

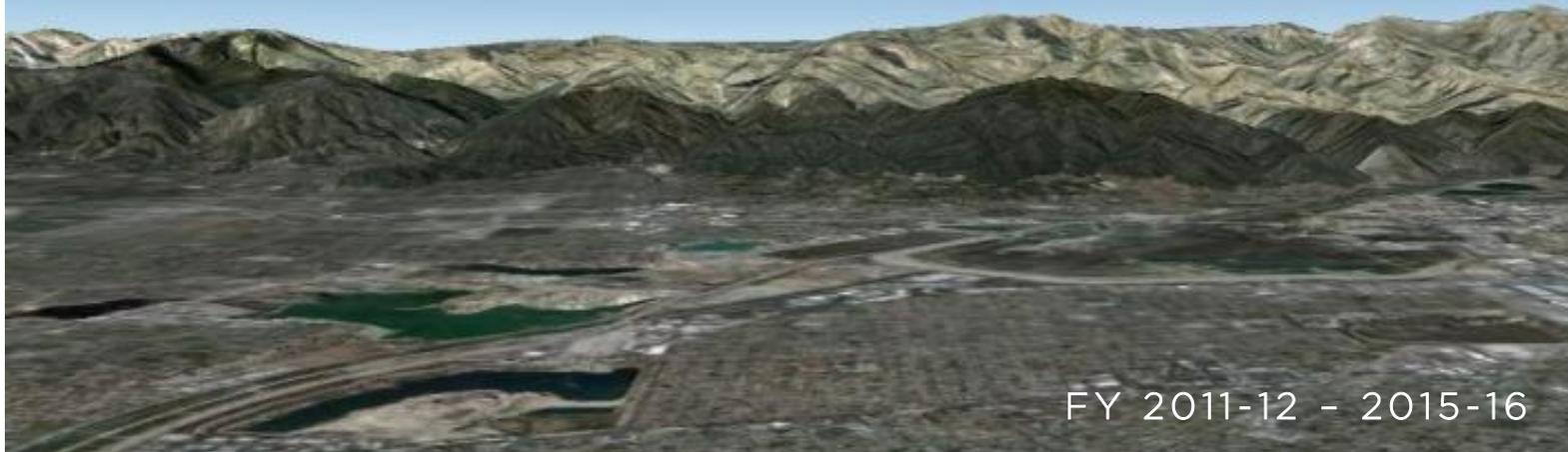


# ECONOMIC STRATEGIC PLAN

CITY OF IRWINDALE

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IRWINDALE COMMUNITY  
REDEVELOPMENT AGENCY



FY 2011-12 - 2015-16



# Acknowledgements



The City of Irwindale and Irwindale Community Redevelopment Agency are grateful for the investment of time and effort by our local and regional economic stakeholders to help craft this Economic Strategic Plan. We acknowledge and thank all of the below internal and external stakeholders, including City leaders—the City Council, Sol Benudiz (former City Manager), and Camille Diaz (Assistant City Manager)—who had the vision and foresight to initiate this Strategic Plan in 2010.

## City Council & Community Redevelopment Agency

- Manuel R. Garcia, Mayor (Chairman)
- H. Manuel Ortiz, Mayor Pro Tem (Vice Chairman)
- Mark A. Breceda, Councilmember (Boardmember)
- Larry G. Burrola, Councilmember (Boardmember)
- David "Chico" Fuentes, Councilmember (Boardmember)

## Local & Regional Economic Partners

- Athens Services (Gary Clifford)
- Gale Banks Engineering (Chris Bruny)
- Hanson Aggregates (Brent Oxier)
- Irwindale 4th Street Associates LLC (MHi Corporation - Lary Mielke)
- Irwindale Chamber of Commerce (Lisa Bailey)
- Los Angeles County Economic Development Corporation (David Flaks, Robert Swayze, Bob Machuca)
- Majestic Realty Co. (John Semcken, Mee Semcken)
- MillerCoors (Anita Hernandez)
- Picasso's Café, Bakery & Catering (Vince DeRosa, Marisa Buckisch)
- ReadyPac Produce (Jay McFadyen)
- San Gabriel Valley Economic Partnership (Cynthia Kurtz)
- Seventh Street Development (Craig Furniss)
- Southern California Edison (Michael Williams, Doug Campbell)
- Toyota Speedway (Bob Defazio)
- Trammell Crow Company (Dave Nazaryk)
- United Rock (Russ Caruso)
- Vulcan Materials (Mike Linton, Jeff Cameron)

## Staff & Consultant Team

- Sol Benudiz, Former City Manager (Retired)
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- Theresa Olivares, Housing Coordinator
- Paula Kelly, Senior Planner
- Rosenow Spevacek Group, Inc. (Kathy Rosenow, Ken Lee, Kim Wong, Ken Spillberg)
- The Concord Group (Richard Golis, Andrew Boyum)

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# Executive Summary



The Irwindale Economic Strategic Plan is designed to speak to multiple audiences, including current and future investment partners, local decision-makers, and staff and economic partners responsible for implementing the Business Action Plan contained in Chapter V of this Plan.



## Current & Future Investment Partners

For current and future economic partners, the Economic Strategic Plan communicates the City of Irwindale's commitment to economic development, the creation of near-term and long-term investment opportunities, and the deliberate effort to create a business-friendly environment. Key topics for investment partners include:

- What is the local market profile? (Chapter II)
- What is the near-term demand for land uses? (Chapter II)
- What is important to existing Irwindale businesses? (Chapter III)
- What are the City's priority near-term development sites? (Chapter IV)



## Local Decision-Makers

For local decision-makers, the Economic Strategic Plan communicates the City of Irwindale's policy direction on fiscally sustainable investment decisions, including future development opportunities and local initiatives to improve business-friendliness. Key topics for decision-makers include:

- What are Irwindale's "Strategic Policy Goals" for economic development? (Chapter I)
- What is the City's financial outlook and what is its relevance for public services and amenities? (Chapter I)
- How much time is left for redevelopment? (Chapter I)
- What is important to existing Irwindale businesses? (Chapter III)
- Where should the City/ICRA focus local resources to maximize return on investment? (Chapters IV and V)



## Staff and Other Implementation Partners

For staff and other partners that will implement the Plan, the Economic Strategic Plan communicates that "time is of the essence" and that swift yet strategic action must be taken today while keeping the focus on future economic sustainability. Key topics for staff and other implementation partners include:

- What are Irwindale's "Strategic Policy Goals" for economic development? (Chapter I)
- What land uses should the City/ICRA focus local resources on? (Chapter II)
- Why is customer service important for economic sustainability? (Chapter III)
- Where should the City/ICRA focus local resources to maximize return on investment? (Chapters IV and V)
- What actions need to be taken? (Chapter V)

# I. Introduction

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## About this Plan

### Purpose

This Economic Strategic Plan (“Strategic Plan” or “Plan”) is, at its core, a “business plan” for the City of Irwindale (“City”) for the long-term physical, social, and economic success of the community. The Plan charts a course of implementation actions that the City and Irwindale Community Redevelopment Agency (“ICRA”) will take during the next five years to make strategic public investments that:



- Create a sustainable stream of new revenues for the City’s General Fund that sustains levels of service and public benefit for residents and businesses;
- Maximize and leverage ICRA assets and resources for the greatest economic impact and return to the community; and
- Establish a vision and roadmap for reclamation and reuse of the mining pits.

This Plan is not intended to be a traditional strategic plan that casts a long-range vision, mission, core values, goals, and objectives. The City prepared such a plan not very long ago. Instead, this Plan is designed to be a market-driven business plan that identifies near-term real estate and infrastructure development opportunities in Irwindale that the City and ICRA can proactively facilitate to generate the greatest long-term return on investment to the City’s General Fund. At the heart of this Plan is the need to secure the City’s long-term economic vitality and fiscal health to continue to provide the levels of municipal services and public benefits that its residents and businesses receive.

Based on sound, reliable research, data, and analysis of economic trends and the real estate market, the Plan:

- Prioritizes near-term and longer-term development opportunities and infrastructure improvements by site location;
- Addresses current and future City and ICRA resources available for investment;
- Evaluates the economic impact and return on the City’s/ICRA’s investment to the General Fund and the community; and
- Outlines specific actions to be taken to implement priority projects and economic development programs to meet key strategic policy goals.

This Plan outlines these strategic elements in the context of four strategic policy goals, adopted by resolutions of the City Council and ICRA Board of Directors on October 12, 2011.

## Strategic Policy Goals

### *Policy Goal I: Build on Community and Success*

This Plan does not envision a wholesale change in Irwindale's economic direction. Instead, it embraces the community's mining history, relies upon recent redevelopment success stories, and seeks to facilitate new successes based on key market trends and economic factors. The Plan recognizes Irwindale as one community that encompasses both residents and businesses, and values the importance of investing in a homegrown workforce of highly-skilled employees who live and work in Irwindale. The Plan also recognizes the unique types and levels of municipal services and community amenities that Irwindale residents enjoy, and that, in order to continue those services and amenities, the City/ICRA must grow the business economy, while respecting and preserving local history and cultural identity.



### *Policy Goal II: Create a Business-Friendly Environment*

To maximize Irwindale's current and future redevelopment opportunities, the City/ICRA recognize that both the public and private sectors are operating in an increasingly risk averse market. Every point of financial, political, and legal risk or uncertainty in the development process is a tipping point for any project and for the longevity of local businesses. The City's and ICRA's goal, therefore, is to evaluate its development review process and, where feasible and appropriate, reduce the risk that developers/businesses are exposed to and increase predictability in the process. The City and ICRA must also be champions for projects that produce economic benefits, both internally within the City's development process and externally with regional and local stakeholders.



### *Policy Goal III: Build the Revenue Base and Get Innovative*

At the core of this Plan is the goal of building and sustaining the City's General Fund revenue base, recognizing that the City's transformation and transition from a mining community to an industrial/commercial employment hub will involve replacing the City's dependence on mining-related taxes and other revenues with alternative revenue sources, including new sales and utility user tax revenues from new projects and businesses. The goal is to replace "finite" or "time-limited" revenues with new "sustainable" and "ongoing" revenues, and to maintain the existing revenue base by "caring and feeding" for local businesses. On the other side of the ledger are ongoing costs for City services. This Plan recognizes the value of assessing where in the City's lineup of services there may be opportunities for cost-sharing with other jurisdictions or exploring alternative service delivery methods.



**Policy Goal IV: Envision, Plan, and Build for the Future**

The real thrust of this Plan is focusing and leveraging ICRA resources and assets in the near-term to ensure long-term successes in the redevelopment and reuse of former mining pits and other vacant and underutilized properties. To understand how best to position the community today for long-term success tomorrow, it is important that the City/ICRA analyze and monitor current and emerging trends in key regional job clusters. The market factors impacting these industry clusters also directly impact the economic sustainability of the City’s land use choices. They will also influence where, when, and how the City and ICRA will invest limited public resources to build needed infrastructure and other public improvements that will support future development. Another major element of this policy goal is the simple fact that, in this new economic reality, time is of the essence. The City/Agency must make swift yet intelligent investment decisions and take action to keep the local economic engine moving.



**Planning Process**

To develop a market-based business plan focused on redevelopment opportunities, the City/ICRA hired Rosenow Spevacek Group, Inc. (“RSG”) and The Concord Group (“TCG”) to complete the following tasks and activities (see also Exhibit I-1):

- Prepare a real estate market analysis of Irwindale, the “Market Area” (Central and East San Gabriel Valley), and Los Angeles County to determine market potential for new construction;
- Conduct an analysis of City/ICRA revenue sources and assets available to leverage and invest toward new construction projects;
- Analyze site-specific market potential and redevelopment opportunity;
- Identify implementation stakeholders for public-private partnerships to leverage development opportunities; and
- Engage and gain insights and input from local business stakeholders.

