



THE CITY OF GARDEN GROVE

Economic Development Strategic Plan 2014

TO IMPROVE THE PHYSICAL, SOCIAL, AND ECONOMIC HEALTH OF GARDEN GROVE'S RESIDENTS, BUSINESSES, AND VISITORS.

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INTRODUCTION/EXECUTIVE SUMMARY

Local economic development is a process that strives to improve the economic wellbeing of the community. It helps to retain and increase local revenue that funds government services that both a city's residents and businesses desire. The economic development process has long been a major part of how the City of Garden Grove does business.

From 1974 to 2012, the City of Garden Grove was able to use redevelopment to fund economic development efforts in addition to redevelopment projects. However, in February 2012, the California Supreme Court ruled that the dissolution of redevelopment was constitutional, and on February 1, 2012, all redevelopment agencies in the state of California ceased to exist.

Since February 2012, Garden Grove has worked diligently with the State Department of Finance to save most of the existing redevelopment projects, but with a major reduction in staff, the loss of redevelopment funds, and the allocation of resources directed at interpreting and complying with the dissolution law, economic development efforts directed by the City waned.

In 2013, as the dust began to settle from redevelopment dissolution, it became clear that it was time to reinvent economic development in Garden Grove, now without redevelopment. This strategic plan is the culmination of several months of work, setting forth the blueprint to continue to improve the physical, social, and economic condition of the community. Designed as a manageable and dynamic three-year plan, the implementation of the programs outlined in this plan will be fluid as annual evaluations and reporting mechanisms has been incorporated to determine the effectiveness of the programs, the need to alter existing programs or eliminate them, and to introduce new programs as ineffective efforts are eliminated or new opportunities present themselves.

Current Economic Development Division staff is tasked with the wind down of the former redevelopment agency and the implementation of approved development projects. To effectively implement all the programs described in the plan of the term of the plan and into the future, the addition of economic development staff should be evaluated as programs are intensified or added over time.

The economic development programs in this plan have been designed to address specific economic development goals: increase the city's tax base, increase other revenue sources, create and retain jobs within the city, address sales tax leakage and diversify the sales tax base, create new markets, and build local and regional relationships to aid in the advancement of the economic development program.

ECONOMIC DEVELOPMENT MISSION AND GOALS

MISSION STATEMENT

The mission of the City of Garden Grove's economic development program is to strengthen and grow the city's economic base.

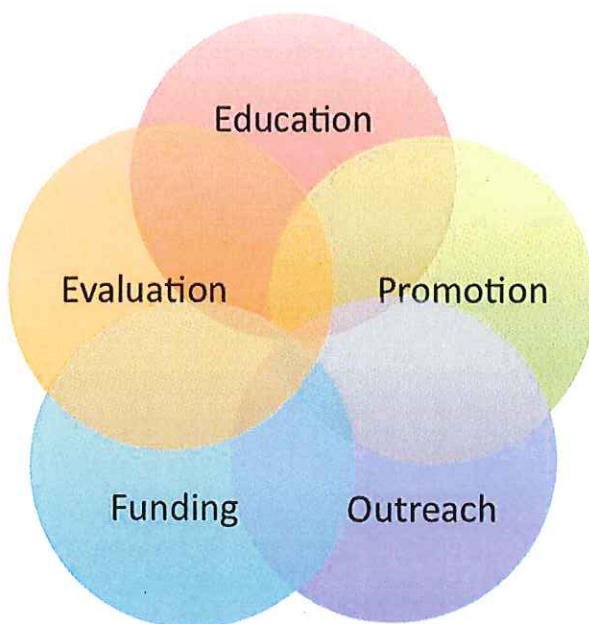
ECONOMIC DEVELOPMENT GOALS

The goals of the City of Garden Grove's Economic Development Division are to a) increase the city's tax base, b) create and retain jobs within the city, c) address sales tax leakage and further diversify the sales tax base, d) create new markets, and e) build local and regional relationships to aid in the advancement of the Economic Development Mission.



FIVE COMPONENTS

In order to develop and design programs to achieve the community's specific economic development goals, Garden Grove's Economic Development Strategy includes five key components that will help ensure the ongoing success of economic development in the city. These components can be summed up in five words and each has aspects that are both internal and external to the organization. These aspects are often overlapping, intertwined and interdependent on each other: Educate, Promote, Outreach, Fund, and Evaluation.





OUTREACH

Often the precursor to education, outreach is the first step to open doors and create a positive atmosphere for dialogue and discussion. This is important as new concepts and programs are introduced within the organization. Additionally, business outreach promotes a positive perception of the city as business-friendly, both locally and regionally. This perception can be promulgated through partnerships and active memberships with local, regional, and ethnic Chambers of Commerce that serve Garden Grove.

Partnerships – Joining and actively participating in the Chambers of Commerce and other groups that serve the City of Garden Grove.

A. Garden Grove Chamber of Commerce*, Korean American Chamber of Commerce Orange County*, Vietnamese American Chamber of Commerce* and Hispanic Chamber of Commerce. (General Plan Economic Development Goal ED-2) (Recommendation #11 and #19 – John Husing)

1. Establish memberships with the City's Chambers of Commerce and actively participate within each chamber.
2. Attend board meetings and gain insight into the ethnic business community.
3. Identify the key leaders of the Korean, Vietnamese, and Hispanic business communities. Inform them of our intentions to find ways in which the City can assist them by offering services or strategies that can bring focus and success to their firms.
 - i. Market the city to businesses that would serve their specific clientele.

B. Continue to attend the monthly Garden Grove Tourism Promotion Corporation ("GGTPC") meetings. (General Plan Economic Development Goal ED-1) (Recommendation #1 – John Husing)

1. Attend the GGTPC meetings to show support for the resort district.
2. Gain insight on planning details and offer the City's recommendations on items that affect the entire district.
3. Update the group on potential developments in the area.
4. Update the group on project statuses.

C. Work with existing automotive outlets and land owners to develop a Garden Grove Auto Center committee to promote automotive sales and services. (General Plan Economic Development Goal ED-2) (Recommendation #7 – John Husing)

1. Investigate the feasibility of creating a Garden Grove Auto Center group (Group) with the property owners and general managers of the dealerships.
2. The purpose of the Group will be to create a channel of communication between the dealerships and the City.
3. EDD staff would attend the meetings to represent the City.
4. The Group would hold meetings to discuss challenges the dealerships face as well as brainstorm ideas to improve the auto center.
5. Possibly create a Business Improvement District similar to the GGTPC.

Business Outreach – Proactive outreach to the Garden Grove Business Community.

A. City staff, along with the Mayor or his designee, will continue the successful business visitation program, the Business Link. (General Plan Economic Development Goal ED-2)

1. EDD staff will phone businesses in the city and arrange for a site visitation and tour with the Mayor. The visit will provide an opportunity for questions and answers.
 - If the Mayor is unavailable to attend the business visitation, the program will be open to fellow Council Members.
2. EDD staff will interview the business owners about the health of the company and their experience when it comes to dealing with the City.
3. EDD staff will gain insight about the needs and wants of business owners through the Business Link program and improve upon the programs and resources offered to them.

B. Hold an annual Mayor’s Business Breakfast for businesses in Garden Grove. (General Plan Economic Development Goal ED-2)

1. The Mayor’s Business Breakfast brings together City departments, and business resource organizations such as local Chambers of Commerce, the SBA and SBDC and the OC One-Stop Center to welcome businesses in Garden Grove. This will give the City an opportunity to introduce itself to a wide variety of business owners and create positive relationships. (Recommendation #21 and #22 – John Husing)
2. Businesses become familiar with City staff, other members of the business community, and available resources.
3. EDD staff will use the Mayor’s Business Breakfast as an outreach tool to gain Garden Grove business owner’s insights, including their experience(s) working with the City.

C. Begin a business recognition program for good corporate citizens. (General Plan Economic Development Goal ED-2)

1. Businesses can be recognized with a business-sponsored luncheon and plaque in the presence of City staff and elected officials.
2. Sponsored luncheons can be held in conjunction with existing functions to lower the costs of the program. Chamber functions are a great way the City can reduce costs by holding events jointly.
3. The two businesses that would be considered for this program are: one that has made a community impact by being a good corporate citizen and one business that has made substantial impact to the City’s sales tax revenue.

D. Business Beautification Awards. (General Plan Economic Development Goal ED-2)

Honor businesses in Garden Grove for the exterior quality of their facility and landscaping. Winning businesses will be featured on the City’s website, in City publications, and on Channel 3. In addition, businesses and business owners will be spotlighted at the annual Garden Grove Pride Awards.

1. Work with the Office of Community Relations (OCR) to choose two businesses (small and large) to honor at the Garden Grove Pride Awards.
2. City Staff will choose the top two businesses for each category (small and large size business) and voters will choose the winning businesses through an online poll.
3. A press release and social media notification will inform the community that voting on the website has begun. Once the voting deadline has passed, a follow-up press release and social media notification will be sent out informing the community of the winners.
4. Work with OCR to transition program back to EDD as resources allow.

Concierge Program – Point person and escort through the permit process for businesses.

A. Develop a concierge program to assist new and expanding businesses. (General Plan Economic Development Goal ED-2)

1. Create a brochure with photos of key people in each division of the City, with whom business owners or potential business owners might come across.
 - Next to each photo, include a description of the services offered in that division and the name and contact number of the pictured person.
2. Work with specific departments to create a flow chart of how a business owner would obtain a business license, plan check and building permit(s), planning entitlements, and other permits that might be necessary from other governmental agencies, such as the Orange County Health Department.
3. The concierge program could investigate the feasibility of implementing a fast track permitting system, provide assistance with environmental issues, coordination with public utilities, assistance with affordable housing, and facility and site location assistance.
 - Applicant can pay the cost of sending plans and permits to consultant for quicker turnaround.
4. Coordinate resources with federal, state, and local programs where needed.

First Floor Kiosk/Part-time staffing by Economic Development to provide access to the business community and a presence away from 3rd Floor.

A. First Floor Kiosk or counter presence. (General Plan Economic Development Goal ED-2)

1. EDD staff to provide business assistant services, answer any business related inquiries on a part-time basis and gain an understanding of the process of the frontline divisions working the public counter.

Conversion of space in City Hall to the “Garden Grove Business Centre” – A dedicated, professional meeting space designed specifically for economic development purposes.

A. Business Centre. (General Plan Economic Development Goal ED-2)

1. Provide one-on-one service with business owners and create an opportunity to address issues specific to their business.
2. Promote the creation and growth of businesses.
3. Offer a library of business-related information and resources.
4. Dedicated venue for meetings.

5. Provide maps, computer(s), and wall-mounted screen(s).



Education

Education is critical to the success of the economic development program. Not only must key divisions and staff be aware of the impact their decisions have on economic development, but the community must also be aware of how the City is working to improve the economics of the community. Education also refers to the continued effort of economic development staff to learn about the Garden Grove business community, what other cities are doing successfully and unsuccessfully and why, industry trends, pending legislation, and potential funding sources.

Internal Education- Education of the various City departments and divisions.

A. Division Presentations. (General Plan Economic Development Goal ED-2)

1. Economic Development staff will present to the different departments and/or divisions in City Hall on the history of Economic Development and what the City's plans are in the next couple of years.

External Education - Business Community and Citizen Education, and Business Workshops.

A. External Education. (General Plan Economic Development Goal ED-2)

1. Create brochures that summarize the purpose and benefits of the Economic Development Division.
2. Create manuals (Building Permits, Business License/Tax) that would assist a new business owner on the City's permitting process.
3. Conduct presentations at all Chambers of Commerce meetings to inform the business community of information related to economic development and businesses.
4. Offer SCORE (Service Corps of Retired Executives)/SBA (Small Business Administration)/Chamber workshops to Garden Grove business owners at no cost or limited fee.
5. Partner with different divisions in City Hall and local non-profits to offer various workshops to Garden Grove business owners.
6. Workshops would be offered to business owners at no charge or limited fee.
 - The purpose of the workshops is to inform, train, and provide resources to business owners in hopes that it will provide information and tools to encourage business success.
 - Workshop topics will be chosen based upon the feedback that EDD staff receives when they are out in the field.
7. Comprehensive business training series for those ready to go to the next level of business success. EDD staff will offer comprehensive business workshops designed to transfer critical management skills to small business owners. These workshops will be open and available to anyone seeking additional information on how to start, operate, and successfully grow a business.

Staff Education – The continuing education of the Economic Development staff.

A. Staff Education. (General Plan Economic Development Goal ED-2)

1. Membership in various economic development organizations.
 - The EDD’s membership in organizations that are active in the industry of development, economic development, and retail and entertainment aid in the economic growth of the City. A number of developers and buyers with whom the City has worked with in the past were first introduced at these types of events.
 - Participation in the Orange County Economic Development Working Group*
 - Market the City of Garden Grove at conferences by exhibiting, meeting, and networking with the purpose of attracting quality development and businesses in the city.
 - Create a follow-up program and database of contacts from these attraction activities.
2. Use of GIS for mapping of businesses and employers, and demographics in the city.
3. Ethnic Business Study*
4. HdL Sales* and Property Tax updates and monitoring
5. Identify, track, and communicate with businesses that are being assisted.
6. Examine the land use regulations and implications associated with allowing older industrial buildings to be converted into smaller units or industrial condominiums (the City has done some of this already on a reactive basis). (Recommendation #13 - John Husing)
 - Given the age and large building inventory of Garden Grove’s industrial area, the need for smaller industrial space, and Orange County’s typically high costs for industrial space, the City may consider providing industrial companies and property owners zoning flexibility to convert the area to more competitive uses and more useable space.
7. Identify the top 25, non-store, retail sales providers in the city to determine their needs. (Recommendation #12 – John Husing)
 - Review the city’s highest, non-store, retail sales tax producers and create a list of the top 25, non-store, retail sales tax producers.
 - Begin an ongoing process of interviewing the top 25, non-store, retail sales tax providers on a regular cycle to understand who they are, what needs they have, and if there are any issues they face as “business residents” in the city.
 - Create a packet that includes the interview questions, the purpose of the visit, and information from various divisions that a business owner in Garden Grove would find useful.
 - Update the list annually and if new businesses appear on the list, include them in the regular cycle.
 - Create a list of previously visited businesses and set-up a program for following up with these businesses.

Broker Network – Quarterly meetings with area brokers to determine real estate trends and any potential leads for attraction/retention.

A. Broker Network. (General Plan Economic Development Goal ED-3, 4 and 5)

1. Call area brokers to gauge interest in forming a Garden Grove broker network.

2. If sufficient interest exists, host a quarterly broker network meeting at the Courtyard Center for Garden Grove brokers so that the EDD staff could be aware of new businesses in Garden Grove as well as businesses that have left the city or closed.
3. The EDD staff will present developments that are going on in the city and businesses they wish to attract to Garden Grove.
4. Request brokers to present as well with deals they have closed and areas they are currently representing, available properties or properties coming available.

