



2015 Business Year in Review

City of Redlands

Economic Development Division

2015 Business Year in Review

City of Redlands
Economic Development Division

Solid Growth Realized in 2015

The City of Redlands continued to build on the economic development momentum it achieved in 2014 with another robust year in 2015. This activity has helped the City attract new business investment to the community – boosting the local economy and creating new employment opportunities for residents – and has helped increase City revenue to support programs and services that enhance the quality of life for residents, employees and visitors.

Business Attraction and Investment

Redlands realized the opening of a new regional shopping center in 2015, which included a number of national retailers. The **Mountain Grove Shopping Center** opened with its first tenant – Nordstrom Rack – in the spring and additional name-brand retailers opened shortly thereafter. These new stores and service providers (some to open in 2016) include 24-Hour Fitness, Bahama Bucks, Banana Republic, buy buy Baby, Gap, Chipotle, Habit Burger Grill, Hobby Lobby, Home Goods, Jimmy Johns, Justice, Lane Bryant, Kirkland’s, MOD Pizza, Nordstrom Rack, Old Navy, Ross Dress For Less, Sketchers, Tilly’s, TJ Maxx, Ulta Beauty, WaBa Grill and Yogurtland.

A 16-screen, state-of-the-art **Harkins Theatres** entertainment complex will also be opening at the Mountain Grove Shopping Center in 2016.

In addition to the Mountain Grove project, there were many other notable additions to the business landscape

Redlands...

The Smart Choice

Redlands continues to be a smart choice for business investors as the community’s total assessed value continues to climb. Currently, the City claims the 8th highest assessed value of the County’s 24 cities. However, Redlands’ “quality” appears to outshine “quantity” as higher assessed cities often had larger populations and, for the most part, more residential units and more business outlets/locations due to their larger geographic size.



including new **downtown restaurants** (e.g., Bricks and Birch, Hund & Bier Haus, IL Volo Trattoria and Deli Market), **specialty retailers** and **service providers** (e.g., Bohocheri Women’s Clothing, Escape Craft Brewery, Hospitality Technology Systems, Redlands Fitt Factory) and the addition of new **logistics/distribution facilities** (e.g., APL Logistics/Colgate-Palmolive, Burlington Coat Factory, Core Health & Fitness, Polaris ATV).



New industrial projects, like this one under construction on San Bernardino Road, will provide needed space for future e-commerce and other job-creating operations.

Business investment continued as developers, home builders and corporate interests selected Redlands for industrial, office, retail and housing projects. Significant **industrial developments** that have been completed, or that are currently under construction, include logistics building projects by Hillwood Investment Properties (499,724 square feet; 600,727 square feet; 771,839 square feet) and McShane Construction (1,013,331 square feet). Some of these buildings are well suited for future e-commerce tenants.

Redlands Crossing, a new 250,000-square-foot power center that will be anchored by a 196,000-square-foot Walmart Supercenter, has progressed well over the past year and is currently in the plan check process. The retail development will include nine perimeter pads for additional retailers, as well as quick-serve and full-service restaurant tenants.

The **Redlands Promenade** project, a 149,800-square-foot commercial center located south of the Interstate 10 Freeway and west of Eureka Street, broke ground and is planned to include retail, restaurant and office uses. The owner-developer, Property One, has indicated that it intends to deliver “...a valuable, outstanding project to the community within the next year...”

LaSalle Medical Associates has become part of a growing Redlands healthcare sector, purchasing a 13,584-square-foot professional office building in the **Spectrum Center**. LaSalle, one of the largest independent medical practice association groups in the region, with offices in Los Angeles, Riverside and San Bernardino counties, will occupy approximately fifty percent of the building. LaSalle will lease the balance of the facility to First American Title Company.

New housing – to support new businesses and their employees – was constructed over the past year including an executive-level development by Melia Homes. The **Charleston Estates** project includes large luxury-appointed residences with up to five bedrooms, five and one-half baths and three car garages. The homes feature classic Spanish, Cottage and Tuscan architecture, and

include central or entry courtyards and covered outdoor rooms that promote active family living and entertaining.

