



CITY OF GLENDALE, CALIFORNIA REPORT TO THE SPECIAL CITY COUNCIL

AGENDA ITEM

Report: Three-Year Economic Development Strategic Plan

1. Resolution to adopt and file the City of Glendale's Three Year Economic Development Strategic Plan (2022 – 2025)

COUNCIL ACTION

Item Type: Action Item

Approved for June 7, 2022 **calendar**

EXECUTIVE SUMMARY

Economic Development staff has developed a Three-Year Economic Development Strategic Plan ("Plan")(**Exhibit "1"**) which will serve as a roadmap for building upon the city's strengths and leveraging partnerships and local assets to address business challenges and enhance economic opportunities throughout Glendale. The Plan is intended to support the growth and diversity of local and new businesses and to ensure a vibrant, equitable, and sustainable future. To determine the efficacy of the Plan, measurable goals and key performance indicators were identified. The Council will be provided with annual updates on the Plan which is intended to be adjusted annually as business and market conditions change; the Plan will be fully re-evaluated every three years.

Since 2020 staff has collaborated with the COVID Business Recovery Taskforce ("Taskforce") and other business partners. The Taskforce is comprised of multiple community stakeholders from various industries and background. This collaboration resulting in meaningful conversation and which spurred innovative ideas, proposed action plans, and identification of focus areas and opportunities to ensure a sustainable and long-term healthy economy in Glendale. In February 2022 Staff presented an economic development status report to the City Council which contained economic development findings and recommendations, and included a business and economic analysis of the city, best practices from other municipalities as well as feedback and recommendations provided by the Taskforce. The Council provided feedback on priorities and initiatives which, along with the Taskforce recommendation, are integrated into the Plan presented to the Council for adoption.

COUNCIL PRIORITIES

Economic Vibrancy: The Three-Year Economic Development Strategic Plan contains strategic goals and implementation strategies to ensure an inclusive, vibrant, and sustainable economy for years to come.

RECOMMENDATION

Staff recommends that the City Council adopt and file the Three-Year Economic Development Strategic Plan (2022 – 2025).

BACKGROUND

Over the past two years, Economic Development staff's collaboration with the Taskforce has been instrumental in making a collective impact in the business community. The Taskforce was originally formed in May of 2020 to assist with business support and recovery efforts during the pandemic, and staff has continued to collaborate and nurture these partnerships to identify key findings, areas of focus and opportunity as well as recommendations that will help guide the development of an effective Economic Development Strategic Plan. Staff conducted a series of taskforce and focused meetings to create this framework.

On February 8, 2022, staff presented key findings and recommendations and sought City Council's input on additional considerations to include as part of the Plan. City Council subsequently approved an action item to note and file the report on the Draft Plan and provided feedback on priorities and initiatives.

Following the Council presentation, staff has facilitated multiple stakeholder meetings to further refine priorities and implementation strategies to achieve the development of a robust Plan. The stakeholders that participated in the discussions are as follows:

• Americana at Brand	• Brand Blvd. of Cars	• Cerrell
• Cushman & Wakefield	• Employers Group	• Glendale Community College / PDC
• Glen Arden	• Glendale Chamber of Commerce	• Glendale Galleria
• Glendale YWCA	• Greater Downtown Glendale Association	• Hero House Glendale
• Hyatt Hotel	• Keck USC Verdugo Hills	• Kenneth Village
• Montrose Shopping Park Association	• Montrose Verdugo Chamber	• New City America – GDGA
• Valley Economic Alliance	• Verdugo Workforce Investment Board	

There were four (4) major areas identified as greatest opportunity such as: 1) Brand Identity, 2) Business Culture, 3) Innovation Ecosystem and 4) Entertainment and Lifestyle. These components were the catalyst in developing the strategic goals and objectives in the Plan.

The Plan includes consolidated background information in conjunction with primary goals and implementation strategies to strengthen and develop the city's economic ecosystem to support a growing, equitable, and healthy economy. The Taskforce also revisited discussions and reinforced the need for the Plan to include measurable goals leading to the identification of several quantifiable metrics to determine the efficacy of the Plan.

The Three-Year Plan is intended to be flexible, allowing for new or modified strategies to be integrated as business and market conditions evolve. It will be adjusted annually, as needed, and re-evaluated every three years, through annual updates to City Council.

