SUBJECT: ECONOMIC DEVELOPMENT UPDATE

SOURCE: COMMUNITY DEVELOPMENT DEPARTMENT

COMMENT: The Economic Development Division is a division of the Community Development Department, which also houses Planning, Community Development Block Grant, and Redevelopment. The “Porterville Jobs Plan,” approved by the City Council in 1999, provides the economic development strategies for business retention, expansion, marketing, and attraction used by the Division.

Since 1999, the Economic Development Division has been successful in implementing the four action plans detailed in the “Jobs Plan.” Those action plans are Stakeholders, Partners Network, Business Retention and Expansion, and Marketing and Business Attraction.

Stakeholders – The “Jobs Plan” identifies the Stakeholders as those residents, organizations, employers, leaders, and volunteers who have invested in Porterville and Porterville’s future. The Stakeholders group consisted of 100 individuals, who throughout the preparation of the “Jobs Plan”, provided comment, insight, and suggestions regarding the local economy and job creation. From 1999 through 2003, the Stakeholders met on a semi-annual basis to review implementation of the Jobs Plan and to provide feedback to the plan or activities. During the evaluation of committee meetings in 2004, it was noted that participants of the Stakeholders group were also participants in other committees (Chamber of Commerce Economic Development Committee, Porterville Futures Group, Redevelopment Advisory Committee, etc.) having similar input on economic development; therefore, being respectful of the participants time, the Stakeholders group was discontinued.

Partners Network – The Partners Network is a working partnership of workforce preparation, education, and economic development professionals collaborating to encourage economic growth and job creation. The Partners Network continues to meet on a regular basis to discuss the business climate, reduce duplication of efforts, and increase efficiency in providing services to local business. During the meetings, organizations discuss the needs of local employers, as well as the needs of unemployed clients, review labor market assessments, and network to develop strong relationships between organizations. The relationships fostered during the meetings allow the City to quickly identify and contact service providers that can meet the needs of existing and potential businesses. Due to budget constraints during the 2004-05 fiscal year, the
Workforce Investment Department began hosting the meetings while the Economic Development Division continued to be the lead for meeting agendas.

**Retention and Expansion** – The existing businesses of Porterville that have contributed to the community’s economic health and quality of life over the long term are the City’s first priority. The “Jobs Plan” outlines three major components for business retention and expansion – a Business Call Program, Promotion and Marketing, and Business Recognition.

The Business Call Program provides for active “calls” from the City’s management on business owners/managers. During the calls, the business owners/managers are more open about issues that are affecting their business. Time constraints have limited the Business Call program; however, the Economic Development staff is working to restructure the program to allow for additional management staff to assist with personal visitations.

Promotion and marketing of the economic development programs are accomplished utilizing the City newsletter to promote the City’s economic development projects and services available. The newsletter, published 3 times per year, is distributed to the community as an insert in the local newspaper and placed in establishments throughout the City. Additionally, the newsletter is mailed to prospective businesses, site selectors, and real estate brokers and is placed on the City’s website. Workshops and seminars for business are promoted through press releases, public service announcements, and direct mail. The Plant Managers meetings continue on a quarterly basis, providing a forum for managers to advise the City on manufacturing and distribution issues. In 2004, Staff began putting a personal face on business concerns by forwarding the concerns of local businesses to State and local legislators for their information and action.

In 2004, the “Outstanding Business Recognition” program was redesigned to recognize local businesses for their contributions to the local economy. Three times per year, names of potential honorees are submitted to the Chamber of Commerce’s Economic Development Committee for selection and selected companies are recognized during a City Council meeting and during the Chamber’s First Friday Coffee venue at the end of each calendar year. Additionally, the selected businesses are highlighted in the City’s newsletter and on the City’s website.

