

## **1. Introduction**

Development Management Group, Inc. (DMG) has been retained by the City of Imperial, California to produce an Economic Development Strategic Plan that will guide the City and the Community in their economic development efforts for the next five (5) to ten (10) years.

The City of Imperial Economic Development Strategic Plan provides a foundational understanding of the local and regional (defined as Imperial County) economy and basis for which a community proceeds to create/generate economic investment. This plan also provides recommendations regarding specific projects and economic development initiatives that are both tangible and quantifiable as part of the implementation phase. The City of Imperial Economic Development Strategic Plan is organized to provide demographic/statistical information and specific initiative/project recommendations.

This Economic Development Strategic Plan is a product of the community, its leaders (both civic and business) and independent resources and research. It is based on the premise that the community desires an economically vibrant future in which there are multiple career, business, educational, housing and recreation/cultural opportunities for residents and visitors alike.

The City of Imperial is located in the heart of most urbanized portions of Imperial County between the cities of Brawley (to the North) and El Centro (to the South). The City was incorporated in 1904 and has a current population of 18,658 (as of 1/1/17). The community is in what most describe as a hyper-growth phase, which is defined as population growth twice (2 times) the State of California average. Between 1/1/16 and 1/1/17, the City of Imperial grew by 2.6%. By comparison, California (as a State) grew by .9% and the County of Imperial (including all incorporated/unincorporated areas) grew by 1.2%.

## **2. Statement of Independence**

The City of Imperial, California has provided a joint contractual obligation with Development Management Group, Inc. regarding independence of research, analysis, recommendations and conclusions.

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## **6. References Utilized to Create Economic Development Strategic Plan:**

Development Management Group, Inc. has utilized information from the following sources in completing this analysis:

1. American Community Survey
2. California Department of Transportation
3. Center for Economic Policy and Research
4. City of Imperial, California
5. Confidential Interviews
6. County of Imperial, California
7. Dataquick
8. Development Management Group, Inc. (Internal Calculations)
9. Environics Analytics
10. Federal Energy Regulatory Commission (FERC)
11. Inland Empire Film Commission
12. International Council of Shopping Centers
13. Imperial Chamber of Commerce
14. Imperial Valley Economic Development Corporation
15. Natelson Group
16. Nielsen/Claritas, Inc.
17. State of California Board of Equalization
18. State of California Department of Education
19. State of California Department of Finance
20. State of California Employment Development Department
21. State of California Department of Housing and Urban Development
22. Southern California Association of Governments (SCAG)
23. The HdL Companies
24. United States Census Bureau
25. United States Department of Commerce (Economic Development Administration)

## **7. Economic Development Defined**

Economic Development is defined as “any activity that raises the overall wealth of a community”. The term “wealth” has multiple definitions and meanings. Economic “wealth” includes monetary wealth, housing, education, jobs, shopping, dining, recreation and quality of life among others. Economic Development is vital to a community so that there is a balanced and consorted effort to generate resources for residents, property owners, businesses, visitors and government.

From a resident perspective, economic development means housing options for all income levels, quality schools, quality of life elements (community events, festivals, parks, recreation), public safety, infrastructure and economic opportunity in the form of jobs and/or entrepreneurial activities.

From a municipal perspective, think of the governmental entity known as the City of Imperial as a municipal corporation (which is what it technically is). The City has shareholders (residents/voters), a Board of Directors (the City Council), advisory boards (Planning Commission, Public Safety Advisory Commission, Arts Commission, Historical Society and others), a Chief Executive Officer (the City Manager), staff and a host of products and services it is expected to produce and/or deliver to its shareholders (residents). As with any corporation, there are revenues (taxes and fees) and expenses (police, fire, public works, parks & recreation, engineering (roads and streets). As a “public” corporation, both figuratively and literally, there is also a budget that is available to the shareholders (and anyone else for that matter). As the shareholders (residents) desire/expect a level of goods and services for their money (again taxes and fees), the corporation (the City) is responsible to be responsive to the desires and expectations of their shareholders.

Economic Development then becomes the vehicle for which the municipal corporation helps offer additional “wealth” opportunities while increasing the overall resources for which the corporation (city) can then deliver basic services to its shareholders(residents).

Cities then desire economic investment by the private sector (or in some cases other government agencies) that result in job creation, infrastructure development, shopping opportunities, increased business ownership/entrepreneurship opportunities, health/medical services, professional services (both to residents and business to business), recreational opportunities (both to residents and visitors) and space (building development). Many cities, including the City of Imperial, promote the community for new residents as a way of increasing the population to attract a wider audience of economic investors. In simple terms (and really for the balance of this strategic plan), Economic Development will be



the act of bringing new economic investment to the community that then creates the aforementioned opportunities and revenues for the benefit of the residents (both current and new).

## **8. The City/Community as an Economic Investment Product**

Economic Investment is made in places whereby those making the investment will receive the greatest (or reasonable) returns. It is capitalism in its purest form. A retailer opens a new store where they believe they will be profitable. A developer will buy land, entitle and construct buildings where they believe people/companies will lease the property for him/her to make a fair profit. A doctor will locate where they believe they will have a combination of patients that will utilize their services and have the necessary amenities needed to properly serve said patients (such as hospitals and laboratory services). This goes for retail, office and industrial/flex space development. Home builders develop where there is demand based on general population or job growth and where a profit can be made.

Economic Investors are then making an investment in a city/community to take advantage of the marketplace or market opportunity; therefore the city, community or market/trade-area becomes the product. When communities seek economic investment (economic development) they are essentially marketing or recruiting utilizing their community (or product) as the enticement or carrot.

## **9. Regional (Imperial County) Demographic Analysis**

The City of Imperial lies within the larger County of Imperial. The economy of the region is largely intertwined. Therefore, it is important to provide some context regarding the regional demographics and socioeconomic conditions. Below are selected demographic charts to help better understand the region.

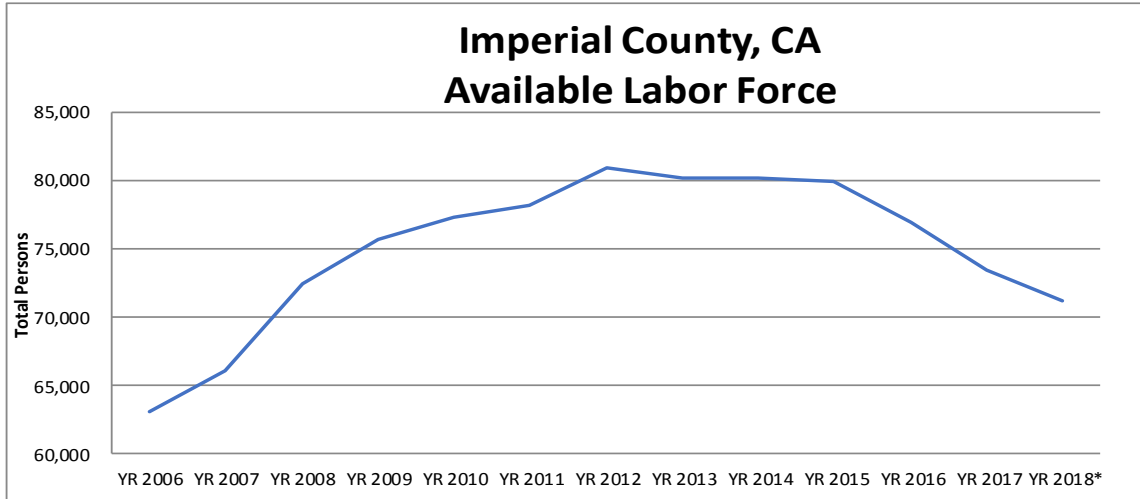
### **9-1 Economic Recovery**

As of May, 2018 (June 15, 2018 release), the unemployment rate in Imperial County was 15.8%. This figure is down from the 2017 monthly average of 19.1%. The unemployment rate is also less than half what it was at the height of the Great Recession which saw the County unemployment rate at 32%.

