

CHAPTER 9

ECONOMIC DEVELOPMENT



VISION 2025

GENERAL PLAN

DOWNEY, CALIFORNIA

ADOPTED 1-25-2005

Downey Vision 2025

Chapter 9. Economic Development

ADOPTED 1-25-2005

INTRODUCTION

A strong community owes much to the spirit and involvement of its residents. Community pride and civic-mindedness, however, are not enough for a city to provide all necessary and desired services to maintain the local quality of life. A city needs a variety of employment and shopping opportunities to create balance, make it a desirable place to live, and enhance its image.

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BUSINESS ATTRACTION AND RETENTION

Issue 9.1. Business attraction and retention is important to the City.

An economic development strategy is essential for the city to better respond to changes in the regional, national, and global economy and lessens the impact and disruption to the local economy. The key to a healthy local economy is the ability to attract new business as well as retain existing businesses. The first step in formulating a strategy to address business attraction and retention is to recognize the city's strength, weaknesses, opportunities, and threats.

Strength

Downey's greatest strength for business is its prime geographical location and the following opportunities need to be promoted:

- Access to four freeways.
- Direct freeway access to the LAX Airport via the I-105 Freeway.
- Only 20 miles to major employment centers in Downtown Los Angeles.
- Only 20 miles to major employment centers in Orange County.
- Freeway access to the Port of Long Beach.
- Freeway access to the Port of Los Angeles.

Downey can capitalize on this geographical strength by focusing on identifying the products and services local businesses offer to thousands of motorists traveling through our city every day.

The economic strategy should not simply rely on attempting to capture customers who are already in the area, but also create points of destination drawing customers to areas with special characteristics not normally found elsewhere. By creating areas with special characteristics, customers will feel a sense of place upon arrival at these points of destination.

Weakness

The economic development strategy should identify weaknesses of the local economy and work towards addressing them. The greatest weakness was recognized by the closure of the Rockwell plant in 1999, which exposed how much of the local economy relied upon the aerospace industry as a major employer and customer base for other businesses. The economic development strategy should attract and retain businesses in several economic sectors to shield against changes in the business cycles.

Opportunities

In addition to the opportunities to create points of destination that will draw customers into the city, there is also the



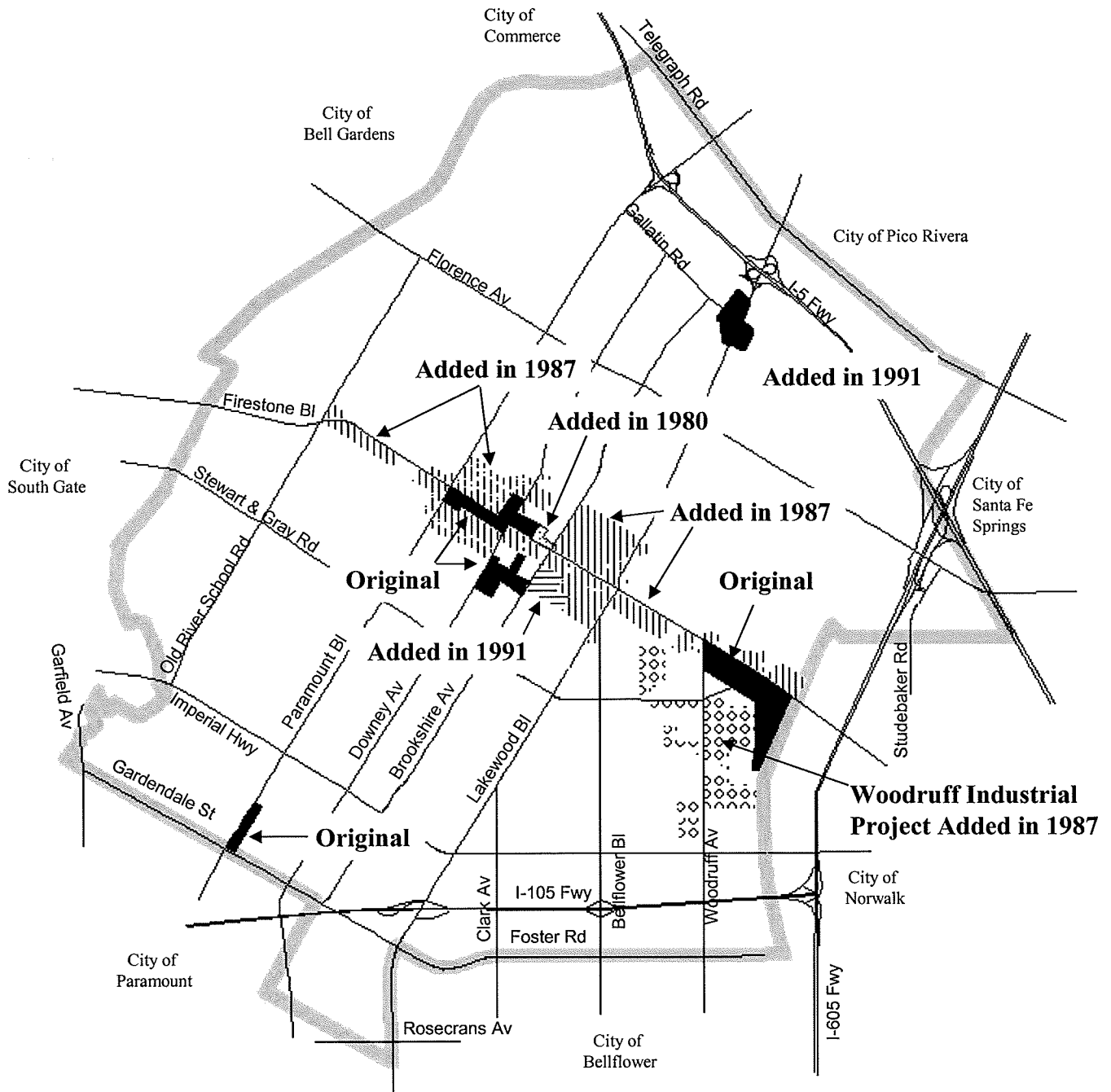
Downtown Downey is experiencing an ongoing revitalization