**EXHIBIT I-1**



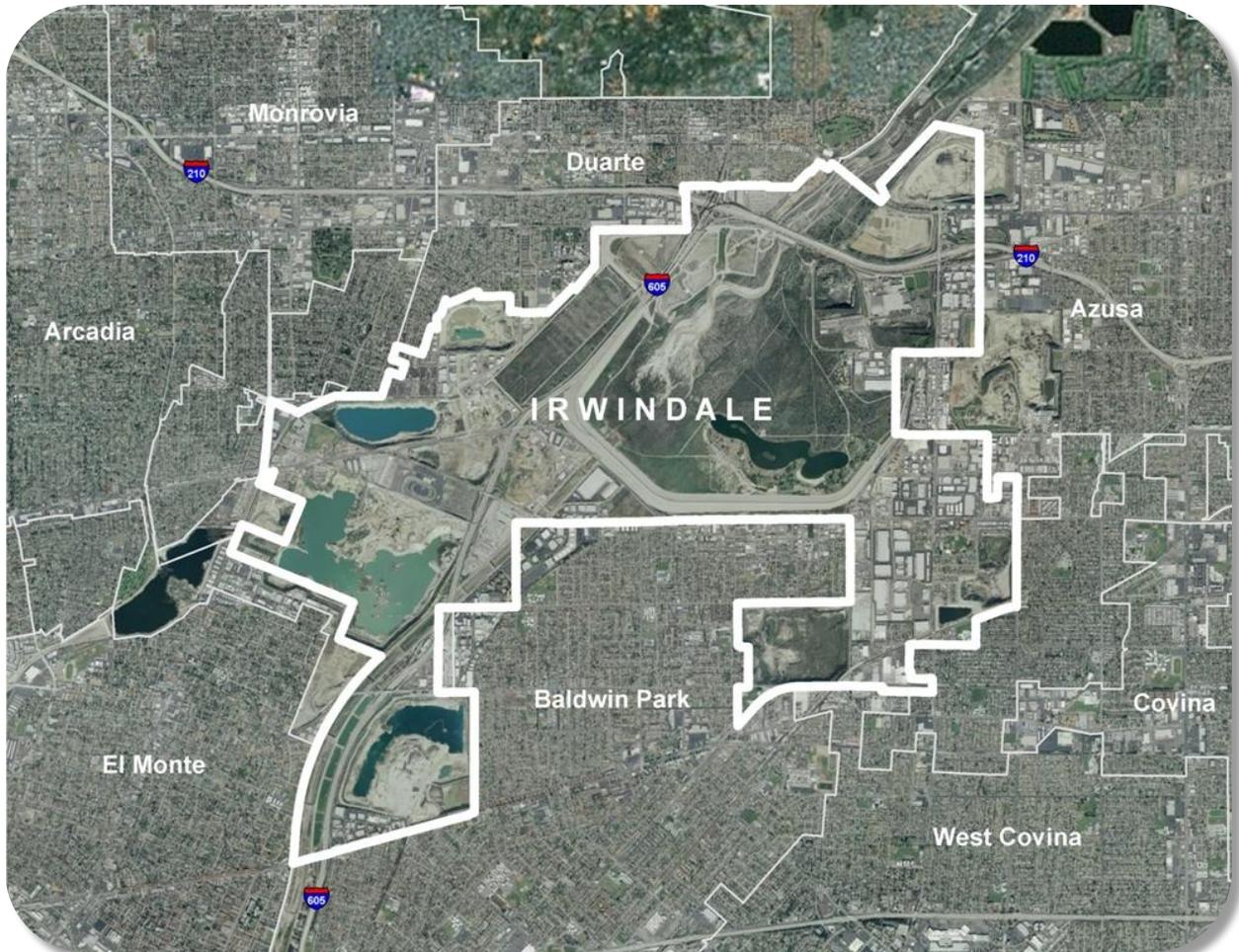
A separate “Technical Appendix” to this Plan contains the background analyses prepared by RSG and TCG, as described above. RSG brought more than 30 years of redevelopment and economic development expertise and experience to the planning process. TCG was hired as a sub-consultant to RSG because of TCG’s direct private sector experience preparing market analyses for major developers and real estate investors across the country. The consulting team provided a balance of public and private sector perspectives to develop a comprehensive approach and work product.

## About the City

### History and Setting

Incorporated in 1957, Irwindale’s history during the past 50+ years has been rooted in its rich and abundant mineral resources. The City’s industrial history and development patterns have been primarily shaped by the local mining industry and the sheer abundance of both active and inactive quarries throughout the community. Construction of the I-605 San Gabriel River Freeway and I-210 Foothill Freeway through Irwindale in the early and mid-1970s provided Irwindale a strategic and competitive location to support new commercial and industrial land uses that were not previously seen in the City. The I-605 and I-210 Freeways provided direct access to the Ports of Los Angeles and Long Beach and connectivity to other employment centers in Pasadena and Downtown Los Angeles.

EXHIBIT I-2



Available land in Irwindale made way for the development of new tilt-up concrete industrial and commercial office buildings supporting a broad range of small to large sized businesses, including manufacturing/warehouse/distribution uses, food preparation and packaging uses, and corporate headquarter offices. The MillerCoors Brewery, located off of the I-210 Freeway and Irwindale Avenue, is a visible icon from the Foothill Freeway. The Brewery opened in 1980 as the company's sole California operation and now employs nearly 600 people and produces 7 million barrels of beer annually.<sup>1</sup> The proposed Gold Line Extension to extend mass transit through this part of the I-210 corridor will further enhance accessibility to Irwindale and increase local development potential and efforts to attract new businesses to the area.

While land uses during the past 30 to 40 years have considerably shifted in Irwindale, the City, which is 9.5 square miles in size, continues to be a mining town. The City has established a local policy structure and several financing mechanisms to provide for the timely reclamation and reuse of inactive quarries, and for the taxing of mining activities based on aggregate load. The City's mining tax revenues are a major source of revenue for the City's General Fund budget and support General Fund expenditures on key City services and programs for local residents. However, the national economic downturn and sharp decrease in public spending on major infrastructure projects have resulted in a significant drop in aggregate demand and, therefore, a significant drop in mining tax revenues since 2008. Given this revenue decrease and the finite lifespan of aggregate resources, a major focus of this Plan is to grow other sectors of the local economy to replace mining activities and revenues as those revenues drop off and/or fluctuate with volatility over time. It is critical to begin this process immediately since it will take time to grow other industry sectors and facilitate new revenue-generating development projects and uses.

Upon completion of the reclamation process of former mining pits, Irwindale will be able to offer extremely large and attractive developable parcels of land to the regional market at a competitive location. Past reclamation and redevelopment success stories include the Toyota Speedway at Irwindale and the Irwindale Business Center. Ensuring that mining pits are properly filled to avoid delays in the reclamation and development schedule is critical. A specific objective of this Strategic Plan is the use of ICRA funds to remediate improperly filled/compacted mining pits to avoid delays in the redevelopment of key opportunity sites. It is also important to begin forecasting and monitoring real estate and employment trends to understand how these large sites should be positioned and marketed, and to validate such trend forecasts with the private development, financial, and business communities. Major infrastructure improvements needed to support future development should also be a high priority. It is an objective of the City and ICRA to closely align the City/ICRA with key regional stakeholders, such as the Los Angeles County Economic Development Corporation (LAEDC) and the San Gabriel Valley Economic Partnership (SGVEP), to share data resources and use this Plan as an implementation tool for the LAEDC's and SGVEP's long-term regional economic strategies for the County and region.

## Strong Sense of Community and Family

A unique characteristic of Irwindale is the deep family roots of its community residents that trace back to the original settlement of the area by the Fraijo and Ayon families, as well as other notable families that joined shortly after. These familial roots, most of which originate from Mexico, feed the community's sense of pride, local stewardship, and civic duty. Several Irwindale families have had members from multiple generations serve on the City Council over the years, providing a consistent sense of community and family pride. According to the 2010 Census and demographic



*Fraijo Family (1918)*

analysis by the Southern California Association of Governments (SCAG), Irwindale's 2010 population was estimated to be 1,422 residents, 90.6% of whom were of Hispanic origin. 374 households were estimated to reside in Irwindale in 2010, with an average household size of 4.2 persons.

<sup>1</sup> <http://www.millercoors.com/who-we-are/locations.aspx>

As described above, over the past 30+ years, the local business community has become an integral part of Irwindale's socio-economic fabric. Major employers like MillerCoors, Southern California Edison, and ReadyPac, and long-standing businesses like Picasso's Café, Bakery & Catering, are highly active in the community, serving on the Irwindale Chamber of Commerce, contributing to the Irwindale Educational Foundation, and hosting community events. A key policy goal of this Strategic Plan is to recognize the "Community as One," inclusive of residents and businesses.



City Council as of 10/12/2011 (Left to Right):  
 Councilmember Mark A. Breceda, Mayor Manuel R. Garcia, Councilmember David "Chico" Fuentes, Councilmember Larry G. Burrola, Mayor Pro Tem H. Manuel Ortiz



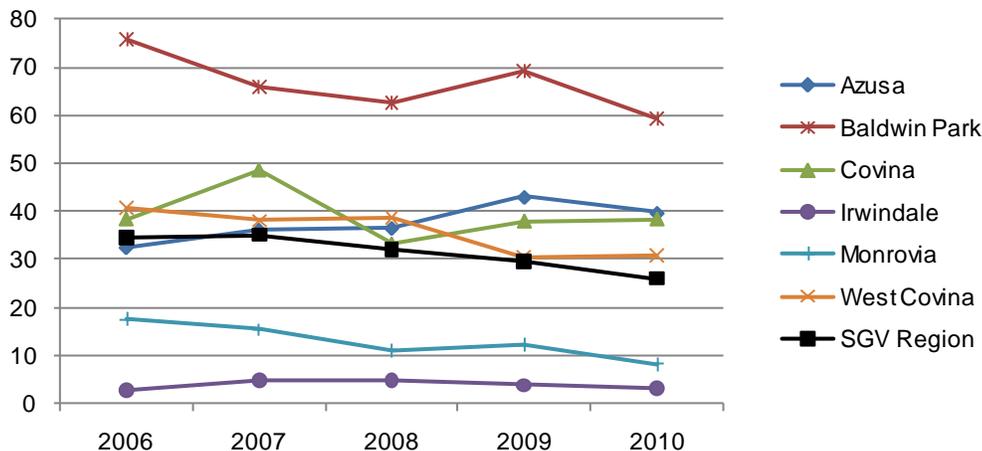
MillerCoors Brewery, Irwindale

Through the combined and aligned efforts of both civic and business leaders, the Irwindale community can collaboratively leverage its public and private resources to grow and expand the local economy, while positioning former mining pits for redevelopment to attract new businesses that create higher-wage jobs for the community, provide fiscal sustainability for the City, and ensure ongoing revenues to support the unique municipal services and benefits that residents enjoy.

## A Safe Place to Live and Do Business

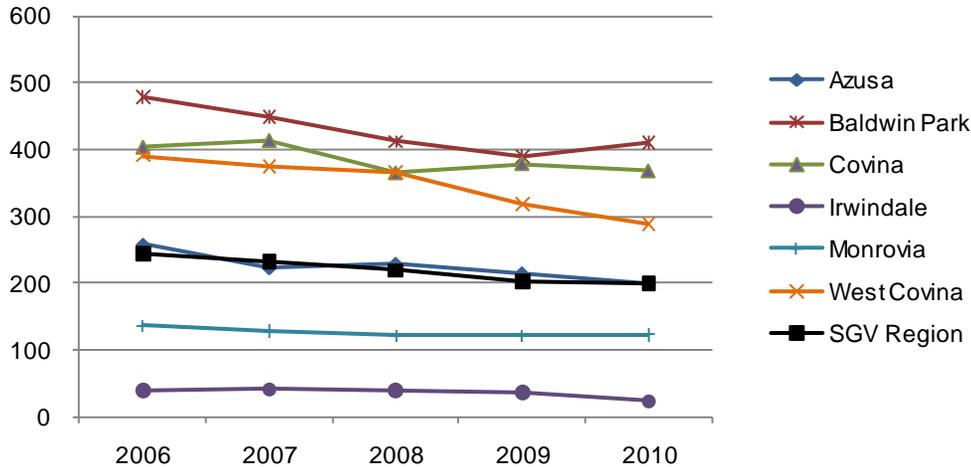
In concert with Irwindale's sense of community and family, Irwindale is also one of the safest communities in the greater San Gabriel Valley region to live and conduct business. From 2006 to 2010, Irwindale experienced the lowest rates of Part 1 Violent Crimes per 1,000 acres and Part 1 Property Crimes per 1,000 acres among neighboring cities and the greater San Gabriel Valley region. Exhibits I-3 and I-4 provide a comparative analysis of municipal crime rates as a function of land acreage. Part 1 Violent Crimes include murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault. Part I Property Crimes include burglary, larceny-theft, motor vehicle theft, and arson.

**EXHIBIT I-3  
 CITY OF IRWINDALE  
 PART 1 VIOLENT CRIMES PER 1,000 ACRES**



NOTE: According to the FBI, Part 1 Violent Crimes include murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault.

**EXHIBIT I-4  
 CITY OF IRWINDALE  
 PART 1 PROPERTY CRIMES PER 1,000 ACRES**

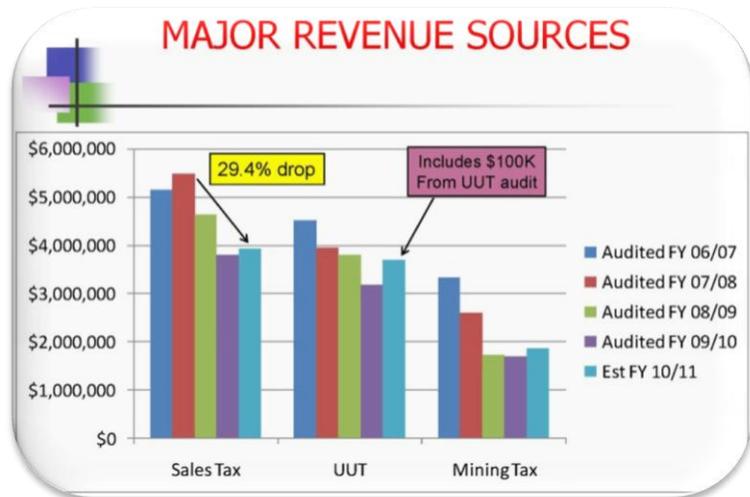


NOTE: According to the FBI, Part 1 Property Crimes include burglary, larceny-theft, motor vehicle theft, and arson.

