

Updated Strategy for Supporting San Francisco's Economy

1. Context.

The Nation's and the World's economies are in severe crisis. While San Francisco is widely considered one of the strongest urban markets in the country, with solid long-term prospects, economists also generally agree that the current recession is beginning to hit the City hard, and San Francisco, like the rest of the country, will not come out of this recession for some time. (How long is subject to considerable debate and uncertainty.)

Ultimately, San Francisco's economy is driven by the success and growth of (i) advanced knowledge-based services, like financial and professional services, life sciences, digital media / IT and (ii) tourism. These sectors support San Francisco's local serving physical and human infrastructure sectors such as retail and hospitality, construction, transportation, education and health care. For several months, the city had seen rising unemployment alongside continuing job growth, but this trend has ended. In the wake of the credit crisis, financial services and credit-sensitive industries such as construction and trade are leading a general trend of employment decline. Citywide, unemployment is up and rising. The city's vacancy rate for empty office space is also up and rising, and for the first time in almost five years, more office space was vacated in San Francisco than leased in the 4th quarter of 2008 – with over 400,000 square feet of “negative absorption”. Recent industry reports suggest further steep declines across many sectors, especially retail sales and hotel occupancy, and new private construction activity has decreased dramatically. (From July 2007 to January 2009 the Department of Building Inspection has reported a 67% drop in valuation of issued permits).

2. The Underpinnings of a Coordinated Response to the City's Economic Woes.

This past October, as the economic problems affecting much of the rest of the country began to more directly affect San Francisco, the City unveiled a 5 part strategy for stimulating and supporting the local economy: (i) accelerating capital spending, (ii) keeping local dollars local by investing in local businesses, (iii) reducing the burdens local government places on local businesses (iv) supporting our workforce and (v) attracting more foreign investment in San Francisco. The City's specific plans for implementing these broader strategies are based on the following core underlying principles:

- The notion that City policy makers must choose between the interests of keeping our economy strong and supporting social services is a false dichotomy. Much of the money the City needs to provide even the most basic of civic and social services comes from local businesses – in the form of property taxes, sales taxes, payroll taxes, and other special fees and exactions like our local hotel tax. The City's ability to care for its neediest residents is directly dependent on the health of the businesses that drive the City's economy.

- Cost margins matter now more than ever. While the current economic crisis is global in its scope and many of its causes and solutions are far beyond the control of local governments, seemingly small cost increases will have magnified impacts because employers, big and small, are more focused than ever on containing costs. As local businesses face extraordinarily difficult decisions, oftentimes having to significantly contract simply to survive, the many intangibles that have often supported San Francisco's economy – a highly desirable, internationally renowned urban center, a dynamic, highly educated workforce, a unique culture of innovation and entrepreneurship, etc. – will more and more often be countered by bottom line issues regarding how expensive it is to do business in San Francisco versus other cities.
- Because the City has limited resources to spur economic growth, those resources must be deployed very strategically. Policies and programs should directly encourage the types of economic activities the City needs most, like local hiring and purchasing, provide broader multiplier effects whenever possible and try to address underlying issues like the scarcity of credit.

This updated strategy for supporting San Francisco's economy details, and in some cases expands, the City's efforts in these five key categories. This implementation strategy both builds on the City's existing economic development programs and launches more than 14 major new initiatives.

3. Accelerating Capital Spending.

Because the City has managed its financial situation well over the last five years – remarkably the City recently had its bond rating increased – San Francisco is in a much better position than many other cities to move forward on its own with large-scale, job-generating infrastructure projects that are important to San Francisco's long-term success, despite the current economic crisis. These capital projects generally fall into 2 categories: (i) major public works infrastructure projects and (ii) major public-private development projects.

(i) Major Public Works Infrastructure Projects

The City's 10-year Capital Plan contemplates investing almost \$20 Billion in critical public infrastructure, \$12.5 Billion of which is scheduled to be funded in the next 5 years. Of those \$12.5 Billion, \$5.3 Billion has identified funding sources.

