

Agenda

Item: 7A

Date: 10-8-12

CITY OF SIMI VALLEY MEMORANDUM

October 8, 2012

TO: City Council

FROM: Office of the City Manager

SUBJECT: REVIEW OF ECONOMIC STRATEGIC PLAN PROPOSAL

RECOMMENDATION

It is recommended the City Council review staff's analysis of the Economic Strategic Plan proposal and provide direction to staff.

BACKGROUND AND OVERVIEW

At the City Council meeting of August 13, 2012, Mayor Huber distributed an Economic Strategic Plan proposal to City Council Members. As the Economic Strategic Plan was not on the agenda, the City Council was unable to discuss the item at that time. Subsequently, the Economic Strategic Plan was placed on the September 10, 2012 agenda. At that meeting, the City Council provided additional direction and comments on the proposed Plan. Staff has analyzed the items contained in the Plan and the comments received at the September 10, 2012 City Council meeting and seeks direction.

FINDINGS AND ALTERNATIVES

Since incorporation, the City Manager's office has coordinated the economic development function in the City. Normally assigned to one of the Assistant City Managers, the role to attract, retain, and assist businesses was part of the collective job duties of an existing staff member. In February 1999, the City Council established the Office of Economic Development as part of a growing emphasis on economic development in the community. As in the past, the economic development function is performed as a task within the overall duties of an Assistant City Manager.

While additional staff members have been allocated to the work of economic development in the past (Deputy City Manager, Senior Management Analyst), as with the Assistant City Manager, the work of economic development is only a part of the overall duties of these staff members. Currently, the Office of Economic Development (Office) is staffed by the Director of Economic Development/Assistant City Manager and the Business and Development Advocate (Senior Management Analyst). Some of the additional duties of the Assistant City Manager in charge of economic development include management and oversight of the dissolution of the Simi Valley Community Development Agency, Civic Center development

(currently City Hall Expansion project), Development Agreement interface, Housing Oversight, development community interface, Boys and Girls Club liaison, and Under One Roof project coordination.

The Office is the City's information source for all business questions and issues whether from existing Simi Valley businesses or businesses outside Simi Valley interested in locating here. The following is a list of categories of assistance and services offered through the Office. While each category has numerous subcategories within, the broad range of services the Office provides are categorized in the following areas:

- Business Recruitment
- Business Retention
- Marketing
- Business Assistance
 - Site Selection
 - Tenant Assistance
 - Location Advice and Counsel
 - Market Competition Analysis
 - Demographic Data
- Permit and Zoning Assistance
- Development Processing Assistance
- Real Estate Professional Assistance
- Shop Simi Valley First
- Simi Valley Business Forum

The chief accomplishments of the Office include the attraction of a regional mall developer, pre-development coordination and the subsequent development of the Simi Valley Town Center; management of two Façade Renovation Programs in which the former Simi Valley Community Development Agency invested \$1.5 million in Façade Renovation Grants and leveraged \$5.8 million in private sector investment; and facilitating the development of the El Paseo Simi, Civic Center Plaza, and the new Target shopping centers. The Office also facilitate the work of the Permit Processing Ad Hoc Committee to make significant changes to the City's interaction with business. Additionally, the Business and Development Advocate position, which works out of the Office, has provided extensive assistance to local businesses and developers/property owners in their interaction with the City and other governmental agencies.

The Office has been successful in the retention of businesses such as Nexicore, Milgard Manufacturing, and California Lasers and has been involved in the attraction of numerous industrial businesses including Alcoa Fasteners, Milodon, Kidney Center headquarters, Qualstar, TelAir International, Video Store Shopper, All American Container, 3-Day Suit Broker headquarters, American Warehouse Equipment, and Specialty Merchandising Corp., and retailers such as Bed, Bath & Beyond, Men's Wearhouse, Courtyard by Marriott, Borders Book & Music, Target (Madera Road), Kohl's, Lowe's, and numerous tenants located at the Simi Valley Town Center.

The economic development community is built upon partnerships wherein expertise is disbursed to various organizations and persons. Through partnerships, the City is able to call upon persons and organizations with expertise in various fields. The City has established partnerships with the following organizations:

Economic Development Collaborative – Ventura County (EDCVC)
 Small Business Development Center (SBDC)
 Workforce Investment Board of Ventura County (WIB)
 Jobs and Career Centers of Ventura County (JCC)
 Service Corps of Retired Executives (SCORE)
 Women’s Economic Ventures (WEV)

Most services provided by these partnership organizations are provided at no or low cost to businesses. Through these partnerships, and the services identified above that are provided by staff, the City is able to provide a complete menu of services to existing Simi Valley businesses, business locating to Simi Valley, and start-up businesses.

At the August 13, 2012 City Council meeting, Mayor Huber presented a 20-point Economic Strategic Plan (Plan). The proposed Plan focuses on increasing the City’s economic development efforts in various areas that collectively would positively impact the level of service, visibility, and business attraction/retention efforts. In addition, at the September 10, 2012 meeting, the City Council provided input on the 20-point Plan and added several additional items to be reviewed.

Staff has reviewed each of the points included in the Plan and has provided background and history, if available, for each item. Staff has also provided a recommendation related to each item. Attached beginning on page 5 is staff’s analysis of the Plan that addresses each item individually and provides a Background section and a Recommendation section for each.

The following Alternatives are available to the City Council:

1. Review staff’s analysis of the Economic Strategic Plan proposal and provide direction to staff;
2. Provide further direction to staff.

Staff recommends Alternative No. 1.

SUMMARY

Prior to 1999, the City Manager’s Office has coordinated the economic development function in the City. In February 1999, the City Council established the Office of Economic Development as part of a growing emphasis on economic development in the community. At the August 13, 2012 City Council meeting, Mayor Huber presented a 20-point Economic Strategic Plan (Plan). The proposed Plan focuses on increasing the City’s economic

development efforts in various areas that collectively would positively impact the level of service, visibility, and business attraction/retention efforts. Staff has reviewed each of the points included in the Plan and has provided background and history, if available, for each item. Staff has also provided a recommendation related to each item. Staff recommends the City Council review staff's analysis of the Economic Strategic Plan proposal and provide direction to staff.



Brian P. Gabler, Director of Economic
Development/Assistant City Manager

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ECONOMIC STRATEGIC PLAN

- #1 Create a strategic economic development program for Simi Valley incorporating all of the below issues, as well as appropriate current programs, into one coordinated plan.

Background: A comprehensive economic development program currently does not exist.

Recommendation: Direct staff to develop a comprehensive economic development plan for review by the City Council.

- #2 Develop a campaign slogan such as "Simi Valley a great place to live AND work".