The primary goals and objectives of the Plan proposes the following:

Objective 1 (Brand Identity): Strengthen brand Identity and enhance awareness of Glendale on a local, national, and global scale.

Some of the major implementation strategies to achieve the brand identity objective is as follows:

- Feature business successes, new openings and entrepreneurs on a monthly basis
 - Small Business Month, Entrepreneurship Month, International Trade Month, etc.
- Strengthen Regional Marketing Collaborations
 - Upstart Valley Initiative – Collaboration with the city of Burbank to establish a brand identity and marketing strategy to represent joint assets, resources and opportunities to position the region as an innovation hub
 - Tech Valley Development Strategy – Collaboration with the Valley Economic Alliance, economic development peers and members to position the Valley region as an innovation and tech hub
- Enhance travel and tourism visibility on Economic Development's website and develop a theme that resonates with visitors (Destination Glendale / Discover Glendale)

Objective 2 (Business Culture): Develop a business-friendly ecosystem that supports business attraction, retention and expansion efforts to ensure a diverse, equitable, inclusive, and resilient economy.

Some of the major implementation strategies to achieve the business culture objective is as follows:

- Develop a business attraction plan focused on priority industry sectors that provide substantial economic impacts and value to the community
 - Tech & Entrepreneurship (Bio-technology, medical technology, gaming, IT

- and cybersecurity)
 - Retail & Restaurants (Breweries, lounges and new/emerging concepts)
 - Arts, Culture & Entertainment (Comedy club, family-friendly amenities, etc.)
- Develop a strategic foreign direct investment plan to attract investment and assist local companies to expand its market share and presence
 - Explore city-led outbound trade mission
 - Establish strong connections with Consulate Generals and domestic business partners to facilitate trade and relations between the city and targeted countries of greatest opportunity
- Broker lunch presentations to build strategic and strong relationships to be at the forefront of new business leads, trends, challenges and opportunities
- Seek inclusiveness and form partnerships, programs and strategies that create opportunities for all businesses with a targeted approach on small businesses such as minority-owned, women-owned and other underserved and unrepresented groups
- Monthly/Quarterly certificate and recognition for businesses/projects

Objective 3 (Innovation Ecosystem): Grow the innovation and tech industry sector to attract and retain talent and support the growth and success of entrepreneurs.

Some of the major implementation strategies to achieve the innovation ecosystem objective is as follows:

- Support and expand the high-tech business community and create niche markets for further support and programming
 - Target industries of highest potential such as biotechnology, medical technology, gaming, IT and cybersecurity
- Tech Tour Program – Strengthen partnership with Hero House to engage with local and nearby education institutions/colleges to tour students at accelerators and co-working spaces and share information on city business resources to attract, retain and motivate talent
- Provide letters of support to businesses/education partners seeking grant funding to develop training, innovation and entrepreneurship programs
- Implement and/or partner to establish an online tool that connects resources available to small business owners and entrepreneurs

Objective 4 (Entertainment & Lifestyle): Grow the arts, culture, and entertainment sector to position Glendale as a destination city.

Some of the major implementation strategies to achieve the entertainment and lifestyle objective is as follows:

- Continue collaboration with Library, Arts & Culture to expand the Storefront Art Program to utilize vacant retail units to showcase an array of art forms
- Launch VIP / Day Pass Pilot Program in Downtown & Montrose to offer perks such as:

- Free custom carwash at Americana
- Free valet parking pass at Americana
- Free transit/beeline pass
- Discounts from local restaurants and shops
- Partner with local hotels to market VIP card and local destinations
- Explore development of a scavenger hunt program with Library, Arts & Culture that encourages locals and tourists to visit iconic places, restaurants, cultural venues among other destinations along the BEE-line or throughout the city with an incentive to receive a free city-branded promo item or other prizes upon completion of the scavenger hunt
- Explore the feasibility of a Tourism Marketing/Business Improvement District with local hotels and stakeholders

To monitor and measure progress of the Plan, the following are key performance indicators (KPIs) that will be utilized by the Economic Development division:

1. Number of jobs created or retained as a result of Economic Development's business attraction, retention, and expansion efforts
2. Number of new businesses attracted to the city within each of the desired industry clusters
3. Number of tech tours & student placements
4. Number of VIP/Day passes purchased
5. Sales tax growth
6. Vacancy rate for office
7. Vacancy rate for retail
8. Number of media impressions (digital engagement)
9. Number of attracted, retained or assisted businesses that are small, women, minority-owned or any other underserved or unrepresented groups

Annual updates on the Plan and progress will be presented to City Council for comment and further direction.

