



Economic Development Commission
City of Long Beach, California

LONG BEACH, CALIFORNIA
ECONOMIC DEVELOPMENT COMMISSION ANNUAL REPORT

October 1, 2003– September 30, 2004

110 Pine Avenue, Suite 1100, Long Beach, California 90802
Telephone: 562.570.3851 Fax: 562.570.3897 TDD: 562.570.3850

INTRODUCTION

The City Charter requires that all City boards, committees and commissions submit to the City Council an annual report describing each entity's activities and accomplishments. This report summarizes the activities of the Economic Development Commission for the year ending September 30, 2004.

BACKGROUND

The Long Beach City Council initially established the Economic Development Commission (EDC) in 1973. The duties of the Commission include:

- ◆ Evaluating and researching economic growth patterns of the community;
- ◆ Identifying economic development needs and opportunities in the community and making recommendations regarding program strategies for implementation by City staff;
- ◆ Evaluating and making recommendations regarding marketing plans for economic development programs;
- ◆ Reviewing and reporting to City Council the availability of surplus city-owned property and making recommendations regarding interim and long-term uses consistent with the community's economic development needs;
- ◆ Formulating and making recommendations regarding policies for business loan programs administered by the Economic Development Bureau;
- ◆ Cooperating with the Redevelopment Agency and Housing Authority regarding those development programs which are of common concern to the respective agencies;
- ◆ Evaluating the availability of federal and state grant programs and recommending application for those grants deemed appropriate for the economic development needs of the community; and
- ◆ Establishing and managing a land reuse program to stimulate industrial and commercial development within the City.

The current Commission membership includes a number of dedicated business, education and community leaders who are singular in their commitment to the success of the City's economic development initiatives (a Commission membership roster is attached).

Members of the Commission participate on one of two committees, the Business Development Committee or the Business Assistance Committee. The Business

Development Committee provides input and oversight on a number of issues and projects, including the Jobs and Business Strategy, Douglas Park, the Airport Terminal Modernization and the extension of the Enterprise Zone. The Business Assistance Committee oversees the business loan program, setting overall policy and reviewing each proposed loan.

SUMMARY OF ACTIVITIES

The Economic Development Commission held 11 regular meetings and numerous additional committee meetings during the past fiscal year. The following activities occurred at monthly EDC meetings, which included the review of various items of significance to the community:

- ◆ Airport Terminal Modernization
- ◆ Douglas Park
- ◆ Enterprise Zone Extension
- ◆ Boeing 7E7
- ◆ Various Loan Programs/Incentives
- ◆ LAEDC Presentation
- ◆ Discussion and update on the 710 Freeway Improvement Project
- ◆ Report on the International Council of Shopping Centers (ICSC) Meeting Contacts and Outcomes
- ◆ Discussion of the Annual Report

In addition, as recommended in the Strategic Plan 2010, the Commission is also overseeing the development of a citywide Economic Development Strategic Plan, now known as the Jobs and Business Strategy.

DOUGLAS PARK

Boeing Realty Corporation has proposed Douglas Park which will result in the development of approximately 261 acres of former and existing Boeing aircraft production facilities. Douglas Park is designed as a master planned community integrating variety of land uses. The proposed project will replace over five million square feet of research and development, office, warehousing, manufacturing and other aviation-related uses with residential, office, light industrial, hotel and other ancillary uses.

The Commission views the Douglas Park project as a rare opportunity to create economic growth and jobs that would positively impact the entire region. As a result, the Commission formed the Douglas Park Special Task Force Committee to review and make recommendations on both the Draft Environmental Impact Report (EIR) for the project and the Reduced Density Alternative ultimately proposed by Boeing. Throughout this process, the Commission's focus has been principally on issues dealing with preservation and creation of jobs and economic growth in the City.