Background: Historically, the City has utilized tag lines to identify Simi Valley uniqueness and desirability. Beginning in approximately 1980, the City played on the fact that business outside Ventura County was not aware of Simi Valley as a location for residential living as well as business growth. To that end, the City utilized taglines noting the relative obscurity of the community. Taglines utilized included "Simi Valley: Southern California's Best Kept Secret", "Simi Valley...Still a Secret" and "The Secret of Simi Valley". In the mid 1990's, the City shifted to a more contemporary tagline of "Simi Valley: Come for Business...Stay for Lifestyle" but still utilizes "Simi Valley: Southern California's Best Kept Secret". The City continues to utilize these taglines in current advertising.

Recommendation: Include in the Marketing Consultant Request for Proposals Scope of Work (see item #5 below) a review of the City tagline and the development of a new City marketing tagline, if necessary.

- #3 Develop on-line permits so that homeowners, property owners, and contractors can use this process and not have to visit City Hall to get their permits.

Background: The short-term objective is to provide the ability for residents and contractors to enter the information for simple permits on-line, schedule the inspection, and pay any associated fees. The City's Information Services Division (IS) is working with the Department of Environmental Services (ES) to identify the work scope for simple on-line permits that can realistically be processed without replacing the back-end permitting information system. IS and ES will be proceeding with soliciting open-market proposals from qualified vendors to provide an on-line permit process. Staff will work with the selected system providers to complete and implement this functionality. Staff anticipates having a system ready for review in the third quarter of

FY 2012-13. Funding for this short-term objective is available through a grant the City obtained from Southern California Edison.

The long-term objective is to provide the ability for contractors and developers to enter the information for most permits on-line, schedule the inspection, pay any associated fees, provide paperless scheduling, and provide for paperless inspections. Further, the on-line permit system will integrate with the City's financial system and other databases. The selection, development, and implementation of this system will be a multi-million dollar, multi-year project. One of the City's Enterprise Systems Analyst positions is targeted to focus on the City's permit system, and recruitment for the position is anticipated to begin in October 2012.

Recommendation: Direct staff to implement the short-range and long-range objectives for the on-line permit system.

#4 Develop a coordinated, extensive development process such as the state-of-the-art process developed in the City of San Diego, which takes homeowners, property owners, and contractors step by step through the development process. This process is precise so as to reduce uncertainty or delay.

The 7 steps are:

1. Define Project
2. Site Information
3. Discretionary Review
4. Plan Review
5. Permits & Approval
6. Inspection
7. Occupancy

Background: Since the City Council convened the Permit Processing Review Committee in 2010, a significant number of changes were made to the City's website and documentation to ease applicants through the Development Review Process. Added to the City's website is information to guide the business owner through the Tenant Improvement Process including the following Reference Guides: Tenant Improvement Guide – Over the Counter, Tenant Improvement Guide Standard Review, Tenant Improvement Plan Requirements, and Accessibility Requirements. Further, the City's website offers information to assist the business owner or design professional, and it also invites contact to the City to get personalized service.

Staff has reviewed the San Diego website to determine the content and adaptability to Simi Valley's Development Review Process. The San Diego website provides information to the applicant regarding each step in the development review process, providing an overview of each step, posing questions regarding each step to better define the level of review required by the City, guidance on information that may be

required, and how to move on to the next step. The site also provides a significant number of forms that the applicant can download that may be required to process their application for development. Submittal of an application for development in San Diego must be done in person at their Development Services Department. No deadlines or timelines are provided for each step or for the City's review of a development application. For the professional or quasi-professional, the site provides valuable information however for the novice it may still prove challenging to discern the requirements of their individual project. Nevertheless, the site is very informative in nature and provides a very good outline of the City's Development Review Process.

The City of Simi Valley currently provides most of the information contained on San Diego's website in paper form at City offices. The City's website encourages applicants to meet with staff to review the individual requirements of their project, to discuss the necessary forms and material to be submitted, and provides contact information on setting appointments. For businesses venturing into tenant improvements, Simi Valley's website provides an informational flowchart of the steps to be taken to gain approval. While the City provides most of the same information on the City's website as San Diego, it does not provide it in a Step-by-Step easy to follow format.

Deploying the City's existing personalized development services to the Internet will give the development professional the opportunity to access Simi Valley's information after business hours and learn the forms and materials that may be required to be submitted for their development application. Providing a Step-by-Step process on the City's website would also provide specific contact information should any questions arise.

Recommendation: Direct staff to develop a Step-by-Step outline of the City's Development Review Process for placement on the City's website.

#5 Produce a regional marketing plan to attract Southern California businesses and professionals to the City.

Background: In the FY 2011-12 Simi Valley Community Development Agency (CDA) budget, staff included an appropriation of \$50,000 for the services of a Marketing Consultant. The Marketing Consultant would be tasked with creating a Branding Strategic Plan and Marketing Campaign for Simi Valley. In addition, the Marketing Consultant would develop a written comprehensive marketing plan identifying marketing methodologies including public relations opportunities, development of marketing and promotions materials including a recommended media campaign, print and electronic publications, and other promotional items to attract new businesses to the City.

As part of the marketing plan developed by the Marketing Consultant, staff would incorporate a direct mail marketing effort. Staff had researched and developed a list of

industrial and commercial employers located in the San Fernando Valley with leases that would expire within a two-year time frame. With the collateral material in hand and the list of employers with leases expiring, staff was prepared launch a directed marketing campaign.

With the passage of ABx1 26 by the California Legislature and the resulting ruling by the California Supreme Court, CDA funding was eliminated for the Marketing Consultant services and the direct mail campaign.

The FY 2012-13 General Fund Budget includes \$50,000 for Marketing Consultant services; a Request for Proposals (RFP) has been drafted and, pending City Council review of the Economic Strategic Plan proposal, may be issued.

Recommendation: It is recommended the City Council authorize staff to issue the Marketing Consultant RFP.

#6 Advertising in key trade journals to highlight that Simi Valley with its good quality of life and is a great place to live, work and do business.

Background: Prior to 2001, the City utilized a mix of national advertising and regional advertising. In FY 2000-01, the City advertised in the following publications at a cost of \$31,300:

- Plants, Sites, and Parks
- Location California
- Los Angeles Business Journal
- San Fernando Valley Business Journal
- Ventura County Industry Guide

However, staff analyzed its marketing plan, and it became apparent that the City would not have a significant amount of success advertising nationally, and the advertising needed to shift to California and specifically the Los Angeles basin. As a result, in FY 2001-02, staff advertised in the following publications at a cost of \$35,000:

- Los Angeles Business Journal
- San Fernando Valley Business Journal
- Silicon Valley/San Jose Business Journal
- Ventura County Industry Guide

In FY 2002-03, staff elected to focus on just the Los Angeles basin for marketing advertising, dropping the Silicon Valley/San Jose Business Journal, and placed ads with the following publications at a cost of \$32,200:

- Los Angeles Business Journal
- San Fernando Valley Business Journal
- Ventura County Industry Guide

City advertising remained with these three publications until it was necessary to reduce the budget for the Simi Valley Community Development Agency. As a result of budget reductions, the City dropped advertising in the Los Angeles Business Journal in FY 2008-09, and in FY 2010-11 the City dropped advertising in the Ventura County Industry Guide. As a result, the City's only advertising is currently in the San Fernando Valley Business Journal at a cost of \$17,500 for FY 2012-13.