ANALYSIS

The focus of the Economic Development Report presented to City Council in February of 2022 provided background information for Council on the work and analysis completed by staff and the taskforce. It highlighted the current business and economic climate of the city; including demographic, workforce and business data. The information also highlighted the existing strengths of the city and identified areas of enhancements to increase economic competitiveness. A series of comparable cities in Southern California, across the state and country were also analyzed as case studies for best practices. This included Pasadena, Burbank, and Los Angeles as well as Winston-Salem, North Carolina, and Worcester, Massachusetts. Given its success in the medical technology space, Winston-Salem was identified as a comparable city as it was able to carve out a

niche market in the bio-tech fields, amongst a broader technology economy. Similarly, Worcester was selected for its efforts as a leading city for entrepreneurs within Boston's technology corridor. Several elements such as demographic information, employment data and location affordability were all metrics used to compare the cities. Location affordability was utilized to mitigate the disparity in housing cost and pay from cities in other regions.

Following input from Council on key findings and background information, staff proceeded with consolidating data points and sources in an effort to ensure a consistent and methodical approach to showcasing concise city information and intentional strategies followed by specific goals, tactics, and metrics to measure, manage, and communicate results and progress.

The consolidated analysis on Glendale's economic and business climate includes:

Demographic Overview

ITEM	FIGURE	SOURCE
Population	201,000+	ESRI 2021
Foreign Born Population	53 %	U.S. Census Bureau and ACS 5 Year Estimate 2019
Median Age	42.6 Years	ESRI & Bureau of Labor Statistics 2021
Median Property Value	\$877,139	U.S. Census, April 1, 2020
Median Household Income	\$71,000+	ESRI & Bureau of Labor Statistics 2021
Number of Households	75,000+	ESRI & Bureau of Labor Statistics 2021
4-Year Degree or Higher	42 %	U.S. Census, April 1, 2020
Workforce	76% White Collar Workers	ESRI 2021

Retail Market - Strength

City	Vacancy Rate	Monthly Rent / SF	Total SF of Retail Space
Glendale	2.4%	\$2.99	16 million
Burbank	5.3%	\$3.28	8.3 million
Pasadena	6.5%	\$3.32	14.6 million

Source: Costar 2022

Glendale's high occupancy rates in the retail market and competitive retail per square foot rental rates that are lower than neighboring cities, place Glendale in a strong position to retain and attract retailers.

Office Market - Opportunity

City	Vacancy Rate	Monthly Rent / SF	Total SF of Office Space
Glendale	13.7%	\$3.15	6 million
Burbank	6.4%	\$3.56	18.9 million
Pasadena	12.7%	\$3.15	15.2 million

Source: Costar 2022

With a vacancy rate of 13.7% in 2022, the Glendale office market vacancies is highest among the neighboring cities of Burbank and Pasadena.

With over 6-million square feet of office space and no gross receipts or business license taxes, Glendale offers a more pro-business environment than many other communities in the Los Angeles metropolitan area. The Glendale office market attracts traditional tenant types; insurance companies, banks, and law firms and corporate headquarters dominate the tenancies.

Downtown Glendale forms the core of the office market, with nearly all of the Class A office space inventory located north of the Americana at Brand, adjacent to Brand Boulevard and Central Avenue. The downtown appeals to numerous firms due to its central location near much of Los Angeles' employment base and offers a variety of residential options.

The combined vacancy rate and low real estate rental rates present an opportunity for Glendale to explore the potential of attracting high profile tenants and possibly identify innovative ways to repurpose office space as more businesses and corporations shift to work-from-home models in today's post-pandemic landscape.

Industrial Market

Industrial Market	Vacancy Rate 1.0%	Costar (2022)
	Monthly Rate SF \$1.72	

Glendale is usually a tight, generally stable industrial market with a current vacancy rate of about 1.0%. There are very few large buildings and transaction activity is generally limited.

