

Council Meeting of
January 10, 2006

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Approval of the Economic Development Plan

RECOMMENDATION

Recommendation of the City Manager that the City Council accept and file the City of Torrance Economic Development Plan, January 2006 Update.

Funding

N/A

BACKGROUND/ANALYSIS

Economic Development is the creation of wealth in which community benefits are realized. A balanced economic development portfolio consists of growing businesses, attracting new investment, strengthening our infrastructure, and improving the City of Torrance community's economic base. Among the primary purposes of the City of Torrance Economic Development Team is to attract, create, retain, develop, and expand the business community within the City of Torrance.

Various departments in the City collaborate in the Economic Development Team, including the City Manager / Cable, Human Resources / Workforce Development Division, Community Development / Building and Safety, Fire Prevention, Finance, Transit, and Community Services. The Economic Development Team meets once a month to discuss current projects, business visitations, and upcoming events.

The Economic Development Plan was created in July 2004 and this is its first update. The Plan provides a strategy for the City of Torrance to make decisions relating to the business community within a local, national and international economic context. Within this context, the Plan details the mission, purpose, goals and objectives for the City's Economic Development Program and how the Team will implement these efforts. The Plan highlights a general vision and timeline for upcoming projects and also includes an update of accomplishments in the past year.

In 2006, the Economic Development Team will focus on several broad categories that will encompass a well-balanced portfolio:

- Improving information and referral services
- Expanding marketing and outreach
- Improving network, collaboration and cross-training internally and externally
- Support businesses in the national and international context

The Economic Development Plan will continue to be updated each year as the Program grows and the needs of the business community evolves.

Respectfully submitted,

LeROY J. JACKSON
CITY MANAGER

By 

Fran Fulton
City Manager's Office

CONCUR:


LeRoy J. Jackson
City Manager

Attachments:

A. Economic Development Plan



City of Torrance Economic Development Plan

Prepared by the Economic Development Team
January 2006

*"Successful and sustainable economic development
is research-based and market-driven."*

Economic Development Administration
U.S. Department of Commerce

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MISSION

Economic Development is the creation of wealth in which community benefits are realized. The Economic Development Plan provides a proactive strategy for the City of Torrance to make decisions relating to the attraction, creation, retention, development, and expansion of our business community. Economic Development will further the City's economic connection to world commerce and emerging markets and technologies. Economic Development also includes participation and involvement of businesses in civic affairs. A balanced economic development portfolio consists of attracting new investment, growing businesses, strengthening our infrastructure, and ultimately achieve the Torrance community's economic base.

PURPOSE

The City of Torrance Economic Development Program will facilitate and develop the relationship between the City and the Torrance business community. The Program will dedicate City resources to assist business attraction, creation, retention, development, and expansion within the community to increase economic viability and ultimately pursue the following four goals:

- Goal 1. Enhance Employment Opportunities**
- Goal 2. Increase the City's Revenue and Tax Base**
- Goal 3. Create a Healthy and Balanced Community and Improve the Quality of Life**
- Goal 4. Ensure Economic Stability and Long-Term Self-Sufficiency**

A healthy Economic Development Program is a method for keeping our existing employers profitable, improving the fiscal condition of the public infrastructure, and ultimately improving the quality of life for Torrance residents. It will attract and retain private investment with various types of assistance including economic incentives, permit streamlining and workforce development (Appendix A). Each business package will be customized and developed to best fit the needs of the business. This will yield substantial investment returns. A successful program benefits the community by securing income, profits and tax revenues.