With a limited budget and based on the movement of business, staff has elected to advertise in the San Fernando Valley Business Journal, and in prior years the Los Angeles Business Journal. Staff's analysis, based on the prior location of new Simi Valley businesses and based upon discussions with commercial/industrial real estate brokers, has shown the majority of businesses that move into Simi Valley buildings are coming from the San Fernando Valley, the Conejo Valley, and from within Simi Valley. Based upon this knowledge, staff has focused its advertising to the San Fernando Valley Business Journal.

The decision for a business to relocate is dependent upon several factors including tax structure (including utility taxes), business climate, quality of life, available amenities for employees, and the commuting ability of existing employees. Generally, business will try to limit the number of employees that they will lose as a result of the relocation, and employee-commuting distance is one of the key factors. Thus, the farther away the advertisement reaches, the less effective it will be.

Recommendation: Restore funding (\$25,000) for advertising in the Los Angeles Business Journal and direct staff to provide other regional advertising options (i.e. Los Angeles Times, Los Angeles magazine, Orange County Business Journal, Pacific Coast Business Times) in a Policy Item for the FY 2013-14 Preliminary Budget based upon Marketing Consultant's Marketing Plan.

#7 Staff will review and make recommendations to the City Council on the advisability of securing the services of a business recruitment consultant on a commission basis.

Background: City staff maintains an excellent relationship with the real estate brokerage community. On a regular basis, staff interacts with real estate professionals regarding zoning options for their clients, availability of buildings, permit assistance, marketability of Simi Valley buildings, pending lease renewals, assistance in lease and sale transactions, tenant improvement assistance, expedited processing of plan check and zoning reviews, and tenant attraction.

The real estate professionals represent and work on behalf of property and building owners looking to fill buildings in Simi Valley as well as representing businesses in other areas looking to relocate. While the City sets a high priority in filling vacant spaces in the community, due to the financial impacts, building/property owners have a higher degree of urgency than the City in filling spaces that they own. It is unusual for a property/building owner to take an active role in marketing their property/building; thus that urgency is transferred to the real estate professionals.

A well-established relationship with the real estate professionals and delivering a cooperative and assistive City administration makes it easier for the real estate professionals to do their business and to have confidence that their clients will have a good experience in Simi Valley, thereby moving businesses to the community. Combining this relationship with a targeted marketing campaign, staff believes, will result in positive impact to the City's vacancy rate (currently 5% for retail space and 6% for industrial/flex space).

Staff has queried several real estate professionals, and none is aware of business recruitment consultants that work on behalf of municipalities that target commercial and industrial employers.

For retail, like industrial and commercial property/building owners, building/property owners of retail zoned property have a higher degree of urgency than the City in filling spaces. Retail customers will be less inclined to shop at retail centers with high levels of vacancy. Further, retail customers tend to cross-shop between stores in a retail location, and therefore higher levels of vacancies in retail centers is a deterrent to cross-shopping. Lastly, many retailers have requirements in their leases that mandate a specific percentage of occupied space within a shopping center; should the center have too many vacancies, retailers often have triggers in their lease that reduce lease rates. This phenomenon does not translate to commercial and industrial properties.

City staff work in conjunction with property owners and retail brokers to set up meetings with various retailers to attract them to the Simi Valley community. While the City takes advantage of this ability at the annual International Council of Shopping Centers (ICSC) convention, staff also directly contacts retailers and their representatives throughout the year should a location or space become available for a retailer the City is targeting.

There are business recruitment firms that work with communities to bring retailers to cities based upon a city list of target retailers. The City has previously met with such firms and has found their services to cost approximately \$40,000 annually and, as such, has chosen to rely upon City staff to perform the business recruitment function.

Unlike industrial property/building owners, retail property/building owners often take an active role in the leasing of their shopping center. Working in conjunction with property/building owners and real estate professionals, the City took an active role in the recruitment of many retailers including but not limited to Bed, Bath & Beyond,

Men's Wearhouse, Courtyard by Marriott, Borders Book & Music, Target (Madera Road), Kohl's, Lowe's, and numerous tenants located at the Simi Valley Town Center.

Recommendation: Provide direction to staff regarding securing the services of a business recruitment consultant.

#8 Council and staff will review the potential for creating a blue chip high-technology center in Simi Valley.

Background: In reviewing the top technology centers in the United States, several key elements have been consistently present: redundant power and redundant high-speed connectivity. Cities have also found that, unless these items are already present, recruitment of high technology firms is extremely difficult. The following is a brief analysis of the critical need items of a high technology location.

- Redundant Power – High technology companies need to be assured that their systems will not fail in the event of a power outage. Large technology centers (i.e. multiple buildings) receive two distinct and separate main electrical feeds from the electrical supplier.
- Redundant High Speed Connectivity – The ability to send and receive large amounts of data electronically is a cornerstone of a technology center. Under current technological standards, a fiber optic system is critical to be able to provide these high-speed data transfers. Similar to the need for redundancy in power, high technology centers will look for redundancy in their fiber optic network to ensure continued transmission of data.
- High technology companies tend to gravitate to metropolitan areas that can provide lifestyle amenities that support their workforce.
- Building Requirements – Single high technology locations (i.e. single building) require the redundancy in power and high speed connectivity; however a building generator of sufficient size and fuel storage tank could replace the need for redundant electrical power from the electrical supplier. Buildings tend to be 30,000 to 40,000 square feet in size with an open floor plan that allows for modular furniture that can support various configurations and growth.

Recommendation: Direct staff to develop a more specific list of requirements for the establishment of a high technology center and/or a high technology building in the community and provide a report back to City Council.

#9 Develop a conceptual plan to support entities that generate high sales tax in the City.

Background: A review of the top sales tax producers in Simi Valley over the last five years includes a list of corporate retailers (Macy's Apple, Best Buy, Kohls, Costco, Target, Walmart), fuel stations, and auto dealers. With large marketing budgets and corporate support, it would not be effective or prudent for the City to provide financial

support to corporate retailers. However, continued support of the Shop Simi Valley First program, which encourages residents and business owners to shop locally, will provide benefit to these corporate retailers, as well as the fuel stations, that currently generate significant sales tax revenue to the City.

With respect to the auto dealers, the City has provided a seat on the former Simi Valley Economic Development Committee for the auto dealers. In addition, the City has consistently included a component of the Shop Simi Valley First program towards auto purchases in the community.