opportunity to promote businesses to serve local customer demand not currently being met. For example, many Downey residents need to travel outside the city's borders to dine at restaurants other than fast food outlets. Although Downey has some restaurants, there apparently are not enough non fast-food restaurants in Downey to serve the demands of its residents. Therefore, the economic development strategy should focus on underserved retail sectors such as restaurants, electronics, and health clubs.

Threats

The economic development strategy should identify threats to the city's success at business attraction and retention. Threats include the cost needed to upgrade and maintain the city's aging infrastructure and the changes at the regional, national, and the global economy that impact the local economy. The biggest threat is for the city to lose its role in the local economy due to competition from nearby communities. Other communities have used funding through redevelopment as a means to attract and retain businesses. However, redevelopment has been used less extensively in the city compared to other communities. There is a difficulty for the city to compete for economic development when other communities have the advantages of using various redevelopment tools. Even without the use of redevelopment tools, the city can take an active role in promoting economic development.

FIGURE 9-1.1
MAP OF REDEVELOPMENT PROJECT AREAS



SCALE
1 INCH = 0.78 MILE

North

The following should be permitted in its economic development strategy:

- Continue to attract new businesses into Downey;
- Retain existing businesses;
- Assist existing businesses that are expanding and need larger facilities to find their new location in Downey;
- Encourage consumers to make their purchases in Downey;
- Encourage uses in the commercial and industrial zones that will enhance the City's sales and property tax revenues; and
- Encourage businesses that identify Downey as a point of sale.

Goals, Policies, and Programs

Goal 9.1. Attract and retain businesses.

Policy 9.1.1 Develop programs to attract and retain businesses.

- Program 9.1.1.1. Develop economic strategies for business attraction and retention.
- Program 9.1.1.2. Provide incentives for business retention and expansion.
- Program 9.1.1.3. Monitor real estate market trends and adjust economic strategies accordingly.
- Program 9.1.1.4. Promote sites available for development.
- Program 9.1.1.5. Continue the revitalization of commercial and industrial corridors.
- Program 9.1.1.6. Use redevelopment funds, to the extent possible, for purposes of business retention, expansion and attraction programs using marketing, outreach and other techniques.
- Program 9.1.1.7. Promote through public information the benefits of businesses locating in Downey.

