

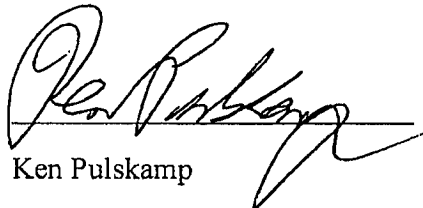
Agenda Item: 14

**CITY OF SANTA CLARITA  
AGENDA REPORT**

NEW BUSINESS

City Manager Approval:

Item to be presented by:

  
Ken Pulskamp

DATE: April 28, 2009

SUBJECT: ECONOMIC DEVELOPMENT 21-POINT BUSINESS PLAN FOR  
PROGRESS

DEPARTMENT: City Manager's Office

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RECOMMENDED ACTION

City Council approve the Economic Development 21-Point Business Plan for Progress.

City Council approve transfer of \$300,000 from Contingency Account 19300-5401.001 to Economic Development account 11301-5161.002 for Enterprise Zone marketing and Think Santa Clarita campaign.

City Council approve transfer of \$150,000 from Contingency Account 19300-5401.001 to Film Account 11303-5161.002 for film fee waiver incentive.

City Council approve transfer of \$50,000 from Contingency Account 19300-5401.001 to Economic Development Account 11301-5171.005 for economic development incentives.

City Council approve appropriation of \$300,000 from LMD fund balance to account B1010357-5161.001 for CIP/BDI WayFinding Signage project.

BACKGROUND

Since the recession began in December 2007, the United States economy has shed nearly four million jobs, while foreclosure filings surpassed three million in 2008 alone. To help combat the crisis, the Federal government approved a \$787 billion dollar stimulus package in 2009, allocating \$185 billion in spending this year to stimulate the economy and create an estimated one to two million jobs.

**APPROVED**

While prudent fiscal planning on behalf of the City of Santa Clarita City Council has lessened the affect of the global economic slowdown, which has devastated some local communities, the City is not immune to the hardships of the current recession. Fourth quarter 2008 sales tax numbers were 15 percent below same quarter comparisons and among the lowest in the City's 21-year history. In addition, the economic crisis has also affected many of our local businesses and residents. The City's current statistics fare far better than national estimates and Los Angeles County, with the office, retail, and industrial vacancy rate at 6.8 percent in January 2009, unemployment at 6.6 percent compared to 10.8 percent in Los Angeles County, and housing prices, and notices of default down 6 percent from December 2008.

Current economic forecasts state that the dire economic conditions will steadily begin to improve as a result of national and local economic stimulus programs. It is apparent that the City must implement innovative broad-reaching economic development programs to strengthen our local economy for both the short and long-term.

Per the City Council's commitment to support local-based business organizations, City staff has been maintaining communication and collaborating with other organizations with like-minded goals and initiatives including representatives from the Santa Clarita Valley Chamber of Commerce, Valley Industrial Association, and College of the Canyons among others. In coordination with these organizations, City staff examined the issues facing local businesses in a brainstorming session, and developed programming to complement, enhance, and renew programs to encourage economic prosperity in Santa Clarita. The result is the 21-Point Business Plan for Progress Program, which aims to enhance local business partnerships, encourage quality job creation in the area, and develop marketing programs to bolster retail spending and attract external dollars to the community. This plan provides structures for strengthening partnerships between the City, Chamber of Commerce, College of the Canyons, Valley Industrial Association and other economic development-minded organizations and the success of this plan will be increased exponentially by these partnerships.

The City of Santa Clarita's 21-Point Business Plan for Progress programs provide ways to enhance the economy, build upon Santa Clarita's current successes, improve the infrastructure of the City, and develop the local workforce. The overall goal is to implement these programs now, to meet today's needs so as the economy improves, Santa Clarita is in a position to succeed.

As proposed each of these programs will have a one-year sunset to allow for evaluation of success and return on investment. Upon approval staff will develop detailed implementation plans for each item.

#### Economic Development 21-Point Business Plan for Progress Details

1. Enterprise Zone Marketing

The Enterprise Zone is a critical state-initiated tax savings program designed to stimulate the economy and return valuable dollars to local Santa Clarita business. As of March 23, 2009, this program has generated a potential \$14,689,000 in savings to local business. This campaign will include increased marketing and direct outreach to local

businesses as a way to help thousands of companies understand the potential tax savings available just by doing business in the City of Santa Clarita. To date less than 5% of eligible businesses have taken advantage of the hiring credits available through the Enterprise Zone, but with increased funding for outreach and marketing to generate awareness of the program and its benefits, this number should increase substantially.

*\$50,000 (General Fund)*

2. Recycling Market Development Zones (RMDZ) Business Outreach

The City of Santa Clarita is one of 40 Recycling Market Development Zones (RMDZ) in California. The zones are designed to encourage the use of recycled materials in product manufacturing, while encouraging reduction of waste from manufacturing. Qualifying businesses are eligible for low interest loans, financial assistance referrals, and waste exchange. The City's Economic Development Division will develop new marketing materials for outreach to eligible businesses.