Over the past several years, staff has had discussions with the auto dealers to develop a marketing plan directed at Simi Valley residents. With a direct marketing plan, staff would present the plan to the City Council for joint funding. In November 2011, the City met with the auto dealers to further discuss such a marketing plan, to discuss partnership opportunities, and to discuss better signage for the auto dealerships on the 118 Freeway. Resulting from this meeting, staff provided information to the auto dealers regarding possible signage locations. Further, staff continued a discussion regarding a funding partnership for auto dealer advertising to Simi Valley residents. An initial partnership structure had the City, through the Simi Valley Community Development Agency, contributing approximately \$80,000 to a marketing campaign aimed at Simi Valley residents in support of purchasing autos from Simi Valley dealers. In order for the City to recover its investment, the auto dealers would need to sell an additional 364 vehicles. However, before an agreement could be reached, the State of California dissolved redevelopment, which was the funding source for the partnership. As a result of the dissolution of redevelopment and the strains on the City budget, advertising partnership discussions ended.

Recommendation: Provide direction to staff regarding funding from the City's General Fund to partner in advertising with the Auto Dealers.

#10 Commission the California Lutheran University Department of Economics to conduct and report on a comparative study by students between Simi Valley's Business Climate and those of surrounding cities including specific information on each community's taxes, fees, rates currently charged to businesses, and any incentives currently offered to new businesses. Such analysis should consider business taxes, utility to user tax rates, sales and property, among others. We should also factor in economic incentives, transportation amenities, development impact and extraction fees, special zones, and other economic development factors.

Background: The Kosmont Companies with the Rose Institute of State and Local Government at Claremont McKenna College annually publish a Cost of Doing Business Survey. This Survey, produced using proprietary software and comparative analyses, compares over 400 cities nationwide on an array of taxes and fees imposed on businesses that significantly affect business interests such as sales, utility, income,

property, and business taxes. The Survey examines numerous types of fees, and the goal of the Survey is to provide information about the costs required to operate a business in various cities across the country.

Each year, the Kosmont-Rose Institute announces the cities with the lowest cost of doing business and the highest cost of doing business. Staff has analyzed the 2011 Edition of the Kosmont-Rose Institute Survey and has found the City of Simi Valley to be ranked behind the Ventura County cities of Camarillo, Fillmore, Moorpark, and Thousand Oaks. The primary reason for Simi Valley's ranking in the Kosmont-Rose Institute is Simi Valley's Business Tax rate is higher than the other noted Ventura County cities. Moorpark, with a flat-rate business tax of \$30 per business, ensures the city will most likely be consistently ranked as a low cost city; Fillmore has a flat-rate of between \$176 and \$258 per business based upon the square footage of the business; and the cities of Camarillo and Thousand Oaks have business tax rates that are approximately half of Simi Valley's. With a business tax rate comparable to these other lower cost cities, Simi Valley's ranking in the Kosmont-Rose Institute Study would improve. As contained in the FY 2012-13 Budget, Simi Valley will collect approximately \$1.8 million in Business Tax receipts.

Staff has contacted Dr. Bill Watkins, Executive Director of the Center for Economic Research and Forecasting, to discuss the commissioning of a comparative study. Based upon the information contained in the Economic Strategic Plan, Dr. Watkins is preparing an estimated cost to perform the study.

Recommendation: Provide direction to staff concerning the commissioning of a comparative analysis by California Lutheran University of the Business Climate in Simi Valley compared to other communities.

#11 Establish and widely publicize a dedicated telephone number and email as the Business Relocation Hotline. This Hotline would receive and monitor data regarding citizen/business comments of possible local businesses considering relocating out of or into Simi Valley. Assign knowledgeable staff to take calls/email on that line and follow up appropriately.

Background: Contact information on the City's website and in print advertising for Economic Development direct people to the City Manager's Office. There is not a currently publicized telephone number specifically for business relocation.

Recommendation: Direct staff to increase the availability of contact information for business relocations and assistance.

#12 Update Economic Development Website

Background: The current Economic Development page on the City's website offers limited information pertaining to the Simi Valley Business Forum, Shop Simi Valley First, contact phone number to look for space in Simi Valley, and information pertaining to choosing Simi Valley for business. Limited in nature, the website does not provide tools for the business owner or expansive information for the business owner seeking to locate to Simi Valley. While staff has spent considerable time developing concepts for a revised Economic Development web presence, changes have not been implemented. Staff is currently developing a new economic development website for Simi Valley.

Recommendation: Direct staff to implement a new Economic Development website prior to end of calendar year 2012.

#13 Establish a *volunteer* Ombudsman Program that compliments our current City staff individual. These "Business Concierges" will walk individuals through the development process.

The City's Development Review Process, though made easier via changes recommended by the Permit Processing Committee and approved by the City Council, remains a unique and detailed process. The Development Review Process requires knowledge of the City's Development Code, Municipal Code, Uniform Building Code, and various Public Works and environmental guidelines and policies. Utilizing volunteers would require persons already familiar with the development process (i.e. a retired City employee or a professional consultant familiar with the process) or the need to train volunteers on the Development Review Process. Further, mistakes by volunteers could result in lost time, extra cost, or the need for additional work by the project applicant that could create an accountability issue for the City.

Currently, the two City staff members that comprise the Economic Development Office serve the role of "ombudsman" to project applicants: the Director of Economic Development/Assistant City Manager and the Business and Development Advocate. These two individuals have developed the knowledge, skills, and abilities to successfully navigate the City's Development Review Process and are able to provide the guidance necessary to assist applicants and have placed a priority on this aspect of their job. Armed with this knowledge, skills, and abilities, and the relationships established with other City departments, staff from the Economic Development Office can challenge City staff to "think outside the box", view a project in a different light, or consider alternative interpretations of the Development Code that will be beneficial to the applicant.

Based upon recent experience, it is estimated it would take a volunteer approximately 2,000 hours to become familiar with the City's Development Review Process. It would be challenging for current staff to provide this training based on existing workloads.

However, should someone with prior knowledge of the Development Review Process present themselves, the City can discuss with them the role of volunteer.

Recommendation: Provide direction to staff concerning the volunteer ombudsman program.

#14 Direct staff to report to the public and City Council at one Council meeting each month about its recent economic development activities.

Background: Staff periodically provides to the City Council an Economic Development Update Memorandum. This update provides the City Council with business and other economic development information that can be publicly released.

Recommendation: If directed, staff can provide verbal updates to the City Council and the public at monthly City Council meetings.

#15 Re-evaluate all current economic development committees for overlap and effectiveness over the last five years.

Background: At the July 20, 2012 meeting, the City Council eliminated the Simi Valley Economic Development Committee and merged the Committee into the Permit Processing Committee for review of City processes and to facilitate ease of businesses and residents working with the City.

Recommendation: Direct staff to continue to bring issues of importance to the Permit Processing Committee for evaluation and recommendations to the City Council.

#16 Improve the visibility and location of signage for car dealers and the mall on the 118 Freeway as soon as possible.

Background: In the development of plans for the Simi Valley Town Center, City Council Members and staff met often with the Corti-Gilchrist Partnership, the original Town Center developers, regarding design elements of the mall. During these meetings, signage from the 118 Freeway was an element of discussion. While both the City and Corti-Gilchrist recognized the need for Freeway signage, it was believed that large-scale signage would not be received favorably by the Simi Valley community and that subtle signage would be preferred. This perception was confirmed in discussions when the City and Corti-Gilchrist representatives met with members of the public, including Neighborhood Councils.