During the past year, as in previous years the EDC invited a number of guests in order to learn different viewpoints on the subject. In prior years Commissioners raised substantial questions and issues regarding Boeing's earlier plans, which proposed substantially greater housing than the ultimate Reduced Density Alternative. A total of six Committee and four Commission meetings were held to discuss the Douglas Park project. Representatives from Boeing Realty and members of the public provided valuable input regarding the impact of the proposed project on the community.

On July 21, 2004, the Commission provided a letter to Mayor Beverly O'Neill supporting the Reduced Density alternative plan, with certain qualifications. The Commission made recommendations that the City Council give consideration to the following issues as it deliberates on the Douglas Park project. Ultimately, the project approved by the City Council incorporated many of the Commission's recommendations, particularly with respect to reduced housing density, the required use of the City's workforce development resources and the required employment of Long Beach residents.

- Develop a land use policy that outlines criteria for converting industrial land to other uses.
- Ensure the Douglas Park project maximizes commercial uses, which will enhance the City's ability to meet its job creation goals.
- Consider a further reduction in the total housing units and a decrease in the proportion of rental housing in the project.
- Ensure the project and its design is integrated with the surrounding community, including the encouragement of airport-related commercial uses adjacent to the airport.
- Encourage or require the developer to use the Career Transition Center's services and provide jobs for Long Beach residents.
- Explore options, incentives and requirements to encourage the commercial development of the project as soon as possible.

Jobs and Business Strategy

The City of Long Beach Strategic Plan 2010 (The Plan) provides a framework from which current and future issues can be planned, discussed and brought forward based on a unified vision as defined by The Plan.

Goal B1 of The Plan is to "Retain, expand, and attract business by encouraging development centered on the City's strengths." The strategic actions related to this goal include the following:

- B1.1 – "Develop a citywide economic development plan overseen by the Economic Development Commission."
- B1.6 – "Develop a strategy for land use at the Airport that maximizes the economic return to the community."

To address this goal and implement the related strategic actions, the Economic Development Bureau is coordinating the preparation of a citywide Jobs and Business Strategy (JBS). Overseen by the City's Economic Development Commission (EDC), the project's primary task is to develop a road map that defines long-range goals and objectives for business development, growth and attraction. The JBS would also include short-term implementation strategies designed for annual review and updates by the City. The proposed plan would serve as an "umbrella" policy document, which builds upon various planning efforts including the Long Beach Strategic Plan 2010, the North Long Beach Strategic Guide for Development, East Village Arts District Guide for Development and other related studies. Once approved by City Council the Plan would be introduced as a new element to the City's General Plan.

In January 2002, the City of Long Beach entered into a professional services agreement with Rosenow, Spevacek Group, Inc. to prepare the initial phase of a citywide Jobs and Business Strategy (JBS). The initial phase provided the City with a market study. This study identified those forces that drive the Long Beach economy, the composition of the economic base, the city's development capacity, and other external trends impacting the community.

In May, 2004, a panel composed of members of the Economic Development Commission and city staff conducted interviews to prepare the second phase of the Jobs and Business Strategy. As a result of the interviews, the panel recommended the consulting firm of Marie Jones Consulting. The second phase, the Policy and Implementation Stage, will provide a technical framework for pro-active programs to enhance the business climate and provide a public framework to show how city-wide planning and specific priority recommendations from the JBS meet the needs for high-paying jobs and quality of life for residents and neighborhoods.

In order to identify a vision and establish guiding principles for economic development in the City, the development of the plan will include significant input from throughout the community via a comprehensive public outreach program. This outreach program is being devised and implemented by a Steering Committee which consists of five Economic Development Commissioners and five Management representatives of the various bureaus within the City's Community Development Department. During February 2005, consultant Marie Jones and the Steering Committee will host a series of focus groups, community meetings and key informant interviews.

Focus Groups

Each focus group will consist of eight to ten community leaders, and will include a mix of representatives from various constituencies in order to increase the understanding and communication across groups. Special attention will be paid to include business leaders from the four predominant economic sectors (tourism, retail, trade and technology) in these groups.

