



Economic Development Update

June 4, 2007

Robert Swayze

Economic Development Bureau Manager





Topics

- Econometrics
- Retail
- Business Retention/Attraction
- Access to Capital
- Business Improvement Districts
- Marketing
- Incentives





Econometrics

- Gradual, steady rise in employment since 2001
- Office Vacancy less than 7% citywide – lowest in 25 years – with rate over \$2/sf
- Hotel occupancy 83% - highest since 2000
- Revpar \$125 – highest ever, up 8.8% from 2006
- POLB TEUs up 9% since 2005 and 61% since 2002
- Long Beach home & condo prices up 75% citywide from 2003





Retail

- Historically, Long Beach has had low per capita sales tax numbers.
- Of top ten cities, Long Beach is 9th.
- These are key Economic Development retail projects since 2005:
 - Home Depot 120,000 sf
 - Major Retailer (West PAC) 116,000 sf
 - Target (North PAC) 124,000 sf
 - Marshall's (North PAC) 40,000 sf
 - Fresh & Easy (Tesco) 15,000 sf
 - Famima 10,000 sf
 - Major Retailer 35,000 sf
 - Walgreen's 20,000 sf
 - Total 480,000 sf





Retail Scorecard

- List is in-fill retail attraction.
- In-fill retail attraction more difficult than new development retail attraction.
- Estimated sales tax to City is \$1.6 million annually
- Estimated tax increment to Redevelopment Agency is \$350,000 annually





Business Retention (C-17)

- C-17 Red Team headed by ED
- Single biggest business retention effort in California.
- But for the Red Team, the C-17 would have stopped production in fall 2008 – now production goes to fall 2009.
- Why emphasis on C-17?





Retention Scorecard

- Boeing C-17 employees = 5,500
- Supplier C-17 employees = 5,300
- Indirect employment generated by C-17 = 21,800
- Total employment related to C-17 = 32,600
- Annual payroll (Boeing) = \$359,150,000
- Annual payroll (suppliers) = \$216,770,000
- Total annual payroll related to C-17 = \$1,468,194,400
- C-17 Red Team saved an annual payroll of \$1.48 billion for California





Business Attraction

- **WorleyParsons, multinational engineering firm**
 - 20,000 employees in 30 countries
 - Moved West Coast headquarters to Long Beach
 - ED efforts to recruit and negotiate permitting issues
 - 150 high-value jobs (engineers, etc.) with fully burdened payroll of \$20 million
 - Exactly type of high-tech firm trying to recruit for Long Beach



Access to Capital



- Strategic Lending
- Auto Dealerships (405 Freeway Sign)
 - Circle Imports, Toyota of Long Beach, Coast Cadillac
 - Provides dealers exposure they need, retains them in Long Beach
- Restaurants
 - Johnny Rebs' in Bixby Knolls
 - Legends in Belmont Shore
- Manufacturing
 - Working with Red Barn on an Industrial Development Bond (IDB)
 - Would be first IDB to be issued in Long Beach in a decade





Business Improvement Districts

- Began with four—Bixby Knolls, Belmont Shore, DLBA, Magnolia Industrial Group
- Added Tourism in 2005 – financed with 3% TOT tax – first new BID in 10 years
- Added Andy Street in 2007 – first ever multifamily improvement district in California
- Working on Fourth Street and Anaheim Street
- When added, will have doubled number of Improvement Districts in two years





Incentives

- Sales Tax Incentives – used to attract/retain key retailers
 - Recent examples include Circle Imports, Toyota of Long Beach, Marina Pacifica
- Enterprise Zone
 - Secured 15-year redesignation
 - Increased size from 42% to 72% of Long Beach



Other Accomplishments



- Grand Prix flyover
- Courthouse Economic Impact Analysis
- Pine Avenue Retail Strategy
- Residential Housing Analysis (ongoing updates with regression analysis)
- Supported CSULB in various economic impact studies (downtown, airport, POLB)
- Negotiating new lease, sign deal with Worthington Ford
- Working with two auto dealers on new location/location improvements
- Buxton Retail Study – first ever psychographics study by Long Beach





Other Accomplishments (Cont.)