In December 2010, the Simi Valley Town Center was acquired by a partnership of Alberta Development and Walton Street Capital. Staff has been meeting with representatives of Alberta Development and Walton Street Capital since their taking possession of the property. Alberta Development (who has taken the development lead in the partnership) has expressed a desire, and the City has encouraged, the placement

of large but architecturally compatible signage along the 118 Freeway to increase visibility for the Center as well as the Center's tenants. Alberta Development is developing an overall signage plan for the Town Center that will address interior shop signage, parking area signage, and signage on Simi Town Center Way. This signage plan will also incorporate signage along the 118 Freeway. Alberta Development is finalizing their plans for the redevelopment of the Simi Valley Town Center and will provide details of the new signage when the redevelopment plan is presented. Further, the City's Development Code currently does not allow for freestanding, Freeway oriented signs. In order to allow signs at the Simi Valley Town Center that are Freeway oriented, a modification to the Town Center Specific Plan will need to be approved.

Included in the discussions between City staff and Alberta Development is shared signage with the Simi Valley auto dealers. The City has encouraged Alberta Development to review the ability to erect an electronic message sign along the 118 Freeway that could be used to promote the Town Center, the Simi Valley auto dealerships, and community events. Alberta Development has indicated that they are evaluating the potential and cost of an electronic message sign and the ability to share the ad space within the sign.

In addition to signage at the Town Center that could be shared with the auto dealers, staff has also discussed the ability to place an electronic or large sign west of the eastbound First Street exit on the south side of the 118 Freeway. As previously indicated, staff has provided information to the auto dealers about potential locations for signage, chiefly the rear portion of the property owned by the Simi Valley Unified School District. Staff is not aware of any discussions among the auto dealers and the School District. Absent this knowledge, staff has initiated discussions with School District staff regarding the potential to lease a small plot of land (i.e. 40' x 40') of sufficient size to place the footing for a large sign. One challenge that exists is the grade change between the School District property and the 118 Freeway. While not insurmountable, the grade change will necessitate specific engineering and placement to ensure visibility of the sign. Further discussions are needed to solidify a proposal to the School District for use of the property. Similar to Simi Valley Town Center freestanding signs, the City's Development Code would need to be modified to allow Freeway oriented signage for the auto dealers.

Recommendation: Direct staff to continue to work with the owners of the Simi Valley Town Center regarding Freeway oriented signage for the Center and with the auto dealers regarding Freeway signage options.

- #17 Regularly visit with key Simi Valley employers and ask their advice on attracting their vendors to Simi Valley and make sure they do not intend to move themselves.

Background: Staff has initiated a business visitation program and as time permits checks in with Simi Valley businesses. These meetings are general in nature but do cover the business's sentiments about the community and any future relocation plans. However, they do not specifically cover the attraction of the businesses' vendors to the community.

Recommendation: Direct staff to discuss with Simi Valley businesses the vendors that they utilize and the ability to attract them to Simi Valley.

- #18 Establish a tiered business fees plan scaled over the first 2 to 5 years for new businesses moving to Simi Valley. Consider fees to be paid in installments and allow tenant or property owners to make some improvements in stages rather than all immediately.

Background: Unless tenant improvements are required, the cost for a new business to move to Simi Valley is the cost of the City's Business Tax. If tenant improvements are required (i.e. new or relocated walls, electrical, plumbing, and HVAC additions or changes), then the price of plan check and building permit fees come into play. If a new restaurant should open where a restaurant did not previously exist, sanitation and water fees would be added to the cost of building permit and plan check fees.

In 1992, the City Council reviewed options to defer development fees as part of an overall economic development effort. While the initial discussion centered around all fees charged in the development process, the City Council elected to exclude fees paid to the General Fund due to the then current financial constraints on the General Fund due to lower revenues and potential actions by the State of California to take revenues from municipalities. As a result, the City Council approved two programs that allow for the deferral of fee payments for 90 days or a 24-month payment plan for Sanitation Collection Fees, Waterworks Capital Improvement Charges, and Traffic Impact/Traffic Signal Improvement Fees. While approved, chief concern for the City was the potential failure of the business to make the required payments and the potential need for the City to subject the business to a collection procedure including the use of the City's collection agency. According to the Small Business Administration (SBA), 30% of all new small businesses fail within the first two years, and about 50% survive for five years or more.

Recently, the City Council considered a proposal to waive all building permit fees for expanding or new businesses in Simi Valley. However, staff's research indicated that, should a city waive or defer fees or permits, it could subject the project to pay prevailing wages.

In January 2002, SB 975 was signed into law making significant changes to Section 1720 of the California Labor Code in regard to when prevailing wage requirements are triggered for "public works" projects. The legislation codified several Department of Industrial Relations decisions regarding prevailing wages. Section 1720(b)(4) was added to the Labor Code requiring that construction projects (non-maintenance work of more than \$1,000) receiving a waiver or reduction of fees normally required, be considered "public works" for purposes of determining whether prevailing wages apply to the project. In cases where there is no construction, or the fees waived are "de minimis" (the term is ill-defined but currently less than 1.64% of the project cost under existing case law), the prevailing wage requirement would not apply.

The requirement to pay prevailing wages adds approximately 15-30% to the cost of construction work. As a result, the City Council postponed any action to waive or defer building permit costs until State legislation can be adopted which eliminates the requirement to pay prevailing wages.

Currently, the City Council's policy is for the City to recover 80% of the cost of providing the services through its fees and charges. However, if the City were to adopt a fee schedule that results in the City absorbing more of the cost to issue permits for commercial and industrial projects, and the project applicant pays the full cost of the approved permit fee, then prevailing wage would not apply. Therefore, the City Council could adopt a Schedule of Fees and Charges that requires the City to recover less than 80% of the City's cost for building permit and plan check services for industrial and commercial tenant improvements, this would reduce the fees paid by businesses in the community. Although staff has not tested this legally, staff can further review the concept with City Council direction.

It should be noted that the City's FY 2011-12 revenue from building permits and Building & Safety plan check services totaled approximately \$1.4 million. If the City were to reduce these permit fees by 50%, the impact to the General Fund in FY 2011-12 would have been approximately \$700,000.

With respect to a business making tenant improvements to make improvements in stages rather than all immediately, a business owner currently has the ability to phase the level of improvements. The City's Building & Safety Division, and Ventura County Fire Protection District, are only concerned for the health, safety, and welfare for the employees within the business and any customers visiting the business. If health, safety, and welfare are addressed, business owners can phase the work to meet their business needs, including financial.

Recommendation: Provide staff with direction regarding adjustment of fees and charges for tenant improvements.