Community Meetings

Consultant Marie Jones, in coordination with the Economic Development Bureau, will also be facilitating community workshops to define a common community vision for

economic development and establish economic development principles for the City. The workshops will also be used to solicit input on the production of the Jobs and Business Strategy (JBS) and to help prioritize the economic development strategies contained within the Plan.

Key Informant Interviews

As part of the JBS process, the consultant will evaluate the City's current economic development programs and projects through interviews with up to 30 key stakeholders. These confidential interviews will be conducted by phone or in-person and will include relevant city staff, business and community leaders. Marie Jones will query stakeholders regarding economic development outcomes, implementation measure effectiveness, and goal appropriateness given the current economic climate.

The Economic Development Commission continues to provide support and guidance with these tasks and anticipates a completed Strategy in Spring 2005.

Business Retention/Attraction

In collaboration with community and business organizations such as Long Beach Strategic Marketing, the Long Beach Commercial Real Estate Council, Downtown Long Beach Associates, etc., the City takes a proactive role in expanding, improving and retaining commercial, retail and industrial uses in Long Beach. Occasionally, members of the Commission are called upon to meet with business executives who are considering an expansion or relocation to Long Beach.

The following commercial, industrial and retail business attraction and retention achievements were discussed with the Commission:

- The Pike At Rainbow Harbor
- CityPlace
- Hot Zone & Wireless District
- Cabe Toyota
- Billings Hardware
- Million Air
- Corinthian Colleges, Inc.
- Element One Employees
- Auto Zone
- RCA Holdings
- Cunico
- Xteq
- Walgreens
- Home Depot
- Bravo Aviation
- Buono's Pizza
- Intelligent Energy
- Hamilton Sundstrand

- Qualified Technologies

In addition, through the Economic Development Bureau's Business Attraction, Retention and Expansion Programs, the following results were achieved:

Business Surveys:

- 4,102 surveys mailed
- 396 responses received
- 107 businesses requested one-on-one interviews
- 60 requests for services were received and forwarded to the Economic Development staff.

Business Outreach:

- 595 businesses/customers were contacted regarding issues related to employment, public safety, permit process concerns, and/or to promote the City's business assistance programs and other services.

Small Business Development Center (SBDC)

Consulting Sessions

- 300 one-on-one meetings held

Workshops

- 39 workshops with 384 participants

Other Economic Development Activities

The Commission also discussed a variety of business and economic development issues and provided direction to Economic Development Bureau staff. The Commission received regular progress reports from staff in the following areas:

Economic Development Financial Assistance Programs

The Business Financial Assistance Committee of the EDC monitors several lending programs designed to assist Long Beach businesses seeking financing for start-up operations, working capital, physical improvements, and/or growth and expansion. The Committee supports the City's efforts to promote business development in the City through the delivery of various loan and grant programs. The Committee's responsibilities include the review and approval of applications to the Revolving Loan Fund and Microenterprise Loan Programs. Additionally, the EDC oversees the \$1 million EDA grant program for loans to minority businesses with special focus on the Cambodian community. This grant is matched with a \$1 million contribution by the City. The primary purpose of the City's loan programs is to create and retain jobs, and to ensure the availability of capital and credit to underserved and disadvantaged businesses. Over the years, more than \$25 million in loans has been made to small

businesses. In FY 04, the Economic Development Bureau in partnership with the Grow America fund loaned over \$4 million to the Long Beach Business Community.

Grants and Loans

The New Business Start-up Grant is a program designed to encourage the creation of new businesses along certain commercial corridors within the City of Long Beach. The program provides a \$2,000 grant for certain reimbursable costs to eligible businesses on a first-come, first-served basis. In FY 04 the Economic Development Bureau provided 72 \$2,000 grants to businesses in the City.

The City's economic development loan programs serve as a safety net for businesses that do not have access to capital through the traditional financial institutions. The loan counseling sessions are designed to assess each request to determine the most appropriate financing tool for the applicant. As a result, many businesses are referred to local banking partners. The following is a summary of the loan program in fiscal year 2004.