ROP/Adult Education/One Stop Center – Relationship with these organizations may assist staff with providing leads to companies regarding their labor needs

A. ROP/Adult Education/One Stop Center. (General Plan Economic Development Goal ED-6)

1. Regional Occupational Program (ROP) is a job placement specialist that will cross-reference job openings with jobseekers. Job orders will be advertised with appropriate ROP instructional staff. This service is provided free of charge.
2. The Orange County One-Stop Centers specialize in helping companies fill vacant positions by connecting them with the thousands of job seekers who utilize their services to train, search, and interview for jobs every year. Through a combination of local and national resources, One-Stop Centers provide free business support services to area companies and equip job seekers with the resources necessary to compete for high-demand jobs.
3. Adult education centers such as Coastline Community College offers training and education needs with customized programs and courses.



FUNDING

Funding also is a function that is both internal and external to the organization. Although the City is relied upon for a large portion of funding for the Economic Development program, it is prudent to research and be aware of outside funding sources. Interagency grants to fund activity, as well as unique and innovative financing alternatives will be assessed to determine their applicability to Garden Grove and if they warrant the use of City resources to pursue.

Annual Budget Allocation – During the annual budget process, adequate resources should be allocated to allow for the implementation of the economic development programs proposed to be implemented in the Strategic Plan that year. (General Plan Economic Development Goal ED-1 and 3)

Redevelopment Property Tax Trust Fund (“RPTTF”) Residual – Another potential revenue source for economic development programs is the RPTTF Residual.

A. The money left over after the Successor Agency, this is the City’s portion after it pays its enforceable obligations every six months.

1. This amount varies from six-month period to six-month period depending on the enforceable obligations that need to be paid, as well as the amount of the distributions from the County Auditor-Controller.

2. This source of funds represents a small piece of what used to go to the former redevelopment agency for economic development purposes.

Portion/Percentage of New Revenue – As the Economic Development Strategic Plan moves forward, new economic development projects will produce new revenue to the City.

- A. **It may be practical that a portion of any new revenue generated by economic development projects be redirected to the Economic Development program.**

Tax Sharing Agreements – Tax sharing agreements are a way to assist tax revenue-generating uses with minimal impact to the City’s general fund.

- A. **This aids in business attraction, as well as the expansion and retention of existing businesses. (General Plan Economic Development Goal ED-1 and 3)**



PROMOTION

Without the internal and external promotion of the Economic Development Strategic Plan and the City of Garden Grove, this economic development effort would be largely reactive. Promotion helps move economic development from a reactive program to a proactive program in which an Education component will help shape initiatives and target opportunities.

Internal and External Promotion – Partner with the Office of Community Relations and inform the City’s Business community about the various programs available.

- A. **Events – Be active in the community and inform the community when planning special events. (General Plan Economic Development Goal ED-1 and 3)**
 1. Participation in Special Events – Economic Development has a table or display at various special events during the year
 2. Work with Office of Community Relations – Provide timely news to the community regarding Economic Development.
- B. **Programs (General Plan Economic Development Goal ED-1, 3 and 7)**
 1. Buy in Garden Grove (“BiGG”) - The City’s “Shop Local” program is designed to support local businesses, provide shopper discounts, and keep tax revenue local.
- C. **Successes (General Plan Economic Development Goal ED-1 and 3)**
- D. **Conference Attendance – Attend and/or exhibit at various industry conferences/trade shows. (General Plan Economic Development Goal ED-1, 2, 3 and 4)**
 1. International Council of Shopping Centers (ICSC) (National and Regional)
 2. American Lodging Investment Summit (ALIS)
 3. California Association for Local Economic Development (CALED)
 4. California Hotel and Lodging Association (CHandLA)

New Economic Development Website or Webpage – Create/revamp a new website for the division that brands the Economic Development Division and its programs.

- A. **Create a user friendly website and interface that is current and up to date on City matters. (General Plan Economic Development Goal ED-2)**
- B. **Take professional staff photos to place on home screen of website. (General Plan Economic Development Goal ED-2)**

C. Drive traffic to the website, look for website and social media partnerships geared towards economic development. (General Plan Economic Development Goal ED-2)

GG Business to Business Directory – Collaborate with the Garden Grove Chamber of Commerce to update or create a Business-to-Business Directory for Garden Grove business owners to help keep sales tax within the city. (General Plan Economic Development Goal ED-2, 3 and 4)

Electronic GG Business Newsletter – Create an e-newsletter to go out to Garden Grove business owners.

A. E-Newsletter (General Plan Economic Development Goal ED-2)

1. Information and financial tips
2. Motivational quotes
3. Seasoned advice
4. City updates and information



EVALUATION

Evaluation is the tool that will be used to encourage improvement in the various areas of the strategy. Programs and initiatives will be assessed as long or short term, reactive or proactive, and how the program and initiatives directly works to achieve the goals of the Economic Development Strategic Plan. Based on those assessments, decisions can be made as to how to make the strategic plan more effective. Programs can be eliminated, modified, and/or new programs added.

Strategic Plan Feedback will be an effort to get the plan to people or organizations outside of the organization, and in the public sector. This is a way to see if those who may benefit from the plan actually see it as beneficial and/or feasible. Staff will try to have the plan reviewed by owners and executives of various sized businesses within and outside of the city.

Another way to gauge the effectiveness of the plan is to use the Implementation Action Assessment form (Appendix 1) where appropriate. As different programs are implemented, this form will be used to measure the various impacts of a program over the short term (0-3 years) or long term (3+ years). Measurable impacts include job creation/retention, revenue generation/retention, impact on sales tax leakage, etc.

STRATEGIC ACTION PLAN FOCUS BY YEAR

The following is a summary of the anticipated major focus activities by goal (in addition to on-going operations) for the Economic Development Strategic Plan.

Year	Summary of Activity
Year 1 Jan. 2014 – Jun. 2015 (18 mos.)	<p><u>Outreach</u></p> <ul style="list-style-type: none"> • Partnerships - Joining and actively participating in the Chambers of Commerce and other groups that serve Garden Grove. (ED-IMP-2A, 2F and 1D) <ul style="list-style-type: none"> ○ Garden Grove Chamber of Commerce*, Korean American Chamber of Commerce Orange County*, Vietnamese American Chamber of Commerce* and Hispanic Chamber. ○ Resort Hotel Group* – Continuing to represent the City in the Grove District’s General Manager Meetings. • Business Outreach – Proactively outreach to the Garden Grove Business Community. (ED-IMP-2D) <ul style="list-style-type: none"> ○ Business Recognition* ○ Business Beautification Awards* • Concierge Program – Point person and escort assistance through the permit process for businesses. (ED-IMP-2D) <ul style="list-style-type: none"> ○ Division and/or Department Contact/Point Person Matrix. ○ Central Management Economic Development Committee – Initial introduction group to meet with interested business operation. • Cross Training and Counter Presence – Part-time staffing by Economic Development staff to provide access to business community and presence away from the 3rd floor. (ED-IMP-2D) <p><u>Education</u></p> <ul style="list-style-type: none"> • Staff Education – The continuing education of the Economic Development staff. (ED-IMP-3A, 3D, 2E and 7G) <ul style="list-style-type: none"> ○ OC Economic Development Working Group * ○ Ethnic Business Study* ○ HdL Sales Tax* - Quarterly monitoring/analysis updates ○ HdL Property Tax – Annually monitored. ○ GIS Business Mapping ○ ESRI GIS Data Purchase Subscription ○ Membership in various economic development organizations. • External Education – Business Community and Citizen Education, and Business Workshops. (ED-IMP-6A, 6B and 2G) <ul style="list-style-type: none"> ○ SCORE/SBA/Chamber Workshops* (reimplementation) ○ Brochures ○ Manuals (Building Permits, Business Licenses) ○ Regional Chamber Presentations ○ Garden Grove Auto Center Group – Determine feasibility of forming.

	<ul style="list-style-type: none"> • Internal Education – Education of the various City departments and divisions. <ul style="list-style-type: none"> ○ Division Presentations (July 2014) <p><u>Funding</u></p> <ul style="list-style-type: none"> • Tax Sharing Agreements – A case-by-case way to assist tax revenue generating uses with minimal out of pocket costs to aid in attraction of new, expansion of existing, and retention of existing businesses. (ED-IMP-1A, 3F, and 3G) • Annual Budget Allocation – Allocate adequate resources to allow for the implementation of various programs. • RPTTF Residual – Dedicate the RPTTF residual each six months to Economic Development operations and programs. (ED-IMP-1A) <p><u>Promotion</u></p> <ul style="list-style-type: none"> • Conference Attendance – Attend and/or exhibit at various industry conferences. (ED-IMP-2H) <ul style="list-style-type: none"> ○ ICSC (National and Regional), ALIS, CALED and CA Hotel and Lodging Association. • Create a new stand alone Economic Development website or update the current Economic Development webpage. (ED-IMP-2H) • Utilize appropriate social media outlets to promote economic development in Garden Grove. (ED-IMP-2H) • Work with Office of Community Relations – Provide timely news to the community regarding Economic Development. (ED-IMP-2H) • Collaborate with the Garden Grove Chamber of Commerce to create a new, or update an existing Garden Grove Business-to-Business Directory. (ED-IMP-2F) <p><u>Evaluation</u></p> <ul style="list-style-type: none"> • Strategic Plan Feedback – Solicit feedback on the draft Strategic Plan from stakeholders and business people/developers. <ul style="list-style-type: none"> ○ Chambers of Commerce ○ Existing Garden Grove Businesses ○ Other Businesses ○ Commercial Developers ○ Peer Review • Using pre- and post-program implementation analysis, determine level of success of implemented programs. (ED-IMP-2A and 2D) <ul style="list-style-type: none"> ○ Increase Tax Base ○ Increase Other Revenue Sources ○ Employment ○ Leakage/Diversification/Demand ○ Consideration of new programs.
<p>Year 2 Jul. 2015 – Jun. 2016</p>	<p><u>Outreach</u></p> <ul style="list-style-type: none"> • Business Outreach – Proactively outreach to the Garden Grove Business Community. (ED-IMP-2G) <ul style="list-style-type: none"> ○ Annual Business Breakfast

	<ul style="list-style-type: none"> ○ Business Visitations <p><u>Funding</u></p> <ul style="list-style-type: none"> • Portion/Percentage of New Revenue – Dedicate a portion of any new revenue generated by Economic Development projects. <p><u>Promotion</u></p> <ul style="list-style-type: none"> • Participation in Special Events – Economic Development has a table or display at various special events during the year.
<p>Year 3 Jul. 2016 – Jun. 2017</p>	<p><u>Outreach</u></p> <ul style="list-style-type: none"> • Convert a conference room to the “Garden Grove Business Centre” – A dedicated, professional meeting space designed specifically for economic development purposes. <ul style="list-style-type: none"> ○ To contain library of resources. ○ Dedicated area for meetings. ○ Maps, computer(s), and wall mounted screen. <p><u>Education</u></p> <ul style="list-style-type: none"> • External Education – Business Community and Citizen Education, and Business Workshops. (ED-IMP-2G) • Economic Development Website (ED-IMP-2H) • Broker Network – Quarterly meetings with area brokers to determine real estate trends and any potential leads for attraction/retention. • ROP/Adult Education/One Stop Center – Relationship with these organizations may assist staff with providing leads to companies regarding their labor needs. (ED-IMP-2G) <p><u>Promotion</u></p> <ul style="list-style-type: none"> • Create an electronic Garden Grove Business Newsletter. (ED-IMP-2F and 2G)

* indicates an implementation activity that has been started or is currently ongoing

IMPLEMENTATION ACTION ASSESSMENT

Program: _____

Point of Contact: _____

Economic Development Program Goals

- Short term (0 – 3 years) Long term (3+ years)
 Direct Indirect

	Projected	Year 1 Actual	Year 2 Actual	Year 3 Actual
<input type="checkbox"/> Increase Tax Base				
<input type="checkbox"/> Sales Tax	\$	\$	\$	\$
<input type="checkbox"/> Property Tax	\$	\$	\$	\$
<input type="checkbox"/> Business License Tax	\$	\$	\$	\$
<input type="checkbox"/> Trans. Occupancy Tax	\$	\$	\$	\$
<input type="checkbox"/> Increase Other Revenue Sources				
<input type="checkbox"/> Park Fees	\$	\$	\$	\$
<input type="checkbox"/> Art in Public Places Fees	\$	\$	\$	\$
<input type="checkbox"/> Traffic Mitigation Fees	\$	\$	\$	\$
<input type="checkbox"/> General Plan Fees	\$	\$	\$	\$
<input type="checkbox"/> Sanitation District Fees	\$	\$	\$	\$
<input type="checkbox"/> Fire Station Fees	\$	\$	\$	\$
<input type="checkbox"/> Employment				
<input type="checkbox"/> Net Jobs Increase				
<input type="checkbox"/> Net Jobs Retained/Saved				
<input type="checkbox"/> Categorized Jobs Increase		H=	M=	L=
		M=	L=	
<input type="checkbox"/> Categorized Jobs Retained		H=	M=	L=
		M=	L=	
<input type="checkbox"/> Leakage/Diversification/Demand				
<input type="checkbox"/> Addresses Sales Tax Leakage				
<input type="checkbox"/> Diversifies Existing Sales Tax Base				
<input type="checkbox"/> Increases Patrons/Customer Base				
<input type="checkbox"/> Relationships/Resources				

Other

Comments

APPENDIX 2

ECONOMIC DEVELOPMENT ELEMENT TO THE GENERAL PLAN

Chapter 4

ECONOMIC DEVELOPMENT ELEMENT

4.1 INTRODUCTION

Economic development is a critical component of any successful community. The importance of economic development in Garden Grove is twofold: 1) The City must enhance its revenues to have the financial resources to increase the prosperity of their residents through the delivery of quality police, fire, housing, recreation, transportation, and other services, and 2) The City can indirectly enhance the prosperity of their residents by understanding economic needs and taking actions to increase the City's competitiveness. This also requires residents to have access to workforce training and other opportunities to enhance their skills and training. The Economic Development Element of the General Plan will set the framework for a balanced and stable economic base in Garden Grove. The background report prepared by Dr. John Husing in April 2008 serves as the basis for direction in this Element and can be found in Appendix G.



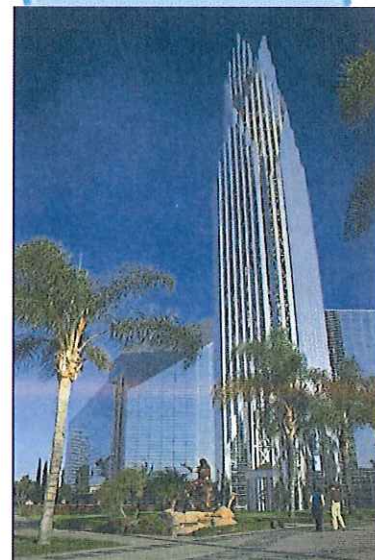
Embassy Suites Hotel in the International West Resort Area

4.2 AUTHORITY FOR THE ELEMENT

The Economic Development Element is not a mandatory element required by State Planning Law. The City has added this Element to its General Plan because the economic health of the City is important in order to maintain and improve the quality of life in the community.