Many local public works infrastructure projects already have dedicated funding sources and have been sufficiently designed and engineered so that they are either already in construction or will be shortly, including, for example:

- The PUC's \$4.3 Billion dollar Water System Improvement Program ("WSIP")- 28,000 jobs over 5 years;
- The Airport's \$383 Million dollar renovation of Terminal 2 – 5,900 jobs over 2 and a half years;

- The PUC's 160-170 Million dollar construction of a new LEED Platinum office building at 525 Golden Gate – 500 jobs over 2 years;
- The City's 890 Million Dollar rebuild of San Francisco General Hospital – 900 construction jobs over 2 years;
- Recreation and Parks 125 Million dollar 2008 Parks Bond – 200 jobs over 5-7 years;
- 40 Million dollars of DPW's street resurfacing, ramps and structures programs – 250 construction jobs over 1-2 years; and
- The TJPA's first \$1.19 billion dollar phase of the Transbay Transit Center Project 6,168 jobs over 5 years.

In addition to these projects, the federal government's stimulus bill should provide the City with funds to undertake additional local infrastructure projects. While the final allocation and amount of such funds will be determined according to complex selection criteria (very few federal stimulus dollars will go directly to cities), City staff have already identified a number of projects that may be eligible for near term funding including additional street resurfacing, the \$350 million dollar "train box" element of the Transbay Transit Center, and Doyle Drive.

In furtherance of the City's ten year capital plan, the City will also likely seek voter approval of a major infrastructure bond in November of 2009 and the Port of San Francisco is also considering issuing new revenue bonds to fund infrastructure projects along the City's waterfront, including a new Cruise Terminal. Together, these efforts would fund hundreds of millions of dollars of additional construction activity.

To further expedite these capital infrastructure projects, the City's Department of Public Works is preparing legislation to better streamline the City's public works contracting process by, among other things, speeding the process for executing contracts, reducing redundant design reviews, and standardizing contract reporting protocols across city departments.

(ii) Public Private Partnerships

While private construction activity has slowed considerably in San Francisco, a number of major public-private development projects are moving forward that will generate billions of dollars of construction activity.

Two such projects currently under construction are:

- Hunters Point Shipyard Phase 1 is a 1,600 unit residential development currently in the Bayview Hunters Point Community. The "horizontal" infrastructure phase of that project (major grading, installing wet and dry utilities, building roads and parks, etc.) is almost complete and the first 400 units of housing are currently in design review and should be under construction before the end of the year; and

- The Presidio Trust and Forest City are revitalizing not only the former Public Health Hospital but the entire district including new community amenities (trails) and open space. Forest City Development will remove the non-historic wings and convert the historic main hospital building into 154 apartments. These elements will be completed in late 2010.

In addition, at a time when developers across the country are simply walking away from complex “mega projects”, some of the City’s biggest and most important public-private development projects are moving forward, so far without delay or hesitation from the City’s development partners.

- The development plans for Treasure Island are nearly complete and contemplate building 6,000 new residential units, 30% of which will be offered at below market rates, 3 hotels, over 200,000 square feet of retail and a 300 acre-park in the middle of San Francisco Bay. Subject to completing the necessary conveyance agreements with the United States Navy and securing final development approvals, that project should be under construction in 2010. Over the life of the project, the “horizontal” land development costs alone for that project are estimated to exceed 1.2 Billion dollars and the project will create 2,000 annual construction jobs (more than 20,000 total) and 3,000 permanent jobs.
- The Mayor, the Board of Supervisors, numerous other City commissions and most recently the voters of San Francisco have already approved preliminary development plans for the Hunters Point Shipyard Phase 2 and Candlestick Point. That project includes over 10,000 new housing units, more than 32% of which will be offered at below market rates, 2,500,000 square feet of flexible light industrial, office and R&D space that will be targeted at green technology companies, over 700,000 square feet of retail, a major center for visual artists, the rebuilding of the Alice Griffith public housing project and over 300 acres of new parks and open space. Final project approvals are expected by the end of this year with construction commencing in 2010. Over the life of the Project, the “horizontal” land development costs alone are expected to exceed 2 Billion dollars and the project will create over 1,500 annual construction jobs (more than 30,000 total) and 9,000 permanent jobs.
- Through HOPE SF, the Mayor and Board of Supervisors have committed \$95 million in local investment that will begin to transform 2,500 units of severely deteriorated public housing into over 6,000 mixed-income homes, including the complete rebuilding of all of the public housing. San Francisco’s local commitment has the potential to leverage over 2 billion dollars of additional private, state and federal investment for HOPE SF. Hunters View, the first of the HOPE SF developments, is ready to begin 30 million dollars of infrastructure improvements (including streets, parks, transportation, and community facilities) for its nearly 800 homes this fall,

followed by the first phase of residential development. The next three HOPE SF developments are in predevelopment for an additional 2,500 housing units.

