

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO: Honorable City Council**

**FROM: Joseph Fiss, Economic Development and Planning Manager**

**DATE: September 1, 2016 (CC Meeting of 9/7/2016)**

**SUBJECT: Consider Report on Economic Development Activities**



**BACKGROUND/DISCUSSION**

On January 21, 2015, the City Council was presented with a report summarizing the City's economic development program. This report provides an update on the City's economic development activities. Local economic development can be described as the process of building strong, adaptive, and resilient communities. A thriving local marketplace of goods and services supports a sustainable community by providing opportunities for shopping, entertainment, and jobs. A growing local economy sustains a revenue base which allows the City to provide the community a high level of services and facilities. To this end, it is incumbent upon the City to provide services to retain existing businesses, address constraints to business, and attract new businesses.

- **Retention:** Existing businesses and industries are retained when they are both supported by market conditions and valued by the community. The promotion of the City to its residents is one of the city's retention activities, as staff continues to work to increase the community's awareness of Moorpark businesses. This is achieved through a "shop local first" approach and outreach by staff. Moorpark residents and businesses are encouraged to patronize local businesses whenever possible. This not only supports local business, but builds relationships. Local businesses in turn support local causes and non-profits at higher rates than non-local businesses.

Some of the stores that have closed their Moorpark locations, including Staples, Albertson's, and Radio Shack, have done so as a part of a nationwide downsizing. Others, such as Big Lots and Do-It Center, have indicated that they have not had the sales at their Moorpark locations as originally expected. Store closings have not been isolated to Moorpark as national chain stores that have so far in 2016 announced substantial store closings include Macy's, J.C. Penney, Office Depot,

Wal-Mart, Aeropostale, Kmart/Sears, Walgreen's Finish Line, and Ralph Lauren, continuing a multi-year trend of reduced demand for retail space.

City staff has a number of telephone calls and face-to-face meetings with local businesses to explore their needs and see if there is anything that can be done by the City. After meeting with a business, staff researches any concerns that the business may have and, if feasible, work toward a solution. Often times, business contacts result in information regarding future plans for relocation, expansion, or contraction. One example was the local motorcycle dealership that was looking to expand and bring in additional brands, but needed additional signage to be successful. Staff worked with the dealer to develop signage that met both the dealer's needs and City standards, and the dealer was able to successfully expand their business. The City also assisted Tom Lindstrom RV expand the business on a Successor Agency-owned property on Los Angeles Avenue. On a separate agenda item at the September 7, 2016 City Council meeting, staff is recommending that the City purchase this property from the successor agency so it could be resold to Tom Lindstrom RV, who has expressed interest in purchasing the property.

Many businesses are not aware the City can provide contacts to the Economic Development Collaborative – Ventura County (EDC-VC), which can provide resources for business related to marketing, business planning, financing, or workforce development, resulting in retention. The City informs the businesses that they are eligible for free consulting services through the EDC-VC. All Moorpark businesses are eligible for this free consulting service because the City annually contributes to the EDC-VC. Over the years, dozens of Moorpark businesses have consulted with the EDC-VC.

In addition to working directly with local businesses, staff has built an extensive network with the commercial real estate community. By doing so, staff is able to identify available and upcoming commercial or industrial space and work to create connections with potential tenants. No preference is ever given for one location over another within the City, however, these networks help businesses identify the size, type of space, and permitting processing which may be required.

- **Addressing Constraints:** Barriers to conducting new business within any City are often unavoidable. Building Code requirements exist to protect lives and safety. Discretionary permits and design standards ensure land use compatibility and community aesthetics. The City's high standards are in place to create a safe, attractive, and enjoyable community. Nonetheless, over the years, the City has taken steps to reduce barriers. This includes streamlining certain permit processes, for example eliminating Major and Minor Modifications to Permits by bringing minor changes to the Permit Adjustment level, allowing review by the Community Development Director, and eliminating Conditional Use Permit requirements for certain uses. Additionally, Business Registration fees have been reduced, and

Home Occupation Permits have been changed from a five-year permit, to a one-time permit, the same as most other businesses. In order to further reduce barriers to conducting business, staff maintains relationships with local utility providers. These relationships are of particular importance when applicants are unfamiliar with permitting processes.

- **Attraction:** Making the City an attractive place for businesses to locate is the most challenging activity. Retail chains often consider only population density when planning new stores. As noted in the Moorpark Commercial Market Overview report by Keyser Marston Associates, also on the City Council agenda for September 7, 2016, many retailers are contracting rather than expanding their brick and mortar stores due largely to internet sales.