GOALS

Goal 1	Enhance Employment Opportunities <ul style="list-style-type: none"> □ Generate and enhance diverse and stable employment opportunities that raise income levels and support a community where residents can live and work. □ Evaluate the quality and number of jobs created by future development projects. □ Seek additional revenues to expand workforce development services that will teach and train a highly skilled, adaptable and creative workforce.
Goal 2	Increase the City's Revenue and Tax Base <ul style="list-style-type: none"> □ Create new wealth through the attraction, creation, retention, development, and expansion of business. □ Identify growth-oriented companies in the community and assist local businesses expand. □ Increase the City's tax base (property, sales, utility users, transient occupancy.)
Goal 3	Create a Healthy and Balanced Community and Improve the Quality of Life <ul style="list-style-type: none"> □ Enhance the quality of living for residents by improving the public infrastructure, assessing development impacts, promoting City services, and supporting popular programs. Basic public infrastructure includes transportation, utilities, telecommunications and public safety. □ Support businesses that contribute to an environment in which services such as recreation, library, arts and entertainment are available for all ages. □ Increase intellectual capital by working with public and private institutions to provide training and educational opportunities.
Goal 4	Ensure Economic Stability and Long-Term Self-Sufficiency <ul style="list-style-type: none"> □ Preserve a balanced community of residential, commercial and industrial/manufacturing sectors. □ Advocate for business policies at regional, state and federal levels related to local revenue control. □ Enhance the competitive position of all businesses in the community and attract other complimentary businesses to locate in Torrance. □ Maximize the productivity of property, striving for highest and best use.

CITY INVOLVEMENT:

City Guidance:

The City's General, Strategic and Redevelopment Plans will provide a vision which will guide the Economic Development Plan as it relates to business attraction, creation, retention, development and expansion. These principles will serve as a guide to development by benefiting the entire Torrance community.

City Participation:

The City of Torrance influences business investment and location decisions in a number of ways, including the following:

- Taxes, spending and investment policies
- Land use and business regulations - Environmental, Permits, Zoning and Business License
- Business and economic incentives
- Public services - Public Safety; Workforce Development Division providing employment and training services; Customer Service which includes permit streamlining and City point of contact; City Services such as Water, Sewer, Transportation, Parks and Recreation
- Marketing focused on successful attraction and retention of businesses

As such, the Economic Development Team includes professionals from varying backgrounds throughout the City in order to expand the level of communication and coordination. This will ultimately create proactive measures that fully capture the benefits and marketing edge of doing business in Torrance. The Team is committed to easing the process of conducting business in Torrance and will evaluate and assist any business expressing interest in relocating to or expanding within the City. By creating information and referral services, developing marketing and outreach programs and providing economic development assistance, the Team will equip new and existing businesses with valuable services and information and help Torrance maintain a strong and vibrant business climate.

The City of Torrance Economic Development Team is comprised of staff members from the following City Departments and Divisions:

- City Manager's Office / Cable Division
- Human Resources / Workforce Development Division
- Community Development / Building and Safety
- Fire Prevention
- Finance
- Transit
- Community Services

ECONOMIC DEVELOPMENT PROGRAM IN TORRANCE in 2004 – 2005

The City of Torrance Economic Development Team was officially established as an ongoing entity in December 2003; before then, smaller interdepartmental teams collaborated on short term bases for specific needs or projects. The Economic Development Team launched its first Economic Development Plan in July 2004.

Funding:

The Economic Development Program is a funded program with an operating budget of \$194,200 (F/Y 2005-2006) which includes salaries, funds for economic development assistance and professional services and contracts. The City also has an Economic Development Reserve which is \$913,610 (as of 12/19/05). This reserve funds grant and loan agreements.

External Economic Development Assessment, 2003 – 2004:

The Los Angeles Economic Development Corporation (LAEDC) currently describes Torrance as follows:

“The responsiveness of Torrance to change, a commitment to retraining its position as a city of corporate headquarters and its competitive edge in regional and global markets assures its future prosperity. Many assets make it attractive and competitive, including one of the largest skilled, professional, technical and production workers in the region; large investments of public and private funds in hi-tech manufacturing facilities and equipment; a network of specialized hi-tech firms that share the advantage of agglomeration; and new mixed industrial/business parks that are ready for a variety of occupancy needs. Torrance is home to one of the largest shopping centers in the world—Del Amo Fashion Center—which is number one in total sales in Los Angeles County.”

Accomplishments in 2004 – 2005:

BUSINESS VISITATIONS

The following visitations were conducted by Economic Development Team members in order to provide assistance with site selections, financial assistance, information and referral.

- Alexander Hearing Services
- Autopage
- Axiom Enterprises
- Ball Corp.
- Bank of America
- Celestron, LLC
- Comerica Bank
- Famima Corporation
- Hitachi America Ltd.
- K2 Diamond
- Knowledge Adventure, Inc.
- Prime 1, Inc.
- RB Zack & Associates
- The Print Network
- Vector Resources, Inc.
- Zdonek & Wolowicz Accountancy Corp.