#19 Partner with our neighboring higher learning institutions, California Lutheran University and Moorpark College, to develop programs to meet employment training needs. Examples of potential training needs these institutions can assist our businesses with are:

1. Modularized work-related skill training courses;
2. Customized on-site classes and seminars to meet specific training needs;
3. Employee assessment service;
4. International trade seminars and technical assistance;
5. Workplace skills and displaced worker services, including career exploration, planning, resume preparation and interviewing skills and intensive short-term vocational training.

The goal would be to join with these neighboring institutions to provide a seamless service system for both employers and job seekers.

Background: Because the City does not have expertise in all fields, it relies upon partner agencies to provide specific services. Specifically but not all-inclusive, the City partners with the Workforce Investment Board of Ventura County (WIB) and the Economic Development Collaborative – Ventura County (EDCVC) to provide specialized services for which they possess the expertise. In order to ensure the distribution of services, to stay current on services offered, and to help guide the types of services needed, City staff serves as Board Member on the WIB, a Board Member on the EDCVC, and on committees of both organizations. The majority of the programs offered by the WIB and the EDCVC are available to employers and job seekers at no or low cost.

Employers

The WIB directly, through its Jobs and Career Centers (referred to as WorkSource Centers in Los Angeles County), and through contracts with the Ventura County Community College District, provide a variety of no cost, high value training, and employment services to both job seekers and employers. On the employer side, the WIB provides:

- Employer-site and on-the-job training for employees with the training to be either customized to meet the employer's needs and specialized equipment or basic skills training (i.e. computer and software skills).
- Employer may be eligible for subsidized wages for new employees involved in the WIB training programs.
- Skills enhancement training programs.
- Labor market information.
- Industry-specific education programs for new and current employees.
- Employee recruitment services including:
 - Pre-screening of applicants

- Skills assessment services
- Job posting
- Resume screening
- Locations to conduct interviews

In the event of a potential workforce reduction, employers can call upon the WIB to provide direct services to employers including:

- Consultation regarding business and workforce transition planning
- Information about alternatives that may help avoid or reduce workforce reductions
- Transition workshops for employees

For the displaced workers, an employer can expect the following services to be made available:

- Workforce employment and training programs
- Unemployment insurance eligibility and application information
- Job seeker services
- Access to job fairs and employer recruitments
- Referrals to vocational training programs

In addition to the services offered by the WIB, the EDCVC, which operates the Small Business Development Center (SBDC) in Ventura and Santa Barbara Counties, and the Service Corps of Retired Executives (SCORE) provide a wide menu of consulting services to employers. These services include:

- Business start-up
- Business Plans
- Capital sourcing
- Financing and loan packaging assistance
- Marketing and sales assistance
- Business management
- Technology training
- E-commerce/social media

With respect to international trade seminars and technical assistance, the EDCVC has a robust program to provide assistance to businesses currently importing and exporting or to help businesses start an import/export element. Through the SBDC, the EDCVC launched an Export Initiative in 2011 to help Ventura County companies develop export opportunities or expand an existing international export business. The Program provides free one-on-one consulting to business owners interested in assessing export opportunities or expanding existing international exports. Areas covered include international documentation, payment terms, international agreements, regulatory

compliance, international marketing research and strategies. The SBDC has a core group of seven business advisors who have real life experience and specialize in import and export operations. The Director of the SBDC has extensive import/export experience and is a U.S. Department of Commerce appointee to the District Export Council of Southern California. The SBDC and the Service Corps of Retired Executives (SCORE) regularly put on seminars and workshops to provide information and assist businesses with their import/export needs.

Further, in the 2010 Simi Valley Business Forum, staff included a workshop to assist businesses with increasing their bottom-lines with import and export assistance. While the workshop was not well attended, staff intends to include an import/export component in the next Simi Valley Business Forum.

Job Seekers

The WIB has developed a variety of services available to persons seeking employment in Ventura County. The WIB has established seven Job and Career Centers throughout Ventura County (including one in Simi Valley) to provide assistance to job seekers including laid-off workers, formerly self-employed workers, and those re-entering the workforce. At the Job and Career Centers (JCC), the WIB provides assessment services to job seekers to match their skills to available jobs. In addition, through the assessment the JCC will work with applicants to transition them, with the requisite training and education, into new career paths. In addition to the one-on-one services, the JCCs provide:

- Use of computers, printers, and fax machines
- Resume and interview skills assistance
- Job listing and employer information
- Information on job requirements and occupations
- Assistance with tuition and books
- Customized training
- Labor market information, career information, and growing occupation lists
- Skills certifications

In addition to the JCCs, many of the services are also offered through the Virtual One Stop (VOS) internet-based program. The VOS provides on-line employment services including job postings, resume creation, career assistance and assessments, information concerning education, and training options and opportunities, and links to other resources.

The WIB is developing with the Ventura County Superintendent of Schools and the Ventura County Community College District a Manufacturing Readiness Certificate program that combines required basic and technical skills necessary for entry-level manufacturing production jobs. In addition, the WIB is developing a Bio Medical Device Proficiency certificate program that will combine courses offered through the

Ventura County Community College District to entry-level job opportunities in the bio-medical field.

Recommendation: Direct staff to continue to coordinate efforts with the WIB and EDCVC and to provide information on the Economic Development website pertaining to the services offered by these organizations. Further, direct staff to work with California Lutheran University and Moorpark College regarding the ability to supplement the services available through the WIB and EDCVC.

#20 Coordinate with Simi Valley Chamber of Commerce to conduct "Business Walks" to identify "at-risk struggling" companies and follow up to connect them to resources. Feedback from this program will result in the City's increased outreach to our business community.

Background: In March 2012, staff discussed this concept with the Simi Valley Chamber of Commerce, and it has been a topic of discussion at the Chamber's Economic Development Committee. The Chamber has initiated steps to implement business visitations, and staff is prepared to participate with the Chamber.

Recommendation: Direct staff to participate with the Simi Valley Chamber of Commerce's business visitation program.

City Council Added Items

On September 10, 2012, the City Council provided input on additional concepts to be made a part of the Economic Strategic Plan.

A. Studio Truck Parking

Background: It was proposed that providing the ability for studios to park their transportation equipment overnight in a secured location would facilitate the ability to film in Simi Valley and surrounding areas. Due to the large number of long-haul truckers residing in Simi Valley and at their request, the City has previously investigated the ability to provide secured parking area for large semi truck and trailers. In addition, the auto dealers had in the past requested the City to investigate a location for the Dealers to inventory automobiles. As a result of these requests, the City was not able to identify any City property that could provide the secured parking the requestors were seeking.

Outside the acquisition of 33 acres located at the Simi Valley Town Center site and property around the Civic Center, the City historically has not land-banked property for future development. The City does own vacant property on Galena Avenue adjacent to the Simi Valley Family YMCA facility; however it is located adjacent to single-family homes that may be incompatible with the proposed truck parking area. As a result, there are no City-owned properties that could serve as a secured parking or staging area

for studios. While the City has in the past provided the parking area on Alamo Street just west of the Police Facility driveway for temporary studio parking, this area is slated for construction of a formal parking area to accommodate City staff as part of the City Hall Expansion project. While a review of the City's Public Services Center does yield the potential for sufficient area for studio trucks on the far reaches of the property, allowing public (studio) access at random hours does create security and liability concerns. As a result, the City would need to look at privately owned parcels to accommodate a studio truck parking area.

