

City of La Palma

Economic Development Plan



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Economic Development Plan Overview

The quality of life enjoyed by La Palma residents depends largely on income derived from its businesses. For instance, here are just a few examples of how businesses affect the City's future:

- While commercial/industrial land constitutes just 18% of the City's land area, it accounts for over 65% of City property tax revenues.
- Sales taxes received from businesses operating in La Palma continue to be the largest General Fund revenue source in the City at 34%.
- Business license fees, hotel fees, and property improvement fees paid by businesses account for over 5% of General Fund revenues.
- Businesses make infrastructure improvements as a component of new development.

When all of these sources are combined, it becomes clear that the majority of the City's revenues are generated by La Palma's business community.

La Palma has benefited greatly from the small but vibrant commercial/industrial corridor located mostly north of the 91 Freeway and along Orangethorpe Avenue. This concentrated area contains nine of the Top 10 property tax and eight of the Top 10 sales tax payers. Just 10 firms pay over 45% of the property tax revenues received by the City annually and as few as six companies generate over 90% of total sales taxes. The same organizations appear in the "Top 10" lists for employment in the City and redevelopment tax increment revenue received by the Community Development Commission.

This high concentration of wealth in a very small number of businesses means that the long-term success of the City is tied to the economic well-being of a handful of firms. As such, it is important for the City to identify methods of ensuring that these businesses continue to operate successfully in the City. In addition, it is essential for the City to identify means of diversifying its economic base so that it is not as dependant on so few organizations.

Because there is very little available space for new development, the City will need to find ways to enhance the existing business base. This will need to be done by helping existing businesses grow and attracting economically viable businesses when vacancies occur or through the redevelopment and reuse of existing retail centers.

It is important to note that “economically viable businesses” are not simply sales tax generating businesses. Although sales taxes are certainly a key component, economically viable businesses also include firms that provide stable, good paying jobs. When a community has a solid employment base, not only does a single business thrive, but supporting industries can also flourish.

Based on these reasons and many more, business retention and attraction activities have become increasingly important to the economic future of the City of La Palma. The adoption of an Economic Development Plan related to both business retention and business attraction strategies will help direct City staff and resources to maximize La Palma’s potential to maintain the strong business base it currently enjoys and to attract desirable new businesses when opportunities arise.

Introduction to Economic Development

What is Economic Development?

Economic development is simply the creation of wealth through which community benefits are created. According to the California Association of Local Economic Development (CALED), Economic Developers, "Are a catalyst...They are politically astute strategists who establish relationships, build networks, and generate resources to meet the needs of businesses. Their goal is to increase economic viability in their community."

Business and government both have roles in economic development. Business utilizes human, financial, and natural resources to create marketable goods and services. Government influences business investment and location decisions with taxes, revenue spending, and investment policies through regulations, incentives, services, and marketing. Business is motivated by profit. Government's motives are jobs, revenues (increased taxes and reduced social services expenditures), and quality of life. A local government can only be as healthy as its local economy.

Economic developers do not create jobs, businesses do. Economic developers are facilitators.

The Goals of Local Economic Development

1. Business Retention - businesses that feel appreciated will tend 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.

7. Recognition of Local Products – often times, successful economic development will occur when locally produced goods are consumed to a greater degree in the local market.

According to the League of California Cities: 90% of cities attribute an increase in revenues to funding economic development; cities funding economic development for more than 10 years receive more benefits; and 14% of these cities attribute “very large” increases to funding economic development.

Because economic developers are facilitators, there are several “partners” needed to aid in the process of economic development, such as:

- Business Associations
- Education and Training Institutions
- Executive Placement Groups
- Networking Groups
- Private Sector
- Public Sector (Local, State, Federal)
- Regional Economic Development and Workforce Training Organizations
- Service Sector (Banks, Utilities, Brokers, Hospitals)
- Technology Providers
- Venture Capitalists and Investors

The partners identified above ensure that there is financing available for new development and expansions, a trained workforce to attract or retain business, and business organizations to nurture a prosperous business climate. Economic development uses any tool available to make sure that there is a friendly environment for business growth and prosperity.

Why is an Economic Development Plan Important?

As with any planning document, an economic development plan’s value lies in its ability to be easily understood and easily referenced while providing information applicable to the planning area. A great looking plan that says nothing stays on the shelf unused. A plan with far reaching, but unrealistic, ideals is better served as a paper weight. An effective economic development strategy:

- Provides Direction – Where are we today and where do we want to go?
- Sets a Framework – Who do we target and how will we target them?
- Links Future to Present – How will we recognize and measure success?
- Is a Foundation for Change – What is our first step?
- Shows Action vs. Reaction – We are in charge of our fate.

- Helps Focus on Doing the Right Things – Spending resources wisely.
- Harnesses Creativity – “You want me to do what?? OK!”

