

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 2006-2007	Date:	December 11, 2007

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 2006-07 Annual Report.

BACKGROUND

In compliance with California Community Redevelopment Law, *Section 33080.1* the Agency has prepared its FY 2006-07 Annual Report which provides a review of the Agency's activities undertaken during the fiscal year. As further required under California Community Redevelopment Law, 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 2006-07 Annual Report is attached for Agency consideration.

DISCUSSION

The FY 2006-07 Annual Report contains 1) an independent financial audit report; 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, and 7) 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 2006-07:

- In August 2006, Los Sanchez Mexican Restaurant finalized construction of their new facility on Garden Grove Blvd. and celebrated their grand opening – a successful relocation project that made them owners instead of tenants.

- In August 2006, Dr. John Husing of Economics & Politics Inc. completed a report titled "Garden Grove Demographics, Economics, and Quality of Life", for the Agency. The report was prepared as the economic development element for the update to the General Plan for the City of Garden Grove. Dr. Husing's report analyzes the demographics and economic conditions of Garden Grove, as well as the Orange County region, and crafts specific strategies to foster economic development in the city. The report was then transmitted to the Agency.
- Construction commenced for the Sheraton Hotel in Fall 2006. It is anticipated that a ribbon cutting ceremony for a new 288-room hotel will be held in Spring 2008. Thirty-five 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 ERGO Worldwide, continued to implement the marketing of International West.
- On September 26, 2006, the Agency entered into an Exclusive Negotiating Agreement (ENA) with Ryan Companies US, Inc., for the development of the 4.5-acre site located at 12621 Harbor Boulevard, formally known as the Firestation Motel site, to develop the site with a full service four-star resort hotel. Plans also include a restaurant and conference, pool and spa facilities. The Agency is currently under negotiations with the Ryan Companies.
- In October 2006, a Settlement Agreement was approved between the City, the Sanitary District, the Agency and the owners of R.D. Golf Range. The Agency assumed management of the golf range shortly thereafter.
- On October 24, 2006, the Agency entered into a Disposition and Development Agreement (DDA) with Sheldon Public Relations to pursue development of an approximate 100-unit condominium project, which would include 12 live/work units on a 1.66-acre site (*east side of Grove Avenue, west of Main Street and north of Garden Grove Boulevard*).
- Pursuant to an all-inclusive settlement, the Real Property Division continued to finalize relocation of Buddy's Auto Repair, a tenant in the Century Triangle Project Area, to a new and larger site at 13362 Brookhurst Street.
- On January 9, 2007, the Agency approved an Owner Participation Agreement for expansion of the Embassy Suites Hotel. The second tower will include 225 new rooms, a 40,000 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.
- In March 2007, the Agency closed escrow on seven parcels of real property that were sold to GG Homes LLC (Thom Falcon and Pacific Grand Construction). Five parcels are located at 9002 Marylee Drive, 9001 Chapman

Avenue, 9011 Chapman Avenue, 9031 Chapman Avenue and 9041 Chapman Avenue (*northeast corner of Chapman and Magnolia*). The remaining two parcels are located at 12851 and 12852 Westlake Drive. The Developer will be constructing single-family detached homes ranging in size from 1,460 to 2,315 square feet, with sales prices estimated between \$525,000 and \$625,000.

- During FY 2006-07 the Agency closed escrow on real property located at 12911 and 12912 7th Street, in the Civic Center area. All remaining properties were transferred to the Housing Authority. The Agency, in conjunction with the Garden Grove Housing Authority, has made available ten (10) single-family residences to low- and moderate-income families within its Community Center District.
- In May 2007, the Agency approved a Purchase and Sale Agreement of an approximate 3-acre parcel of improved real property owned by Debbie K. and Dai R. Lee, which is currently being used for the operation of the Garden Grove Hyundai automobile dealership, located at 10071 and 10081 Garden Grove Boulevard.
- On May 19, 2007 the Agency sent out Request for Proposals (RFP's) for the 35-Acre Central Hub to over forty (40) prospective developers. The Agency received proposals from the Gabrielino-Tongva Tribe, Vision Maker Worldwide, the McWhinney Corporation and Park 8 Place.
- The Real Property Division 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, 64 spaces are occupied (down from 113 when first acquired).
- Oggi's Pizza and Brewery signed on as the fourth restaurant in our restaurant cluster. 50-75 new jobs are expected as a result.
- After completion of the updated market analysis for International West in fall 2006, the Agency implemented and showcased the LEDO Master Plan at several conferences, including International Association of Amusement Parks and Attractions (IAAPA), America's Lodging Investment Summit (ALIS), Urban Land Institute (ULI) and International Council of Shopping Centers (ICSC).
- The Agency continued to market the Century Triangle site and evaluated potential developers.
- The Agency continued to market the Brookhurst Triangle site. The DDA with Urban Pacific Developers was terminated due to market conditions.
- Staff completed working with Platinum Television Group (PTG) for the production of a promotional video focusing on International West and the business opportunities available within the entertainment district. Garden Grove