- The City-owned Produce Market is a true public-private partnership. The City owns the land and the non-profit Produce Market Corporation (“PMC”) runs the 394,000 square foot wholesale and distribution market. The site contains 33 small businesses, creates 650 jobs for San Franciscans and generates \$500 million annually in sales. The current lease with the market expires in 2013 and the market is in need of more space and upgrades for current food safety standards. The City is currently working with the PMC to provide new facilities and more room for growth, and thus stability for the market past its current 2013 lease expiration.

Private businesses are also continuing to invest in select major planning and entitlement efforts underway in the area around the Transbay Terminal, at Sea Wall Lot 337 just south of AT&T Park, at the former Schlage Lock facility in Visitation Valley, and in a few other locations across the City. In addition, a couple of new cultural and non-profit projects have the funds necessary to begin construction, including a new Exploratorium Museum at Pier 15 and a possible new contemporary art museum in the Presidio. CPMC is also planning a number of major construction projects as part of its four campus master plan, including the rebuilding of St. Lukes Hospital and a major new hospital on Van Ness Avenue. UCSF is also raising funds for a major new hospital at Mission Bay.

4. Investing in Local Businesses.

The City is investing in a number of initiatives to support and invest in local businesses, including the following:

- *Qualifying More Local Businesses to Work on City Contracts* - Through the Small Business Assistance Center (SBAC), the City will accelerate efforts to qualify small local businesses as certified vendors with the City. Simultaneously, the Department of Public Works is working on legislation to streamline city contracting laws to make it easier for local businesses to bid and win city contracts. This includes changing the Administrative Code, Chapter 6.62 (D) and 14B.8 (D) to allow listing of sub-contractors at the time of each “Task Order” rather than at the time of bid for the “Master Agreement”; and 6.62 (F) to increase the limit from \$3 million to \$5 million. This would allow greater flexibility and faster execution of construction contracts;
- *Launching a Business Assistance Strategy for Spanish-Speaking Businesses* - Mayor Newsom and the SBAC, along with Supervisors Campos and Avalos, are preparing a comprehensive and targeted outreach effort to reach Spanish-speaking businesses. Early data collected by the SBAC shows that Spanish-speaking proprietors are least likely to

proactively seek out small business assistance. The outreach efforts target the Spanish language media (Radio, Print, Web and Television), Merchant Walks, and partnering with Neighborhood Economic Development Organizations, Neighborhood Market Place Initiative (NMI's), Financial Institutions, Hispanic Chamber of Commerce, and Merchant Organizations;

- *Supporting the Small Business Assistance Center* - Since opening in May 2008, the SBAC has served nearly 1400 business across the City. Businesses receiving assistance are divided into the following major sectors: 40 % Service (child care, cleaning service, design consulting, contractors, professional start-ups), 22% Retail (cafés, clothing stores, vendors), 19% Food handling facilities (restaurants, catering, pushcarts) and 19% Other (import/export, manufacturer, media, banking, hotel, vocational schools). Sixty-five percent of businesses receiving assistance were starting new enterprises.
- *Expanding the City's successful "Shop Local" campaigns* - The Office of Small Business' annual "Shop Local" initiative has traditionally been a one-time event. This year the office is launching a more extended "Shop Local SF" campaign to educate San Franciscans on the economic importance of shopping locally in San Francisco in addition to developing a personal connection to the City's local businesses. Ads will run on MUNI, print media partnership with the Bay Guardian and neighborhood newspapers, developing a ShopLocalSF brand image for mass distribution to local merchants, and a website that provides information on the economic importance of shopping local and promotes neighborhood merchant corridors;
- *Attracting Tourists from the 9-county Bay Area* – The City and its partners at the SFVCB also recently completed a successful holiday marketing campaign designed to attract regional tourists and keep local dollars local known as "ShopSF. Get More". An incentive program to encourage Bay Area residents to visit, shop and stay in San Francisco, "ShopSF. Get More." offered hotel, restaurant, retail and museum discounts, as well as public transit and carpool promotions. Over 250 merchant participants benefited from increased marketing exposure and customer traffic. Merchant feedback suggests that local businesses found the campaign to be invaluable. Based on the success of campaign, the City will expand "ShopSF. Get More" beyond the holiday season. The City and partners are embarking on a comprehensive "Shop Local SF" campaign, which will educate and promote shopping in SF. The initiative will include a website that highlights and promotes local commercial corridors. Shop Local SF will be promoted widely – the City has created media partnerships with a wide range news outlets, including print, TV, radio and internet. In addition, the City is currently working with SFCVB to develop a

comprehensive marketing and outreach strategy that will enhance our local economy by focusing on expanding regional tourism.