The City of La Palma Economic Development Plan is intended to follow these ideals by analyzing the current marketplace, identifying trends, and proposing programs and activities that will make La Palma an even better place to live and work.

What is Business Retention?

“Business Retention” is the effort to retain existing businesses, which provide significant income, employment, and/or desired amenities to the La Palma community.

Commercial leases generally span from five to ten years; however, if a business is expanding or contracting, it will often sub-lease its space and move to a building that better meets its business needs. Because of the fluid nature of business, a long-term lease is not a guarantee of a business staying in one place.

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 alluring 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 Community Development Commission.

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.

Analysis of the Local Economic Climate

The Economic Development Climate in La Palma

Since the adoption of the original Economic Development Plan in 2002, the City has continued to meet with the business community to better understand its needs. Several times each month, the City's Community Development Director meets individually with business leaders from all industry sectors in order to identify the strengths and weaknesses of the City's services as they have experienced them. The Community Development Director also regularly meets with commercial/industrial real estate brokers, property owners, and property managers. In addition, for the past four years, the Community Development Department has distributed a two-page questionnaire with all business license renewals and new applications.

These efforts have resulted in very positive feedback to the City in general; businesses by and large feel that La Palma offers many significant advantages. Yet, there are improvements the City can make that would further enhance the business climate. The specific economic climate in the City is discussed below.

Strengths

The City's business leaders cite several key benefits of locating a business in La Palma:

- **Location.** The City's most important benefit is the location. La Palma is located in the "golden triangle" of the 91, 5, and 605 freeways, and thereby offers easy access to the Los Angeles/Orange County/Inland Empire regions, regional airports, and shipping ports.
- **Variety of Spaces.** La Palma is somewhat unique in offering industrial, Class A office, and business services within immediate proximity of one another. This is very attractive to businesses desiring to locate their executive offices close to their manufacturing or distribution facilities.
- **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 La Palma Police Department and also mention that the maintenance of the City's infrastructure is of the highest quality.

- **Business Friendly Climate.** In the past two years, it appears that the City has continued to become more successful at providing a “business friendly” atmosphere. Permits are processed faster than in the past, fees are within reason, and businesses feel that they have a contact point within City Hall when they have a question or concern. While La Palma does have slightly more stringent entitlement requirements than some other cities in the region, the City staff is generally perceived as being responsive and accommodating wherever possible.
- **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 Manager, and Community Development Director and the ability to participate in – and often financially support – community events.

Evidence of these advantages can be seen in the full occupancy level of the City's industrial area – with minimal vacancies anywhere in the City – and in lease rates that are at or above the area median in most market segments.

Weaknesses

As with any organization, there are areas for improvement, which include:

- **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

jeweler might not draw shoppers from outside the City; with a clustering of jewelers, shoppers throughout the region might make a special trip. In La Palma, the only potential cluster would be the area around the La Palma Intercommunity Hospital, where medical offices, and now the Sunrise Assisted Living Facility, work together to create a regional draw. However, it is quite common for the medical service providers in the area to mention that this community feature is not well known or well utilized. In addition, the lack of available space limits the City's ability to foster clusters elsewhere in the community.

- **Aging Commercial Areas.** Most of La Palma'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 La Palma residents demand. 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 Redevelopment Area, including the two largest retail centers in the City, redevelopment funding and strategies would be appropriate considerations to revitalize and reinvigorate these centers. The larger commercial centers are characterized by multiple parcels and multiple owners, making the redevelopment of these centers more difficult. The City's ability to utilize eminent domain to facilitate the redevelopment of properties expired in 2006. Thus, this redevelopment tool is not currently available to the City.
- **Onerous Entitlement Requirements.** The City of La Palma has had a long-standing requirement that all pre-1978 industrial buildings be seismically retrofitted upon a change of use or ownership. While the majority of the City's industrial buildings have now been upgraded, there remain a few which have not. This requirement adds to the expense of occupying the building and can delay occupancy while the improvements are being made. In addition, the City requires a Conditional Use Permit (CUP) for warehousing/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 often comment 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,

individual businesses generally desire larger permanent and temporary signs both on the building and at the street.

- **Where is La Palma?** While we were recognized nationally by Money Magazine in 2007 as one of the Best Small Cities in the U.S., and by Parenting Magazine in 2008 as the Best Small City in Orange County, La Palma is still sometimes referred to as “Orange County’s Best Kept Secret.” While residents can rightfully take pride in this fact, businesses suffer from the lack of identity. Businesses comment that their customers appreciate La Palma once they find it, but that the City has no established identity that businesses can draw upon.
- **Good Distribution Is Not The Same As Sales.** The industrial area of the City 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 usually recorded outside of the community. Unless industrial buildings are razed or retooled, the City will continue to be naturally attractive to warehouseers that create very little economic impact for the community.
- **Regional Shopping Centers Nearby.** The neighboring cities of Buena Park, Cerritos, and Cypress have regional shopping centers and/or big box stores that draw retail dollars away from La Palma’s businesses. La Palma does not have the land available to create centers to compete with these outlets; therefore, it will be necessary to La Palma’s businesses to compete in other ways, such as by providing individualized services or goods that are not available through the national chain stores.