*No New Net Costs*

3. Think Santa Clarita / Shop Local Program

This program is designed to promote "Thinking Santa Clarita First" to both consumer and Business2Business audiences, encouraging people to Think Santa Clarita when shopping, soliciting services, hiring employees, etc. This campaign will be marketed to BOTH the local Santa Clarita community, as well as the greater Los Angeles area as a way to attract external dollars to the area. The campaign will consist of targeted direct mail and cable TV ads, banners, bus shelter ads, and outreach both to and through local businesses. The greater Los Angeles outreach will promote Santa Clarita as THE place to shop, locate a business and live as a way to import sales tax revenue, attract businesses that may not know of our low tax environment, and attract homebuyers with higher incomes who may not know of our excellent schools, parks, commuter services, quality of life, etc. This campaign is being created in partnership with many organizations including the County of Los Angeles, Chamber of Commerce, Valley Industrial Association, College of the Canyons, The Signal, KHTS and others. It is the intent that the City's budget will be augmented by services and support from these other agencies in an effort to create a campaign with the impact of a \$1,000,000 budget.

*\$250,000 (General Fund)*

4. Film Incentive Program

This program will incentivize increased film production in Santa Clarita by subsidizing permit fees for productions based in Santa Clarita, while exploring opportunities to reduce costs of safety personnel, including fire and sheriff.

*\$150,000 (General Fund)*

The program will also explore rebating half of the TOT generated from film-related hotel stays (or 5%). These benefits would be available to productions based in Santa Clarita, creating a demand for additional stages and support businesses, while also increasing local jobs for industry workers and sales tax generation.

*\$50,000 (Loss of revenue)*

Further, this program will capitalize on the momentum the City has created in increasing film activity, and is ideally timed with the State's new tax incentive, designed to attract increased feature and television production. The City of Santa Clarita is already the lowest film permit fee in the entertainment industry's "30-Mile Zone," and competitive pricing will remain a key attraction tool for non-local productions seeking affordable location filming sites in the Los Angeles area.

5. SBDC Program for Business

Explore using \$100,000 of the \$300,000 CDBG stimulus monies to provide micro grants or loans to small business that do not qualify for traditional SBA financing but are in need of funds and present minimal risk. Grants/loans would be contingent upon several factors including the successful completion of SBDC services.

*\$100,000 (CDBG-R DA 09/10)*

6. Westfield Partner Agreement for Success

Explore creating a program with Westfield that creates incentives at increasing levels of future sales tax generation above an agreed upon base of current sales tax. Incentives could be in the form of a rebate or future expansion permit subsidization.

*\$100,000 (Loss/Deferred Revenue 09/10)*

7. Development Process

Streamline the development process by implementing the *15-item plan* recommended by the Development Process Advisory Committee made up of business, development, and community leaders. This plan includes implementing technology solutions to accept plans and permits electronically, streamlining permit processes, and formalizing a free one-stop review for projects. This provides for greater efficiency and cost savings for developers and truly makes Santa Clarita a more business-friendly City.

*\$200,000 (Computer Replacement Fund 09/10)*

Creation of the City's *Development One-Stop* on the first floor of City Hall to provide business and residents with a central place to obtain development permits without having to talk to several different staff members on different floors, thereby offering a streamlined, convenient approach to permitting in line with the City's service excellence philosophy.

*\$300,000 (Facilities Replacement Fund/Budgeted)*

8. Incentives for Jobs-Producing Business

Offer short-term subsidization of permit fees for businesses that produce quality jobs. Projects would be conditioned to require a minimum number of employees, target date to open by, etc.

*\$50,000 (General Fund)*

9. Event Sponsorship

Encourage event sponsorship and create marketing value for local businesses by creating a multi-year sponsorship program that allows for minimal or zero spending by business now with contracted future payments. (e.x. Bristol Farms could sponsor Concerts in the Park with a 5 year agreement, only paid in the final 4 years).

*\$TBD (Loss of Revenue)*

10. Re-Allocate Staff to Economic Development

Reallocate staff from divisions with reduced workloads to the Economic Development Division to allow for implementation of programs identified here as well as ongoing programs. (ex. Create system to evaluate all City facilities and parks projects in design process to look for opportunities to spend a little money now for bigger return later, evaluate all City-produced events to maximize economic benefit, etc).

*\$250,000 (Redistribution of Staff Costs- No new Net Costs)*

11. WorkSource Center

Restructure organizationally to move WorkSource under Economic Development Division to maximize benefit to business community. Create alignment with College of the Canyons. Advocate to create North LA County Workforce Investment Board to provide increased control and funding. Aggressively seek to capitalize on stimulus dollars for increased funding.