One of the most recent businesses to come to Moorpark is Tractor Supply Company, occupying the space previously occupied by Do-It Center. They selected Moorpark as their first store in the Ventura County market area. The nearest stores are in Tehachapi, Buellton, and Norco. Staff worked with Tractor Supply on making sure that the site they were interested in would work for them and processed a permit adjustment expeditiously to allow for an outdoor sales display area.

The City cannot control the market and it cannot control what specific retail store or restaurant will open a store in Moorpark. The City is only able to guide businesses with its zoning authority to locate businesses and shopping centers in certain areas. Each district spells out what general type of business or use of the property that is allowed and provides certain standards and operational requirements. Therefore, the decision to locate a store or a shopping center in Moorpark is solely the decision of the landowner, business owner, or the investor. The City cannot legally prevent a business from occupying a structure if it meets all the requirements in the zoning district or require the owner to bring a certain brand or store type.

A good recruiting success story is Target. Moorpark was not on Target's radar for locating a store. Staff worked with the developer of the Moorpark Marketplace shopping center to get Target interested. Target required a freeway sign and access to Los Angeles Avenue (SR-118) to make a store feasible in Moorpark. Staff worked with Target to incorporate these needs and Target decided to build a store. Moorpark did not have a larger retailer in the City where residents could purchase consumable goods, as Kmart had closed its Moorpark location. If the Kmart store was still open, Target probably wouldn't have opened a store, and the City would not have either store as noted above. Kmart is continuing in 2016 its multi-year trend to close stores nationwide. Additional recent business relocations to the City include PennyMac, Turbonetics, and AG Machining. The three companies now contribute over 1,300 employees in Moorpark's daytime population.

High vacancy rates in the office real estate market implies that Moorpark has to compete with the larger cities of Thousand Oaks and Simi Valley for office businesses. The industrial market is healthier, but given the limited number of Moorpark's available industrial buildings, it is sometimes difficult to find a building that meets the specific needs of a business considering Moorpark as a location.

Since the last report, the nation's economy has continued to recover. Job growth in California has outpaced that of the nation and regional trends are consistent with the State's performance. This should bring increased interest in locating new businesses in Moorpark.

### **Current Economic Development Activities**

- City staff attends Chamber of Commerce Government Relations Committee meetings, Chamber Breakfasts, Chamber Mixers, and other special events. At these gatherings, staff informs local businesses of the City's role in assisting new and existing businesses through the permitting process.
- The City coordinates with the Economic Development Collaborative – Ventura County (EDC-VC) on regional economic development goals. The EDC-VC provides existing and potential Ventura County businesses services such as Business Consulting and Workshops, Loans & Funding Assistance, Manufacturing Assistance Program, and How-to on International Trade. AG Machining and Princeton Avenue Montessori School are two Moorpark businesses which have benefitted from the EDC-VC.
- Staff has built relationships with commercial and industrial real estate brokers, and property owners in order to ensure the City of Moorpark is continuously considered by businesses which are expanding or relocating. These relationships also help staff keep abreast of businesses which may be considering relocating out of Moorpark, allowing staff to reach out and offer assistance as necessary. Staff has received inquiries from businesses looking to relocate and has put them in touch with local brokers. Staff is currently working with two light industrial users, each employing 70-100 employees. One has found a location, while the other is still assessing its options. Of special note, one of these discussions has resulted in the examination of the potential for a hotel at the southeast corner of Patriot Drive and Miller Parkway. The property owner and hotel developer are currently in negotiations. Another hotel development, the Fairfield Inn and Suites, was approved at the Los Angeles Avenue exit from the SR-23 freeway, and is currently in plan check for grading.
- Staff works directly with local businesses on a daily basis. Staff works to ensure the Moorpark Municipal Code is applied fairly and consistently, providing an even playing field for all businesses. Use permits, sign permits, and other entitlements are processed in an expedient manner so businesses have the shortest amount of

processing time. There are times when the permitting process becomes complicated for any number of reasons and a higher level of attention may be required. A successful example of this is Simi Valley Harley Davidson/Tri-County Powersports. After much success with their Harley Davidson line, this local dealership recently expanded to include Honda and Can-Am motorcycles, among others. Staff worked closely with them to ensure the shortest and most expedient processing possible, while still respecting Moorpark's codes and standards. Signage was an important issue that needed to be addressed as part of this expansion. Staff is currently working with Turbonetics on the installation of new testing equipment and with Kish Rigging on a new addition for research. These businesses have made an ongoing commitment to remaining in the City of Moorpark. Staff has also been working with the owner of the Village at Moorpark shopping center (Petco, Dick's) on developing signage that would be more visible from the SR-118/SR-23 at Los Angeles Avenue.

