

Placentia Economic Development Committee



Regular Meeting Agenda February 25, 2014

Procedures for Addressing the Committee Members

Any person who wishes to speak regarding an item on the agenda or on a subject within the City's jurisdiction during the "Oral Communications" portion of the agenda should fill out a "Speaker Request Form" and give it to the Committee Secretary BEFORE that portion of the agenda is called.

*Kenny Binnings
Committee Member*

*Rosalina Davis
Committee Member*

*Floyd Farano
Committee Member*

*Kevin Kirwin
Committee Member*

*Richard Landfield
Committee Member*

*Michael McAdam
Committee Vice Chair*

*David Nickey
Committee Member*

*Sandy Patel
Committee Member*

*Melanie J. Smissen-Coward
Committee Member*

*Jo Ann Sowards
Committee Member*

*Susan Wan-Ross
Committee Member*

The Committee members encourage free expression of all points of view. To allow all persons the opportunity to speak, please keep your remarks brief. If others have already expressed your position, you may simply indicate that you agree with a previous speaker. If appropriate, a spokesperson may present the views of an entire group. To encourage all views, the Committee discourages clapping, booing or shouts of approval or disagreement from the audience.

PLEASE SILENCE ALL PAGERS, CELL PHONES, AND OTHER ELECTRONIC EQUIPMENT WHILE COUNCIL AND BOARD MEMBERS ARE IN SESSION.

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 993-8231. Notification 48 hours prior to the meeting will generally enable City Staff to make reasonable arrangements to ensure accessibility.
(28 CFR 35.102.35.104 ADA Title II)

Copies of all agenda materials are available for public review in the Office of the City Clerk. Person who have questions concerning any agenda item may call the City Clerk's Office, (714) 993-8244, to make inquiry concerning the nature of the item described on the agenda.

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**CITY OF PLACENTIA
ECONOMIC DEVELOPMENT COMMITTEE
REGULAR MEETING AGENDA
February 25, 2014
6:00 p.m. – Community Room
401 E. Chapman Avenue, Placentia, CA**

CALL TO ORDER:

ROLL CALL: City Council Liaison, Chair Mayor Scott Nelson
Committee Vice Chair Michael McAdam
Committee Member Kenny Binnings
Committee Member Rosalina Davis
Committee Member Floyd Farano
Committee Member Kevin Kirwin
Committee Member Richard Landfield
Committee Member David Nickey
Committee Member Sandy Patel
Committee Member Melanie J. Smissen-Coward
Committee Member Jo Ann Sowards
Committee Member Susan Wan-Ross
Management Analyst Maggie Le
City Administrator Troy Butzlaff

PLEDGE OF ALLEGIANCE:

ORAL COMMUNICATIONS:

At this time the public may address the Committee concerning any agenda item, which is not a public hearing item, or on matters within the jurisdiction of the Committee. There is a five (5) minute time limit for each individual addressing the Committee.

1. CONSENT CALENDAR: None

2. OLD BUSINESS:

- a. **Economic Development Plan**
Recommended Action:
1) Receive and provide direction as needed to Staff
- b. **Economic Development Survey Update**
City Administrator Butzlaff and Management Analyst Le
Recommended Action:
1) Receive and provide direction as needed to Staff

3. NEW BUSINESS: None

4. PRESENTATIONS/ADMINISTRATIVE REPORTS

- a. **Business Retention and Attraction Update**
Recommended Action:
1) Receive and provide direction as needed to Staff

5. EXECUTIVE REPORT:

The purpose of these reports is to provide information on projects and/or programs. No decisions are to be made on these issues. If the Committee would like formal action on any of the discussed items, it will be placed on a future Committee Agenda.

COMMITTEE MEMBERS COMMENTS AND REQUESTS:

Committee Members may make comments, requests or ask questions of Staff. If a Committee Member would like to have formal action taken on a requested matter, it will be placed on a future Committee Agenda.

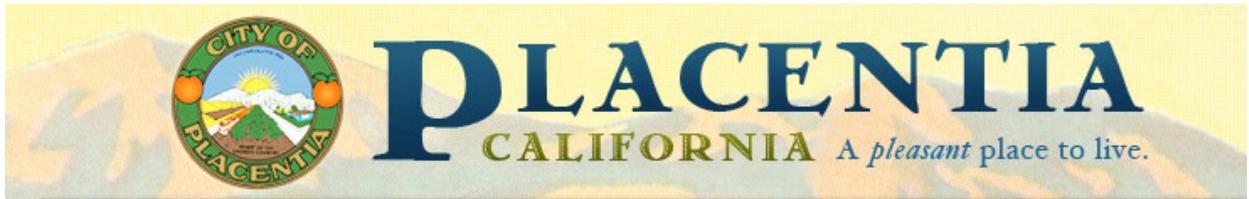
ADJOURNMENT:

The Economic Development Committee will adjourn to March 25, 2014 at 6:00 p.m.

CERTIFICATION OF POSTING

I, Candice Martinez, City Clerk Specialist for the City of Placentia, hereby certify that the Agenda for the February 25, 2014 meeting of the Economic Development Committee was posted on February 20, 2014.

Candice Martinez, City Clerk Specialist



Placentia
Economic Development
Plan

Presented
January 29, 2014

Prepared for
City of Placentia



Prepared by
William Rawlings



City Council

Scott Nelson, Mayor

Joseph V. Aguirre, Mayor Pro Tem

Jeremy B. Yamaguchi, Council Member

Chad P. Wanke, Council Member

Connie Underhill, Council Member

Economic Development Committee

City Staff

City Administrator Troy L. Butzlaff

Management Analyst Maggie Le

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Introduction and Purpose

It is a new time in City Government as it relates to economic development activities. Redevelopment, the primary tool for financing business assistance in the City of Placentia was eliminated on February 1, 2012. However, it is important to recognize that redevelopment was but one tool in the "economic development toolbox" and in light of reduced funding and reduced staff resources, it is imperative to begin a commitment to proactive economic development. Cities are finding that simply reacting to development opportunities when they come along or strategic, general approaches are no longer sufficient to keep up with the economic times they find themselves in.

It is also critically important to recognize that creating a "Business Friendly" environment is a philosophy no City in 2013, least of all the City of Placentia, can avoid to postpone. From the City Council to the Management team, to the Staff at all levels of the various City Departments, Economic Development in general and a laser like focus on business retention and development specifically, must become one of the highest priorities of City government.

The purpose of this report is to identify key areas in the City that present immediate opportunities for economic development, mid-term actions the City can take to positively impact the bottom line within a year or two, long-term actions that can be taken now to provide benefits for the City over the next ten years, and most importantly, a specific, detailed "to do list" and "road map" for immediate implementation.

This report is meant to be a tool for use by City Staff and City leaders to create immediate and sustainable new revenue for the City so that it can continue to provide a high level of community service.

While it is envisioned that this report will be used predominately by Senior City Staff and the City Council (and the Economic Development Committee), due to staff limitations and reduced resources, it is designed to be implemented in stages, by contractors and consultants, where necessary. While the best results for the City (the most money generated) would include progress on all approaches presented, progress on only one, would put the City in a more secure position financially.

This is an exciting time in history for the City of Placentia, and it is hoped that the ideas presented in this report will be helpful in moving the City forward to what we see as a bright future.

William A. Rawlings

Methodology and Approach

The author of this report spent a total of 25 hours in the City, driving each street, with a special emphasis on all non-residential streets, “border streets” (shared or near an adjacent City), and “main streets” (streets where the majority of the City’s retail (read: economic activity) is taking place). In addition, significant time was spent walking and “shopping” in the City’s existing retail and commercial areas, most especially, the “Downtown” area. Time was invested speaking with shoppers and shopkeepers alike. In addition, recent Buxton, HDL and various other information sources were extensively reviewed and considered. Conversations were had with both the City Administrator and Assistant City Administrator.

The City’s current economic and budgetary situation and challenges were reviewed and considered. The City’s relationship with surrounding Cities, the County in general, and the region were further evaluated.

What follows is a thorough, top-down review of the things Placentia needs to do *right now*, to position itself to survive and thrive in the new economic reality all California Cities find themselves in 2014.

Executive Summary

After several years of difficult structural budget challenges, mitigated by resource and staff reductions, together with fortuitous one-time revenue sources, the City of Placentia heads into 2014 and beyond with an approximate \$1,500,000 ongoing budget challenge.

After years of strong, steady leadership by the City Council and talented professional guidance by the Management Team, the City finds itself facing the future without the use of redevelopment tools, limited budget reduction options, and few one-time funding sources on the horizon.

The solution to this situation is simple, but not easy: The City of Placentia must “grow the pie”. It must grow revenues *organically*, that is, within its own borders through economic development and smart, thoughtful *reuse* and *re-designation* of existing land and development. It must create an environment whereby the private sector is empowered to “redevelop” and intensify land use, thereby creating additional value to the landowner, and ultimately to the City and community.