EVENTS ATTENDED

The following are just some of the events the Economic Development Team members attended in order to represent the City of Torrance, encourage business developments, and develop the Economic Development Team.

- South Bay Economic Development Partnership (SBEDP) Roundtable
- Next Ten/SBEDP – State Budget Discussion
- California Association for Local Economic Development (CALED) Business Retention and Expansion Workshop
- South Bay 2005 Economic Forecast Conference
- Southern California Association of Governments (SCAG) 8th Regional Economic Forecast Conference
- Southern California Manufacturing Conference
- Torrance Area Chamber of Commerce First International Roundtable
- Redondo Beach Chamber of Commerce Stem Cell Research Presentation
- Leadership Torrance Civics Day
- City of Carson Brokers and Developers Forum
- Los Angeles Chamber of Commerce World Trade Week
- UCLA Annual Smart Growth Conference

2005 WASTE REDUCTION AWARDS PROGRAM (WRAP) AWARDS

Every year, businesses in the Los Angeles area are recognized for outstanding achievement in waste reduction. The following nine organizations represented Torrance from among 217 Los Angeles companies:

- American Honda Motor Co., Inc.
- Ball Metal Beverage Container, Torrance Can Plant
- Friedrich-Houston Enterprises
- Hitachi Automotive Products, Los Angeles
- RR Donnelley
- Toyota Motor Sales, U.S.A, Inc. Headquarters Campus/L.A. Parts Distribution
- Virco Mfg. Corporation
- Walser's
- Wild Birds Unlimited

Additional Resources:

The City of Torrance Economic Development Team is also aided by its strategic location and strategic partners. Various nearby agencies that may serve as resources include:

TORRANCE:

- Torrance Area Chamber of Commerce
- El Camino College

SOUTH BAY:

- South Bay Economic Development Partnership
- South Bay Economic Roundtable
- South Bay Cities Council of Governments
- South Bay Chamber of Commerce
- Workforce Investment Network (WiN)
- California State University, Dominguez Hills
- South Bay Energy Resource Center

LOS ANGELES COUNTY:

- Los Angeles Economic Development Corporation

CALIFORNIA:

- California Centers for International Trade Development
- Southern California Regional Occupational Center (SCROC)
- Utilities: Southern California Edison, Gas Company, SBC, Torrance Water Department, California Water Company
- California Association of Local Economic Development
- California Manufacturer and Technology Association

UNITED STATES:

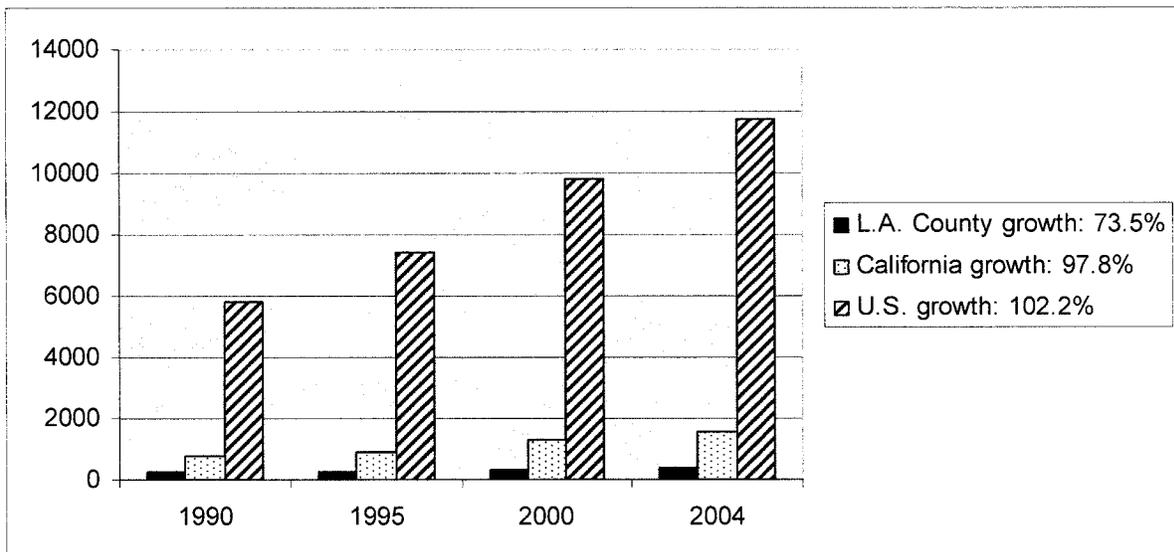
- Small Business Development Center
- U.S Small Business Administration
- United States Department of Commerce

