



Agenda #: 1
Meeting Date: October 17, 2017

CITY COUNCIL STUDY SESSION REPORT

TO: Honorable Mayor and Members of the City Council
FROM: Dan Fox, City Manager
TITLE: **THREE-YEAR ECONOMIC DEVELOPMENT ACTION PLAN.**

On June 20, 2017, the City Council held a Study Session and was provided with an update on various economic development initiatives. The Study Session also included a presentation by Barry Foster from HdL Companies on a Draft Economic Development Action Plan for Diamond Bar. Based on comments received at that Study Session, there was interest to have a subsequent Study Session regarding the Action Plan.

Mr. Foster has prepared an updated Action Plan for Council discussion. The Council Economic Development Subcommittee comprised of Council Members Herrera and Lyons also meet on August 29, 2017 to review the Draft Action Plan.

The Draft Action Plan (Attachment 1) has been prepared to focus on a variety of near-term actions and initiatives that can be taken by the City, particularly over the next three years, to provide a strong business climate in Diamond Bar. The Action Plan identifies seven (7) Opportunity areas with specific tasks to undertake in each area. The Action Plan also identifies a number of other initiatives that apply equally throughout the City. Many of these items are already underway and on-going. The action items are also intended to provide flexibility to respond to the market and individual development proposals.

Mr. Foster will be in attendance at the October 17, 2017 Study Session to discuss the Three-Year Economic Development Action Plan in more detail. It is requested that the City Council provide any additional feedback and accept the Three-Year Economic Development Action Plan, as submitted or revised.

Attachments:

1. 1.a DiamondBar_EDAP_Sept2017_Compressed



ECON Solutions

By HdL

Development **Driven By Data**

CITY OF DIAMOND BAR

3-year

Economic Development Action Plan

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Introduction

Successful economic development calls for creating an environment that supports and strengthens existing business areas, attracts new businesses, and creates employment opportunities in the community, while also enhancing city revenues. Actions by the City of Diamond Bar aimed at enhancing the business climate and establishing Diamond Bar as a “BEST PLACE TO DO BUSINESS” should include:

- Ensure an effective and consistent business and development permitting process that also integrates innovation and technology
- Encourage activities that attract both residents and visitors from surrounding communities
- Create commercial districts that have a sense of place and provide quality shopping, dining, and entertainment possibilities
- Support community investment that creates employment opportunities and enhances city revenues
- Strengthen and diversify the City’s sales tax base while preserving Diamond Bar’s unique culture and superior quality of life

The overall economic development goals include a combination of:

- Business Retention & Expansion
- Business Attraction
- Business Support Services

Framework and Vision

An Economic Development Action Plan (EDAP) has been formulated to capitalize on near-term opportunities in the City of Diamond Bar during a three-year period. The EDAP helps provide a framework of the City of Diamond Bar’s vision for advancing economic development efforts during the coming three-year period. Once adopted, the EDAP becomes the vision for Diamond Bar for economic development success and must be embraced by all including the City Council and City staff. Success should be measured by specific projects and aggregate results over time.



Diamond Bar Key Facts*

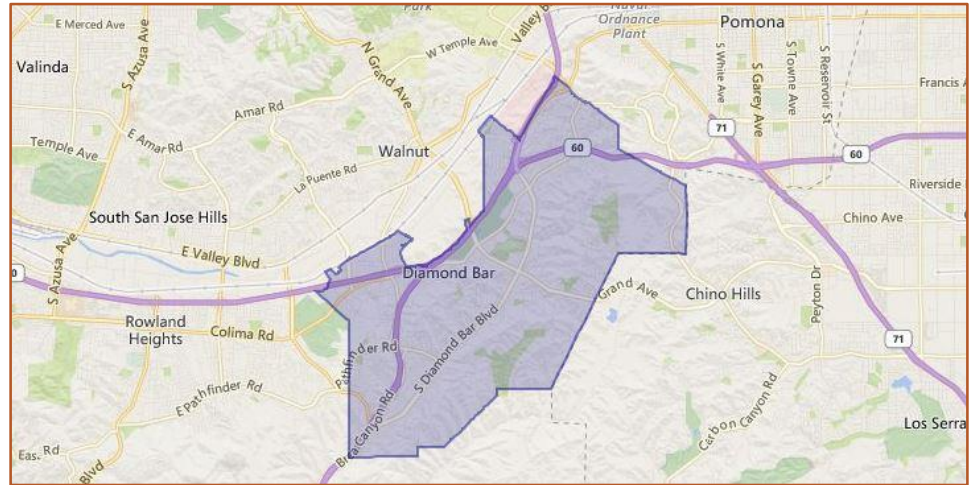
Some key facts about Diamond Bar that will help generate new economic development opportunities include:

- Diamond Bar has a population of nearly 60,000 within a geographic area of 14.9 square miles, and is near the neighboring communities of Walnut, Chino Hills, West Covina, Covina, Industry, and Pomona.
- Diamond Bar has an Average Household Income of \$108,887, which is the third largest in the broader trade area.
- Diamond Bar has a strategic location on the eastern border of Los Angeles County and near portions of the Inland Empire region, providing easy access to the greater Los Angeles marketplace as well as San Bernardino and Riverside counties.
- Diamond Bar is home to the South Coast Air Quality Management District, which employs a workforce of more than 800 and develops, implements, and manages an Air Quality Management Plan for the second most populated area in the United States that is home to over 16.8 million people.
- Strong daytime population with significant office development, business parks and employment centers.
- Diamond Bar has a mix of established community and neighborhood shopping centers situated throughout the community.

**Sources – SiteSeer Professional and Department of Finance*

Background

Diamond Bar was incorporated in 1989 and provides quality public infrastructure and an exceptional quality of life to live, work, shop, and visit. Diamond Bar offers a strategic location with easy access to SR60 and SR57 along with close proximity to I-10 and SR71 providing accessibility to Los Angeles, Orange, Riverside, and San Bernardino counties.



Diamond Bar’s main arterial thoroughfares include Diamond Bar Boulevard, Golden Springs Drive, and Grand Avenue. Diamond Bar contains an interesting ethnic and cultural diversity created by large Hispanic and White segments along with a sizeable Asian American base that makes up more than half of the city’s population.

Commercial retail areas and shopping centers remain important to a community. Recent trends to consider include:

- Changes in shopping behavior including the impact of e-commerce
- Shrinking size of store and restaurant footprints
- Changes in shopping center design and amenities
- Designing effective mixed-use development projects

Brick and mortar retail stores and restaurants still have a strong position. However, given the impact of competition from e-commerce and online retailing, it is important for shopping centers to create environments that offer quality sense of place and superior customer service.

Opportunities for Diamond Bar

- Established Community with a Strategic Location and Safe Environment
- Quality Infrastructure including Streets, Parkways & Utilities
- Close proximity to California Polytechnic State University Campus in Pomona, along with other education institutions including Mt. San Antonio College, Azusa Pacific, CSU Fullerton, and the Claremont Colleges
- Strong Demographic Composition including High Income Levels
- Commitment to Being ‘Business Friendly’

Challenges for Diamond Bar

- Primarily a Built-out Community that Requires Infill Development or Reuse of Properties
- Lack of a Major Shopping Center or Focal Point for Destination Retail Shopping
- Many Shopping Centers have Fragmented Ownership
- Competition from Larger Shopping Centers in nearby cities such as Chino Hills, Industry and Brea

Economic Development Programs and Incentives

With the demise of redevelopment in California, there are fewer ways for cities to provide economic incentives to facilitate development. In September 2014, legislation in California authorized the creation of Enhanced Infrastructure Financing Districts (EIFDs) to allow local government to use tax increment financing for a broad range of infrastructure improvements including; roads, bridges, and other traditional public works projects in certain areas. However, the use of EIFDs can be a very cumbersome process and will only generate tax increment from local agencies that voluntarily contribute towards those funds. Given all of this, many cities have looked into EIFDs, but none have actually been created. Some have considered them in conjunction with large scale master-planned projects that has one developer. Initial reviews indicate that Diamond Bar would not likely be a good fit from a project size perspective and in terms of cost effectiveness.

Another common economic development incentive program are sales tax sharing agreements. In 2015, California legislation (SB 533) was enacted that generally prohibits a local agency from entering into a sales tax sharing agreement that would result in payment or rebate of sales tax when it causes a reduction of sales tax revenue received by another local agency. There are however, opportunities where such agreements can be executed legally to the benefit of the local agency.