Increased densities are sharp tools and must be used carefully and thoughtfully, with diligent attention to the concerns and interests of City residents. However, if used properly, with abundant oversight, increased densities, zoning overlays, and targeted incentives can have a significant positive impact on the City's finances.

This report will, among other things, help show how to use these tools.

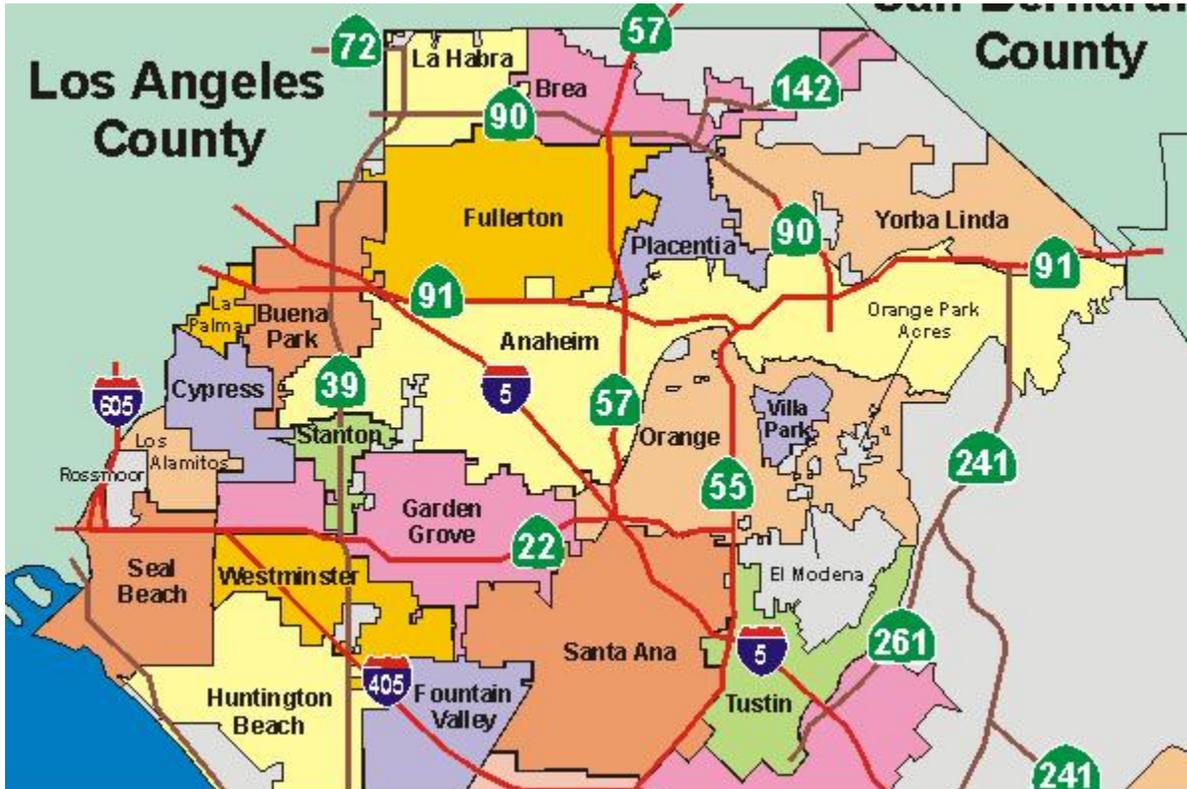
Demographics

Placentia, incorporated in 1926, is a diverse City of about 52,000 located in northern Orange County, near the junction of the 91 and 57 freeways. The City is bordered on the East by the City of Yorba Linda, on the South by the City of Anaheim, on the West by the City of Fullerton, and on the North by the City of Brea.

The City is fully built out with the vast majority of the City devoted to residential land uses (about 85%), a small portion devoted to traditional “industrial use” (about 10%) and only a very small portion currently being used as retail/commercial (about 5%). In fact the five percent devoted to retail/commercial is misleadingly high, as much of this space is not actually being used for, or is underused for retail.

When the City was incorporated in 1926, the tax base was very different than today, with a focus on property tax. During the ensuing 90 years and with the vast changes at the State level (beyond the scope of this report), cities today (including Placentia) find themselves dependent on sales tax. A city with five percent of its land area being actively used for retail faces a steep hill indeed.

This report is designed to address this issue head on with specific recommended steps to increase revenue to the City. All City Staff should be motivated to help implement the following ideas as their ability to provide police protection, street maintenance, and general community support are directly dependent on how the City can grow revenues.



The City of Placentia, near the junction of the 91 and 57 FWYS

CURRENT ECONOMIC ENVIRONMENT

The challenges of the Great Recession are still present but economic activity is slowly picking up in and around Placentia.

Downtown Placentia, the City's historic downtown shopping area, continues to attempt to survive the unstable economy. The lack of a redevelopment financial investment has left the City without the ability to address major infrastructure issues in the downtown area such as parking constraints and the inability to improve the lighting and streetscape. Security has also been an issue that the area has historically struggled with, and the goal is to continue to work with the Police Department and the Placentia downtown merchants on the matter of security to improve the shopping and dining environment.

The elimination of redevelopment on February 1, 2012, serves as a reminder that economic development must remain a top priority for the City of Placentia. While redevelopment was a primary financing mechanism for providing business assistance, it was but one tool and, despite the reduced funding and staff, it should not deter the City from continuing its history of cultivating a "business friendly" environment. All staff throughout the organization should be reminded to "keep economic development at the forefront of their approach" as a philosophy incorporated into daily activities of serving the public, since without continued growth in revenue (through Economic Development), it will be increasingly difficult for them to accomplish their primary job responsibilities.

Analysis of the Local Economic Climate and The Economic Development Climate in Placentia

Location

One of the City's most important benefits is its location. Placentia is located at the junction of the 91 and 57 freeways, and thereby offers easy access to the Los Angeles/Orange County/Inland Empire regions, regional airports, and shipping ports. It is directly adjacent to Cal State Fullerton and its 30,000 plus students, staff and visitors.

Safety and Service

There is a perception of safety in the community thanks to a low overall crime rate and a very low property crime rate for businesses. Companies regularly comment on the high service levels provided by the Placentia Police Department and also mention that the maintenance of the City's infrastructure is of good quality.

Small Town Feel

Businesses appreciate the personal scale of the community, which is a stark contrast to the larger communities in the region. They comment on feeling an attachment to the sense of place created by the residents, the ability to meet with the Mayor, Councilmembers, City Administrator, and Community Development Director/Assistant City Administrator and the ability to participate in - and often financially support community events.

Lack of Available Space

A City that is nearly built out that has very few vacancies and competitive lease rates leaves limited opportunities for new businesses to enter the area. There are few, if any, opportunities for parcel assemblage for large projects and most buildings are being utilized at or near their highest and best use. The opportunities that do exist are located in two of the City's largest neighborhood commercial centers, which are owned by several different property owners with varying levels of interest in improving and/or selling their properties. While high occupancies and well laid out parcels are an advantage, they leave little opportunity to add new businesses or to make sizeable impacts to an area.

Limited Clustering

"Clustering" is an economic development theory which suggests that individual businesses can better compete when they exist in an area of similar and complementary companies. It creates healthy competition and allows for a coordination of resources and ideas, which can help attract the best employees. In other words, the whole is greater than the sum of its parts. The best example of this would be the Silicon Valley, where high tech firms compete, cooperate, and grow with fantastic results. On a smaller scale, a more common example would be a jewelry mart. On its own, a single jewelry store may enjoy some modest success. However, grouped with several stores, they become a destination for shopping and together enjoy more sales and success.

Aging Commercial Areas

Many of Placentia's commercial centers were built in the 1960's and 1970's. Since their inception, they have been very active retail facilities that provide many of the neighborhood services Placentia residents require. Unfortunately, these centers are beginning to show their age. Designs are becoming outdated and maintenance is being deferred. As a result, tenants are somewhat marginal, rents are beginning to lag behind area rates, and vacancies are beginning to remain open a bit longer than in the past.

Since several of these centers are located within the City's former Redevelopment

Area, including the two largest retail centers in the City, redevelopment funding and strategies would have been appropriate considerations to revitalize and reinvigorate these centers. However, with the demise of redevelopment in 2012, these funds are not available.

The larger commercial centers are characterized by multiple parcels and multiple owners, making the redevelopment of these centers more difficult.

Restrictive Entitlement Requirements

The City of Placentia (like most Orange County cities) has had a long-standing requirement to following standard planning approaches that while sound in the 70's and 80's, have now resulted in stagnating growth and development. This is a dilemma that many cities have found themselves in, in the last decades. The time has come for a more flexible and creative approach to zoning and the planning process to allow denser and thus more profitable developments, but also bringing needed amenities and revenue.

In addition, the City requires a Conditional Use Permit (CUP) for warehousing and distribution uses on the basis that certain warehousing and distribution uses create significant traffic impacts to the area. The requirement to obtain a CUP adds to the expense of occupying a building and the time required to obtain a CUP can delay occupancy. Both of these factors can make a vacant building less attractive to potential businesses.