In an effort to attract companies to the Redlands business community, economic development staff responded to more than a dozen formal **business inquiries** over the past year, as well as **dozens** of informal business **location requests**, providing comprehensive demographic/site data and follow-up. Business attraction **outreach**, targeting select businesses including tech companies, retailers and others, was made through broker contacts, trade show participation and direct connections. Staff also worked with developers to provide site development and marketing support for current and planned projects in the community.

Although this past year's business investment activity produced a number of new projects in Redlands, the City also realized positive results attracting businesses to its existing inventory of commercial, office and retail space. In fact, the vacancy level for **commercial-industrial** space remained equal to last year's **low rate** of approximately **6.7%**, even though there was more than 1 million square feet of additional new inventory added to the community's commercial portfolio.

Retail vacancies also dropped over the previous year and remain at one of the **lowest levels (5.7%)** recorded in the past five years. Likewise, **office vacancy rates** have fallen to a **5-year low of 12.6%** (from a high of 18.7%) as this sector continues to rebound in Redlands, the Inland Empire and throughout Southern California.

New businesses have also played a key role in providing new employment opportunities for local residents and additional revenue for the City. In 2015, the City of Redlands saw its **unemployment rate drop** to its **lowest level in nine years (3.7%** average as of **October**) as the local economy added an estimated **1,200+ new jobs** in multiple sectors. Some of that growth can be attributed to new businesses as evidenced by a **22.5% increase** in new business license applications over the past 2 years.

The City's **sales tax revenue** has also **increased** (approximately **4%** over the same period a year ago), another sign that the Redlands economic engine is firing

Key Highlights... **Business Attraction**

- **22.5% increase** in **business license applications** over *the past two years (431 in 2015)*.
- **7% increase** in **sales tax revenue** in the past two fiscal years (*FY 13-14 = 3%; FY 14-15 = 4%*).
- **5.1% increase** in **job growth** in 2013 (*most recent data*).
- More than **1,200 jobs** added to the community in 2015 (*estimated*).
- More than **two dozen** formal/informal **site search** efforts carried out in 2015.



on all cylinders. In the past two fiscal years, the City has experienced a **7% increase in sales tax revenue** and its **per capita sales** have **outpaced** County, Southern California and State averages.

Business Retention and Expansion

A number of efforts were undertaken in 2015 to support business retention and expansion in the City, which included direct **business assistance**, resolution of business-specific issues and **ongoing outreach** to the business community. Some of these efforts included economic development staff assistance in identifying available commercial, office and retail space for **in-town relocations**, as well as working with planning staff to verify zoning and other business-related requirements.

The economic development team also worked with local business owners to successfully **resolve** specific **business issues** regarding signage, code enforcement, public safety and other business concerns.



The Business Visitation Program provides opportunities for business representatives and economic development staff to discuss a variety of business-related topics. Plastics Plus Technology, pictured above, was a program participant in 2015.

Economic development staff continued to implement its **Business Visitation Program**, engaging in direct outreach to the business community. Staff was able to schedule multiple visits and meet its program objective average of 4-6 business visits per quarter. To ensure that the Business Visitation Program continues to provide ongoing benefit to local business owners, a follow-up feedback survey is included as part of the program. To date, feedback received from businesses participating in the Business Visitation Program continues to be very positive.

In an effort to assist local business owners with training and resources for growing their businesses, economic

development staff worked with the Service Corps of Retired Executives (SCORE) to provide monthly **Business Workshops**. These low-fee workshops covered a variety of popular business topics ranging from “business basics” to “targeted marketing”. On average, more than a dozen business owners attended the monthly workshops held at the City’s civic center.

Local businesses were also afforded an opportunity to take advantage of **resources** and **programs** to **enhance** and **expand** their businesses, and outreach efforts to inform businesses of these opportunities were made throughout the year by economic development staff. As a result, two local businesses – ESRI and the Victaulic Company – were able to obtain more than **\$2 million in California Competes Tax Credits** (aggregate). The tax credits will enable the

companies to collectively **hire** more than **380 new employees** over the next 5 years and make **investments** of more than **\$100 million** in facilities and equipment.