- Staff follows the local business climate and proactively reaches out directly to businesses that are expanding in the area. Staff has recently communicated directly with representatives of Stein Mart, Party City, Tuesday Morning, Pier 1, Stonefire Grill, and Sharky's Grill, among others. Many of these retailers have indicated they will consider Moorpark in their future plans. Staff has worked with commercial brokers who have indicated their outreach to users such as Harbor Freight Tools, Trader Joe's, Ross Dress for Less, Lassen's Market, Sprouts Market, Big 5 Sporting Goods, 99 Cents Only, and Anna's Linens
- Staff maintains close relationships with local utility providers. Often, new businesses have special needs, such as reliable high speed internet. Through these relationships, staff is able to help businesses find efficient solutions to specific challenges.

### **Strategic Planning for Economic Development**

An analysis of Moorpark's internal strengths and weaknesses, as well as its external opportunities and threats (i.e. national trends) reveals the following. Economic development strategies should consider taking advantage of these strengths and opportunities, while being aware of weaknesses and threats.

#### **Strengths:**

- **Geographic Location.** Moorpark is centrally located in eastern Ventura County, and easily accessible via freeway or passenger rail. Shoppers and businesses value convenience.
- **Median Family Income.** Moorpark has the highest median family income in Ventura County. Income is a major factor at which retailers look when considering business location.

- **Safe Community.** Moorpark is the safest city in Ventura County. Public safety is understandably important to shoppers, but also to businesses in order to minimize losses.
- **Good Infrastructure.** Freeway proximity provides good access to Moorpark's businesses for both customers and employees from outside Moorpark. Water and sewer services have been able to meet Moorpark's needs.
- **Home to excellent schools, parks, and Moorpark College.** These help make Moorpark a desirable place for residents.
- **Low cost to do business.** The Kosmont Rose annual cost of doing business survey has consistently recognized Moorpark as one of the lowest cost cities to do business in California.

Weaknesses:

- **Low Population Density/Small Trade Area.** Moorpark and the surrounding communities have a relatively low population density. A major factor at which retailers look is population within a certain radius. Typically, major retailers are looking for about 100,000 people within a 5 mile radius. Moorpark is currently at about 80,000 people within a 5 mile radius. As noted in the conclusions of the Commercial Market Overview by Keyser Marston Associates, Moorpark, being between two larger population centers, struggles with attracting businesses which rely on higher population densities. Traffic patterns also favor the US-101 corridor over the SR-118 and SR-23 corridor.
- **Jobs-Housing Balance/Low Daytime Population.** Traditionally Moorpark has been considered a "bedroom community" with more of its working age residents leaving town to work than entering, resulting in a low daytime population. This is a challenge primarily for uses such as restaurants, which rely on serving meals throughout the day to offset high labor and product costs.
- **High Housing Cost.** Housing costs affect economic development in two ways. More income spent on housing results in less disposable income available for retail sales. Additionally, larger employers look at employee housing costs when considering locations for their businesses.
- **Overbuilt Commercial for Population.** As noted in the Commercial Market Overview by Keyser Marston Associates, Moorpark has enough vacant retail space to accommodate demand for the next 20 years, giving a negative appearance to some of the local shopping centers.
- **Lack of Hotel.** Some businesses depend on a local hotel as an amenity to support business.

- Limited opportunity for urban expansion. Although there is currently sufficient space within Moorpark to accommodate growth for the next 20 years, staff projects that large parcels of land will not be available after this timeframe.

Opportunities:

- Residential Growth. Moorpark's strengths continue to make the City an attractive place for continuing residential development. Well planned residential communities have the potential to add population without straining public services. This population growth will support and provide a labor force for existing and future businesses and employers in addition to adding customers for retailers, restaurants, and service providers.
- Available Retail and Industrial Space. Although current vacancies in the commercial sites are high, this can be viewed as an opportunity for companies which are expanding or relocating. Moorpark's retail and industrial stock is relatively modern, making it attractive for users choosing to relocate from areas with older outdated buildings. As noted by the Commercial Market Overview prepared by Keyser Marston Associates, some of the vacant commercial land should be considered for reuse with non-commercial uses, such as residences, which would help support existing businesses.
- Entrepreneurship. Current demographic changes and new housing have the potential to bring in entrepreneurs who will invest in new local businesses. Studies are finding that small-scale, locally owned businesses create communities that are more prosperous, entrepreneurial, and connected. Sales per square foot and employees per square foot are typically higher at small businesses than "big-box" businesses.