- *Expanding the City's successful Neighborhood Marketplace Initiative program* - The City will also put more resources into its successful Neighborhood Marketplace Initiative (NMI). The NMI program is a comprehensive neighborhood commercial district revitalization/stabilization strategy. Targeted interventions, such as physical improvements like new facades for commercial businesses, and cleanliness and business attraction programs, have significantly strengthened these neighborhood commercial corridors. While citywide sales tax revenue increased 8.2% between 2005 and 2007, in NMI neighborhoods it increased 16.5%. The average vacancy rate across NMI neighborhoods in FY 07-08 was 7.5%, and is currently down to 5.4%. The NMI program has the added advantage of leveraging other state and federal funds: The approximately \$2.5 million in grants for NMI since 2004 has leveraged \$16 million in other funds and improvements in these commercial districts. NMI programs are also self sustaining in that many of these programs have evolved into permanent, self-funding, Community Benefit Districts. Currently, NMI programs are active in Chinatown, Leland Avenue/Visitation Valley, Third St./Bayview, San Bruno Avenue/Portola, Ocean Avenue/OMI, Mission Street/Excelsior, Polk Corridor (lower), Divisadero Corridor (lower), Taylor Street/Tenderloin. New NMI areas in development include Taraval Street and Bayshore Boulevard. The City has also prepared a scope of work and community planning process for a green oriented home improvement district on Bayshore Boulevard. The City has also begun a comprehensive planning process to designate Taraval Street as an NMI corridor.
- *Expanding the City's Successful Community Benefit Districts* - The City currently has 11 Community Benefit Districts, 10 of which have been formed in the past 3 years; Union Square, Tenderloin, Noe Valley, Castro, 2500 block of Mission Street, Fisherman's Wharf, Fisherman's Wharf Portside, Fillmore, Mid-Market, Yerba Buena and the Tourism Improvement District. The Community Benefit Districts invest their assessment funds, grants and other income on an annual basis to clean, maintain, beautify, landscape, promote and advocate for San Francisco's mixed use neighborhood based and downtown/central commercial districts. Community Benefit Districts hire local staff and contractors to carry out the services provided by each CBD, these services are in addition to services the City provides to these districts. Projected investment of self -assessments for all CBDs for FY 08-09 exceeds \$20 million. The Tourism Improvement District, created and approved just this past December 2008, is by far the most ambitious CBD formed to date. The TID includes all hotels in San Francisco and is expected to raise tens of millions of dollars annually for SFCVB marketing and promotions

as well as funding millions in deferred maintenance at the Moscone Convention Center. The City is currently working on creating 6 more CBDs in 2009: Greater Union Square, Greater Downtown, West Portal, Civic Center, Ocean Avenue, and Japantown.

5. Reducing the Burden of Local Government on Local Businesses.

As noted above, in these difficult economic times, local businesses are very focused on controlling costs, and appropriately so. Identifying even relatively small costs savings measures can be the difference between a business staying or closing or leaving the City. Local government's job is to help local businesses not hurt them, specifically by adopting strategies that help spur net new job generation and local capital purchasing that might not happen but for targeted incentives. The City will be immediately pursuing the following 7 specific actions to reduce the burden of local government on local businesses and to help spur economic development (more may follow):