While there are weaknesses that either cannot be overcome or would not be in the best interests of the general public to modify, the City should look for means of changing these situations wherever possible in order to make La Palma even more attractive to the business sector.

Opportunities

There are several underutilized attributes that would make the City more economically competitive, which include:

- **Solid Reputation.** The City of La Palma is more and more being seen as a great city to do business with. Many of the road blocks to entitlements have been removed or eased since the original Economic Development Plan was developed. In addition, because La Palma’s organizational structure is small, it is possible to quickly meet with key

decision makers and to receive personalized services. Unfortunately, we have yet to really capitalize on this reputation. The City could market these facts to local brokers and potential businesses.

- **Undeveloped Land.** There are three small parcels that are currently vacant and zoned for commercial uses. One is at the southeast corner of Crescent and Moody, one is at the southwest corner of Valley View and La Palma and the third is at the southeast corner of Orangethorpe and Moody. All three sites are former gas station facilities that have had ongoing questions regarding contamination and the status of clean-up efforts. In June 2008, the Planning Commission approved the development of a new Wachovia bank at the Orangethorpe and Moody site. Although the development is currently in the plan check phase, its ultimate development may be impacted by the recent mergers and acquisitions in the banking industry. The other two sites are nearing completion of remediation activities and are on busy corners offering some opportunity for new retail or restaurant development. The City would like to encourage retail and/or restaurant uses at key intersections through 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.
- **Available Funding.** The City's redevelopment agency is well funded and the most recent Implementation Plan includes funds for commercial center rehabilitation and business retention/attraction activities. With the exception of the La Palma Convenience Center at the corner of Valley View and La Palma, all of the commercial and industrial land in the City is within the Project Area. These funds could be utilized to enhance the City's economic base.
- **Growing Korean Population.** Over the past decade, La Palma has seen a dramatic demographic shift toward an Asian majority. The 2000 Census shows that the Asian population in the City has grown to 44.6% of the total population. Of that, nearly half are of Korean descent. One shopping center, officially known as the La Palma-Moody Center, has been transfigured into a shopping area with restaurants, a grocery store, retail stores, and a bank geared toward Asian (mostly Korean) customers. The City could benefit by enhancing services for Korean businesses and by marketing the shopping center as a Korean marketplace.

Threats

It has been said that the only constant in life is change. While the City enjoys many benefits, potential changes could dramatically affect the future of the economic climate in La Palma. Some of these include:

- **Major Tenant Leaves.** As mentioned above, just six companies make up over 90% of the City's sales tax base. Several of these businesses are on short-term leases. If any one of these businesses left La Palma, it would result in a significant loss of revenue for the City. The City will need to coordinate efforts to maintain these tenants; failing that, the City will need to quickly identify a replacement tenant to cover the potential loss of revenues.
- **Lack of Patience.** Real estate professionals understand the City's goals of economic development; however, their personal motivations are sometimes at odds with the City's goals. Ultimately, brokers and landlords are interested in getting a building occupied. A rent check is the goal. While tax generating businesses typically also pay more rent, brokers and property owners often will accept tenants who can pay lower rent rather than taking the time to find the "right" tenant. Because vacancies are rare in La Palma, it is even more important for the City to impress upon real estate professionals the importance of maximizing the use of a property.
- **Downturn in the Housing Market.** The housing sector has experienced a steep downward trend for nearly two years now. This, which has been further exacerbated by the sub-prime lending fiasco and increasing energy costs, has made 2008 a challenging time for the California economy. This pain has been felt by both businesses and the consumer. There has been a fallout in the retail sector in which several national tenants have declared bankruptcy, closed stores or have decided to shut down entirely. Recovery is expected to be slow and is still possibly more than one year away. New commercial development and store expansions have also declined. As a result, the City may need to financially participate in projects in order to encourage new development or significant redevelopment.
- **Rising Unemployment Rate.** Orange County experienced significant job losses in 2008, with most losses coming from the housing related sector followed by financial services, general construction, and manufacturing. As a result, the City could see local businesses consolidating operations outside of the City or shutting down their operation entirely. The unemployment rate in Orange County is expected to average above 6% in 2009.

Because La Palma is constrained in many ways physically, the importance of providing intangible benefits to businesses is critical to competing with surrounding communities. Such intangible benefits include:

- The ability to establish relationships and friendships with businesses
- Speed of processes, direct line accessibility to City leadership

- Understanding the needs of a business and providing a caring, creative attitude
- Honesty, integrity, respect of City officials and staff

Since the adoption of the original Economic Development Plan in 2002, the City has reorganized to create a Community Development Department and has focused on providing quality customer service in all parts of the organization, which has helped to make significant progress in providing the levels of service necessary to provide these intangibles.