Sign Requirements

Businesses have sometimes commented that they would like to have enhanced signage to announce their presence. While the City has recently changed its temporary sign regulations to allow more consecutive display days and more total display days each year, more may be able to be done in this area.

Good Distribution is not the same as Sales

The small manufacturing/industrial area of the City is located along wide, straight streets with good freeway access. Many of the industrial sites were built with large buildings with limited parking areas. All of these factors are very enticing to warehousing and distribution uses. Unfortunately, modern warehousing does not generate many jobs and sales are often recorded outside of the community. Unless these industrial areas are rezoned or the buildings are razed or retooled, this area of the City will continue to be naturally attractive to warehouses that create very little positive economic impact for the community.

Regional Shopping Centers Nearby

The neighboring cities of Brea and Anaheim have regional shopping centers and/or big box stores that draw retail dollars away from Placentia's businesses. Placentia has limited land available to create centers to compete with these outlets; therefore, it will be necessary for Placentia's businesses to compete in other ways, such as by providing individualized services or goods that are not available through the national chain stores.

Solid Reputation

The City of Placentia is seen as a good City to do business with. Management is seen as creative, flexible and willing to consider new ideas to improve the quality of life in the City. Because Placentia's organizational structure is small, it is possible to quickly meet with key staff to discuss a new project. However, due to continued staff reductions and reduced resources, it may become difficult to service existing and potential new businesses and developments.

Undeveloped land

There is very limited vacant land zoned for commercial use. This means that any significant new development will be, necessarily, re-use or redevelopment (in the classic sense).

The City should encourage retail and/or restaurant uses at key intersections throughout the City by the creation of an overlay zoning designation. An overlay zoning district would allow a more limited and tailored list of allowed land uses while providing flexibility to the current commercial development standards.

Assessment

We use the term “Economic Development” routinely in this report. What is Economic Development, and specifically, what do we mean when we use this term?

Economic development is a multi-faceted approach to the development of policies and programs designed to preserve, enhance and promote a vibrant and successful business community, with the specific goal of increasing City revenue by increasing sales tax and property tax income to the City. Additional goals are retention and expansion of employment opportunities for City residents and increased and targeted amenities for the community (desired stores, restaurants, and commercial businesses).

The quality of life experienced by the residents of a community and visitors are directly linked to the success and overall health of the businesses within a community and therefore, of great importance to the City as a whole, and City government as well.

A healthy business community, through the creation of jobs and revenue, is a major element in allowing the City to carry out its essential city services, as well as nonessential services that combined, create a positive quality of life standard that all residents of Placentia expect. Continued and renewed success in this area will be much of the reason people will choose Placentia as a place to live, work and play in the future.

Examples of the benefits of an Economic Development Program may include, but are not limited to:

- Enabling the City to address quality of life issues, while keeping the general tax burden to its citizens as low as possible
- Enabling the City to better respond to the community's desire for quality of life infrastructure investment, including roads, parks, community centers, safety facilities, City buildings, etc.
- Creating new, permanent jobs and retaining existing jobs in the community
- Encouraging business-to-business transactions
- Retaining dollars that are currently spent outside the community. Placentia residents' economic investment will stay in Placentia
- Communicating the value of a sound and diversified economy to all of the residents of the City

For example, the City of Placentia's per capita sales tax generated is about \$102. This is the lowest per capita number in the area (with the exception of the City of Yorba Linda, a city designed as predominately residential and benefitting from substantially higher per unit property tax revenue, an enviable but rare circumstance). Surrounding cities per capita sales tax range from a low of about \$136, in Fullerton (benefitting from Cal State Fullerton and Fullerton Community College), to about \$180 in Anaheim, to about \$445 in Brea (benefitting from the Brea Mall). The difference between the cities is caused by many things (see above examples), that the City of Placentia cannot change (the City cannot move the Brea mall, for example), but one thing it can address is the desire and need for City residents to leave the City to purchase retail items or to have a meal in other Cities.

If the City of Placentia were to raise its per capita sales tax (by the prudent application of its new Economic Development plan) to the next highest adjacent city's level, \$136, it would mean another approximately \$1,700,000 per year in new revenue for use by the City Council and City Staff to provide increased levels of services to City residents.

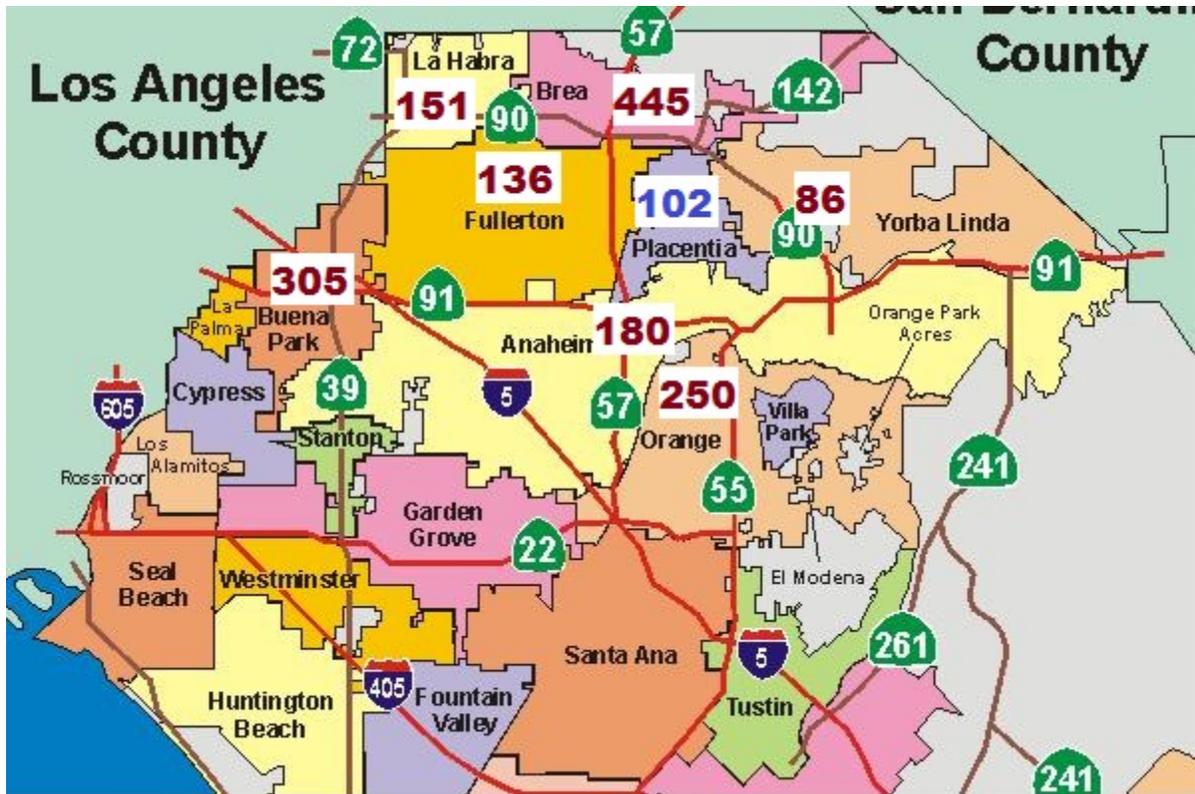
A fully attainable goal of reaching a per capita number similar to the City of Anaheim's \$180, would result in additional revenue to the City of approximately \$4,000,000.

These increases in revenue could be a "game changer" for the City of Placentia, allowing a more prudent budgeting process and a smoothing of financial challenges.

Conservatively, if only 50% of this goal is met, it still results in an additional \$850,000 to \$2,000,000 per year of new revenue.

It is important to acknowledge that City of Placentia residents are already spending this money, just not in the City. This goal does not represent an effort to motivate residents to spend more money (in absolute terms), just to spend it inside the City.

To accomplish this, the Economic Development Plan must create opportunities for residents to spend their money within the City limits. While it is unlikely the City can capture money being spent at the regional Mall in Brea, almost all other sources are attainable with the right amount of planning and incentives.



The City of Placentia's per capita sales tax is \$102

VISION AND MISSION

The City of Placentia's Economic Development Strategy should include a vision statement as well as a mission statement that can be stated (and memorized for repetition in personal marketing and recruitment by both the City Council, Economic Development Committee and Staff) clearly.

While the exact content is best developed by the City Council with the assistance of the Economic Development Committee, a suggestion is offered. The Vision for economic development in the City of Placentia is:

"A well balanced City where business complements and adds to the quality of life for all who live, work, shop and play in Placentia."

The Mission statement established to achieve this vision could be one of the following:

"Facilitate the growth, diversification and stability of the Placentia economy; create prosperous income, shopping and recreational opportunities for all residents of the City; expand the economy; and provide a sustainable future for Placentia."

To enhance the economic viability of our community, business, and residents through collaborate efforts and partnership with key economic driven organizations.