## Financial Outlook

The City's General Fund is supported by three primary revenue sources: mining tax revenues, utility user tax revenues, and sales tax revenues. Since fiscal year 2006-07, all three revenue sources have dropped sharply (see Exhibit I-5), resulting in a running operating deficit during the past three fiscal years. The City has significantly cut operating expenses but the impact of the economic recession, including business closures/relocation and slowdown in construction activity throughout Southern California, has taken its toll on sales tax generation, utility user tax levels, and aggregate mining operations. This Strategic Plan was crafted based on the basic premise that the City is operating in a new economic reality and that mining tax revenues are both volatile and non-sustainable. At some future date, each of the remaining active mining pits in Irwindale will eventually be depleted of aggregate resources. Exhibit I-6 provides a graphical representation of projected General Fund mining tax revenues (not including other fund revenues) based on current mining completion and reclamation schedules.<sup>2</sup> This future reality must be addressed while dealing with the other stark reality that the lifespan of the ICRA, the greatest local economic engine for public investment, is quickly running out (2017). In the

**EXHIBIT I-5**

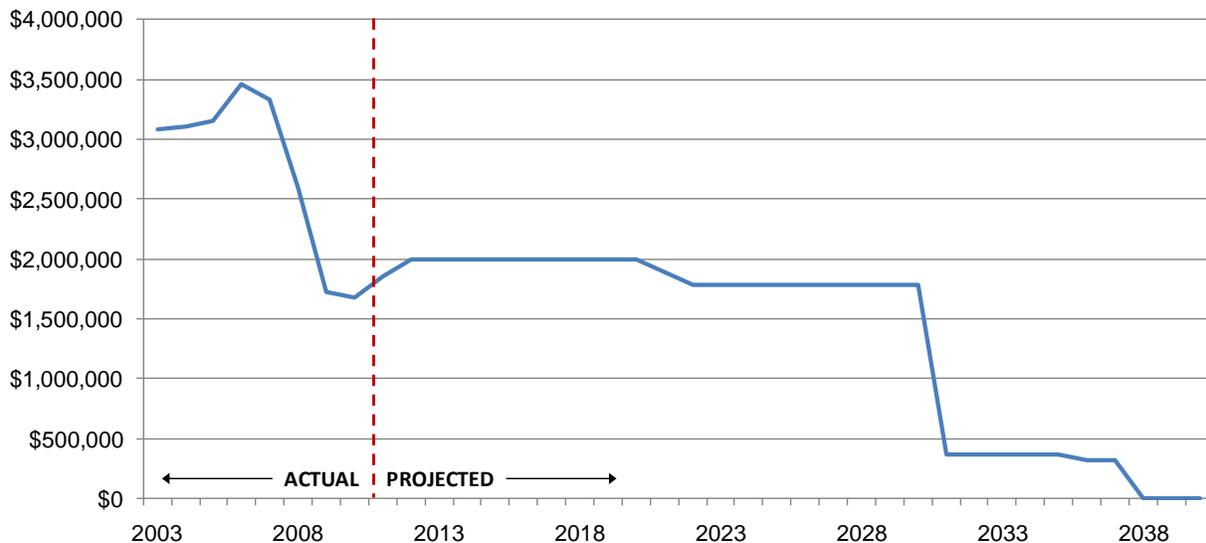


Source: FY 2010-11 Mid-Year Financial Review

<sup>2</sup> The schedules are estimated and can be shorter or longer, depending on aggregate demand.

meantime, the State of California continues its short-sighted raids of local redevelopment funds to bail the State out of its budget crisis, all the while crippling a crucial long-term economic development tool designed to spark renewed confidence and investment in the California economy by investors and businesses.

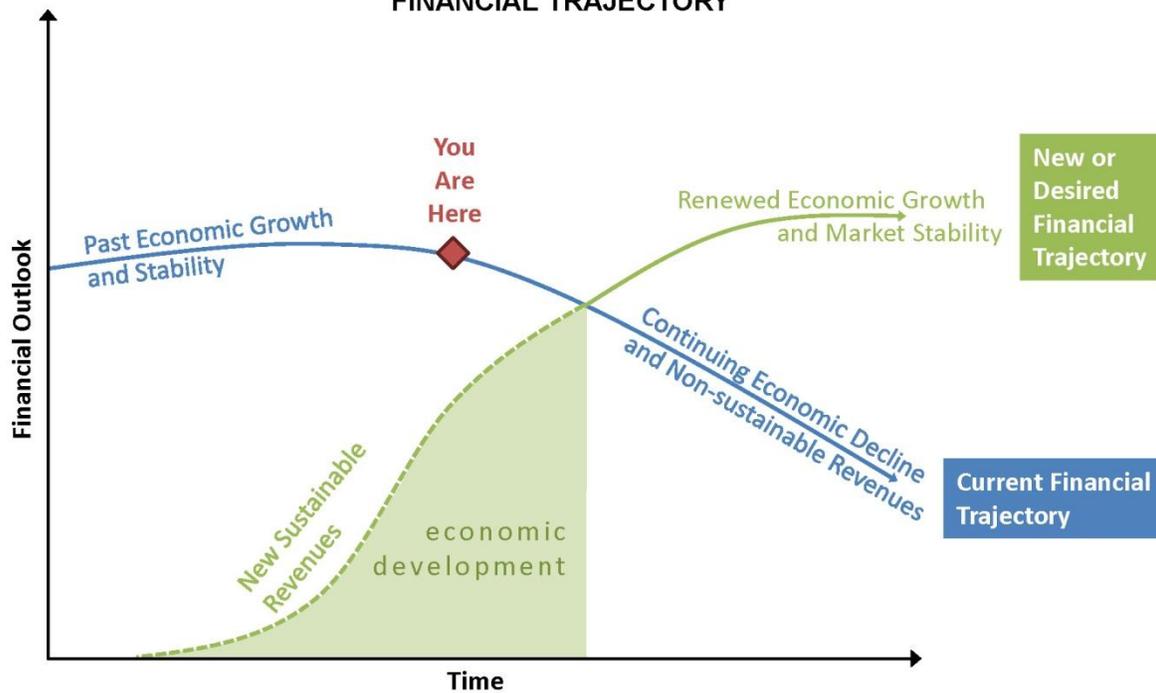
**EXHIBIT I-6  
 GENERAL FUND MINING TAX REVENUES  
 (ACTUAL AND PROJECTED)**



***Shifting to a New Financial Trajectory***

While timeframes like 2037 seem distant, this Plan recognizes that economic development efforts to build new sustainable revenue sources don't happen overnight. It takes time to create a business-friendly environment and have the right development tools at-the-ready when development opportunities become available, whether through City/ICRA facilitation or private market initiatives, or upon successful reclamation of mining pits in the near-term and long-term. Exhibit I-7 provides a graphical representation of the basic concept of a financial trajectory, and that the City has been operating on an existing trajectory that once experienced significant economic growth and stability. With the economic recession, that trajectory took a downward turn. Irwindale, and the rest of California, is currently in the beginning phases of that downward descent, and we can likely expect ourselves to keep heading downward, particularly if the City remains heavily reliant on non-sustainable revenues generated from finite natural resources. The economic goal of this Strategic Plan is to find and leverage opportunities to create and build up a new financial trajectory with sustainable revenue streams that, when adequately nurtured, will allow Irwindale to intersect and shift the City to a new financial trajectory. These sustainable revenues do not necessarily need to be created from new revenue sources, but can be grown through existing financing structures like sales and utility user taxes, and by bringing new businesses to Irwindale that will sustainably create renewed growth for these tax revenues.

EXHIBIT I-7  
 FINANCIAL TRAJECTORY



Fortunately, the City and ICRA have made significant progress during the last 10 to 15 years, acquiring property for development purposes and teaming with highly qualified developers to construct large-scale projects that have brought and will continue to bring significant new jobs to Irwindale. These are the types of economic development efforts needed to move Irwindale to a new financial trajectory. However, we must not forget the sobering reality of the economic recession and the real estate market’s painfully slow and protracted recovery. Time is of the essence.

As the federal government deals with its own debt crisis and looks to cut spending on programs that bring significant dollars to bear for local infrastructure and development activities (e.g., Community Development Block Grant), the City and ICRA must develop new economic development tools to replace those diminishing federal tools. As the state government grapples with its own budget crisis and continues to financially raid and legislatively diminish the value and impact of redevelopment in California, the City and ICRA must develop new economic development tools to replace those rapidly fading state-created tools. To do so, the City and ICRA must start conducting business more nimbly and effectively, and create a business-friendly environment from which new opportunities can rapidly and effortlessly introduce themselves, as opposed to an environment that requires both the public and private sectors to tirelessly push boulders up hills to find opportunities and transform them into realities.

**Community as One**

As previously mentioned, this Strategic Plan recognizes that the City of Irwindale provides local residents unique municipal services and benefits. These amenities create a strong community identity and resident support for municipal government. It is therefore critical that both the City Council and local residents understand that the level and quality of resident services and benefits are directly tied to the economic health of the City, which is a function of the City’s General Fund revenues and the three major tax revenues, all of which are derived from the Irwindale business community through the sale of goods and services, the use of local utilities, and the mining of aggregate. The Irwindale business community is the community’s lifeblood for local revenues and services. Without it, resident services and benefits cannot

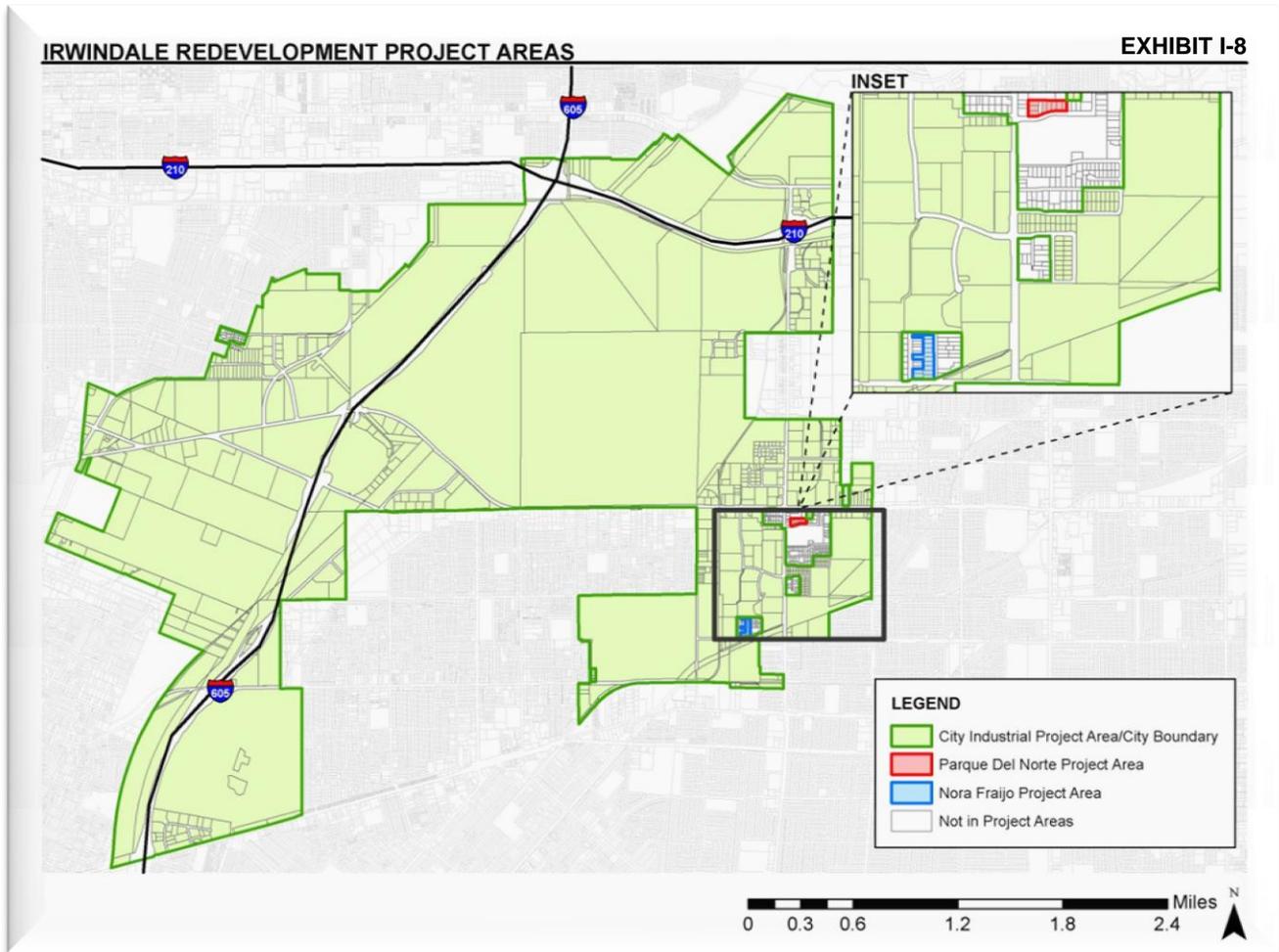
be supported, which is a new reality unfolding in many other communities throughout the state. News stories up and down the state are weighed down by dismal accounts of cities teetering on the brink of municipal bankruptcy. It is therefore the City's role to "care and feed" for both residents and businesses—a community as one. For this reason, a major element of the strategic planning process was a coordinated effort to engage major businesses and employers in a dialogue to gain direct and honest input and feedback on the City's past, present, and future economic development efforts.

