



**Redlands Economic  
Development Action Plan  
2011**

## **Acknowledgements**

### **City Council**

- Mayor Peter Aguilar
- Mayor Pro Tem Paul Foster
- Councilman Jon Harrison
- Councilman Jerry Bean
- Councilman Bob Gardner

### **Economic Development Ad Hoc Committee**

- Mayor Peter Aguilar
- Mayor Pro Tem Paul Foster

### **City of Redlands Staff**

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## **Mission Statement**

*“The City of Redlands will encourage an economic environment where business and employment are created, attracted and retained. We will foster an environment that will ensure that the community’s wealth and income grow and that the city has received a return on its investment of time and capital that enlarges the tax base as well as all other city revenues to the greatest overall benefit of the citizens.”*

## **Purpose of the Redlands Economic Development Action Plan (REDAP)**

Consistent with the Mission Statement, the REDAP is a living document that establishes the direction for the City of Redlands long-term economic development with a short-term action plan. This Plan will introduce provisions that will deliberately intervene in the normal economic growth cycle to influence the direction of private sector investment toward opportunities that can lead to sustained economic growth.

This plan is not intended to address the City of Redlands fiscal solvency. Also, this plan is not part of a larger comprehensive economic plan, which could include other economic development subject areas such as housing, utilities, transportation, agriculture, cultural resources, land uses and relationships with other jurisdiction. The REDAP is a stand-alone document.

The City of Redlands has the opportunity to pursue a program of vigorous economic growth for the community. The City and surrounding area possess a number of assets which can provide the foundation of an economic development initiative resulting in the increase of jobs, investment and economic vitality. The REDAP will identify current business activity and existing conditions, limitations, and strengths. This information is then utilized to develop action items that will enact business retention, expansion, and attraction efforts.

The REDAP utilized a myriad of sources, including the Redlands Economic Development Strategy, Redlands RDA archival data, Business Analyst Online, International Council of Shopping Centers, CALED, the San Bernardino County Vision, etc. The information was then synthesized based upon market segment sectors, leakage, etc. to create action items that are based upon the potential growth of existing market area.

## **Baseline Assessment**

This section provides the baseline assessment of Redlands current economic conditions. This information is utilized to identify market conditions and target areas.

### Leakage

In retail, leakage occurs when members of a community spend money outside the community, or when money spent in the community from the outside is no longer spent in the community. Business Analyst Online was used to create retail market profile reports. These profiles captured the local market trade area for each industry market segment.

The following is a list of notable conditions in the City of Redlands.

The top retail leakage categories in Redlands are:

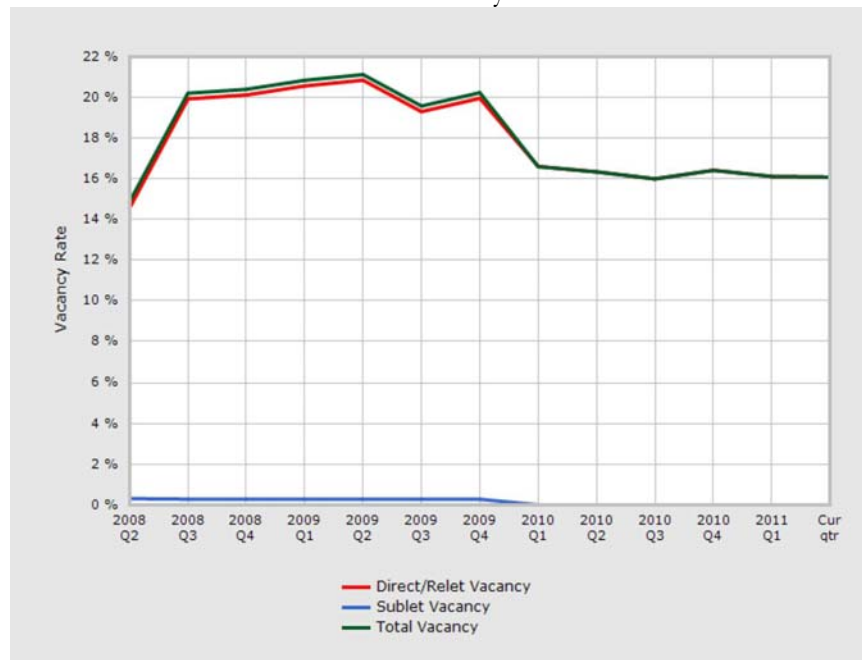
1. Gasoline Stations
2. Other General Merchandise Stores<sup>1</sup>
3. Clothing Stores
4. Other Motor Vehicle Dealers (Motorcycle, RV's etc.)