Policy 9.1.2. Capitalize on the City's location as an asset.

- Program 9.1.2.1. Capitalize on the city's central location and accessibility surrounded by four freeways: the I-5, I-605, I-710 and I-105.
- Program 9.1.2.2. Capitalize on the regional draw generated by Stonewood Mall, Downey Landing site, and other regional-oriented land uses.
- Program 9.1.2.3. Capitalize on the city's location within a region with an entertainment-related economic base.

EMPLOYMENT

Issue 9.2. Employment is an important factor for the city.

Although the City of Downey is viewed by some as a bedroom community, the city has also known historically as an employment center. Downey is located within the industrial corridor stretching from South Los Angeles to Santa Fe Springs which formed the core of a manufacturing sector for the southeast area of Los Angeles County. The shift from a manufacturing-based economy to a service-based economy on a national and regional scale has required adjustment of the local economy.

Rockwell plant was the largest employer in Downey prior to its closure in 1999 and its effect on the city's economy went beyond the actual number of persons employed. At its peak, the Rockwell plant employed over 30,000 people, and more



The Rockwell Plant once employed over 30,000 people

were employed by secondary suppliers to the plant that operated in proximity to the plant. The high number of employees increased the city's daytime population and created a supply of potential customers for other businesses in the area to succeed, which in turn increased the demand for more employees. Further, housing in the city was attractive to employees wanting a shorter travel time to work.

Situations similar to Rockwell occur each time a major employment center closes or moves out of the city, albeit at a smaller scale. The importance of employment centers goes beyond the job itself, but effects other support industries, service industries, housing market, as well as, community image. Therefore, the economic development strategy of the city need to focus on job creation.

The city's economic strategy focuses on job creation in several economic sectors to shield against future business cycles that affect certain economic sectors more than others. A diversified employment base allows the city's economy to better adjust to changing trends at the global, national and regional levels. Part of this strategy has been used for the re-use of the Downey Landing site which focuses on job

creation in three key economic sectors: medical, retail service, and entertainment. Of these three sectors, the entertainment seems to have the most potential due to the lack of any other opportunities for the entertainment sector in the southeast part of Los Angeles County and the potential for the film studio activities at the Downey Landing site serve as a catalyst for support industries on other properties in Downey.

The economic strategy should also discourage uses that will not generate jobs within areas that could otherwise provide for job-generating land uses. Due to Downey's ideal location for business, there is a high demand for businesses to locate in Downey. The highest demand is from sectors related to shipping since the city is located within the route of container cargo from overseas to the rest of the nation. However, truck distribution centers, warehouses, and wholesaling businesses do not generate many jobs. Therefore, the city may want the ability through a discretionary review process to consider whether proposals for such uses are appropriate in certain areas.

The city's economic strategy should also focus not only on the quantity of jobs created by land uses, but also on the quality of jobs that satisfies employment needs at different levels of education and income levels. From an economic development perspective, retail sales are encouraged since these businesses create employment opportunities and also create direct revenue for cities through sales taxes collected by the State and distributed to cities.

However, an economic strategy focused solely on retail sales is similar to a single employer because it does not provide diversified employment. Further, the salary levels of the retail sales sector are not as stratified to satisfy the employment needs at different levels of education and income levels. For this reason, the city's economic strategy focuses on employment sectors in addition to retail sales, including medical, professional, light industrial, and public agencies.

In this regard, the various public agencies located in Downey, such as Rancho Los Amigos Medical Center, County Library Headquarters, County Municipal Court, County Office of Education, and Los Padrinos Juvenile Hall, as a benefit to the City because it increases the daytime

population in the City upon which other businesses find potential customers. Increases in daytime population create more employment as businesses find more demand for their services.

The expansion of employment opportunities must involve additional educational opportunities, especially for adults to improve their jobskills to better position themselves in the labor market. Adult schools, trade schools, extension centers, and other opportunities should be encouraged wherever possible. Educational facilities for adults includes the Downey Adult School, located at Columbus High School and operated by the Downey Unified School District. Two community colleges, Rio Hondo College and Long Beach Community College, are close to Downey. In addition, the Southern California region offers a variety of 4-year colleges and universities for residents.

