counties in the nation staff internal economic development functions to ensure that the local businesses with whom they contract are as strong as possible and are capable of bringing new dollars to the region.

Because of the existence of the support ecosystem described above, San Diego’s does not need to reinvent the wheel nor duplicate supportive services. Rather, San Diego County can provide a concierge-type support for a number of small businesses each year to help them access and move through the existing support network.

Proposed Action

- Establish an Economic Development division utilizing existing staff allocation within the Office of the Chief Administrative Officer and entrepreneurship support in *Live Well* Centers to support small business growth.

Strategy #3 – Making globalization work for San Diego

The case

The region’s long term economic growth and stability depends on our ability to attract foreign investment and promote exports. We know that 66% of the global middle class will live in Asia by 2030. Further, global strategies for investment are important because they expand the pool for securing capital to grow business. This foreign direct investment (FDI) matters in ways that are not always obvious but nevertheless shape our region. Globalization supports almost 10% of

the County of San Diego's workforce. Given that San Diego County is the 17th largest metropolitan region in the United States but only the 61st highest in terms of export intensity, there is clearly room to grow the region's global footprint. [NOTE – NEED TO FOOTNOTE GO GLOBAL AND CALIBAJA DATA INSERT]

The County's role

The San Diego Regional Economic Development Corporation is among the regional economic development partners focused on expansion and retention of our region's businesses. In addition, Biocom is a global leader in promoting and growing our life sciences industry and the economic opportunities that it provides. Despite the existence of these important organizations, the County of San Diego can deepen its engagement in supporting regional and inclusive economic growth in a number of ways that will benefit all San Diegans. The County has worked for many years through Supervisor Roberts to expand export opportunities with Asian countries who do business in the United States. This work must continue. In addition, because the County's influence cuts across areas from workforce development to the environment and has significant opportunities to foster economic collaboration, it is in a strong position to do its part to help San Diego businesses grow our economy.

Proposed Action

- Scale investment in the *MetroConnect* program that supports San Diego's businesses increasing exports to foreign clients and expand support for cross-border collaboration with Mexican trade partners.

Strategy #4 – Ladders to prosperity: Construction, Life Sciences, Healthcare, and Blue Technology careers

The case

Several in-demand careers exist for which the region lacks sufficient numbers of qualified workers. These include areas like construction, life sciences, healthcare, and our blue/ocean technology industries. Not only do these careers all present paths to livable wage jobs across the economic spectrum, they align very strongly with the economic direction of the region. For example, the Blue-Tech or Ocean economy accounts for \$14 Billion of economic activity in the region and it is growing annually. The healthcare sector experienced a 40% increase in employment since the last recession and the increasing age of the regional population makes expanding skilled talent in this sector essential. San Diego County's life sciences sector accounts for over 133,000 jobs and exports \$3.2 Billion worth of goods and services. Our region's ability to

produce the talent necessary to support these sectors is critical for developing a robust and inclusive economy for all San Diegans.

The County's role

The County of San Diego provides direct oversight to the San Diego Workforce Partnership, a regional body that supports training, education, and career growth throughout the region. Each of the in-demand career sectors identified has an important strategic advantage for growing a balanced economy – they offer career ladders that open doors for more San Diegans. A career ladder is a path for increasing education over time so that a person can enter a field with limited post-secondary education and then climb the career ladder over time. An example in health care is to start out doing basic patient administrative services, moving up to a certified nurses aide, then to working as a registered nurse and so on.

The County of San Diego can facilitate greater use of properties it owns, such as its Live Well Centers, for career development. It can also convene the various industry and educational partners to facilitate support for students from all parts of the County accessing opportunities to improve their life circumstances.

Proposed Action

- Drive further innovation by supporting workforce talent development, in line with the existing Go Global strategy published as part of the Global Cities Initiative. This may include increased paid internships in high growth fields to ensure more San Diegans have industry knowledge and training or better supporting career education opportunities such as the Technical Career Institute of MiraCosta Community College.

Strategy #5 – Fostering Opportunity: Strategic Youth Entrepreneurship Investment

The case

Entrepreneurship provides a path to significant opportunity but strategically investing in this region requires greater collaboration. The philanthropic community, including local entities such as The Parker Foundation and the San Diego Foundation as well as players outside the region such as the James Irvine Foundation have taken significant steps to move our region on entrepreneurship. The need for such support and development is especially acute within certain youth populations in San Diego. For example, the rate of youth disconnection – measured by the proportion of youth who are neither working nor in school – is significantly higher for Latino youth than the overall average in our region and **more than double the average** among African

American youth. As noted earlier, the reasons for such disconnection vary but the negative impact on human lives and economic competitiveness for our region is substantial. Economics and health are linked and so the ability to provide strategic support directly impacts the County's core function. As a result, the County can play a focused but important role in the process.

The County's role

The County of San Diego has already begun shifting how it addresses its role in youth probation and in the system of social safety net supports it is required to administer. Part of the reason for this shift is a recognition that many of the people served – in this case many of the disconnected youth – are members of the same families being helped by other County level supports. For example, the County Youth Probation Department is already expanding the ways it works with youth and their families inside of its facilities. This presents a specific opportunity to utilize existing County office space to deliver youth entrepreneurship-related services and education. Similarly, the County has already invested heavily in its LiveWell Centers, which provide a range of increasingly integrated supportive services. Embracing these locations, as well as County library facilities, as sources for further programming and convening regional partners in support of youth entrepreneurship development can make a significant difference for reducing youth disconnection and increasing opportunities for growth across the region.