4.3 KEY THEMES AND VISION FOR GENERAL PLAN

Local governments can promote economic development by establishing a favorable environment for business attraction and retention, private investment, economic diversification, entrepreneurship, and the attraction of well paying jobs. Garden Grove's current economic condition makes the City well positioned to enhance its economic vitality through a number of key opportunities, including the following described below.



Crystal Cathedral on Chapman Avenue

TOURISM

The City of Garden Grove is located in the midst of an Orange County economy that is one of the most successful in America. Given the proximity to the Disneyland Resort, the Anaheim Convention Center, and the Crystal Cathedral, Garden Grove



has benefited from its efforts to provide entertainment and



lodging. Expanding hotel and tourism amenities, especially along Harbor Boulevard, would bring additional revenues to the City.

BUSINESS ENVIRONMENT

The City's Business Attraction, Retention, and Expansion Program works in partnership with the business community to retain and attract companies to Garden Grove by providing support, economic incentives, and development opportunities including:

- Financial assistance from the Redevelopment Agency;
- Assistance with commercial loans;
- Industrial development bond financing;
- Assistance with site location and permits;
- Special planning and coordination for commercial rehabilitation programs; and,
- Assistance with infrastructure and water systems.



Restaurant in the International West Resort Area

As the City looks ahead with this General Plan, it is imperative that the City continues to provide for fiscal stability through the attraction of new businesses and the retention and/or expansion of existing businesses within the community.

RETAIL SECTOR

Garden Grove's retail market has grown modestly in the past decade. From 1990-2005, its taxable sales per capita grew by 19.0 percent. The City has benefited from service station and automotive sales due to the City's location along the Garden Grove 22-freeway. In addition, the City's industrial zone has helped by providing direct retail sales to customers. On the other hand, Garden Grove does not have a major destination retail mall to compete with the numerous nearby centers like The Block (Orange), Westminster Mall (Westminster), Main Place (Santa Ana), Anaheim Plaza (Anaheim), or Bella Terra (Huntington Beach). Thus, while the City's retail sales (\$1.3 billion in 1999 to \$1.8 billion in 2006) are growing, its per capita retail sales were below Orange County as a whole, indicating that sales taxes are leaking from the City to surrounding communities.



Hyatt Regency Orange County Hotel in the International West Resort Area

EMPLOYMENT

Orange County has become a major professional and financial center within Southern California. In many areas of Orange County the demand for new office and industrial space is exceeding supply. Given the lack of available land in Garden Grove, and the fact that much of Orange County's job growth is now in offices, the City needs a strategy for expanding the availability of such space to capture new demand from other areas of Orange County.



Office Max located in the Industrial Zone



Potential growth in office and industrial activity is equally dependent on retaining current firms, as well as attracting new firms. As other cities and states compete for new industry, it is critical that Garden Grove be able to retain, if not expand, its current office and industrial base. Both existing and new firms must be made aware of the City's ability to satisfy their needs.

LABOR FORCE DEVELOPMENT

Another opportunity for the City is to provide better education and preparation of the City's labor force for jobs of the future. The City works closely with the Garden Grove Unified School District, community colleges, and surrounding universities to develop an educated and well-prepared work force. Enhancing the programs available to resident's seeking jobs, and increasing the job preparedness will develop a strong and qualified workforce that attracts employers and businesses of all sizes into the community.

FISCAL STABILITY

Garden Grove currently has a fiscally sustainable City budget, though it is highly dependant on retail sales tax revenue. In recent years, Garden Grove's revenue has grown strong. From fiscal year 1999 to 2007 revenues increased 60.8 percent, while inflation was just 30.9 percent during this timeframe. In addition, City revenue per capita grew 45.7 percent, indicating that the City has more purchasing power per resident to supply services. However, the City should develop a strategy to reduce retail leakage to ensure sales tax generation continues to grow.¹

4.4 GOALS, POLICIES, AND IMPLEMENTATION PROGRAMS

This Element is organized into goals, policies, and implementation programs. A description of each is provided in Chapter 1, Introduction. It is important to note that the implementation programs are specific actions to carry out all of the preceding goals and policies.

TOURISM

Goal ED-1	Opportunities for development of tourism-related businesses shall be enhanced.
Policy ED-1.1	Continue to encourage the development and expansion of hotel facilities in key corridors of the City (i.e., Harbor Boulevard).
Policy ED-1.2	Investigate potential nighttime entertainment activities, which would encourage tourists and business oriented travelers to remain in the City of Garden Grove for the duration of their visit (i.e., theater events, restaurants, movie theaters, commercial recreation opportunities, etc.).
Policy ED-1.3	Continue to explore traditional, non-traditional, and international marketing approaches to attract local, regional, and foreign tourism.
Policy ED-1.4	Pursue opportunities for a unique theme park that takes advantage of potential international commerce and cultural activities.
ED-IMP-1A	Use City resources and assist the development community with available financial and economic incentives, where feasible.

¹ Garden Grove Economic Strategy. John E. Husing, Ph.D. April 29, 2008.



ED-IMP-1B	Encourage the upgrading of the hotel/motel facilities within the City that are older and/or dilapidated.
ED-IMP-1C	Concentrate tourist supported commercial activities in selected areas of the City in order to create identifiable centers of interest for visitors.
ED-IMP-1D	Continue to coordinate with visitor and tourism bureaus.
ED-IMP-1E	Develop a Streetscape Plan along Harbor Boulevard (International West) that links hotels and tourist-oriented businesses along an attractive, walkable street. Develop clear streetscape elements that provide identifiable characteristics that reinforce to a visitor they are in a unique district of Garden Grove.

BUSINESS ENVIRONMENT

Goal ED-2	The City must attract new businesses, while supporting and assisting those already located within Garden Grove.
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Policy ED-2.1	Support a business friendly environment for new businesses to locate and existing businesses to flourish.
Policy ED-2.2	Continue to enhance programs which work toward retaining and expanding businesses in Garden Grove.
Policy ED-2.3	Explore the feasibility of establishing an International Cultural and Commerce Center, which would provide for the exchange of products, ideas, and commerce on an international scale.
Policy ED-2.4	Examine the feasibility of initiating activities in for-profit retailing of the products of the arts, skills, and crafts of ethnic groups in Garden Grove.
ED-IMP-2A	Work with the Vietnamese, Hispanic, and Korean business community to develop strategies to help bring success and distinction to their firms.
ED-IMP-2B	Identify top non-store (including sales by manufacturers, distributors, lumber companies, and other such entities) retail sales providers and begin a process of interviewing them on a regular basis to understand who they are, what needs they have, and if there are any issues that they face in remaining in the City.
ED-IMP-2C	Maintain an open line of communication with industrial firms in the City. Develop a sensitivity to particular company needs, concerns, problems, and opportunities. Monitor major firms' needs through on-going contact.
ED-IMP-2D	Annually review and enhance the City's Business Attraction, Retention, and Expansion Program.
ED-IMP-2E	Monitor market information in nearby communities where businesses have relocated, in order to more effectively compete with these communities and retain the current retail, office and industrial firms located in the City.



- ED-IMP-2F Continue to coordinate with the Chambers of Commerce, Orange County economic development groups, and other business associations to attract, retain, and expand businesses.
- ED-IMP-2G Continue to sponsor opportunities to assist the business community through speakers, seminars, training workshops and meetings.
- ED-IMP-2H Consider placement of advertisements in trade journals and other media forms which market the benefits of locating a business to Garden Grove.

RETAIL SECTOR

Goal ED-3 The City must maximize its market potential in order to enhance and retain retail opportunities to serve the population.

- Policy ED-3.1 Monitor the conditions and status of older shopping centers and smaller, underutilized commercially zoned parcels.
- Policy ED-3.2 Provide rehabilitation assistance in targeted commercial districts to enable the upgrading of commercial properties.
- Policy ED-3.3 Enhance and retain retail opportunities to serve the population.
- Policy ED-3.4 Continue to encourage bringing big box retailers to the community.
- Policy ED-3.5 Continue to retain, expand, and support the auto-related uses along Trask Avenue.
- Policy ED-3.6 Encourage the concentration of commercial clusters in the City.
- Policy ED-3.7 Encourage and facilitate the development of mixed use.
- ED-IMP-3A Evaluate and target underutilized and/or older centers; develop strategies with the owners and tenants to revitalize these areas. While the designation of many underutilized and/or older centers with a new land use of mixed-use allows the opportunity to add residential units, the City should carefully review the loss of existing commercial/ retail space.
- ED-IMP-3B Focus on upgrading dilapidated centers in order to encourage new or expanding businesses to relocate to these areas.
- ED-IMP-3C Provide opportunities for mixed-use development that responds to market and community needs in terms of size, location and cost.
- ED-IMP-3D Provide informational material to the owners of underutilized or dilapidated properties, identifying the types of assistance available and work with them in upgrading their properties.
- ED-IMP-3E Work with owners of commercial sites, counseling them on market analysis of securing commercial viable tenants, unified design guidance to provide attractive facades, landscaping, and client amenities, and resources for funding improvements.



- ED-IMP-3F Provide assistance to local businesses with improvement programs through the commercial revitalization program as opportunities arise.
- ED-IMP-3G Support the provision of incentives for private development and redevelopment (as appropriate) joint public-private partnerships, and public improvements through redevelopment actions.
- ED-IMP-3H Encourage specialty retail development to concentrate in targeted areas of the City to establish "critical mass" thresholds of such uses.

INDUSTRIAL SECTOR

Goal ED-4 A stable existing industrial base and enhanced opportunities are important for the future industrial base.

- Policy ED-4.1 Allow conversions of larger, older industrial structures into smaller units. Continue to monitor the trend of industrial conversions in Garden Grove and Orange County.
- Policy ED-4.2 Continue to monitor the availability of vacant facilities or land zoned for industrial purposes and provide information to firms in Garden Grove.
- Policy ED-4.3 Support a diversity of industries in the City.
- Policy ED-4.4 Monitor and limit the amount of non-industrial activity in industrial areas.
- Policy ED-4.5 Evaluate the impacts on both the commercial and industrial uses in industrial areas.
- ED-IMP-4A Maintain on-going contact with local realtors to keep abreast of local real estate prices and trends relative to surrounding competitive areas.
- ED-IMP-4B Periodically assess the ability of the City to meet the growth needs of local firms.
- ED-IMP-4C Initiate strategies to pursue those industries that have favorable growth prospects, a work force that has a relatively large number of managerial and skilled positions, and wage rates of non-supervisory employees that are above average for manufacturing industries.

OFFICE SPACE AND "RESEARCH AND DEVELOPMENT"

Goal ED-5 The development of office and research and development space to meet the needs of the community and to provide jobs for local residents is encouraged.

- Policy ED-5.1 Develop and implement programs to attract new regional office users.
- Policy ED-5.2 Develop programs that encourage home-based businesses seeking expansion or new, small size, startup businesses to utilize incubator office spaces within the City.



- Policy ED-5.3 Encourage support services as part of office/industrial and mixed use development (i.e., child care, convenience shopping, personal services, restaurants, etc.).
- ED-IMP-5A Initiate strategies to pursue office and research and development employers. These types of employers have a potential work force with a higher number of managerial and skilled positions and generally higher wage rates commensurate with the position and/or skill.
- ED-IMP-5B Periodically assess the ability of the City to meet the growth needs of office and research and development firms.

LABOR FORCE DEVELOPMENT

Goal ED-6 Provide programs that increase the ability of community members of all ages to find quality employment.

- Policy ED 6.1 Continue to promote job training, skill enhancement, and educational excellence for people of all ages in the community.
- ED-IMP-6A Work with local educational institutions, employers, real estate developers, and others to anticipate changes in employment demands in the City.
- ED-IMP-6B Continue to support employee training/re-training programs and employer-staffed programs to provide the skill requirements of current and prospective employers.

FISCAL STABILITY

Goal ED-7 Cumulative growth that provides net fiscal gains to the City is desired.

- Policy ED-7.1 Strive for the cost of services to be balanced with the revenues generated on a recurring basis.
- Policy ED-7.2 Monitor the fiscal health of the community and focus on major public/private economic achievements.
- Policy ED-7.3 Prioritize capital improvement investments based on the potential fiscal revenue stream that will be generated by the development related to the capital improvements.
- Policy ED-7.4 Identify and pursue categories of resident retail demands, which are not being met within the City.
- Policy ED-7.5 Encourage upscale restaurants to locate in clusters in areas targeted for specialty retail.
- ED-IMP-7A Provide, when appropriate, fiscal impact analyses in order to provide input into assessment of citywide impact of development activities and to determine what costs, if any, to the City may be subject to mitigation.



ED-IMP-7B	Continue to assess the structure of utility rates and user fees to ensure that such rates and fees adequately cover the true cost to the City.
ED-IMP-7C	Prepare a Community Development Annual Report to the community and City Council.
ED-IMP-7D	Develop an Economic Five-Year Plan. As part of this plan, develop a variety of economic incentives to generate a balance of projects that will contribute to the local economy.
ED-IMP-7E	Identify major capital improvements necessary to attract desired levels of development to the City and achieve other goals of the Economic Development Element, such as streetscape, median, and infrastructure improvements.
ED-IMP-7F	Evaluate the potential fiscal revenue streams associated with targeted land uses, and prioritize capital improvements based on the extent to which specific capital improvements will facilitate the development of fiscally positive land uses.
ED-IMP-7G	Periodically evaluate which retail categories are experiencing leakage and approach existing retailers within these categories (specifically the upscale restaurants) and encourage their relocation to, or expansion in, Garden Grove.



APPENDIX 3

ECONOMIC DEVELOPMENT STRATEGY BY JOHN E. HUSING

Garden Grove

Economic Development Strategy

Recommended By

John E. Husing, Ph.D.

FINAL

April 29, 2008

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Garden Grove Economic Strategy

By John E. Husing, Ph.D.

Garden Grove is located in the midst of an Orange County economy that is one of the most successful in America. It is in a geographic area of the county that has passed through all three phases of the maturing process that typically defines Southern California's "hot zones," and is dealing with the issues that face established communities rather than rapidly growing ones. In addition, Garden Grove is being impacted by a fundamental shift in who resides in the community. These facts underscore the economic issues and strategic choices facing Garden Grove as it moves forward.

Fundamental to any municipal level economic development strategy is the purpose which city leaders wish to achieve. Here, it is assumed that Garden Grove would like its policies to result in local residents achieving the maximum level of prosperity possible, given the city's economic strengths, weakness, opportunities and threats. These were encapsulated in the 20 issues identified as facing Garden Grove through a process that included:

- Interviews with key staff members.
- Development of the Demographic, Economic and Quality of Life analysis of the city resulting in an 87 page, 136 exhibit review of facts about the community.
- Interviews with key economic leaders in the city.
- A 14 page summary analysis based on this work program including a list of economic development issues that appear to be facing the community and the reasons for that list.
- Presentation of this material to the city's senior staff and feedback concerning the validity of the proposed issues.
- Agreement on a final list of 20 Key Issues that the economic development strategy must address.