**FIGURE 9-2.1
TABLE OF MAJOR EMPLOYERS**

Employer	Estimated Number of Employees
Los Angeles County Department of Education – 9300 Imperial Highway	4,400
Downey Unified School District – 11627 Brookshire Avenue	2,500
Stonewood Center – 251 Stonewood Street	1,535
Rancho Los Amigos Hospital – 7601 Imperial Highway	1,400
Downey Regional Community Hospital – 11500 Brookshire Avenue	1,200
Coca-Cola Bottling – 8729 Clela Street	795
City of Downey – 11111 Brookshire Avenue	775
Los Angeles County Library Headquarters – 7400 Imperial Highway	450
CC3 – 7300 Flores Avenue	410
Lakewood Park Health Center – 12023 Lakewood Boulevard	350

Goals, Policies, and Programs

Goal 9.2. Promote Downey as an employment center.

Policy 9.2.1. Promote job-generating land uses.

- Program 9.2.1.1. Discourage nonresidential land uses that do not produce jobs.

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- Program 9.2.1.2. Promote employment centers that have potential to serve as catalyst for the creation of additional jobs.
- Program 9.2.1.3. Promote employment that increases the daytime population of the city creating customer demand for other businesses.

Policy 9.2.2. Promote employment in various economic sectors to shield against business cycles.

- Program 9.2.2.1. Promote a diversified employment base with jobs in sectors in addition to retail sales.
- Program 9.2.2.2. Promote movie-production and other activities related to the entertainment sector.

Policy 9.2.3. Expand quality employment opportunities through education.

- Program 9.2.3.1. Support regional efforts that provide job training, placement and other related services.
- Program 9.2.3.2. Promote adult education programs to provide employees to continuing update their workskills.
- Program 9.2.3.3. Promote the creation of trade schools and other educational-related land uses.

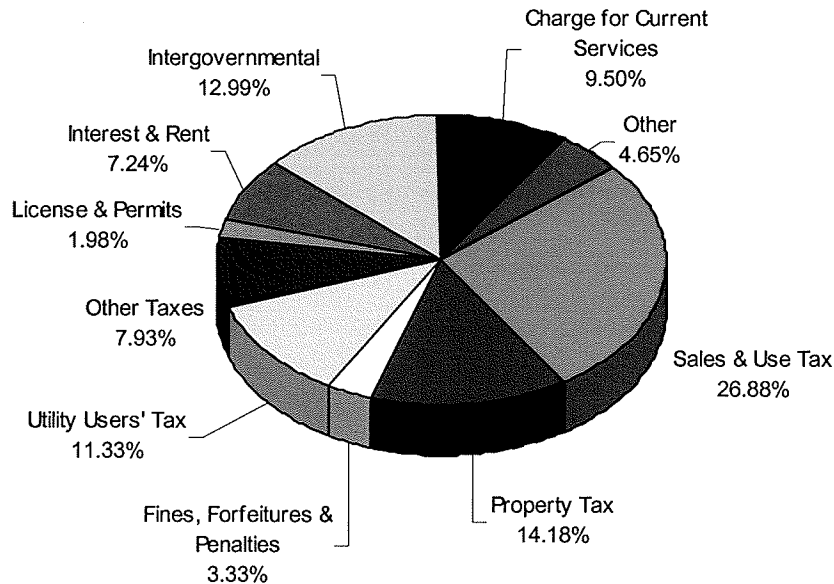
FISCAL BALANCE

Issue 9.3. Fiscal balance is necessary for an economically healthy community.

The key to an economically healthy municipal government is a balance between revenue generation and spending and maintaining a diversified tax base. The City of Downey primarily relies on sales taxes and property taxes to fund services, such as police, fire, road improvements, and recreation programs.

Sales taxes are the largest source of revenues in Downey's operating budget an estimated 26 percent of the City's revenues for 2004-2005. Cities receive tax revenue equivalent to one percent of the total retail sales in the City so there is an emphasis by many communities to promote retail sales businesses. In addition to retail sales businesses, sales tax revenue is also generated by industries that are not necessarily retail sales but generate local point-of-sale tax advantages, such as contract signature for delivery of products at another location.