The following plan lays out a program to protect and expand the revenue stream from La Palma businesses by retaining current income-producing businesses and by proactively attracting new ones when an existing business leaves. By maximizing La Palma's strengths and opportunities, as well as addressing weaknesses and potential threats, by redefining staff roles and responsibilities, and by establishing a clear vision for economic development, the City of La Palma will be well positioned to respond to the changing needs of business well into the future.

Guiding Principles

The guiding principles established in 2002 continue to be valid and will be used as the principles for this document and the City's economic development activities. They are as follows:

Vision: Our economic development vision is that La Palma will continue to be the preferred business location in the Mid-Cities area.

Mission: Our economic development mission is to provide a safe, positive, and profitable environment for our businesses and their employees.

Economic Development Philosophy:

- Income producing businesses are vital to the quality of life of our residents.
- Efforts should focus on retaining and attracting quality, high income producing businesses and business services that will enhance La Palma's commercial and industrial areas.
- Businesses should be treated with dignity and respect and be recognized as an important part of La Palma's community.

Economic Development Priorities:

- Protect and expand La Palma's General Fund revenue base.
- Convert non-income producing land/business properties into income producing ones where practical.
- Attract businesses that enhance the quality of life for La Palma's businesses and residents.

Business Retention & Attraction Goals and Objectives

Business Retention

Given La Palma's limited commercial and industrial space and relatively low turnover in tenants, business retention efforts may be the most important activities in this Plan. While it may be impossible to prevent some businesses from leaving, the City should focus its efforts on maintaining the most important businesses and helping to grow those that are underperforming.

The success of the City's business retention efforts will be evaluated not only by how many key businesses remain but also by how well the City has responded to the needs of individuals working in those businesses during their tenure in the City.

Goal: Retain La Palma's Top 10 Income-Generating Businesses

Objectives:

1. Continue to build strong, personal relationships with key area business owners, commercial brokers, property owners, and tenants.
2. Demonstrate appreciation to La Palma's Top 10 businesses, property owners, and tenants, for contributing to the City's revenue base.
3. Continue to refine planning and permitting procedures and processes so that they that work smoothly for businesses and brokers.
4. Promote La Palma's uniqueness as a place to do business, by clearly and consistently communicating the benefits to existing businesses.
5. Help integrate businesses and their employees into the La Palma community.
6. Identify and be responsive to the needs of existing businesses.
7. Seek creative solutions to resolve issues that impact business retention.
8. Fully utilize the Corporate Connection program to facilitate requests for donations/contributions for all City special events and programs thereby eliminating multiple requests from individual City departments.

Business Attraction

For La Palma, a strong business attraction program is critical for one primary reason: businesses will leave La Palma, even if the City does an extraordinary job providing service to them. Business success usually leads to expansion and La Palma has limited space to move into when the business needs to expand. In addition, businesses relocate, contract, and close for reasons that are beyond the City's control. Therefore, the City must be ready with other income-producing prospects when a business leaves.

Target Market for Business Attraction

La Palma'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
- Redevelopment tax increment 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 La Palma a more convenient place to operate. As an added benefit, many support businesses also make La Palma a more convenient place to live.

Where possible, La Palma should look for businesses involved in exporting. While we mostly think of international trade as exporting, an export business is any company that supplies more goods and services than the local economy can use. Exports are sold to customers outside the community, which brings dollars into the community in the form of jobs and expenditures at support industries.

One dollar received from exports circulates around the community 3.5 times.

Goal: Attract General Fund Revenue-Producing Business into La Palma When Space Becomes Available

Objectives:

1. Create a formal business attraction marketing package that promotes La Palma's ability to meet the needs of our target businesses.

2. Distribute the marketing package to local brokers, developers, and target businesses.
3. Expand relationships among commercial brokers outside of the Mid-Cities area.
4. Consider offering financial assistance to potential target businesses on a case-by-case basis.
5. Continue to streamline land use entitlement, permitting, and inspection processes for targeted businesses who express a desire to relocate to La Palma.
6. Encourage retail and/or restaurant uses at key intersections in the City.

Economic Development Strategies

The following action items apply to both business retention and business attraction goals and objectives. They are core activities that are fundamental to La Palma's ability to maintain and strengthen its positive economic environment.

I. Enhance "Business Friendly" Perceptions and Customer Service

Since 2002, the City has had some success in disseminating the message that businesses are essential for supporting the City's residential services and high quality of life. In addition, training efforts and staff changes have resulted in an organization that is better equipped to respond to the needs of both business and residential customers. Nevertheless, there is still a need to nurture a business friendly environment and enhance customer service.