- ◆ Economic Development Loans (October 1, 2003 – September 30, 2004)
 - 505 Businesses counseled
 - 19 Loans funded totaling \$4,152,000
 - 6 Loans pending
 - 4 Loans declined
 - 18 Loans withdrawn
 - 1 City offer not accepted by business

Other Economic Development Assistance

During the past fiscal year, staff provided reports to the Commission on the following activities:

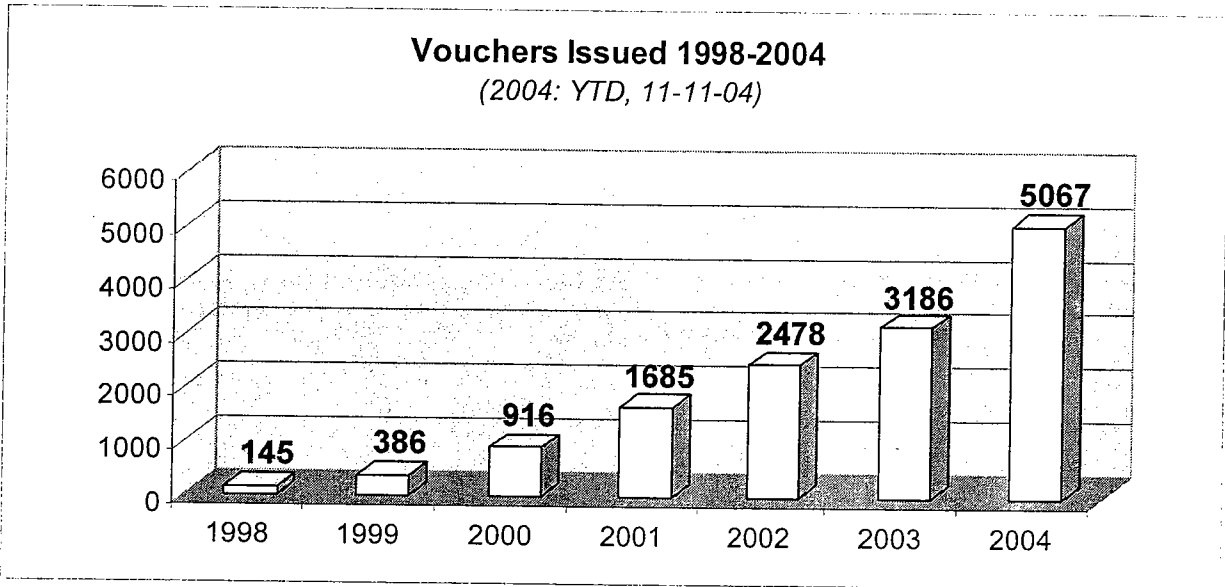
Economic Incentives

The City sponsors these programs to provide valuable tax savings to certain businesses and assist businesses in taking advantage of these tax benefits. These benefits have been important in retaining existing businesses and attracting new ones to Long Beach.

Enterprise Zone

One of the few business State Tax incentives available to businesses in California is through the Enterprise Zone (EZ) Program. As a result of strong marketing efforts of the Long Beach Enterprise Zone, the number of Hiring Credit Vouchers issued over the last five years has increased every year. Marketing efforts include; monthly Enterprise Zone workshops, informational mailings, and various articles written and distributed in an assortment of publications.

The community benefits greatly from this program because each voucher represents a job for an economically disadvantaged individual. In addition, the businesses that receive the vouchers are able to save thousands of dollars on their State income taxes. (See graph)



Although final figures from the State are not yet available, based on data from previous years, Long Beach businesses should save over \$50 million on their State income taxes during tax year 2004 as a result of this program. This savings helps to retain and grow current businesses, and attract new businesses to our City.

A Bill will be written and submitted to the California Legislature by Senator Ducheny in January 2005. This Bill will allow all California Enterprise Zones established after 1990 (which includes Long Beach) to apply for a 5-year extension, based on need. An action plan to support the Bill is being finalized by the California Association of Enterprise Zones. The Long Beach Economic Development Bureau will continue to work for the extension of the EZ program. The current Enterprise Zone will expire on January 7, 2007.

