

CITY COUNCIL

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Agenda Item No.: 9
Date: June 15, 2011

TO: Honorable Mayor and Members of the City Council
FROM: Joyce Masterson, Assistant to the City Manager
SUBJECT: Preliminary City Council Action Plan – Economic Development

RECOMMENDATION:

It is requested that Council provide direction to staff on the proposed content of the Economic Development Element of the 2011-2012 City Council Action Plan.

FISCAL ANALYSIS:

None

PREVIOUS ACTION:

The City Council held a workshop for the development of the 2011-2012 Council Action Plan on February 2, 2011. On April 6, 2011, Council approved the format and schedule for the development of the 2011-2012 City Council Action Plan. On May 11, Council reviewed the proposed content for the Financial Stability element.

BACKGROUND:

The City Council Action Plan represents the City Council's collective vision for Escondido's future and the key strategies that will be used to achieve that vision. It is developed biennially following a workshop where key policy goals are identified and discussed.

On April 6, 2011, Council approved the format as well as a recommendation that a review of a draft of each priority area be scheduled individually to provide the City Council with adequate time to discuss each section and to provide feedback to ensure the action plan truly reflects the Council's desires.

A draft Economic Development element is attached to this document as Attachment 1. Staff will incorporate any revisions into a final draft to be presented on August 10, 2011.

Respectfully submitted,



Joyce Masterson
Assistant to the City Manager

City Council Action Plan 2011-2012

Economic Development

Goal	Current Reality	Strategy	Evaluation Measures	Outcome
Create business / employment land to stimulate the creation of jobs and ultimately reduce poverty	1. The City does not have a comprehensive plan for economic development. With land supply dwindling and costs of doing business increasing, Escondido will need to adopt a vision and economic development strategy that leverages its existing assets, makes full use of technology, and targets its resources towards activities and investments that have the greatest short and long-term impact on its economy. The cost to hire a consultant to prepare a comprehensive plan is estimated at \$100,000. Funding is available in the Economic Development Fund.	1. Contract with a consultant to build upon the draft Economic Development element of the General Plan to create a comprehensive economic development plan for Escondido that includes baselines of existing jobs and types of properties available.	Adoption of an Economic Development Plan Jobs created, jobs retained, average salaries	
	2. City maintains local control over a significant portion of its water supply. However, key areas, including the ERTC, are controlled by Rincon Water District whose requirements may be impeding development. Infrastructure is lacking in downtown and other areas slated for future development (I-15/Felicitia, I-15/EI Norte Parkway, Citracado Parkway missing link).	2a. Work with Rincon Water Board to reduce barriers to business development in Escondido. 2b. Update master plan for water and sewer infrastructure and establish a list of priorities. 2c. Purchase land in I-15/Felicitia corridor needed to construct pump station for subsequent development.	Jobs created, jobs retained, Creation of priority list; jobs created Installation of infrastructure; jobs created	

	3. In 2010, 1,623 new business licenses were processed and 6,698 business licenses were renewed; \$1,573,385 was received in Business License revenue. No data exists on the number of employees hired/jobs created.	3. Revise business license application to include mandatory information including the number of employees associated with the business in order to develop a baseline.	Jobs reported	
	4. Escondido's percentage of Very Low and Low Income (Target) Households is 44% which is higher than 12 of 18 cities in the county, and exceeds the regional average of 40%, which can negatively influence business owners' decisions to locate or expand their operations in the community. Area city's Target Household percentages: Poway (21%), Carlsbad (27%), Santee (32%), Chula Vista (42%), Coronado (25%), Del Mar (25%), Encinitas (27%), Oceanside (40%), San Diego (41%), San Marcos, (40%), Solana Beach (27%), Vista (42%), unincorporated county (34%).	4. Authorize Mayor to lobby SANDAG for a more equitable distribution of future Target Household units that allocate a greater share to cities with fewer than the regional average. This would ensure that all communities shoulder a more proportionate share of Target households.	Reduced percentage of Target Households allocated to Escondido	
	5. Downtown vacancies exist but prospective tenants often cannot relocate there due to current regulations requiring additional parking. Existing businesses wanting to expand are similarly blocked by parking regulations. Parking permits for municipal parking lots in downtown have been suspended.	5. Eliminate parking requirements for new and expanding businesses in the core downtown area and Mercado District.	Jobs created in downtown and Mercado	
	6. Escondido's General Plan has the lowest percentage of land designated for employment uses among all North San Diego County communities.	6. Analyze up to 450 additional acres to re-designate from residential to employment land.	Increased acreage; Jobs created	