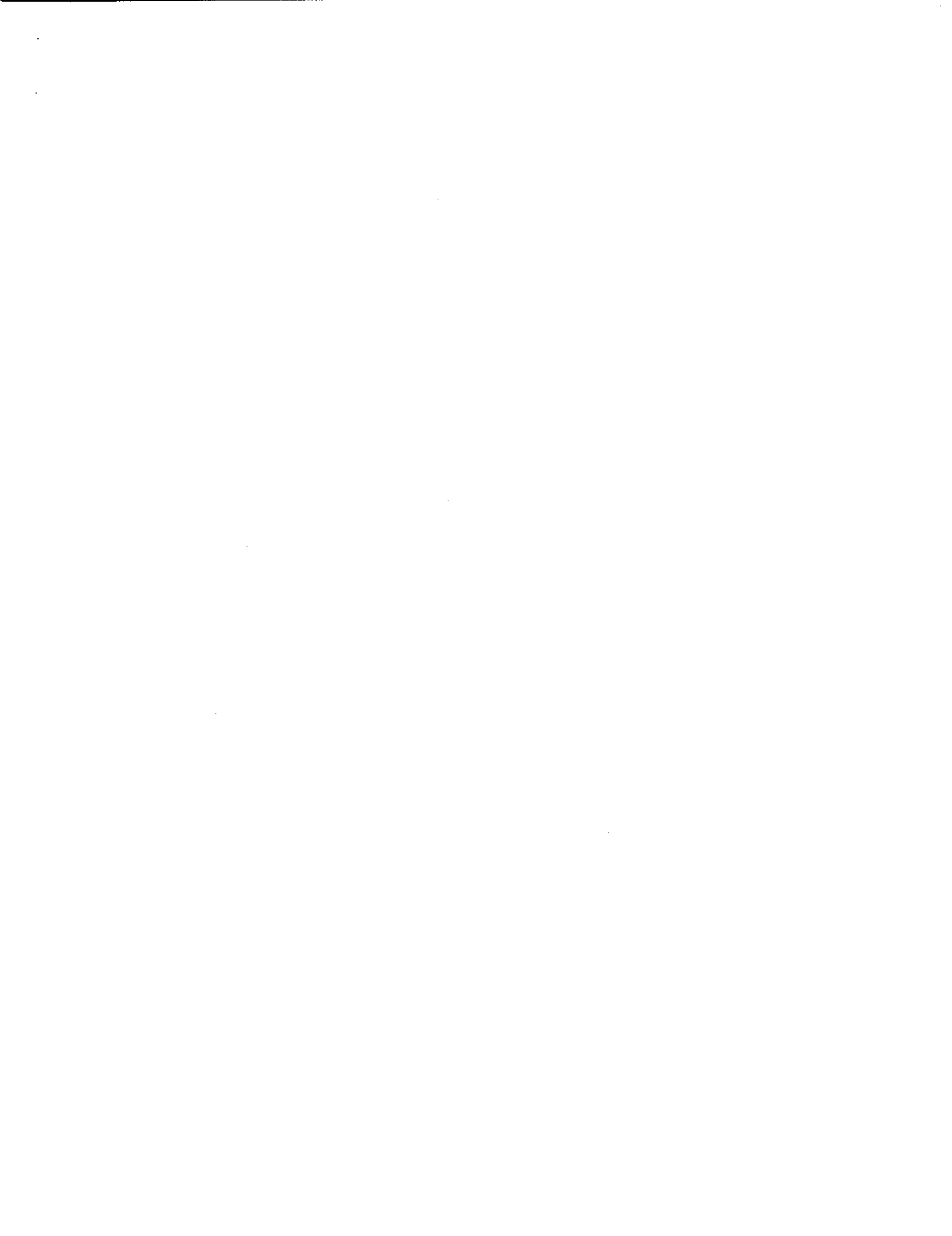
- Douglas Park – worked directly with Boeing re attracting key tenants, asked by Boeing to help close first purchase deal, asked by Boeing to review prospective purchasers
- Grand Prix – Ocean Club, Pit Row Suite
- Governor’s Conference on Women
- Long Beach Motorsports Walk of Fame
- RDA Town Hall presentation and panel session
- Conceived, coordinate monthly business meetings with Mayor
- Conceived, coordinated All Boards and Commissions meeting



Other Accomplishments (Cont.)