Threats:

- Relocation. National trends show that not only manufacturing, but industries which rely on services such as call centers have moved those jobs to lower paying states and countries, resulting in large vacant warehouse space.
- E-Commerce continues to change retailing. Not only will websites such as Amazon continue to grow, traditional "brick and mortar" retailers such as Macy's and Nordstrom are considering stores with smaller footprints which will carry very little inventory. Sales will be made and goods delivered directly to one's home.
- Improvements in warehousing and distribution logistics. A revolution in inventory management, known as "Last Minute Inventory Management" or "Just in Time (JIT)" inventory management, is taking place where materials or products are produced or acquired only as demand requires, leading to less inventory maintained on-site and thus less retail square footage. This has already been seen in the Moorpark Target store, which has added groceries, Starbucks, a pharmacy, and an optical

department without sacrificing product variety. In addition, Target has eliminated their garden center, which they plan on developing in the future as additional in-line retail square space. Amazon's same-day delivery and grocery delivery also take advantage of improvements in inventory management.

- Demographic changes. Retailers have been reconsidering their suburban growth models, concentrating instead on stores in higher density "gentrifying" areas. This has been seen locally with Trader Joe's, which is concentrating on an urban model, resulting in greater sales per square foot. "Big-Box" stores such as Walmart are building smaller stores and Best Buy is expanding into in-line and mall locations with much smaller stores.
- The "Sharing Economy". Companies such as Uber, Lyft, and Airbnb have affected the growth of traditional businesses. Ridesharing makes it much easier to conduct business, shop, and dine in other areas by bundling trips. Homesharing softens the need for a hotel for short stays.
- Short-Term Business Leases. Uses such as banks and department stores no longer build and own their own buildings, opting instead for 5 to 10 year leases in shopping centers, for lower start-up costs and flexibility to meet changing demands.

### **Accomplishments**

In Fiscal Year (FY) 2014/2015 there were 53 new business registrations, exclusive of home occupations, outside businesses, such as contractors, and temporary businesses, such as those special events and the now closed Community Marketplace. In FY 2015/2016, 69 new business registrations were issued, approximately a 30 percent increase.

Many of these new businesses include independent contractors working within another business, or name changes to an existing business, such as a restaurant. Nonetheless, there are several discrete new businesses, showing a commitment to providing goods and services to the community. Some new businesses of note that have come to Moorpark in the past year include Wingspan Cyclery, McGregor's Craft Beer, Carla Corn, and Tractor Supply Company, along with several restaurants.

Every year there are some notable business closings. Two such recent closings of note include Kavlico, which was once one of the City's largest employers, and The Secret Garden, a longtime downtown restaurant.

As mentioned above, staff maintains an open line of communication with local businesses to see if there are any gaps in service with which the City can assist and has reached out to several existing businesses.

Over the last few years there have been many changes in the sporting goods market. Chick's Sporting Goods was acquired by Dick's Sporting Goods, which has been expanding. Dick's is currently building a large store in Thousand Oaks, and all indications were that the Moorpark store would be closing when the new store opened. At the same time, two major sporting goods chains, Sport Chalet and Sports Authority filed bankruptcy and closed all of their stores. This major change to the sporting goods market left the Moorpark Dick's as the only large sporting goods store between the San Fernando Valley and Oxnard. As a result, Dick's local management has indicated they intend to keep the Moorpark store open at least 5 more years, through the term of their lease.

Staff worked with a potential purchaser of the Tuscany Square shopping center, providing information to help find prospective tenants for the vacant Fresh and Easy space. This purchaser was an experienced manager of several high quality shopping centers in the Southern California market. A large number of retailers that maintained similar stores were contacted about the potential for leasing this space, but few were interested. The space was either too large or too small, or the lease rate and terms desired by the retailer would not have worked, causing the shopping center purchaser to abandon the sale.

The future looks positive with regard to upcoming economic development activities. As residential growth continues to add population and the local and national economy continue to improve, there are several commercial and industrial projects moving forward.

