Strategic Leadership & Governance Award

Supporting Narrative

Program Proposed for Award: Economic Incentive Zone Ordinance, City of Mendota, CA

ICMA Member Proposed for Recognition: Vince DiMaggio, City Manager, City of Mendota

Narrative:

The City of Mendota is a small city of approximately 11,000 people located on the west side of the San Joaquin Valley in California. The City is situated in Fresno County, about 45 miles west of the City of Fresno and has a primarily agriculturally-based local economy.

The fact that Mendota is about an hour’s drive from a major urban center, i.e., Fresno, means that the City is isolated and struggles to provide basic commercial services to its population. For example, Mendota has no bank, drug store, urgent care, or major retail commercial sites (such as Walmart or Target). Residents who require medical attention, medication, or want to shop at large scale retailers are forced to drive at least twenty miles to Kerman or an additional twenty miles beyond that to Fresno.

This challenging situation has lead to historically high unemployment. According to the California Employment Development Department, in February 2009, Mendota’s unemployment rate was 40%.[[1]](#footnote-1) The City has received a fair amount of national and international attention for its struggling economic situation. In 2012, the City was the sole subject of a New York Times article that painted the picture of a dying city, with the article citing an unemployment rate of 38.7%.[[2]](#footnote-2) In the summer of 2015, the international all-news station, Al-Jazeera America did a video news feature about Mendota’s high unemployment which aired on its international broadcasts for two days.[[3]](#footnote-3)

In April 2014, the City of Mendota hired Vince DiMaggio as its new city manager. DiMaggio, an ICMA member, who once worked under former ICMA President Dave Mora in Salinas, California, brought not only significant public sector management experience, but also significant economic development experience after a ten-year stint in private sector real estate development. DiMaggio’s philosophy was that Mendota needed to end its reliance on a solely seasonal agriculturally-based local economy and expand opportunities within the local economic landscape for new year-round businesses. He also believed that Mendota needed to be an active participant in its own economic recovery by providing incentives to both local businesses and national retail chains who agreed to take a chance on Mendota, and by providing aggressive fee waivers and developing expedited permit processing procedures. By waiving certain development and application fees, the City would essentially be an active investor – in partnership with the business community – in alleviating the unemployment situation.

Without a planning or economic development director, DiMaggio personally undertook the task of writing the ordinance that would set out his vision for helping Mendota. DiMaggio began the process by identifying the boundaries of the new “economic incentive zone.” He chose the City’s central business district (7th Street), which consisted of numerous vacant storefronts, along with the business route portion of State Highway 180.

DiMaggio then set forth the three principal provisions of the ordinance. First, where a project that would otherwise require a discretionary conditional use permit could be found to be exempt from California’s environmental law, the use was permitted with a ministerial site plan review – the effect of which would drastically cut down on overall processing time. Second, the ordinance set forth specific criteria, based on the square footage of the project, for relief from development impact fees, with smaller projects receiving a higher percentage reduction in fees (up to 100% in some cases) to encourage local business growth and investment, and larger projects receiving a smaller, but still significant, percentage reduction in fees (usually 50%). The same formula was applied to planning application fees and building permits. Third, the ordinance required that all applications occurring within the defined “economic incentive zone” be reviewed by staff within two working days and comments be provided back to the applicant within seven working days.

The ordinance was presented to the Mendota City Council on April 28, 2015 and was approved unanimously. It is codified as Chapter 17.81 of the Mendota Municipal Code.[[4]](#footnote-4)

The new ordinance paid dividends almost immediately. Within *nine months* of the adoption of the economic incentive zone, the City saw the development of a McDonalds, an AutoZone, a Dollar Tree, and a 15,000 square foot, 24/7 medical office with a youth center. As of this writing, the City is in discussions with developers to establish a national-chain pharmacy, e.g., Walgreens, Rite Aid, CVS. By December 2015, nine months after the ordinance was adopted, the unemployment rate for Mendota had dropped precipitously to 19.9%.[[5]](#footnote-5) The most recent statistics from the California Employment Development Division currently show Mendota’s unemployment rate at 18.4%.[[6]](#footnote-6) Therefore, from 2012 to the end of 2016, including the 18-months since the adoption of the Economic Incentive Zone Ordinance, Mendota’s unemployment rate has dropped 20.3%!

Consistent with the on-going economic recovery from the 2008 recession, the City continues to entertain proposals for residential development and continues to see a growing population. While it would be incorrect to believe that the Economic Incentive Zone Ordinance was the only factor in reducing Mendota’s unemployment rate, it is beyond doubt that the Ordinance was the principal catalyst responsible for diversifying the local economy, providing significant business growth, and year-round (as opposed to seasonal) job opportunities for the local population.

Mr. DiMaggio’s decision to aggressively attack unemployment in Mendota through his authorship of the Economic Incentive Zone Ordinance and the demonstrable benefits that have resulted in a City once called the “Detroit of California” and the “Appalachia of the West”[[7]](#footnote-7) is the textbook example of outstanding strategic leadership and governance.

1. State of California Employment Development Division, Unemployment Rates, Mendota and Parlier 2003-2009, 2009 - not seasonally adjusted. [↑](#footnote-ref-1)
2. Brooks Barnes, *As Grocery Dies Off, Down and Out Town Lives On, if Barely*, New York Times, September 16, 2012. [↑](#footnote-ref-2)
3. *Drought in California Shows No Signs of Letting Up*, Al-Jazeera America, July 5, 2015, http://america.aljazeera.com/watch/shows/live-news/2015/7/drought-in-california-shows-no-signs-of-letting-up.html [↑](#footnote-ref-3)
4. Mendota Municipal Code, Ordinance 15-05, Chapter 17.81, Economic Incentive Zone Overlay District. [↑](#footnote-ref-4)
5. State of California Employment Development Division, Labor Force Data for Cities, 2015. [↑](#footnote-ref-5)
6. State of California Employment Development Division, Labor Force Data for Cities, 2016. [↑](#footnote-ref-6)
7. Barnes *supra.* [↑](#footnote-ref-7)