Other incentives that can be used are the creation of Operating Covenants, Disposition & Development Agreements and Development Agreements that can be executed between the City and businesses that provide new sales tax revenue and/or jobs. The incentive the business receives can be assistance with permits and approvals, crediting a portion of their development fees based on potential sales tax revenue or even deferring a portion of their development fees.

City staff must continue to explore possible tools, programs, and incentives available to encourage and assist with infrastructure and development improvements, along with redevelopment opportunities.

City's Role in Economic Development

The City's role in business attraction and economic development is generally focused on the following two purposes:

1. Define and Manage Expectations
 - a. Establish appropriate land use guidance
 - b. Confirm trade area demand
2. Involve and Work with Property Owners
 - a. Limited success without the cooperation and participation
 - b. Discuss market analytics
 - c. Communicate the positives of collaboration
 - d. Have a vision, but also be realistic in expectations

Consumer Demand & Market Supply Assessment

A Consumer Demand & Market Supply Assessment report for Diamond Bar identifies unfulfilled market supply for consumer demand within Diamond Bar in the following business categories:

- Full Service Restaurants
- Grocery Stores
- Automotive Parts/Accessories/Tires/Auto Services
- Clothing Stores
- Home Improvement Stores
- Specialty Beverage Stores

Void Analysis Results

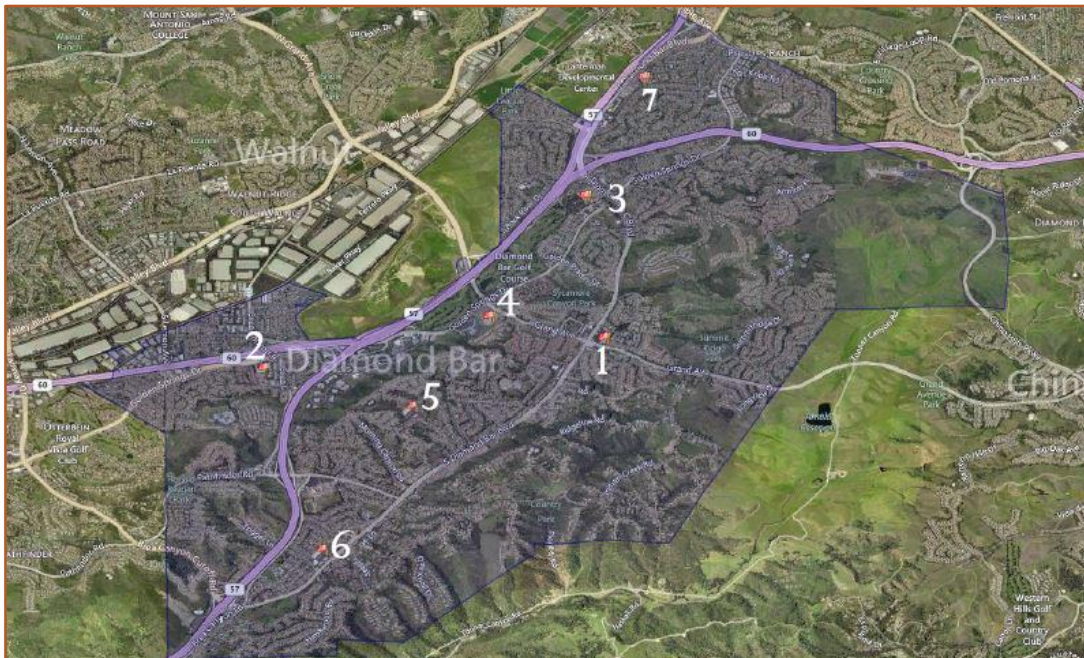
The following are possible national and regional targets from a Void Analysis on retailers and restaurants not in the trade area as well as those active in trade areas similar in make-up to Diamond Bar.