ECONOMIC TRENDS: National & Regional Economy

Throughout the 1990's, the U.S. economy expanded at an unprecedented rate. Job creation increased, unemployment remained low, and inflation and interest rates were relatively stable. By 2000, the stock market had begun dropping, and by 2001, with the recession, the **real gross domestic product growth** was drastically reduced to about 0.8%. However, the RGDP reached its late 1990 levels again at around 4.2% for the year 2004. It is expected to remain relatively stable for the year 2006. **Inflation** was 3.5% for 2005, which is relatively high primarily due to high energy prices, but it is expected to slightly drop to 2.3% in 2006.

The weaker **dollar** and an improving world economy will boost exports and is welcome news to manufacturers.

The regional economy has strengthened in 2004. The following chart illustrates the growth of the gross product since 1990 (billions of U.S.\$):



Source: Bureau of Economic Analysis; California Department of Finance; local GDP estimates by the Los Angeles County Economic Development Corporation

ECONOMIC TRENDS: Population Demographics

Los Angeles County showed a **population** increase of 11.9% from 1995, compared to California's 12.2% increase over the same time period.¹ The County's vast population would make it equivalent to the eighth largest state in the nation, just behind Ohio and ahead of Michigan. Growth reached its peak in 2000 (at about 2.0% for both L.A. County and California²), and has been slowing since, but still shows no sign of stopping. Torrance's population is 147,405 (as of June 30, 2005), a 6.9% increase since 1995, moderately lower than the county and state average.³

The **per capita personal income** of California is \$33,415 in 2003, a 12.0% increase since 1999. The per capita personal income of the U.S. shows similar growth: \$31,472 in 2003, a 12.6% increase since 1999.⁴

ECONOMIC TRENDS: Employment Growth / Employment Sectors / Unemployment

Over the 2002–2012 decade, **total employment growth** in the U.S. is projected to be 21.3 million jobs (approximately 15%). Over the previous decade, total employment increased by 20.7 million jobs (approximately 17%).⁵ Job growth will continue to accelerate, with the South Bay expected to outperform Los Angeles County through 2006.

The bulk of the economic growth can be attributed to two **employment sectors**: the service sector and the manufacturing sector. Employment in the South Bay is concentrated in manufacturing and professional / business services, with retail trade taking a third priority. On the other hand, Los Angeles and California are saturated with manufacturing and retail trade employment, with services and production / transportation sharing third priority.⁶

Job growth is concentrated in Orange County and Riverside County primarily due to the housing market. However, job growth in sectors dependent on the housing market, such as construction, financial activities, and retail trade, will slow as interest rates rise.

¹ California Department of Finance, Demographic Research Unit

² Ibid

³ California Department of Finance, Population Research Office

⁴ U.S. Department of Commerce, Bureau of Economic Analysis

⁵ U.S. Department of Labor, Bureau of Labor Statistics, Office of Occupational Statistics and Employment Projections

⁶ The South Bay Economic Development Partnership, 11th Annual South Bay Economic Forecast Conference. U.S. Department of Commerce, Bureau of the Census, Census 2000.

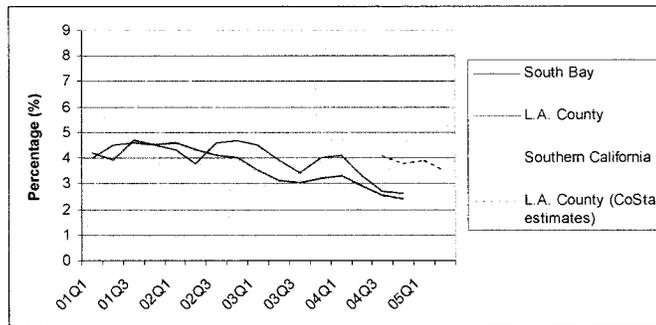
The **unemployment rate** in the U.S. is currently at its lowest since 2001. The unemployment rate spiked in 2003 (6.3%), relative to recent years. This is still lower than the 10.8% unemployment rate the nation saw in late 1982.⁷ Currently, the unemployment rate for Los Angeles County is slightly lower than California's average, and Torrance's average is much lower:

Unemployment Rate in 2004		
California	L.A. County	Torrance
5.7%	5.6%	3.6%

Source: California Employment Development Department, Labor Market Information Division

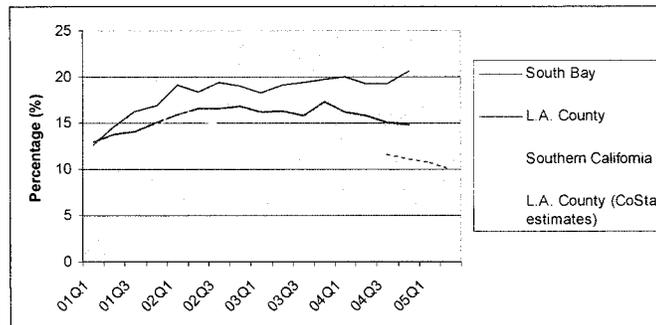
ECONOMIC TRENDS: Real Estate

The **industrial space market** has not experienced any significant additions in space in the South Bay for a number of years. Construction activity in the Los Angeles area dropped from 359 projects in 2000 to 178 in 2004.⁸ This may explain the gradual decrease in industrial space vacancy rates:



Source: Grubb & Ellis Research Services. CoStar based on company database.

Despite the improving economy, the **commercial office space market** continues to struggle as vacancy rates gradually increase:



Source: Grubb & Ellis Research Services. CoStar based on company database.

⁷ U.S. Department of Labor, Bureau of Labor Statistics

⁸ Construction Industry Research Board

Good news for the South Bay lies in the fact that the Los Angeles Air Force Base is not on the base closure list. Also, a number of aerospace and defense related firms have renewed or consolidated existing facilities, although they remain cautious in adding additional space. Despite relatively high vacancy rates, the commercial sales market appears strong, as some assets remain priced below replacement cost.⁹

Home value remains optimistic; **home value appreciation** in the U.S. is the highest it has been for 25 years, at an appreciation of 13% for the past year (period ending June 30, 2005). California's home price appreciation is the fourth highest in the U.S. at 25% for the same period. Over a five year period, home prices in California have showed the second largest appreciation, at 110%, second only to Washington, D.C. at 113%.¹⁰

Home values in Torrance have risen 141% from \$247,500 in 1999 to \$597,500 in 2005.¹¹ These prices are generally middle-range for the South Bay region, whose median home values range from \$400,000 (Inglewood) to \$1,450,000 (Manhattan Beach). As housing appreciation slows, we can expect a soft land, as opposed to a bubble burst.

ECONOMIC TRENDS: Summary

As the national economy enters into expansionary mode, the regional economy and the economy of the South Bay will continue to prosper. After two years of poor employment growth and following the 2001 recession, the economy turned around in 2004 and healthy job formation should follow. The housing market will continue to bring in jobs; however, in the long run, inability to make significant additions to housing stock will limit the ability of the region to attract employment. The limitation in construction of industrial space has gradually diminished the industrial space vacancy rate; however, the office space vacancy rate gradually continues to increase.

⁹ The South Bay Economic Development Partnership, 11th Annual South Bay Economic Forecast Conference.

¹⁰ Office of Federal Housing Enterprise Oversight

¹¹ California Association of Realtors

STRATEGIC OBJECTIVES

Objective 1: CREATION & EXPANSION – Improve Information and Referral Services

The Economic Development Team will have information readily available to assist the current business community, realtors, brokers, prospective clients and the Torrance community. The Team encourages business growth and closely monitors the economy, as well as specific properties that can be sold, leased, or otherwise recycled to improve the local communities.

IN PROGRESS:

Site Selection Software

The Economic Development Team has access to CoStar, a comprehensive database that lists available properties that are for lease or sale. CoStar also includes demographic and business cluster information that helps businesses find the ideal location in Torrance. CoStar benefits the Economic Development Team by providing quarterly economic reports of the region. It also benefits individual businesses by creating reports of individual properties, including pictures and vital statistics.

