



Economic Development Department

MEMORANDUM

DATE: September 6, 2017

TO: Honorable Mayor and Members of the City Council

FROM: Eric C. Crockett, Director of Economic Development *(e)*

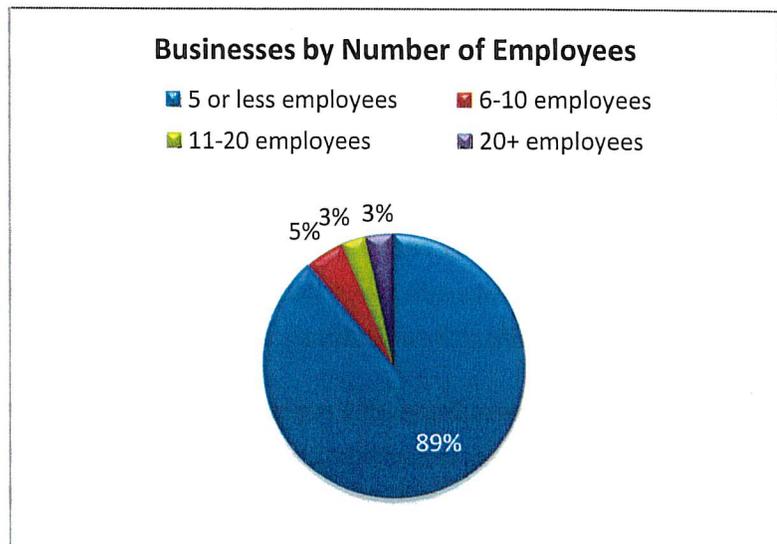
VIA: Gary Halbert, City Manager *GH*
Maria Kachadoorian, Assistant City Manager *MK*

RE: Economic Development Workshop for October 5, 2017

In preparation for the Economic Development workshop the Economic Development Department wanted to provide the City Council with some information for your review. In the prepared binder you will find economic development studies prepared by outside consultants (I) , the Economic Development annual work plans (II and III), along with the programs developed and implemented to support our local small business community. In addition, Exhibit “A” to this memo provides a summary on the actions completed. Exhibit “B” is the proposed Economic Development Work Plan for 2018. This information is provided as background and to assist in our discussions during the workshop.

Economic Background

The City of Chula Vista is comprised almost entirely of small businesses (97%), as depicted on the pie chart, and employs approximately 63,000 people, not including home based businesses. It has been found through various economic studies that more than 80% of new jobs



are created by the existing business community. According to the State Economic Development Department and City records there are approximately 6,000 active businesses in the City with an additional 4,000 home occupations. The effective vacancy rate for industrial is approximately 4% and office is approximately 10%. The average space available in the office market is approximately 10,000 square feet and in the industrial market is approximately 12,000 square feet. Since fiscal year 2016 approximately \$80 million dollars has been reinvested into Chula Vista through tenant improvement projects. These statistics have remained fairly consistent over the past few years primarily due to the lack of new inventory being delivered to the market. The statistics also indicate that there are few opportunities for a sizeable increase in our employment base due to the lack of space and quality inventory. Most of the available inventory in the office market is of lower quality (Class B and C) and the available industrial space is also older with inadequate floor to ceiling heights and loading areas. Based on this data staff has focused their efforts on supporting the existing business community, assisting new businesses navigate the governmental process and developed targeted new programs to stimulate investment in Western Chula Vista.

However, the ability to deliver substantial new employment lands has become a new opportunity in Fiscal Year 2018 with the arrival of the Village 3 industrial park (16 acres), the Chestnut Office Development (1.7 million square feet), the Sudberry Main Street industrial park (35 acres) and the Chula Vista Gaylord Development. These projects represent an opportunity to deliver millions of square feet of new employment properties to the market and substantially increase employment and revenue in the City. The following memo will discuss the efforts of the Economic Development Department since June 2015 with a brief discussion on our efforts proposed for fiscal 2018.

Fiscal Year 2016 Economic Development Work Plan

In February 2015, the City Council requested the City Manager to bring back a detailed economic development work program within ninety (90) days. The culmination of this effort was the 2015-2016 Economic Development Department Work Plan (Plan). The Plan was presented to the City Council in June of 2015. The Plan was developed by reviewing various City policy documents (General Plan, Specific Plans and Specific Planning Area Plans), the 2013 Cluster Study findings and recommendations, conducting outreach and interviews with developers, brokers, site selectors, business organizations and business leaders. Based on this input the plan identified three primary areas of focus.