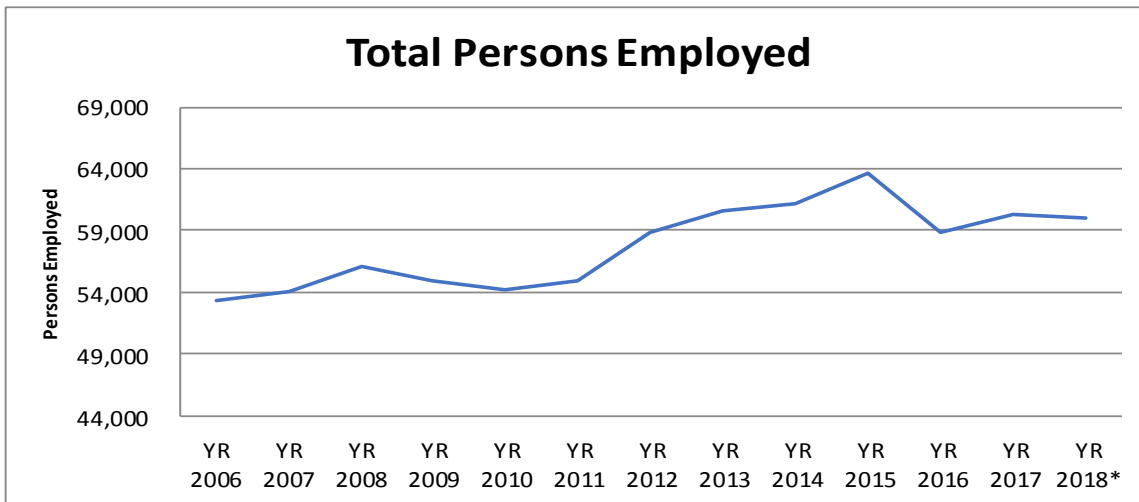
The total number of persons in the labor force continues to decline. The region currently has a total labor force of 71,200 (of which 60,000 are employed).

Exhibits A-D provides trend data regarding the labor force, employment, total persons unemployed and the unemployment percentage.

**Exhibit A: Total Available Imperial County Labor Force**



**Exhibit B: Total Persons Employed in Imperial County**

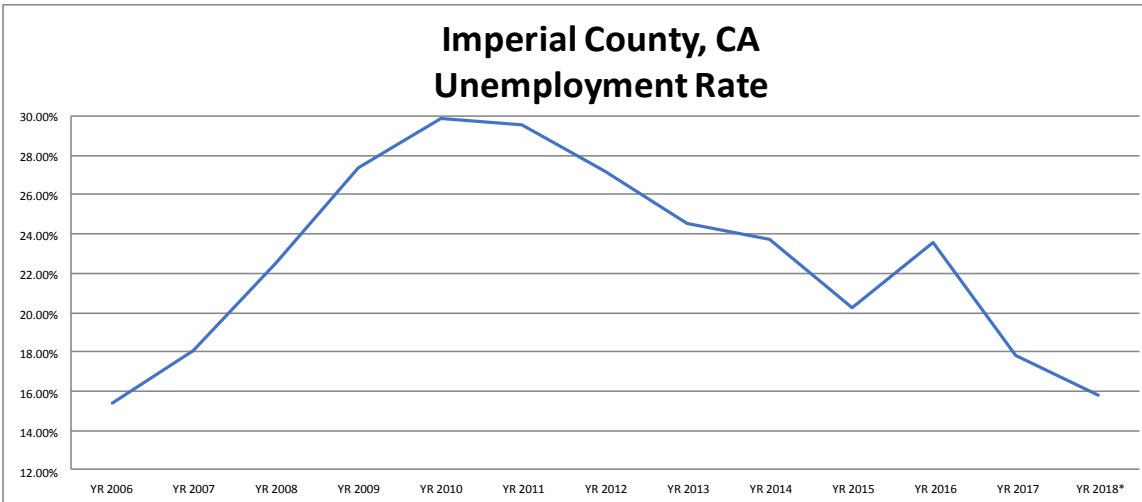


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**Exhibit C: Total Persons Unemployed in Imperial County**



**Exhibit D: Imperial County Unemployment Rate**

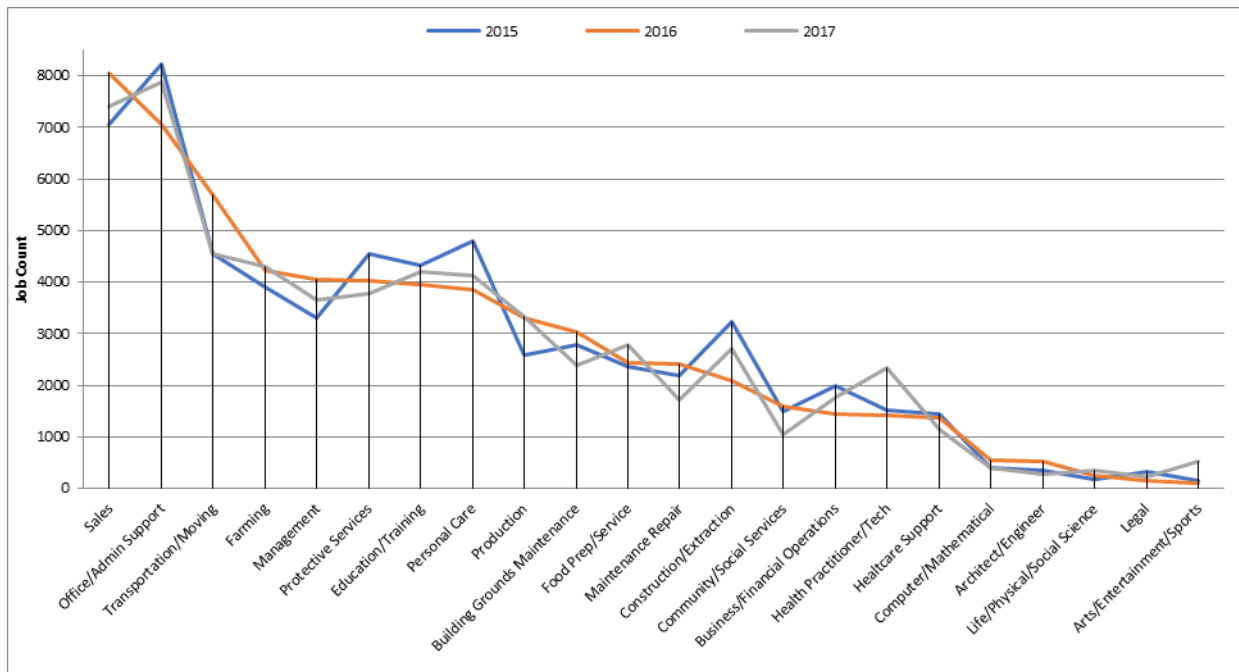


**9-2. Industry & Occupational Analysis**

*Economist note: the graphs and analysis that follow in this section are based on minimum current employment of between 100 persons within a specific category (position). While this sounds low in terms of pure numbers, consider that the population of Imperial County is about 190,000. Scaled in comparison to Los Angeles County where the population is about 10 million people, the same minimum requirement ratio is 54 persons per Imperial County person. Another way to explain is for each 100 persons employed in a position in Imperial County it would take 5,400 persons in Los Angeles County to reach the same scaled ratio.*