The City of Redlands also partnered with the **Redlands Chamber of Commerce** over the past year to support and grow the business community. Joining Chamber members, economic development staff participated in a number of grand opening activities, community events and business meetings, and provided support for the annual Chamber-sponsored, State-of-the-City Address delivered by the Mayor of Redlands.

Workforce Development

In 2015, the Economic Development Division continued its support for local workforce development activities through public/private partnerships and the use of technology. As a previous participant in the **East Valley Regional Job Fair**, Division staff has already begun collaborating with the County of San Bernardino in preparation of a 2016 event.

Additionally, to assist local residents with easily finding employment opportunities with local companies, the Economic Development Division maintained and promoted its jobs portal – **Redlands Job Shop** – on the City’s website. The Redlands Job Shop features real-time listings of employment opportunities that are specific to the Redlands community.

The Division has also assisted in promoting the manufacturing sector to future workforce candidates, which included participation and promotion of national **Manufacturing Day**.

As part of its plan to encourage **entrepreneurship** and support training and development efforts within the technology sector, the Economic Development Division initiated preliminary discussions to explore a **technology partnership** with the University of Redlands and Esri, the City’s largest employer. It is anticipated that future discussions and cooperative efforts may eventually lead to the development of a **tech incubator** pilot program.

Key Highlights... Workforce Development

- **40% reduction** in **unemployment** rate in 2015.
- More than **4,500 page visits** to **Redlands Job Shop** employment portal.
- Initial discussions with **University of Redlands** (and planned with *Esri*) regarding a potential pilot **technology incubator** program.



Job creation efforts, in conjunction with business attraction and retention activities, have helped the City achieve its **lowest unemployment level in nine years**. In 2015, that level fell to an average of **3.7%**, which is a considerable drop from a 9-year high of 10.4% recorded in 2010. While neighboring communities have also seen unemployment levels decline, Redlands continues to lead the pack in providing and filling quality employment opportunities for area residents.



The City's "Find Your Future in Redlands" theme was the focal point of its advertising message to potential business investors in 2015.

The City also received **national exposure** in manufacturing, retail and economic development **feature stories** published by various industry publications. These public relations efforts focused on business activities and opportunities in Redlands, and highlighted some of the successful companies that are already doing business here.

Marketing and Communications

The Economic Development Division maintained a comprehensive marketing and communications effort in 2015, which included the implementation of **strategic advertising**; taking advantage of **public relations** opportunities; providing enhanced **business communications** and developing/distributing targeted **collateral material**.

For example, the City's branded message was delivered to potential business investors through advertising placements in multiple industry publications directed at general business, manufacturing, retail and technology sectors. Effectively **doubling its efforts** from the prior year, economic development staff managed the

Many of the Division's **informational** and **marketing collaterals** are developed in house and used to support business attraction, outreach and trade show activities. In 2015, Division staff updated and/or created more than **40 marketing pieces**; enhanced and expanded the economic development section of the **City's website** (including a new Lifestyle portal); published and distributed multiple **e-communications** (e.g., *RedZone*, *Biz Buzz*) and maintained its **trade show** presence at the International Council of Shopping Centers Western Division Conference.

The Economic Development Division's upgraded and enhanced **web content** now includes five key Division portals – Business, Housing, Education, Lifestyle and the Data Center. The portals provide businesses and their employees, business investors, residents and visitors with information, resources and tools that they can access quickly and easily.

Throughout the year, a number of **e-communications** were also distributed to the Economic Development Division's subscriber base, which has grown to more than 3,000 businesses, residents and other interested individuals. Twelve editions of the Division's **RedZone** business brief were delivered to subscribers in 2015, featuring more than 80 informational entries on new projects, business activities, business resources and commercial real estate opportunities.

Tourism

As a component to its overall economic development program, the Economic Development Division supported community-wide tourism efforts over the past year as well. One activity undertaken was the establishment of a community-based tourism collaborative – the **Redlands Tourism Partners Group** – to enhance and promote tourism in Redlands. Although initiated in late 2014, the Group's first official meeting took place in February 2015.