PHILOSOPHY AND PRINCIPLES

Some guiding principles and overall philosophy behind the City's goals could include the following:

The City of Placentia is committed to proactive economic development. Accordingly, the principles outlined below are the fundamental rules that will guide economic development in the City.

- Revenue (sales tax) producing businesses are vital to the quality of life of our residents by allowing the City to provide basic services.
- Economic Development efforts should focus on retaining and attracting quality, high income producing businesses and business services that will enhance Placentia's commercial and industrial areas.
- Economic Development efforts should protect and expand Placentia's General Fund revenue base.
- The City's Economic Development efforts should attract businesses that enhance the quality of life for Placentia's businesses and residents.
- Economic Development and Planning efforts should facilitate the conversion of non-income producing land/business properties into income producing ones where practical.
- Businesses should be treated with dignity and respect and be recognized as an important part of Placentia's community.
- The City, where appropriate and within the limitations of law, should provide incentives for quality business investment in terms of retention or attraction in targeted areas. These incentives could include, but are not limited to, general business information; site location assistance; technical assistance referrals; employment linkages; marketing and public information assistance; permit processing and problem solving; financing referrals; economic data and analysis, etc.
- There must be an active partnership between the City, the business community, business organizations such as the Placentia Area Chamber of Commerce, Placita Santa Fee Merchants Association and residential neighborhoods.

ECONOMIC DEVELOPMENT GOALS

The following are some general goals to establish and achieve the City's adopted vision and mission statement related to economic development.

- Promote a strong, diversified and sustainable local economy and enhance the quality of life in the community.
- Increase the City's sales tax revenue growth and tax base.
- Retain and enhance the existing businesses.
- Encourage and promote the development and enhancement of retail areas to achieve a vibrant shopping, dining and/or entertainment experience.
- Encourage active cooperation between the City and local businesses concerning economic development issues.

The following are additional reasons and explanation for Economic Development Goals:

1. Business Retention - businesses that feel appreciated will tend to stay in town.
2. Job Development - to provide better wages, benefits, and employment opportunities.
3. Increased Tax Base - additional revenue to support, maintain, and improve local services such as roads, parks, libraries, and emergency medical services.
4. Economic Diversification - helps expand the economy and reduces a community's vulnerability to a single business sector.
5. Productive Use of Property - property used for its "highest and best use" maximizes the productivity of that property.
6. Quality of Life - more local tax dollars and jobs raise the overall standard of living of the residents.

CITY-WIDE ECONOMIC DEVELOPMENT ACTIVITIES

Business development and assistance should remain a priority for the City of Placentia.

Staff should assess potential federal grant funds to seek opportunities to use them for business assistance programs. An immediate resource could be Community Development Block Grant (CDBG) allocations. Staff can research the ability to use CDBG funds in the future for façade improvements and business signage. Even though CDBG funds are restricted to targeted census tracts, these funds could likely be well used by struggling businesses in Placentia.

Staff should continue to look for new and creative activities as well as traditional economic development activities for Placentia such as:

- 1) underwriting investment cost and investment risk (i.e. infrastructure financing districts, tax abatement, low interest loans);
- 2) leveraging costs of amenities and infrastructure (construction of utilities, using rule 20a funds);
- 3) modifying regulations that are seen as burdensome to business.

The City could also continue to work with developers to not only bring in enhanced shopping, dining and entertainment opportunities, but also to create aesthetically pleasing developments that bring new jobs to the City. Assistance could also be used to not just attract, but also retain high paying jobs within the City.

It is critical that the City continue to assist and help maintain the business base that currently exists.

The City contracts with HdL Companies for property and sales tax analysis and information. Continued use of HdL data such as sales tax analysis, trends, economic drivers, emerging industries and new or expanding businesses will assist in the City's business attraction and retention efforts.

Communicating federal and state legislative changes such as the California State Building Code to the business community will assist Placentia business owners to forecast expenses when considering tenant improvements and expansion plans. Consequently, notification of changes in business regulations and laws will help facilitate development in the City.

Additionally, the City should consider creating a Business Owners Seminar Series to provide assistance to existing and new startup businesses that are considering the City for location.

The City should consider creating an expanded “Shop Placentia” campaign for residents.

The City should consider creating or expanding partnerships with the Placentia Chamber, a Placita Santa Fe Merchants Association or Business Improvement District (BID) and a Workforce Development Partnership.

Finally, the City should monitor and support statewide economic development legislation that may evolve in a post-redevelopment environment.

The City should consider offering the following incentives and assistance programs to business owners, property owners and/or developers:

- Business Ombudsperson;
- Expedited Permit Processing;
- No Impact/Exaction Fees;
- Free Business Seminars;
- Assistance with Downtown Association Special Events;
- Sales Tax Sharing (considered on a case by case basis);
- Commercial Broker Meetings;
- Site Selection Assistance;
- Guide to Doing Business in Placentia (online handbook);
- Coordinated Project Review;
- Business License Facilitation;
- Business Outreach and Visitation.

In an environment of limited funding and reduced staffing levels, many of the aforementioned strategies can be implemented with a minimum of funding and staff time or with the assistance of appropriate consultants.

Business Attraction and Economic Diversification Strategies

- 1) Work with site selectors, real estate developers, state and local economic development agencies and other partners to attract new business and industry to Placentia properties through attendance at ICSC and other marketing events
- 2) Conduct regular contact with brokers representing vacant properties to assist with business attraction efforts
- 3) Meet with potential developers wanting to relocate or expand in the City
- 4) Continue to use HdL data to target new and expanding national businesses
- 5) Participate in a full range of economic development activities, including marketing and promotion, research, committee meetings and other efforts to attract new business and industry to Placentia
- 6) Provide updated demographic information on the City's website to assist with business attraction efforts
- 7) Continue to work towards becoming a more "business friendly" City

Business Retention, Expansion and Attraction Strategies

What is Business Retention?

"Business Retention" is the effort to retain existing businesses, which provide significant income, employment, and/or desired amenities to the Placentia community.

The ability to retain a business begins with the motivation of corporate management to stay within a city by expanding, contracting, or renewing their lease. If the local city does not have the appropriate space to respond to a business' changing needs, the business will not stay.

Other factors that may affect retention include the city's responsiveness to issues raised by the business, the extent to which relationships are established and maintained, and the ability of the city to continue to provide a safe, effective environment in which to do business.

What is Business Attraction?

"Business attraction" is the process of attracting desirable businesses into the city to lease or buy space in which to operate. A business attraction program is primarily a marketing effort to commercial brokers and potential businesses, although incentive programs for relocation may be possible through the City's Economic Development Committee.

Most cities recognize the importance of business attraction activities to expand their financial base and effectively compete with surrounding areas for large sales tax generating businesses. Generally, business attraction efforts involve "packaging" the city's assets, communicating those assets to its target audience, developing attractive financial assistance programs, and implementing a business friendly, relationship-driven process to get them located into the city quickly and easily. Specific ideas for business retention and attraction include:

- 1) Survey businesses to determine plans for changes or expansions
- 2) Initiate Executive Business Visits to HdL's "Top 100" non-national sales tax producers by the City Administrator, Director of Community Development/Assistant City Administrator, and Council (as calendars permit) to provide added assistance as these businesses may not have the same support as national tenants
- 3) Use HdL data to target existing businesses who may be positioned to expand within the City
- 4) Expand the active involvement in the Placentia Chamber of Commerce and other business groups
- 5) Participate with regional County Economic Development partners to assist and retain existing businesses
- 6) Maintain on-going open communication with businesses and meet with them on an on-going basis to discuss current operations, future needs, space requirements, etc.
- 7) Communicate the provisions of the City's Specific Plans to property owners and businesses
- 8) Encourage the purchase of local goods and services through a "Buy Placentia" policy for businesses (not to be confused with the "shop Placentia" goal targeted at resident shoppers)

9) Partner with the Placentia Chamber of Commerce and Placentia Downtown Merchant Association to showcase, wherever possible, business success and expansion through City participation in ribbon cuttings and other business recognition programs

10) Begin a business outreach and visitation program to ensure constant communication and feedback with the business community

11) Retain Placentia's Top 10 Income-Generating Businesses

12) Promote Placentia's uniqueness as a place to do business, by clearly and consistently communicating the benefits to existing businesses

Placentia's business attraction efforts should be targeted primarily towards businesses which have the following characteristics, in order of priority:

- Sales tax generating
- Property tax enhancement
- Other revenue enhancement (such as hotel in lieu tax, etc.)
- Will result in infrastructure improvement

As a second priority, attraction efforts should be directed at businesses that provide services and support to other, larger businesses, thereby expanding the amenities in existing commercial and industrial areas. Although they are not significant revenue producers themselves, the availability of support businesses (such as child care facilities, printers, restaurants, etc.) helps attract and retain revenue-generating businesses by making Placentia a more convenient place to operate. As an added benefit, many support businesses also make Placentia a more convenient place to live.