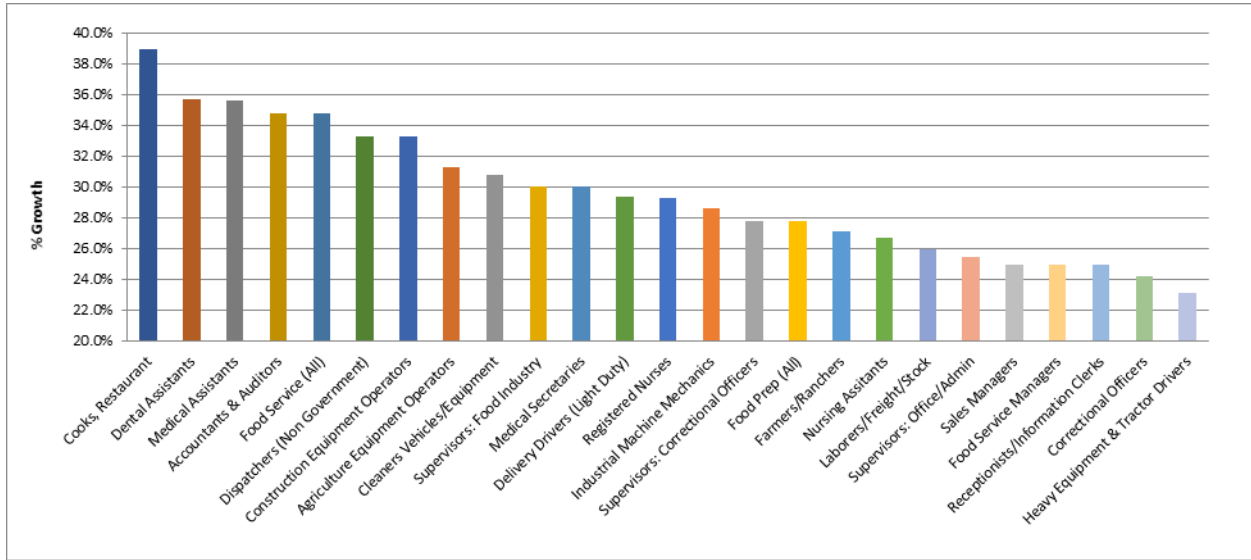
Approximately 30% of the total jobs in Imperial County are within government agencies (local, state and federal). The seven incorporated cities along with the school and utility districts account for local jobs while state jobs are driven by the presence of state prisons and Federal jobs are predominately by border security (Department of Homeland Security) and a privately-operated immigration detention facility. The greatest numbers of private sector jobs are associated with the agriculture (farming, transportation and some administrative support) and retail sectors (sales). Exhibit E provides a breakdown of the number of jobs by occupation and a comparison between 2015, 2016 and 2017. Most job categories have declined in overall employment in the last two years, though there is a notable increase in health care practitioners and related fields.

**Exhibit E: Distribution of Jobs by Occupation Type**



In terms of professions with anticipated growth, Exhibits F provides the percentage growth per occupation anticipated between 2014-2024 while Exhibit G provides total new positions (minimum 100 positions) for the same time period. There are a number of middle income and entry professional jobs showing up in the anticipated growth. Overall it is anticipated there will be career opportunities in the fields of farming/ranching, public safety (correctional officers), nursing and teaching. This is a departure from past projections whereby the greatest increases were expected in lower wage professions (namely food services and retail).

**Exhibit F: Professions with Anticipated Growth by Percentage of New Positions (100 or More) (2014-2024)**



**Exhibit G: Professions with Anticipated Growth by Number of New Positions (2014-2024)**

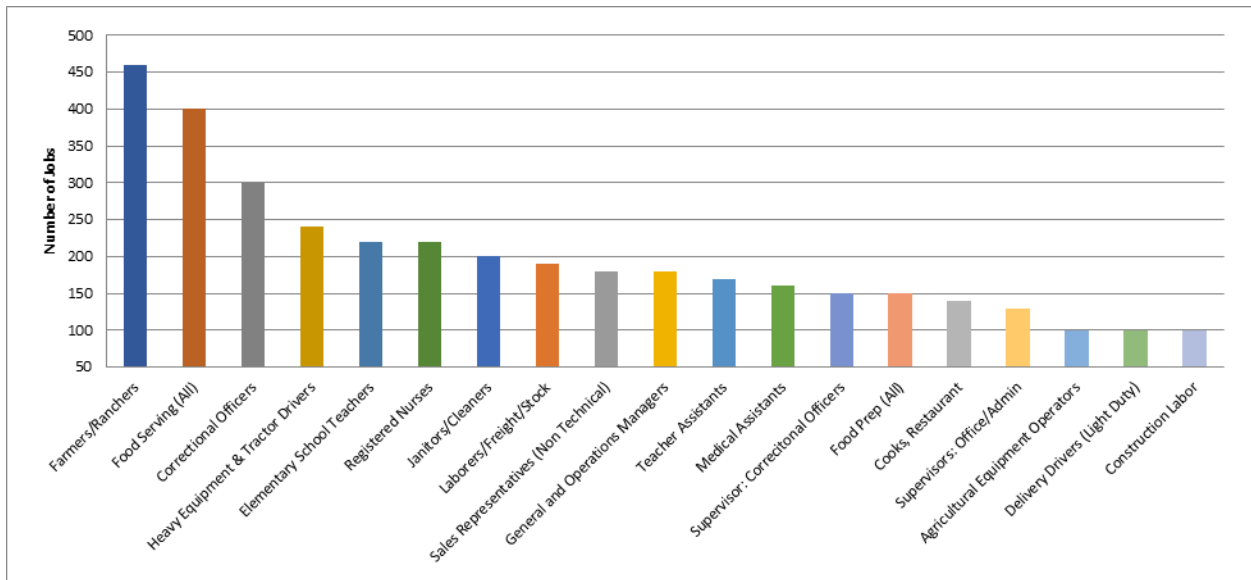
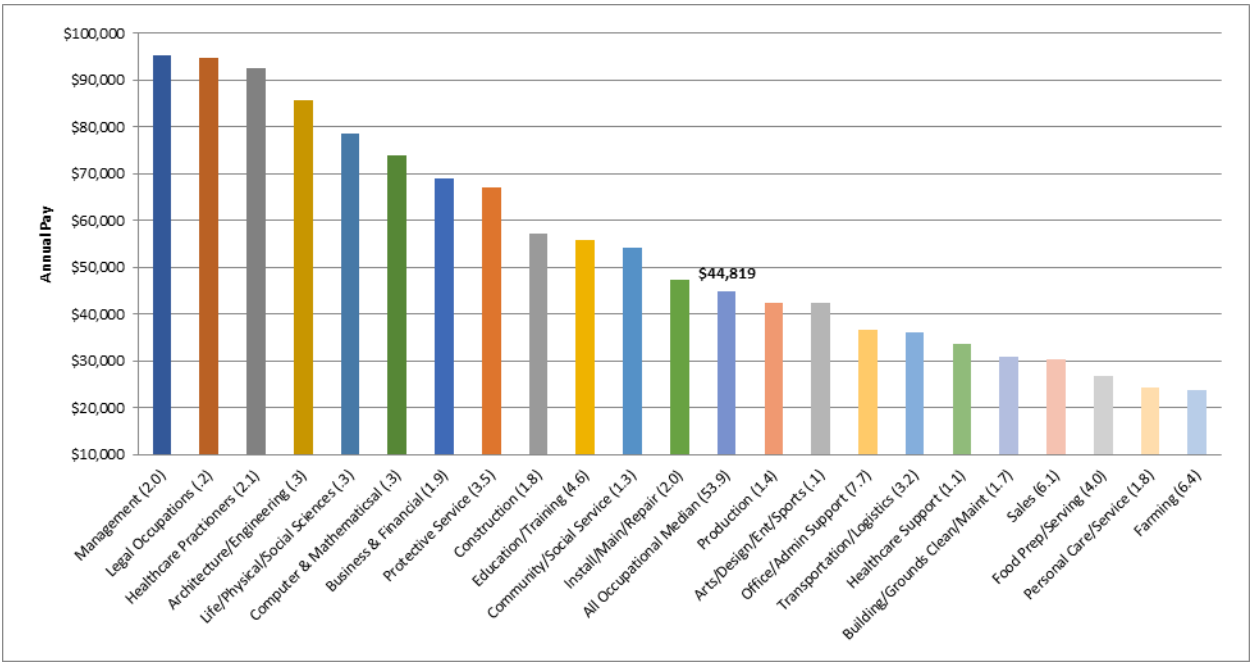


