City of Culver City, California

Agenda Item Report

Meeting Date: 11/22/10	Item Number: J-2
JOINT CITY COUNCIL / REDEVELOPMENT AGENCY BOARD AGENDA ITEM: Discussion Regarding the Creation of a Comprehensive Economic Development Plan.	
Contact Person/Dept.: Redevelopment/Econ Dev. Division and Finance Department	Phone Number: (310) 253-5769 (310) 253-5783 (310) 253-6013
Fiscal Impact: Yes [X] No []	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: [X]	Attachments: []
Commission Action Required: Yes [] No [X]	Date: ________________
Public Notification: (E-Mail) Meetings and Agendas – Redevelopment Agency (11/17/10); Culver City Chamber of Commerce & Downtown Business Association (11/12/10).	
Department Approval: Sol Blumenfeld: (11/03/10) Jeff Muir	City Attorney's Office Carol Schwab (by H. Baker) (11/16/10) Agency General Counsel Approval: Murray Kane: (11/04/10)
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (11/16/10)	City Manager/Executive Director Approval: John M. Nachbar (11/17/10)

RECOMMENDATION:

Staff recommends the City Council and Redevelopment Agency Board (*Agency Board) provide input and direction regarding the creation of a Comprehensive Economic Development Plan in order to enhance Culver City's business climate, create a broad based economy with a strong employment and tax base, ensure the City's ongoing fiscal health and the provision of quality City services.

BACKGROUND:

Flourishing cities require a healthy business climate, a broad based economy with strong employment and tax bases, and quality city services. A healthy business climate is synonymous with prosperous businesses, good customer service, well maintained streets and parks, quality police and fire protection, and high property values. This correlation between business health and city health must be nurtured by shaping economic priorities to make the most of a city's resources. An Economic Development Plan provides the best way to strategically create a healthy business climate and to help ensure a city's long-term fiscal health.

Culver City can develop a Comprehensive Economic Development Plan that analyzes the City's current economic base and focuses on business attraction/retention to create a framework for sustained, goal oriented development, i.e. development that meets pre-established goals that have been vetted and supported by all stakeholders.

The City has a compelling reason to do so because the recent economic downturn has resulted in the significant loss of sales and other tax revenues, stalled development projects, and the contraction of major City employers, including Sony and Symantec. As a result, the City's vacancy rates for commercial and retail space have increased from 2.6% in 2007 to approximately 7.7% today. The financial health of the City has destabilized which threatens the continued provision of core services. The City needs to think strategically relative to its economy through the creation of an Economic Development Plan.

The City has put a variety of redevelopment and economic development measures forward in revitalizing the community. Property has been acquired and redeveloped, public parking has been created, streetscape improvements have been provided, a new Business Resource Center has been developed to shepherd projects through the development process and the West Washington Area Improvement Plan (AIP) has been implemented along West Washington Boulevard layering streetscape improvements, commercial rehabilitation grants, street graphics, gap loans, and other financial incentives to achieve notable results. The AIP has potential for City-wide application.

Other economic development strategies are available though business outreach "red teams" that can communicate with existing businesses that need assistance or solicit potential business relocations to the City. The red teams can be comprised of redevelopment staff, City administration, the Chamber of Commerce and when necessary members of the City Council.

Though each of these projects has had a positive impact, there has not been a coordinated effort to quantify their benefits and maximize economic development opportunities for the City with an Economic Development Plan.

DISCUSSION:

What are the components of an Economic Development Plan?

Economic Development Plans vary based on particular needs, goals, community assets and city vision, but generally involve:

- Analysis of the City's economic base.
- Strategic reorganization all economic development tools to maximize their effect.
- Market analysis to understand the City's market role in the region.
- Business outreach and creation of synergy among businesses.

- Integration of municipal policies and programs to promote economic development goals.

What is the process to prepare an Economic Development Plan?

The process to prepare a plan begins with general goal setting and involves three basic phases:

1. The first phase requires *analysis of the economic base* by compiling key workforce and residential demographic and economic data to understand the fiscal impacts of business retention, attraction and development choices. Target industries are analyzed and key industries are identified to understand their strengths and weaknesses.

2. The second phase requires a *market analysis* that identifies the business clusters and components of the economy that are in danger of shrinking. City sales tax leakage is also analyzed for business attraction purposes.

3. The third phase requires *development of a work plan* with short and long-term timelines for implementation. A key part of any plan is the benchmarking progress in order to clearly understand if the efforts are achieving the desired results. The desired results must fit the goals and objectives identified at the outset of the preparation of the plan.

Who is involved?

The creation of a plan should involve all City stakeholders including City Council, City staff and administration, major employers, the Chamber of Commerce, Downtown Business Association (DBA) small businesses and residents. The method for gathering public input must be organized at the outset as part of the plan and incorporated in the Scope of Work to ensure consensus. The actual plan production is envisioned as a team effort comprised of the City Manager, Community Development and Finance Departments in addition to a committee of seven stakeholders to advise on policy and goal setting. Staff will devise an application process to select committee members for presentation to the City Council/Agency Board should the Economic Development Plan and related RFP go forward.

How long does it take?

A plan can take several months to prepare from research and analysis phases through public involvement and plan approval. A plan is implemented over many years through specific programs, land use and development project approvals, redevelopment programs, policy or municipal code changes, budgeting and capital improvements. A plan is updated as conditions warrant.

Next Steps

If the Council and Board support creation of a plan, staff will draft a Scope of Work and return to the Council/Board for authorization to issue a Request for Proposal. The Request for Proposal will be used to hire a consultant to perform the necessary studies and draft the plan. It's important to note that the method for gathering public input must be defined at the outset and incorporated in the work effort to ensure consensus. One method of gathering public input is by creating an Economic Development Study Team comprised of Council/Board members, City staff, the Chamber of Commerce, major employers, small businesses and residents.

Conclusion

Overall, a plan will survey the business climate, establish an inventory of the City's economic base, analyze the City's redevelopment incentives and projects, identify business clusters and sales tax leakage, create a market analysis, prioritize the City's economic development and redevelopment goals, and guide related land use planning recommendations to satisfy identified goals.

A plan will enhance the City's business climate, create a broad based economy with a strong employment and tax base, and ensure the City's ongoing fiscal health and the provision of good city services.

FISCAL ANALYSIS:

There is no fiscal impact associated with discussion of this item; however, creation of an economic development plan may serve to bolster and solidify the City's tax base by focusing staff's efforts on businesses that will add value to the community.

If staff is directed to move forward with creation of a Comprehensive Economic Development Plan, staff will create a RFP to release to firms with expertise in creating this type of plan. Once proposals are received, staff will be able to provide more information regarding cost and funding for such a study.

MOTION:

That the City Council and Agency Board:

Provide input and direction on the creation of a Comprehensive Economic Development Plan and issuance of a Request for Proposal (RFP) for related consulting services.