RESTAURANTS & RETAILERS		
BURLINGTON COAT FACTORY	ROSS STORES (COMING)	DRESSBARN
DOLLAR TREE	LES SCHWAB TIRES	DISCOUNT TIRE
CAFÉ RIO	FIREHOUSE SUBS	FIVE GUYS
BLAZE PIZZA	MOD PIZZA	THE HABIT BURGER (COMING)
CHIPOTLE (COMING)	Z-PIZZA TAP ROOM	THE BROKEN YOKE
THE ORIGINAL PANCAKE HOUSE	ONO HAWAIIAN BBQ	KIRKLAND'S
TUESDAY MORNING	ORCHARD SUPPLY HARDWARE	ALDI
GROCERY OUTLET	BIG 5 SPORTING GOODS	PETCO
SPROUTS (COMING)	DUNKIN' DONUTS	SONIC
COFFEE BEAN (COMING)	ROSS DRESS FOR LESS (COMING)	99 RANCH MARKET

Focus Areas of Opportunity

The EDAP helps establish a framework for pursuing opportunities within seven areas of focus in Diamond Bar during a 3-year period. The EDAP includes the overall economic development goals, along with a variety of specific objectives in the following seven areas of focus:

1. Grand Ave./S. Diamond Bar Blvd.
2. SR60/Brea Canyon Rd.
3. SR60/Golden Springs Dr./Diamond Bar Blvd.
4. Village Center (Target)
5. Gateway Corporate Center
6. SR57 Corridor/Diamond Hills Plaza
7. N. Diamond Bar Blvd.



Focus Area 1 - Grand Ave./S. Diamond Bar Blvd

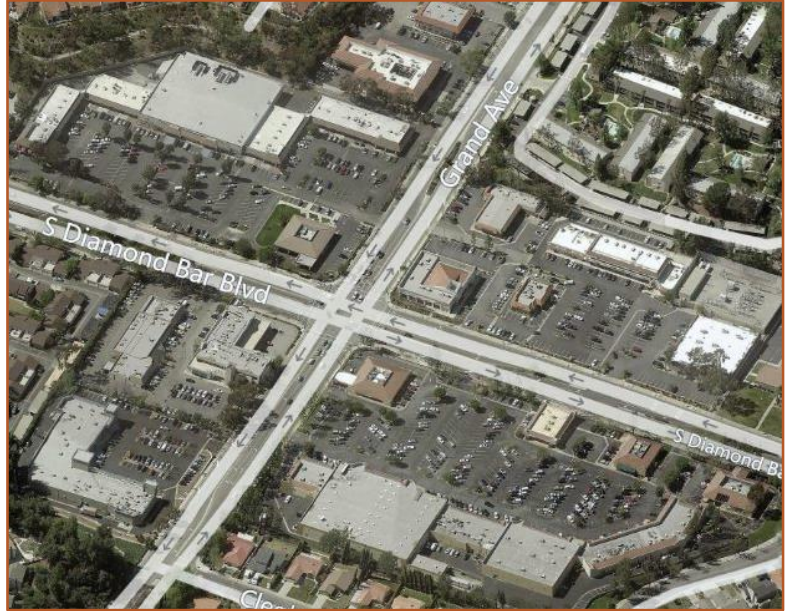
Actively work with brokerage community and property owners to fill vacant spaces within the Diamond Bar Town Centers area specifically at the intersection of S. Diamond Bar Blvd & Grand Ave. These four corners make up what is one of the City's busiest intersections.

OVERALL OBJECTIVES:

- Work to ensure the long-term success of selecting tenants to attract to the centers based on trade area analytics and void analysis information.
- Pro-actively work with the real estate brokerage community to understand the level of interest they are receiving from potential tenants.

SPECIFIC TASKS:

- Create marketing packages for specific retailers that are expanding in Southern California and looking for space in Los Angeles County.
- Regular meetings between City of Diamond Bar (and/or their consultants) and real estate representatives to ensure proper communication on assisting with implementing City's business attraction vision.
- Provide marketing that presents shopping and dining opportunities in Diamond Bar to increase daily trips to the shopping centers.
- Work with the property owner (and real estate representative) on new retail opportunities for the former Big Lots building.