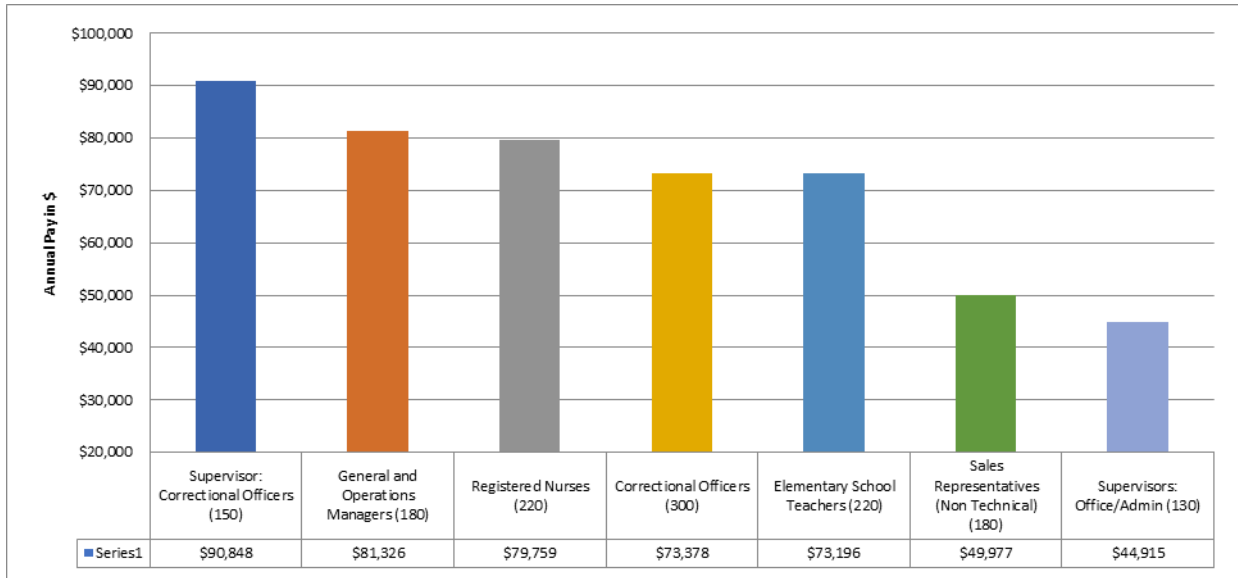
Exhibit H provides an understanding of job/occupational distribution ranked by median annual pay. The total number of jobs within the region is listed in parenthesis (in thousands of jobs). As a reminder the comparative ratio between Imperial County and Los Angeles County is 1:54, meaning if an industry has 500 jobs in Imperial County, it would have to have 27,000 jobs in Los Angeles County to have the same statistical significance on that economy. The median pay for all industries in Imperial County is \$44,819 per year. Note that 5 of the 7 largest occupational categories pay less than the median.

**Exhibit H: 2016 Occupational Categories by Median Annual Pay (Job Count in Thousands)**



In terms of employment opportunities that are expected to generate at least 100 jobs in the coming years (by 2024) and provide an income of at least \$40,000 annually, there are only seven categories. Shown below (Exhibit H) include supervisor of correctional officers, general operations managers, registered nurses, correctional officers, elementary school teachers, sales (non-technical), and supervisors of office and administrative personnel.

**Exhibit I: Projected High Growth Occupations (100+ Jobs / \$40k Annually) 2014-2024**



**9-3. Agriculture Production as a Leading Industry**

Agriculture is the largest private sector industry in the Imperial Valley. While the jobs associated with the industry are traditionally low pay, agriculture supports many families in a variety of occupations (direct farming, professional/business (including accountants) and transportation. Since many of the agriculture related companies are family owned, the “private” wealth within the region is often rooted in agriculture.

To begin, the region actively farmed 542,063 acres in 2016. This was increase of about 1.36% from 2015 when 534,788 acres were farmed. To put this into perspective, Imperial County actively farmed 847 square miles of land. Orange County, CA is 948 square miles. Exhibit J provides the total agriculture production for Imperial County. In 2016, agriculture production totaled \$2.063 billion. This represents an increase of \$138 million (7.1%) from 2015 and was within about \$95 million of the record high seen in 2013 (\$2.158 billion).

The Imperial Valley exports a significant amount of crop/seed. International exports are focused on Japan (35%), Mexico (34%), Peoples Republic of Korea (South Korea) (8%), China (7%) and Canada (4%). The products most often exported include hay/straw, vegetables and seed.

Domestically, Imperial Valley crops are most often exported to Hawaii and Florida (these two states account for over 95% of product export within the United States). The crops most often exported domestically include vegetables and nursery (plant) products.

The industry as a whole is in the midst of headwinds. While crop production (dollar value) is up from 2015, crop prices and overall producer profitability continues a downward trend. Many farmers are experiencing significant losses.

The water crisis that impacted California from 2012-2016 appears to be over (for now) as the winter storms of 2016-17 were plentiful in restoring reservoirs and snowpack. That said, pending water transfers to San Diego coupled with the potentially devastating impacts of exposed playa at the Salton Sea may generate additional issues.

California regulations also provide for future headwinds. First, California is in the midst of a staged increase of minimum wage from \$11.00 (current) to \$15.00 per hour (2022) (note there are some short-term exceptions for those persons “in-training”). In addition to minimum wage increases, there are pending changes to the 40-hour work week that will remove almost all flexibility in how workers hours are calculated for overtime purposes.

The net effect of these two changes will be decreased use of labor and increased automation. Crop producers are indicating that labor intensive crop production will decrease over time as said production is moved out of state (to Yuma, Arizona for example) and to Mexico. Second, there will be increased automation. One example is the implementation of automated “thinning” machines. At current, when row crops first germinate, manual labor is used to “thin” the plants to insure proper spacing for the most efficient production. Such technology employs lasers that remove the extraneous plants thus saving farmers from the use of manual labor.



