

## City's economic role: Providing opportunity, infrastructure

By LAURA URSENY - Business Editor

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CHICO -- Corporate closures like last week's National Heritage Insurance Corp. and the pending November closure of Blue Shield of California's claims center are unfortunate, but a normal part of an economic cycle, according to the city's lead economic development advocate.

Martha Wescoat-Andes said downsizing and closures are often the result of processes that happen at national levels, beyond local reach.

And frequently, there's nothing locally that can be done.

The city has been criticized in some public circles for not being able to prevent the NHIC closure.

For example, city officials, including Wescoat-Andes, met with NHIC before the closure. The company and city explored if there was any way that the city could help influence the federal decision to withdraw the contract, Wescoat-Andes said. There wasn't.

For Blue Shield, the county Private Industry Council has been trying to help with re-employment, retraining and unemployment services for employees.

With local companies, rather than national ones, the city becomes more effective, looking into permitting issues or a stymie in a process as a way to help.

Intervening in business and corporate decisions really isn't the role of the city, said Wescoat-Andes.

What has been declared the city's role is providing the conditions so that private investment can occur, she said. For example, the city examines infrastructure needs like roads or sewers or at public safety and quality of life needs. Keeping a company in business is not part of the direct priorities, although every business adds to the employment and tax revenue bases.

Bob Linscheid of Chico Economic Planning Corp. said it's been his experience through his economic development advocacy and Team Chico that companies appreciate inquiries from local governments about offers of assistance. But often there is little that can be done.

"With corporate decisions, seldom do we get a second bite of the apple to get them to stay."

Linscheid suggested contractions and closures are cyclical, and that at some point, the bad news can favor a community, such as the instance of the soft housing market.

In the eyes of a company looking to come in or expand, having an economic factor like a soft housing market can put Chico on equal footing with larger communities that a corporation might eye.

But among the best buffers for corporate downsizing is the alternative Chico is now pursuing — encouraging local entrepreneurs to grow.

As unfortunate as the NHIC and Blue Shield closures are, positive indications are occurring in the local economy that aren't so evident, says Wescoat-Andes.

Chico is a favored place, and calls continue to come to the city from companies interested in the area, she said. Some of those companies are base-level employers, which can offer higher-paying manufacturing jobs or bring money from outside the

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area.

Recent inquiries to the city have come from a solar panel manufacturer, data and distribution centers, call centers, food processors, a hotel, and a beverage bottling company, she said.

Wescoat-Andes couldn't identify the companies that ask for confidentiality, and she pointed out that decisions following such inquiries often take a long time to develop or don't pan out at all. "We may not even know where those inquiries are coming from."

Wescoat-Andes said the city is often the first contact a company makes, asking for pertinent workforce information. The city's currently working on a new Web site that would help provide instant information such as labor force and land availability data.

The General Plan will be looking at areas of improvement as well.

Another role the city has taken on is leveraging local dollars for infrastructure investment with state or national dollars. That helps prepare land for private investment by companies.

Wescoat-Andes pointed out that such a process is occurring on Cohasset Road, south of the Chico Municipal Airport. Cohasset is being widened to the airport for a better transportation corridor, which includes the improvement of the bridge over Sycamore Creek. The city was able to tap other government funding to make the bridge project happen.

One state action that Wescoat-Andes feels would be bad for the economy is the potential for the state to use redevelopment funds it usually hands down for community improvement. Gov. Arnold Schwarzenegger is proposing to use city

redevelopment funds to bridge the budget gap.

City officials have said such a taking would have a "devastating" effect if that happens, jeopardizing as much as \$1.27 million in projects.

"Chico relies heavily on redevelopment dollars to build major infrastructure needed in the community as well as to fund the Redevelopment Agency's affordable housing program," City Manager Dave Burkland said.

"A seizure of local redevelopment funds would put approximately \$5 million public works construction projects in peril," Burkland said.

Nevertheless, Wescoat-Andes said she's "feeling optimistic" about Chico's direction.

"There's a lot of activity here," she said, referring to expansions such as at sun-dried tomato plant Mooney Farms at the airport, and Chico Mall.

She was also pleased about several local technology companies which have been more successful in finding skilled employees locally.

Auctiva, a local software company, has gone from 40 to 70 employees over the past year, she noted. That company was facing forays into metropolitan areas in search of skilled workers. "The college and university are growing, and that's encouraging too, as well as Chico wasn't hit as hard by the housing situation."

With other government agencies such as the Butte Community Employment Center handling steps like helping displaced workers train for other jobs and helping employers find workers, the city doesn't feel it should provide redundant services, she said.

And it doesn't closely follow who are the employees

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who are out of work.

"There's always going to be churn," she said, adding that if a company comes knocking that could use recently displaced workers, that point is emphasized.

Cooperation between the city and local economic development specialists in the private sector is close too.

"We're tremendously fortunate" to have the caliber of local economic development partners that are in Chico, she said.

Chico also has the ability to bring various partners together to help out a business, such as Chico State, local utilities, builders and others.

The city is working on a new Web site that would provide an array of information valuable to companies about current Chico conditions. The city has also joined Team California, which answers business needs from outside the state as well.

Staff writer Laura Urseny can be reached at 896-7756 or [lurseny@chicoer.com](mailto:lurseny@chicoer.com).

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