## About the ICRA

The Irwindale Community Redevelopment Agency is the economic development arm of the City and a critical financing tool for major infrastructure improvements and development projects in the community, including affordable housing. Following the ICRA's creation in 1973, from 1974 through 1976, the City adopted three redevelopment project areas (see Exhibit I-8) encompassing almost the entirety (99%) of the City's corporate boundaries:

- **Nora-Fraijo Project Area:** Adopted in 1974. Contains 16 residential parcels where the ICRA has undertaken affordable housing creation and rehabilitation activities.
- **Parque Del Norte Project Area:** Adopted in 1976. Contains 8 residential parcels where the ICRA has undertaken affordable housing creation and rehabilitation activities.
- **City Industrial Development Project Area:** Adopted in 1976. Encompasses 6,075 acres of territory consisting of almost the entirety of the City and contains five active quarry sites, a broad range of commercial office, heavy commercial, light/heavy industrial, public/institutional, and residential uses.

The ICRA has unique powers, tools, and resources to facilitate development for the purpose of eliminating physical and economic blight. Notable successful projects in Irwindale that would not have been possible without redevelopment include the Irwindale Business Center and Huy Fong Foods.



## Irwindale Business Center

The Irwindale Business Center was a 123-acre former Calmat quarry located across from Irwindale City Hall, fronting Irwindale Avenue and Arrow Highway. Completed in two phases by Trammell Crow Company, the Irwindale Business Center is an icon of what is physically and economically possible on a former mining pit by taking the appropriate reclamation steps and using the right redevelopment tools. The 2.2 million square foot industrial/flex business park includes a mix of light industrial and office uses, including corporate headquarter offices for communication companies such as Charter Communications and Superior Communications.



## Huy Fong Foods, Inc.

Initiated in 2008, this public-private partnership between the ICRA and Seventh Street Development is an emblem of a true American success story, possible with the land assemblage and brownfields

revitalization tools of redevelopment. The 23-acre project site was the former location of an asphalt batch plant and a rock, sand, and concrete aggregate processing facility. The ICRA acquired and remediated the property and entered into a Disposition and Development Agreement (“DDA”) with Seventh Street Development to construct a 655,000 square foot industrial/flex building to serve as the new main corporate headquarters and production facility of Huy Fong Foods, Inc., the maker of the internationally popular Sriracha hot chili sauce. The project allows the company to expand its operations by ten-fold, resulting in significant new job creation for the region. Huy Fong Foods founder, David Tran, has personally grown this family-run company from a small startup business selling hot sauce out of a van in Los Angeles, to a full-fledged corporation that today is expanding by leaps and bounds to meet growing international demand for a product that has been marketed almost entirely by word-of-mouth. Huy Fong Foods now produces and distributes several popular and successful chili sauce products that can now be found in many restaurants and major supermarket chains throughout the U.S. and overseas.



### Time is of the Essence

A main motivator for this Plan is the imminent expiration of the Redevelopment Plans of all three Project Areas by 2017. Upon expiration, the ICRA can no longer engage in redevelopment activities, except to collect tax increment revenues only to pay off debt for an additional 10 years. After July 2017, the ICRA cannot acquire property, sell property, enter into development agreements, remediate contaminated property, fund economic development activities, or fund public improvement projects and infrastructure upgrades, unless expressly required to through a legal debt obligation. During the final 10 years of tax increment collection, from 2017 to 2027, the ICRA can continue to make payments on debt obligations for real estate development projects, including DDAs and Owner Participation Agreements (“OPAs”). Therefore, ongoing tax increment financing of development projects is possible if the Agency can position properties, structure development deals, and enter into appropriate DDAs and/or OPAs to eliminate blight, prior to 2017. Any future tax increment in the final 10 years of collection that is not tied up in bonded indebtedness, a development deal, or other obligations will be lost to the ICRA and will instead be reapportioned among tax entities in the Project Areas (e.g., County of Los Angeles, school districts, special districts).



### *10-Year Extension of City Industrial Development Project Area*

Time is of the essence. During the next six years, the ICRA will need to strategically program its limited resources and land assets for development and wisely plan for the next six years of redevelopment activities and the subsequent 10 years of debt repayment. A critical piece of the planning process for this Strategic Plan was an analysis of the ICRA’s financial resources available through 2017 and 2027. The analysis also contemplates the potential extension of the life of the City Industrial Development Project Area for an additional 10 years under the California Community Redevelopment Law (Health and Safety Code §§33000 et seq.). However, the 10-year extension comes with strings attached, and is subject to opposition and potential legal challenge by affected taxing entities.

The largest disadvantage to the 10-year extension is that, upon adoption, the ICRA’s annual set-aside of tax increment funds for affordable housing will increase from 20% to 30% of gross tax increment. Given the ICRA’s limited land availability in the near-term, the ICRA’s ability to expend those funds in a timely manner in accordance with state law is constrained. The benefits of a 10-year extension, however, warrant the time and effort to explore alternative statutory structures during the next several years, including special legislation.

### *Two-Year ERAF Extension*

In the interim, the City Council should adopt an ordinance extending the lives of all three Project Areas for two additional years, pursuant to SB 1096 (Chapter 211, Statutes of 2004). In 2003 and 2004, during the State's previous fiscal crisis, the Legislature approved SB 1045 (Chapter 260, Statutes of 2003) and SB 1096 in 2003 and 2004, respectively. The bills shifted tax increment dollars from redevelopment agencies to the Educational Revenue Augmentation Fund (ERAF), relieving some of the State's fiscal responsibility to fund schools under Proposition 98 (1988). In exchange, the legislation allows cities to adopt a simple ordinance amending their redevelopment plans to extend the lives of their redevelopment project areas for a proportionate number of years. The City Council adopted Ordinance No. 578 in 2003 pursuant to SB 1045, extending the lives of all three Project Areas, and the time limits to collect tax increment, for one additional year. The City Council has the ability to adopt a similar ordinance under SB 1096 to extend the lives of the Project Areas, and the time limits to collect tax increment, for two additional years. This is an immediate near-term action called for in this Strategic Plan.

### Diminishing Resources

2011 was an extremely damaging legislative year for all California communities that use and rely on redevelopment agencies as an economic development engine for their local economies, including Irwindale. On January 10, 2011, newly elected Governor Jerry Brown released his budget proposal, a major focal point of which was the proposed elimination of all redevelopment agencies. After a tumultuous year of legislative debate on the issue, on June 15, 2011, the Legislature passed two "single-joined" bills, ABX1 26 (Chapter 5, Statutes of 2011) and ABX1 27 (Chapter 6, Statutes of 2011), which provided for the elimination of redevelopment agencies unless agencies make specified payments to provide budgetary relief to the State. If those payments are made, agencies may continue to exist and function, but obviously with a lot less financial resources. Following the Governor's signing of both bills, the League of California Cities and the California Redevelopment Agency filed a lawsuit with the California Supreme Court challenging the constitutionality of ABX1 26 and ABX1 27 based on Proposition 22, a ballot initiative approved by California voters by a large margin just prior in November 2010.

If the State Supreme Court affirms the constitutionality of ABX1 26 and ABX1 27, the ICRA stands to lose \$4.3 million in fiscal year 2011-12 and \$1.1 million each year thereafter. Future "ransom payments" are also subject to change and possible increase, based on the growth/decline of property values and any new debt issued by the ICRA. This is a major blow to the City's and ICRA's economic development efforts, including near-term plans to use existing funds to construct needed infrastructure improvements to support future development projects. However, the ICRA is expected to continue to exist and use all available resources and assets to implement this Plan. The ICRA's diminishing resources will also prompt the City, as a charter city, to begin creating new "grassroots" economic development tools to continue to facilitate development and grow the local business economy. Examples of such tools include, and are not limited to:

- A City lease portfolio of land holdings that generate lease revenue streams while providing site control and the ability to reposition properties in response to market fluctuations or emerging industry trends;
- Local tax or fee incentives targeted at businesses or development projects that generate revenue to the City, such as tax breaks and fee reductions if certain performance measures are met; and
- Enterprise Zones to provide businesses specified tax credits, including state income tax credits for hiring qualified employees and sales tax credits on equipment purchases. The State approves the formation of new Enterprise Zones through a competitive application process. There are currently 42 throughout the state. Similar to redevelopment project areas, Enterprise Zones sunset after a specified period of time. Governor Jerry Brown proposed to eliminate Enterprise Zones, in conjunction with redevelopment, in his January 10, 2011 Budget Proposal. Unlike redevelopment, however, a budget trailer bill for the elimination of Enterprise Zones did not get passed in 2011.

**Tax Increment Projections**

RSG’s financial analysis of ICRA tax increment revenues that are projected to be available for projects is outlined below in Table I-1. (See Section II of the Technical Appendix for RSG’s full summary report and updated revenue projections.) The financial analysis conservatively assumes that the City will make the ABX1 27 payments in 2011-12 and each year thereafter. The table explains that, while the ICRA in future years is projected to generate significant net tax increment revenues, up to its time limit to collect tax increment, in the absence of debt obligations or other agreements requiring repayment of debt, the ICRA could potentially leave nearly \$100 million on the table during the final 10 years of collection. If the ICRA pursues a 10-year extension, that number jumps to \$145 million. Of even greater concern, however, is the projected \$285 million in affordable housing revenues the ICRA would need to spend in accordance with the increasingly strict requirements of state law. In the absence of special legislation to address how these funds could be alternatively spent to benefit the greater region as a whole, the ICRA would not physically or financially have the ability to spend all those funds, and would likely accumulate an “Excess Surplus,” per Health and Safety Code Section 33334.12, within the first several years. In either case, the ICRA’s primarily goal until 2017 (or 2019 with the two-year SB 1096 ERAF extension) is to maximize its long-term tax increment financing stream by obligating that stream to debt obligations and projects that facilitate the City’s economic development goals.

PROJECTED TAX INCREMENT REVENUES FOR PROJECTS			TABLE I-1
City Industrial Development Project Area			
	With Existing Plan Limits (thru 2027)	With 10-Year Extension (thru 2037)	Δ
Net Non-housing Revenue (after pass-throughs and debt service <sup>2</sup> )	\$ 102,515,343	\$ 221,439,523	\$ 118,924,180
<i>Potential Loss of Non-housing Revenue if No New Obligations</i>	<i>96,996,592</i>	<i>\$ 144,996,399</i>	
Housing Revenue	93,493,184	284,800,513	191,307,329
Total Revenues	\$ 196,008,527	\$ 651,236,435	\$ 310,231,509

<sup>1</sup> Applies average historical assessed valuation growth rates since FY 1996-97: 5.1% secured; 4.3% unsecured