To date, the Redlands Tourism Partners Group has held 4 quarterly meetings, and members of various subcommittees have worked together in between quarterly meetings to launch and implement **3 joint projects**.

Key Highlights... Communications & Marketing

- **Doubled** industry-specific ad efforts in 2015 (*more than 1 million advertising impressions*).
- Secured **significant** editorial coverage in industry-leading magazine feature articles.
- Published (*email*) approximately **20 business communiqués** (*for more than 3,000 subscribers*).
- Added new **Lifestyle portal** to economic development web pages.



To ensure that there is an efficient method for promoting Redlands-based activities and events to local residents and visitors, the Group has implemented a centralized, online **community events calendar**. Resources for hosting the calendar are being provided by one of the Redlands Tourism Partners Group members in an effort to leverage available community resources.

In addition to implementing a comprehensive community events calendar, the Redlands Tourism Partners Group has also launched an effort to identify projects and designated events, venues and activities through a cohesive **branding campaign**. “Redlands’ Best” was chosen as the theme for this ongoing campaign, which will include visual cues such as an easily identifiable logo and related web button. As such, residents and visitors will know right away when a specific event, venue or activity has been designated by the Group as “Redlands’ Best”.

The third project currently underway by the Redlands Tourism Partners Group is the creation and implementation of a series of **digital tours** that can be viewed online by residents and visitors via computers, tablets – and above all – smartphones. The tours provide viewers with information on many of the exciting **historic, cultural, and recreational** venues in town. Two existing tours, one new tour, one tour under development and others that are planned, will encourage residents and visitors to **explore Redlands** on foot, on a bike or in a car.

Tourism efforts by Redlands and other communities in San Bernardino County have helped increase the amount spent on tourism-related products and services from \$4.4 billion to

\$4.5 billion (2012-2014) countywide, and local **hotel tax revenue** from approximately \$800,000 to **\$900,000** during the same time period.



Surfin’ State Street, featuring classic cars, food and entertainment, was just one of many City-sponsored special events that helped draw residents and visitors to Redlands’ historic downtown.

Historic Downtown

The Economic Development Division’s administration of **downtown activities** continued to be an important part of its overall economic development and tourism efforts in 2015. To encourage residents and visitors to shop, dine and explore the historic downtown area, Division staff facilitated a number of special events and activities.

The City of Redlands’ flagship downtown event – **Market Night** – continued to draw thousands of residents and visitors as local and out-of-area vendors provided products and services to patrons every Thursday evening. Market Night visitors were also able to enjoy local entertainment and purchase craft items, food and beverages and fresh produce. Participating merchants were able to utilize the Division’s new **online reservation system**, allowing for an easier, streamlined registration process and enhanced vendor promotion.

Division staff undertook considerable efforts to enhance the City's weekly **Saturday Morning Farmers' Market** by securing a USDA grant, which allowed for extended activities and promotion of the Market, as well as the promotion of healthy lifestyles.

In addition to providing a half-dozen **healthy cooking demonstrations**, staff implemented an Electronic Benefits Payment (EBT) program to allow Supplemental Nutrition Assistance Program (SNAP) recipients an opportunity to easily purchase fresh fruits and vegetables.

In conjunction with Farmers' Market activities, Division staff organized a **Healthy Living Celebration**, which featured educational information and promotional items, and highlighted the EBT/SNAP program. Several health-related businesses (medical and fitness) participated with the City to encourage healthy living, nutrition and exercise.

Throughout the year, Division staff coordinated numerous City-sponsored **special events** (celebrating a special day or season) that drew interest and participation from residents, businesses and visitors. These events included the annual "Surfin' State Street, Spring and Fall Art Walks, Kid's Fun Downtown Egg Hunt, Movies in the Park, Safe Trick or Treat and the popular Holiday Kickoff event.

Keeping the downtown core attractive and functional was an important factor in the success of the City's special events, and economic development staff worked closely with other City departments to ensure proper **maintenance** of the downtown area. Several **enhancements** were also realized including aesthetic improvements, landscaping and electrical upgrades.