Attract general fund revenue-producing business into Placentia when space becomes available. Distribute the marketing packages to local brokers, developers, and target businesses and:

1. Expand relationships among commercial brokers outside of the North Orange County area
2. Consider offering financial assistance to potential target businesses on a case-by-case basis

3. Continue to streamline land use entitlement, permitting, and inspection processes for targeted businesses who express a desire to relocate to Placentia

4. Encourage retail and/or restaurant uses at key intersections in the City

The City should consistently send the message that businesses are essential for supporting the City's residential services and high quality of life. Additional steps should include the following:

A. Develop a public relations campaign to promote the importance of Placentia businesses to the residential quality of life

B. Continue to provide "in-service" training to City staff so they fully understand the need to present the City as business friendly

C. Continue to review entitlement and permitting processes for opportunities to improve responsiveness to the business community

D. Continue to coordinate business appreciation events

E. Enhance annual State of the City luncheon so that it becomes a "must attend" event for the business community

F. Provide outreach to integrate businesses and their employees into the Placentia community

G. Increase public awareness of the City of Placentia

H. Assemble key City staff to quickly respond to the needs of high priority businesses (known as "Strike Teams")

Coordination and Cooperation Strategies

1) Continue to support and promote the City's efforts to streamline and make the development review process more efficient

2) Serve as a knowledgeable and reliable source for local business assistance and development programs

3) Expand efforts to share information regarding the City's economic development programs and activities with community constituencies in order

to develop a stronger community "buy-in" to the City's economic development program through the local media, City website, economic development newsletter as well as using partners such as the Placentia Chamber and Placentia Downtown Association

4) Leverage marketing and development opportunities through partnerships with local economic development organizations such as the Placentia Chamber, Placentia Downtown Association

5) Ensure current information is posted on the City's website such as upcoming business seminars and conferences, demographic information, etc.

6) Work closely with the Code Enforcement Division to ensure commercial properties are well-maintained

7) Support efforts in Placentia by other governmental agencies such as Caltrans for street improvements and off-ramps maintenance and for potential commuter line extension

ACTION TARGET AREAS

It is essential that the strategies identified to meet the goals outlined above, be clear, concise and measurable. In order to provide focus to the strategies outlined above, the following economic development target areas are established.

Downtown Placentia



Downtown has traditionally been the heart of the community, both from a business and cultural standpoint. While this focus has eroded for many residents over time, with the possibility of expanded commuter traffic from the rail expansion, along with the possible refocus and expansion of the Downtown are discussed later in this report, there is the opportunity to bring the focus back to the downtown area.

Following are specific strategies for the area:

- 1) Use bond proceeds under a future Infrastructure Development Bond (IDB) issuance to implement a Parking Management Plan including a parking structure and possible parking meters (Don't panic, just an idea for consideration offered in the interest of full disclosure of possible solutions), as well as to capitalize on the possible new train station. The impact of a parking meter program can be offset by a permit or offset program for business owners and employees.
- 2) Creation of or implementation of recommendations of the Downtown Specific Plan as development proposals are received.

- a. Parking
- b. Streetscape Improvements
- c. Security

3) Educate business community and developers on the zoning guidelines of the Downtown Specific Plan

4) Continue to foster relationships with property owners, property managers and commercial leasing agents to assist with identifying new uses and filling vacancies

5) Conduct regular contact with brokers representing vacant properties to assist with business attraction efforts

6) Use Buxton's retail match list to identify potential businesses for the area

7) Support the City Liaison to the Placentia Downtown Association

8) Provide administrative services to the Placentia Downtown Association for annual re-approval of business improvement area and levy of assessments (when and if a BID is put in place)

9) Assist with marketing the Downtown area to the greater Placentia area and region

10) Assist with the processing of special events and coordinating logistics for special events (such as a Friday Farmers Market, Spring and Fall Antique Faires, Car Show, Dia de los Muertos Art and Music Festival, Halloween Capers, Holiday Sonata, Christmas Parade, and the Tamale Festival, etc.)

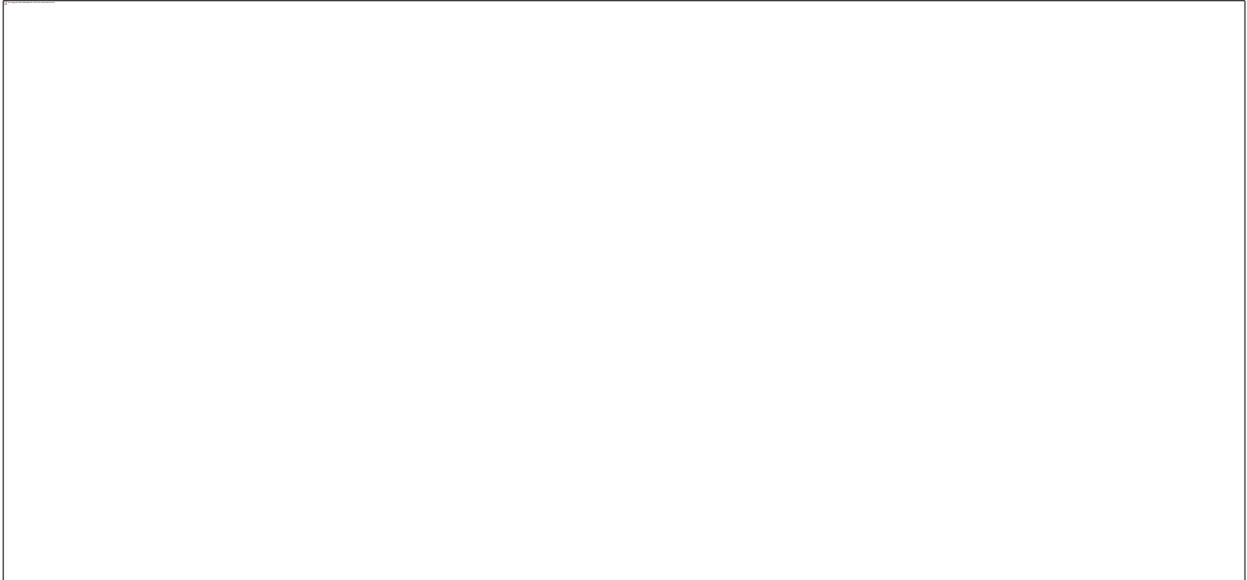
11) Incorporate any identified capital improvements into the City's Capital Improvement Program to meet needed infrastructure requirements for future development (i.e. alleys, streets, and parking lots lighting upgrades, sewer upgrades, etc.)

12) Continue business outreach and visitation to ensure constant communication and feedback with the business community

13) Create a Workforce Development program to facilitate connecting employers to qualified Placentia residents who are looking for employment and to assist with items such as employee recruitment and training

14) Minimize code violations through outreach and Code Enforcement

15) Work with the Downtown Association to research the viability of a BID staff position to aide with security, maintenance and business hospitality issues



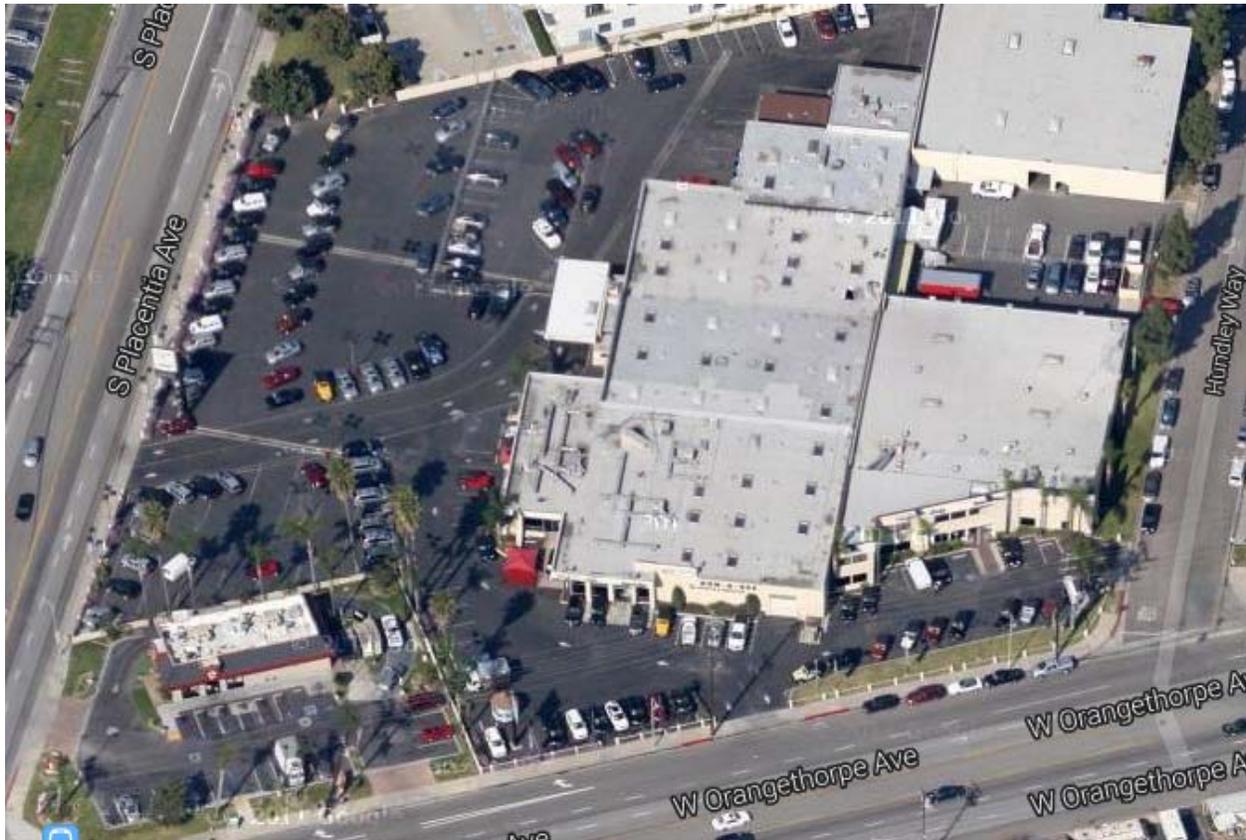
East Chapman Placentia Plaza Shopping Center