The Long Beach International Trade Office

A joint effort of both the public and private sector, the Long Beach International Trade Office (LBITO) offers seminars to assist local businesses entering the global market. The office also provides free personalized consulting services to help businesses analyze the market potential for their product.

During the reporting period the International Trade Office counseled 61 local companies or individuals on various aspects of international trade.

Also, in conjunction with numerous partners such as the State of California, the Department of Commerce, the International Trade Association and the World Trade Center Association, the LBITO sponsored or co-sponsored the following programs during 2003 – 2004.

- Manufacturing Conference – Long Beach Marriott
- Kick off breakfast for mission to Czech Republic and Republic of Poland
- Meeting with representatives from Murcia Autonomous Region (Spain)
- Hong Kong Trade Development Council
- Japanese Consulate Meeting
- World Trade Week
- Korea Trade Center
- Long Beach Public Library International Trade Program
- Industrial Commercial Association
- Hong Kong Trade Development Council Seminar
- Korean Logistics Industry Seminar
- Business and Trade in Hong Kong
- Global Technology Conference

Recently there have been staffing changes at the Long Beach International Trade Office however re-staffing and goal setting for the 2004 – 2005 year are being finalized. Contract negotiations between the Los Angeles Economic Development Corporation and the City are in process for possible funding and staffing of the LBITO.

The Business Energy Services Team (B.E.S.T.) Program

In fiscal year 2004, The California Public Utilities Commission earmarked \$500,000 to help 146 small businesses in Long Beach lower their energy usage. In so doing, their goal was to decrease consumption of gas and electricity to lessen pollution and reduce the need for new power plants. The program allowed Long Beach Businesses to obtain free energy audits and suggestions for improvements. Businesses that took advantage of the free audit and subsequently purchased suggested equipment, or made other energy improvements, were reimbursed 85 percent of the cost. This greatly offset the expense and enabled businesses to pay only 15 percent out of their pockets for the cost of upgrades.

MARKETING

During the reporting period, various communications and marketing programs were developed and implemented to promote economic development activities in the City. The local and national marketing and promotional efforts include:

- Phase 2 of “*Long Beach...Get More*” Business Attraction Campaign aimed at decision makers to locate their businesses in Long Beach. The campaign included:

- Development of a new Retail Opportunities Brochure – an informative “at-a-glance” look providing economic data and information on retail opportunities in the City.
 - Advertorials in industry/trade publications with full-page information on the City.
 - “Meet the Team” advertising campaign in industry/trade publications.
 - Aggressive Direct Mail Response and Literature Program.
- Dissemination of over 3,500 Long Beach...Get More Multi-media CD ROMs – an interactive marketing tool that provides information on the City’s demographics and community profiles, business development and assistance programs, and includes an interactive development opportunities map showcasing the retail and commercial developments in the City.
- Creation of thirty-second radio spots that emphasize Long Beach as a regional destination. The multi-themed radio spots promote weekend destination, local events, dining and shopping, arts and entertainment, and business relocation.
- Participation in the following Industry Trade Shows and Conferences:
 - International Council of Shopping Centers (ICSC) - Las Vegas & Palm Springs
 - International Council of Shopping Centers (ICSC) California Alliance Program
 - Latin Business Expo
 - Black Business Expo
 - Black Business Professionals Associations 7th Annual African American Summit
 - CSULB Economic Forecast Conference
 - West Coast Engineering Facility Engineering Show
 - Gateway Cities Conference
 - Aerospace Outlook Conference
 - Long Beach Area Chamber of Commerce Business Forecast Conference
 - American Association of Port Authorities Convention
 - California Black Chamber of Commerce Statewide Convention
- Community Events:
 - Marketing of the Business Development Center’s programs and services at community events, workshops, and Chamber of Commerce-sponsored functions drawing over 3,500 attendees. Some of these events include:
 - Cambodian New Years Celebration
 - Doing Business With the City Workshops/Diversity Outreach Events
 - Long Beach Commercial Real Estate Council Annual Luncheon
 - Sister Cities – Long Beach Qing Dao Association Luncheon
 - Long Beach Area Chamber of Commerce Weekly Breakfast
 - Neighborhood Leadership Conference 2004