In creating an economic development strategy for Garden Grove, a distinction must be made between measures designed to increase the city's revenue streams, and strategies aimed at advancing the economic opportunities available to the city's residents. Both are valid concerns but for different reasons:

- Cities must enhance their revenue streams so that they have the financial resources to increase the prosperity of their residents through the delivery of quality police, fire, housing, recreation, senior, transportation and other such services.
- Municipalities can indirectly enhance the prosperity of their residents by understanding their changing economic needs and taking actions to increase the city's competitiveness for firms that can meet them. This also requires ensuring that residents have access to workforce training and other requirements needed to allow residents to take full advantage of changes occurring in the city's economic environment.

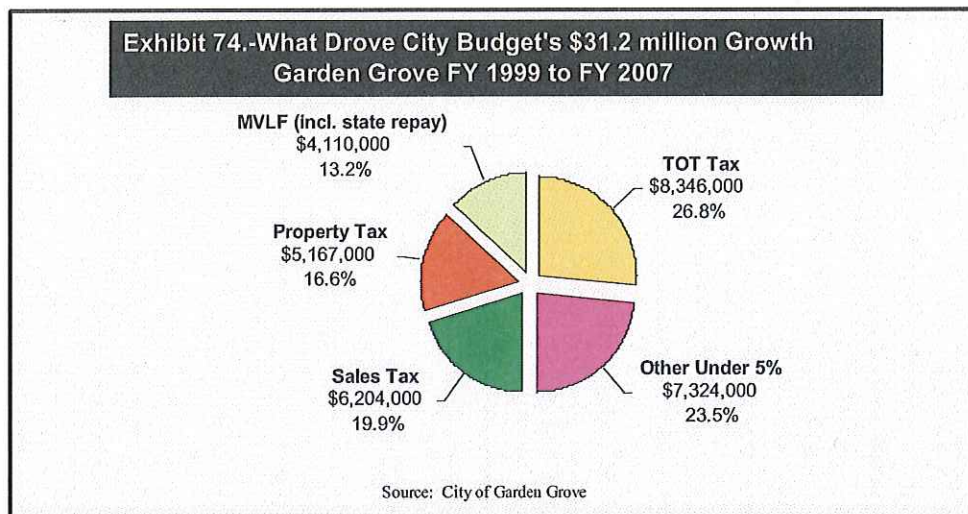
In this context, strategies for an economic strategy for Garden Grove are recommended, discussed and prioritized with the intent of giving the city the maximum opportunity to enhance the prosperity of its residents.

Strategies To Enhance City's Revenue Sources

As indicated, one direction which Garden Grove's economic development strategy should take is to execute programs aimed at enhancing the city's revenue collections. This provides the wherewithal for it to enhance life within the community, a clear factor in the prosperity of life in any community. Here, a review of the city's recent financial history is in order.

In recent years, the revenues flowing to Garden Grove have grown strongly. From fiscal year (FY) 1999 when revenues were \$51.2 million, until FY 2007 when they reached \$82.7 million, revenues have **increased \$31.2 million or 60.8%**. As inflation was just 30.9% in this period, the purchasing power of the city's revenues roughly doubled. In addition, from FY 1999-FY 2007, **city revenue per capita grew** from \$328.05 to \$477.63, up \$149.78 or **45.7%**. This was also above the inflation rate, indicating that the city has more purchasing power per resident to supply services. That said, per capita revenue has fallen from \$482.86 in FY 2005 due mainly to a reduction in Motor Vehicle Tax revenue.

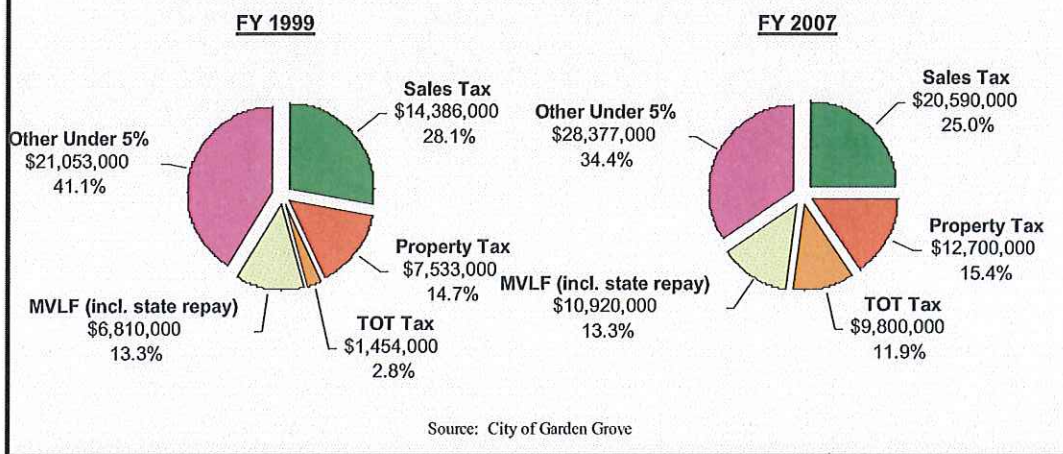
How Garden Grove's revenues have grown presents an interesting picture of the city's revenue strengths and difficulties. It also raises some economic development issues. The FY 1999-FY 2007 distribution of \$31.2 million in new revenue is thus revealing (*Exhibit 74*):¹



1. **Transit Occupancy Tax.** Garden Grove's 13% TOT was responsible for the largest share of the increase at **26.8%** (\$8.3 million). The gain took it from just 2.8% of the city's revenue in FY 1999 to 11.9% in FY 2005 (*Exhibit 73, next page*). This increase attests to the success of the city's efforts to expand its hotel sector and pull tourists south down Harbor Blvd. The hotel group now includes the Marriott Residence Inn, Marriott Suites, Hyatt Regency of Orange County, Hilton Garden Inn, Ramada Plaza Hotel, Embassy Suites, Crown Plaza Resort, Hampton Inn and Suites, Holiday Inn and Homewood Suites. They are newer and more appointed than similar hotels in Anaheim and have drawn people going to the various entertainment venues in that community. Meanwhile, other new hotels are working their way through the planning process.

¹ Note: Where exhibits are used in this report, the numbers come from the 2006 Garden Grove Demographic, Economic and Quality of Life study.

**Exhibit 73.-Major Revenue Sources - Shares of City Budget
Garden Grove FY 1999 vs. FY 2007**



Issue #13 Efforts to draw tourist dollars to the city by pulling them south down Harbor Blvd. from Anaheim have started to succeed and should be continued.

To help these hotels and pull even more tourists into the city, Garden Grove is working on “International West.” This would represent the branding of Harbor Blvd. from the existing hotels at Chapman Ave., south to the SR 22 freeway and include a waterpark based entertainment hub and hotel at Garden Grove Blvd. plus a conference center and hotels just south of the freeway. A theme park on the city’s 100 acre Willowick Golf Course, south of the SR 22, is also under discussion.

Issue #17 Garden Grove should continue its successful policy of working with the hotel industry to move more tourist activity to its Harbor Blvd. corridor.

Garden Grove has clearly found an economic development strategy that works in its efforts to expand the cluster of hotel facilities along Harbor Blvd. just south of Disneyland and the Anaheim Convention Center, and not far from the Crystal Cathedral in the city. The fact that the TOT grew over 6-fold from \$1.45 million in FY 1999 to \$9.80 million in FY 2007 is proof of this as are the announced projects that will add new hotel facilities further south along Harbor Blvd. Very important is the quality of the strategic relationship being maintained between the city’s economic development staff and the management of these facilities. It is a model for the kind of successful public:private interaction for which the city should strive in all of its economic undertakings.

Recommendation #1: It is recommended that the Garden Grove’s Economic Development Department continue devoting staff time to building upon the success of its hotel cluster along Harbor Blvd.. This should include maintaining the excellent relationship developed with the management of the hotels and helping those organizations expand upon their success.

Recommendation #2: While the broad International West strategy for the entire length of Harbor Blvd. is in the works, it is recommended that a specific strategy aimed at the immediate hotel area be developed in conjunction with the management of the hotels and adopted by the city as part of its economic development effort and general plan. Its aims should include:

- Continuing to expand the number of hotel rooms focusing on brands not currently represented in the area.
- Expanding the base of sit down restaurants and shopping to give tourists nearby spending options.
- Placing additional residents into this area by allowing for high-rise multi-use structures combining upstairs condominiums and apartments with mid-level offices and ground level retail.
- Designating land uses consistent with the long term evolution of this part of the city as a tourist, restaurant, retail and office area.

An Environmental Impact Report should be prepared consistent with the city's vision as this will lower the time and cost to developers interested in helping the city build its vision.

Note: by ultimately locating additional residents and office workers into this part of Harbor Blvd., the city would enhance the potential success of the restaurants and retail outlets.

Issue #18 Given the strong condition of the new hotel portion of Harbor Blvd. but the aging condition of much of the rest of the thoroughfare, the city should continue exploring the development of its International West concept to renew the entire length of the street with tourist and destination retail related activities.

In fostering the International West concept, Garden Grove is providing itself with a long term planning framework for the roughly 2.0 miles stretch of Harbor Blvd. from Anaheim south to just below the newly widening SR-22 freeway. This approach is helpful in giving the city a way to conceptualize how different areas of this under-utilized stretch of the city should be allowed to develop. It is also providing impetus for defining potential destination tourism nodes that might be developed at about the half way and end points of this stretch. By undertaking this exercise, the city may foster concrete proposals for executing its ideas. At the very least, it will prepare the city to take advantage of development proposals when conditions make it profitable for companies to present them.

While the development of a premier destination tourism operation near SR-22 is a primary goal of International West, it will likely be the most difficult part of the concept to achieve. For that reason, the city should provide intermediate steps to enhance the economy of the corridor that are consistent with such an achievement but not dependent upon it.

Single family residential development within the area should be discouraged as it is both inconsistent with the goals for the corridor and could foster potential long term opposition to it.

Recommendation #3: It is recommended that Garden Grove proceed to further detail the International West strategy and have its general plan provide land use designations for the full length of the Harbor Blvd. corridor consistent with the goals of that concept and flexible enough to take advantage of specific development proposals consistent with it. Again, an Environmental Impact Report should be prepared consistent with the city's vision as this will lower the time and cost to developers interested in helping the city build its vision.

Recommendation #4: It is recommended that Garden Grove continue to refine the location of the **destination tourist project area** to be located at the south end of Harbor Blvd. in the city, at the SR-22 freeway, and reach out to the national and international theme park industry to try and interest developers and financing groups in undertaking such an endeavor.

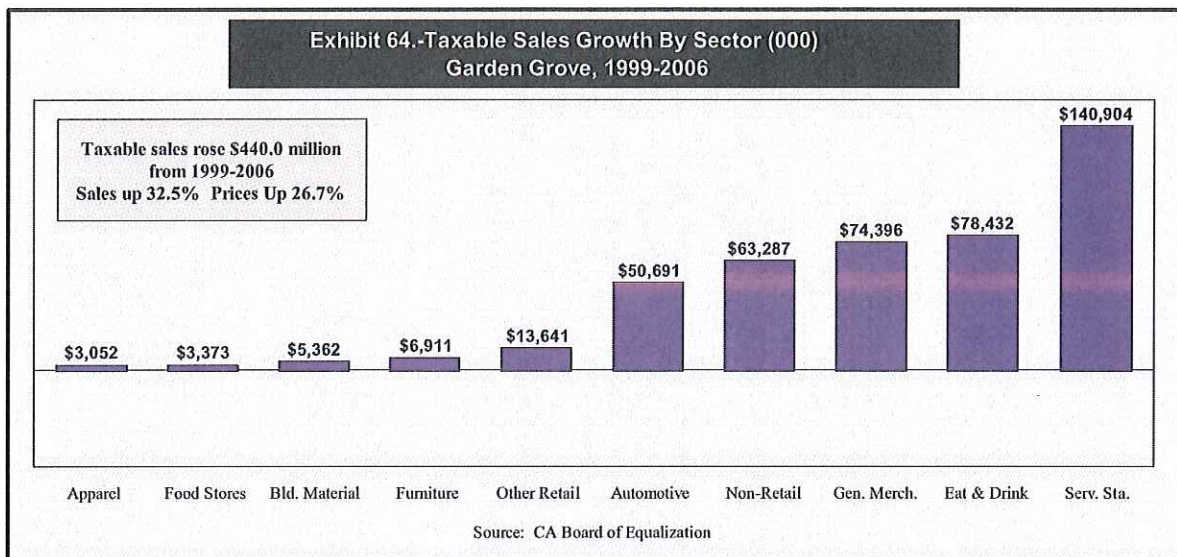
Recommendation #5: It is recommended that Garden Grove divide the area south of its successful hotel node along Harbor Blvd. into a series of project areas consistent with the International West concept, but not specifically dependent upon the success of a major new theme park. These zones might include areas for:

- Additional hotel development
- A restaurant row
- Destination shopping and/or outlet malls
- Mixed use high rise retail, office and residential towers
- Less ambitious amusement or theme park areas

but not single family residential development. Further, that the city should decide upon a long term “look” for the length of the corridor that can be used to tie the various zones together and outline a long term implementation program involving a coherent system of medians, walkways, signage, lighting and landscaping.

Recommendation #6: Should Garden Grove create zones along Harbor Blvd. for additional hotel, restaurant, destination retail, mixed use or smaller amusement areas of the type listed under Recommendation #5, it is recommended that staff create strategies for bringing about the implementation of each. One element of these strategies should be to bring them to the attention of developers with proven records for the various types of desired projects.