Picture 1: Lettuce Harvest in Imperial Valley



Picture 2: Carrot Harvest in Imperial County

**Exhibit J: Total Agriculture Production (in billions of \$) by Year**

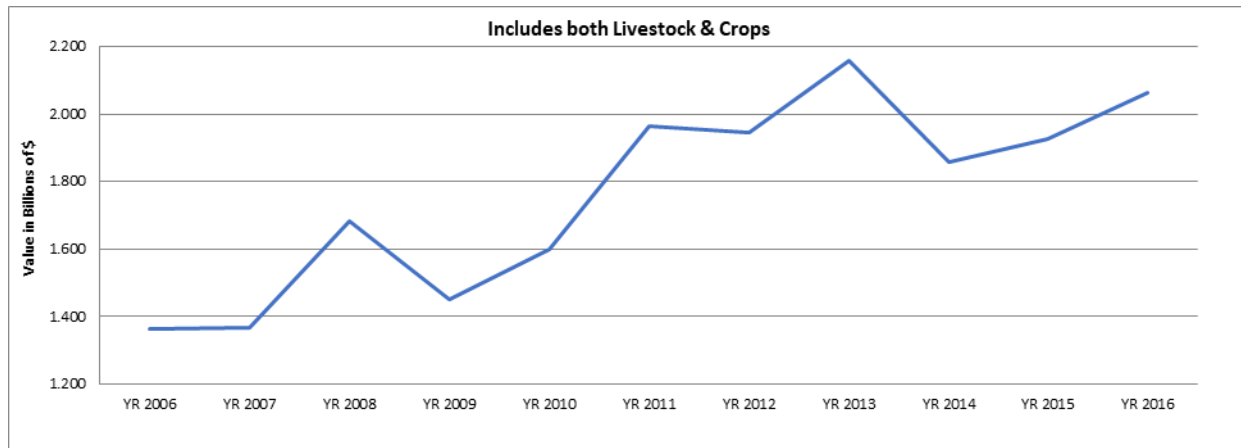


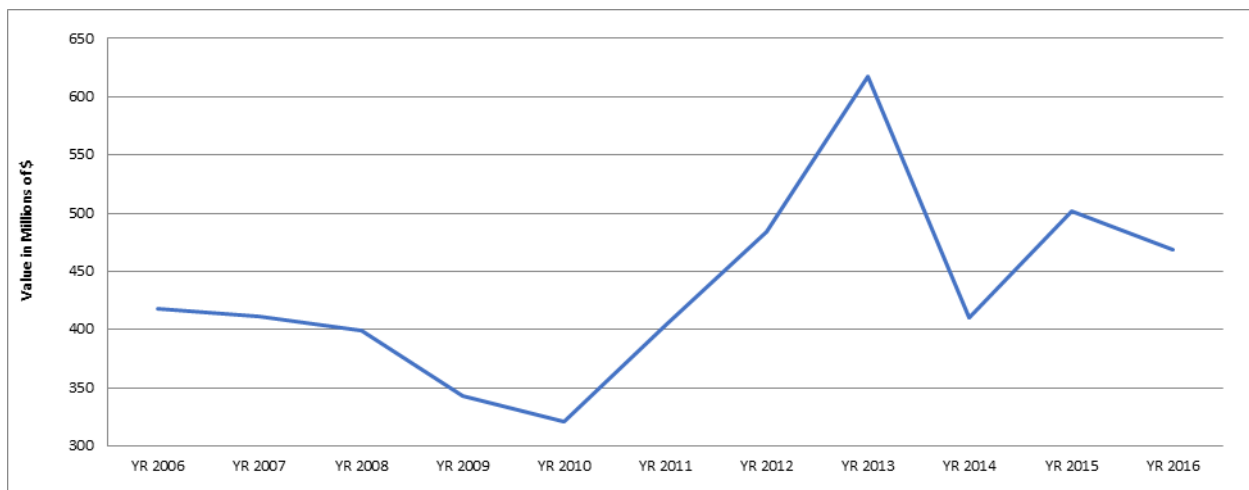


Exhibit K provides historic production numbers for livestock. Much of the livestock production is specific to “feeder beef” which is the raising of calves to prepare them for market. During this time an individual animal may consume approximately 3 tons of feed. The profit (value) in a particular animal is a function of both market price and the cost of food. The production of livestock in the Imperial Valley declined 6.75% between 2015 and 2016 from \$502.07 million to \$468.18. The cattle markets have had large price fluctuation in the past 12-18 months and cattle inventory is currently high, which is causing prices to fall (simple supply/demand curve). In 2015, cattle prices were about \$1.33 per pound versus 2016 when they fell to \$1.18 per pound. The big "winner" in the cattle industry (at current) are the processing facilities which are charging record prices to cull/process product.

It has been noted in past reports that National Beef ceased beef processing operations in 2014. In the last year, One World Beef has began operations in the former facility and while information is limited on their operations, they are reported to be a small contract/boutique facility. It is possible that they will ramp up their operations as they secure additional contracts and they have regulatory capacity. This has the potential to increase overall livestock production in the Imperial Valley as the proximity of such facility will decrease overall production costs to ranchers that currently pay transportation costs to out of state processing facilities.

While accounting for a small amount of livestock under this category, the Imperial Valley does produce some sheep (\$5.1 million), aquatic/fish product (\$12.3 million).

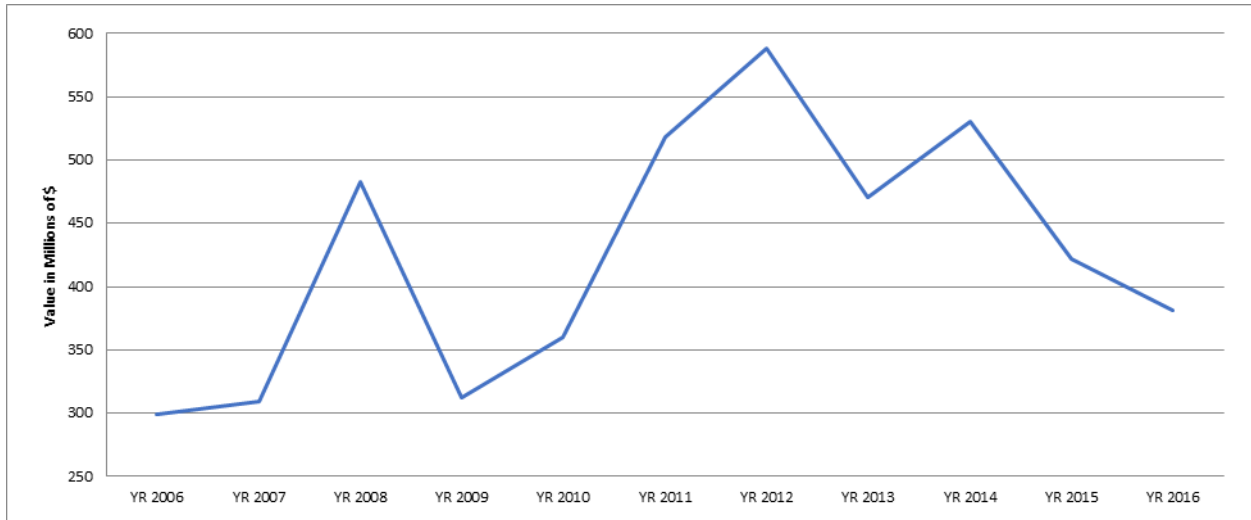
**Exhibit K: Total Livestock Production (in millions of \$) by Year**



Field crops accounted for \$381.18 million in 2016. This is down from \$422.32 million of production in 2015 and \$530.85 million in 2014. The number of acres in production in 2016 was 333,762 (an 11,000 acre increase from 2015 which saw 322,500 acres farmed for field crops). Overall field crops took up more space (521 square miles) than the size of the entire City of Los Angeles (486 square miles). Overall field crop prices (blended) fell to \$1,142 per acre from previous amounts of \$1,643 (2014) and \$1,208 (2015). Farmers reported losses based on crop prices in 2016, largely in pricing from Alfalfa and Bermuda. Unfortunately, the soft market has continued into 2017 and farmers are once again expected to sustain losses. The greatest factor has been the strength of the US Dollar overseas, making their product more expensive, thus causing foreign buyers to purchase crop elsewhere or adjust their own domestic production.

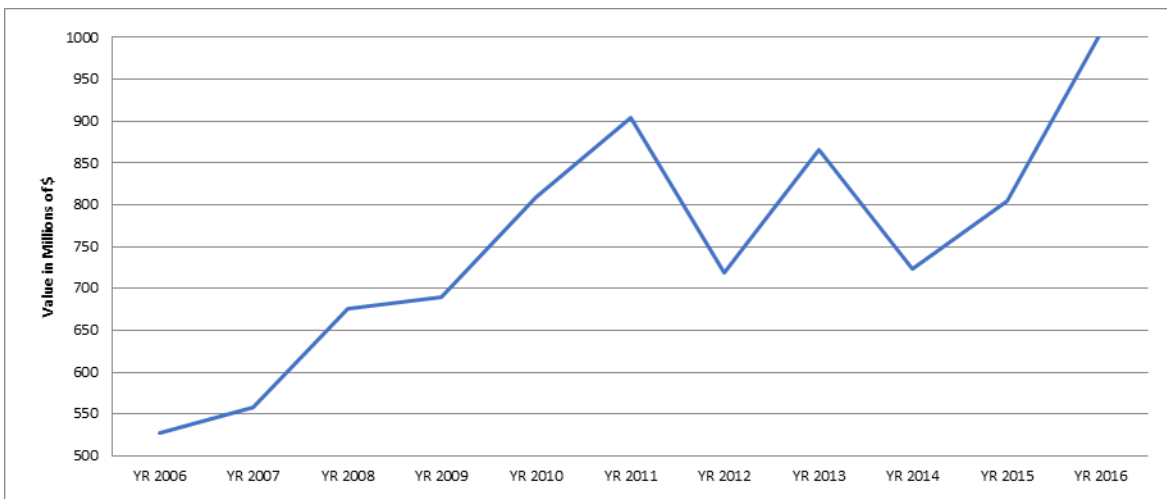
The top five crops in this category (production value) include alfalfa (\$148.92 million), Bermuda grass (\$54.11 million), sugar beets (\$51.73 million), Sudan grass (\$36.72 million) and wheat (\$31.05 million). Exhibit L provides a historical chart of field crop production in Imperial County.