Placentia Plaza, East Chapman



The Placentia Plaza shopping center on East Chapman is strategically located right off the 57 Freeway and on the way to the Historic Downtown area. Unfortunately, the center suffers from extreme age, outdated functionality and multiple owners. The retail uses mainly consist of low per square foot sales stores that effectively minimize the revenue benefit to the City as well as meeting few of the resident's needs. However, the site has many attributes that can be capitalized on with some flexibility on the part of the City. The property is perfect for a business assistance program (focused initially on a façade improvement program).

Auto Area/West side of the 57 FWY



As two of the City's consistent top 20 sales tax generators, the importance of the auto dealers cannot be overstated. These businesses consistently outperform most other City sales tax generators, on a per square foot basis and on a per unit basis (given a choice between two retail units of similar size, it is always best to choose the one with the highest sales).

The City should provide the maximum support possible to maintain these revenue sources. Other surrounding low unit sales properties should be considered for overlay zoning that would allow additional car sales. Recruitment efforts should focus



on high dollar per unit stores and high unit turnover dealerships, luxury cars and used car sales for example.

The appeal of attracting luxury (expensive per unit sales) is not just the higher dollars involved, but rather the smaller footprint of the store. This smaller footprint will make it much easier for the City to accommodate a new dealership given area site constraints. In addition, national chain used car dealerships have a much higher turnover than new car dealerships and thus make up in volume what they lack in price.

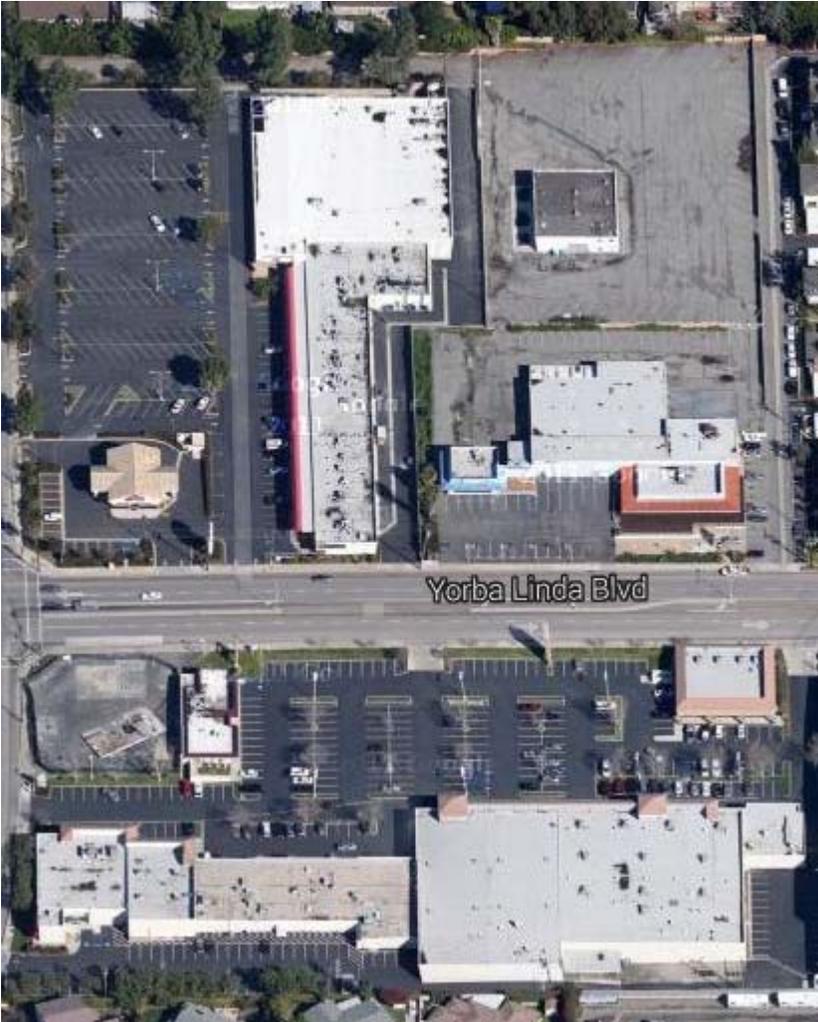
It should be noted that the question of open points for various auto brands is beyond the scope of this report and is not addressed.

An alternative to additional car sales (and cheaper for the City to incentivize and attract) are car repair shops. Here, we are speaking of high volume, insurance partnered business that can add substantial sales tax revenue to the City.

Yorba Linda Center

The shopping center on Yorba Linda and Rose represents a classic opportunity for the application of Redevelopment practice, in all its permutations. The property is underutilized and with a new design and denser development could generate significant new sales tax revenue for the City. However, Redevelopment has been eliminated by the State of California, and with it the tax increment that could fund a transition as noted above. This means that the City must look at a combination of financial tools, including: working with the existing property owner to invest in the reuse or to find a new investor who shares the City's vision for the property. Private investment, together with appropriate incentives (Infrastructure Development bonds, sales tax sharing agreements, restaurant incentive programs) and other creative solutions could move this project forward.