- The long-stalled Fairfield Inn and Suites on White Sage Road, east of SR 23 is moving forward and is in grading plan check.
- Phase 2 of the Patriot Commerce Center was modified to better meet market demands and is also moving forward.
- A new light industrial business, bringing 70-80 employees to the City, is in negotiations to purchase an existing building.
- A tenant is in the due diligence stage to lease the approximately 20,000 square-foot former Staples store.
- A hotel developer is currently negotiating to purchase the southeast corner of Miller Parkway and Patriot Drive for an extended stay hotel.
- Apricot Lane Farms has filed a Commercial Planned Development application for a 16,861 square foot food market, restaurant, commercial kitchen, and microbrewery in two buildings on 1.02 acres of land on the south side of High Street, east of Moorpark Avenue.
- New owners of The Secret Garden on High Street are evaluating redevelopment of the site.
- The Moorpark West Studios project continues to edge closer to realization. The developer is currently working with an unnamed development partner, however due

to changes in the global economy, large scale international investment remains scarce. Road widening and infrastructure planning for the project continues to move forward, indicating confidence in the development of the project.

### **Economic Development Incentives**

Often, there is discussion regarding providing government “incentives” for business attraction. The efficacy of such incentives is often debated. Giving a business an incentive to locate in the city doesn’t make a bad project good. Incentives are most effective to further strengthen the finances of a good project. This approach shows the business that the City wants a relationship and is willing to work with them on their business needs. ICMA, the International City/County Management Association notes:

- With few exceptions, incentives will not effectively influence firm location decisions.
- The truly important factors in business location decisions are transportation considerations, labor quality, and markets.
- The best way for government to influence firm location is to create and sustain quality communities.

Incentives cannot mask a community’s long-term deficiencies and do little to improve marginal projects. The City of Moorpark continues to work to improve its deficiencies through infrastructure investment, community participation, and long term planning. Some such investments include planned improvements for High Street, widening and improving Princeton Avenue, and widening of Los Angeles Avenue. The City co-sponsors events such as Country Days and works collaboratively with the Moorpark Foundation for the Arts to stimulate and inspire place-making for downtown Moorpark with the High Street Arts Center. Additionally, the City is continuously evaluating long term commercial, industrial, and residential land use trends to ensure a balanced community with a strong foundation. This includes evaluating options such as mixed-use development, transit-oriented development, and effective re-use and rezoning of older commercial centers.

### **Work Program**

In January 2015, the City Council reviewed a Draft Economic Development Work Program (Attachment 2). Additional activities for this work program are proposed as follows:

- Encourage additional High Street events throughout the year.
- Continue to collaborate with EDC-VC through meetings and promoting available programs and resources.
- Continue to meet with existing businesses to understand their individual needs.

- Publish full page ad in the Moorpark Acorn twice yearly to remind residents of shopping, services, and eating opportunities in Moorpark.

### **FISCAL IMPACT**

The cost of a full-page ad in the Moorpark Acorn is \$517.60, with an additional \$300.00 for a full-color ad. There are sufficient funds in the current economic development budget to cover this cost.

### **STAFF RECOMMENDATION**

1. Authorize staff to place 2 full-page ads in the Moorpark Acorn this fiscal year to promote local businesses.
2. Receive and file report.

### **Attachments:**

1. Draft 2015 Economic Development Work Program
2. 2016 Economic Development Promotional Flyer

## Draft 2015 Economic Development Work Program

### Retention and Promotion Activities

<b>Activity</b>	<b>Benchmark</b>	<b>Status</b>
Annual Business Meetings	Conduct 24 meetings with businesses throughout the year	
Market regional Property Assessed Clean Energy (PACE) Program to businesses	Advertise in newspaper, City website, newsletter and direct mailing	
Conduct business seminar	Conduct 1 City sponsored business seminar	
Attend EDC-VC Economic Development Manager Meetings	Attend 6 meetings	
Market EDC-VC Programs	Advertise in newspaper, City website, newsletter, direct mailing and site visits. Have 14 businesses take advantage of EDC-VC services	
Proactively identify and research emerging trends	Meet with businesses to discuss emerging trends and monitor news outlets	
Restaurant week	Conduct 1 restaurant week event	
Shop Moorpark program	Conduct 1 shop Moorpark event and advertise the benefits of shopping local in the newspaper, City website and newsletter	
Increase housing opportunities	Work with developers to create additional workforce housing to executive housing units and identify possible residential rezoning possibilities	
Change online sales tax distribution	Work with state and local policymaker to introduce a new sales tax distribution method for online sales	
HUBZone opportunities	Discuss the HUBZone opportunities with 6 businesses	
Assist businesses with City permitting process	Assist businesses navigate the City permitting process and follow up with businesses to receive feedback on the experience	
Streamline business registration renewal process	Implement ways to streamline the business registration renewal process	
Assist Tom Lindstrom purchase the property at 510 Los Angeles Avenue and construct a permanent RV dealership	Complete land sale from Successor Agency to Tom Lindstrom and assist with permitting the dealership improvements	
Participate in Moorpark Chamber events	Attend 10 GRC meetings, 6 breakfast mixers, and 6 evening mixers	