In addition to the activities outlined in the “Jobs Plan,” the Economic Development Division conducts a semi-annual survey from a sampling of local employers to track employment levels. Recent data shows an increase of 216 jobs over the 1-year period beginning in 2004. The increase was noted in financial, education, food processing, and retail segments of the community.
Marketing and Business Attraction – The Economic Development Division relies on the Tulare County Economic Development Corporation (TCEDC) for the majority of the marketing and attraction efforts. In fiscal year 2004-05, TCEDC efforts resulted in twenty Requests for Proposals (RFP), with the Economic Development Division responding to fifteen RFPs. Five site visitations were conducted as a result of the fifteen responses. The City was on the “short-list” for three locations, and is currently negotiating with one of the three. The five RFPs not responded to were requests for sites either of a larger size or requests for amenities, such as rail service and existing buildings that the City could not provide.

The Economic Development Division responded to thirteen Requests for Proposals directly from businesses seeking to locate or expand within the community, with two site visitations from out-of-area companies. Of the thirteen responses, the City was pleased to be selected as the site for the relocation of the Sequoia National Forestry Headquarters and for a yet to be announced hotel. Staff has continued to be in contact with a manufacturer seeking to locate in Porterville once they have investors committed to the project.

During 2004-2005, over 147 letters were mailed by the Economic Development Division to market Porterville via letters of introduction to those companies that have been identified as looking to expand. An additional 270 letters were mailed to exhibitors of the World Ag Expo inviting vendors to look at Porterville for business expansion opportunities. These direct marketing efforts have not been undertaken in prior years.

Other activities of the Economic Development Division during 2004-2005 include responding to 66 inquiries regarding business location, climate, or incentives, development and hosting two workshops for small businesses and co-sponsoring of six workshops in cooperation with the Chamber of Commerce, the Employers Advisory Council, and the Employment Development Department. Staff, in a cooperative effort with the Porterville Chamber of Commerce and Downtown Porterville Association, developed a new tourism brochure to promote the community to visitors and potential new business.

Over the course of this prior year, staff has identified a number of constraints to new business development. Constraints to economic development include a lack of industrial buildings and land inventory, lack of a four-lane highway, absentee landowners, and limitations to incentives offered to new companies.
Of the RFPs received, seven companies were seeking existing buildings in the 10,000 – 40,000 square foot range and eight companies were seeking vacant land between 10 and 100 acres. Staff is currently meeting with owners of available land to determine the readiness of the property for development projects.

A visiting site selector noted the lack of a four-lane highway into the City as a constraint to new development. Staff is working with the Chamber Economic Development Committee to keep the widening of Highways 65 and 190 in the forefront of highway projects being considered by Tulare and Kern counties.

Absentee landowners present challenges, as they may not be aware of the Porterville’s economic climate regarding land values and/or condition of their property. Additionally, unlike local property owners, absentee landowners do not share a commitment to the community’s economic interests. Staff is identifying absentee landowners and making contact to discuss development opportunities.

Lastly, in prior years cities would provide financial incentives, in the form of land cost reduction or construction/equipment assistance, to entice a business to locate within their community. New legislation subjects a project to prevailing wage if certain forms of assistance are offered. Staff is cautious to offer financial incentives as the cost of a prevailing-wage project may be 25-30% higher than non-prevailing wage. One incentive that has been well received by local businesses, as well as new businesses, is the Development Fee Payment Plan (DFPP). The DFPP allows for the payment of development fees to be paid over a five- or ten-year period at 0% interest. During 2004-05, 5 DFPPs were processed for over $300,000. Projects ranged from construction of small, start-up companies to expansion projects. Staff continues to seek alternative incentives that do not subject a project to prevailing wage.

The Economic Development Division is currently working with Planning, Public Works, and the Fire Department to determine the infrastructure needs for 70-acres of vacant, City-owned, land located west of the Airport along West Road to ready the site for development.

The Economic Development Division continues to study location and operating requirements of business to leverage Porterville’s success in attracting those companies seeking to expand or relocate. Staff anticipates that through the General Plan update process, adequate industrial and commercial land, along with associated infrastructure, will be identified to allow Porterville to be more competitive in locating companies within community.

RECOMMENDATION: Report is informational only.