- Presentation of BDC Programs and monthly representation at PAC meetings.
- Sponsored the following Business Development & Business Retention Conference and Events:
 - Connections 2004
 - Mayor's Semi-Annual New Business Reception
- In partnership with LARTA, a regional think tank for technology businesses, the Bureau hosted its first annual Global Technology Conference at the Long Beach Convention and Entertainment Center. The Conference drew over 350 high-tech industry professionals, investors, and other local business firms.
- Development of business attraction and retention marketing materials includes:
 - Long Beach Economic Profile
 - North Village Brochure – a new development opportunities brochure aimed at attracting retailers to the North Village Corridor.
- Community Marketing Campaigns – Communications programs designed to promote programs and services offered at the Business Development Center – Targeted to local small and minority-and women-owned businesses.
 - Quarterly Business Development Newsletter
 - \$2,000 Grant Direct Mail Program
 - Business Loans/Financial Assistance Direct Mail Program
 - Advertising in local and minority publications
- Job Creation
 - The Bureau continues to focus on business retention and attraction efforts to encourage job creation to provide higher paying jobs.

AWARDS

- The Economic Development Bureau's *Long Beach...Get More* CD ROM was awarded the Silver Circle Award for the Best Technology/Other Category at the 3CMA's 16th Annual Savvy Award. The Savvy Awards recognizes outstanding local government achievements in communications, public-sector marketing, and citizen-government relationships. *The Long Beach...Get More* CD ROM is a multi-media business attraction tool that highlights Long Beach's community, demographics, development opportunities, and business development programs and services.
- The Economic Development Bureau's *Long Beach...Get More Retail Opportunities* Brochure was awarded the Economic Development Special Purpose Brochure given by the International Economic Development Council (IEDC) for a project located in an area with a population of more than 200,000. A panel of economic development experts consisting of members from both the public and private sectors selected the project. The Get More Retail

Opportunities Brochure is an informative "at-a-glance" look at all the current opportunities throughout Long Beach available to retailers.

Upcoming Conferences and Campaigns

- Development of a *Shop Small* Campaign: A small business campaign designed to raise consumer awareness and encourage residents to shop at their local neighborhood small businesses and remind residents that money spent in the community...stays in the community.
- The Economic Development Bureau will put on *Entrepreneurship 2005...A Small Business Development Conference* on March 9, 2005 at the Long Beach Convention and Entertainment Center. The Conference objective is to promote and enhance the success of small businesses. It will offer three key tracks; Business Development for Long-Term Survival and Prosperity; Tax Compliance and Responsibilities; and Maximizing City Resources and Business Opportunities in the City of Long Beach. "Save the Date" cards announcing the Conference have been mailed to all licensed businesses in the City.

Respectfully submitted,

FRANK NEWELL
Chairman, Economic Development Commission

FN:RH:sz

Economic Development Commission Roster 2004/2005

Chairman

Mr. Frank Newell
Newell, Curtis, Nelson, Schuur & Burnight
11 Golden Shore Dr., Suite 400
Long Beach, CA 90802
435-7471 (wk) 435-7405 (fax)
fnewell@ncnsb.com
At-Large LB Bar Association
Business Development Committee

Ms. Creasie Adams
4370 Cerritos Ave.
Long Beach CA 90807
213-975-0406 (wk) 213-250-7263 (fax)
creasie.adams@sbc.com
At - Large
Businesss Assistance Committee

Alex H. Cherin
Flynn, Delich & Wise
One World Trade Center, Suite 1800
Long Beach, CA 90713
435-2626 (wk) 437-7555
alex@FDW-Law.com
Businesss Assistance Committee

