Economic Development Plan
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Introduction

City Government has evolved substantially since the elimination of Redevelopment in February 1, 2012. Cities throughout the State of California were hit hard and most will be impacted by the decision in the next few years. With the uncertainty of new legislations and the market volatility cities like Fountain Valley are forced to be more proactive than reactive approach.

Keep in mind that redevelopment was 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 have recognized that creating a “Business Friendly” environment is a philosophy no City can avoid to postpone. Economic Development in general must become one of the highest priorities of City government from the City Council to the Management team, to the Staff at all levels of the various City departments.

This Economic Development Plan is a multi-faceted approach that has been designed to preserve and enhance the City's business environment. The purpose of the plan is to:

- Maintain and enhance the positive pro-business approach of City staff as it assists both current and future businesses seeking to relocate;
- Assist and encourage the relocation of strong positive new businesses and retain existing businesses; and
- Enhance communication with the business community regarding areas of interest and concern to their ongoing operations.

The Economic Development Plan 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 high level of community service. If the City executes the Plan properly it may minimize the potential impacts of future recessions that typically occur in approximately every eight years.

This is a working plan and can be modify as needed due to the changing business environment. While the best results for the City would include progress on all approaches presented, progress on only one, would put the City in a more secure position financially. This is a step forward for the City in achieving a bright future.
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 Fountain Valley heads into Fiscal Year 2016-17 with $1.7 million deficit. The approval of Measure HH – Essential City Services by voters in November 2016 will allow the City to maintain current City services and assist with outstanding debt obligations. The City will continue to seek new source of revenues as cost of doing business continues to rise.

An option for consideration is the City of Fountain Valley must grow revenues organically, that is, within its own borders through economic development and smart and 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.

Demographics

The City of Fountain Valley was incorporated in 1957 and has a population above 55,000 with a median age of 40. The City is located in the heart of Orange County on the I-405 Freeway, minutes from points of interest such as Disneyland, Knott’s Berry Farm, famous beaches, the Honda Center, Angel Stadium, John Wayne Airport, and world-class shopping. The median household income of the community is $84,644 with 42% of households earning more than $100,000 annually. Additionally, the City boasts a high rate of homeownership (72%) and enjoys no User Utility Tax.

The City is primarily built out, with less than 2% of the City vacant. Approximately 3,040 acres, or 60% of the City is devoted to residential land uses; 361 acres, or 7%, to commercial uses; 450 acres, or almost 9%, represent industrial land uses; public facilities and schools represent 362 acres, or 7%; parks and open space make up 801 acres, or 15.5%.

When the City was incorporated in 1957, the tax base was very different than today, with a focus on property tax. Cities today including Fountain Valley find themselves dependent on sales tax. A city with seven percent of its land area being actively used for retail faces a steep hill indeed.
Small Town Feel

Businesses appreciate the personal scale of the community, which is a stark contrast to the larger communities in the region. Businesses feel an attachment to the sense of place created by the residents, the ability to meet with the Mayor, Councilmembers, City Manager, and Planning and Building Director and the ability to participate in – and often financially support events.

Economic Development Programs

The City of Fountain Valley’s adopted a strategic goal of enhancing economic development in 2013. Business development and assistance will remain a priority for the City. Below are areas the City will focus on to achieve the adopted goal.

- 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; and
- Encourage active cooperation between the City and local businesses concerning economic development issues.

Business Attraction

It is a priority for the City of Fountain Valley to attract new businesses to the community. The jobs, investments, and revenues that new business and industry bring to the local economy are vital to the successful future of the City. Programs and incentives will help Fountain Valley gain a competitive advantage over time.

Annual Broker Summit

The first annual broker summit was held in February 2016. The annual broker summit provides the local real estate industry with a sneak peak of what is to come in Fountain Valley while developing new relationships with commercials real estate professionals, developers and property managers. The event runs for two hours and encourages a key note speaker who specializes in niche oriented developments in downtown markets and has a strong background in revitalization.

Commercial Properties Locator

The City implemented a new commercial properties locator on the City website. New and existing businesses have the ability to search for commercial real estate vacancy at their convenience in the City of Fountain Valley. Local commercial real estate professionals can also list their vacancies when it becomes available. This added tools link property owners, listing agents, and businesses to discuss opportunities in Fountain Valley.

Development Assistance

Twice a month, the Planning Team and department representatives will meet with prospective businesses before the plan submission to provide preliminary comments. The meetings occur on the first and third Thursdays of each month. This process will reduce consulting costs and time.

Fountain Valley Crossings Specific Plan

The Fountain Valley Crossings Specific Plan provides a policy and zoning framework that will allow for additional land-uses for the geographic area generally located north of Ellis Avenue, south of Talbert Avenue, east of the Santa Ana River Channel, and west
of Ward Street. Instead of being zoned just light industrial, zoning regulations will actually relaxed to include mixed-use development as well.

The draft plan includes a vision, development regulations, streetscape designs, public space improvements, and a range of implementation measures that will foster comprehensive re-use and reinvestment in properties in the specific plan area as time goes on. As designed, the draft plan should foster the creation of an activity center district through private investment. It is anticipated the City Council Public Hearing for consideration of Draft EIR and Specific Plan will be in May 2017.