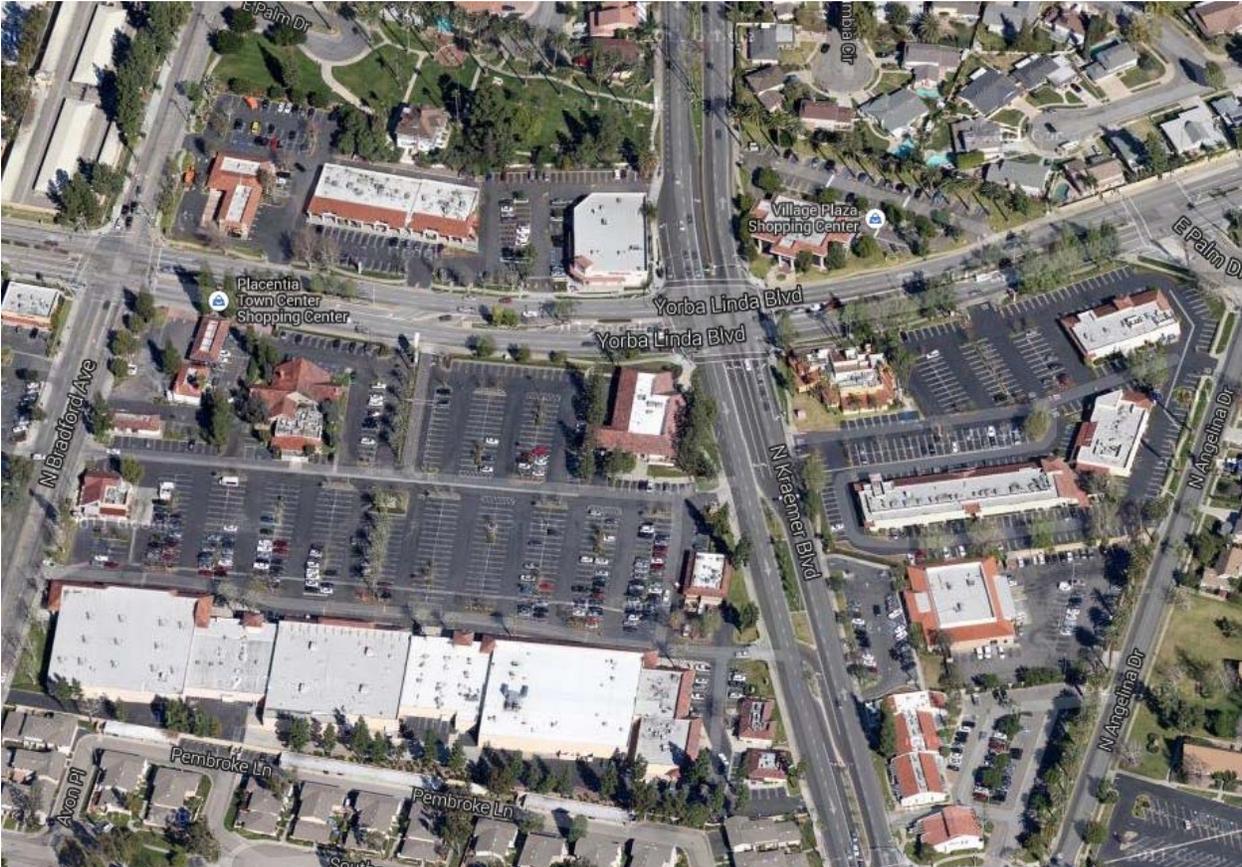
Shopping Center, Yorba Linda and Rose



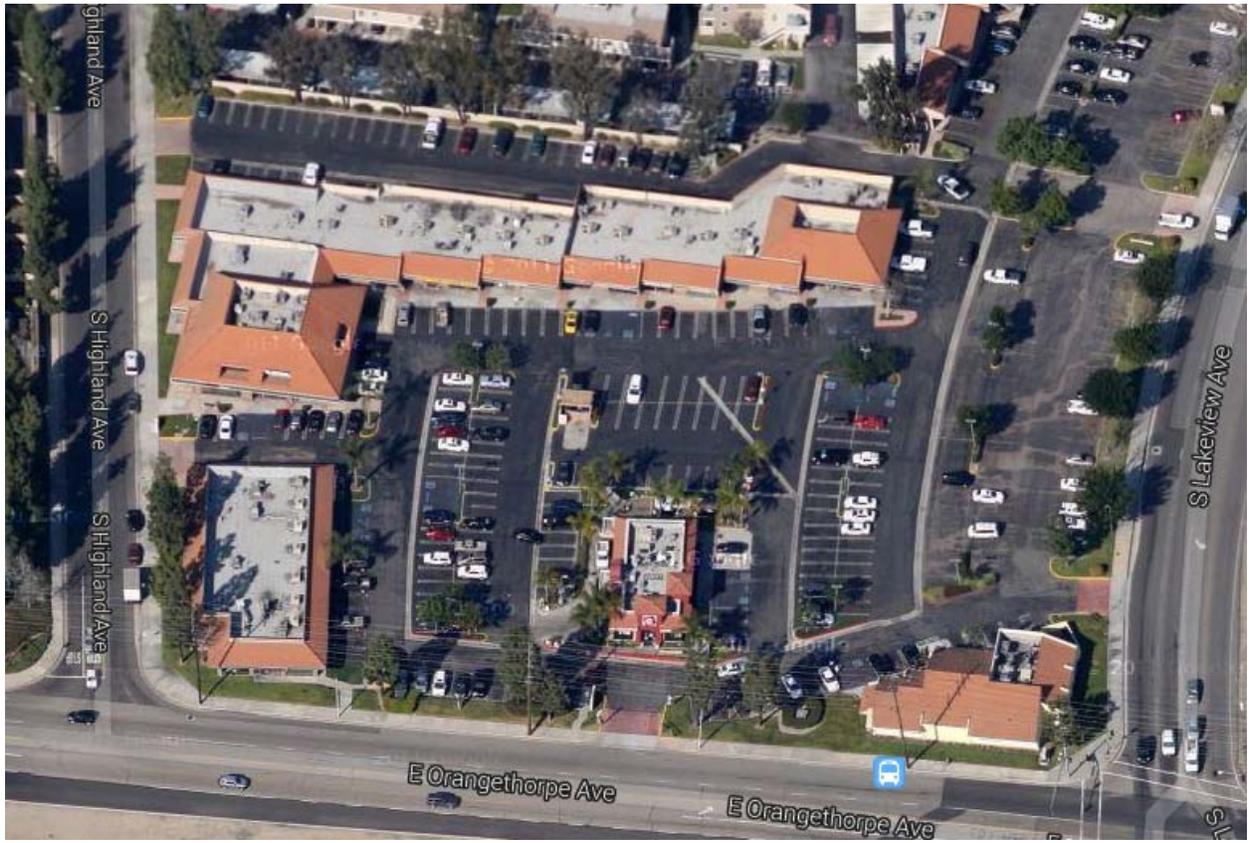
Shopping Centers at Orangethorpe and Lakeview, Imperial and Rose, and the Placentia Town Center Shopping Center

These three shopping centers are newer, well placed and generally well maintained. The City's main focus here should be to maintain high dollar per square foot retail uses and to create and maintain positive working relationships with the owners and tenants. As the properties age, the City should stay ahead of the erosion of sales by proactively partnering with the ownerships to keep the centers current and desirable locations to shop.

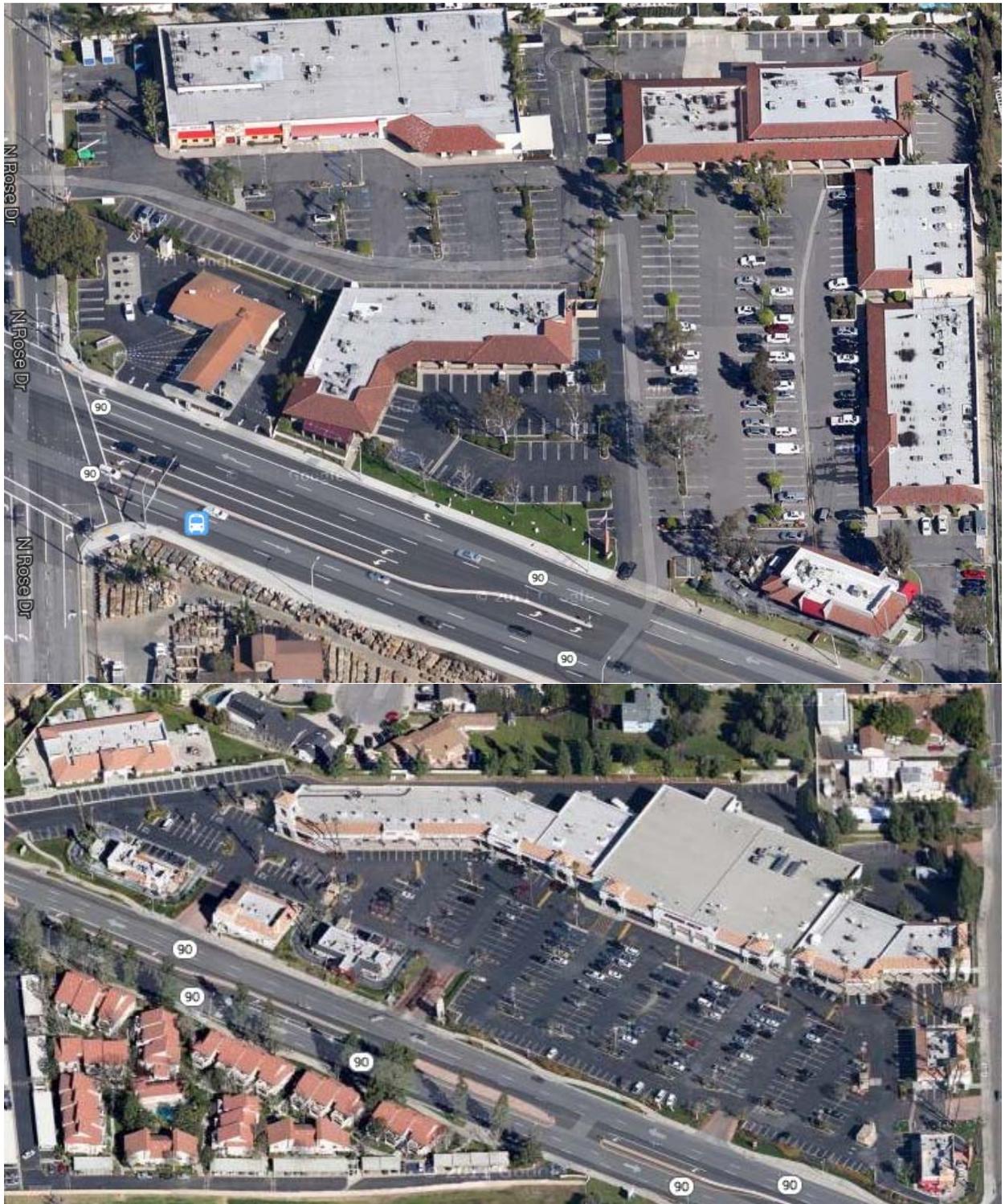
Placentia Town Center Shopping Center



Orange Thorpe and Lakeview



Imperial And Rose (West & East)