	7. Additional staff is needed to adequately address Economic Development efforts.	7a. Re-assign existing staff to City Manager's Office to assist with Economic Development.	Customer feedback	
Streamline Regulations	1. Well trained staff members are available to provide project streamlining and quick turn around on development projects, saving applicants time and money. However, redundant reviewing bodies in the approval process add time and cost to projects.	1a. Expedite the permitting process for projects within priority areas (Ballpark District, I-15/Felicitia, I-15/EI Norte Parkway, Citracado Parkway missing link). 1b. Eliminate Design Review Board and transfer duties to Planning Commission. 1c. Determine the appropriateness of retaining or eliminating the Historic Preservation Commission	Shorter Approval times	
	2. The environmental process is time consuming and complex. Having an existing environmental overlay in key areas would accelerate the process.	2. Adopt overlay zone for Ballpark District, I-15/Felicitia and I-15/EI Norte Parkway areas so that future projects within the overlay zone can "tier" off of the GP EIR and streamline future CEQA review.	Adoption of Overlay zone	
	3. Fire codes have saved lives over the years. However, city officials must determine the proper balance between fire safety and other city goals, such as revitalization, historic preservation, and affordable housing. Fire Department plan checks, formerly done at City Hall, are now done at the Police and Fire HQ. This may be inconvenient for customers. Current fire prevention staffing levels have caused fire inspectors to prioritize new construction and development while incurring delays in other fire prevention responsibilities.	3a. Implement cost/benefit analysis in fire plan checks. 3b. Schedule Fire Prevention staff at least 1 day a week at City Hall for Plan check and fire-related permits while exploring possible consolidation of fire plan check services at City Hall by Community Development Staff or outsourcing. 3c. Analyze the process for final inspections of single family residences since both Building and Fire inspectors	Shorter review times, quicker permit issuance Customer Service feedback Faster response to customers	

		are on site, conducting a variety of different inspections, to determine if efficiencies can be found within the process.		
	4. The internal business license process has been streamlined recently, with most permits now being issued within a week of submitting an application instead of months. However, applicants still cannot apply or pay online. The City also does not have the ability to allow the electronic submission and return of plans. Nor does staff have the ability to update licensing, permitting and inspection data from the field. CRW Systems, which provides the "TRAKIT" program currently used by various departments, offers 3 software modules that will increase staff efficiencies and provide comprehensive e-services to the public. Staff requested funding in the amount of \$177,000 for an update to the CRW system as part of the 2011-2012 CIP process.	4. Upgrade the CRW TRAKIT software package with "eTRAKIT", "eMarkup", and "Mobile TRAK" to allow various online transactions including licenses, permits, payments, inspection requests, submission and markup of plans and the entry of data from the field.	Business license volume increase and revenue Shorter review times	
	5. The current Public Art Fee is \$0.30 per sq. ft. (first 1,800 sq. ft. exempt). Since the Public Art Program began in 1988, more than 22 public art projects have been initiated by the city and private developers. The fees are also used to maintain existing pieces and fund a portion of the Community Services Administrative staff. The Public Art Program has received a number of local and national awards for its projects.	5a. Determine the appropriateness of retaining, reducing, or eliminating the current Public Art Fee and the Public Art Commission.	Customer feedback	
	6. The Zoning Code has been amended repeatedly over the decades and has lost clarity, adding time to the process. A consultant could streamline the code and improve processing times at a cost of approx. \$100,000. Funding is available in	Hire a consultant to review and streamline the Zoning Code.	Approved Streamlined Zoning Code	