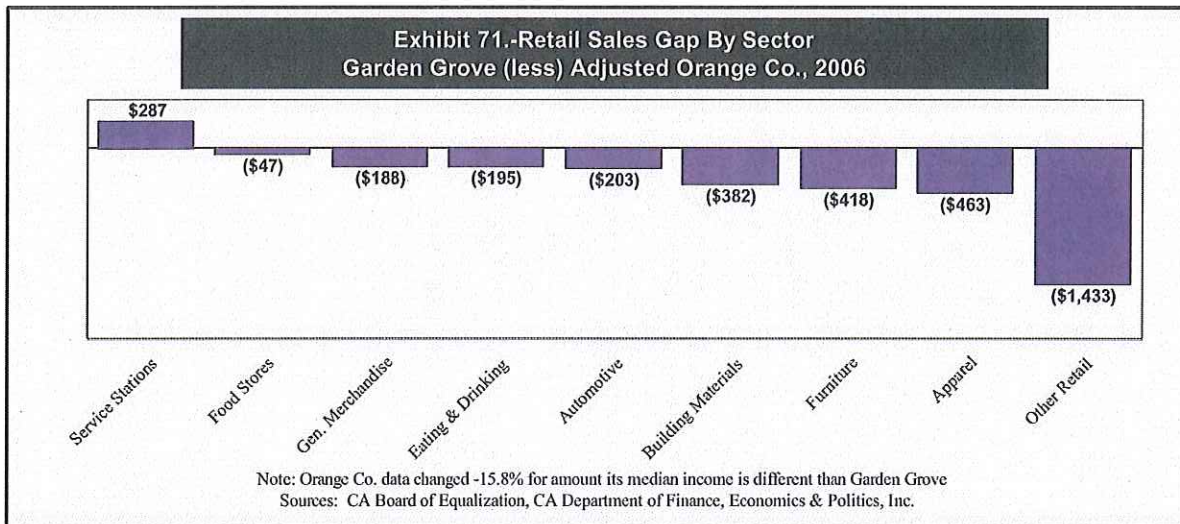
2. **Small Revenue Sources.** The second largest share was 23.5% for items that each accounted for less than 5% of revenues (\$7.3 million). However, their overall share fell from 41.1% to 34.4% because the 23.5% share of new revenues from FY 1999 to FY 2007 was much less than the FY 1999 share of 41.1%.



3. **Sales Tax.** Garden Grove’s sales tax increase accounted for a 19.9% share of the city’s revenue gain from FY 1999 to FY 2006 (\$6.2 million) to rank third of the five revenue classifications used here. Its share of city revenues fell from 28.1% in FY 1999 to 25.0% in FY 2006. This occurred as sales tax receipts went from \$1.3 billion in calendar year 1999 to \$1.8 billion in calendar year 2006, up \$440.0 million or 32.6% (Exhibit 64A). Traditionally,

this has been the main vehicle providing most discretionary income to cities, but not in Garden Grove.

The oddity in the city's sales tax gains from FY 1999 to FY 2006 was the prominent role played by its service stations. Normally, these outlets are minor players in the sales tax mix of a community. However, the fact that they led the increase in Garden Grove's sales taxes in this period is a testimony of its lack of strength in several traditional retail sectors.



Issue #10 Given the nature of retail leakages from Garden Grove, strategies need to be put in place than can take advantage of retail demand and trends.

Garden Grove's sales tax difficulties were further emphasized in the retail tax "gap" analysis conducted for 2005 (*Exhibit 71*). It showed that when the county's sales per capita in each sector were deducted from the city's sales per capita in each sector, the results were negative for every sector but service stations. This was true despite reducing the county's figures by 15.8% since the city's median income was that much below the county's level. This analysis means that except in service stations, the city is leaking sales tax dollars from its residents to outlets in surrounding places. This is financing the police, fire and other services in those cities, not their own. Put positively, it means that retailers can succeed in Garden Grove by capturing the purchases of local residents. The bigger the negatives, the greater the leakages and the higher the priority for increasing sales to local residents. This would make the highest priority "other retail" which includes the specialty shops and stores that fill-in around anchor tenants in malls and neighborhood centers.

Issue #12 The widening of SR-22 should offer the possibility of greater success among existing and/or new vehicle sales outlets along this key corridor.

Though the automotive sector was responsible for the second largest share of Garden Grove's sales tax growth from 1999 to 2005, the sector also showed its second largest sales tax gap. Sales tax dollars from automotive purchases by the city's residents are clearly escaping to other jurisdictions. When that fact is combined with the enhancing of the SR-22, the first retail priority of the city should be to increase the success of its automotive sector along this corridor. This would be in the interest both of the city and its existing automotive dealerships. This is the case since it has been repeatedly proven that when large numbers of auto dealerships locate near one another, the sales of each tend to rise because they jointly

draw more potential customers than any one outlet by itself. In effect, “the whole is greater than the sum of its parts.”

Recommendation #7: It is recommended that Garden Grove work with its existing automotive outlets and land owners on either side of the SR-22 freeway to develop a strategy aimed at expanding automotive offerings and sales along Trask Avenue, and to the extent possible, near off-ramps south of the freeway.

Issue #11 The city has the potential of capturing one or more expanded regional big box retail stores. This needs to occur.

For some time, Garden Grove has been in discussions with big box retailers about opening that chain’s first Orange County based super center at Chapman Avenue and Brookhurst Street. The abandoned Vons’ building on the site would be replaced by a 170,000-square foot store offering a very wide variety of items from groceries through general merchandise goods. Such a center would fill a major hole in Garden Grove’s retail profile. Currently, the city has leakage of local retail sales in the general merchandise category. Such a store would help reduce that gap. In addition, by creating a destination for shoppers, it would enhance sales for nearby retail shops. This would help reduce the city’s largest leakage of sales tax dollars which is in the “other retail” group that is made up of stores that fill-in around anchor tenants.

The fact that Garden Grove has a very large general merchandise sales gap means that a significant share of purchases by the city’s residents are currently occurring in other places. This fact argues strongly that it would be in the city’s overall interest to have such a center within its borders so that sales taxes now lost could be kept at home and used to finance services to the local community. In negotiating with big box retailers, the city should be aware that companies often convince communities to give up retail sales tax revenues in exchange for having a center locate in their community. This is generally not been in the long term interest of the municipalities that have done so. While the city should welcome big box retailers, it should be very careful about sacrificing potential revenues sources.

Recommendation #8: It is recommended that Garden Grove enter into negotiations with big box retailers to bring a major center to the community but do so on a basis that maximizes its long term sales tax revenues.

Issue #15 If an outlet mall can be located along the SR-22, that would be helpful to the city.

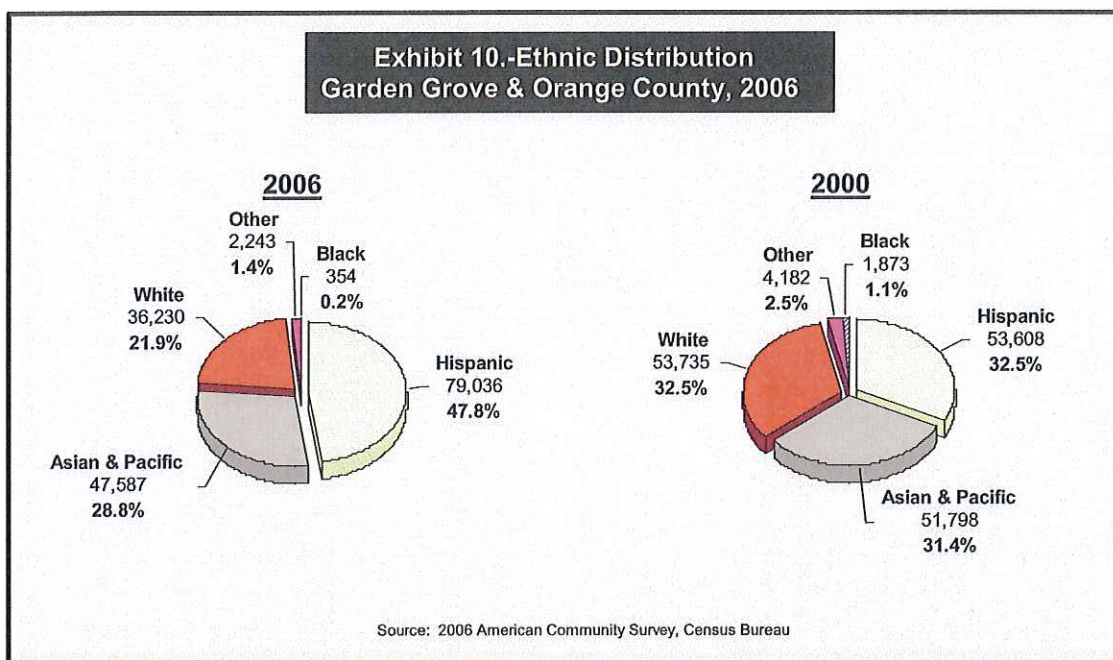
In the planning for the International West corridor, one of the possibilities that has opened is for the redevelopment of a large triangle parcel east of Harbor Blvd. and south of Garden Grove Blvd. just north of the SR-22 freeway. This is a potential location for an outlet mall or other general merchandise center with anchor tenants and specialty stores that would offer freeway visibility and off-ramp access. As with a big box center at Chapman Avenue and Brookhurst Street, such a development would help fill the gap in the Garden Grove’s revenue profile that exists because the city is surrounded by regional retail malls (*The Block (Orange)*, *Westminster Mall*, *Anaheim Plaza*, *Huntington Beach Mall*) but does not have such a facility within its borders.

Recommendation #9: It is recommended that Garden Grove select the triangular site bordered by Harbor Blvd.(*west*), Garden Grove Blvd. (*north*) and SR-22 (*south & east*) to be one of the International West zones discussed in Recommendation #5, and develop a strategy

for having it developed as a destination retail hub, given its freeway visibility and access. The analysis of the site should include looking at its possibilities as:

- An outlet mall
- A mixed use retail, office, residential development
- Automotive outlets
- Some combination of these

Recommendation #10: If Garden Grove decides to convert the triangular parcel in Recommendation #9 into a specific destination retail use, it is recommended that Garden Grove’s staff create strategies for bringing this about. One element of such a strategy should be to bring the potential project to the attention of firms with proven records for the desired type of development.



One of the shifts occurring in Garden Grove’s composition is the increasing size of its Hispanic community. From 2000-2006, it is estimated that the share of the city’s population in this category grew from 32.5% to 47.8%. At the same time, the share of Asians remained relatively constant going from 31.4% to 28.8%. The major change was a decline in Whites from 32.5% to 21.9%. In the business community, the increase in Hispanic population is not reflected in a commensurate rise in the number of Hispanic owned businesses. However, the number of Asian owned businesses (*primarily Korean and Vietnamese*) appears to have expanded significantly. In part, this growth has occurred as firms have sought to serve the large number of Asian residents. However, they have also grown up due to the lack of available sites or the cost of space in the Vietnamese area of the adjacent city of Westminster.

Issue #16 The expansion of the Asian retail community should aim to increase retail sales and tax revenue from these outlets.

Given the importance of Korean and Vietnamese businesses in Garden Grove, there is a need for a close relationship between the city’s economic development strategies and the economic leaders of those communities. Anecdotal evidence indicates that businesses in these

communities are ferociously competitive. The greater their success in penetrating Orange County's rapidly growing Asian markets, the more sales tax revenue they can generate for the city. At the same time, the city can help these business owners to better understand its tax, licensing and regulatory processes while also playing a role in supporting events that can raise their public profiles and levels of success.

Meanwhile, one of the facts uncovered during this project's interview process was the strongly held belief by a large number of entrepreneurs who grew up in Asian countries that any contact by a governmental entity meant trouble. In fact, one sophisticated professional interviewed confessed that one of his initial reactions to the request for an appointment was to wonder what he had done wrong.

Recommendation #11: It is recommended that Garden Grove's Economic Development Department regularly meet with key leaders in its Vietnamese and Korean business communities. The purpose of these meetings should be to find ways in which the city can assist these businesses by planning events or other strategies that can bring focus and success to their firms.

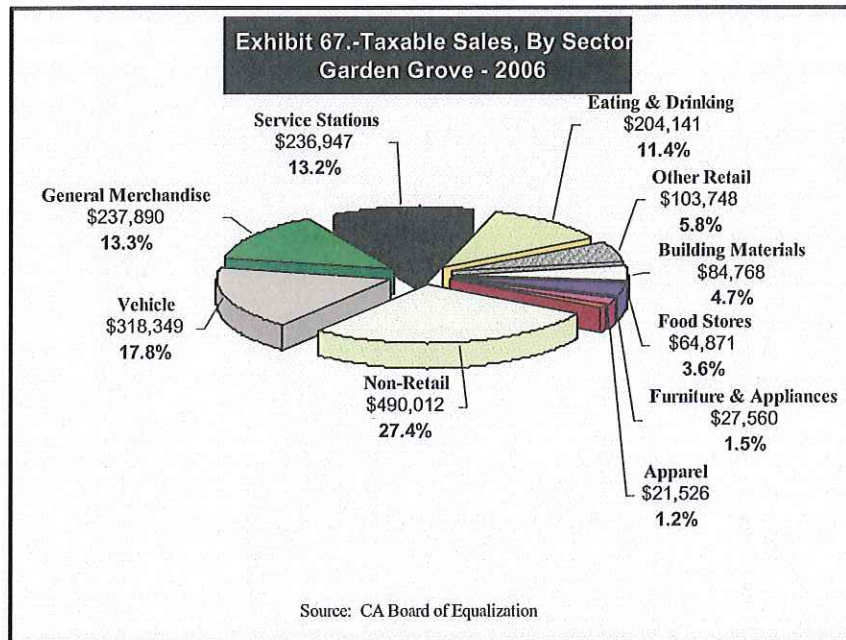
Issue #14 A careful review of how to protect and expand retail sales from the city's industrial area would appear to be needed.

Recently, Garden Grove lost an important retail sales tax provider when Ferguson Plumbing chose to relocate out of the city's industrial area. Despite that fact, taxable sales by non-retail or non-store outlets still represented the largest share of the city's retail sales with a volume of \$490 million in 2006. That was 27.4% of Garden Grove's \$1.8 billion in taxable sales. This includes direct taxable sales by manufacturers, distributors, lumber companies and other such entities. Their volume exceeded the automotive sector, which had retail sales of \$318 million or a 17.8% share (*Exhibit 67*).

Today, there is no question that industrial entities located in Orange County are under some pressure to leave. This is especially true for those that lease rather than own space because costs are so much less in Southern California's inland counties. For instance, in the Orange West market, of which Garden Grove is a part, the average monthly lease rate was \$0.64 per square foot in fourth quarter 2007. The rate was \$0.43 in the inland counties. For 100,000 square feet a year, the difference would be lease payments of \$247,000. A firm with a 5% return on sales would require \$4.9 million in additional sales to cover this difference.

Given the importance of industrial firms to Garden Grove's taxable sales, it is important that the city understand exactly which firms made up the \$490 million in taxable volume in 2006 and understand what, if any, issues they face by remaining in the city. For instance, during the interview process, it was found that one major sales tax provider owned their building and were very happy with both their location and the quality of their existing labor force.

Recommendation #12: It is recommended that Garden Grove's Economic Development Department work with the finance department to identify the top 25 non-store retail sales providers in the city and begin a permanent process of interviewing them in a regular cycle to understand who they are, what needs they have, and if there are any issues they face in remaining in the city.



4. **Property Tax.** The property tax ranked fourth in the increase in Garden Grove's revenues at 16.6% (\$4.1 million) from FY 1999 to FY 2007. In this period, it went from 14.7% to 15.4% of city revenues as tax collections grew from \$7.5 billion to \$12.7 billion, up \$5.2 billion or 68.6%. In recent years, the city's property tax gain appear to be reflecting the very rapid acceleration in property values that have been occurring in the city.