- *Expand Utilization of Existing Tax Incentive Programs* - The City has recently expanded or reauthorized powerful local, state and federal tax incentive programs like the State Enterprise Zone, the local Enterprise Zone, the Federal Renewal Community, and local payroll tax exemptions. The State Enterprise Zone offers businesses a \$36,000 hiring tax credit per qualified employee, a sales or use tax credit on qualified purchases up to \$20 million annually, and a range of other valuable benefits. The Local Enterprise Zone offers businesses a payroll tax credit on qualified employees as a local incentive in addition to benefits derived from the State Enterprise Zone. The Federal Renewal Community program offers federal wage credits, federal income tax deductions, capital gains exclusions, and accelerated depreciation through Commercial Revitalization Deductions. However, local businesses are literally leaving tens of millions of dollars a year of tax credits on the table by not fully utilizing these benefits. To remedy that situation the City has begun an aggressive program of reaching out to local businesses to explain how they can more fully take advantage of these existing tax credit programs. These efforts are already yielding positive results: total State Enterprise Zone employees voucher processed in 2008 was 7,269, compared to 4,141 in 2007, a 43% increase, which translates into thousands of dollars in State Income tax credits for employers who hire the very types of employees that are most vulnerable. The City is planning targeting outreach to an additional 4,000 small, midsized, and large businesses in 2009. The City is also going to apply to the Treasury Department in 2009 for an allocation of up to \$150,000,000 in New Market Tax Credits (NMTCs). This allocation could be used to provide real estate acquisition and development lending and business lending to qualified businesses located within targeted underserved Low-Income Communities. The goal of the NMTC allocation will be to maximize job creation, particularly for lower-income San Franciscans by providing access to capital for businesses and development projects in Low-Income Communities across San Francisco.

- *New Jobs Payroll Tax Credit* - In a matter of days, the Mayor will introduce legislation to create a New Jobs Payroll Tax Credit. This New Jobs Payroll Tax Credit will waive payroll taxes on any new jobs created in the City for the next two years.
- *Buy Local Tax Credit* - At the same time, the Mayor will introduce legislation that provides a 2-year Property Tax rebate for businesses who buy new equipment locally. Qualifying purchases will be eligible for a rebate of the city's share (currently 50%) of the increase in unsecured property taxes that would otherwise apply because of such capital investments.
- *Film Rebate Tax Credit* - There is pending legislation to improve the Scene in San Francisco film production rebate program, which will now allow qualifying feature films and television to be eligible for a refund of city costs and local payroll taxes up to \$600,000 per production. This program increases the economic incentive to lure more productions to San Francisco and create jobs. This administrative fix restores the original intention of the program to rebate City costs while targeting productions such as Milk, where the incentive is large enough to bring the production to the city.
- *Healthy SF Payroll tax Credit* - Mayor Newsom will also develop a program that provides an offset for qualifying small businesses that are participating in Healthy San Francisco.
- *No-Interest Business Loan Program* - Mayor Newsom will also make desperately needed credit directly available to businesses in San Francisco through two separate programs.
 1. In the next 30 days OEWD will issue an RFP for community based lending institution to administer a revolving small business loan fund. The City will seed the fund with \$800,000 in existing Federal funds from HUD. These small and micro loans will be for \$5,000 - \$50,000 and offered to qualified small businesses.
 2. The City will make available to qualified businesses and enterprises \$23 million in no-interest loans. These funds also come from HUD funds and available for this type of program. OEWD will develop selection criteria to administer these loans.
- *Free Arts Space in Vacant Commercial Space* - The Arts are an important driver of San Francisco's economy, but many artists cannot offer to pay market rates for commercial space and, vacant commercial and office space has a downward spiraling negative effect on a commercial corridor. To try to partially address both of these issues, the Mayor is developing a program for local commercial landlords to offer rent free short term leases to local artists. OEWD will be working to

formalize this program through targeted outreach to local building owners and arts organizations.

6. Supporting our Workforce

New and expanded workforce development programs to help train and employ the City's under and unemployed include:

- *Opening a New One Step Workforce Center in the Western Addition* – San Francisco's One Stop Career Link Centers are the first stop for any resident looking for a first job, a new job, or resources to help make ends meet while they are looking for work. During the last six months of 2008, more than 15,000 people accessed services as the One Stop Career Link Centers. This year, San Francisco has opened 2 new neighborhood-based One Stop Career Link Centers to increase capacity to reach and serve more job seekers and employers in Chinatown and South of Market, and is preparing to open its next One Stop Career Link Center in the Western Addition later this month. In response to the current economic downturn, One Stop Career Centers have increased hours of operation and specialized training for staff on needs of dislocated workers. They have also:
 - Developed customized resources to assist newly laid-off workers in navigating the workforce system and accessing employment benefits.
 - Transitioned a portion of existing Federal workforce dollars to a training fund to increase opportunities for out-of-work San Franciscans who need to upgrade their skills.
 - Invested in a new "job matching" service which allows companies to recruit workers from a pool screened for job-appropriate skills.
- *Expanding the Scope of City Build* – CityBuild provides recruiting, training and placement services to job seekers, employers and contractors working in San Francisco's construction industry and is uniquely positioned to ensure that San Francisco residents benefit from economic stimulus funding that address the "green" economy and infrastructure projects requiring the construction trades. Despite the economic downturn and impact of the falling housing market, infrastructure related construction trades may continue to provide well paying opportunities for San Francisco residents. To expand the number of opportunities available, CityBuild will pursue the following strategies:
 - Increase employment opportunities in construction work through enhanced contract compliance enforcement of the City's First Source Hiring Ordinance and Chapter 6 local hiring requirements for both public and privately funded projects in San Francisco.
 - Leverage capital spending and strengthen the hiring of San Francisco residents through mandated hiring agreements with contractors. Increase through-put of City Build to prepare and place workers for public construction work.