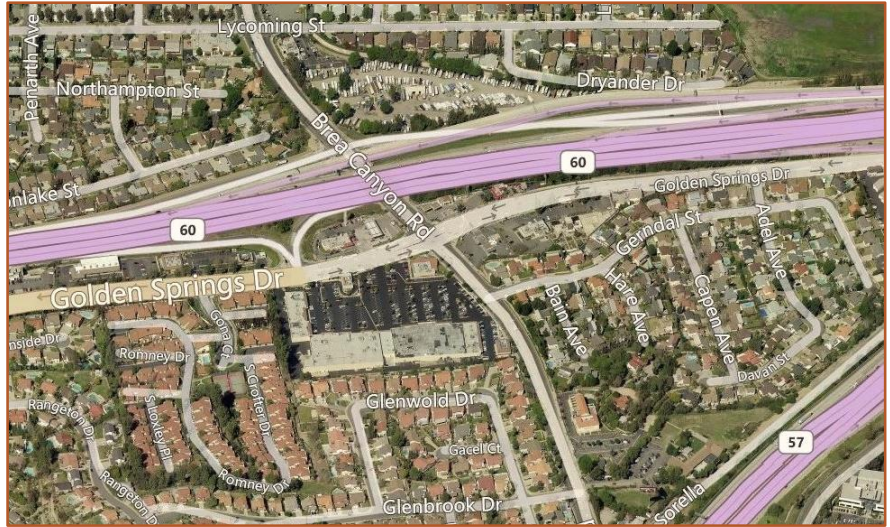
Note: Opportunities for new user(s) in former Big Lots building.

Focus Area 2 - SR60/Brea Canyon Road

Work towards the enhancement of the SR60 Corridor and Brea Canyon Road to make the area into a place to shop, dine, visit, and do business.

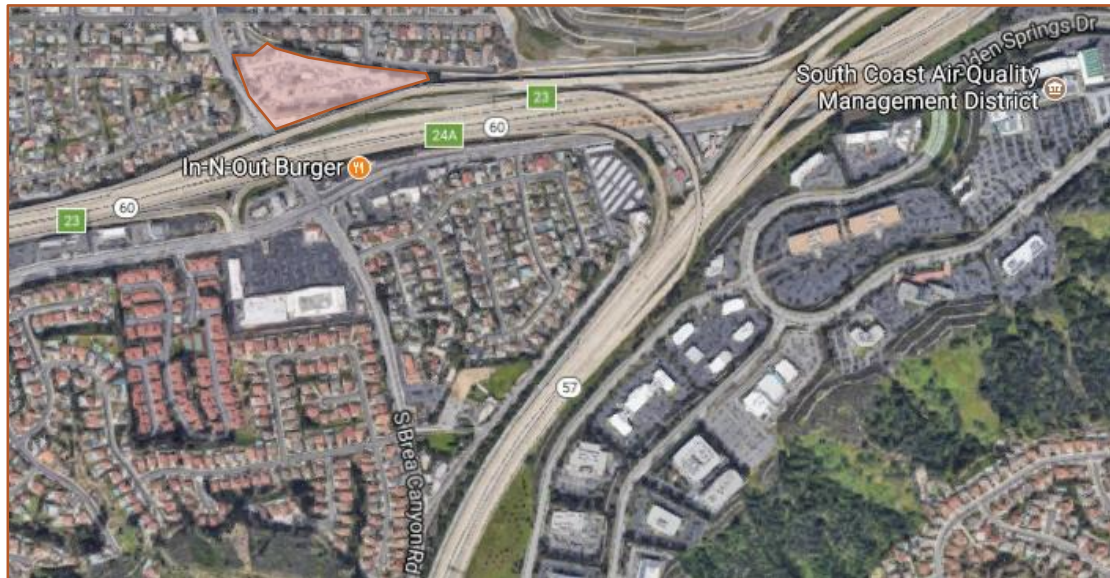
OVERALL OBJECTIVES:

- Work with property owners and real estate professionals to facilitate the reuse of vacant commercial properties along the SR60 Corridor.
- Help redevelop or reposition older shopping centers and retail areas along the SR60 Corridor to be more productive in serving the needs of Diamond Bar residents.



SPECIFIC TASKS:

- Work with the property owners to help reposition and enhance the existing retail areas at the intersection of SR60/Brea Canyon Rd as well as the retail along Golden Springs Dr. running parallel to the SR60.
- Assist with plans to redevelop the vehicle storage area with a new mixed-use development at the NEC of SR60 and Brea Canyon Rd that could include a new hotel, Class A office space and retail/restaurant uses.



Focus Area 3 –SR60/Diamond Bar Blvd./Golden Springs Dr.
 SR60/Diamond Bar Blvd./Golden Springs Dr.

Help enhance the retail and restaurant marketplace in the planned redevelopment of the former Kmart building with a new 139,000 SF shopping center, to be called Diamond Bar Ranch Center, adjacent to SR60 and SR57 interchanges. Build on the recent attraction of Sprouts, Ross, Smart & Final Extra, Habit, Coffee Bean & Tea Leaf, and Chipotle to add additional soft goods retailers and fast-casual restaurants in the area.