Mr. Gary DeLong
The RTP Group
5100 E. Anaheim Rd.
Long Beach, CA 90815
961-4105 (w) 961-4106 (fax)
gdelong@rtpgroup.com
Tourism
Businesss Assistance Committee

Mr. Mark Gray
Guzman & Gray CPAs
4510 E Pacific Coast Highway, Suite 270
Long Beach, CA 90804
498-0997 (w) 597-7359 (fax)
mgray@cpagg.com
Business - Chamber of Commerce
Business Development Committee

Vice Chairman

Mr. Joel Fierberg
SNUGTOP
1711 Harbor Ave.
Long Beach, Ca 90813
432-5454 (w) 435-2992 (fax)
joel@snugtop.com
Workforce
Business Development Committee

Mr. Daniel Alf
DENSO Sales California, Inc.
3900 Via Oro Avenue
Long Beach CA 90810
310-513-7353 (w) 310-513-8566 (fax)
dan_alf@denso-diam.com
Professional
Businesss Assistance Committee

Mr. Alan K. Davidson
Comerica Bank
301 E. Ocean Blvd., Suite 102
Long Beach, CA 90802
590-2593 (w) 590-2503 (fax)
alan_davidson@comerica.com
Banker
Businesss Assistance Committee

Ms. Diane DeWalsche - COO
Community Hospital of Long Beach
1720 Termino
Long Beach Ca 90804
494-0600 (w) 498-4434 (fax)
ddewalsche@chlb.org
At-Large Health Care
Businesss Assistance Committee

Ms. Julie Heggeness
LBMMC
2801 Atlantic Ave.
Long Beach CA 90806
933-1669 (w)
jheggeness@memorialcare.org
At Large
Business Development Committee

Economic Development Commission Roster 2004/2005

Mr. Jack Hinsche
Windes & McClaughry Accountancy Corp
111 W. Ocean Blvd., Suite 2200
Long Beach CA 90801
435-1191 (w) 437-6187 (fax)
jhinsche@windes.com
At - Large
Businesss Assistance Committee

Ms. Evelyn Knight
2521 Cota Ave.
Long Beach CA 90810
426-1342 (hm)
At-Large
Businesss Assistance Committee

Mr. Charles Mason
Mason-Fields Mass Communications
1644 Ocean Blvd.
Long Beach, CA 90802
505-0551 (w) 437-7766 (fax)
cmason@fourstrong.net
At-Large Community Rep
Business Development Committee

Ms. Naomi Rainey
374 Bayside Dr. North
Long Beach CA 90803
856-7586 (w)
No email address
Education
Business Development Committee

Mr. Glen Ray
Million Air
3333 E. Spring St., Suite 205
Long Beach CA 90806
997-0700 (w) 997-0714 (fax)
glennray@mac.com
Airport Business
Business Development Committee

Ms. Susan Rusnak
Marron & Associates
111 W. Ocean Blvd., Suite 1925
Long Beach, CA 90802
432-7422 (wk) 432-8682 (fax)
srusnak@marronlaw.com
Business Association
Business Development Committee

Ms. Debra Winter
3706 Lime Ave.
Long Beach CA 90807
981-0986 (wk)
debra.winter@eds.com
Real Estate/Financial
Businesss Assistance Committee

Economic Development Bureau

Executive Secretary
Mr. Roger Haley
Acting ED Bureau Manager
City of Long Beach
110 Pine Ave., Suite 1100
Long Beach, CA 90802
570-3890 (Direct) 570-3897 (fax)
Roger_Haley@longbeach.gov

Staff

Sheri Rossillo 570-3824
Seyed Jalali 570-3822
Marc Morley 570-3839
Sharon Jordan 570-3821

Meeting Site

LB City Hall
333 W. Ocean Blvd., 13th Floor
Committee Meeting Time 3:00 p.m.
Commission Meeting Time 4:00 p.m.