- Set preferences in City contracting and procurement for LBE's that hire San Francisco residents. Identify substantive City projects that are currently contracted out, and target these contracts to social enterprises or other firms that hire disadvantaged San Francisco residents.
- Identify existing entry-level job opportunities (such as 7501 and 9900 classifications) and target these jobs to disadvantaged San Francisco residents that are identified through the City's Workforce System. Restructure these job classifications and create a preparation pipeline that connects these jobs with a career path in the City or in private employment.
- *Supporting the City's Rapid Response Services* – In response to local layoffs, OEWD has deployed a Rapid Response Team to provide resources and information to employers who are reducing their staffing levels, as well as working proactively with employers to provide assistance before a potential downsizing occurs. These teams work in partnership with EDD, the Department of Labor and labor organizations for employees facing layoffs. Over the past year, the number of laid-off employees served has increased from 261 per quarter to over 1200 per quarter. Response Team staff advocate for employees and work with companies to ensure that transitional services are provided right where the workers need them most (on site) - and before they are actually out of work. Working with state and federal partners, city staff provide laid-off workers with information on how to apply for unemployment insurance, keep their health benefits, connect with City resources, such as One Stop Career Link Centers. This year alone, they have assisted laid off from some of our major employers including Chase Bank, Bank of America, DHL, Wells Fargo, Western Union, Levi Strauss, Washington Mutual, AAA, and United Airlines.
- *Expanding the City's Bank on San Francisco Program* – Bank on San Francisco is a joint effort of Treasurer's Office, the Federal Reserve Bank of San Francisco and the non-profit group EARN to help all San Franciscan's enter the financial mainstream and start saving for the future. San Franciscans spend over \$40 million a year at check cashers and payday lenders. An estimated 50,000 San Franciscans have no checking or savings account. Bank on San Francisco has helped previously unbanked San Franciscans open over 24,000 active accounts to date, with an average balance of nearly \$1,000. Over 190 bank and credit union branches are participating in Bank on San Francisco. In Addition, Bank on San Francisco has provided financial management training to over 680 clients, and now has established a microgrant program to facilitate community-based financial management trainings across San Francisco.
- *Expanding the City's Working Families Tax Credit Program* – The San Francisco Working Families Credit (WFC) gives \$100 to qualified low-income working families in San Francisco and raises awareness of the other money and benefits

for San Francisco working families including: the Earned Income Tax Credit, food assistance, free and low cost health coverage for children and adults, free career services and free checking accounts. More than 24,000 low-income families have applied at least once for the credit from 2005 to 2008. In 2007, 12,678 families applied for the credit. By close of Tax Year 2007 payment cycle, a projected total of 44,050 credits will have been disbursed over the first four years of the Program, amounting to an estimated \$6.7 million dollars in WFC funds to low-income working families living in San Francisco. Families receiving the \$100 credit yield an average of \$2,415 in Federal EITC refunds; for every \$24.15 in federal EITC dollars drawn down, San Francisco spends only one dollar of general fund monies. This year the Working Families Credit Program will continue to pilot offering the \$100 Credit in the form of a U.S. Savings Bond purchased by the City on the applicant's behalf, along side the standard options of a paper check or direct deposit to a bank account. This tax season, the WFC Program began a new partnership with Intuit. Through the inclusion of the WFC application in Intuit's widely-used Turbo Tax products, we expect to reach low-income families that choose to prepare their own taxes rather than utilizing a professional preparer. In 2009, the WFC Program's stakeholder committee will explore ways to enhance current data-sharing practices in order to maximize the City's ability to connect working families to the full range of existing services and programs for which they are eligible.

