



## **CITY OF MENIFEE**

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SUBJECT: Agreement with the Menifee Valley Chamber of Commerce for the Economic Development JOBSNow Initiative and Sponsorship

MEETING DATE: November 15, 2023

TO: Mayor and City Council

PREPARED BY: Gina Gonzalez, Economic Development Director

REVIEWED BY: Jonathan Nicks, Deputy City Manager

APPROVED BY: Rebekah Kramer, Acting City Manager

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### **RECOMMENDED ACTION**

1. Approve and authorize the City Manager to execute the Economic Development JOBSNow Initiative and Sponsorship Agreement with the Menifee Valley Chamber of Commerce for a period of three years in an amount not to exceed \$300,000; and
2. Adopt a FY 2023/2024 budget amendment resolution appropriating \$58,334 in revenues and expenditures for the Menifee JOBSNow Initiative in the American Rescue Plan Act (ARPA) Fund 301; and
3. Approve the allocation of \$100,000 in ARPA funding (Fund 301) for the Menifee JOBSNow Initiative for FY 2024/2025.

### **DISCUSSION**

In 2013, the Menifee City Council approved a Memorandum of Understanding ("MOU") with the Menifee Valley Chamber of Commerce ("Chamber"), to enhance outreach efforts with the Menifee business community for business retention and community event partnerships. Starting in 2019, Menifee's Economic Development staff expanded the Chamber MOU to include partnerships related to business attraction efforts. In 2022, the change in leadership at the Chamber led to dissolution of the MOU with the City.

With new leadership amongst the Chamber Board of Directors along with the adoption of the City's Comprehensive Economic Development Strategy (CEDS) and Jobs Blueprint Master Plan, both the City and the Chamber have renewed efforts to work in collaboration to enhance job creation and foster targeted industry growth. The "Menifee JOBSnow Initiative," formalizes the

partnership between City and the Chamber, enhancing existing efforts to support business growth and development and strengthen new business attraction and incubation.

Since incorporation in 2008, the City of Menifee has grown by 70% and is currently the fourth fastest growing city in California with a population of just over 110,000 (California Department of Finance 2022, released May 2023). In addition to the rapid population growth, the City has made strides in job creation, which is traditionally a slow process, growing jobs locally between 2020 and 2023 at a rate of 4.1% or about 1.36% annually. With the current business climate, market demand, planned office and industrial development, and updated development code, the City is in a better position to continue to attract business and industry despite rising interest rates and land costs.

Menifee has a labor force participation of 42,600 and an unemployment rate of 5.3% (August 2023 EDD). The demographic summary outlined in Table 1 below shows a high population and jobs growth rate over the next three years.

**TABLE 1 – Menifee Demographic Summary**

<b>Population 2023</b>	<b>Population Growth 2022 to 2023</b>	<b>Jobs 2023</b>	<b>Est. Jobs 2026</b>	<b>Est. Job Growth 2023 to 2026</b>	<b>Median HH Income</b>	<b>Per Capita Income</b>	<b>Labor Force Participation Rate</b>
<b>110,034</b>	2.40%	18,300	21,500	<b>5.50%</b>	\$103,540	\$44,266	42,600

According to the US Bureau of Labor Statistics, a local job growth rate of over 1.5% is considered high for job creation in a local community. Menifee's job growth is projected to surpass the prior three years (2020 – 2023) and grow at a rate of 5.5% or 3,200 additional jobs within the next three year period from 2023 - 2026. This shifts Menifee's job creation from 1.36% to 1.83% annually, which is well over the target of 1.50%.

Given the labor/workforce talent available in the region, the estimated higher job rate is achievable with the dedication of resources and key partnerships such as this proposed MOU between the City and the Chamber. With the attraction power resulting from a high population growth and talented workforce commuting outside of the City, coupled with the influx of incoming office and industrial development, there is a need for aggressive job creation advocacy and collaboration. The development of more local mortgage paying jobs would help to reduce commute times for residents and surrounding communities and continue to improve the quality of life for Menifee residents.

Alongside the Southwest Economic Development Coalition (SWEDC), the Chamber plays an important role in local job creation. Economic development is divided into two major categories commonly referred to as hunting and gardening. Hunting is the act of business attraction, while gardening is the process of business retention. The SWEDC assists the City's Office of Economic Development with hunting or business attraction efforts. The Chamber assists local businesses with gardening efforts, by assisting existing businesses with marketing, equipment, resources, and promotion. Approximately 70% of job creation comes from gardening efforts demonstrating the importance of business retention.

The expansion of targeted industries within the city requires investments in both types of economic development (hunting and gardening). The City has 12 million square feet of industrial development and over 55 thousand square feet of dedicated office space in process and recently released the Innovation District Request for Proposal (RFP) to grow technology, advanced manufacturing, and research and development within the city. The addition of the Menifee JOBSNow Initiative in partnership with the Chamber may assist existing businesses with expansion into new spaces currently under development and will address an important component of the City's Comprehensive Economic Development Strategy.

As part of the proposed Agreement with the Chamber, the city would be provided with a designated position on the Chamber of Commerce Board of Directors. This would foster coordination and alignment between agencies in relation to our respective job creation goals and objectives. The engagement and retention of an experienced Executive Director with the ability to develop and lead the Chamber is central to their ability to meet the objectives outlined in the proposed Agreement. As such, the city would have a role in the recruitment and selection of the Chamber's new Executive Director. The Chamber would also provide the City with a Sustainability Plan to meet their long-term operational needs by the end of the agreement term. Additionally, the Chamber would work in coordination with the City in the creation of the Menifee JOBSNow Initiative, supporting the development of an additional 3,200 local jobs within the next three years, increasing Menifee's job rate from 1.36% to 1.83%. Each of these components are outlined in "Exhibit A" in the attached agreement.

In exchange for these commitments, the City would allocate \$100,000 in funding to the Chamber on an annual basis during the 3-year performance period. By comparison, the City of Lake Elsinore has committed \$150,000 annually to their Chamber of Commerce, the City of Temecula has committed \$200,000 annually to their Chamber of Commerce over a 5 year period for a total \$1 million during the term of the agreement, and the City of Murrieta provides their Chamber of Commerce (Impact Southwest Riverside County) with office space and \$30,000 annually for operations. The City of Murrieta is also exploring other funding opportunities to support their Chamber's in-house tourism bureau (Explore Murrieta).

## **STRATEGIC PLAN OBJECTIVE**

### **Thriving Economy**

The City of Menifee and the Menifee Valley Chamber of Commerce are committed to retaining the existing businesses and jobs in Menifee. City staff and the Chamber have worked together to develop a "jobs initiative" to grow new jobs in Menifee, leading to a thriving economy and enhanced quality of life for Menifee residents and the surrounding region.

## **FISCAL IMPACT**

The fiscal impact of the proposed agreement is \$100,000 for each contact year, for an aggregate total of \$300,000.

The JOBSNow Initiative is eligible for use of American Rescue Plan Act (ARPA) funding allocated to the City of Menifee. If the proposed agreement is approved, ARPA funding is available and can be used to support this program in the current biennial budget cycle (FY2023/24 and

FY2024/2025). Approval of this the proposed agreement would require a budget appropriation of ARPA funding in the amount of \$58,334 for FY 2023/2024 and \$100,000 for FY 2024/2025. The approved appropriation for FY24/25 will be reflected in the FY24/25 mid-cycle review. Funding for the remaining term of the agreement will be established as part of the respective year's General Fund operating budgets.

#### **ATTACHMENTS**

1. Agreement - Menifee Valley Chamber of Commerce
2. Budget Amendment Resolution – Fund 301 FY23/24