Proposed Action

- Establish support for workforce and entrepreneurship education within existing County delivery systems in partnership with philanthropy and the community college system to empower and grow the next generation of entrepreneurs.

Overarching strategic issues

While the key strategies described in this plan are important to moving our region forward, there are long-term, overarching strategic issues our region must also address to ensure prosperity into future generations. Bearing in mind these broader issues in the context of regional growth will maximize the success of our work on the five key strategies of this plan.

These issues are broad topic areas that need regional leadership but are not addressed by specific policy aims within this plan. Three essential overarching strategic areas that will emerge in the coming years are: water, goods movement, and labor/business cooperation.

Water: Overlooked at our peril

The San Diego region has developed despite severe and persistent water-related shortages throughout our history. Due to our geography, the impact of climate change, and a failure of long-term investment, we are on the cusp of a precarious era during which our ability to address all other major economic and social issues may depend on the availability of an affordable water supply. Incursion of salt water due to sea level rise is a serious consideration that must be addressed. Our forthcoming Climate Policy supplement offers evidence-based policy on this front. Similarly, the looming draw down of the lower Colorado basin – something the federal government is empowered to do under likely conditions in 2019 – is an immediate threat to both our sustainability as a region and managing our growth needs.

Our water shortage must lead us to evaluate even greater conservation efforts, innovative paths such as transferable rights, and working with private industry to capture water from existing sources. Every other major element of life in our region is compromised by a failure to have bold regional leadership long-term on water issues.

Goods movement: Our environment and our economy

We know that over 90% of all goods in San Diego County move over our freeway system. Further, we have a housing shortage for existing residents of more than 160,000 units – which is a stress to our already congested freeway network. Finally, San Diego has the busiest single-runway airport in the nation and lacks meaningful opportunities to attract further commerce from other western US regions. Technology and bold leadership place potentially exciting opportunities in our path. Texas has pioneered – and funded – research regarding a freight shuttle system that has the potential to divert truck traffic out of our neighborhoods and off our roadways. This opportunity is not without significant risk and requires further exploration, but may provide an important alternative to move goods to and through the San Diego region to the northern ports of Los Angeles and Long Beach.

In addition, with tremendous stress on our existing freeways and further right of way coming at a huge economic and environmental premium, investigating short-sea shipping – additional ocean-based goods transfer – may be a technology whose time has come. Not only would this opportunity open the door to relieve our congested roadways, but it potentially improves the environmental impacts of truck exhaust on communities long suffering from concentrated exposure. The region is already acting on significant rail-based goods transport opportunities. Advocating for further support at the state, federal and international level may be part of this strategy. To be sure, there are social, civic, economic, and environmental costs and benefits to be weighed, but failing to plan for the future of sea level rise and further economic constraint is certainly planning to fail our future generations.

Finally, the San Diego region has undergone extensive study for over three decades regarding the opportunities for either an alternative or secondary airport. Attracting air traffic destined for another region – as opposed to generating new trips that may be accompanied by environmental

harms – is worth meaningful exploration. While technological advances in passenger travel are opening San Diego to direct international flights, limitations remain for which alternative options may present relief. The reality of our region’s Airport Authority is not that it has outlived its usefulness, it is that we have failed to exhaust the opportunities that exist.

Indispensable market participants: Improving labor and business relationships

For generations we have allowed the same ideological rifts to impede transformative progress in the marketplace. The world of work is changing, automation is shifting our future labor demands, and the need for collaboration between business owners and the workers who make these economic engines go will be heightened in the next generation of commerce.

Labor unions are not a barrier to progress, they are an indispensable part of a free market economy. Business owners who take risks to create opportunity are not a negative force to be overcome. The cult of personality that impedes progress on both sides must give way to structural reform that empowers workers and owners to find the best path forward. This means increased transparency about costs, risks, and profits, so that participants better understand the basis of negotiations. It means having public agencies like the County demonstrating willingness to pay the true cost of goods and services it purchases so that more private actors will factor those costs into their calculations. It also means rethinking and expanding the freedom that both parties have to compensate for technological changes that are shifting what employment means.

Our County government has primarily a facilitative role in this process because it is the sole regional actor with the breadth to convene and the capacity to support these changes. As our region’s social safety net and a key economic development player, the County’s role in helping move this important transformation forward is intimately connected to its ability to provide the core supports it exists to provide. In short, the better our market functions – for everyone – the less stress on our region’s social safety net.

Conclusion

The County of San Diego exists primarily to protect the public’s health, to provide for the orderly administration of justice, and to guide regional environmental and land use policy in unincorporated areas and in overlapping regional assets like our waterways, canyons, and the air we breathe. The most efficient way to fulfill this function is to acknowledge the true definition of health laid out by the World Health Organization. This requires a lens toward inclusive economic growth that supports a path out of poverty and to a greater regional economy that helps San Diegans at all income levels. The health of any population is directly connected to the economic opportunities that exist. Laying out a framework for greater County leadership in those economic endeavors will enable it to better fulfill its mission.

Author's Note: *The research materials gathered and reviewed in the creation of our Opportunity4All plan for economic inclusion and prosperity are available upon request. The campaign acknowledges the research, leadership and vision of regional partners such as the San Diego Regional Economic Development Corporation, Business For Good San Diego, the San Diego Regional Chamber of Commerce, the San Diego Workforce Partnership, and the Center on Policy Initiatives. Each institution has taken a serious leadership role in the region and each is critical to fostering a truly inclusive and competitive regional economy for the long term.*