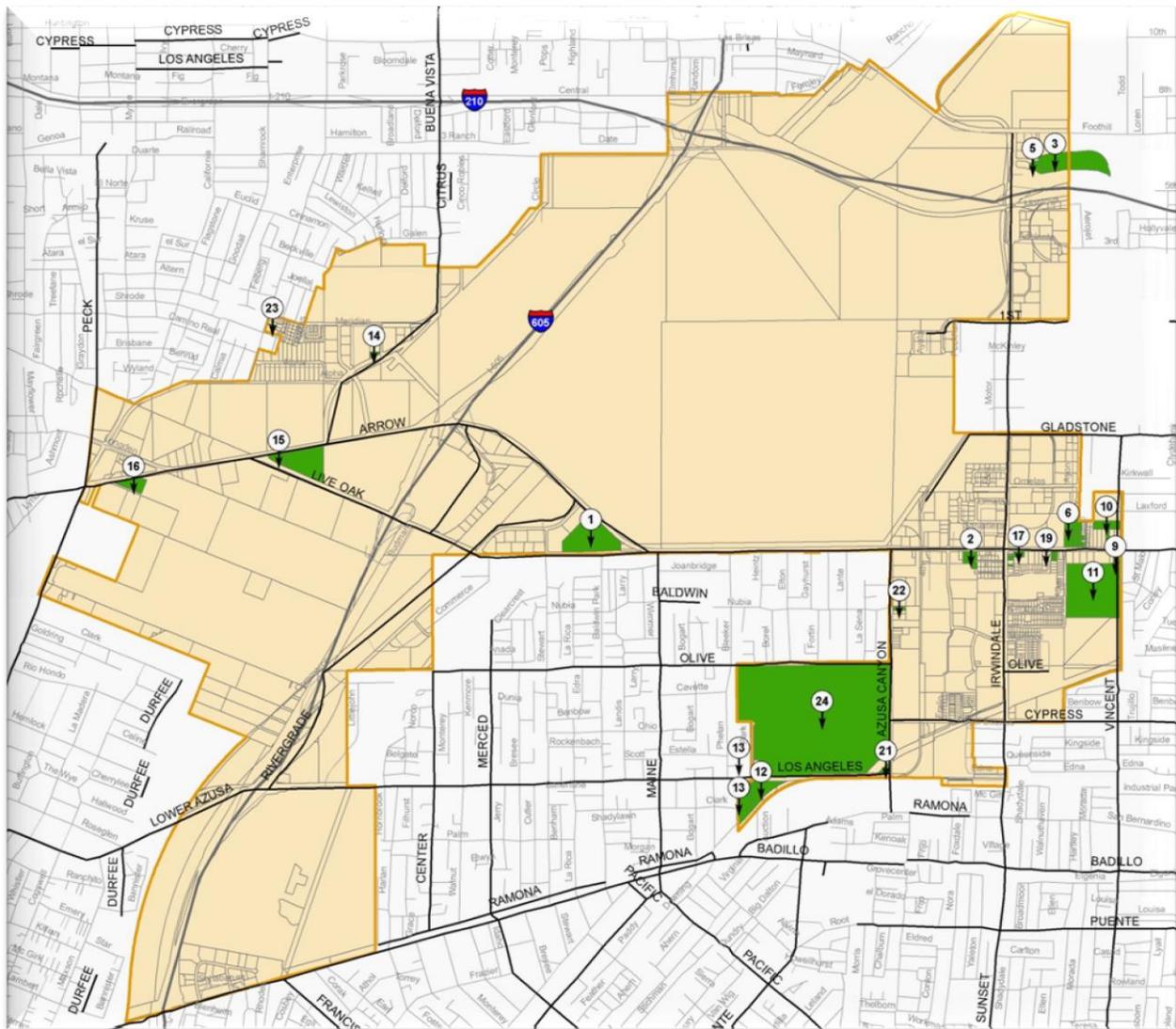
<sup>2</sup> Debt service includes bond debt service, Agency share COP (Rent), annual City loan, operating contract, and SERAF loan

In addition to the City’s three primary General Fund revenue sources (mining tax, utility user tax, sales tax), ICRA tax increment revenues also offset a portion of City General Fund costs on a year-to-year basis for ICRA-funded capital projects and operations that are of benefit to the Project Areas and alleviate blighting conditions. These activities include infrastructure improvements, public facility upgrades, land planning, and economic development activities within the Project Areas, including staffing costs for these activities. Unless contractually obligated, the ICRA cannot fund these types of capital projects once a Project Area expires. The financial responsibility of future capital projects and staffing for economic development activities will fall on the General Fund, unless other resources are available. Again, the timing of the development and implementation of this Strategic Plan is critical.

## Land Assets

The City's/ICRA's land assets are the greatest economic development tools available to the community, regardless of the State's actions to diminish local financial resources available to spur revitalization efforts. As shown in Exhibit I-9, the City and ICRA currently own 24 sites totaling more than 300 acres in and around the City. The Business Action Plan contained in Chapter V of this Strategic Plan evaluates the development-readiness of those properties and prioritizes how and when the City and ICRA should leverage their limited financial resources and land assets for development and attraction of new businesses and jobs to Irwindale.

EXHIBIT I-9



## II. Market Profile & Opportunities

As a market-based business plan, this Strategic Plan relies on economic metrics and key demand drivers to identify near-term and longer-term opportunities for real estate development and business growth in the City of Irwindale. Section I of the Technical Appendix to this Plan contains a comprehensive final report, including a summary version, of the market study prepared by TCG.

### Key Demand Drivers

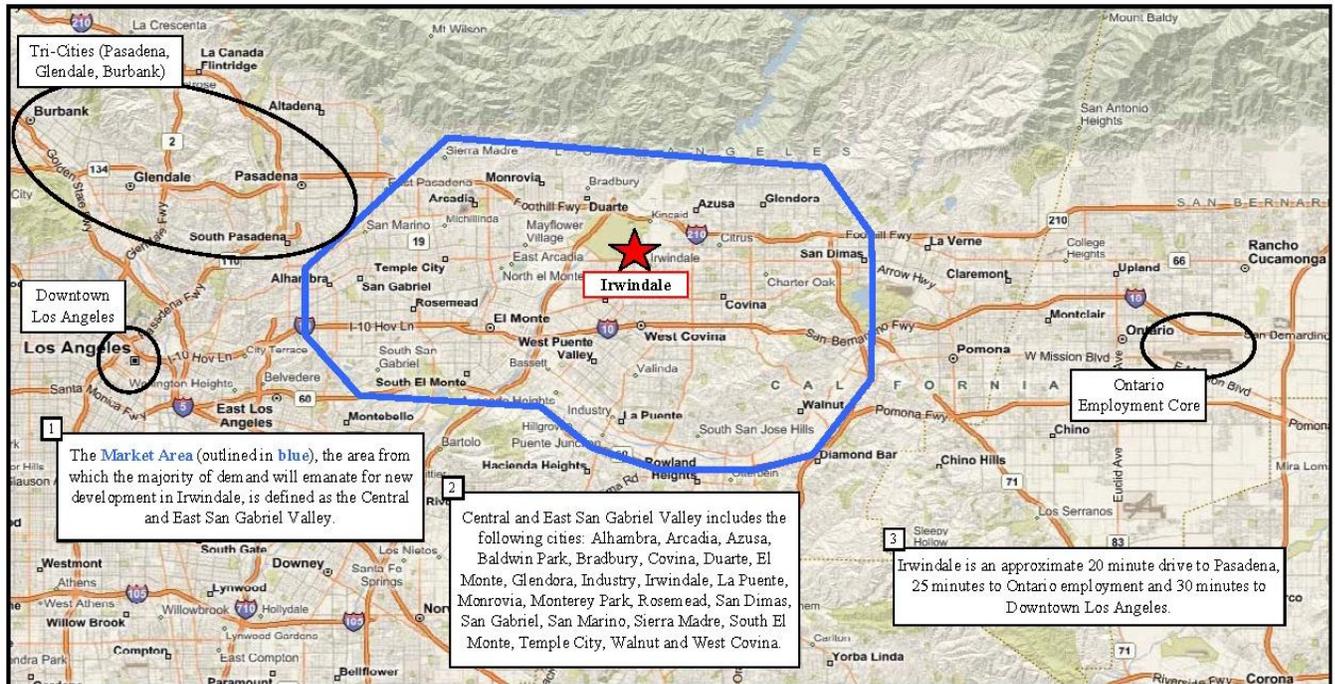
As illustrated below, key socio-economic demand drivers evaluated as part of the market analysis were population growth, employment growth, and income, and Irwindale's local capture potential of the regional market.



### Market Area Delineation

Three local and regional markets (see Exhibit II-2) were analyzed to provide a foundation for this Plan.

- **Irwindale:** The City's corporate jurisdictional boundaries in which the City and ICRA have the authority to leverage assets and resources, possess land use control, and have other economic development tools at their disposal.
- **Market Area:** The Central and East San Gabriel Valley (Central/East SGV) is the Market Area from which the majority of demand exists and can be locally captured for new development in Irwindale. The Market Area includes the following communities: Alhambra, Arcadia, Azusa, Baldwin Park, Bradbury (unincorporated), Covina, Duarte, El Monte, Glendora, Industry, Irwindale, La Puente, Monrovia, Monterey Park, Rosemead, San Dimas, San Gabriel, San Marino, Sierra Madre, South El Monte, Temple City, Walnut, and West Covina.
- **Los Angeles County:** The greater regional market from which Irwindale will have some ability to locally capture new development and job growth in specified industries.



Map: Bing Maps

THE CONCORD GROUP

## Socio-economic & Marketplace Profile

Key local and regional market demand drivers analyzed for this Strategic Plan are described and illustrated in the following exhibits and tables.

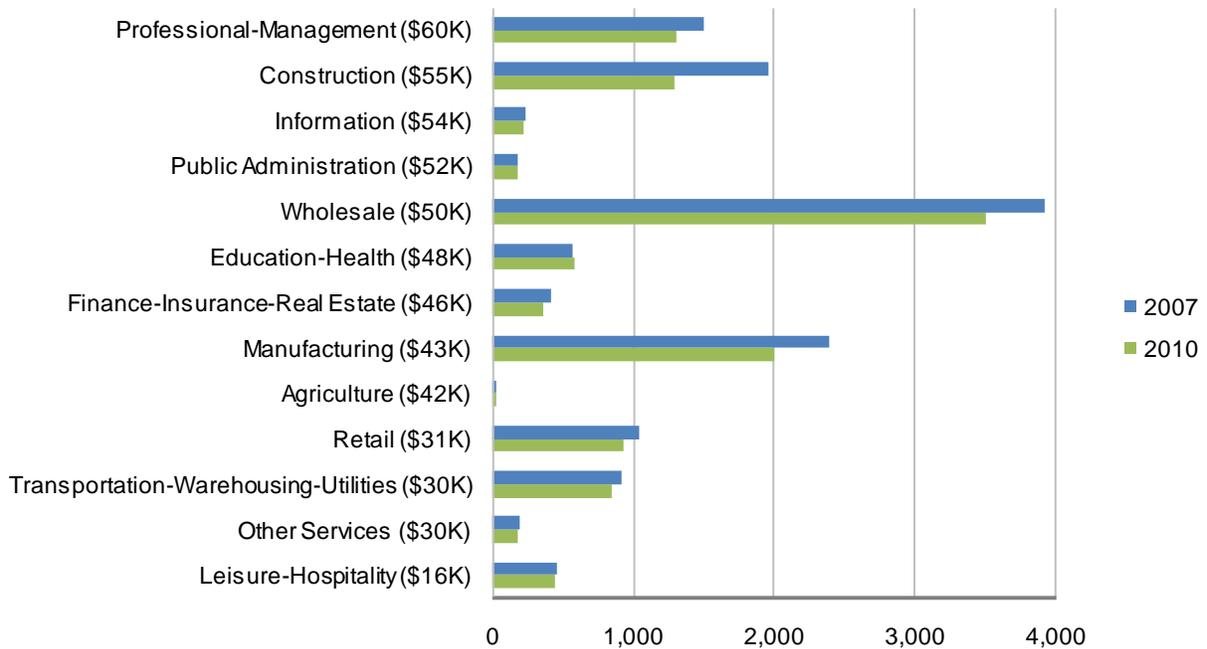
MARKET DEMAND DRIVERS		
<p><b>Limited Resident Base = Limited Retail Market</b></p> <p>Irwindale's current capture of neighborhood-serving retail is limited by its small resident base and because its daytime population has not reached a critical mass to support retail. Since the resident base is not expected to significantly grow, retail opportunities will remain limited.</p>	<p><b>Higher-Wage Jobs = Market Opportunities</b></p> <p>Irwindale's commercial/industrial land availability will continue to attract new businesses and support renewed job growth locally and regionally. Attracting businesses in higher-wage job clusters will be critical to capturing a greater market for sales tax generating retail uses.</p>	<p><b>Market Area Demand = Market Opportunities</b></p> <p>While the Irwindale resident base limits the local market capture for certain uses, the greater Central/East San Gabriel Valley continues to provide market opportunities for new job growth and regional-serving retail. The City/ICRA will leverage and invest land assets and resources accordingly.</p>

MARKET DEMAND DRIVERS			TABLE II-1
	Irwindale <sup>1</sup>	Central/East SGV Market Area	LA County
<b>Population<sup>2</sup></b>	1,422	1,035,410	10,163,825
<i>Irwindale Capture</i>		0.14%	0.01%
<b>Households<sup>2</sup></b>	374	301,633	3,297,845
<i>Irwindale Capture</i>		0.12%	0.01%
<b>Jobs<sup>3</sup></b>	11,830	452,555	3,765,900
<i>Irwindale Capture</i>		2.61%	0.31%
<b>Total Income (in Millions)<sup>4</sup></b>	\$23.4	\$24,410.8	\$264,229.0
<i>Irwindale Capture</i>		0.10%	0.01%

Sources:

- <sup>1</sup> Irwindale primary data sources except income: 2010 Census; SCAG
- <sup>2</sup> US Census; SCAG
- <sup>3</sup> California Employment Development Department (EDD); SCAG; Claritas
- <sup>4</sup> US Census; Claritas

**EXHIBIT II-3  
 IRWINDALE JOB COUNTS BY INDUSTRY SECTOR (AVERAGE ANNUAL SALARY)  
 2007 - 2010**



## Trends Analysis and Forecasting to Capture Longer-Term Market Opportunities

It is important to note that, due to the recession and volatility of the real estate and financial markets, the 2007-2010 period does not provide a complete picture or entirely accurate indication of where different industry sectors are headed in Irwindale. While the distribution of jobs by industry has remained relatively constant, it is critical for the City and ICRA to look to the future while monitoring current and emerging regional and national trends in key job clusters that can bring higher-wage jobs to Irwindale. For example, while the home construction industry is not expected to ever return to the level of activity it experienced from 2003 to 2007, emerging trends in the health care industry are creating real estate opportunities to construct new facilities to meet the growing demand for preventive care services and outpatient clinics. This will mean future opportunities for new medical office buildings in the San Gabriel Valley, particularly along major transportation corridors like the I-605 and I-210 Freeways. As noted in Exhibit II-3, the Education-Health job sector was the only sector that experienced an increase in Irwindale employment from 2007 to 2010 and is a relatively higher-wage industry.