For the city, an important consideration is the decline in home prices now occurring in the community and in Orange County. According to Dataquick, the city's median priced home sold for \$420,000 in February 2008 compared to \$550,000 in February 2007, down -23.6%. In the county, the decline was from \$620,000 to \$520,000, off -16.1%. To the extent these data are reflective of the future property tax roll, property tax collections will be reduced.

5. **Motor Vehicle License Fee.** The state MVLFF subvention accounted for the smallest share of revenue growth, accounting for 13.2% (\$4.1 million). This left it at 13.3% of the city's revenues between FY 1999 and FY 2007. This is a portion of the city's budget over which it has *little control*. It was responsible for most of the decrease in Garden Grove's operational revenue from FY 2005-FY 2007 as the state's loan repayment from taking these funds from the city in an earlier budget crisis ended in FY 2005.

Strategies To Enhance City's Competitiveness

As stated earlier, another direction that Garden Grove's economic development strategy can take involves actions designed to increase the city's competitiveness and provide residents with opportunities to improve their own prosperity. This process works by making it in the financial interest of companies to locate in Garden Grove and provide a nearby source of jobs to the city's population. It also requires that the city work to ensure that firms that might be able to profit from this competitiveness are aware of the city's advantage. It further means providing the mechanisms through which residents can increase their own ability to succeed in today's economy. The issues and recommendations for achieving these goals are reviewed below.

1. Economic Base. A community's economy can generally be thought about in two tiers. One are those set of activities that bring money to a place from the outside world. These functions make up its **economic base**. They are analogous to the gold mine in an old western movie. There, the gold is shipped away and money is brought to a place that otherwise would have no economic activity. For Garden Grove, a good deal of the economic base represents the pay checks of local residents who commute away to jobs and bring money home. Other economic base activities include the previously discussed hotel and tourism industries. In addition, there are firms located in the city's industrial and/or office areas that primarily bring new money to the city by selling goods or services to people throughout Southern California, the state, the nation or the world.

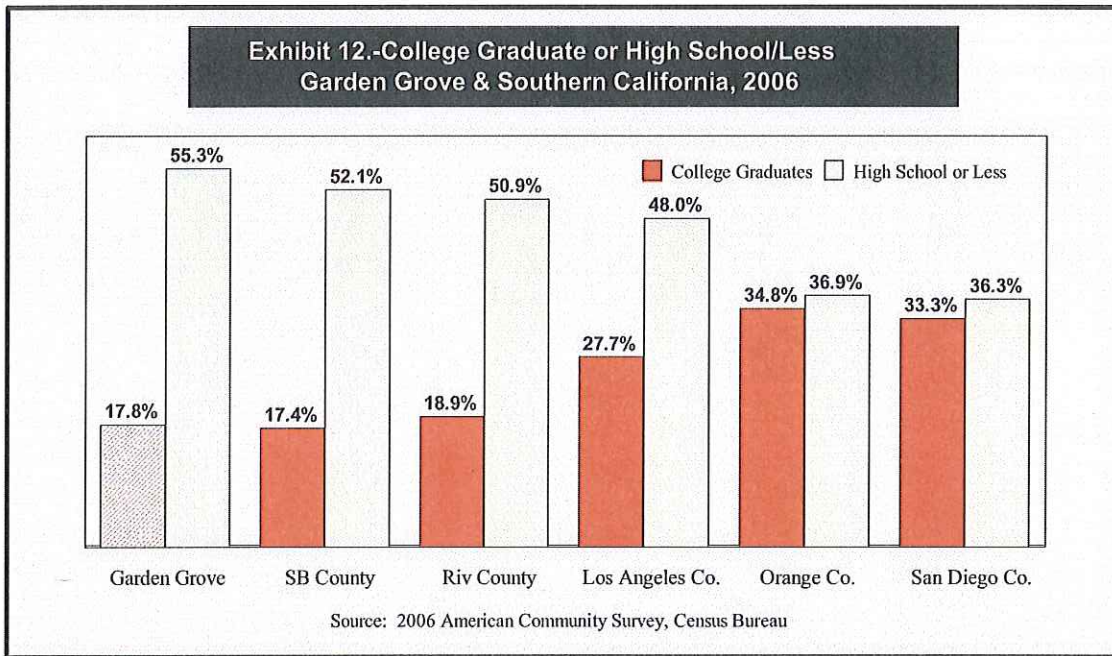
Note: In the earlier part of this analysis, the recommendations aimed at expanding the hotel and entertainment possibilities for Garden Grove would actually serve a dual purpose. As indicated, they would expand the revenues flowing to the city government. However, they would also serve to expand the city's economic base by increasing the flow of outside money reaching its economy and adding to the city's prosperity and local jobs.

The other part of the economy are its **population-serving functions**. These are activities that provide goods and services to the resident population. They do not bring fresh money to the community. Rather, they are where money brought from elsewhere is re-spent locally. In the old western movie, that would have been the general store where miners spent money on supplies and tools, the saloon where they bought entertainment, or the sheriff and schoolmarm whom they paid to provide protection and education. In Garden Grove, these activities include firms engaged in retailing, consumer services, local government and education.

Note: In the earlier part of this analysis, the recommendations aimed at expanding the "in-store" retail sector would also serve a dual purpose. As stated, they would increase the revenues flowing to the city government. But, they would also serve to expand the population-serving tier of the city's economy by having money change hands locally more often creating additional economic activity and local jobs.

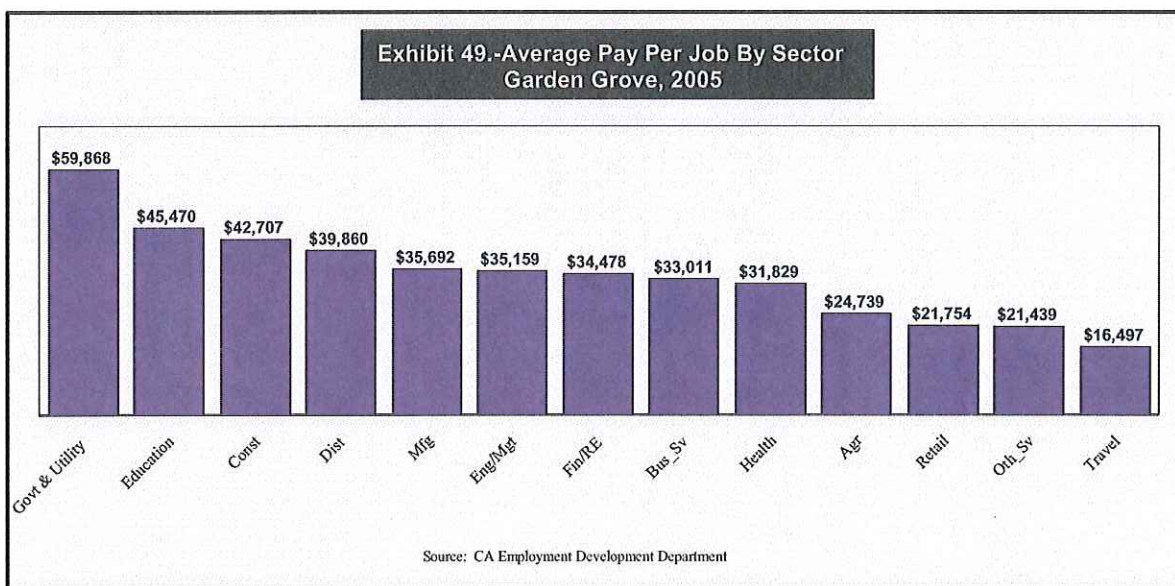
There are thus two ways that Garden Grove can expand its economy and the prosperity of the community. One is to expand the economic base by increasing the flow of funds into the community from elsewhere. The other is to deepen the economy's population-serving functions so that once monies arrive, they change hands locally more often before leaving. Beyond the hotel, tourism and retailing activities already discussed, there are several actions the city can take to help accomplish each of these objectives. These are discussed below.

2. Educational Levels. Another key to considering the actions that Garden Grove can take to expand its prosperity is to understand the educational levels of the city's population. In an economy where income and learning are increasingly linked, these are important facts. In 2006, some 17.8% of the city's residents 25 and over had completed a Bachelor's or higher degree (*Exhibit 12*). That compared to 34.8% for Orange County as a whole and was less than all of Southern California's counties except San Bernardino (17.4%). At the same time, 55.3% of the adults had not attended a single college class. These data are partially driven by the rising number of immigrants living in the city. They are also the result of the city having an older housing stock that even with its high prices (*existing median home: \$420,000*) is less expensive than housing in Orange County as a whole (*\$520,000*).



These facts need to be kept in mind in designing a strategy aimed at increasing the prosperity of the community's residents.

3. Industrial Sector. The jobs in Garden Grove's industrial zone are almost entirely part of its economic base. This is the case as the markets for the firms in this part of the city tend to be outside of the community. They thus bring dollars to it from the outside world. The positions created by these companies are among the best paying in the city with distribution jobs averaging \$39,860 and manufacturing jobs averaging \$35,692 in 2005 (*Exhibit 49*). Most of these positions do not require college training, a fact consistent with the educational profile of much of Garden Grove's adult population (*Exhibit 12*).



During the discussion of city revenues, it was also shown that Garden Grove's industrial firms were its major source of retail sales taxes in 2006. Unfortunately, as indicated there, the city faces a threat in retaining some of these firms due to the high cost of doing business in Orange County due, in part, to the higher cost of leased space. It is also because of the lower costs of workers living in the Inland Empire who will often work for less to avoid commuting on the SR-91 freeway. They can make this financial sacrifice because of the much lower cost of inland housing. Recommendation #12, earlier, was designed to give Garden Grove's staff information about which firms in its industrial sector were experiencing difficulties and might consider leaving.

Issue #9 Garden Grove needs to create mechanisms allowing the conversion of its larger older industrial structures into smaller units that high value producers can lease or purchase.

Interestingly, despite the competitive cost disadvantages facing industrial firms located in Orange County, only 4.0% of the county's manufacturing and distribution space was vacant in December 2007 and only 4.1% of its flex-tech space. Of these two, the weaker market segment has recently been for the flex-tech space needed by the better paying higher end firms. Thus in 2007, 372,492 square feet came back on the market due to Orange County's economic slowdown which has hit high end firms particularly hard. At the same time, 496,460 square feet of manufacturing/distribution sector space was absorbed. This is likely a short term trend as flex-tech space is occupied by companies that make high value products and can best afford to remain in Orange County and expand in it. In addition, such space tends to be smaller and many firms prefer to buy rather than lease it due to the relatively low long term interest rates that prevail in the U.S. (*10-year bond rate of 3.59% in April 2008 down from 4.96 in April 2007*). Given the age and importance of Garden Grove's industrial area and Orange County's high costs for many of the firms that have traditionally located in it, the city needs to provide industrial companies and property owners flexibility in terms of the zoning tools they need to convert the area to more competitive uses.

Recommendation #13: It is recommended that Garden Grove create zoning rules allowing larger and older industrial structures to be converted into smaller units, including the possibility of razing and replacing aging structures. Condominium ownership should be allowed to increase the demand for such units and bring more owner-investors to the city.

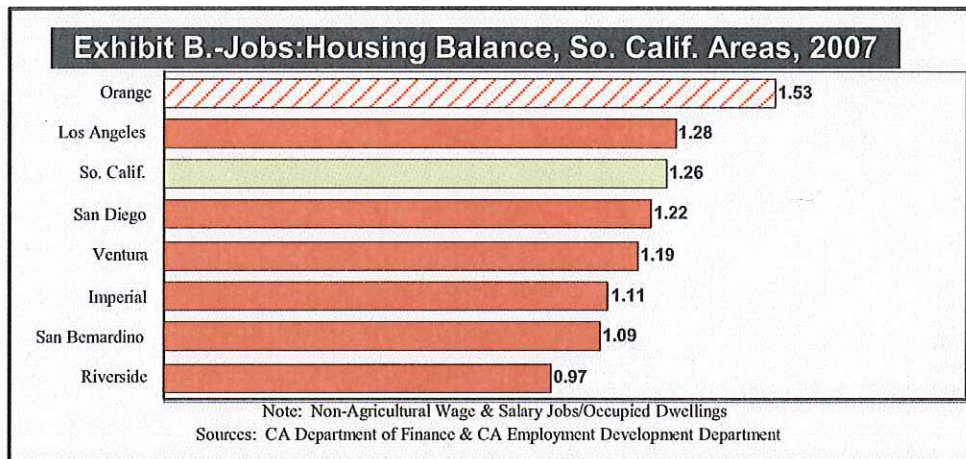
- 4. Office Sector.** In December 2007, Orange County has 83.9 million square feet of office space with 12.5% vacant. That is up from 7.3% in December 2006 as the sub-prime debacle has hit the county very hard. Garden Grove's available land for office space was built-out long before the county became the center of office construction and jobs in Southern California. As a result, office employment has not been a serious part of its economy. Looking beyond the current recession, this is unfortunate in that much of the higher-end jobs driving the county's economy are office jobs. Thus from 2005-2007, there were a net of 54,600 jobs created in Orange County. Of these, a net of 17,400 jobs or 31.9% were in the office based finance, insurance and real estate sector (*average sector income: \$75,140*), management, professional and scientific sector (*average sector income: \$69,160*), non-hospital based health professionals (*average sector income: \$51,636*) and wholesale electronic markets and agents and brokers (*average sector income: \$63,960*).

Issue #8 Garden Grove’s economy needs to see an increase in the office-based higher end employment that provides better paying jobs plus programs to allow local workers to train to perform them.

While many of Garden Grove’s adults (*Exhibit 12*) do not have the educations for the professional and management positions in these firms, there are large numbers of support positions for which they are, or can become qualified. For this reason, the city needs to undertake an effort to find underutilized land within the community that can be redeveloped for use by such facilities. Some of these buildings might be stand alone office structures. More likely, in the beginning, there would be multi-use structures that include apartments or condominiums on their upper floors and offices with perhaps retail space downstairs. This form of development has started to come into vogue in Orange County now that it is becoming almost entirely built-out. There will be a pause as the housing market catches its breath. However, the time for the city to begin planning for such projects should be during the lull. In looking for locations, the city should keep away from existing single family areas where these uses would be incompatible. Above, it was already recommended (*Recommendations #2, #5, #9*) that obsolete uses down the Harbor Blvd. corridor should be considered to be zoned for such uses. There also appears to be locations along the SR-22 where this form of use would work as well as in the city’s industrial area.

Recommendation #14: It is recommended that Garden Grove’s Planning Department work with real estate development professionals to undertake an inventory of every site within the city that would appear consistent with a new class A or class B steel framed 4-story or higher office structure as its highest and best use, whether or as part of a multi-use project.² Those that are compatible with such uses should be zoned accordingly in the new general plan.

Recommendation #15: Should Garden Grove chose to re-zone sites for office uses or multi-use projects including offices, it is recommended that the Economic Development Department develop a comprehensive strategy for the redevelopment of these sites for such uses including efforts to interest developers with a history of success with similar undertakings.



