

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

Garden Grove Agency for Community Development

To:	Matthew Fertal	From:	Chet Yoshizaki
Dept:	Director	Dept:	Economic Development
Subject:	AGENCY ANNUAL REPORT FY 2008-2009	Date:	December 8, 2009

OBJECTIVE

The purpose of this report is to request that the Garden Grove Agency for Community Development (Agency) consider and forward to the City Council the FY 2008-09 Annual Report.

BACKGROUND

In compliance with California Community Redevelopment Law, *Section 33080.1* the Agency has prepared its FY 2008-09 Annual Report which provides a review of the Agency's activities undertaken during the fiscal year. This Annual Report must be presented to the Agency and the City Council, and transmitted to the State Controller within six months of the end of the fiscal year. The FY 2008-09 Annual Report is attached for Agency consideration.

DISCUSSION

The FY 2008-09 Annual Report contains 1) an independent financial audit report in draft form; 2) a fiscal statement; 3) a narrative description of the Agency's activities conducted during the fiscal year; 4) a blight alleviation report; 5) a property report of Agency acquisitions; 6) a list of Agency non-performing loans, 7) the California Department of Housing and Community Development reporting forms; and, 8) a copy of the Statement of Indebtedness. The Annual Report was prepared by the Economic Development Department and the Finance Department, and pertains to both the Garden Grove Community and Buena-Clinton Project Areas.

The narrative report describes the Agency's activities commenced and/or completed during the fiscal year. The report also details the Agency's achievements in accomplishing its goals and objectives. Following is a list of highlights of the Agency's accomplishments in FY 2008-09:

- Medallion Health Properties, LLC commenced construction on a 15-bed medical rehabilitation facility located at 12461 Springdale (northwest corner of Lampson & Springdale). This 30,111 square foot parcel was previously owned by the Agency and sold to Medallion for the purchase price of \$1.1 million dollars. Once completed, this project will bring 15-20 new jobs to the workforce.

- The Agency approved replacement of the Countywide Chrysler-Jeep dealership with a Volkswagen dealership at 10800 Trask Avenue. In turn, the former President of Union Dodge acquired the Chrysler-Jeep dealership, which effectively kept the Chrysler-Jeep franchise in Garden Grove and added a new point, Volkswagen, to the Auto Center. As a result, approximately \$180,000 in sales tax revenue was retained in the General Fund. *(Union Dodge was forced to close due to the Chrysler bankruptcy. It was one of 789 Chrysler dealerships nationwide whose franchise agreements were severed on June 9, 2009).*
- In July 2008, the Agency closed escrow on real property located at 11361 Garden Grove Boulevard to facilitate future expansion in the Civic Center area.
- In July 2008, the Agency closed escrow on real property located at 13082 Century Boulevard, to facilitate future development of the Century Triangle site.
- In October 2008, the Agency entered into a Negotiating Agreement with Brandywine Development to develop a 200+ unit multifamily apartment project on the 6.4-acre Century Triangle site. Site plan development is underway.
- Oggi's Pizza and Brewery held it's grand opening on October 29, 2008. This fifth restaurant in our restaurant cluster at Harbor and Chapman offers a sports bar feel, with several large-screen televisions and award-winning micro-brews. Approximately 50 new jobs were created as a result.
- The 288-room Sheraton Hotel held it's grand opening on November 12, 2008. Thirty million dollars in new private investment will bring 250 new jobs and nearly \$1 million annually in new revenues to the City.
- The Agency, in conjunction with its marketing and branding consultant Szen Marketing, continued to implement the marketing of International West. Agency staff designed new I-West banners. A total of 58 banners were installed along Harbor Boulevard, promoting the themes of "Stay & Play" and "Connect With the Magic". The Agency purchased two banner stands with four interchangeable banners identical in design, to be used as a static display in City Hall and transported to a variety of conferences, trade shows and city sponsored events.
- In April 2009, the Agency closed escrow on real property located at 12222 Harbor Blvd., south of Target department store. The Agency continued negotiations with the property owner at 12252 Harbor Blvd. and reached a tentative agreement. This project will be the site of a future hotel.
- The Agency continued to market the Brookhurst Triangle site to potential developers. The Jerde Partnership, a visionary architecture and urban planning firm, was selected to create the Master Plan. The Exclusive

Negotiation Agreement with JPI for a potential mixed-use development was terminated in August 2008 due to a change in project scope by the developer.

- In April 2009, the Agency closed escrow on three (3) parcels of real property located at 12681 Brookhurst Street, 10115 Garden Grove Boulevard and 10151 Garden Grove Boulevard (former Hardin Hyundai site), to facilitate development of the Brookhurst Triangle.
- In April 2009, the Agency closed escrow on real property located at 12591 Harbor Boulevard, to facilitate development of the Central Hub.
- In May 2009, the Agency entered into a Disposition and Development Agreement with Garden Grove MXD, LLC (McWhinney) for the 10-11 acre Central Hub site. The proposal includes the development of a 600 room full-service hotel with an integrated five-acre water park amenity for hotel guests and 18,000 square feet of restaurant space. Based on an estimate from the developer, it is expected that there will be between 500-800 temporary and permanent full and part-time jobs added to the workforce once the project is complete.
- In June 2009 the Agency closed escrow on real property located at 12281 Thackery Drive to facilitate creating a deeper site for a second hotel by Kam Sang, Inc.
- The Agency is assisting the Fire Department in assembling a 29,800 square foot site for a new fire station. To facilitate this development, the Agency closed escrow on real property at 12401 Harbor Boulevard in June 2009. The Agency currently owns two other parcels (12411 and 12421 Harbor Blvd., just south of Twintree Avenue), totaling 17,880 square feet. Staff continues to initiate and/or continue discussions with other property owners in order to obtain remaining parcels at 12381 and 12431 Harbor Boulevard.
- Due to the economic downturn, the start date for expansion of the Embassy Suites Hotel has been delayed for up to 18 months. The project has been entitled and eventually, the second tower will include 238 new rooms, approximately 75 new full and part-time jobs, a 30,000 square foot ballroom, meeting and related space, as well as a 5,000-square foot restaurant and 3,000-square feet in food and other retail sales space.
- The Agency continues to sublease the top floor of the building at 11277 Garden Grove Boulevard to St. Anselm's Cross Cultural Community Center. The goal of the center is to empower immigrant and under-served communities to lead healthy and self-sufficient lives in American society.
- The Agency continued to showcase the International West Master Plan, which was updated by EDAW in May 2008. Conferences included the International Association of Amusement Parks and Attractions (IAAPA) and the International Council of Shopping Centers (ICSC).