This Plan recognizes the importance of analyzing, forecasting, and monitoring these types of industry and real estate trends. Trends analysis will be a key action item during the next several years as the City and ICRA seek to strategically position future developable land to attract desired job clusters.

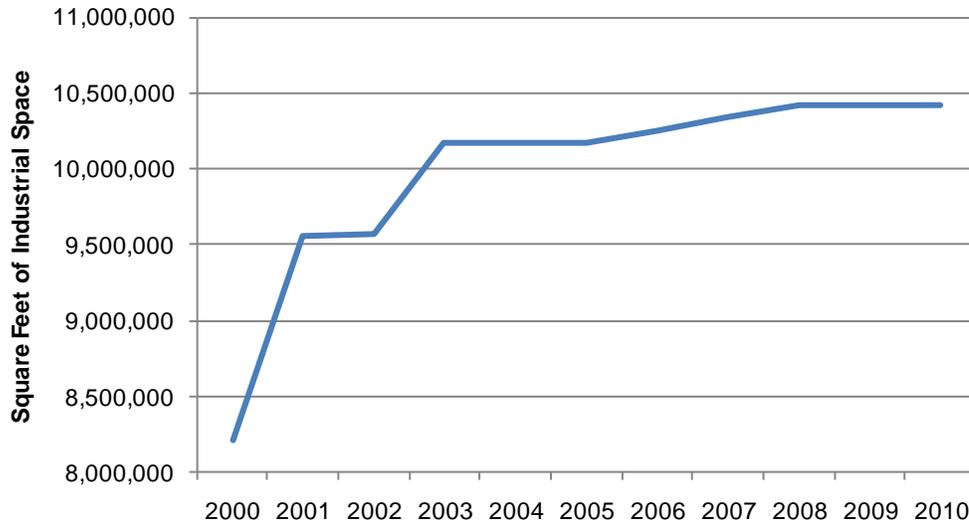
## Near-Term Market Opportunities in Irwindale

### *Industrial/Flex Development*

Based on the demand drivers described above, Irwindale's competitive strengths in the Market Area, and the relative scale of market opportunity, the majority of near-term market opportunities in Irwindale in the next five years are primarily focused in industrial uses, including warehouse/distribution, light manufacturing, and "industrial/flex" development products. Industrial/flex space is sometimes referred to as the chameleon of commercial real estate. Most commonly found in industrial business parks, such as the Irwindale Business Center, industrial/flex buildings can be light industrial, warehouse/distribution, office, or all three at once. A good example of a high quality industrial/flex project in Irwindale is the 655,000 square foot Huy Fong Foods project located at 4800 Azusa Canyon Road, developed by Seventh Street Development. The building includes office space to host the company's corporate headquarters for management and administrative operations, manufacturing space for the production of products, warehouse space for storage, and loading docks for distribution.



**EXHIBIT II-4  
IRWINDALE INDUSTRIAL INVENTORY**



Based on TCG’s market analysis, Irwindale currently accounts for 7% of industrial space in the Central/East SGV Market Area, but 15% of growth of industrial space in the Market Area occurred in Irwindale. Exhibit II-4 illustrates the growth of Irwindale industrial space inventory from 2000 to 2010. While the last three years have resulted in relatively flat growth in Irwindale, the Market Area, and Los Angeles County, the Huy Fong Foods project will add an additional 655,000 square feet of industrial/flex space to the market. TCG also projects, based on SCAG employment forecasts, an annual demand of approximately 553,000 square feet of new industrial space in the Market Area through 2020. Based on land availability and past performance, Irwindale has the ability to capture 15% or more of that new space. Industrial vacancy rates in Irwindale have also remained relatively low during the last four years of the recession, showing strong potential for renewed growth and market capture during the next five to ten years.

Developer interest and business attraction in the City of Irwindale also remain healthy. Development teams, like Trammell Crow Company and Seventh Street Development, who have completed successful projects in Irwindale, have expressed strong interest in developing additional industrial/flex and business park products. Development interest in the 6-acre and 2.5-acre ICRA-owned properties on Arrow Highway, east and west of Irwindale Avenue, for industrial/flex product types have also remained steady since the ICRA acquired the sites. The City’s Economic Development and Planning Departments also routinely field calls from interested businesses seeking to fill vacant, available industrial and office space in the City.

As discussed previously, while larger parcels of available land will readily support warehouse/distribution and light manufacturing uses, the City/ICRA should prioritize industrial/flex business park projects that attract user-tenants that will bring a greater number of higher-wage jobs to Irwindale. Depending on property location and size, the City/ICRA will seek to team and work with developers who are able to secure industrial/commercial uses that include research and development (R&D), professional office, and high-tech elements that require workers with higher levels of educational attainment. This does not discount the important role Irwindale will continue to play in supporting manufacturing and warehouse/distribution uses based on the future availability of large parcels of developable land at competitive locations along the I-605 and I-210 corridors.

### *Commercial-Retail Development*

Retail development is Irwindale’s next strongest tier of market opportunity. Based on the existing retail inventory in the Market Area and projected population growth, Irwindale’s capture potential from the Market Area is focused on suburban and regional retail categories, including big box (e.g., warehouse/club stores, department stores, home furnishings), drug stores, and specialty food services. TCG’s market analysis also identified multifamily rental housing as a second tier product type. However, based on Irwindale’s long history of slow residential growth and deep community roots, rental housing opportunities are extremely limited in the City. This Plan recognizes that, by limiting residential density in the City, a key demand driver for retail is automatically limited and, therefore, a potential source of new General Fund revenues is limited. The lack of internally generated growth in demand means the City will have to capture a higher percentage of demand from the greater Central/East SGV Market Area.

The lack of a 24/7 community, night-time population, and traditional downtown core also extremely limits the types of retail products Irwindale can capture. Neighborhood-serving retail, including sit-down restaurants, must depend almost solely on Irwindale’s day-time population and employment centers. Recent vacancies and high turnover of restaurant uses, however, as observed in the 25,730 square foot retail strip center located at 15600 Arrow Highway (at 4<sup>th</sup> Street), indicate that the local day-time population and traffic counts on major thoroughfares have not reached a critical mass to support certain types of retail. Discussions between RSG and local business stakeholders also confirm these challenges, and that the current volume of lunch-time business generally does not support the financial viability of most sit-down restaurants. However, as job growth in Irwindale continues over the next several years, the increase in day-time populations and demand for goods and services will support new lunch-time dining choices for current and future employees.

TCG’s market analysis indicates that, during the next 10 to 20 years, Irwindale has a significant upside capture potential for suburban/regional retail in the Market Area of up to 50,000 square feet per year. Upon successful reclamation of former mining pits located at key freeway locations along the I-605 and I-210 Freeways, there are significant opportunities for Irwindale to support regional-serving big box “power centers” and smaller developments. ICRA land assets at key retail locations include the 14.9-acre North Kincaid Pit, located on the north side of the I-210 Freeway at Irwindale Avenue, and the 14.1-acre triangular site located at the westerly intersection of Arrow Highway and Live Oak Avenue (includes the ICRA properties known as “Gore Point” and the 12-acre “Triangle Parcel”) which, combined with the easterly adjacent 60-acre JH Pit, creates a 74-acre development site for a mix of regional-serving retail, industrial/flex, and hospitality uses located directly across the road from Toyota Speedway. Both sites, however, have their own unique sets of development and infrastructure challenges, including reclamation, drainage, and access. Where appropriate and justified, the ICRA should program tax increment funds to assist in the remediation of improperly filled and compacted pits. The ICRA should also work with the owners of other privately-held mining pits to help facilitate potential retail development on those sites. The nearest-term development opportunity is expected to occur on Reliance Pit II, located on the other side of Irwindale Avenue from the North Kincaid Pit. The pit is owned and currently being filled by Vulcan Materials. Reclamation is anticipated to be completed between 2016 and 2019.



### *Housing*

As described above, higher density multifamily housing opportunities are constrained by local preferences. The ICRA and Irwindale Housing Authority have historically facilitated the creation of affordable single-family, for-sale housing projects. Higher density housing in recent years has been

limited to the Las Casitas I senior housing project located just northeast of City Hall on Ayon Avenue. Las Casitas II will be breaking ground in late 2011 or early 2012. However, the City's next major housing project is being programmed for the Manning Pit, located east of City Hall and existing single-family residential, and south of Arrow Highway between Allen Drive and Vincent Avenue. The City is currently filling the Manning Pit. In addition to the possibility of both single-family and multifamily housing at this location, the site also presents opportunities for additional industrial/flex uses and retail along Vincent Avenue, such as a retail center anchored by a grocery store. To ensure greater flexibility in land use planning for housing on the Manning Pit, the City is proposing to adopt a Planned Development Overlay Zone that will allow for a mix of housing types and other uses.

Based on TCG's market analysis and general location, housing is not the preferred, market viable use on most other City- and ICRA-owned properties. The Manning Pit is ideally located next to the City's existing residential core, immediately adjacent to City services and park amenities and existing retail goods and services.

### *Site Prioritization and Site-Level Market Analysis*

Based on TCG's market analysis and RSG's redevelopment and revenue analyses, this Strategic Plan identifies and prioritizes seven primary City/ICRA sites for development of uses with the strongest near-term market demand. During the next six to eight years, the City/ICRA will focus its resources to leverage these sites for development and create infrastructure to support the proposed uses. The Strategic Plan also calls for the development of new economic development initiatives to implement the four Strategic Policy Goals, each of which were crafted to facilitate the successful redevelopment of high-priority City/ICRA sites by creating a business-friendly environment that minimizes public and private risk. The development of these sites will generate significant sales tax revenues from new regional-serving retail, increase higher-wage employment through new industrial/flex uses, and increase utility user tax revenues from new large-scale industrial projects. Chapter IV of this Strategic Plan provides a site-by-site profile description of each priority site, including market demand, development opportunities, market positioning, projected return on investment, site challenges, and current property status. Sections I and IV of the Technical Appendix also provide detailed back-up data and information.

### *Limited Near-Term Market Opportunities for Office Uses*

Development opportunities for new 100% professional office buildings are limited in the near-term. With a small base of existing office buildings in the City, the office vacancy rate of 24% in the 3<sup>rd</sup> Quarter of 2010 in Irwindale was significantly higher than 7.7% in the Market Area and 12.1% in Los Angeles County. Office products are generally performing poorly as a whole in the Market Area and Los Angeles County, where there was negative absorption for three straight years from 2008 to 2010. However, the City and ICRA should continue to stay in discussions with existing major office employers (e.g., Southern California Edison, Charter Communications) about opportunities for growth and expansion, including how the City and ICRA may be able to assist through land use planning, needed public improvements, land assemblage, or site selection.

### *Other Opportunities – Evaluation of Future Lease Renewals*

While not included among the seven high-priority sites outlined in Chapter IV of this Plan, the City and ICRA will also evaluate development interests, as warranted, for smaller ICRA-owned sites located in the City, including the 3.3-acre property located at 242 Live Oak Avenue and the 0.5-acre remnant parcel located on Buena Vista Street at Tifal Avenue. Based on future market opportunities, the City and ICRA should also closely monitor existing leases on properties and evaluate the cost-benefit of negotiating and granting lease renewals and extensions.

## III. Business Stakeholder Outreach

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Another important element of the strategic planning process was outreach to Irwindale business stakeholders about the City's strategic planning efforts. RSG and TCG held two separate group roundtable sessions with major Irwindale employers and landowners to introduce the strategic planning efforts and ask key questions about local business expansion and development opportunities. Please refer to Section III of the Technical Appendix for the meeting agenda, notes, and other summaries from these outreach efforts. City/ICRA staff did not participate in any stakeholder discussions. During the roundtable sessions, key questions presented to stakeholders addressed:

- **Irwindale Business Climate:** These questions addressed local businesses' past experiences planting and growing their businesses, past and current opportunities and challenges in the business climate, and the City's role in fostering a business-friendly environment.
- **Business Growth and Expansion:** These questions addressed individual businesses' current/future expansion plans, current or emerging job clusters and industry sectors the City should focus on grooming, public improvements or amenities the City should initiate to promote business expansion, and businesses' needs for employee workforce housing.
- **Land Development:** These questions addressed the types of incentives that would attract and facilitate development, the types of public-private partnerships needed to support development efforts, emerging user/tenant profiles in the area, and how the City should best position City- and ICRA-owned sites for redevelopment.