GOALS FOR UPCOMING YEAR:

Contact Management Tracking Software

This tool will be used by the Economic Development Team to track requests, manage the case file and City's assistance, monitor agreements and report trends. A software design firm has been chosen, and a list of specifications for the project has been established by the Economic Development Team. The customized software will be integral to the organization of business visitations and assistance.

TIMELINE: Purchase: early 2006. Full implementation: June 2006.

Economic Development Webpage

With the citywide webpage redesign completed, the Economic Development page will continue to be enhanced to offer more comprehensive information in a more intuitive format. The site will offer information on City services, amenities, quality of life, Economic Development services, permit process, local resources and links to the site selection database. Clicking on the "Torrance Advantage" icon on the top of the main header will redirect users directly to the Economic Development page.

TIMELINE: Web launch: October 25, 2005. Updates: Ongoing

Business Resource Directory

The Economic Development Team will compile and create a resource directory that will list information for local agencies and services within the City that may be of interest to the business community.

TIMELINE: Spring/Summer 2006

Objective 2: ATTRACTION & RETENTION – Expand Marketing and Outreach

The Economic Development Team will execute a marketing and outreach program that will primarily target our existing business community. Tools like Torrance *Connections* and CitiCABLE's Channel 3 *Common Cents* program will build communication among the City, business and residential community. Long-term, the Team will focus on the current industry clusters and will target the attraction and creation of new businesses.

IN PROGRESS:

Public Relations / Marketing Materials

Currently, the Economic Development Team sends welcome letters to businesses and advertises available City services such as Workforce Development Division, Police Department's Community Lead and Area Traffic Officers, Torrance Transit New Employee Bus Pass, annual Fire Inspection and Business License Renewal. The Economic Development Team also provides City information and referral resources, as well as various Economic Development collateral pieces for business retention and investment (Appendix B and C).

Business Recognition

The Economic Development Team will explore methods to highlight new businesses or accomplishments of existing Torrance businesses in *Torrance Seasons*, the webpage, CitiCABLE, City Council meetings and the *Daily Breeze* press releases. The Economic Development Team will also participate in grand opening activities and facilitate ribbon cutting ceremonies as needed.

CitiCABLE informs the community about the importance of a successful and supportive relationship of the business community with city government and the community at large. *Common Cents* explores local business operations, introduces the community to the people behind the scenes, and gives an inside look at the business' operation.

Business Visitations

Visitations will be conducted by the Economic Development Team on an annual basis to commercial, industrial and manufacturing businesses. The goals of these visits are to provide each business a City contact and make our business partners aware of the resources that are available to assist them with their success. Businesses whose employee base or revenues have grown or declined substantially or are the City's top employers will be prime candidates for visitation. The South Bay Economic Development Partnership (SBEDP) and the Workforce Development Division (WDD) will make additional outreach based on recommendations.

The visitation schedule is coordinated by looking at gazelles, changes in revenue stream or employee base, lease expiration, top 50 employers, company requests and referrals, new companies.

GOALS FOR UPCOMING YEAR:

Torrance *Connections*

A new, quarterly e-newsletter that updates the business community on City services, City news and events, legislation, regulations, Torrance events, capital projects, construction activity, new developments, grand openings and more. *Connections* will open the lines of communication between City Hall and the business community.

TIMELINE: Spring 2006

Marketing Program for Business Attraction

The Economic Development Team will assess the industry clusters and target businesses not located within the City or South Bay and initiate aggressive recruitment and encourage relocation to Torrance. The Team will focus on the potential for creating a marketing program that targets international tourism, trade and commerce. The Team will also evaluate past resources and create a thorough, comprehensive marketing plan that will standardize the public identity of the Economic Development Program in Torrance. One primary project is an Information Guide, which will serve as a Visitors' Guide while also providing general information about the City of Torrance for business owners.

TIMELINE: Plan creation by mid 2006

e-LocalLink Community Movie Showcase Program

The Economic Development Team will support and encourage the business participation in the City's online movie showcase, operated by CGI Communications, Inc. The movie showcase will allow anyone with Internet access to view several short videos that introduce various aspects of the City, from City services to local businesses.