Recommendation: Provide direction to staff regarding the potential for private property to be used for studio parking.

B. SOAR

Background: It was noted that the City has seen several development proposals for property located outside the City's CURB line subject to the SOAR ordinance and requested staff to look at the ability to modify the SOAR ordinance.

In 1998, the voters of Ventura County approved the Save Open Space and Agricultural Resources (SOAR) ordinance. This ordinance requires that all lands located in unincorporated Ventura County be designated as agricultural, open space, or rural on the County's General Plan Land Use map and they shall remain as such unless a change is approved by a vote of the people unless certain exceptions apply. Also in 1998, Simi Valley voters approved a SOAR ordinance that establishes a City Urban Restriction Boundary (CURB) line. The City's CURB line is coterminous with the City's Sphere of Influence. The City's SOAR ordinance prohibits most "urbanized" development outside the CURB line from being approved by the City prior to December 31, 2020.

In an August 31, 2012 memorandum (page 26), staff provided an analysis for allowing development outside the City's CURB line. While there are several methods to modify the requirements of SOAR and allow development to take place outside the City's CURB line, there are hurdles and ramifications for each.

Recommendation: Direct staff to return to the City Council with a formal analysis for allowing development outside the City's CURB line.

C. Enterprise Zones

Background: Staff was requested to report on the status of Enterprise Zones.

The State of California created the Enterprise Zone program to target economically disadvantaged and distressed areas of California by providing special incentives designed to encourage business investment and promote the creation of new jobs, the Enterprise Zone Program. The purpose of the Program is to stimulate development by providing tax incentives to businesses and allow private sector market forces to revive

the local economy. Each Enterprise Zone is administered by its local jurisdiction working with local agencies and business groups to promote economic growth through business attraction, expansion, and retention.

At the local level, each Enterprise zone must be staffed with, at a minimum, one full time administrator although most of the 42 Zones are staffed with several persons. Due to the State audits that come with the designation, reporting requirements are extensive. It is also expected that the local jurisdictions will contribute financially to the Enterprise Zone through reduced fees and other local incentives.

While in an Enterprise Zone, businesses can take advantage of the following tax benefits:

1. Tax credits of sales and use taxes on qualified machinery purchases;
2. Tax credits for hiring qualified employees;
3. Interest deductions for lenders on loans in Enterprise Zones;
4. 15 year Net Operating Loss carry-forward;
5. Accelerated expense deductions; and
6. Priority for State programs such as State contracts.

As established by the authorizing legislation, only 42 Enterprise Zones are allowed to exist at any one time. As Enterprise Zones expire (two expire in 2012), the designations are made available in a competitive process. Interested areas need to apply and are judged competitively against other applicants. Because it is a competitive process, communities typically spent \$50,000 to \$75,000 for consultant services to complete the application process and present the application to the State Board. In 2009, the City of Oxnard was unsuccessful in its attempt to become an Enterprise Zone, spending approximately \$60,000 for the development and presentation of the application.

In anticipation of the two Zones expiring in 2012, City staff initiated a dialogue in early 2010 with other Ventura County cities to establish a County-wide Enterprise Zone that would include most industrial and some commercial areas of each contiguous city in the County. However, in 2011 newly elected Governor Brown vowed to eliminate both redevelopment and Enterprise Zones. While redevelopment has been eliminated, the State did not eliminate Enterprise Zones. However, the State has suspended the Enterprise Zone Program in order to further analyze the Program to strengthen its effectiveness. Beginning in October 2011, the State was to convene stakeholders to examine additional reforms to the Program. Those meetings remain ongoing. At this time, it is uncertain when the Enterprise Zone Program will begin again.

Recommendation: Direct staff to continue to monitor State activity with respect to Enterprise Zones and take appropriate steps to explore the creation of an Enterprise Zone in Simi Valley upon initiation of the program.

D. Thank you for being in Simi Valley Program

Background: It was noted that the City needs to reach out to Simi Valley businesses and thank them for being in our community. Staff has developed and has sent letters to businesses moving to Simi Valley introducing them to the City and thanking them for locating here. However, due to time constraints, staff has not been diligent in sending the letters. As part of a business visitation program (Item #20, page 22), staff and City Council Members will be in a position to thank businesses during the visits.

Recommendation: Direct staff to diligently send welcome letters to new businesses and to schedule the business visitations included in Item #20.

E. Development of a fiber optic network in the community

Background: It was noted that the City should develop a fiber optic network to provide high-speed connectivity for business. As noted above, redundant high-speed connectivity is critical to the establishment of a high technology center in the community. Currently, both Time Warner and AT&T have installed an extensive fiber optic network in Simi Valley. Through either of these two providers, most commercial and industrial areas of the City are served by fiber optic. While the fiber optic service may be available in the public right-of-way adjacent to commercial and industrial buildings, private property owners are required to bring the service to their buildings.

In addition, several companies that provide high-speed data via wireless transmission serve the City. Staff has found that several businesses have located in Simi Valley utilizing a wireless data transmission service when their property/building owner does not want to pay the cost to bring fiber optic service to the building.

Staff has found cases throughout the United States in which municipalities have installed fiber optic and wireless transmission systems. With respect to the installation of fiber optic systems, staff research has found costs between \$75,000 and \$100,000 per mile for fiber optic installed within public right-of-way. For the deployment of a wireless transmission system, cities have utilized existing public infrastructure (bridges, light/traffic poles, buildings) or leased space on private property to place the necessary equipment.

Recommendation: Provide staff with direction regarding the development of a fiber optic network.

CITY OF SIMI VALLEY • MEMORANDUM

DATE: August 31, 2012

TO: City Council

FROM: Peter Lyons, Director of Environmental Services 

SUBJECT: PROCEDURE FOR DEVELOPMENT OF PROPERTY OUTSIDE OF THE CITY'S CURB LINE

Recently, there have been inquiries regarding the process required to develop and possibly annex property outside of the City's City Urban Restriction Boundary (CURB) line and Sphere of Influence line. This memo is intended to provide an outline of that process.

BACKGROUND

The Ventura County Save Open Space and Agricultural Resources (SOAR) ordinance was passed by voters in 1998 and requires that all County lands designated as Agricultural, Open Space, or Rural on the County's General Plan Land Use map shall remain so unless a change is approved by a vote of the people unless one of the exceptions in the ordinance applies. The County's SOAR ordinance remains in effect until December 31, 2020.

The City's SOAR ordinance was also passed by a vote of the people in 1998 and established a CURB. The CURB is coterminous with Simi Valley's Sphere of Influence line (with a few minor exceptions). The City's SOAR ordinance prohibits most "urbanized" development outside the CURB from being approved by the City until December 31, 2020.