Tasks:

- A. Further develop the public relations campaign to promote the importance of La Palma businesses to the residential quality of life.
 - 1. Quarterly articles in the City News section of the Recreation Brochure.
 - 2. Regularly update the Economic Development/CommunityDevelopment section on the City's website.
 - 3. Continue Public Education about the City's budget and where major revenue sources come from.
- B. Continue to provide "in-service" training to Community Development (planning, building, code enforcement), Public Works, and other City staff as appropriate.
 - 1. Identify similar and different needs of business vs. residential customers.
 - 2. Identify common business issues and needs.
 - 3. Update customer service and problem solving skills focused on business needs and issues.
 - 4. Seek Korean-speaking employees and/or give training to employees on Korean customs and language to better serve the growing Korean business population.

- C. Continue to review entitlement and permitting processes for opportunities to improve responsiveness to the business community without compromising La Palma's residential integrity.
1. Continue to identify common organizational "roadblocks" to expanding or relocating a business in La Palma, such as the time needed to process a conditional use permit (CUP). Develop strategies for overcoming such roadblocks through staff training, retention of special consultants, reviewing code provisions, and other means.
 2. Enhance pre-development meetings to improve review of proposed tenant improvements and business expansion projects so that the owner/developer receives a comprehensive list of City concerns early in the application process.
 3. Retain consultant specialists on an as-needed basis to augment the expertise of City staff in areas such as seismic retrofitting, high rack storage configuration, etc., so that processing of complex applications and plans can be handled expeditiously.
 4. Continue to coordinate "fast tracking" of land use and/or permitting applications through City processes. This should include working with the City's contract plan checker to better facilitate large projects.
- D. Continue to coordinate business appreciation events.
1. Enhance annual State of the City luncheon so that it becomes a "must attend" event for the business community.
- E. Provide outreach to integrate businesses and their employees into the La Palma community.
1. Invite businesses to participate, attend, and sponsor community events through the Corporate Connection program.
 2. Prepare a bi-monthly article in the Chamber of Commerce newsletter to keep businesses informed of community activities.
 3. Encourage businesses to hold "open houses", business anniversary parties, grand openings, and other events. Encourage Councilmembers and City staff to attend.
 4. Work with the Korean Chamber of Commerce and other Korean-based business groups to integrate La Palma's Korean businesses into the main stream of businesses in the City.

- F. Increase public awareness of the City of La Palma.
 - 1. Coordinate and distribute press releases from the City and its businesses to regional, not just local, newspapers.
 - 2. Consider creating an advertising piece to introduce La Palma to the general public. Place the piece in regional newspapers and key business trade publications.
 - 3. Participate in and/or attend regional job fairs and trade shows to introduce businesses to the City of La Palma.
- G. Assemble key City staff to quickly respond to the needs of high priority businesses (known as "Red Teams").
 - 1. Adjust membership in the Red Team to the specific demands of the situation.
 - 2. Identify response methodologies and propose solutions in a joint environment.
 - 3. Coordinate and communicate a singular response to the issue.

II. Strengthen La Palma's Ability to Retain Businesses

La Palma is unique and valuable as a business location due to the special mix of its assets. These include: an accessible location; a unique mix of industrial, office, and business services uses in close proximity to one another; and safety resulting from a proactive Police Department. Maintaining these advantages as well as developing new strengths will help La Palma retain its influential business base.

Tasks:

- A. Enhance secondary services to meet employee needs.
 - 1. Identify and attract quality service providers (i.e., restaurants, dry cleaners, banks, etc.) for retail spaces when openings present themselves.
 - 2. Assist existing service providers in better understanding the needs of local employees and helping them to market their services to the business community.
- B. Enhance City services geared toward employers.
 - 1. Create programs to review and enhance safety of businesses.

2. Create recreation and/or wellness programs for employees.
 3. Market the Community Center as a location for employee training and events.
- C. Facilitate the development of new partnerships between the business community and other community resources such as the La Palma Intercommunity Hospital, Orange County Public Library, and Orange County One-Stop Center.
- D. Develop a print and electronic communication campaign to inform existing businesses of La Palma services and business opportunities.
1. Enhance the City's Website to add a section for businesses.
 2. Create and distribute a description of City services available to businesses.
- E. Enhance current multi-tenant centers.
1. Encourage retail property owners to rehabilitate their facilities. Consider utilizing redevelopment funds to provide loans/grants as an incentive.
 2. Meet with property managers to discuss needs of joint tenants. Provide a method for disseminating information to each tenant.
 3. Enhance signage of multi-tenant centers through encouraging an update of master sign programs and redesign of monument signage.
 4. Work with property managers to identify quality businesses for pending vacancies.
 5. Respond to inquires from property owners, individual businesses, and prospective property owners/developers to foster the Moody-La Palma Center as a leading Korean marketplace in the area.
 6. Encourage outdoor dining areas and appropriate outdoor displays (e.g., flower shop displays) to make retail spaces more inviting. Review City Code and make amendments as necessary.
- F. Assist small businesses with establishing a more professional presence.
1. Assist individual businesses with business development. Coordinate with the Small Business Administration, the Service Corps of Retired

Executives (SCORE), and other small business assistance organizations.