### Business Stakeholders

In total, RSG and TCG reached out and sought input from 17 businesses and more than 20 individuals through roundtable forums and one-on-one discussions. Targeted stakeholders included:

- **Mining Operators:** Vulcan Materials, Hanson Aggregates, United Rock Product
- **Business Advocates:** Irwindale Chamber of Commerce, San Gabriel Valley Economic Partnership (SGVEP), LAEDC
- **Major Employers/Businesses:** MillerCoors, Southern California Edison (SCE), ReadyPac, Gale Banks Engineering, Toyota Speedway, Athens Services, Picassos Café
- **Developers:** Trammell Crow Company, Seventh Street Development, MHi Real Estate (aka 4<sup>th</sup> Street Development), Majestic Realty

During the course of the strategic planning process, RSG and City staff also held impromptu one-on-one discussions with a number of property owners and prospective developers expressing interest in redevelopment opportunities. Input from these discussions was also considered during the preparation of the Strategic Plan.

### Themes

Business stakeholder outreach and input is critical so the City and ICRA can clearly and accurately gauge the local business climate, business expansion opportunities/challenges, and land development opportunities. Central themes discussed during the outreach/input process are summarized below. In addition to these topics, all stakeholders expressed a strong appreciation for the City's outreach efforts and for pulling together group forums for open and honest communication. Continuing these open forums is an important component of the Business Action Plan contained in this Strategic Plan.



### Leadership

Strong and consistent staff leadership is critical to future business growth and land development. Continue to foster business and development advocacy by City/ICRA staff. Business community desires a greater voice with the City Council.



### Consistent & Focused City Vision

Need a clear vision of what the City wants to be. City and businesses both need to implement that vision. Vision should include expanding the industrial/flex market. City needs to grow sustainable and balanced revenue sources as mining revenues continue to diminish.



### Business-Friendliness & Customer Service

Need consistency in staffing and responsiveness to the business community. Development process needs to be streamlined to reduce risk and increase predictability to developers and investors. Continue efforts of new staff leadership to advocate business success. Foster interagency collaboration for business advocacy.



### Build Upon Assets & Industry Clusters

Build from and capitalize on major assets (e.g., Toyota Speedway). Increase retail and hospitality choices to decrease leakage of employee and visitor spending to neighboring cities. Address conflicts from incompatibility of industrial and residential uses located adjacent to one another. Need more raw land for industrial/flex expansion opportunities.



### Change Regional Perception of City

Increase regionally visible promotion of local economic achievements (e.g., Louis Vuitton, Irwindale Business Center, Huy Fong). Use word-of-mouth promotion of City through success stories. Increase regional presence through promotion and advertisement on the Internet and regional business journals.



## IV. Priority Near-Term Development Sites

### 17-Acre Site @ Arrow Highway and Live Oak Avenue (17 Acres)

- Strongest near-term demand: Industrial
- Compatible surrounding uses
- Easy access to Arrow Hwy, Live Oak Ave, I-605

**Market Demand**



- Large parcel size allows single-user development or multiple smaller warehousing/distribution buildings
- Stakeholder interviews indicate strong interest from development community

**Opportunities**




- Use: 100% Industrial (warehouse/ distribution)
- Space: 375,000 sf
- Lease Rate: \$6.00/sf/yr
- Annual Project Revenue at Stabilization: \$2,250,000
- Land Value: \$8.9 million

**Positioning**



- Increase in Assessed Value: \$18,009,783
- Cumulative Net Tax Increment (thru 2027-28): \$1,476,389 (\$836,062 NPV)

**Return on Investment**



- Adjacency to residential neighborhoods to the south (Baldwin Park)
- DWP power lines reduce developable footprint

**Challenges**



- MOU with Athens Services for Material Recovery Facility (MRF); MRF will generate \$2 million in annual host fees to City, with annual escalation
- MRF is consistent with TCG market recommendations

**Property Status**



## North Kincaid Pit & Denny's @ I-210 and N. Irwindale Avenue (16.6 acres)

- Strongest near-term demand: Regional Retail (or Industrial)
- Strong Market Area retail demand
- Adjacency to existing Costco can drive shoppers/spending to new project

**Market Demand**



- I-210 offers strong driveby visibility and regional access
- Undersupplied retail includes big box, drug stores, and specialty food services, all of which prefer freeway access
- Adjacent to Reliance Pit II

**Opportunities**




- Use: 100% Retail(suburban)
- Space: 180,000 sf
- Lease Rate: \$25.00/sf/yr
- Annual Project Revenue at Stabilization: \$4,500,000
- Land Value: \$15.5 million

**Positioning**



- Increase in Assessed Value: \$28,025,277
- Cumulative Net Tax Increment (thru 2027-28): \$1,072,781 (\$519,324 NPV)
- Annual Sales Tax Revenue at Stabilization: \$858,129

**Return on Investment**



- Easterly half of property is located in the City of Azusa
- Access from Irwindale streets is extremely limited
- Major drainage improvements are required

**Challenges**



- ICRA is proposing to finance the required drainage improvements in 2012 following a California Supreme Court Decision on ABX1 26 and ABX1 27

**Property Status**



## Manning Pit @ Vincent Avenue and Arrow Highway (35.7 acres)

- Strongest near-term demand: Mix of residential (single-family and townhomes), industrial/flex, and retail
- Close proximity to existing residential core and retail

**Market Demand**



- Retail preferred in northeast corner to maximize visibility - potential for grocery-anchored center
- Industrial/flex preferred north-south along Vincent and northern edge
- Residential in interior of site

**Opportunities**




- Use/Space: 19% single-family (40 units), 7% townhomes (23 units), 60% industrial/flex (320,000 sf), 14% retail (75,000 sf)
- Annual Project Revenue at Stabilization: \$16,205,000
- Land Value: \$15.5 million

**Positioning**



- Increase in Assessed Value: \$46,671,390
- Cumulative Net Tax Increment (thru 2027-28): \$1,592,470 (\$748,107 NPV)
- Annual Sales Tax Revenue at Stabilization: \$223,213
- Higher-wage jobs

**Return on Investment**



- Time requirement for reclamation
- Multifamily uses may not be locally preferred

**Challenges**



- City has hired a fill operator to implement reclamation process
- Housing Element Update is consistent with the recommended near-term residential opportunities

**Property Status**



## Gore Point/Triangle Pit/JH Pit @ Arrow Highway and Live Oak Avenue West (74.2 acres)

- Strongest near-term demand: Industrial and Regional Retail
- Strong Market Area retail demand

### Market Demand



- Assuming consolidation of Gore Point/Triangle Pit with JH Pit, strong opportunity for mix of uses given proximity to I-605 and Toyota Speedway
- "Destination" development opportunity, including longer-term opportunity for hotel

### Opportunities



- Use/Space: 83% Retail (705,000 sf), 17% Industrial/flex (140,000 sf)
- Annual Project Revenue at Stabilization: \$19,025,000
- Land Value: \$66.5 million

### Positioning



- Increase in Assessed Value: \$126,079,091
- Cumulative Net Tax Increment (thru 2027-28): \$3,284,052 (\$1,453,265 NPV)
- Annual Sales Tax Revenue at Stabilization: \$3,767,165
- Higher-wage jobs

### Return on Investment



- Potential issues with fill material/process for the JH Pit may require correction; ICRA assistance to remediate fill compaction issues may be required and warranted

### Challenges



- City intent is to facilitate assemblage with JH Pit
- Issues with fill material/process must be addressed

### Property Status



## 16203 Arrow Highway @ Arrow Highway and Allen Drive (6.3 acres)

- Strongest near-term demand: Industrial (flex)
- Situated amongst established industrial/flex node to north, west, and south of Arrow
- Use will need to consider residential adjacency (Morada St)

### Market Demand



- Strong interest from private development community for build-to-suit flex headquarters
- Access to Arrow Hwy and Irwindale Ave
- Will generate additional retail demand along Arrow Hwy

### Opportunities



- Use: 100% Industrial (flex)
- Space: 85,000 sf
- Lease Rate: \$10.00/sf/yr
- Annual Project Revenue at Stabilization: \$850,000
- Land Value: \$4.0 million

### Positioning



- Increase in Assessed Value: \$6,299,178
- Cumulative Net Tax Increment (thru 2027-28): \$516,388 (\$292,425 NPV)
- Higher-wage jobs

### Return on Investment



- Adjacency to residential
- Large storm drain easement runs down the middle of the site / relocation is feasible but will require County approval

### Challenges



- ICRA entered into an ENA with Chalmers Equity Group (CEG) in May 2011
- Upon a California Supreme Court Decision on ABX1 26 and ABX1 27, ICRA will resume negotiations

### Property Status



## 15768 Arrow Highway @ Arrow Highway and 4<sup>th</sup> Street (2.5 acres)

- Strongest near-term demand: Industrial (flex), followed by future retail
- Immediately adjacent to existing industrial/flex uses in Irwindale Business Center

### Market Demand



- Strong interest from private development community for build-to-suit flex headquarters and other uses
- Strong access and visibility from Arrow Highway
- Will generate additional retail demand along Arrow Hwy

### Opportunities



- Use: 100% Industrial (flex)
- Space: 38,000 sf
- Lease Rate: \$10.00/sf/yr
- Annual Project Revenue at Stabilization: \$380,000
- Land Value: \$1.6 million

### Positioning



- Increase in Assessed Value: \$3,870,015
- Cumulative Net Tax Increment (thru 2027-28): \$317,252 (\$179,626 NPV)
- Higher-wage jobs

### Return on Investment



- Irregularly shaped parcel
- Use will need to consider adjacency to residential to the east

### Challenges



- ICRA entered into an ENA with Panattoni Development in August 2011
- Upon a California Supreme Court Decision on ABX1 26 and ABX1 27, ICRA will resume negotiations

### Property Status



## LA Alderson / Am Vets Property @ Los Angeles Street and Alderson Avenue (12.5 acres)

- Strongest near-term demand: Industrial (flex)
- Near established concentration of light industrial uses east of Azusa Canyon and adjacent to rail
- Easy access to east-west connectors

### Market Demand



- Large site allows for creation of a sub-regional industrial/flex business park
- Strong interest from private development community for industrial
- Some potential for housing as alternative use

### Opportunities



- Use: 100% Industrial (flex)
- Space: 178,500 sf
- Lease Rate: \$10.00/sf/yr
- Annual Project Revenue at Stabilization: \$1,785,000
- Land Value: \$7.5 million

### Positioning



- Increase in Assessed Value: \$13,345,888
- Cumulative Net Tax Increment (thru 2027-28): \$458,445 (\$215,367 NPV)
- Higher-wage jobs

### Return on Investment



- Irregularly shaped parcel
- Adjacent to existing residential to the west
- Am Vets would require relocation or reentry/reincorporation into development

### Challenges



- Ongoing lease with Am Vets.
- Some staging for City public works operations and storage
- No recent activities.

### Property Status



## V. Business Action Plan

The following outlines a market-based Business Action Plan designed to focus City and ICRA resources on key economic development initiatives, infrastructure projects, and development opportunities that seek to influence the City of Irwindale’s financial trajectory toward sustainable economic growth and budgetary stability. Implementation timeframes are based on fiscal year to provide alignment with the City’s and ICRA’s budget cycles.

### Policy Goal I: Build On Community and Success

Support residents’ quality of life through municipal services and community amenities by supporting local businesses and growing the business economy, while respecting and preserving local history and cultural identity. Partner with business stakeholders to leverage economic success stories to change regional perceptions of Irwindale.

Strategic Objectives	Actions	Responsible Party(ies)	Timeframe	Implementation Partners
<b>1. Community as One</b> 	<b><i>Business Roundtable Forums</i></b> Continue business roundtable forums and facilitate direct dialogue between City leaders, regional economic advocates, and local business representatives about shared economic development goals. Consult with the business and development community about potential policy changes.	Economic Development Department	FY 2011-12 Ongoing Quarterly	LAEDC SGVEP Chamber of Commerce Irwindale Businesses
	<b><i>One-on-One Outreach</i></b> Team with relevant economic partners to reach out to less vocal businesses to ensure retention and expansion opportunities are not missed.	Economic Development Department	FY 2011-12 Ongoing	LAEDC SGVEP SCE Economic Development Team Chamber of Commerce

Strategic Objectives	Actions	Responsible Party(ies)	Timeframe	Implementation Partners
<p><b>2. Homegrown Work Force</b></p> 	<p><i>Higher-Education</i></p> <p>Team with both businesses and residents to support and invest in City educational programs and scholarship foundations that promote the higher educational attainment of local residents who can return to Irwindale with higher-education degrees to grow the City's employment base of higher-wage jobs.</p> <p>Continue to support the Irwindale Educational Foundation. Other possible implementation strategies include tax or fee incentives for businesses that hire local residents, particularly for higher-wage jobs.</p>	<p>City Administration                      Economic Development Department</p>	<p>FY 2011-12                      Ongoing</p>	<p>Chamber of Commerce                      Irwindale Educational Foundation                      Irwindale Businesses                      Other Nonprofits</p>

## Policy Goal II: Create a Business-Friendly Environment

Evaluate the City's development review process and, where feasible and appropriate, reduce developer/investor risk exposure and increase predictability in the process. Be champions for projects that produce economic benefits and a return on the City's/ICRA's investment, both internally within the City's development process and externally with local and regional stakeholders.