The following retail leakage categories within Redlands as well as the region include:

1. Automobile Dealers
2. Electronic and Appliance Stores
3. Department Stores
4. Shoe Stores
5. Home Furnishing Stores

### Vacancy Rates

Office Vacancy Rate



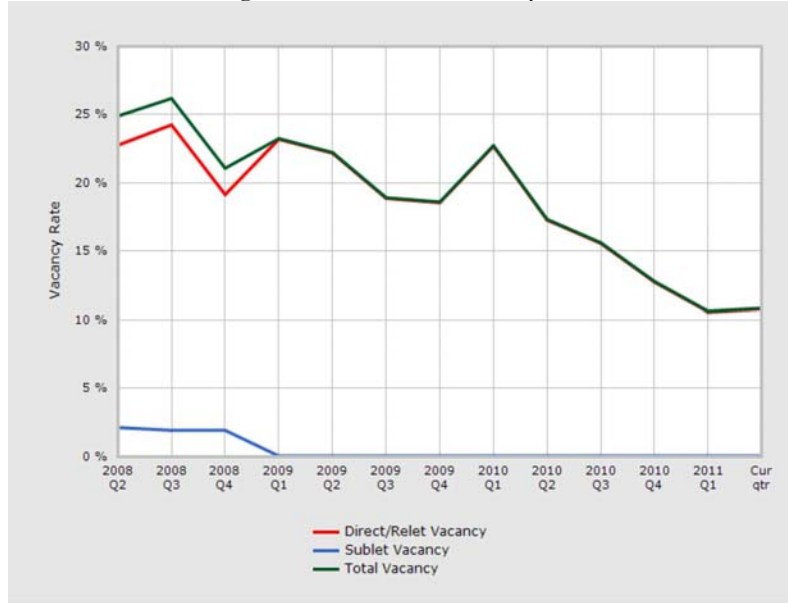
Current office lease rates per foot range from \$0.55 to \$2.84/mo. The average lease rate per foot is \$1.59/mo. The City of Redlands' current office vacancy rate is 16%<sup>2</sup>. The current office vacancy rate for the Inland Empire is 15%<sup>3</sup>.

<sup>1</sup> NAICS Classification 4529

<sup>2</sup> Voit Group – 3<sup>rd</sup> Qtr. 2011

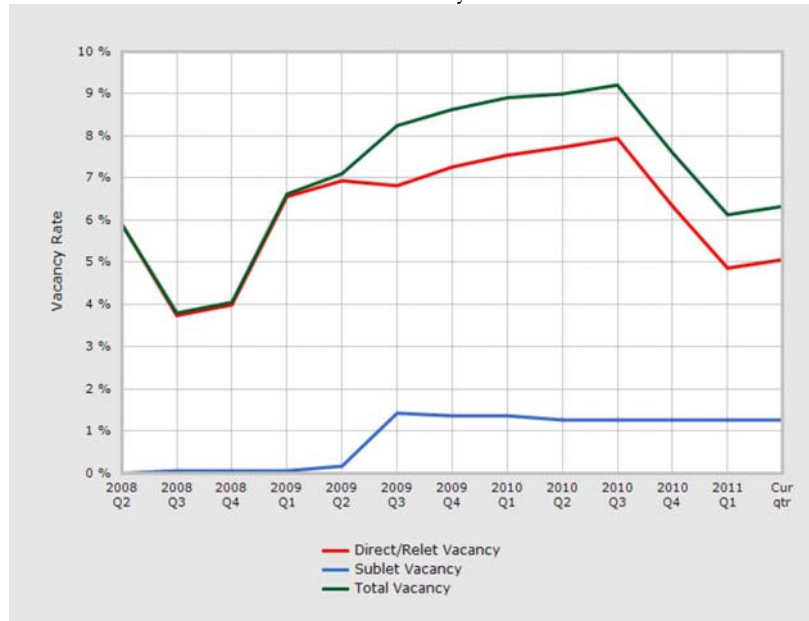
<sup>3</sup> CoStar Group – 3<sup>rd</sup> Qtr. 2011

### Logistics Facilities Vacancy Rate



Logistics facilities lease rates per foot range from \$0.22 to \$0.45/mo., with an average lease rate of \$0.27/mo. The City of Redlands' current logistics vacancy rate is 11%<sup>4</sup>. In the Inland Empire market, the average lease rate is approximately \$0.35 with a vacancy rate of 7<sup>5</sup>%.