2. Work with the La Palma Intercommunity Hospital and nearby medical service providers to market the area as a "healthcare cluster".
- G. Provide a single business contact point for City Hall.
1. Continue to coordinate information and service requests by businesses through the Community Development Department, and specifically, the Community Development Director.
 2. Continue to make site visits to local businesses to meet key business employees and introduce them to the City's staff. Consider inviting the Mayor to attend. Consider coordinating with the Chamber of Commerce.
- H. Conduct regular and ongoing Lunch with the Mayor events with La Palma businesses. Key City personnel such as the City Manger and Community Development Director also attend these meetings.

III. Strengthen La Palma's Ability to Attract New Businesses

Tasks:

- A. Develop a print and electronic communication campaign to promote La Palma as a desirable place to establish a business.
1. Develop a formal package of business attraction materials. Ensure that the business friendly message is a key part of the package. Deliver the package to key brokers, developers, and desired tenants/businesses.
 2. When vacancies exist, identify high priority businesses to target, distribute invitational letters, and follow up with phone calls and/or visits by the Community Development Director or City Councilmembers, as appropriate.
 3. Add more specific demographic information to the City's website that would be of interest to prospective businesses.
 4. Attend trade shows for businesses in the targeted sector, if necessary.
- B. Develop financial assistance programs that can be offered to potential high priority businesses through the City's Community Development Commission on a case-by-case basis.

1. Rehabilitation loan program.
 2. Public infrastructure improvements.
 3. Land/lease write downs.
 4. Rebates of a portion of sales/property taxes and/or fees.
- C. Evaluate the feasibility of expanding La Palma's Redevelopment Project Area to include commercial areas that are not presently incorporated.
- D. Identify existing commercial areas within the redevelopment project area that could be marketed as redevelopment opportunities to developers.
- E. Develop an overlay zoning designation for specific commercially zoned properties located at major intersections to encourage retail and/or restaurant uses and provide flexibility to commercial development standards.

IV. Assess the Progress of the Economic Development Plan

Tasks:

- A. Provide the City Council with regular updates (e.g., quarterly) in the "Friday Report" on the implementation of the Plan; include updates on feedback received from businesses, potential business changes, and activities conducted during the review period.
- B. Provide the City Council with a formal annual progress report on the status of the Plan; include an analysis of successes, failures, and roadblocks to implementation.

Roles and Responsibilities

The success of the La Palma Economic Development Plan is dependent upon different managers, leaders, and policy makers fulfilling some clearly defined roles and responsibilities as follows.

City Council/Community Development Commission

The City Council and Community Development Commission are responsible for providing overall policy direction related to business retention and attraction efforts. The City also previously had a Business Retention Committee. Originally formed in 1992, in 2005 the City Council decided to disband the Committee. Following the 2006 update of the Economic Development Plan, the City Council expressed an interest in reestablishing the Committee. It was ultimately decided to not reestablish the Business Retention Committee at that time. Business retention and outreach efforts are being conducted through the Lunch with the Mayor Program and directly by the Community Development Director and in certain cases the City Manager. The City Council and Community Development Commission can act in the role of facilitating economic development activities through the following actions:

- Policy oversight of the Economic Development Plan.
- Allocation of City/CDC resources to support the Plan.
- Participation in business recognition events.
- Communication of a business friendly attitude within the community.
- Meet with business leaders and the Chamber of Commerce as appropriate.

City Manager

The City Manager oversees all City departments to encourage quality customer service and helps to establish and promote a business-friendly environment. Where appropriate, the City Manager meets with existing and potential businesses to negotiate for assistance and address concerns.

- Direct City departments in establishing quality customer service.
- Promote business friendly environment within City Hall and the community.
- Participate in and/or lead Red Teams as appropriate.
- Meet with potential businesses to negotiate assistance and/or promote the City has a place to be.
- Meet with existing businesses to address concerns.

- Implement training programs, either in-house or through use of training consultants, to improve business sensitivity and customer service skills of City staff.

Community Development Director

The Community Development Director is responsible for the day-to-day implementation of the Economic Development Plan and for making recommendations to the City Council/CDC on specific programs and funding mechanisms for economic development opportunities. In addition, the Community Development Director manages economic development resources and the Community Development Department, which has the most regular contact with local businesses and commercial development.