- *Launch Project Job Connect* – To ensure that San Francisco residents are poised to take advantage of what job opportunities that do exist and assist businesses in hiring qualified local residents, OEWD will utilize its One Stop Career Link Centers to provide skills enhancement for jobseekers and coordinated and well publicized citywide hiring events for employers. Project Job Connect will take place over a 3 week period in March/April spotlighting the skills that San Francisco residents can bring to employers. In March, each of the six neighborhood-based One Stop Career Link Centers will host Skill Enhancement Sessions covering job search, interviewing, resume preparation and networking skills for entry level and dislocated workers. In April, the six sites will sponsor HIRE-SF Week with events held at each site throughout the week. These events will be publicized citywide and culminate with a citywide recognition event for employers that hire SF residents.

7. Increasing Foreign Investment

San Francisco's role as an international City helps drive business to San Francisco in both the tourism and commercial sectors. Through the Office of International Trade and Commerce, the City has long had a number of international programs targeted at bringing business and tourism to the City and fostering cultural and economic exchanges. These activities include:

- Working closely with foreign organizations and governments in promoting, assisting and supporting new foreign businesses and offices in San Francisco (i.e. the new Paris Investment Office);

- Hosting international economic development and investment missions and delegations to San Francisco and promoting current local investment opportunities;
- Supporting the Sister City program with economic development emphasis including expansion and renewal of the Digital Sister Cities program.
- Supporting targeted international trade and investment missions for local companies;
- Supporting San Francisco based companies and organizations for overseas and global development projects and proposals; and
- Continuing to outreach proactively with international airlines and American based carriers on expansion of carrier service at SFO and expansion of international routes and the resulting job expansion.

However, until recently the City did not have any overseas offices focused exclusively on increasing commercial business opportunities with San Francisco. In November of 2008, the City launched ChinaSF with potentially its biggest trading partner – China. ChinaSF capitalizes on the City's inherent strengths – 150 year-old ties with China, a very large Asian population, a large Pacific Rim airport, a strong international reputation- to firmly establish San Francisco as the premier gateway between Chinese businesses and North America. ChinaSF opened offices in San Francisco and Shanghai in November 2008. This initiative aggressively pursues bringing Chinese companies in the City's key growth industries (cleantech, life sciences, digital media, professional services) to San Francisco, as well as Chinese commercial product companies looking to establish a stateside presence to sell into the North American market. ChinaSF also helps local business seeking to do business in China. Already, ChinaSF is reaping major dividends. Through the work of ChinaSF, two major Chinese companies have selected San Francisco for key business operations. Trina Solar, a NYSE listed Chinese solar manufacturer, recently chose San Francisco for its North American Headquarters and China Daily, the national English-language newspaper of China also recently selected San Francisco for its West Coast operations office. These offices will bring both jobs and revenue to the City, as evidenced by the City's experience with Suntech, a Chinese company that is the world's largest manufacturer of solar panels. As the result of a focused business attraction strategy led by the Mayor and OEWD, Suntech chose San Francisco as its North American headquarters in 2008 over Boston and Chicago. Although Suntech America started with only 5 employees last year, it has already grown to over 50 employees in the City. A number of other Chinese companies are in ChinaSF's pipeline and should be finalized this year. In addition, ChinaSF recently helped a local architecture firm, Heller/Manus, win the largest contract in the firm's history on a major project in China. ChinaSF is supported by private contributions from local business and is operated in partnership between OEWD and the non-profit San Francisco Center for Economic Development.

8. Scope of the City's Updated Strategy for Strengthening the Local Economy.

This Updated Strategy for Strengthening the City's Economy will not solve all of our local economic problems. Some of those problems are far beyond the City's control.

Others will be addressed separately – but in a coordinated fashion – including addressing the City’s own serious internal budget problems. Solving the City’s internal budget problems will require both extensive and strategic cuts in the size and cost of local government and new revenue measures. However, such revenue measures must be carefully crafted to avoid damaging the very businesses that fund such a large portion of the City’s budget. The Mayor, working with the Board of Supervisors, local business and labor leaders, the Controller, OEWD and other City Departments is already working to thoughtfully and strategically crafting a comprehensive plan for addressing the City’s enormous budget problems.