**Exhibit L: Total Field Crop Production (in millions of \$) by Year**



Vegetables and melons accounted for \$1.006 billion, a strong increase of 25% from \$805.02 million of production value in 2016. The number of acres in production also increased 10.1% from 121,284 (2015) to 133,593 (2016). Therefore, crop value per acre (blended) increased to \$7,531 in 2016 from \$6,637 in 2015 (an increase of 13.4%). The crops with the highest production value for 2016 included Leaf Lettuce (\$133.21 million), Onions (\$128.48 million), Broccoli (\$120.56 million), Spinach (\$96.51 million) and Romaine Lettuce (\$70.2 million). 2016 was a profitable year for producers in these categories. Exhibit M reflects the historic production values for Vegetable and Melon crops.

**Exhibit M: Total Vegetable and Melon Crop Production (in millions of \$) by Year**



Fruit and nut production decreased from \$83.28 million of value in 2015 to \$80.108 million in 2016 continuing a downward trend. The acreage dedicated to fruit and nut crop increased from 8,779 to 9,443 from 2015 to 2016 (an increase of 7.5%). Production by acre for 2016 was \$8,482 which is a significant decline from 2015 when it was \$9,487 per acre (a decline of 11.8%). Over the past two years, DMG, Inc. predicted this category would be a beneficiary of the region’s water supply certainty. We predicted that there would be production shift from the Central Valley of California to the Imperial Valley. Acreage dedicated to both lemons and dates have increased over the past two (2) years.

Imperial Valley produce crop (fruit and nut) is led by lemons and dates. Lemons accounted for \$45.36 million of value in 2016 while dates accounted for \$19.07 million of value. Combined, lemons and dates account for over 80% of the produce crop in Imperial Valley. Tangerines and tangelos represented a production value of \$1.8 million and \$1.2 million respectively in 2016. Exhibit N below shows the substantial increase in production in a short period.

**Exhibit N: Total Fruit & Nut Production (in millions of \$) by Year**

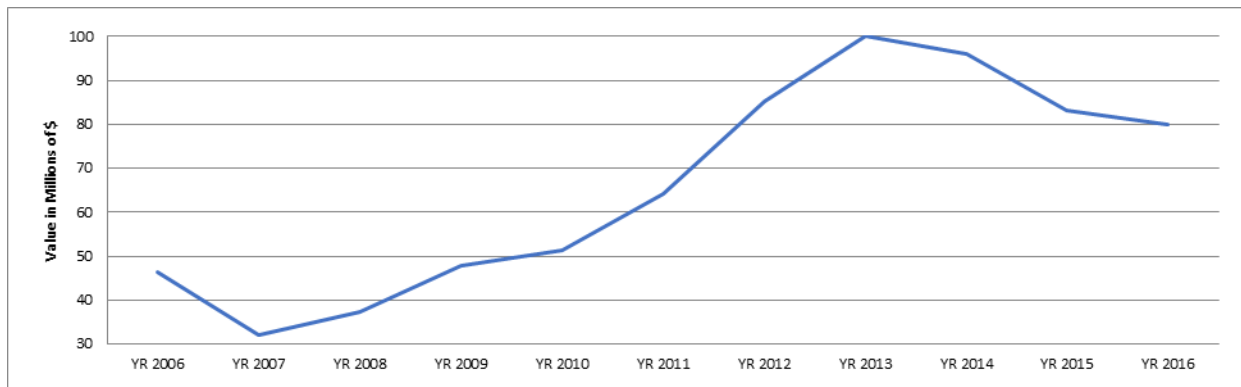
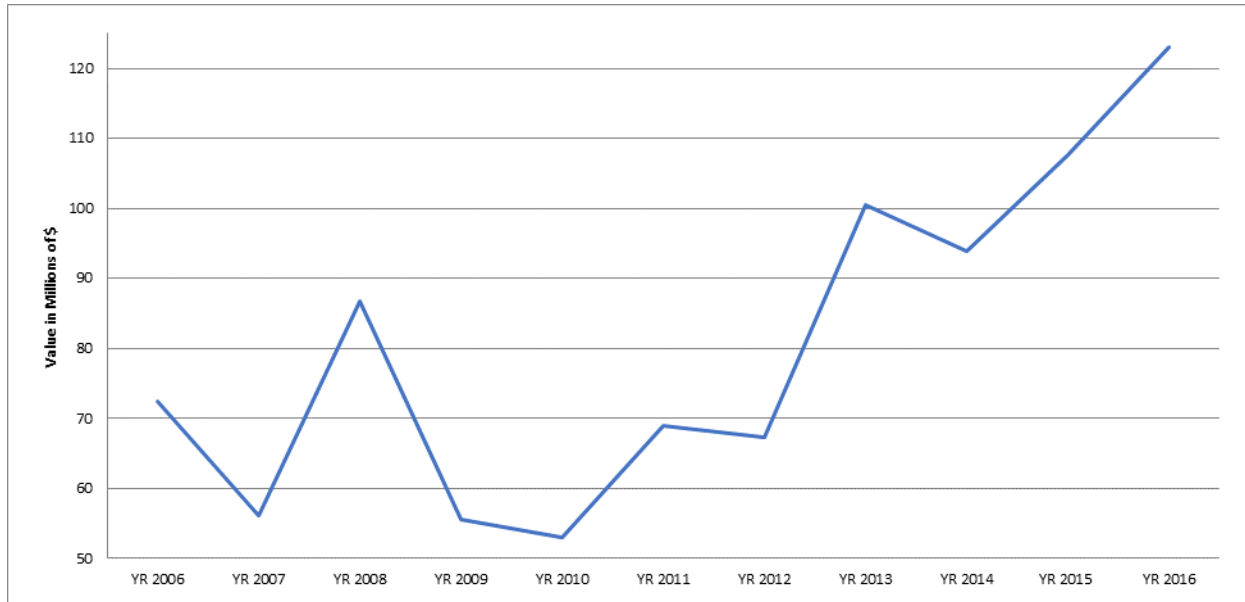


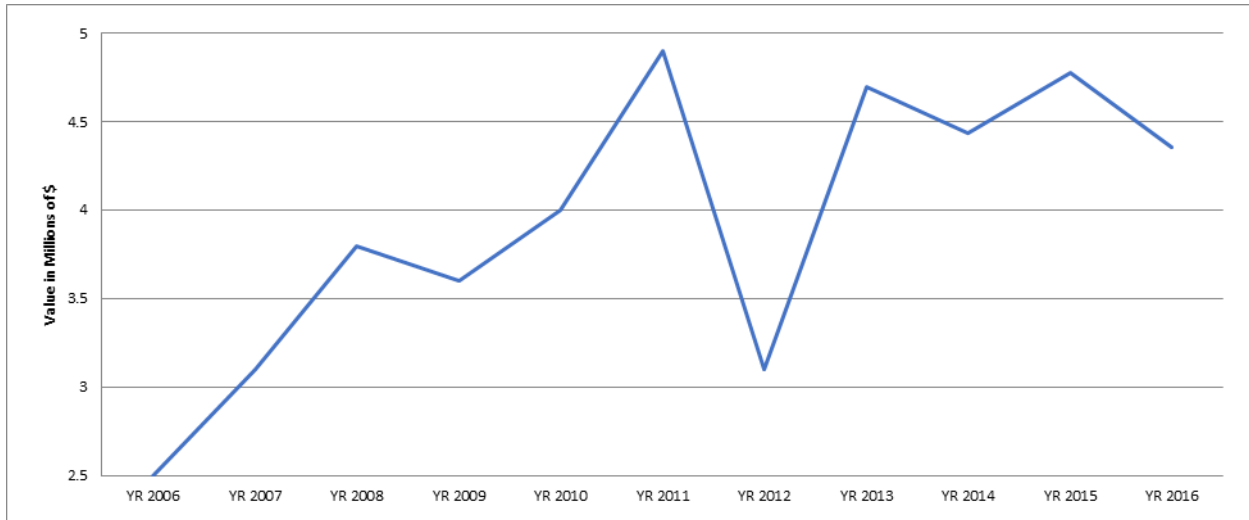
Exhibit O shows the history of seed production in the region. Seed production is a vital component to the agriculture economy. There are farming entities that specialize in the generation of seed that is used locally, domestically and internationally. Further, primary research (interviews) with those in this segment of the industry shows that there is significant technology and testing involved in creating seeds that provide for higher production, greater drought tolerance and overall hardiness. In 2016, \$123.06 million of seeds were produced versus \$107.67 million in 2015 (an increase of 14.3% year over year). Overall 10,000 more acres were dedicated to seed production in 2016 versus 2015 (65,000 versus 55,000). Crop value per acre decreased slightly over the past year about 3.6% from \$1,956 per acre to \$1,885 per acre. Alfalfa seed (\$84.91 million) and Bermuda seed (\$20.03 million) represented most of the production while about \$1.4 million of onion seed was also produced.