**Hotel Incentive Program**

The Hotel Incentive Program provides economic incentives to develop 3 to 5 star quality hotels in the City. This is a tool to help attract targeted industries, increase local employment, expand the tax base, and create long-term capital investment and new wealth opportunities in the community for eligible hotels with a financing gap as determined by a financial and economic analysis. The City will reimburse up to 50
percent of the total new TOT above $200,000 each year for no more than 15 years for new hotels with 100 or more rooms maintained at 3 to 5 star quality.

**Marketing Campaign**

The first step in a successful business attraction program is a quality, focused, marketing campaign. Staff has produced through Public Cable Television Authority a marketing video highlighting key businesses, quality of life, the City’s pro-business approach, and promote the City as an ideal location for business and industry. Staff has produced quality marketing materials highlighting the City’s demographics, major employers, incentives for businesses, and other information vital to existing and prospective businesses.

The City has partnered with Today611 to create a mobile application to promote buy local first. Today611 will help the City motivate our residents to spend more money in the City; therefore, supports our local businesses. This effort will generate more sales tax revenues for the city creating a strong economy.

**Business Retention**

Through regular contacts with existing businesses, the City will be in a better position to retain businesses should they decide to expand or relocate in the City.

**Business Recognition**

The City Council recognizes local businesses on achievements and highlights its success at a regular City Council meeting. Businesses will receive a Certificate of Recognition and the opportunity to promote their business on City website and local cable channels.

**Business Survey**

To better understand our business community, a business survey is a quick tool to gather crucial information on a business operation, its needs and challenges. The data will be used to assess various programs offered by the City. It is also a good resource to identify new programs to retain and attract businesses. All current Fountain Valley business license holders will be sent a Business Survey. The survey will also be available on the City’s website. A Business Survey was done in 2010. The Business Survey should be repeated as needed.

**Business Visitation**

The business visitation provides one-on-one contact with Fountain Valley businesses. These on-site visits will reiterate to business owners and key executives that the City is
available to work with them, and to give them a contact person in City Hall. The visits will build strong working relationship and will also allow City staff an opportunity to understand the character of Fountain Valley business community. City staff will target businesses with a large number of employees and sales tax producing businesses.

**Chamber of Commerce**

The City will continue to partner with the Fountain Valley Chamber of Commerce to promote business and community growth through active leadership in civic, cultural, legislative and educational programs. City staff participates on the Chamber’s Strategic Advisory Council and Government Affairs Council. The City also participates on the Chamber’s monthly events and will partner closely with Chamber on economic development items in the near future.

**Commercial Property and Business Improvement Program**

The Commercial Property and Business Improvement Program is a tool to stimulate the local business environment and also enhance the overall appearance of the area. The program will utilize cost sharing approach requiring the property owner to provide a minimum of one dollar of private funds for every one dollar of the City loan in an amount not to exceed $500,000 with an interest rate of three percent with loan term from five to ten years. The City will defer payments until the first anniversary of the City loan. The City and the property owner will develop a plan that is agreeable to both parties to achieve the mutually desired results.

**Economic Development Committee (Internal)**

City staff meets on a monthly basis to discuss upcoming and/or pending developments. If an issue(s) arises, the team identifies action items to correct the issue(s). Other items of discussion include new prospects, real estate broker’s rumors, and upcoming vacancies.

**Fountain Valley Restaurant Association**

The Fountain Valley Restaurant Association was formed with the assistance of the City in 2015. The City provides a monthly meeting space and booth space at City functions for ongoing promotion. The Fountain Valley Restaurant Association completed its first annual Restaurant Week from October 1-8, 2016. An “Eat Local Campaign” in conjunction with Spark of Love Toys for Tots campaign in December 2016. City staff will continue to work with the Fountain Valley Restaurants to encourage residents and non-residents to dine locally.
**Marketing Materials**

The City will continue to promote local businesses and find opportunity to produce marketing flyers to inform residents of special promotion and/or events so residents will think local first before considering alternatives. Staff will also find opportunities to work with Public Cable Television Authority to help promote local businesses. The goal is to keep sales tax in Fountain Valley to continue to keep Fountain Valley “A Nice Place to Live”.

**Welcome Letter from the Mayor**

On a monthly basis, a Welcome Letter signed by the Mayor will be sent to new businesses as a welcome to the community. New businesses will receive the new Economic Resource Guide, economic development programs and the Chamber of Commerce information. This initial contact will establish a rapport with the local businesses. Businesses will be more receptive in reaching out to the City if they require assistance and/or expand their operations in the future.
Action Target Areas

The City will continue to have ongoing dialogues with commercial center owners that are in need of some re-investments. Below are some targeted commercial centers.

Magnolia Avenue and Warner Avenue

This area is underutilized and is a prime commercial site with the 405 Freeway visibilities. The site has the potential of multiple hotels with restaurants and office space.
Edinger Avenue and Harbor Boulevard

The area has multiple parcel owners and majority of the commercial center is dilapidated. There are numerous vacancies in the commercial center.
The City has been working with the property owner in improving the center. There are some considerations in building more commercial spaces to bring in more tenants.
Brookhurst Street and Heil Avenue

The commercial center is outdated and is having challenges in attracting new tenants. The City is working with the property owner in upgrading the center to attract more tenants.
Conclusions

The achievement of the City of Fountain Valley’s economic development goals is dependent upon the implementation of the business retention and attraction efforts. Strong ties with the existing business base, the City will be in better position to weather any economic recessions that may occur in the future. The City of Fountain Valley should continue to place economic development as a priority to continue to maintain and enhance the quality of life that the residents expect and work with existing and future businesses to increase revenue.