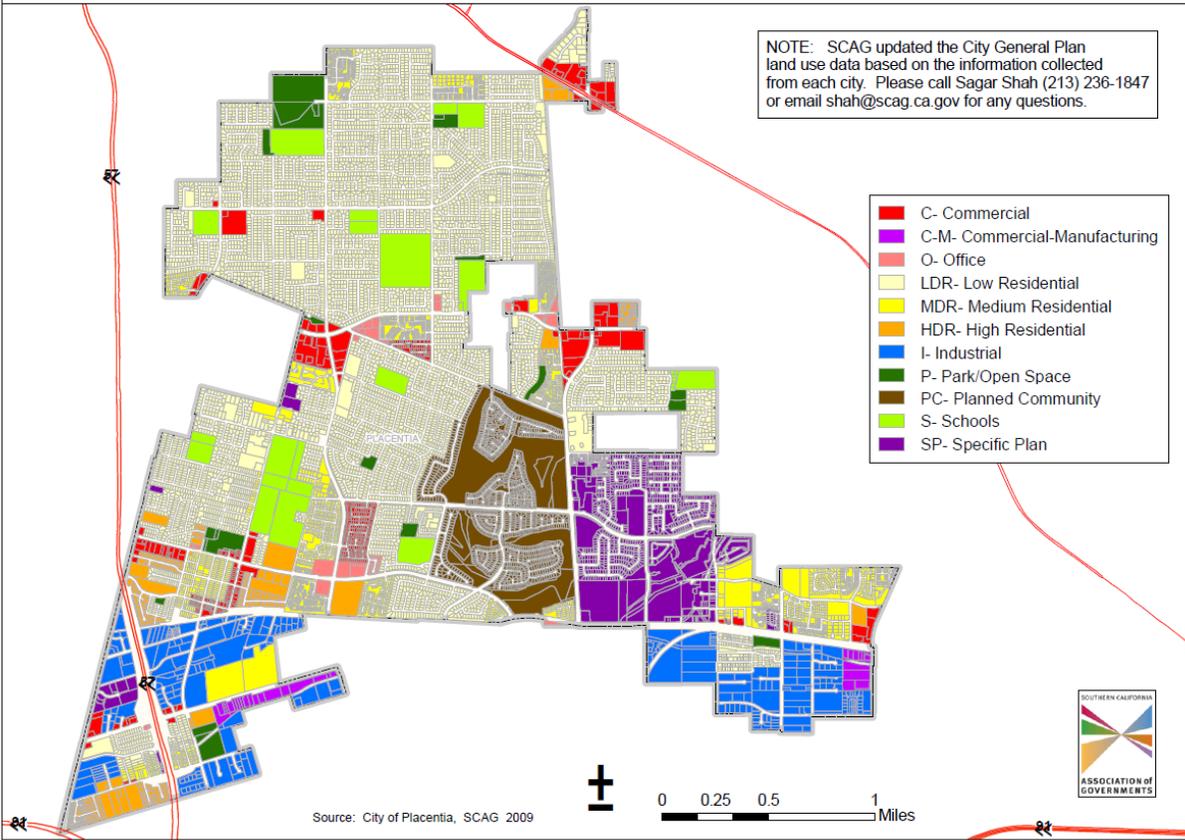
City Wide Economic Development Strategies

In evaluating the City as a whole, consideration should be given to the following “planning” concepts:

1. Create an overlay zoning plan for the South West corner of the City to facilitate expansion of existing or recruitment of new auto dealerships, including used car dealerships (large national chains), as a priority and to generally allow the gradual change to retail and restaurant uses and away from low unit sales and low job per parcel business.
2. Create an overlay zoning plan for the South East corner of the City to facilitate the gradual change to retail and restaurant uses and away from low unit sales and low job per parcel business.
3. Create an overlay zoning plan for the residential area between the 57 Freeway and the Downtown area that would allow, gradually over time, a transition to retail and denser mixed use type development. While challenging, this would allow the Downtown area to reach a critical mass of sustainability, while creating a draw from the busy 57 Freeway corridor into the City. In addition, it would create higher end, dense residential and office uses that would invigorate the Downtown area.
4. Consider highly focused and targeted zoning changes, specific plans or overlay zones to facilitate development of the few infill opportunities within the city.
5. Treat every re-use, infill, expansion and development project as an economic development opportunity to increase sales tax revenue.
6. Implement a rigorous, consistent financial analysis process to evaluate ALL projects from a revenue standpoint before even considering the traditional planning process.
7. When a solid financial performer is recruited, apply a flexible and creative planning process to maximize the success of the project.
8. Establish a restaurant incentive program (focused on national, sit-down chains).
9. Within the limits of the law and consistent with City policy, actively discourage low per unit performers and non-retail (i.e.: “office uses” that generate no sales tax revenue), especially in retail/commercial areas.

General Plan Land Use in City of Placentia

NOTE: SCAG updated the City General Plan land use data based on the information collected from each city. Please call Sagar Shah (213) 236-1847 or email shah@scag.ca.gov for any questions.



Strategies for supporting Manufacturing:

- 1) Continue to study the manufacturing area on the west side of Placentia, creating a special economic development district focused on supporting existing manufacturing businesses and attracting new business with incentives to hire Placentia residents, and encourage job creating businesses to locate in the District.
- 2) Encourage manufacturing businesses to participate in the Small Manufacturers Advantage Program.
- 3) Meet with the property owners on the west side of Placentia to assess their current and future needs as the area redevelops.

Strategies for encouraging Housing

- 1) Encourage the creation of denser housing (40+ ua) within the existing non-residential areas of the Placentia General Plan as long as it is accompanied by retail.
- 2) Encourage the development of housing within the Downtown Placentia Specific Plan Area, as long as it is accompanied by appropriate retail (mixed use).
- 3) Encourage the rehabilitation and preservation of older housing stock in Placentia.
- 4) Self sufficiency and no general fund impact.

Strategies for Workforce Development

- 1) Maintain relationships and communication with the (to be created) Workforce Development Center, Fullerton, Santa Ana and Santiago Canyon Colleges, Cal State Fullerton and for-profit universities. Placentia High School District and programs such as the Regional Occupation Program (ROP).
- 2) Refer businesses to County, State and Federal employment programs such as the Welfare-to-Work Program, California Employment & Training Panel, and Federal On-the-Job Training Programs.
- 3) Encourage collaboration between the business community and educational partners for satellite classrooms in commercial areas or other similar opportunities for the mutual benefit of workers and business owners.
- 4) Encourage the business community to offer internships, career development courses, and skills enhancement workshops.

Conclusion and Next Steps

In conclusion, recognizing the critical role that economic development must play in helping the City of Placentia continue to maintain and enhance the quality of life that the residents expect, the main measurement that will demonstrate success is increased revenue.

Next steps should include the following items:

1. Finalize draft with staff input.
2. Present plan to Council and Economic Development Committee.
3. Begin implementation with existing staff or contractor.

In addition to the many ideas suggested within this report, following below are 33 actions (divided into specific and general objectives) that should be completed or begun immediately.

SPECIFIC OBJECTIVES FOR FISCAL YEAR 2014-2015

1. Produce and distribute Fall/Winter edition of the *Growing Placentia* as a printed, paper, and mailed newsletter.
2. Produce and distribute Fall/Winter edition of the *Growing Placentia* as an electronic newsletter.
3. Attend League of California Cities Economic Development Conference.
4. Attend ICSC Western Division Conference in San Diego in September, 2014.
5. Attend ICSC Conference in Las Vegas in May, 2014.
6. Run "Shop Placentia" ads in conjunction with the holiday shopping season (Thanksgiving weekend and Christmas)
7. Produce and distribute Spring/Summer edition of the *Growing Placentia* as an electronic newsletter
8. Revise and update the Economic Development Plan by July 1, 2014

General Objectives for Fiscal year 2014-2015

1. Update demographics information on the City's website.
2. Investigate allowing cell sites on City property (including City Parks), if not already done.
3. Host a "Breakfast with the City" meeting
4. Conduct business outreach and visitations (at least the top 20 sales tax producers, per HDL).
5. Coordinate a minimum of two business assistance seminars.
6. Investigate allowing Billboards along the City right of way along the 57 Freeway (we understand that there has already been some preliminary work on this issue).
7. Explore re-using City property for retail generation (if possible and not already explored).
8. Explore the sale-leaseback of City property (not recommended unless all other options have been exhausted).

9. Consider a self-funded City owned parking structure or surface lot (funded with bond proceeds, using parking fees as collateral).
10. Incentivize new development with proximity to the possible new train station.
11. Create a restaurant incentive program.
12. Create a "Downtown area" lot consolidation program.
13. Create a City-wide lot consolidation program.
14. Create a "Downtown area" housing rehab program.
15. Create a "Downtown area" business improvement program.
16. Create a "Downtown area" business façade program.
17. Create a City-wide business façade program.
18. Create a targeted retail incentive program.
19. Acquire options for specific properties to allow targeted retail negotiations.
20. Create various overlay zoning areas as specified in this report.
21. Create targeted overlay zoning areas in the "auto" area and industrial areas.
22. Create voter approved Measure "X" to allow tax of non-retail uses occupying retail properties (not recommended until all other options are executed).
23. Use zoning and planning process to protect all retail property.
24. Allow greater densities (up to 40 units to the acre) to facilitate mixed use development.
25. Focus on high per square foot sale retail uses.