**Exhibit O: Total Seed & Nursery Production (in millions of \$) by Year**



The final segment of agriculture production analyzed was that of apiary which includes honey, wax and pollination (bee) production and use. While this industry only accounted for about \$4.36 million of production in 2015 (down about 8.7%), it is a vital industry to farming in the Imperial County. Honey continued downward from \$2.09 in 2015 to \$1.63 in 2016. The number of hives dedicated to honey production in the region fell by 59% in the past year from 42,789 to 17,312. Wax producing hives also decreased to 14,150 from 22,050 in 2015. Finally, pollination hives decreased to 62,591 from 71,113 in 2015. This is a vital category to the future of agriculture in the region and has the ability for substantial economic investment and expansion as additional grown may support agriculture operations in not only the Imperial Valley but the super-region that includes Yuma County, AZ and Northern Baja California (Mexicali Valley). Exhibit P provides a history of apiary production.

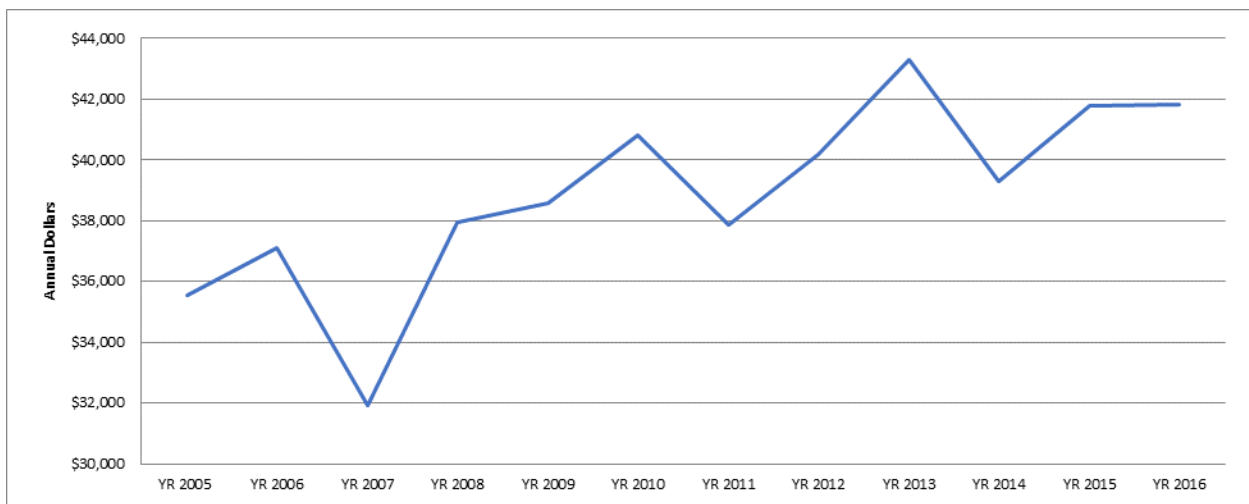
**Exhibit P: Total Apiary (Honey/Wax/Pollination) Production (in millions of \$) by Year**



**9-4. Income/Poverty/Education Statistics**

Imperial County continues to struggle relative to more urban and suburban areas in California. An important benchmark in economic advancement is whether median household income is growing. Exhibit Q provides a comparison of median household income since 2015. Between 2015 and 2016, median household income was relatively flat, increasing by \$53. In the coming years, it is likely that there will be a slow rise in household income as the minimum wage continues to increase across California, as many of the jobs in the region are lower paying agriculture, food service and retail jobs.

**Exhibit Q: Median Household Income**



In terms of household income distribution, Exhibit R shows a breakdown since 2010. Unfortunately, those households at the bottom end of the scale continue to suffer and the issues seems to be deepening. In 2015, 40.50% of households had an annual income of \$35,000 or less. In 2016 (just one year later) the number of households with an income of \$35,000 or less jumped to 43.8%, an increase of 8%. Middle class families (roughly defined as families making between \$35,000 and \$75,000 per year), declined from 29% to 27.2% in just the last year.

**Exhibit R: Household Income Distribution 2010-2016**

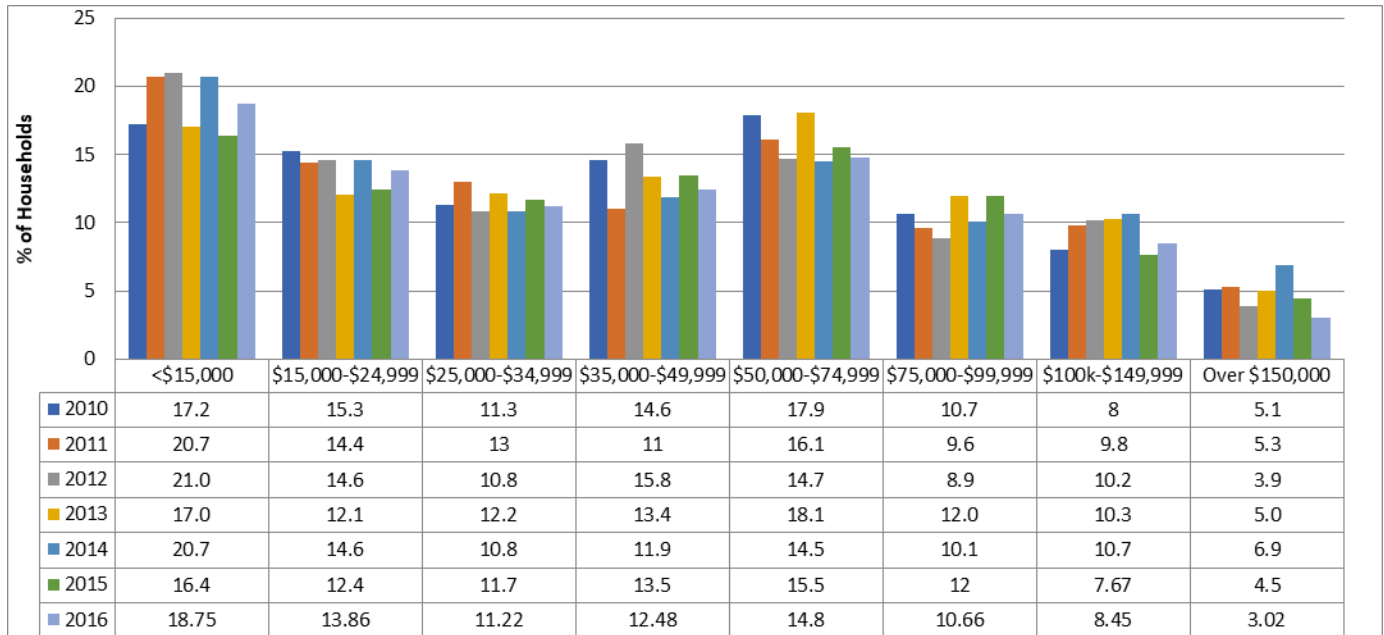
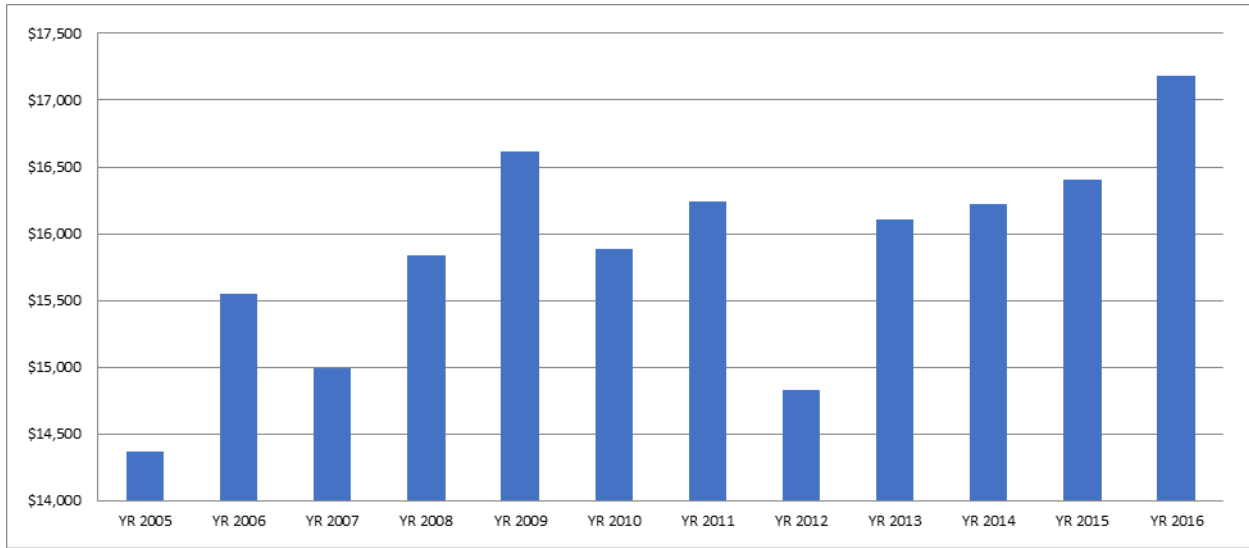