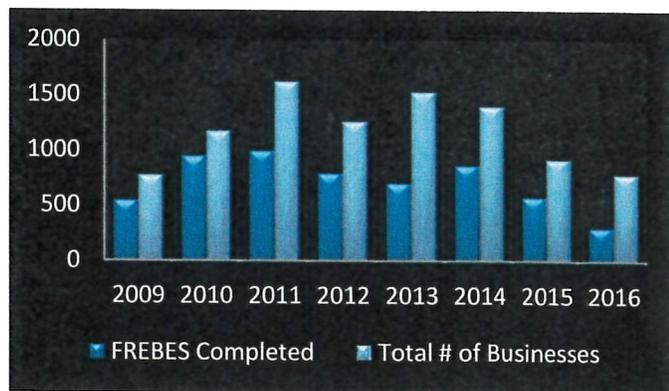
- **Business Support Programs:** The first objective was to support our existing and new business community through a variety of projects and programs that would deliver outstanding customer service to all of our clients.

- **Economic Development Projects:** The second objective was to continue to participate, with city staff, on completing the important economic development projects located on the Bayfront, in Western and in Eastern Chula Vista. These projects represented the most significant opportunity to increase employment and revenue in the City.
- **Collaboration and Outreach:** The final objective was to communicate and collaborate with various economic and development associations in the region, the nation and across the border to highlight the opportunities available in the City. This collaboration allows us to leverage staff, the community and the region to get the word out on why Chula Vista is the place to locate their business. The final objective was to collaborate with associations in the region so we have an opportunity to compete for companies looking to come into or relocate within the County.

The plan guided the day to day activities of staff and communicated to all interested parties, clarity on economic development priorities for the City. Each action item in the plan provided a timeline for completion, a metric to measure success and a defined benefit from each items implementation. The Economic Development Department completed approximately 55% of the 37 actions that were identified in the Plan and the final report can be found in Exhibit “A”.

Fiscal Year 2017 Economic Development Work Plan

In the 2016-2017 Work Plan (Plan) the Department carried forward the principle of measuring our success but this Plan now included the real property division, the cultural arts manager and the Office of Sustainability (smart cities, environmental and conservation divisions). The inclusion of these divisions provided the Department a unique opportunity to expand our ability to outreach to the business community and leverage our real estate assets to increase revenues to the City. One example of our expanded outreach



was to utilize the Cities FREBE program as an outreach to our existing businesses community. This outreach is conducted while performing the energy audit for the business and provides an ability to touch hundreds of businesses annually, as depicted on the graph above. The addition of the new divisions required the Department to expand on the three previous areas of focus and add a fourth strategic direction, all with new actions and objectives.

- **Business Support Programs:** The first strategic direction maintained our focus on supporting new and existing businesses. Some of the actions were carried over from the previous work plans either because the previous action were not accomplished or represented a continuation of an existing program.
- **Innovation and Sustainability:** The second strategic direction added innovation and sustainability which focused primarily on the cities smart cities initiative and climate action planning and implementation efforts.
- **Economic Vitality:** The third strategic direction maintained our focus on important projects (i.e. Bayfront) and programs (property management and cultural arts) and represented the greatest opportunity to increase employment, exposure and revenue opportunities for the City.
- **Collaboration and Outreach:** The final direction was to continue collaboration and outreach with the larger bi-national mega region and promote the various opportunities available in Chula Vista.

We completed approximately 60% of the 34 actions identified in the Plan and the final report can be found on Exhibit "A".

Proposed Fiscal Year 2018 Economic Development Work Plan

For the 2017-2018 work plan staff proposes to continue our focus on supporting new and existing businesses within our community. However, we have also begun to develop our Go-To-Market strategy in support of assisting in attracting tenants and owners for the Village 3 industrial park (16 acres), the Chestnut Office Development (1.7 million square feet) and the Sudberry Main Street industrial park (35 acres). The proposed work program for Economic Development for FY 2018 can be found on Exhibit "B" and will be the focus of the workshop.

Economic Development Department Progress Report on Work Plans and Cluster Study					
AREA	Cluster Study	Fiscal Year 16	Fiscal Year 17	GOAL	Completed
A. BUSINESS SUPPORT PROGRAMS	1.6,2.4	X	X	Tenant improvement Plan Check Process	N
		X	X	Building Inspector Supervisor Site Visits	Y
		X		Economic Development Front Counter Tech	N
	1.9, 5.3	X	X	FREBE Program	Y
	1.9	X		Utility Provider Team	Y
	5.2	X	X	Small Business Workshops	Y
		X		Business Introduction Letter	Y
		X		CEO Rountable	N
	2.10, 5.5.4	X	X	Broker Roundtable	Y
	5.1,5.2,5.3	X	X	Key Industry Business Meetings	Y
	1.7	X		Permit Fee Study	Y
	4.4	X		Workforce Study	Y
		X		Conditional Use Study	Y
			X	Sidewalk Encroachment permit	Y
	4.1		X	Webpage enhancements (major districts, resources, functionality)	N
			X	Business Resource center	N
	1.6, 2.4		X	Tenant Improvement contact	N
			X	Partnerships to mentor businesses	Y
	5.2, 2.10		X	Small busines workshops (6)	N
	5.2		X	Board of Equalization worksops (2)	Y
	5.2		X	Clean Business workshops (4)	Y
	2.8		X	Third Avenue Market Opportunity Study	Y
	2.8		X	Third Avenue webpage enhancements	Y
	2.6		X	Third Avenue Small Business Loan program	Y
			X	Complete disposition of RDA sites	N
	2.9		X	Incubator/accelerator space	N
B. BAYFRONT PROJECTS	1.4,1.8, 2.11	X	X	Bayfront Hotel/ Conference Center	N
	1.4, 2.11	X		Residential Development	N
	1.4, 2.11	X	X	Bay Blvd & E St Hotel	N
	1.4, 1.8, 2.11	X	X	H St & Marina Pkwy Retail Development	N
C. WESTERN CV PROJECTS	2.6	X		CFD	Y
	2.3, 2.10		X	E Street T.O.D. disposition	N
		X		PBID Extension	Y
	1.5, 2.4, 2.7, 2.10	X	X	Gateway Phase III Office Space	N
		X	X	New Automobile Point at Chula Vista Auto Park	N