The City also added a new urban park to the downtown area by transforming an alley pass-through into an attractive leisure area for relaxing and enjoying planned activities. The **Orange Street Alley** project was completed in 2015, and Division staff assisted with a grand opening celebration that featured art exhibits, food and entertainment.

Key Highlights... **Tourism and Downtown**

- Community-wide **tourism collaborative** formed.
- New centralized, online **community events calendar** implemented.
- **12.5% increase in hotel tax revenue** (2012-2014, most recent data).
- More than **100** city-sponsored **events and activities** were held in 2015.



Community Development Block Grant (CDBG)

The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs and provides annual grants on a formula basis to local governments and states.

The City of Redlands CDBG program is administered by economic development staff who partner with other City departments and agencies to implement projects and programs that benefit the community and expand economic opportunities for low- and moderate-income individuals.



More than 35 new ADA-accessible ramps, like the one pictured above, were installed in the community this past year. Funding was provided by the CDBG program.

In 2015, a number of **capital improvement projects** were undertaken to upgrade and enhance aging facilities that serve the public. Some of the projects included the **rehabilitation** of the 25,000-square-foot **Joslyn Senior Center parking lot**; the **addition** of **32,130** square feet of new **community sidewalks** – where none previously existed; installation of more than **2,400** lineal feet of **new curbs and gutters**; and the construction of more than **35 new** Americans with Disabilities Act (ADA) **ramps**.

Two local businesses – General Technique and Sunset Funeral Care – completed their CDBG-funded **Microenterprise Assistance Program (MAP) Grant** requirements for grants they received for business expansion. In consideration of the financial assistance received through these grants, the companies provided full-time employment opportunities for low- and moderate-income individuals.

Division staff also worked with local **public service agencies** to provide CDBG financial aid for programs and efforts that support low- and moderate-income residents in need of specialized assistance. More than **1,700 individuals** received **assistance** in the areas of **homelessness** and **hunger prevention, shelter and transitional housing, legal aid and domestic violence and fair housing mediation** services.

Successor Agency

The Successor Agency to the former Redevelopment Agency of the City of Redlands completed a **major milestone** in 2015 as it continued to wind down the affairs of the former Redlands Redevelopment Agency.

Economic Development Division staff, working with the City's Finance Department and City Attorney's Office, received **final approval** from the California Department of Finance for its **Long-Range Property Management Plan (LRPMP)**. Approval of the LRPMP, which designates the disposition of its real properties, will allow the Agency to complete the transfer of 8 properties to the City and sell 2 properties on the open market. The lengthy, two-year process to secure approval of the LRPMP required **hundreds of hours** of staff time and the submittal of **thousands of pages** of supporting documents to ensure that the City would **retain properties** needed for parking, flood control mitigation, right-of-way access and open space.

In addition to securing approval of the LRPMP, economic development staff administrated ongoing reporting requirements, which included the facilitation of several Successor Agency and Oversight Board meetings, semi-annual submittals of the Agency's **Recognized Obligation Payment Schedule** and oversight for real property maintenance.

Special Projects

The Economic Development Division teamed up with other City departments this past year to implement several special projects that supported ongoing business activities in Redlands.

The lion's share of these efforts were focused on the core **downtown** business area and included improving **communications** between the City and downtown merchants; conducting multiple downtown **business meetings** to address concerns about maintenance, security and business opportunities; and the implementation of many **physical enhancements** to ensure an attractive downtown environment for residents and visitors.

As the community ushers in a new year, the City of Redlands Economic Development Division will continue to build on the positive momentum achieved in 2015 to ensure a successful business environment and a strong local economy in the year ahead.

Key Highlights...

CDBG and Successor Agency

- More than **32,000 square feet** of new community **sidewalks** constructed.
- Approximately **35** new community **ADA ramps** installed.
- Public service funding for more than **1,700** low- and moderate-income individuals.
- State **approval** of the Successor Agency's **Long-Range Property Management Plan**.