TIMELINE: Spring 2006

Objective 3: DEVELOPMENT – Improve Network, Collaboration and Cross-Training
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In order to better assist businesses in the City, the Economic Development Team will create strategic alliances and develop public/private partnerships within and outside the City. This will enable Team members to be better advocates for Economic Development and promote the City of Torrance.

IN PROGRESS:

Torrance Area Chamber of Commerce

The Economic Development Team is currently in the process of improving working relations and sharing resources with the Torrance Area Chamber of Commerce. In creating an enhanced working relationship between the two entities, businesses benefit from consistent and comprehensive information.

GOALS FOR UPCOMING YEAR:

Interdepartmental Cross-Training

In order to improve the effectiveness and operability of the Economic Development Team overall, the Team will meet specifically to discuss interdepartmental functions and receive cross-training.

TIMELINE: February 2006

Special Events & Filming

External production organizations bring in production spending, which stimulates the local economy and benefits local businesses. In collaborating with efforts of the City Manager's Office to sustain filming and special events in the City, Economic Development can help create an added incentive for businesses to remain in Torrance.

TIMELINE: Spring 2006

Real Estate Industry

Host an event to gather local commercial/industrial real estate brokers and bankers. Utilize meeting to update on City events, site selection database, Economic Development office introduction. Additionally, the Team will develop relationships with local commercial realtors, property management firms, and brokers to entice specific industries to locate in Torrance.

TIMELINE: Spring 2006

Other Strategic Relationships

The Team will continue to strengthen key relationships that may benefit both the Team and the organization involved. This includes, but is not limited to, the California Manufacturing Technology Center and the El Camino Business Training Center. The Team will also work to network local businesses with each other and facilitate working relationships.

TIMELINE: Ongoing

Objective 4: DEVELOPMENT – Support Businesses in the National and International Context

In order to remain progressive in the midst of globalization, the Economic Development Team will advocate for businesses with a national and international reach. From advocating supportive legislation to exploring emerging technologies, the Team will create a supportive infrastructure to create financially strong businesses that are at the forefront of the global economy.

IN PROGRESS:

International Forum

The Economic Development Team will work to foster international dialogue and cooperation. The Team should also continue to advocate for Torrance as a center for world corporate headquarters. Torrance is home to several world corporate headquarters, including Toyota Motor Sales USA, Inc., Honda North America Inc., and Robinson Helicopter Company Inc. In order to retain their presence in the midst of Nissan's move from the South Bay, the Team is working closely with the companies to meet their needs.

Supportive Legislation

The Team will continue to work closely to monitor legislation that may affect local businesses. The Team will work with local legislators to initiate or support legislation that will increase funding, tax credits, or incentives for the business community. This should include land use policy that supports a healthy economy without compromising the residential community's needs and quality of life. In the past, the Team has supported legislation that would support the local economy, including keeping the Los Angeles Air Force Base open.

GOALS FOR UPCOMING YEAR:

Identify and Target Critical Industries

The Economic Development Team should identify industries which warrant attention, including Internet commerce, international trade, and emerging markets and technologies. The Team should focus on industries that will bring in spin-off business that would otherwise stimulate the local economy. These industries should be complementary to the local economy and employ skilled workers who have relatively stable salaries.

TIMELINE: Ongoing

EVALUATION & ANALYSIS

The Economic Development Team will track economic development trends at a local, regional, state and national level that affect our business community. The Team will monitor businesses in the Torrance community, track changes, growth potential, and identify emerging business clusters. Identifying the emerging business clusters will guide the marketing and outreach program to encourage a balance of diverse business. Utilizing gross economic indicators such as business growth or decline in employment rates or income levels will guide the Business Visitation Program.

Economic Impact Analysis

Economic Impact Analysis is based on the following criteria:

- Business revenue
- Payroll
- Employment Information: increase/decrease of jobs; creation of jobs; education
- Utility User's Tax

The control criteria for business projections:

- Expansion of existing businesses
- Attraction of new businesses
- Location
- Timeframe

What are the windfalls?

- Estimated annual spending by business at local businesses
- Addition or retention of additional jobs, increased earnings
- Estimated annual spending by employees at local businesses
- Addition or retention of additional jobs, increased earnings by employee spending

What are the total outcomes?