- Implement the Economic Development Plan.
- Manage the daily implementation of the Economic Development Plan.
- Modifying policies or procedures which inhibit implementation of the Economic Development Plan.
- Implement new programs or services that would meet the needs of La Palma's businesses.
- Lead and manage Community Development Department staff in cultivating a positive, business friendly environment.
- Implement training programs, either in-house or through use of training consultants, to improve business sensitivity and customer service skills of City staff.
- Call for Red Teams, as needed, to respond to specific needs of high priority businesses.
- Be accessible to business owners, property owners, and commercial brokers to resolve problems.
- Recommend the hiring of consultants, as necessary, to implement Plan components and identify funding mechanisms to pay for them.

Department Directors

City Department Directors are responsible for overseeing the day-to-day operations of their respective departments. All Departments should have policies and procedures which recognize the importance of businesses to the La Palma community.

- Create a positive, "business friendly" environment within each department.
- Work with the City Manager and Community Development Director to implement the Economic Development Plan.
- Serve on a Red Team when requested.

- Facilitate staff training to improve business sensitivity and customer service skills.
- Make recommendations for modifying policies or procedures which inhibit implementation of the Economic Development Plan.
- Make recommendations for new programs or services which would meet the needs of La Palma's businesses.

City Staff

No matter what their position, every City of La Palma employee has an opportunity to make a positive impression on the community. The responsibility of City staff is to participate in evaluating and identifying procedures and processes that inhibit economic development and to provide the best possible service to both residential and business customers.

- Participate in customer service and other training opportunities.
- Serve on a "Red Team" when requested.
- Focus daily activities on providing quality customer service.

Consultants

Consultants can provide expertise not present in existing City staff. They also can provide temporary assistance to complete specific projects, when the work load of in-house staff can not accommodate them.

- As needed, assist City Staff with processing and permitting expertise in the areas of seismic retrofitting, high rack storage, or other specialty areas.
- As needed, assist City staff in the processing of land use entitlements, special planning studies, and/or environmental documentation to minimize turnaround time for individual projects during times of high volume of planning requests.
- As needed, assist City staff with the development of business promotion/business attraction materials to promote La Palma as a great place to do business.
- As needed, assist staff with business-related improvements to the City's website.
- As needed, provide business sensitivity and/or customer service training to City staff.
- As needed, participate in Red Teams to resolve concerns of high priority businesses.

Chamber of Commerce

The Chamber of Commerce is responsible for promoting business interests throughout the City of La Palma. Traditionally, the majority of members in the Chamber have come from smaller or sole proprietor businesses.

- Develop programs and activities for smaller businesses.
- Develop and provide educational programs of interest to all businesses (i.e., child care issues).
- Meet regularly with the Community Development Director to share information about the needs and issues of the La Palma's smaller business.
- Work with the City to help integrate La Palma businesses and their employees into the La Palma community.
- Work with the City to develop and implement business appreciation events.

Financial Resources

Currently, the City of La Palma has several sources of funds for implementing elements of the Economic Development Plan. While the majority of funding available is local, there are state and federal funds available to assist economic development efforts. Opportunities and limitations for each of these funds are described below.

Community Development Commission Funds

The La Palma Community Development Commission (CDC) receives approximately \$3.2 million per year in redevelopment tax increment funds, which can be used to benefit the City of La Palma Community Project Area. Twenty percent of those funds must be used to increase and improve the supply of affordable housing in the community. A significant portion of the remaining tax increment is pledged towards bonded indebtedness, pass-through agreements with other taxing agencies, and existing owner participation or rehabilitation loan agreements with sales tax generating businesses.

The remaining funds can be used on a variety of activities, including land assembly, site preparation, planning studies, land write downs, loans and grants, and various capital improvements. In recent years, priority has been placed on using CDC funds to construct eligible capital projects that benefit the entire community, such as the expansion of the La Palma Police Department building, the Community Center Rehabilitation Project, and infrastructure improvements to main thoroughfares in the City.

The latest 5-year Implementation Plan, adopted by the CDC in January 2005, indicates that funding will be used for additional capital projects and infrastructure improvements, but also includes funds for commercial rehabilitation loan/grant programs and economic development activities.

Redevelopment funds can only be used within the boundaries of a project area. Currently, the boundaries of the La Palma Community Development Project Area include all of the commercial/industrial land in the City with the exception of the properties at the intersection of La Palma Avenue and Valley View Street and the southwest corner of Moody and Crescent. The Community Development Commission has indicated an interest in adding those properties to the Project Area.

In the fall of 2007, the CDC considered the possibility of amending the Redevelopment Plan to increase the existing tax increment limit so that the CDC could issue additional bonded debt to fund economic development activities in the Project Area. However, a study completed by the CDC's consultant found that there was not sufficient remaining blight at that time

throughout the Project Area to meet the statutory requirements of amending the Plan.

Assuming their availability, CDC funds can be used for the following elements of the Economic Development Plan.