OVERALL OBJECTIVE:

- Work with the Charles Company and Cypress Retail Group to continue to attract quality retailers to the Diamond Bar Ranch Center.

SPECIFIC TASKS:

- Work with the Charles Company and Cypress Retail Group representatives to facilitate new casual or fast/casual restaurant uses at the Diamond Bar Ranch Center.
- Work with Cypress Retail Group on developing ways to create special events aimed at generating activity and bringing customers to the community shopping center.

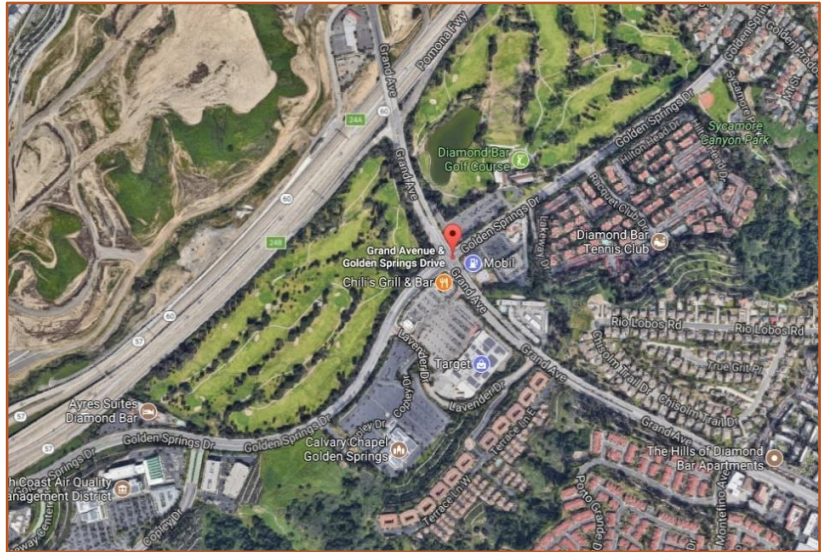


Focus Area 4 - Village Center (Target) & SR60/Grand Ave.

Facilitate opportunities to enhance commercial development opportunities near the SWC of Grand Ave/Golden Springs and SR60/Grand Ave.

OVERALL OBJECTIVES:

- Work with Calvary Chapel Church, Target, and Chili's to maximize the centers retail and/or restaurant potential.
- Work with the property owner on the redevelopment of the former Honda site at the NW corner of SR60/Grand Ave with a new mixed-use development project



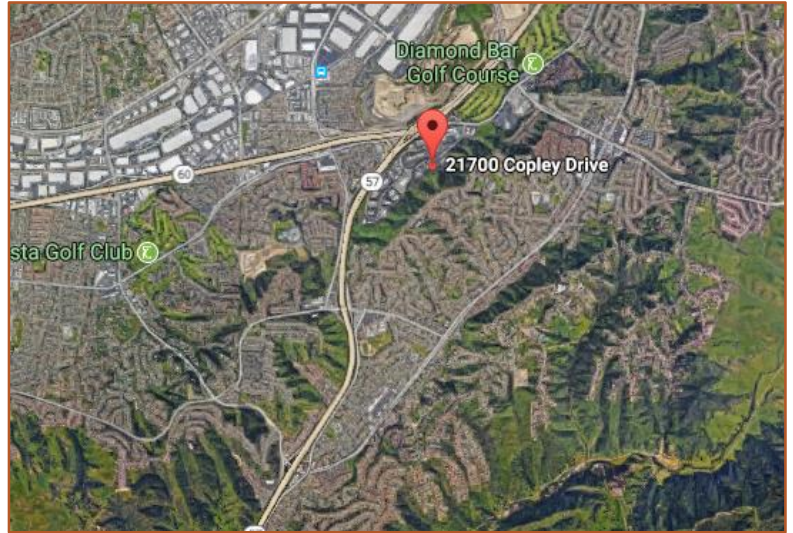
SPECIFIC TASKS:

- Look for development sites within and around the center to add additional full service restaurants or niche retail concepts.



Focus Area 5 - Gateway Corporate Center

Continue to help facilitate a strong daytime population in Diamond Bar in the Gateway Corporate Center. Facilitate opportunities to attract quality office users to the area including outreach to those businesses outgrowing offices in Los Angeles and Orange counties those in the Inland Empire looking to have greater access to the SR60, 57, 71 and I-10.