- Marketing & Sponsorship – originated and manage project to create new revenue stream
- At City Manager’s request, developed digital billboard program that saves City \$6 million in General Fund expenditures and creates dedicated revenue stream for Arts
- Secured designation by U.S. Treasury as Certified Development Entity
- Downtown California Crystal Eagle Award
- Five Most Business Friendly Cities (LAEDC)
- National Cici Award for C-17 Red Team
- CALED Award of Excellence for C-17 Red Team



Other Accomplishments (Cont.)



- CALED Award for Grand Prix – first time Long Beach has won two CALED awards in one year
- Ongoing ICSC efforts, both in Las Vegas and Palm Springs
- National and local advertising campaigns
- Orchestrated Hemisphere and Entrepreneur advertisement placement
- Presence at conferences (Long Beach Chamber, Black Chamber, Urban Land Institute, Hispanic Chamber)
- Support other departments' (RDA, City Manager and City) marketing efforts

Other Accomplishments (Cont.)



- Conceived and proposed annexation of Rancho Dominguez in 2005; provided economic analysis, presentations, marketing material
- CSULB Outreach including:
 - Technology Initiatives – provided background, key contacts, introductions re IP licensing and agreements
 - Long Beach Biomedical Alliance
 - Los Angeles County Technology Week event in Long Beach
 - Initiated relationship between CSULB and Press Telegram lofts as part of ongoing support of workforce housing for CSULB
 - University Art Museum – working to bring UAM downtown



Other Accomplishments (Cont.)

- EDB serves as a key city connection to Arts Council
- Conceived Loof Roof and Historical Society solution
- Queen Mary development selection panel
- Legislation: conceived and drafted EZ gap legislation, KC-X tanker legislation, spot redevelopment legislation, Infrastructure Bank, EDD, property tax rebate bills.
- Advocated with SBA to secure SBA designation for Long Beach City College to host SBDC network and Long Beach Small Business Development Center
- Oversight & funded (with POLB) revitalized Long Beach International Trade Office to promote international trade for Long Beach area businesses



What Have You Done for Me Lately?

- EDB conceived and drafted EZ Gap Legislation
- Legislation allowed firms in existing enterprise zones to continue to receive EZ tax credits until a provisionally-designated firm is formally designated
- The City worked hard to get the legislation amended and chaptered
- ED successful in EZ application – provisionally designated until EIR complete
- Expect formal designation October 1, 2007

Impact of Gap Legislation



- Year-to-date hiring vouchers in 2007: 2089 (332 Central, 366 North, 104 West, 687 Downtown to 189 companies)
- Anticipated hiring vouchers in 2007: 4,000
- Total 5-year tax credit value: $(4,000)(\$35,100) = \$140,400,000$
- Total 1-year tax credit value: $(\$140,400,000)(.5) = \$70,200,000$
- 9-month tax credit value: $(\$70,200,000)(.75) = \$52,650,000$
- RDA funding for EDB in FY 2007 Budget = \$1,886,215
- ED leverage of RDA investment: $\$52,650,000/\$1,886,215 = 27.9$
- Leverage ratio 27.9:1



Return on Investment

- Target American corporate ROI is 15%
- ED ROI on RDA \$ = 2,790%
- ED ROI is 186 times target American corporate ROI
- Anticipated 15-year tax credit value to Long Beach businesses is \$70,200,000)(15) = \$1,053,000,000 or \$1 billion



Conclusion

- RDA job is eliminating slums and blight
- EDB job is assisting businesses
- By securing EZ redesignation, EDB provides \$1 billion in tangible, measurable, real dollar business assistance to Long Beach firms