² New class A buildings have excellent locations and access, attract high quality tenants, and are managed professionally. Building materials are high quality and rents are competitive with other new buildings. They are four or more stories on steel frames. New class B buildings have good but not great locations, management, and construction, but with tenant standards are still high. They are generally four or more stories high on steel frames.

5. **Housing.** Increasingly, companies located in Orange County are facing a workforce dilemma. In 2007, the county had 1,516,474 non-agricultural wage and salary jobs, but only 988,560 occupied dwellings. There were thus 1.53 jobs for every occupied dwelling. For Southern California the average was 1.26 (*Exhibit B*). This means that the Orange County's economy had 22% more jobs than its occupied housing could supply workers to fill. That constitutes a job rich, labor poor environment. The county's economy can thus only expand by importing workers from the Inland Empire or Los Angeles County. In fact, the imbalance is worse than the jobs:housing ratio shows due to Orange County's aging demographic profile. In 2006, 20.5% of its adults were aged 55 and over. The county ranks just ahead of San Diego County (20.0%) in having the largest share of its Southern California's adults either retired or heading for retirement. This means an even greater need to import workers.

Issue #1 Orange County and Garden Grove face a housing shortage with the resultant high home prices leading to a labor shortage.

This county's lack of workers is a function of Orange County's housing stock. A combination of lack of land and low density zoning means that today, Orange County's residential is largely built-out. This fact is seen in that the county represented 25.1% of Southern California new detached single family home market in 1988. The share was just 9.1% in 2007. The lack of new homes has led to very high home prices. Despite recent declines, the county's median existing home price was \$520,000 in February 2008. While Garden Grove's situation was better, its median existing home price was still a high \$420,000. That compares to \$325,000 in Riverside County. Rents are also high, with the central Orange County market, including Garden Grove, averaging \$1,385 per month versus \$1,145 in the Inland Empire.

With housing remaining relatively expensive, an increasing flow of workers from Orange County has relocated to the more affordable Inland Empire. While many commute to work from there, they are becoming increasingly resistant to doing so. As stated earlier, some 31% indicated a willingness to take 15% pay cuts to stop working in Orange County even if it meant a change in occupation. This has set up a competitive advantage for firms to migrate inland. Meanwhile, the number of well educated adults in the inland counties has increased by 130,000 from 2000-2006, a 41.4% increase, meaning that the types of workers migrating inland are increasingly those with good educations.

Issue #6 & #19 Given the lack of land for residential projects, Garden Grove should consider high-rise residential and/or mixed use residential-office-retail projects in commercial areas now in obsolete uses.

These facts argue strongly for Orange County's communities in general, and Garden Grove as one of them, to find a solution to building workforce housing. If the city and the county do not, they will begin to see an exodus of firms, with many of those forced to leave being firms that pay well and use educated workers. Given the built-out nature of Garden Grove's residential neighborhoods, the solution will ultimately be to go vertical with high rise mixed use structure containing apartments or condos on the upper floors and office and retail uses downstairs. With the housing market in the down part of its cycle, the city has a chance to begin planning for such units so that it is ready when housing production restarts.

Given the NIMBY (*Not In My Backyard*) resistance to attached housing by people living in single family neighborhoods, it will be important to locate units away from them. This argues for using obsolete retail or industrial zones.

Recommendation #16: It is recommended that during the current lull of the residential construction industry that Garden Grove's Planning Department inventory every site in the city that would be suitable to either high rise apartment/condominium uses or mixed use residential-office-retail projects and zone them for such uses in the new general plan. This effort would be part of the same work program recommended earlier with Recommendations #5, #9, and #14.

Recommendation #17: It is recommended that the Economic Development Department develop a long term strategy for getting high rise developers interest in these projects. To the extent that a project involves mixed uses, the strategy would be part of those developed under Recommendations #6, #10 and #15.

Issue #7 With Southern California's housing market in the down part of its periodic cycle, Garden Grove should have in place a series of monitoring tools to ensure than unexpected changes in housing dynamics that might require changes in policy or programs are quickly identified.

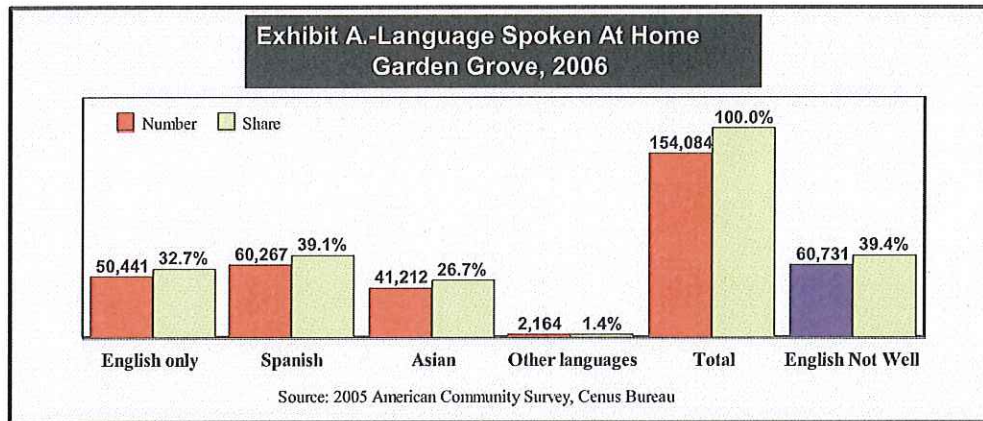
As indicated, housing prices in Garden Grove are lower than they have been but still relatively high. Many families used "creative" financing to afford units. With short term interest rates adjusting upward or as these loans convert to higher fixed rates, some families are finding they can no longer afford their homes. This led to 4,276 notices of default in Orange County in 4th Quarter 2007 and a rising numbers of home foreclosures. When this occurs, some detached single family homes may convert to rentals. If this happens to often, it can cause property values in the affected neighborhoods to slide and code enforcement issues to multiply. Garden Grove and other Southern California cities are thus entering a dangerous period for their housing markets. Note: in 2006, 16.8% of the city's single family detached homes were renters, well above the 11.9% average for Orange County.

Recommendation #18: It is recommended that the Garden Grove's Housing Department contract with an organization (*like Dataquick Information Systems*) that can track notices of default, foreclosures and conversions of single family homes to rentals. It can then use a geographic information systems program to monitor the extent to which such activities are being concentrated in specific neighborhoods of the city. This will provide forewarning of the need to take action with city housing programs to protect these areas.

6. Expanding Hotel, Amusement, Retailing. Above, it was shown that the recommendations aimed at expanding Garden Grove's TOT revenues would play the dual role of increasing its economic base. Similarly, the recommendations designed to help expand the city's sales tax revenues would help increase its population serving sectors. Given the city's large number of workers with relatively low educational levels, these recommendations would have the additional advantage of providing a growing base of entry-level jobs to the city's population. While not high paying (*hotel, restaurant and amusement: \$21,320; retailing: \$33,020*), these jobs can serve to be important sources of income to dual income families as well as the starting point for moving up the income ladder (*Exhibit 49*). In addition, the expanding base of Asian retailers provides these functions for that growing portion of the city's population.

7. Ethnicity & Communications. An important consideration in developing an economic development strategy for Garden Grove must be the previously discussed 2006 ethnic distribution. It was shown that 28.8% of the city's population was Asian and 47.8% was Hispanic

(Exhibit 10). Consistent with these figures, 26.7% of the city’s residents speak an Asian language at home and 39.1% speak Spanish. Put another way, roughly two of every three residents are most comfortable in a language other than English. In addition, 39.4% do not believe that they speak English well (Exhibit A).



Issue #2 For Garden Grove to have an effective economic development strategy, the participation in its efforts must take into consideration the new realities of the city’s composition.

In a community of such complexity, an economic development strategy that aims to raise the prosperity of its resident population must take these facts into consideration. This is particularly true for Garden Grove where the trends that are likely to continue making it more, not less, diverse. A key element of such a strategy was referred to in the discussion of how to expand the city’s sales revenue when it was suggested (*Recommendation #11*) that the city’s Economic Development Department consider developing and executing a strategy designed to increase the success of the Asian retail community.

Issue #3 Garden Grove’s economic development professionals need to continue to meet regularly with its Chamber of Commerce plus identify and regularly meet with key leaders in its Vietnamese, Korean and Hispanic communities and establish a meaningful dialogue with them.

Above, the Asian portion of the city’s retail community was given specific attention due to its size, rapid growth, the need for a stronger working relationship with city hall, and its relatively low sales tax generation. In fact, more generally, Garden Grove’s challenge is to understand the ebbs and flows of each portion of its business community. In addition to the Asian community, there does not appear to be an existing strong understanding of the ebbs and flows of the smaller group of Hispanic businesses. This would be important to establish, given that Hispanics are now the largest group in the city’s population (47.8%). Meanwhile, the interview process showed that a good relationship exists between the city and the Garden Grove Chamber of Commerce.

Recommendation #19: It is recommended that the Economic Development Department meet with the Hispanic Chamber of Commerce of Orange County (*Santa Ana*) to identify Hispanic business leaders in Garden Grove so that a relationship can be established with them that can both increase the flow of information about their community’s economy as well as provide insight into the economic concerns of the city’s Hispanic population.

Issue #4 While English must remain Garden Grove's basic language, where clarity of understanding is important, economic development communications need to reflect the reality of the city's composition.

Meanwhile, given the fact that two-thirds of Garden Grove's residents do not speak English at home and 39.4% feel they have difficulty communicating in English, it is important that those city communications, where clarity of understanding is considered vital, should be in the language(s) that can best achieve that result.

Recommendation #20: It is recommended that the city of Garden Grove identify existing staff members fluent in Spanish, Korean and Vietnamese and use them to translate key documents and other such communications that are necessary for smooth communications between the city, its various business communities and its resident population.

- 8. Adult Workforce Education.** An economic development consideration of great importance is the fact that there is no such thing as a poor well-educated community. Unfortunately, the opposite is usually true. Here, the fact that 55.3% of Garden Grove's adult population 25 and over has not had a single college class puts the long term prosperity of the city's residents at risk. This is particularly true in an era when manufacturing jobs are tending to leave the U.S. for Asia, taking a principal route to upward economic mobility away from workers that rely upon on the job learning to reach and stay in the middle class. This dilemma is showing up in the widening gap between rich and poor in the U.S. which is increasingly based upon education. In Southern California, Orange County has produced a very successful economy, in part, because it is the best educated county in the region with 36.9% of its adults having graduated from college.

Issue #5 With Orange County developing an economy that requires strong educational skills to succeed, Garden Grove's adult labor force will increasingly need access to demand-driven work force training if their incomes are to grow.

Clearly, workforce training is not a city economic development function. However, a list of successful communities has become aware of the need to be players at the table in attempting to ensure that their workforces have access to adult workforce training. In Garden Grove, such training will be vital to those wishing to move into office based jobs. It will also be important for those wanting to be employed in the increasingly computerized good paying blue collar jobs in logistics and distribution or in manufacturing.

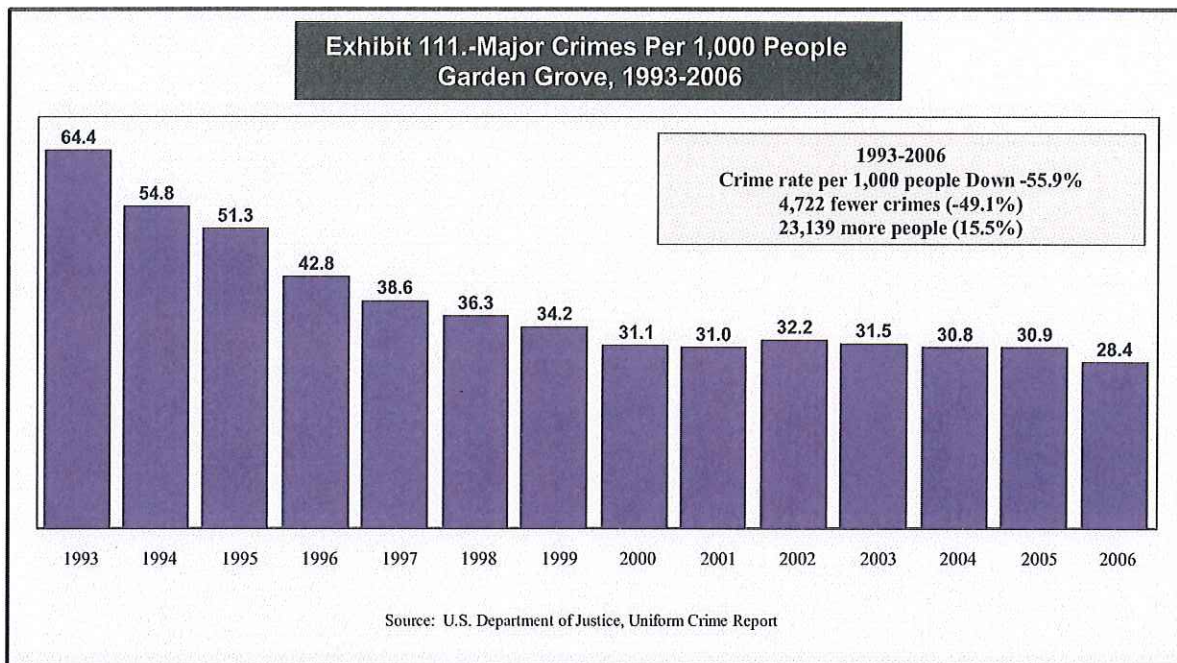
Recommendation #21: It is recommended that the Garden Grove Economic Development Agency develop a relationship with Orange County's Workforce Investment Act program so that when it executes outreach strategies to its industrial firms (*Recommendation #12*), it can seamlessly connect them to training resources.

Recommendation #22. It is recommended that should the Garden Grove Economic Development Agency create strategies to enhance a sector, such as the office strategy under Recommendation #15, that it include elements aimed at providing workers with access to training either through Orange County's Work Force Investment Act program, the Garden Grove Adult School, California State University Fullerton's extension program or the Central County Regional Occupational Program.