OVERALL OBJECTIVES:

- Work with property owners and real estate representatives to attract quality office users and point-of-sale businesses to the site that are looking to expand into the region.
- Ensure regional amenities are being marketed to potential users including its proximity to Ontario International and John Wayne airports, numerous business class hotels in the immediate area not to mention the various current and soon to be added full-service and fast-casual restaurant options.

SPECIFIC TASKS:

- Work with brokerage community to get an understanding on potential expiring leases to help facilitate with bringing users to sites prior to vacancy.



Focus Area 6 - SR57 Corridor and Diamond Hills Plaza

Seek ways to further expand retail opportunities within Diamond Hills Plaza and the surrounding area as appropriate. Currently, Diamond Hills Plaza is a 155,000 SF neighborhood center anchored by H-Mart.

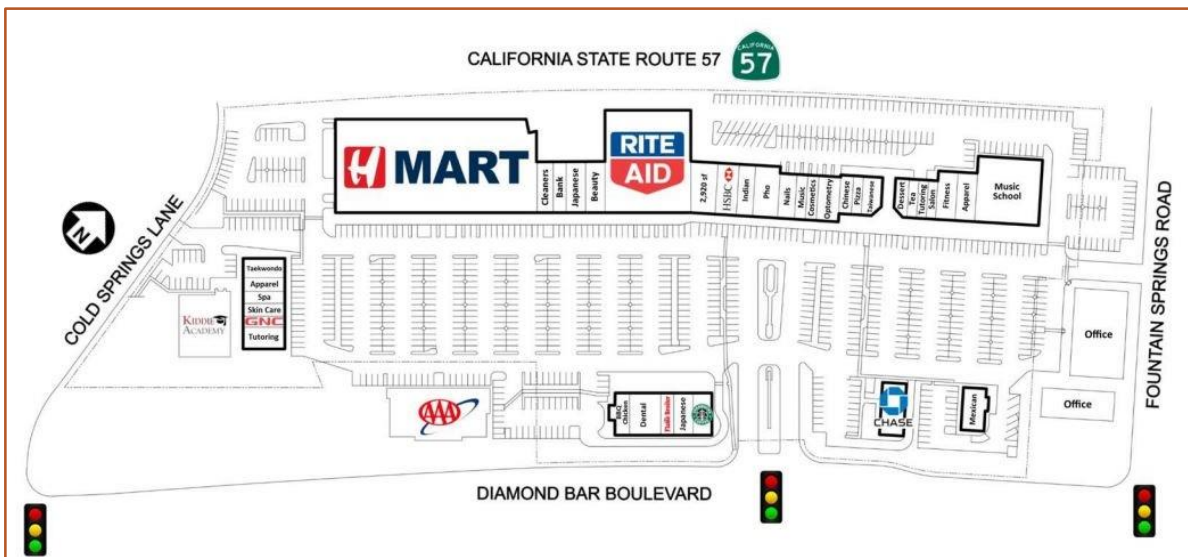


OVERALL OBJECTIVE:

- Work with Retail Opportunity Investment Corporation on ways to ensure that maximum efficiency is being met at the Center with its current retail mix.

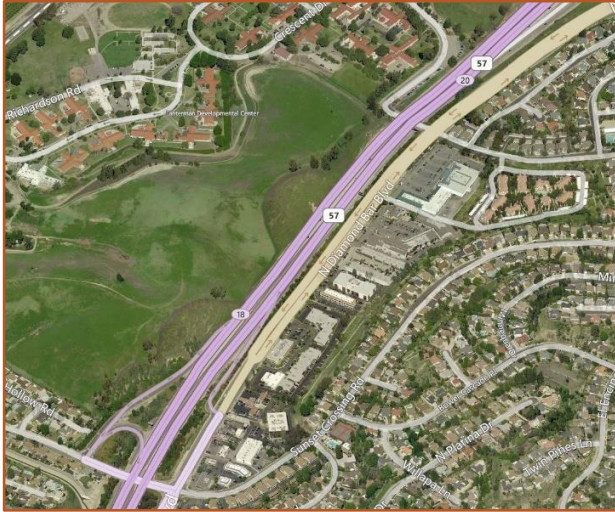
SPECIFIC TASKS:

- Build on the highly visible shopping centers attributes of having strong fundamentals, a dedicated customer base and institutional players including H-Mart, Rite Aid, and Chase Bank.
- Secure a retail tenant for the vacant 76 service station site (Diamond Bar Blvd./Cold Springs).