**FIGURE 9-2
CHART OF
GENERAL FUND REVENUE SOURCES**



A diversified sales tax base is important due to business cycles in different industries that do not always coincide. For example, periods when auto sales are down, sale of other retail goods may be up. Therefore, to ensure as much stability as possible in the City's sales tax income, the City should encourage a strategy to promote diversity in its tax base. To achieve diversity, the City may need to discourage the over-concentration of a particular land use that will preclude the establishment of other uses.

Goals, Policies, and Programs

Goal 9.3. Ensure the continued fiscal balance of the community.

Policy 9.3.1. Balance the maximization of revenue generation with costs for providing services.

- Program 9.3.1.1. Encourage land uses that generate property tax and sales tax revenue.
- Program 9.3.1.2. Promote a diversified sales tax base by discouraging the over-concentration of a particular land use that will preclude the establishment of other uses.
- Program 9.3.1.3. Encourage the growth and establishment of industries that generate local point-of-sale tax advantages.
- Program 9.3.1.4. Encourage a diversified tax base by encouraging revenue derived from sources other than sales taxes and property taxes.
- Program 9.3.1.5. Monitor the quantity of tax-exempt land uses, including other government agencies and utilities.
- Program 9.3.1.6. Promote developments that maintain a balance between the costs of providing municipal services and benefits of developing the land.
- Program 9.3.1.7. Promote alternative funding for services and infrastructure.

CUSTOMER SERVICE

Issue 9.4. Quality customer service is needed to respond to economic development opportunities.

Successful economic development is a function of quality customer service to respond to development inquiries in a timely manner. To accomplish this, city departments need to be provided with adequate staff levels to accommodate workloads and with staff that is motivated and experienced to handle tasks. Providing staff with professional development, such as training and educational advancement, will result in quality customer service will enable the city to better realize economic development opportunities.



One area to improve quality customer service is the use of information technology which has been shown to not only save time and costs to both the city and applicants, but also greatly increase accuracy of the information provided. It has been shown that improved information helps staff make improved decisions.

Since the 1970s, Downey began to convert its paper-based information to digital-based formats. In the early 1990s, advances in information technology greatly reduced startup costs for local agencies and reduced the amount of formal training needed to use such tools. This allowed local agencies, such as Downey, to create its Internet web site and to purchase its digital parcel map base, which was to form the basis for its citywide geographical information system (GIS).

Subsequently, the City's Land Use Information System (LUIS), a relational database, was created to store information related to land use and property inquiries. LUIS has been expanded to serve as a map image retrieval system, track planning permits, and produce public notices for mailing. LUIS will continue to be expanded to streamline other functions of the development review process.

Although most city departments use some form of digital data retrieval system, some functions, including the tracking of building permit request, still need to be converted from paper-based method to digital-based formats. By providing links between the various departmental informational networks, there is an opportunity to provide an interdepartmental City-wide information network. An interdepartmental network would facilitate the implementation of a "one-stop" counter or other means to streamline the development review process by increasing coordination among the various divisions and departments involved in the development review process. Further, such a network could be provided on the city's Internet web site to provide more public information.

Goals, Policies, and Programs

Goal 9.4. Promote quality customer service.

Policy 9.4.1. Promote staff resources to better provide service.

- Program 9.4.1.1. Encourage professional development such as training and educational advancement.
- Program 9.4.1.2. Maintain staff levels to sustain service quality.
- Program 9.4.1.3. Maintain the high level of standards for quality of staff and work produced.
- Program 9.4.1.4. Encourage the integration across City divisions and departments to accomplish city objectives.

Policy 9.4.2. Streamline the development review process.

- Program 9.4.2.1. Utilize advanced technology, such as relational databases, image retrieval systems, and geographical information systems (GIS), to provide improve information delivery and availability.
- Program 9.4.2.2. Expand the City Land Use Information System (LUIS) to store information related to land use and property inquiries.

- Program 9.4.2.3. Establish a permit tracking system.
- Program 9.4.2.4. Convert paper-based information to digital-based formats to facilitate integration into interdepartmental information networks.
- Program 9.4.2.5. Expand the use of the city Internet web site for public information.
- Program 9.4.2.6. Integrate the various City informational networks into an interdepartmental information network.