### Retail Vacancy Rates



Retail lease rates per foot range from \$0.60 to \$3.50/mo, with an average lease rate of \$1.46/mo. The City of Redlands' current retail vacancy rate is 6%<sup>4</sup>.

<sup>4</sup> CoStar Group – June 17, 2011

<sup>5</sup> Voit Group – 3<sup>rd</sup> Qtr. 2011

Other Baseline Indicators

<b>Redlands Disposable Income</b>			
	2010 Per Capita Income	2010 Median Household Income	2010 Average Household Income
California	\$27,845	\$60,992	\$82,070
So California	\$25,848	\$59,488	\$78,578
Redlands	\$27,915	\$58,325	\$75,485

**Top Redlands & Surrounding Employers<sup>6</sup>**

<u>Company</u>	<u>Business</u>	<u># of Employees</u>	<u>Community</u>
Loma Linda University & Medical Center	Education/Health Care	13,400	Loma Linda, CA
Environmental Systems Research Institute, Inc.	GIS Software Publishing	2,500	Redlands, CA
Redlands Unified School District	K-12 Education	1,775	Redlands, CA
Jerry L. Pettis Memorial VA Hosp.	Veteran Health Care	1,660	Loma Linda, CA
Redlands Community Hospital	Health Care	1,400	Redlands, CA
US Postal Service	Mail Processing	1,400	Redlands, CA
Verizon	Telecommunications	1,240	Redlands, CA
University of Redlands	Education	547	Redlands, CA
Walmart	Retail	400	Redlands, CA
La-Z-Boy West	Furniture Mfg.	391	Redlands, CA

<sup>6</sup> Redlands Chamber of Commerce

## **Assets and Disadvantages**

Below is a list of attributes specific to the City of Redlands that have a necessary function in economic development.

### Assets

- Market trade location (I 10 and SR-210 access)
- Universities and medical facilities in and immediately around the City
- ESRI
- Rail and developable properties around the rail corridor
- Vacant and underdeveloped properties
- Traditional downtown layout (unique historic core)
- Established logistic area
- Empty Mall

### Disadvantages

- Current economic climate (14.7 percent unemployment <sup>7</sup>)
- Uncertainty of RDA (34 million dollar debt)
- Labor Market
- Marginal disposable income
- Small lots
  - No parking
  - Reduced opportunities for residential development
  - High cost for redevelopment
- Development costs
- Legislative restrictions
- Lack of real estate investment
- Scarcity of revenue
- Lack of staffing

## **Business Accomplishments**

### Recent Business Activity

Since January 1, 2011, the following new retail businesses have located in Redlands:

- Curry In A Hurry - Restaurant
- Royal Chinese Food - Restaurant
- North of Cabo - Restaurant
- Huichos Tacos - Restaurant
- Cancun Bar & Grill - Restaurant
- Sweet Pea & Me – Commercial Bakery

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<sup>7</sup> San Bernardino Sun 8/19/2011



- Wakanama Investors – Retail Baked Goods/Cookie Store
- State Street Winery – Wine Bar
- The Dreg’s – Wine Store

During this same period of time, the following distribution facilities have located in Redlands:

- Performance Team Freight Systems at 2200 Palmetto
- Burlington Coat Factory Distribution Center at 2290 Palmetto
- Toy Manufacturer at 9425 Nevada St.

Other business activities include:

- 15,949 linear feet of new sidewalks
- State Street Beautification
- Orange Street Median Beautification
- Redlands Blvd. Median Beautification

#### 2009 Economic Development Plan Activity

The City has also implemented the following items directly related to the 2009 Economic Development Plan:

- Continue to make ESRI expansion a priority
  - Expedite approvals
  - Continue with monthly standing meeting
  - Attend ESRI user conference to recruit business opportunities
- Work with the County Economic Development Agency (EDA)
- Supported logistic sector
- Continue to process Walmart application
- Work with the County Department of Workforce Development
- Consumer friendly services (new computer system & protocols)
- Crime rates analyzed involvement in the development process
- Rail stop at ESRI
- Encourage homeowner energy conservation appliances and retrofits

#### **Economic Development Action Plan**

The City must target its limited resources to enhance its land, labor, capital and entrepreneurship. Funding is limited. Thus, wherever possible incentives should be derived from new revenues that are generated by the businesses themselves. These revenues can be from sales taxes, property taxes, or proceeds from property transactions.