Focus Area 7 - N. Diamond Bar Blvd. Corridor

Seek ways to further expand retail and office users to the north Diamond Bar Blvd corridor opportunities within including within the Oaktree Plaza, Ranch Center and adjacent Professional Center, Diamond Bar Executive Park. The entire corridor encompasses approximately 25 acres of horizontally mixed uses.



OVERALL OBJECTIVE:

- Work with StoneWood Properties representing the Ranch Center and OakTree Plaza on ways to ensure that maximum efficiency is being met at the Center with its current retail and office mixes.

SPECIFIC TASKS:

- Build on the excellent exposure being just off the 57 & 60 freeways.
- Work with StoneWood to assess what tenant types have been targeted and any potential impediments to attraction of new office and retail uses to these sites.



Other Economic Development Activities

The commitment to support and strengthen existing local businesses, attract new businesses and community investment, and create employment opportunities will help maintain the quality of life and enhance the long term economic viability of the City. The following strategies are some of the key initiatives and actions that can be taken to encourage and facilitate economic development efforts in the community. These items are not all inclusive, and may even change over time as dictated by market conditions beyond the control of the City.

1. Promote priority economic development efforts and activities within the identified Opportunity Areas:
 - a. Actively pursue the revitalization of existing properties to encourage and improve market competitiveness and reduce sales tax leakage within the Opportunity Areas.
 - b. Pursue opportunities to secure new hotel(s) developments.
 - c. Continually seek quality developments that create a strong sense of place through high quality development, strong community aesthetics, consistent design standards, and enhanced public space and site amenities.
 - d. Leverage the City's Capital Improvement Program to help facilitate community investment and property improvement that accommodates and supports desired economic development efforts.
 - e. Establish a "Team Diamond Bar" comprised of key City staff to support and advance new development and revitalization opportunities, including providing for ombudsman or concierge type services for high priority projects.
2. Promote inclusion of sound economic development policies through the City's general plan update process:
 - a. Ensure land use policies and development potential are appropriate for future revitalization or reposition of property aimed at ensuring long term economic viability for the community.
 - b. Ensure circulation, infrastructure and other community policies are consistent with and reflect the identified economic development efforts.
3. Enhance retail, restaurant, and corporate job growth opportunities:
 - a. Continue to promote the City's history, cultural diversity, corporate destination, and other positive attractions and attributes of the community, focusing on public safety, location, and convenience.
 - b. Actively pursue quality small and nationally recognized retail and restaurant tenants through partnerships with commercial property owners, the real estate broker community and professional trade associations.

- c. Develop a “Shop & Dine Diamond Bar” campaign.
4. Ensure that existing businesses have access to resources and services needed to do business and proposer in Diamond Bar:
 - a. Partner with organizations such as the San Gabriel Valley Regional Chamber of Commerce and San Gabriel Valley Economic Partnership to facilitate business networking and retention efforts.
 - b. Maintain a menu of City and regional services, information, and incentives available to businesses to help facilitate growth and expansion.
 - c. Encourage opportunities for small business to receive needed technical assistance and education.
 - d. Continue to highlight and provide special recognition to businesses through the new business of the month and restaurant of the month programs.
 - e. Establish programs where key City officials and staff can visit or host events with major businesses and the real estate broker community on a regular basis to identify opportunities and solicit feedback on the local business climate.
 - f. Leverage the City’s website, mobile app and social media channels to provide information on city businesses, such as the restaurant guide and business directory.
5. Support local businesses through community and special events:
 - a. Continue to support and grow “Diamond Bar Restaurant Week” into multiple weekends.
 - b. Encourage greater participation by local businesses, particularly restaurants, at City events such as, 4th of July and City Birthday Celebrations, Summer Concert/Movie in the Park Series, and other events.
 - c. Explore ways to create additional special events to help support existing businesses through sponsorship opportunities or participation in programs that enhance the experience and sense of place for the community, such as Farmer’s Markets, Business Expo, collaborating with Cal Poly Pomona/Mt. San Antonio College, Taste of Diamond Bar and others.