SOAR AND CURB MODIFICATION PROCESS

The County SOAR ordinance includes provisions to modify one or more of the three SOAR land use designations within the County's jurisdiction.

- The Board of Supervisors (Board) may place an amendment to one or more of the land use designations on the ballot after holding at least one public hearing and complying with the California Environmental Quality Act (CEQA).
- An amendment to the SOAR ordinance could occur through an initiative process whereby sufficient quantities of signatures were gathered from the voting public and the initiative is placed on the ballot.
- Finally, the Board of Supervisors may redesignate Agricultural, Rural or Open Space properties **without a vote of the people if such changes are necessary to avoid an unconstitutional taking of a landowner's property.** The County SOAR ordinance requires that the Board, based on advice of County Counsel, must **1) make a finding that a taking has occurred, and 2) that any less restrictive land use designation be applied only to the extent necessary to avoid the taking.**

The City's SOAR ordinance includes provisions to amend the CURB that are comparable to the County SOAR ordinance.

- The City Council may place any amendment to the CURB on the ballot after holding at least one public hearing and complying with CEQA.
- An amendment to the CURB could occur through an initiative process whereby sufficient quantities of signatures were gathered from the voting public and the initiative is placed on the ballot.
- The City Council, without a vote of the people and to provide housing mandated by State law, may bring no more than 10 acres into the CURB once per calendar year after at least one public hearing and compliance with CEQA.
- Finally, the City Council may amend the CURB without a vote of the people if such changes, based on substantial evidence in the record, are necessary to avoid an unconstitutional taking of a landowner's property. To do this, the City Council must first hold at least one public hearing, comply with CEQA, and find that 1) the failure to amend the CURB would constitute a taking, and 2) the CURB amendment and any associated land use changes are made only to the minimum extent necessary to avoid the taking.

MODIFICATION OF CURB AND ANNEXATION

The City's CURB is generally coterminous with the City's Sphere of Influence. The Sphere of Influence is a boundary adopted by the Local Agency Formation Commission (LAFCo) and designates the probable ultimate boundary of the City. **Development proposals for areas outside of the Sphere of Influence are subject to County jurisdiction and the County General Plan. LAFCo does not anticipate annexation of such areas into the City in the future.** Similarly, proponents of development proposals located within the Sphere of Influence, even if outside the current City limits, are encouraged to apply to the City and discouraged from applying to the County. LAFCo could consider modification of the Sphere of Influence line to conform to a CURB line amended by the City Council or a vote of the people; then the property could be considered for annexation to the City. In considering such an application, LAFCo would ensure that it complies with state law and its adopted policies. A copy of the applicable standards from the LAFCo Commissioners handbook is attached for your reference.

Please feel free to call me at extension 6875 if you have any questions regarding the above process.

Attachment

cc: City Manager
City Attorney



SECTION 3.3.2 GENERAL BOUNDARY CRITERIA

3.3.2.1 LAFCo Favors Applications with Boundaries that do the Following:

- (a) Create logical boundaries that coincide with existing and planned service areas and, where possible, eliminate previously existing islands.
- (b) Follow natural and man made features, such as ridge lines drainage areas, watercourses, and edges of right-of-way, provided they coincide with lines of assessment or ownership, or are described by metes and bounds legal descriptions which can easily be used for mapping lines of assessment or ownership.
- (c) Include adjacent urbanized areas which are receiving or which may require urban services such as public water and/or sewer services.

3.3.2.2 LAFCo Discourages Applications with Boundaries that:

- (a) Split neighborhoods or divide an existing identifiable community, commercial district, or other area having a social and economic identity.
- (b) Create areas where it is difficult to provide services.
- (c) Create boundaries which result in islands, peninsulas, flags, 'pinpoint contiguity,' "cherry stems," or cause, or further, the distortion of existing boundaries.
- (d) Are drawn for the primary purpose of encompassing revenue-producing territories.

SECTION 3.3.3 STANDARDS FOR CITY INCORPORATION

3.3.3.1 Factors Favorable To Approval:

- (a) There is a demonstrated need for organized municipal or urban-type services.
- (b) There is a relatively dense population in a well-defined reasonably compact area.
- (c) It is demonstrated that there is adequate property tax revenue and a sufficiently high base for sales tax, highway user's tax, motor vehicle in lieu tax, and similar state-collected and disbursed funds, in relation to anticipated costs of required services as to make incorporation financially feasible.
- (d) There is a likelihood of continued substantial growth within the affected territory and adjacent areas during the next ten years.
- (e) The affected territory is not located near other highly populated areas; particularly an existing city to which the area proposed for incorporation could be annexed.
- (f) Alternate means of furnishing required services are infeasible or undesirable.
- (g) There will be no adverse effect on the long-range provision for adequate local governmental services by other agencies to a larger region of which the area proposed for incorporation is an integral part.
- (h) The proposal is consistent with state law, adopted spheres of influence, the County of Ventura general plan, and these policies.

3.3.3.2 Factors Unfavorable To Approval:

- (a) The affected territory has a relatively low population density,
- (b) There is no or slight need for municipal urban-type services.



- (c) The population in the affected territory is not in a reasonably compact or defined community.
- (d) There are low tax and other revenues in relation to anticipated costs of services as to make incorporation financially infeasible.
- (e) The area proposed for incorporation is in close proximity to an existing city to which it could be annexed.
- (f) Incorporation is premature in view of lack of anticipated substantial growth within the next ten years.
- (g) The boundaries of the affected territory do not include all urbanized areas or are otherwise improperly drawn.
- (h) Incorporation would have an adverse effect upon the long-range provision of local governmental services to a larger region of which the area proposed for incorporation forms an integral part.
- (i) The proposal is not consistent with state law, adopted spheres of influence, the County of Ventura general plan, or these policies.

SECTION 3.3.4 STANDARDS FOR DISTRICT FORMATION

3.3.4.1 Factors Favorable To Approval:

- (a) Development requires one or more urban-type services, and by reason of location or other consideration such service or services may not be provided by any of the following means in descending order of preference:
 - i. Annexation to an existing city.
 - ii. Annexation to an existing multiple purpose district.
 - iii. Annexation to an existing single purpose district.
 - iv. The consolidation of existing districts.
 - v. Annexation to a subsidiary district or County Service Area of which the Board of Supervisors is the governing body.
 - vi. Formation of a new County Service Area.
 - vii. Incorporation of a new city.
- (b) The proposal is for a primarily rural or agricultural area and is for limited non-urban type services that cannot be provided by an existing dependent or independent district.
- (c) The proposal is consistent with state law, adopted spheres of influence, applicable general and specific plans, and these policies.

3.3.4.2 Factors Unfavorable To Approval:

- (a) There is little need for urban-type services, or required services may be provided by the following means in descending order of preference:
 - i. Annexation to an existing city.
 - ii. Annexation to an existing multiple purpose district.
 - iii. Annexation to an existing single purpose district.
 - iv. The consolidation of existing districts.