*No New Net Costs*

12. Business District Improvements

This project will beautify medians and streetscapes for businesses as well as provide greater signage opportunities. The first phase of this project includes way-finding median signage for the City's two largest sales tax generators – Valencia Town Center and Valencia Auto Center. The signage will be located along McBean Pkwy, Valencia Blvd, and Magic Mountain Pkwy. The project will also include streetscape beautification improvements to Creekside to create a sense of place and encourage consumer visits.

Future phases could include the following business areas: Bouquet Canyon from Soledad north to Seco; Railroad Avenue from Via Princessa north to the Bouquet Junction; the area at the intersection of Copper Hill and Newhall Ranch Road; Centre Pointe; and, the area at the intersection of Sierra Highway and Via Princessa.

*\$2,000,000 (LMD)*

13. Stimulus Dollars - Infrastructure Projects

Maximize the economic development impact from City-led infrastructure projects and publicize that impact to the community. Aggressively pursue and expeditiously spend stimulus dollars to maximize economic and job creation impact while improving infrastructure. Projects in this area include highway infrastructure and transit capital assistance, including bridge rehabilitation, traffic circulation and improvements, expansion of parking at the Newhall Metrolink station, McBean regional transit center Park and Ride, and others.

*\$10,300,514 (Secured Federal Funds)*

14. Stimulus Dollars - Non-Infrastructure

Use these special funds in ways that align with supporting businesses. Maximize the amount of stimulus dollars to fund projects, including justice (COBRA), community development block grants (CDBG), energy efficiency and conservation, and neighborhood stabilization. This could also include incorporation of broadband technology opportunities once available.

*\$3,230,770 (Secured Federal Funds)*

15. Economic Development Corporation

Partner with the Chamber of Commerce, Valley Industrial Association, College of the Canyons, and other agencies to explore the formation of an economic development corporation with the responsibility and direction to promote business in Santa Clarita Valley. One function of EDC would be implementation of registry of all businesses to maximize business-to-business opportunities, to more accurately identify business industry clusters, and to identify potential attraction targets from vendor/supplier, customer chain.

*TBD*

16. Incentive to Purchase Local

Increase the City local purchase incentive from 5% to 10% and create a "Give me 10" promotion. Encourage other agencies to create similar programs: COC, Hospital, school districts, etc this program supports and reinforces the Think Santa Clarita program.

*No Net Costs*

17. Develop a Hotel Business Improvement District (BID)

The City of Santa Clarita would work with hotel business owners in the City to add an additional tax assessment of 2 percent, thereby increasing funds for marketing tourism to Santa Clarita. The small increase would provide the same level currently in the County. Monies would be used to attract regionally and nationally, and support the City's efforts to bring high economic impact events such as sports and cultural Tourism, including but not limited to events like the PGA Champions Classic and the AMGEN Tour of California.

*\$400,000 (New Revenue)*

*Formation Expense TBD*

18. Old Town Newhall

Create façade improvement program for Old Town Newhall businesses. Provide financial assistance in the form of grants and/or loans to assist small businesses in Old Town Newhall to support attraction, retention and potential expansion.

*\$150,000 (CDBG-RDA 09/10)*

19. Use Tax Incentive for Business Expansion

Incentivize business expansion AND generate increased Use Tax revenue by allowing any business that directs a Use Tax payment of over \$20,000 to the City to allocate one half of that payment to be used towards permit fees or rebate to business.

*TBD (Loss of New Revenue)*

20. Neighborhood Stabilization Program

This money will help stabilize neighborhoods affected by the housing and foreclosure crisis. Funds can be used to purchase and rehabilitate foreclosed homes to sell or rent to lower income buyers; demolish blighted structures; and assist in redevelopment efforts for both residential and commercial properties. The activities are targeted to the neighborhoods hit hardest by sub prime lending practices and foreclosures.

*\$1,187,003 (NSP Funds 09/10)*

21. OVOV – Economic Development Element

Create a separate stand-alone element focusing on Economic Development for the One Valley One Vision general plan, creating long-term sustainability for the quality of life and economic stability of Santa Clarita.

*No New Net Costs*

ALTERNATIVE ACTION

Other action as determined by Council.

FISCAL IMPACT

Summary of Costs

\$ 500,000	General Fund Expense/Council Contingency
\$ 250,000	CDBG-RDA
\$ 2,000,000	LMD
\$ 1,187,003	Neighborhood Stabilization Program Grant
\$ 200,000	Computer Replacement Fund
\$ 300,000	Development One-Stop (Budgeted)
\$ 150,000	Loss of Revenue/Deferred Revenue
\$ 250,000	Redistribution of Staff (No New Net Costs)
\$ 400,000	New BID/TOT Revenue/Expense
\$13,531,284	Secured Federal Stimulus Dollars

**\$ 5,237,003 Without Federal Stimulus Dollars**

**\$18,768,287 Inclusive of Federal Stimulus Dollars**