Objectives	Actions	Responsible Party(ies)	Timeframe	Implementation Partners
<b>1. Reduce Risk, Increase Predictability</b> 	<p><i>Risk Reduction Program</i></p> <p>Evaluate private risk in land entitlement and business development processes and implement a risk reduction program. Consult with the business and development communities, and the public, about points of risk and financial exposure. Develop and recommend a risk reduction program to City Council containing strategies and methods to reduce risk and cost and increase predictability.</p> <p>Implementation strategies include a review of the City's development/entitlement review process, and potential retooling of related City policies and procedures.</p>	City Administration Planning Department Public Works Department Finance Department Economic Development Department City Attorney	FY 2011-12 thru FY 2012-13 Ongoing Monitoring	Irwindale Businesses Development Community
	<p><i>Developer/Broker Forum</i></p> <p>Create a forum to engage qualified and trusted industrial/commercial developers and brokers on market conditions, emerging real estate trends, development process evaluation, and opportunities/sties/available leasable space.</p> <p>Implementation strategies include a pre-qualification process for developers and a periodic (e.g., quarterly) meeting with developers/brokers to share data about industry trends and real estate opportunities.</p>	Economic Development Department Planning Department	FY 2011-12 Ongoing Quarterly	Developers Commercial Brokers

Objectives	Actions	Responsible Party(ies)	Timeframe	Implementation Partners
	<p><i>Risk Consultation Services</i></p> <p>Based on the risk evaluation completed for a new risk reduction program, provide pre-application consultation services to developers and businesses to identify points of risk and financial exposure (e.g., entitlements) and opportunities to increase predictability and minimize risk.</p>	<p>Planning Department</p> <p>Public Works Department</p> <p>Finance Department</p> <p>Economic Development Department</p>	<p>FY 2011-12</p> <p>Ongoing</p>	<p>Applicants</p> <p>Prospective Businesses</p>
	<p><i>Brownfields Revitalization</i></p> <p>Continue efforts to assess and remediate environmental contamination and barriers to productive reuse of brownfields properties, including privately-held properties where brownfields issues could stall land transactions and redevelopment opportunities in the future. Such efforts seek to proactively minimize private legal and financial risks in the future that could impede the timely redevelopment of key properties.</p> <p>Implementation strategies include federal and state grants to provide funding for brownfields revitalization programs.</p>	<p>Economic Development Department</p>	<p>2012-13</p> <p>Ongoing</p>	<p>Federal/State Regulatory Agencies</p>
<p><b>2. Be a Champion</b></p> 	<p><i>Regional Economic Development Marketing Program</i></p> <p>Establish partnerships with regional business forums and journals to promote business and development opportunities and achievements in Irwindale. Profile key businesses and regional assets (e.g., SCE Energy Education Center) and generate regional excitement around future development opportunities in Irwindale.</p>	<p>Economic Development Department</p>	<p>FY 2011-12</p> <p>Ongoing</p>	<p>LAEDC</p> <p>SGVEP</p> <p>Chamber of Commerce</p> <p>Irwindale Businesses</p> <p>Business Journals and Other Forums</p>

Objectives	Actions	Responsible Party(ies)	Timeframe	Implementation Partners
	<p><i>Business Attraction</i></p> <p>Proactively work with brokerage community to attract desired businesses and user-tenants to fill available industrial/commercial space. Target and attract user-tenants directly, where appropriate. Use City web site to provide a portal to access property listings through services like LoopNet.</p>	<p>Economic Development Department</p>	<p>FY 2011-12 thru FY 2012-13</p> <p>Ongoing</p>	<p>Commercial Brokers</p>

## Policy Goal III: Build the Revenue Base and Get Innovative

Prioritize and leverage City/ICRA land assets and, where appropriate and market-viable, identify and take advantage of opportunities to retain site control and develop a lease portfolio. “Care and feed” for existing businesses to minimize business closures and relocations. Build up and sustain the City’s General Fund revenue base by transitioning the City’s financial trajectory to shift the General Fund’s reliance on “finite” or “time-limited” revenues toward new “sustainable” and “ongoing” revenues. Assess City operational functions and services to identify opportunities for cost-sharing with other jurisdictions or exploring alternative service delivery methods.

Objectives	Actions	Responsible Party(ies)	Timeframe	Implementation Partners
<b>1. Care and Feed</b> 	<p><i>Early Warning System</i></p> <p>Create a system for businesses in Irwindale to notify the City early on of potential business closures and relocations, and to engage in collaborative dialogue for business retention.</p> <p>Implementation strategies include business license tracking, ongoing one-on-one outreach, and web-based communication tools.</p>	Economic Development Department Finance Department	FY 2011-12 Ongoing Monitoring	LAEDC SGVEP Chamber of Commerce Irwindale Businesses
	<p><i>Business Expansion</i></p> <p>Leverage business stakeholder and developer/broker forums to engage in open dialogue about strategies and opportunities to facilitate business expansion, including identifying space needs to grow business operations.</p>	Economic Development Department	FY 2011-12 Ongoing	LAEDC SGVEP Chamber of Commerce Irwindale Businesses
<b>2. Use Resources, Get Back More</b> 	<p><b>Redevelopment Project: Arrow Highway Projects</b></p> <p>Develop 6-acre site at 16203 Arrow Highway and 2.5-acre site at 15768 Arrow Highway with industrial/flex uses that prioritize R&amp;D-oriented or other uses that bring higher-wage jobs near the City’s primary retail uses.</p> <p><i>(Continued on next page.)</i></p>	Economic Development Department Planning Department Public Works Department City Attorney	FY 2011-12 thru FY 2012-13	Qualified Developers

Objectives	Actions	Responsible Party(ies)	Timeframe	Implementation Partners
	<p><u>Infrastructure Requirements</u></p> <ul style="list-style-type: none"> <li>• Intersection improvements at Arrow Highway and Irwindale Avenue</li> <li>• Potential relocation of storm drain (16203 Arrow Highway)</li> </ul>			
	<p><b>Redevelopment Project:</b>  <i>Athens Materials Recovery Facility (MRF)</i></p> <p>Proactively shepherd the proposed Athens MRF project on the ICRA's 17-acre property located at the easterly intersection of Arrow Highway and Live Oak Avenue.</p>	<p>Economic Development Department</p> <p>Planning Department</p> <p>Public Works Department</p> <p>City Attorney</p>	<p>FY 2011-12 thru FY 2013-14</p>	<p>Athens Services</p>
	<p><b>Redevelopment Project: I-210 Regional Retail and Industrial</b></p> <p>Capitalize on land availability and Gold Line Extension along the I-210 corridor to build regional-serving retail uses at the North Kincaid Pit and Reliance Pit II.</p> <p><u>Infrastructure Requirements</u></p> <ul style="list-style-type: none"> <li>• North Kincaid Pit drainage improvements</li> <li>• North Kincaid Pit access and circulation improvements</li> </ul>	<p>Economic Development Department</p> <p>Planning Department</p> <p>Public Works Department</p> <p>City Attorney</p>	<p>FY 2011-12 thru FY 2016-17</p>	<p>Vulcan Materials</p> <p>Qualified Developers</p>
	<p><b>Redevelopment Project:</b>  <i>Manning Pit</i></p> <p>Continue reclamation process and concurrently market the site for future development of residential, industrial/flex and retail uses.</p>	<p>Economic Development Department</p> <p>Planning Department</p> <p>Public Works Department</p> <p>City Attorney</p>	<p>FY 2011-12 thru FY 2016-17</p>	<p>Qualified Developers</p>

Objectives	Actions	Responsible Party(ies)	Timeframe	Implementation Partners
	<p><b>Redevelopment Project: LA Alderson/Am Vets Site</b></p> <p>Based on site-level market analysis, begin marketing the site and attract development interests for an industrial/flex business park. Identify opportunities for reentry/reincorporation of Am Vets, or possible relocation to a new facility. Stay open to potential for housing development.</p>	<p>Economic Development Department</p> <p>Planning Department</p> <p>Public Works Department</p> <p>City Attorney</p>	<p>FY 2012-13 thru FY 2014-15</p>	<p>Am Vets</p> <p>Qualified Developers</p>
	<p><b>Redevelopment Project: Gore Point/Triangle Pit/JH Pit</b></p> <p>Address legal and engineering issues with reclamation of JH Pit and evaluate the potential for near-term opportunities, if any, on Gore Point. If justified, assess ability to provide redevelopment assistance to rectify potential fill compaction issues.</p> <p><u>Infrastructure Requirements</u></p> <ul style="list-style-type: none"> <li>Corrected reclamation of JH Pit</li> </ul>	<p>Economic Development Department</p> <p>Planning Department</p> <p>Public Works Department</p> <p>City Attorney</p>	<p>FY 2011-12 thru FY 2016-17</p>	<p>Irwindale Partners</p> <p>Qualified Developers</p>
<p><b>3. Budgetary Innovation</b></p> 	<p><b>10-Year Extension of City Industrial Development Project Area</b></p> <p>Explore the potential to sponsor legislation addressing the ICRA's limited ability in the future to expend high sums of Low and Moderate Income Housing Fund monies and pursue a 10-year extension of the City Industrial Development Project Area.</p>	<p>Economic Development Department</p> <p>City Administration</p> <p>City Attorney</p>	<p>FY 2012-13</p>	<p>Los Angeles County Community Development Commission</p> <p>Local Legislators</p>
	<p><b>SB 1096 ERAF Extensions</b></p> <p>Adopt an ordinance pursuant to Health and Safety Code Section 33333.6(e)(2)(D) for two-year ERAF Extensions for the three Project Areas.</p>	<p>Economic Development Department</p> <p>City Administration</p> <p>City Attorney</p>	<p>FY 2011-12</p>	<p>N/A</p>

Objectives	Actions	Responsible Party(ies)	Timeframe	Implementation Partners
	<p><i>Financial Sensitivity Model</i></p> <p>Create a financial model that evaluates how the City's General Fund budget positively or negatively responds to changes in different specified revenue sources and expenditure categories. The model provides a baseline from which to evaluate alternative service delivery models. The model should also track the economic health of the City and serve as an early warning system for potential future budget deficits.</p>	<p>Economic Development Department</p> <p>Finance Department</p>	<p>FY 2012-13</p>	<p>N/A</p>
	<p><i>Alternative Service Delivery Models</i></p> <p>Engage regional agencies and neighboring service providers in exploratory discussions about opportunities to reduce individual agencies' operational costs for service delivery by taking advantage of economies of scale and scope.</p>	<p>Economic Development Department</p> <p>Finance Department</p>	<p>FY 2012-13</p> <p>Ongoing</p>	<p>Los Angeles Local Agency Formation Commission (LA LAFCO)</p> <p>LAEDC</p> <p>SGVEP</p> <p>Neighboring Cities</p>
	<p><i>Lease Portfolio</i></p> <p>As part of the ICRA's redevelopment initiatives under Objective #2, identify opportunities for the City to retain land ownership and enter into long-term leases to create an ongoing revenue stream to the City's General Fund.</p>	<p>Economic Development Department</p> <p>Finance Department</p>	<p>FY 2012-13</p> <p>Ongoing</p>	<p>N/A</p>

## Policy Goal IV: Envision, Plan, and Build for the Future

Forecast, analyze, and monitor current and emerging trends in local and regional socio-economic patterns and job clusters. Add trends analysis as a factor influencing where, when, and how the City and ICRA invests limited public resources to build needed infrastructure and other public improvements that will support future development. Make swift yet intelligent investment decisions and take action to keep the local economic engine moving.

Objectives	Actions	Responsible Party(ies)	Timeframe	Implementation Partners
<b>1. Industry Trends</b> 	<p><i>Trends Analysis</i></p> <p>Work with regional economic partners to create a database of key data points impacting the sustainability of businesses, development products, and local land use decisions. Work with industry leaders to forecast and analyze current and emerging demographic and industry trends determining the growth and expansion of job clusters. Incorporate trends analysis into land use planning, site planning, and economic development.</p>	Economic Development Department  Planning Department	FY 2012-13  Ongoing	LAEDC  SGVEP  Chamber of Commerce  Irwindale Businesses  Prospective Businesses
<b>2. See Tomorrow, Act Today</b> 	<p><i>Developer Qualification Process</i></p> <p>Establish a process for pre-qualifying developers seeking ICRA financial assistance or property. Process should emphasize past developer performance in Irwindale or elsewhere, public-private partnership experience, and developer commitment to the community of Irwindale.</p>	Economic Development Department  City Attorney	FY 2012-13  Ongoing	Development Community
	<p><i>Economic Development Element</i></p> <p>Prepare and adopt an Economic Development Element as a supplementary General Plan Element, creating a stronger policy linkage between land use planning and economic development and fiscal health. Use Strategic Plan as a basis for developing policy goals.</p>	Economic Development Department  Planning Department	FY 2013-14	LAEDC  SGVEP  Chamber of Commerce  Irwindale Businesses



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