- The Economic Development Department continues management of the Travel Country RV Park. Many improvements have been made and new rules have been issued to maintain a clean and orderly park. Currently, there are 49 occupied spaces.
- The Economic Development Department continued to implement its Business Retention Program, which has been well received by the business community. Programs and partnerships are listed and described below:
 - The *Mayor's Business Breakfast* was designed to welcome new businesses to our community and help to answer any questions they may have. The fifth Mayor's Business Breakfast was held on October 16, 2008 at the Marriott Hotel and Resort. The Garden Grove Chamber of Commerce, the Small Business Development Center and SCORE had informational tables set up and City staff was on hand to answer questions and provide information regarding services available to them. Departments/Divisions in attendance included Purchasing, Planning, Building, Business License, Public Works, Police Department and Fire Department. Sandra Segawa, Purchasing Agent for the City of Garden Grove, was the Guest Speaker and gave a presentation on "How to do Business with the City of Garden Grove". Attendees were very enthusiastic about the event and appreciative of the City's outreach efforts.
 - The *Mayor's Link* is a visitation/outreach effort by the Mayor and City staff to personally connect with existing small to medium size businesses and assess needs and future assistance that the City can provide. This past fiscal year, the Economic Development Department staff coordinated 20 visitations with the Mayor to local businesses.
 - *Garden Grove Salutes* is an effort to say "thank you" to the businesses that have made significant contributions to the community and local economy. We are also staying attuned to their ongoing needs and challenges for business growth. In fiscal year 2008-09, the Economic Development Department once again partnered with the Garden Grove Chamber of Commerce to honor two businesses at their annual Installation of Officers. Navdeep Bassi from Seven-Eleven was honored for his Community Outreach and Costco Wholesale was honored for their Economic Impact.
 - The Economic Development Department partnered with the Community Relations Division and sponsored the "*Business Beautification Award*" for small, medium and large businesses. This was held in conjunction with the Garden Grove Pride event on May 4, 2009. Photos of nominees were displayed on-line on the department's website and 850 votes were received. Honors were

given to Louie's on Main (small), Oggi's Pizza and Brewery (medium) and the Hyatt Regency Orange County (large).

- To continue our focus on the needs of the business community, the Business Retention Team of the Economic Development Department conducted a *Business Needs Survey* designed to identify immediate needs, future plans and opportunities for the community to deliver programs and services. A total of 2,700 were mailed and 259 were returned (9.6% response rate). The overall results were positive. Of those who returned the survey, 79% indicated that Garden Grove is a positive place to do business. According to respondents, the key strengths for doing business in Garden Grove is the central location, easy freeway access, diversity and safety.
- The Economic Development Department developed a new *Business Spotlight Program* to recognize local businesses within the City of Garden Grove. Nominations are received from the Mayor and City Council and are based on a variety of criteria (e.g. milestone anniversary, top employer, fast growth, expanding location, unique service, national acclaim, etc.). Spotlights are presented at the first council meeting of each month. The first recipient, Tony LaLama of B&C Tailors, was honored on June 9, 2009.
- The Economic Development Department has partnered with SCORE in order to sponsor and host quarterly training seminars at the Community Meeting Center. "Introduction to Internet Marketing" was held on March 25, 2009 and had 37 attendees. Future scheduled topics include "Introduction to Quickbooks", "Demystifying Financial Statements", and "Develop a Winning Business Plan".
- The Economic Development Department continued its partnership with *California Manufacturing Technology Consulting (CMTC)* to provide information to small manufacturers regarding the Small Manufacturers Advantage program. The goal of this free program is to provide recommendations that help Garden Grove manufacturers attain their business goals and improve productivity and profitability.
- The Economic Development Department hosted its second *Garden Grove Chamber of Commerce (Chamber)* networking mixer in September 2008. Information regarding our Business Retention Program and Redevelopment Agency projects was on display for approximately 60 attendees. We continue to partner with the Chamber to co-host their Speed Networking event and have partnered with the Chamber on several other events throughout the year.

FISCAL IMPACT

Not applicable.

COMMUNITY VISION IMPLEMENTATION

- Seek to improve the shopping, dining, and entertainment opportunities available to the Garden Grove community;
- Improve the City's economic base through the development of tax-generating uses where appropriate;
- Improve the aesthetics of the community and eliminate blighting influences; and,
- Ensure that development does not undermine the traditional "hometown feel" of the community.

RECOMMENDATION

It is recommended that the Agency:

- Approve the FY 2008-2009 Annual Report; and
- Forward the report to the City Council for approval and authorization to transmit the report to the Controller of the State of California.


CHET YOSHIZAKI
Economic Development Director

By: 
Stacy Margolin
Administrative Analyst

Recommended for Approval


Matthew Fertal
Director

Attachment: FY 2008-2009 Agency Annual Report

mm(h:Staff/SM/Agency Annual Rpt 2008-09.doc)