was featured in a segment on "Building a Better Business Environment" in the show's "Inside Business" series. The segment will air forty-eight (48) times regionally through a combination of regional news networks and CNN Headline News in up to twenty-five designated markets and one time nationally on the Travel Channel.

- Developers continue to show interest in the 95-acre theme park site (Willowick Golf Course).
- To date, all single-family homes have been sold and homeowners have moved in pursuant to the DDA with Pacific Cities Real Estate Group, Inc. (Brandywine) for the construction of Katella Cottages -- 45 single-family homes (*south of Katella Avenue, west of Gilbert Street*). The Agency approved the Katella Cottages relocation settlement and finalized the closing documents.
- The City entered into a Purchase and Sale Agreement with Tamerlane Associates, Inc., to assist with the purchase of 12 apartment units on 12131, 12132 and 12171 Tamerlane Drive.
- The Neighborhood Improvement Division completed five Mobile Home Improvement Grants and the Senior Grant program for exterior home improvements was administered to seven seniors.
- During FY 2006-07, the Neighborhood Improvement Division of the Community Development Department applied for and received a \$600,000 HOME Grant. These funds will be used to assist owners in correcting Health & Safety Code violations and/or local building requirements.
- 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 New Business Breakfast was designed to welcome new businesses to our community and help to answer any questions they may have. The third Mayor's Business Breakfast was held on April 24, 2007 at the Marriott Hotel and Resort. The Garden Grove Chamber of Commerce, the Small Business Development Center (SBDC) and the Senior Corps of Retired Executives (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 Planning, Building, Business License, Public Works, Police Department and Fire Department. The businesses that attended were very enthusiastic about the event and appreciative of the City's outreach efforts.
 - The Mayor's Link is a visitation/outreach effort 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 10 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 local economy. We are also staying attuned to their ongoing needs and challenges for business growth. In fiscal year 2006-07, the Economic Development Department honored Kaiser Permanente, Time Warner Cable, Southern California Gas Company and the Embassy Suites Hotel. These luncheons were sponsored by the Golden West Cities Federal Credit Union, Garden Grove Shell Station, Toyota of Garden Grove and 24 Carrots Events and Catering.
- Business Needs Survey Outreach Program: To continue our focus on the needs of the business community, the Business Retention Team of the Economic Development Department developed a Business Needs Survey designed to identify immediate needs, future plans and opportunities for the community to deliver programs and services. Our goal is to identify immediate problems facing businesses so that these problems can be addressed, identify perceptions of the community as a place to do business, identify the training and technical assistance needs of the business community and identify the future plans of a business.
- Small Business Development Center (SBDC): We have recently partnered with SBDC to sponsor and host biannual training seminars at the Community Meeting Center.
- Partnerships/Outreach: The Business Retention Team has worked to build partnerships with existing resources already serving the Garden Grove business community. In addition to working with SBDC, we have also partnered with the One Stop Center, who will assist with our survey efforts and have met with Southern California Edison and The Gas Company to discuss incentives and economic development programs that are available to area businesses.

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 2006-2007 Annual Report; and forward the report to the City Council for approval.

It is recommended that the City Council:

- Approve the FY 2006-2007 Annual Report; and authorize its transmittal to the Controller of the State of California.

CHET YOSHIKAWA

Economic Development Director

By: Stacy Margolin
Administrative Analyst

Attachment: FY 2006-2007 Garden Grove Agency for Community Development
Annual Report