



CHAPTER 4

ECONOMIC DEVELOPMENT ELEMENT

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.

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.

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



Embassy Suites Hotel in the International West Resort Area



Crystal Cathedral on Chapman Avenue



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.

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.

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.



Restaurant in the International West Resort Area



Hyatt Regency Orange County Hotel in the International West Resort Area



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.
------------------	--

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.