- Staff costs directly related to business retention and attraction;
- Hiring of consultants to provide direct service related to business retention and attraction, including the development of marketing materials to promote La Palma as a great place to do business;
- Business appreciation events that acknowledge the contributions of the business community to La Palma;
- Financial assistance programs in the form of rehabilitation loans, land or lease write-downs, tax rebates, and/or public infrastructure improvements.

CDC funds may not be used for the purchase of general equipment, or for ongoing costs associated with the maintenance and operation of public infrastructure and facilities.

City General Funds

The City's General Fund is the largest source of funding for basic City services and programs, such as police protection, park and recreation programming, planning, building and safety services, and administrative support for City operations. Because of its discretionary nature, the General Fund could be used for all elements of the Economic Development Plan, if resources were unlimited. Because they are limited, however, General Funds could be used most appropriately for the following elements of the Economic Development Plan.

- Public education and outreach through the City's various newsletters and the City Website;
- In service training related to customer service to the business community;
- Staff costs associated with normal City operations, such as review of planning and permitting processes, troubleshooting and problem solving, etc.;
- Retention of special consultants to augment the expertise of City staff in such areas as seismic retrofitting, high rack storage, etc.;
- Retention of additional consultants to assist with high volume workloads as necessary;
- Loans to the Community Development Commission for business attraction/retention of high priority businesses.

Capital Outlay Reserve

The Capital Outlay Reserve (COR) fund is a special set-aside of General Fund dollars that is specifically reserved for capital projects. These funds could be used in the same way as General Fund dollars; however, the City Council has established a policy expenditures from this fund should be allocated to "one time" capital projects (infrastructure improvements, new facilities, etc.).

Assuming this policy direction continues, eligible uses of the COR fund to fund elements of the Economic Development Plan include the following:

- Improvements to the public infrastructure that benefit the business community;
- Improvements to the public infrastructure as part of a financial assistance program for a high priority business;
- Other one-time capital expenses that are directly related to business retention or attraction goals and objectives.

Other Governmental Funds

The State of California, the United States of America, and other governmental agencies have funds available for various economic development programs, projects, and activities. Each funding source has its advantages and its drawbacks, but common factors amongst most of these sources are that they tend to be competitive in nature and restricted to specific uses.

The most common funding source would be the U.S. Department of Housing and Urban Development through the Community Development Block Grant (CDBG) program. Due to the size of the City of La Palma, CDBG funds are administered through the County of Orange via a competitive grant application process and HUD generally puts priority on programs focused on low income households. Also available from HUD are Economic Development Initiative grants.

Additional sources would include Environmental Protection Agency Brownfields Cleanup Initiative Grants, U.S. Economic Development Administration grants and loans, South Coast Air Quality Management District programs, U.S. Small Business Administration Loan Guarantees, Southern California Edison and Southern California Gas Company economic development activities, Verizon/SBC/other local phone company programs, and California Economic Development Department business development programs.

The Community Development Department maintains a list of public funding sources that can be utilized for matching needs with available resources.

This listing also includes non-financial assistance such as business training and education programs.

Because of the variety of available funds, public funding could be used to further virtually all of the programs and activities in the Economic Development Plan.

Private Financing

The variety of private funding available is nearly limitless. Between local, regional, and national banks, real estate investment firms, private foundations, land developers, and venture capitalists, public-private partnerships could be the single largest resource for economic development funding in La Palma. However, it is important to remember that private corporations exist solely to make profits and use of these funding avenues must be made with the realization that the partnership will cease to exist when the risk becomes too great.

The Community Development Department also maintains a limited list of private funding sources for projects. Private funding could be used for all of the programs and projects identified in the Economic Development Plan; however, the most realistic activities are those that would result in a profit for the private firm. These would include:

- Rehabilitation and redevelopment of multi-tenant centers;
- Development of vacant properties;
- Small business growth through leveraged partnerships;
- Additions to existing structures to add leasable/usable areas.

Summary

The future success of La Palma in serving the needs of is directly related to our ability to attract, serve, and retain businesses, particularly those which support and enhance the City's financial base. The intent of this Economic Development Plan is to provide clear goals and objectives that can be implemented as resources become available, to clarify the roles and responsibilities of various stakeholders and policy makers involved in the economic development process, and to establish an action plan for ensuring that La Palma's business community remains strong and healthy.

It is important to keep in mind that there is no "finish line" for economic development. Rather, it is a continuous process of anticipating and responding to changes in the business environment in order to maintain the City's competitive advantages and minimizing its weaknesses. This Economic Development Plan is a tool to assist in this process.

Implementation Program

The following pages identify an implementation program for the Economic Development Plan. The program identifies the tasks mentioned above and assigns human resources, identifies financial requirements, and establishes a time goal for each facet of the program. The implementation of the Economic Development Plan has been organized with the expectation that the document would be updated again in 2011.