- Jobs
- Personal income
- Increased business
- Industrial revenue

Important Factors to Businesses

Proximity to customers or clients	Reasonable wage rates
Access to interstate highways	Reasonable/stable utility rates
Reasonable real estate costs	Reasonable costs of living
Availability of skilled workers	Reasonable business taxes
Government officials who want to work with businesses in Torrance	Cultural and recreational activities

APPENDIX

A. Incentives

Incentives are provided to have a project move forward that might not otherwise proceed. Incentives can be categorized as:

- (1) inducements
- (2) unavailability of capital
- (3) cost of capital, or
- (4) rate of return.

Incentives may also include assistance with recruitment and training of new or existing employees, or a subsidy for City taxes and/or fees through the City's Economic Investment Fund. The Economic Investment Fund (EIF) was established as a mechanism to assist businesses in relocating to or expanding in the City of Torrance. Incentives require a binding contract, accountability and oversight.

Forms of Incentives:

Actual incentive provided can vary and will depend on purpose of incentive. Incentives can include:

- Financing
- Land/Land Write Downs
- Tax Rebates/Tax Credits
- Paying/Waiving of Fees
- Workforce Training/Retraining Funds
- Streamlined Process
- Infrastructure Support

Other economic incentives include:

- Subsidized construction tax
- Subsidized employee tax
- Subsidized building permit fees
- Expedited permitting
- Credits for new employees

Incentive Criteria:

Before entering an economic investment agreement, the Office of Economic Development will conduct economic impact analysis to monitor investments and retain businesses. Prospective clients are also analyzed to measure community's return on investment using the following criteria:

- Creation / enhancement of job base
- Types of jobs created
- Raising incomes
- Expanding local business
- Increasing the tax base
- Projected utility use
- Revitalizing the community

Other Considerations for Incentives:

Understanding that incentives are not key factors in determining a location, the Economic Development Team will carefully evaluate incentives before use. In providing incentives for businesses, in addition to the economic impact analysis, the Team will also take the following factors into consideration:

- Whether incentives are critical to make project go forward
- Whether the public ultimately benefits from providing incentives
- Whether there is equitable distribution of incentives to new and existing businesses
- Whether incentives support the City's economic development strategy
- Whether incentives are based on real needs

Measuring Impact / Evaluation:

The business performance is tracked over a five-year period whereby employment numbers and the Utility Users Tax amount paid on a quarterly basis are tracked. The fund tracking is based on 100% of employee tax generated through new employee growth and 50% of new Utility Users Tax.

Other standards by which business performance is measured include:

- How many jobs were created / retained?
- How much revenue has been generated to local government?
- Has this project created additional return on investment?

B. City Information and Referral

The following information will be readily available to those businesses that are interested in learning more about the City of Torrance:

Torrance Information:

- Torrance demographics
- Identify routes of access to the freeways and the proximity of Torrance to Los Angeles International Airport and Ports of Los Angeles and Long Beach
- City Council profiles
- City's annual capital investments

Business Information:

- Vacant property listings
- List of top 50 employers
- Flowchart of starting a business in Torrance
- Torrance utilities

Miscellaneous City Information:

- New development projects
- Location of retail hot spots, restaurants, cultural and entertainment venues
- Ratings of local schools
- Inventory of City's community services and programs
- Crime Statistics

- ❑ Bus to Work Program: Provide new employees with one-month pass to try Torrance Transit. Transit Department will provide an individual trip planner, comparative analysis of commute time and maintenance/gas costs

C. Economic Development Collateral Pieces

Torrance Information:

- ❑ "About the City of Torrance" (guide from the City Clerk)
- ❑ City Map
- ❑ City Services card
- ❑ Budget at a Glance
- ❑ Capital Budget Gazette
- ❑ Strategic Plan Summary
- ❑ Department Highlights

Business Information:

- ❑ Torrance Information (Visitors') Guide (*in progress*)
- ❑ Workforce Development Brochure
- ❑ Economic Development Brochure
- ❑ Location of Choice/Top 50 Employers
- ❑ Torrance Advantage flyer
- ❑ Economic Development Business / Info Card
- ❑ Torrance Transit New Employee Free Monthly Bus Pass Program
- ❑ Corporate Donor Program Brochure (*in progress*)

Miscellaneous Information:

- ❑ Parks and Recreation Amenities
- ❑ A Galaxy of Youth Services
- ❑ Torrance Public Library