#### Immediate Action Plan Targets

The City of Redlands will concentrate its immediate efforts to the development of the following programs/projects:

- 1) Auto Plaza
- 2) Redlands Mall
- 3) Promenade
- 4) Business Retention
  - a. Business Assistance Program (\$500,000 to \$1,000,000 per year)
  - b. Touch point with the top twenty (20) employers/tax generators in city
  - c. Send out postcards to local businesses (\$500)
  - d. Work with 3/50 and Chamber to target local merchants
  - e. Economic development video
  - f. Point of sale opportunities
  - g. GIS/ESRI users
  - h. Standing meeting with health care providers

#### Additional Action Plan Targets

Based upon the above-listed leakage analysis coupled with businesses currently proposing to expand within this market area, the City will attempt to recruit the following businesses:

- Family Dollar (target 300 new stores in 2011)
- Fallas Discount Stores/Factory 2U – Expecting (target 10 new units over the next 18 – 24 months)
- Dollar General (target 625 new stores in 2011)
- Bealls/Burkes Outlet (10 new stores)

#### Existing Project Development

The City of Redlands has and will continue to focus its efforts on the following primary businesses/business types:

- ESRI
- Health providers
- Logistic development

#### Legislative

- Reinstate RDA (\$2,000,000 payment needed)
  - Full SB211 amendment (10 year extension)
  - Reinstate eminent domain for 12 years (expires December 2012)
  - North Redlands Revitalization Project Area (midyear review past due)
- Reinstate and maintain real estate web page
- Develop marketing/branding
- Establish presence at local trade shows
- Reduce Impact Fees
- Create “predictability” in the economic development process

- Increase code enforcement activity especially along gateway corridors
- Implement “way-finding” signs.

#### Additional Business Retention & Expansion

- Install infrastructure along undeveloped or underdeveloped properties
- Modify code provision to allow conversion of historic home to office uses
- Modify Codes to allow Class A office building spaces
- Eliminate the 35 foot height limit
- Increase density bonus
- Develop TOD guidelines
- Development of a BID
- Participate in regional economic development efforts

#### **Staffing**

There is no staffing dedicated to economic development. Planners and the CDBG administrator are currently assisting the Development Services Director with economic development efforts. The majority of the economic development efforts are currently conducted by the Development Services Director. Staffing is needed to generate marketing information, make contact with and maintain contact with businesses, establish relationships with the local real estate brokers, and attend various conferences.

The minimum staffing level should be at least one Economic Development Manager, one project managers and one administrative staff member. These staff members should be supplemented by consulting staff. Due to the uncertainty of RDA funding coupled with the limited resources in the general fund, Staffing for economic development should be phased as funding becomes available.

#### **Marketing**

A critical function in Redlands’ economic development efforts is directing businesses to the City and maintaining businesses in the City. The development of marketing materials that are individually targeted to those businesses looking to establish or remain within the City is a key to successful business retention and attraction efforts. More important is delivering businesses those services and programs as promised. Thus the City of Redlands will need to update (and in some cases create) and maintain its database system, memberships and attendance at the various conferences, including market materials, conference booth, etc.

#### **Update**

As indicated previously, the REDAP is a living document that must be updated to address fluctuations in market conditions and or as action items are addressed. The document will be update annually or as needed.

## **Budget**

The annual staffing cost is approximately \$310,000. This does not include costs for consultants. Also, a minimum of \$50,000 will be needed for technical assistance in various areas such as economic development, appraisals, etc. General business attraction efforts should start at \$1,000,000 and be adjusted in accordance with the individual deals. Attendance at ICSC in Las Vegas is approximately \$10,000 (does not include booth development costs); marketing materials (material only) is approximately \$20,000, an additional \$20,000 for advertisements in local and regional magazines and \$600 for ICSC memberships. The total budget is approximately \$1.41 Million. This budget does not include the cost for office space, furniture and supplies, or any overhead costs. Again, due to the uncertainty of RDA funding coupled with the limited resources in the general fund, the budget for economic development should be phased.