Hospitality Market - Opportunity

Glendale offers over 13 hotels and lodging properties to choose from, with nearly 1,688 keys combined and an additional 537 keys are projected for pipeline projects. In 2019, Glendale generated \$5,877,940 in Transient Occupancy Tax (TOT) revenues, while the neighboring cities of Burbank and Pasadena generated \$9,343,816 and \$16,948,000, respectively. Burbank's TOT revenues were nearly double those of Glendale's, and Pasadena, nearly tripled. It is important to note that the TOT rate in Glendale is 12%, Pasadena 12.11%, and Burbank 10% and Glendale has a lower number of hotels, with ratings of four stars or above.

When compared to Burbank and Pasadena, Glendale has the lowest key count 1,688 total rooms, compared to Burbank and Pasadena's 1,813 and 2,329 rooms, respectively. Glendale's lower key count results in the lower transient occupancy tax generation. This presents an opportunity for Glendale to enhance its travel and tourism strategy and to tap a revenue stream that has a promising potential for growth that supports Glendale business and governmental services.

STAKEHOLDERS/OUTREACH

Since the presentation to Council in February of 2022, a series of meetings with the Taskforce have continued and additional prompts were provided to the Taskforce group to stimulate thoughts and ideas with a concentrated effort on developing primary goals and objectives that will move the city forward in achieving a sustainable, equitable and inclusive economy.

Staff's intent was to refine recommendations previously discussed with the Taskforce and solidify innovative ideas and implementation strategies that will pave the way towards the development of the three-year Plan for economic vitality and long-term success. The business-related key findings and recommendations were as follows:

- Brand identity and robust marketing strategy to raise Glendale's profile
- More entertainment options attractive to tech-oriented workforce
- Reduce the length in time for entitlement process
- Emphasize the proximity to universities while strengthening partnerships

Meetings with the taskforce group included discussions as a whole, smaller focus group discussions, and individual briefings since January of 2022.

As a result of the various meetings and feedback, staff compiled an outline of the strategic Plan and asked for the Taskforce to review and provide final comments and input to ensure the proposed objectives and strategies have been fully evaluated and relevant to the interest of the business community.

The intent is to continue conversations with the working group and to nurture partnerships with key stakeholders to implement and execute on the primary goals and implementation

strategies identified in the Plan.

Staff is requesting the Council adopt the Three-Year Economic Development Strategic Plan so proposed programs and initiatives can be implemented in the next several years to ensure the long-term health and economic vitality of our local economy.

FISCAL IMPACT

There is no fiscal impact associated with this report.

ENVIRONMENTAL REVIEW (CEQA/NEPA)

Adoption of the Economic Development Strategic Plan is exempt from California Environmental Act Review pursuant to State CEQA Guidelines Section 15061(b)(3) because there is no possibility that the activity (adoption of an Economic Development Strategic Plan whose objectives include: strengthening brand Identity and enhance awareness of Glendale on a local, national, and global scale; developing a business-friendly ecosystem that supports business attraction, retention and expansion efforts to ensure a diverse, equitable, inclusive, and resilient economy; growing the innovation and tech industry sector to attract and retain talent and support the growth and success of entrepreneurs; and growing the arts, culture, and entertainment sector to position Glendale as a destination city are strategies which will not have significant impact on the environment because the Plan does not authorize any known or reasonably foreseeable activities that may have a direct or indirect physical impact on the environment.

CAMPAIGN DISCLOSURE

This item is exempt from campaign disclosure requirements.

ALTERNATIVES

Alternative 1: Adopt and file the Three-Year Economic Development Strategic Plan. This will allow staff to continue collaborations, program development and implement strategies with business and community stakeholders to ensure the economic vitality of the city's economy.

Alternative 2: Decline to adopt the Three-Year Economic Development Strategic Plan. This will result in delays in developing programs and implementing strategies already discussed with the taskforce. This will also have an impact on the delivery of new programs and resources to support the business community as well as achieving the goals and objectives of the Plan.

Alternative 3: Council may consider any other alternative not presented by staff.

ADMINISTRATIVE ACTION

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Approved by:

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EXHIBITS/ATTACHMENTS

1. Three-Year Economic Development Strategic Plan