- 9. Public Safety.** An important part of the quality of life and thus the prosperity of any community is its level of public safety. Here, Garden Grove has had a very good record for the past several years. From 1993-2006, the Uniform Crime Report filed with the FBI has

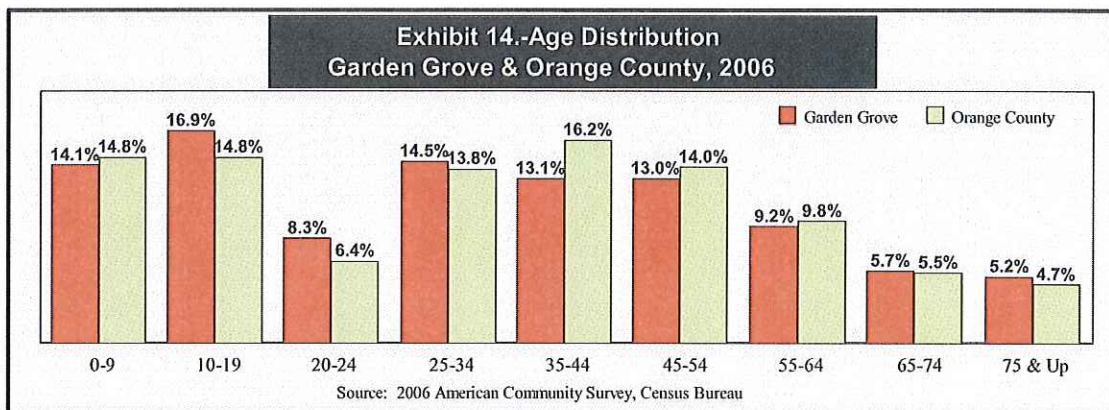
shown that the number of incidents per 1,000 city residents fell from 64.4 to 28.4, down 55.9%. This occurred because the city had 4,722 fewer incidents despite adding 23,139 people (*Exhibit 111*). Importantly, after falling precipitously from 1993-2000 (31.1 per 1,000), the rate has continued declining in this decade with 2006 actually providing its lowest rate. It is this type of performance that the city needs to see continued.

Here, the demographics may provide reason for both concern and vigilance. That is because 31.0% of the city's population was under 20 in 2006 (*Exhibit 14*). This means that there will be increasing numbers of people in the age groups most likely to commit crimes in the years ahead.



Issue #20 Community safety is always an economic development concern. With 31.0% of Garden Grove's population under 20, the age groups most likely to cause the crime rate to rise will be growing significantly in the next few years. The city needs to be preparing accordingly.

At the current time, there is no specific recommendations other than for the community to be acutely aware of the demographic issue that it may be facing.



Appendix A
Strategy List As Developed and Numbered

Strategies To Enhance City's Revenue Sources

Recommendation #1: It is recommended that the Garden Grove's Economic Development Department continue devoting staff time to building upon the success of its hotel cluster along Harbor Blvd.. This should include maintaining the excellent relationship developed with the management of the hotels and helping those organizations expand upon their success.

Recommendation #2: While the broad International West strategy for the entire length of Harbor Blvd. is in the works, it is recommended that a specific strategy aimed at the immediate hotel area be developed in conjunction with the management of the hotels and adopted by the city as part of its economic development effort and general plan. Its aims should include:

- Continuing to expand the number of hotel rooms focusing on brands not currently represented in the area.
- Expanding the base of sit down restaurants and shopping to give tourists nearby spending options.
- Placing additional residents into this area by allowing for high-rise multi-use structures combining upstairs condominiums and apartments with mid-level offices and ground level retail.
- Designating land uses consistent with the long term evolution of this part of the city as a tourist, restaurant, retail and office area.

Recommendation #3: It is recommended that Garden Grove proceed to further detail the International West strategy and have its general plan provide land use designations for the full length of the Harbor Blvd. corridor consistent with the goals of that concept and flexible enough to take advantage of specific development proposals consistent with it. Again, an Environmental Impact Report should be prepared consistent with the city's vision as this will lower the time and cost to developers interested in helping the city build its vision.

Recommendation #4: It is recommended that Garden Grove continue to refine the location of the **destination tourist project area** to be located at the south end of Harbor Blvd. in the city, at the SR-22 freeway, and reach out to the national and international theme park industry to try and interest developers and financing groups in undertaking such an endeavor.

Recommendation #5: It is recommended that Garden Grove divide the area south of its successful hotel node along Harbor Blvd. into a series of project areas consistent with the International West concept, but not specifically dependent upon the success of a major new theme park. These zones might include areas for:

- Additional hotel development
- A restaurant row
- Destination shopping and/or outlet malls
- Mixed use high rise retail, office and residential towers
- Less ambitious amusement or theme park areas

but not single family residential development. Further, that the city should decide upon a long term "look" for the length of the corridor that can be used to tie the various zones together and outline a long term implementation program involving a coherent system of medians, walkways, signage, lighting and landscaping.

Recommendation #6: Should Garden Grove create zones along Harbor Blvd. for additional hotel, restaurant, destination retail, mixed use or smaller amusement areas of the type listed under Recommendation #5, it is recommended that staff create strategies for bringing about the implementation of each. One element of these strategies should be to bring them to the attention of developers with proven records for the various types of desired projects.

Recommendation #7: It is recommended that Garden Grove work with its existing automotive outlets and land owners on either side of the SR-22 freeway to develop a strategy aimed at expanding automotive offerings and sales along Trask Avenue, and to the extent possible, near off-ramps south of the freeway.

Recommendation #8: It is recommended that Garden Grove enter into negotiations with big box retailers to bring a major center to the community but do so on a basis that maximizes its long term sales tax revenues.

Recommendation #9: It is recommended that Garden Grove select the triangular site bordered by Harbor Blvd. (*west*), Garden Grove Blvd. (*north*) and SR-22 (*south & east*) to be one of the International West zones discussed in Recommendation #5, and develop a strategy for having it developed as a destination retail hub, given its freeway visibility and access. The analysis of the site should include looking at its possibilities as:

- An outlet mall
- A mixed use retail, office, residential development
- Automotive outlets
- Some combination of these

Recommendation #10: If Garden Grove decides to convert the triangular parcel in Recommendation #9 to a specific destination retail use, it is recommended that Garden Grove's staff create strategies for bringing this about. One element of the strategy should be to bring the potential project to the attention of firms with proven records for the desired type of development.

Recommendation #11: It is recommended that Garden Grove's Economic Development Department regularly meet with key leaders in its Vietnamese and Korean business communities. The purpose of these meetings should be to find ways in which the city can assist these businesses by planning events or other strategies that can bring focus and success to their firms.

Recommendation #12: It is recommended that Garden Grove's Economic Development Department work with the finance department to identify the city's top 25 non-store retail sales providers and begin a permanent process of interviewing them in a regular cycle to understand who they are, what needs they have, and if there are issues they face in remaining in the city.

Strategies To Enhance City's Competitiveness

Recommendation #13: It is recommended that Garden Grove create zoning rules allowing larger and older industrial structures to be converted into smaller units, including the possibility of razing and replacing aging structures. Condominium ownership should be allowed to increase the demand for such units and bring more owner-investors to the city.

Recommendation #14: It is recommended that Garden Grove's Planning Department work with real estate development professionals to undertake an inventory of every site within the city that would appear consistent with a new class A or class B steel framed 4-story or higher office

structure as its highest and best use, whether or as part of a multi-use project.³ Those that are compatible with such uses should be zoned accordingly in the new general plan.

Recommendation #15: Should Garden Grove chose to re-zone sites for office uses or multi-use projects including offices, it is recommended that the Economic Development Department develop a comprehensive strategy for the redevelopment of these sites for such uses including efforts to interest developers with a history of success with similar undertakings.

Recommendation #16: It is recommended that during the current lull of the residential construction industry that Garden Grove's Planning Department inventory every site in the city that would be suitable to either high rise apartment/condominium uses or mixed use residential-office-retail projects and zone them for such uses in the new general plan. This effort would be part of the same work program recommended earlier with Recommendations #5, #9, and #14.

Recommendation #17: It is recommended that the Economic Development Department develop a long term strategy for getting high rise developers interest in these projects. To the extent that a project involves mixed uses, the strategy would be part of those developed under Recommendations #6, #10 and #15.

Recommendation #18: It is recommended that the Garden Grove's Housing Department contract with an organization (*like Dataquick Information Systems*) that can track notices of default, foreclosures and conversions of single family homes to rentals. It can then use a geographic information systems program to monitor the extent to which such activities are being concentrated in specific neighborhoods of the city. This will provide forewarning of the need to take action with city housing programs to protect these areas.

Recommendation #19: It is recommended that the Economic Development Department meet with the Hispanic Chamber of Commerce of Orange County (*Santa Ana*) to identify Hispanic business leaders in Garden Grove so that a relationship can be established with them that can both increase the flow of information about their community's economy as well as provide insight into the economic concerns of the city's Hispanic population.

Recommendation #20: It is recommended that the city of Garden Grove identify existing staff members fluent in Spanish, Korean and Vietnamese and use them to translate key documents and other such communications that are necessary for smooth communications between the city, its various business communities and its resident population.

Recommendation #21: It is recommended that the Garden Grove Economic Development Agency develop a relationship with Orange County's Workforce Investment Act program so that when it executes outreach strategies to its industrial firms (*Recommendation #12*), it can seamlessly connect them to training resources.

Recommendation #22: It is recommended that should the Garden Grove Economic Development Agency create strategies to enhance a sector, such as the office strategy under Recommendation #15, that it include elements aimed at providing workers with access to training either through Orange County's Work Force Investment Act program, the Garden Grove Adult School, California State University Fullerton's extension program or the Central County Regional Occupational Program.

³ New class A buildings have excellent locations and access, attract high quality tenants, and are managed professionally. Building materials are high quality and rents are competitive with other new buildings. They are four or more stories on steel frames. New class B buildings have good but not great locations, management, and construction, but with tenant standards are still high. They are generally four or more stories high on steel frames.

Appendix B
Strategy List In Priority Order By Function

Strategies To Enhance City's Revenue Sources

City Finance: Shorter Term Priorities

- A. **Recommendation #8:** It is recommended that Garden Grove enter into negotiations with big box retailers to bring a major center to the community but do so on a basis that maximizes its long term sales tax revenues.
- B. **Recommendation #1:** It is recommended that the Garden Grove's Economic Development Department continue devoting staff time to building upon the success of its hotel cluster along Harbor Blvd.. This should include maintaining the excellent relationship developed with the management of the hotels and helping those organizations expand upon their success.
- C. **Recommendation #12:** It is recommended that Garden Grove's Economic Development Department work with the finance department to identify the city's top 25 non-store retail sales providers and begin a permanent process of interviewing them in a regular cycle to understand who they are, what needs they have, and if there are issues they face in remaining in the city.
- D. **Recommendation #7:** It is recommended that Garden Grove work with its existing automotive outlets and land owners on either side of the SR-22 freeway to develop a strategy aimed at expanding automotive offerings and sales along Trask Avenue, and to the extent possible, near off-ramps south of the freeway.
- E. **Recommendation #11:** It is recommended that Garden Grove's Economic Development Department regularly meet with key leaders in its Vietnamese and Korean business communities. The purpose of these meetings should be to find ways in which the city can assist these businesses by planning events or other strategies that can bring focus and success to their firms.

City Finance: Longer Term Priorities

- A. **Recommendation #2:** While the broad International West strategy for the entire length of Harbor Blvd. is in the works, it is recommended that a specific strategy aimed at the immediate hotel area be developed in conjunction with the management of the hotels and adopted by the city as part of its economic development effort and general plan. Its aims should include:
 - o Continuing to expand the number of hotel rooms focusing on brands not currently represented in the area.
 - o Expanding the base of sit down restaurants and shopping to give tourists nearby spending options.
 - o Placing additional residents into this area by allowing for high-rise multi-use structures combining upstairs condominiums and apartments with mid-level offices and ground level retail.
 - o Designating land uses consistent with the long term evolution of this part of the city as a tourist, restaurant, retail and office area.
- B. **Recommendation #3:** It is recommended that Garden Grove proceed to further detail the International West strategy and have its general plan provide land use designations for the full length of the Harbor Blvd. corridor consistent with the goals of that concept and flexible enough to take advantage of specific development proposals consistent with it. Again, an

Environmental Impact Report should be prepared consistent with the city's vision as this will lower the time and cost to developers interested in helping the city build its vision.

- C. **Recommendation #9:** It is recommended that Garden Grove select the triangular site bordered by Harbor Blvd.(*west*), Garden Grove Blvd. (*north*) and SR-22 (*south & east*) to be one of the International West zones discussed in Recommendation #5, and develop a strategy for having it developed as a destination retail hub, given its freeway visibility and access. The analysis of the site should include looking at its possibilities as:
- a. An outlet mall
 - b. A mixed use retail, office, residential development
 - c. Automotive outlets
 - d. Some combination of these
- D. **Recommendation #10:** If Garden Grove decides to convert the triangular parcel in Recommendation #9 to a specific destination retail use, it is recommended that Garden Grove's staff create strategies for bringing this about. One element of the strategy should be to bring the potential project to the attention of firms with proven records for the desired type of development.
- E. **Recommendation #5:** It is recommended that Garden Grove divide the area south of its successful hotel node along Harbor Blvd. into a series of project areas consistent with the International West concept, but not specifically dependent upon the success of a major new theme park. These zones might include areas for:
- o Additional hotel development
 - o A restaurant row
 - o Destination shopping and/or outlet malls
 - o Mixed use high rise retail, office and residential towers
 - o Less ambitious amusement or theme park areas
- but not single family residential development. Further, that the city should decide upon a long term "look" for the length of the corridor that can be used to tie the various zones together and outline a long term implementation program involving a coherent system of medians, walkways, signage, lighting and landscaping.
- F. **Recommendation #6:** Should Garden Grove create zones along Harbor Blvd. for additional hotel, restaurant, destination retail, mixed use or smaller amusement areas of the type listed under Recommendation #5, it is recommended that staff create strategies for bringing about the implementation of each. One element of these strategies should be to bring them to the attention of developers with proven records for the various types of desired projects.
- G. **Recommendation #4:** It is recommended that Garden Grove continue to refine the location of the **destination tourist project area** to be located at the south end of Harbor Blvd. in the city, at the SR-22 freeway, and reach out to the national and international theme park industry to try and interest developers and financing groups in undertaking such an endeavor.

Strategies To Enhance City's Competitiveness

- A. **Recommendation #13:** It is recommended that Garden Grove create zoning rules allowing larger and older industrial structures to be converted into smaller units, including the

possibility of razing and replacing aging structures. Condominium ownership should be allowed to increase the demand for such units and bring more owner-investors to the city.

- B. **Recommendation #14:** It is recommended that Garden Grove's Planning Department work with real estate development professionals to undertake an inventory of every site within the city that would appear consistent with a new class A or class B steel framed 4-story or higher office structure as its highest and best use, whether or as part of a multi-use project.⁴ Those that are compatible with such uses should be zoned accordingly in the new general plan.
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- I. **Recommendation #19:** It is recommended that the Economic Development Department meet with the Hispanic Chamber of Commerce of Orange County (*Santa Ana*) to identify Hispanic business leaders in Garden Grove so that a relationship can be established with them that can both increase the flow of information about their community's economy as well as provide insight into the economic concerns of the city's Hispanic population.
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ACKNOWLEDGEMENTS

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Dina Nguyen, Mayor Pro Tem
Steven R. Jones, Councilmember
Christopher V. Phan, Councilmember
Kris Beard, Councilmember

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Garden Grove Business Centre Development Staff

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Most City Departments are open 7:30 a.m. to 5:30 p.m., Monday through Thursday. Some may have extended hours and emergency telephone numbers. Check with each department. City Hall is closed every other Friday, and an additional Furlough Friday. When open, Friday hours are 7:30 a.m. to 4:30 p.m.

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