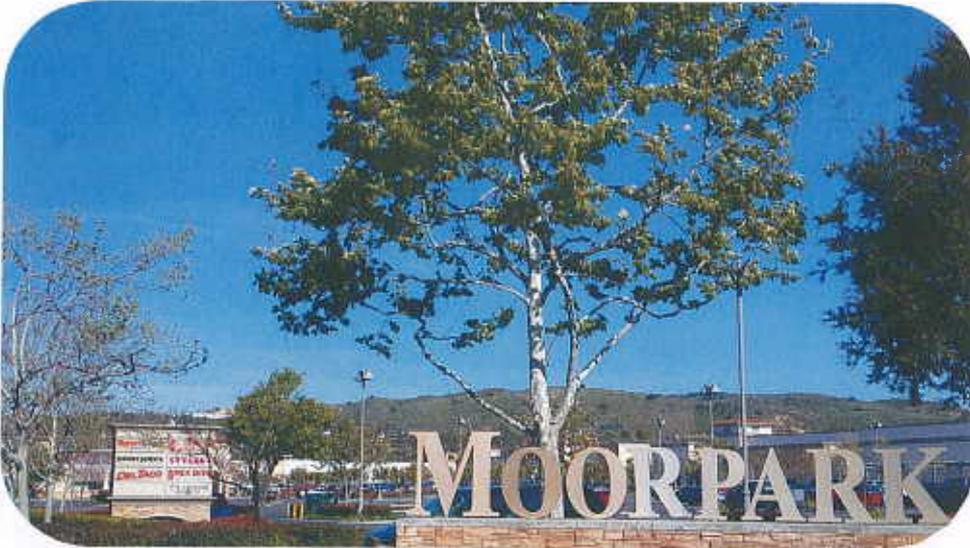
## Recruitment Activities

<b>Activity</b>	<b>Benchmark</b>	<b>Status</b>
Property manager meetings	Meet with all property managers once per year, especially focusing on Mission Bell Plaza and the Village at Moorpark	
Update City economic development brochure	Update and market brochure	
Increase economic development presence on City Webpage	Update and add additional economic development information to the City's webpage	
Advertise City in trade journals	Place 1 advertisement	
Assist Target incorporate additional business activities	Complete Target remodel to create an additional retail space	
Hotel in Moorpark	Assist a developer with the City permit process and start construction of a hotel	
Contact regional managers and coordinate real estate availability to desired businesses	Contact 6 business and introduce the City to them.	
Retail, Office and Hotel Study	Complete Study	



# Moorpark

*Life can be this good*



***Moorpark's vibrant economy, skilled and educated workforce, central location, professional city services, low cost of doing business, and excellent quality of life make this the best choice to locate your business.***

Our strong local economy and professional city services support local business growth and development. The City of Moorpark's dedicated Economic Development and Planning Office works to attract, retain, and support business and industry, and to revitalize Moorpark's historic downtown.

Companies with headquarters or major offices in Moorpark include: PennyMac, TestEquity, Benchmark Electronics, Turbonetics, and AG Machining. These companies recognize Moorpark provides a positive business environment and a high quality of living.

Total Population: 35,033

Median Family Income: \$108,628

Median Home Value: \$600,100

College Graduates: 37.3%

Average Household Size: 3.3

Median Age: 36.5

Centrally located in Ventura County between Los Angeles and Santa Barbara counties

3 local airports within 35 miles, with LAX only 50 miles away

Provides convenient rail service with Metrolink and Amtrak train station, and a deep water port only 25 miles away

Easy access to Highways 101 and 118; connecting to Highways 5, 405, and 210

Rated as one of the least expensive places to do business by The Kosmont-Rose Institute

For available sites or to schedule a meeting please contact Joe Fiss, Economic Development & Planning Manager, at (805) 517-6226 or email at [jfiss@moorparkca.gov](mailto:jfiss@moorparkca.gov)