	the Economic Development Fund.			
Create Incentives	1. Selected fees in the Downtown Area are currently reduced for multi-family development. An Incentives/Development Fee Guide is currently online. http://www.escondido.org/Data/Sites/1/pdfs/Building/FeeGuideforDevelopmentProjects.pdf and includes the following: BUSINESS ENHANCEMENT ZONE (BEZ) Possible fee reductions of 25% (\$25,000 cap) or 50% (\$50,000 cap) RESTAURANTS CENTRAL CORE up to 100% of water, wastewater, and traffic fees NONPROFIT ORGANIZATIONS 50% fee reduction \$10,000 cap HISTORICAL BUILDINGS Zoning Code Chapter 33, Article 40. CHANGES IN USE IN EXISTING BUILDINGS Dev Fees not charged TARGETED COMMERCIAL AREAS Waiver of permit and processing fees varies from \$25 to \$1,040 BUILDING DEMOLITIONS & ABANDONED USES 100% Dev. Fee credit for demolished buildings, and uses abandoned less than 10 years 2. Generally, Development Fees are paid prior to permit issuance. Development Fees for a typical Single-family-dwelling include: Parks, Public Facility, Art, Traffic-Local and Regional, and Drainage (Apprx. \$13,000). Water and wastewater connection fees (Approx. \$15,430), may	Re-evaluate existing Development Fees in other "Priority Areas" for possible reductions.	Additional living units in the Downtown District Expansion of existing business Increased sales tax generation from expanded, more-successful businesses,	
		Change City Policy to allow payment of Development Fees (not staff hard costs) prior to requesting Final Inspection rather than at permit issuance.	Customer feedback	

	be paid prior to connection, (requesting a water meter). Allowing development fees to be paid prior to requesting a final inspection would have a positive impact on developers and individuals.			
	3. Current parking ratios for industrial, commercial and office land uses are based on 1960's auto-oriented travel patterns and don't reflect a shift toward multimodal transportation opportunities.	3. Evaluate parking requirement for projects that incorporate transit-oriented design principles (i.e. pedestrian orientation, proximity to transit, inclusion of bicycle facilities, etc.) as an incentive for reduced parking requirements.	Customer feedback	
	4. City Council endorsed a concept plan for Escondido Creek that incorporates landscaping and recreational improvements adjacent to the trail within the creek right of way.	4a. Allow residential development along the creek trail frontage to install public recreational improvements (with a maintenance agreement) within the trail right of way and install permanent access onto the trail from their property in exchange for required on-site open space. 4b. Allow commercial development along the creek trail frontage to install public recreational improvements (with a maintenance agreement) within the trail right of way and install permanent access onto the trail from their property in exchange for parking credits.	Increased number of trail connections to adjacent properties.	
	5. The Façade and Property Improvement Program (FPIP), is currently inactive. Additional funding of \$500,000 is recommended to reinstate the program. Funding is available in the Economic Development Fund.	5a. Reinstate and fund the FPIP to provide matching grants for commercial property façade improvements.	Dollar amount of private matching funds invested to enhance business appearance	

Focus on image / outreach / marketing including proactive business recruitment by the City Council	1. Previous focus had been primarily on business retention and expansion, rather than business attraction. Councilmember involvement, as well as that of successful local CEOs / business leaders, is crucial to attracting new businesses.	1a. Recruit a corps of successful high-profile CEO's to participate in recruitment meetings with potential new business owners. 1b. Develop business attraction "kits" for Councilmembers to provide accurate and consistent information to potential businesses.	Site visits Number of kits distributed	
	2. More effective communication needs to broadcast Escondido's positive qualities including: • Escondido Research and Technology Center • Historic Downtown with unique recreational and regional entertainment attractions is unique among San Diego County communities. • Strategic location • Existing infrastructure, plans for development, and projected capital allocations. • Regulatory and environmental compliance requirements • Competitive transportation opportunities and alternatives • Ready-to-go, serviced and adequately zoned sites • Ready access to key suppliers and support services • Local talent pool available and the benefits of hiring locally • Public Art	2a. Refresh existing Economic Development web site to a more robust one directed at existing and prospective businesses, brokers and site selectors with companion written materials. 2b. Develop subscription-based business retention/attraction e-newsletter. 2c. Bolster the current on-line public art information with photos, electronic maps, and self-guided tour routes of existing art pieces that will attract visitors to the community who will visit the art displays and spend money at nearby restaurants and shops. 2d. Hold a commercial real estate brokers' symposium in partnership with the Chamber and regional partners to highlight available properties.	Hits on web site Number of subscribers to E-newsletter Number of attendees	