Exhibit "A"

AREA	Cluster Study	Fiscal Year 16	Fiscal Year 17	GOAL	Completed
		X	X	Chula Vista Golf Course Market Study & RFP	Y
D. EASTERN CV PROJECTS	1.2, 2.2	X	X	University 501(c)3 Documents and education summit	Y
	1.2, 2.2	X		Request for Interest of University & Innovation District	N
	1.1, 1.5, 1.8, 2.3, 2.4, 2.10, 2.11	X	X	Office & Commercial Space (Millenia & Eastlake Bus. District)	Y
	1.1,2.3	X		Hotel Attraction (Eastlake Bus park, Millenia & Olympic Pkwy)	Y
	1.5, 2.7, 2.8, 2.9	X	X	Eastlake Business Park CUP/business survey and cluster identification	Y
E. REGIONAL COLLABORATION PROGRAMS	2.10, 4.4,5.1,5.2,5.3,5.4, 5.5.4, 5.6	X	X	South County Economic Development Council	Y
	2.10, 4.4,5.1,5.2,5.3,5.4, 5.5.4	X	X	San Diego Regional Economic Development Corporation	Y
	2.10,5.4, 5.5.4	X	X	Urban Land Institute	Y
	2.10,5.6	X	X	Clean Tech	Y
	2.10	X		California Association for Local Economic Development	N
	2.1, 5.5.3	X	X	Team California	N
F. BI-NATIONAL COLLABORATION PROGRAMS	3.1, 5.4, 5.5.2	X		MOU w/ Tijuana Economic Development Corporation	N
	3.1, 5.4, 5.5.2	X		Bi-National Conferences & Events	N
	3.1, 5.4, 5.5.2	X		Urban Land Institute Bi-National Committee	N
	3.1, 5.4, 5.5.2	X		Friendship Agreement w/ City of Tijuana	N
	3.1, 5.4, 5.5.2	X		Bi-National Bus Tours	N

Exhibit "B"

AREA	ACTION
A. BUSINESS SUPPORT PROGRAMS	A1. Tenant improvement coordination and resolution
	A2. Building Inspector Supervisor Site Visits
	A3. Third Avenue Small Business Loan Program
	A4. FREBE Program
	A5. Sidewalk Encroachment permit facilitation
	A6. Small Business Workshops
	A7. Key Industry Business Meetings
	A8. Utility project scheduling matrix
	A9. Vogue Theater renovation and redevelopment
	A10. Clean Business Program
	A 11. Open Counter
	A12. Completion of Go-to market Brochure
	A13. Expedite Program
B. BAYFRONT PROJECTS	B1. Bayfront Hotel/ Conference Center
	B2. UTC Coordination
	B3. Bay Blvd & E St Hotel
C. WESTERN CV PROJECTS	C1. Gateway Phase III Office Space
	C2. BMW Dealership
	C3. Sudberry Main Street Industrial tenant attraction and referral
	C4. New Automobile Point at Chula Vista Auto Park
	C5. Chula Vista Golf Course RFP
	C6. Complete disposition of RDA sites and dissolution of Agency
	C7. Fee deferral implementation
D. EASTERN CV PROJECTS	D1. University and Innovation District
	D2. Tenant attraction for Village 3 Industrial
	D3. Tenant attraction for Chestnut Office Development
	D4. Tenant attraction for Millenia commercial
	D5. Drone Testing Facility
E. REGIONAL COLLABORATION PROGRAMS	E1. South County Economic Development Council
	E2. San Diego Regional Economic Development Corporation
	E3. Urban Land Institute
	E4. Clean Tech
	E5. California Association for Local Economic Development
	E6. Team California
F. BI-NATIONAL COLLABORATION PROGRAMS	F1. Bi-National Conferences & Events
	F2. Urban Land Institute Bi-National Committee
	F3. Cali-Baja Mega Region