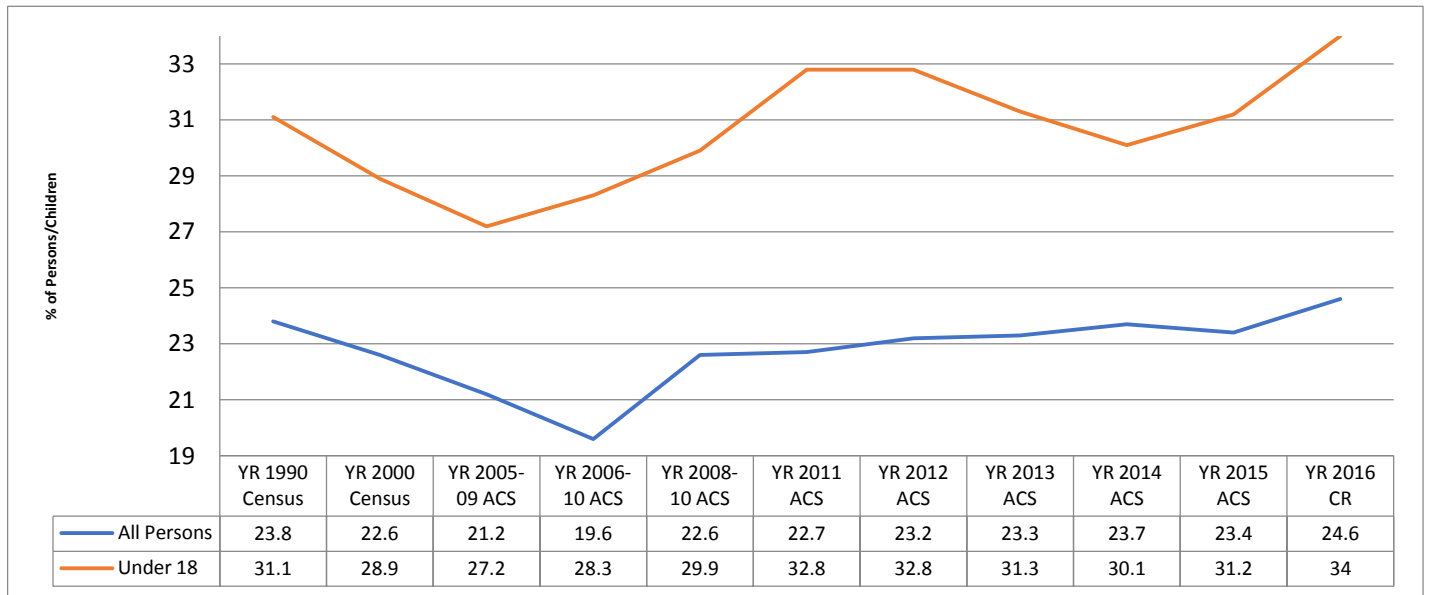
Exhibit S provides recent data on per capita incomes. Median per capita income rose a modest \$771 between 2015 and 2016. Since 2013, there has been a slow year over year rise in per capita media income. Since 2013, it has risen from \$16,107 to \$17,180.

**Exhibit S: Per Capita Median Income 2005-2016**



The greatest social issue in the region is poverty. In the United States the federal definition of poverty is a household income for a family of four that is less than \$24,600 (1/1/17). It is also a matter of pragmatism that families earning just over this amount (adjusted by family size) are still impoverished and struggling financially. Exhibit T shows that almost 1 in 4 persons of all ages and about 1 in 3 children under 18 within the region live in poverty. As the national economy continues to improve and costs for such staples as housing, fuel and food continue to increase, the Imperial Valley is seeing an increase in poverty rates.

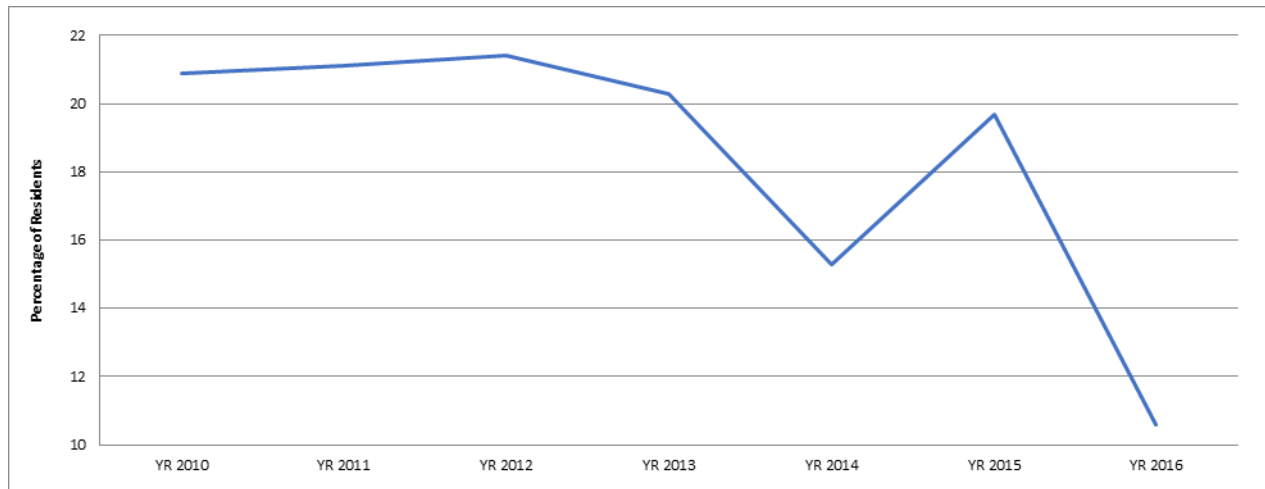
**Exhibit T: Percentage of Population (All Residents and Children <18) Living in Poverty**



## Healthcare and Coverage

The Imperial Valley is seeing an increase in the amount of persons that are now covered in either a private or government sponsored health insurance program. Exhibit U tracks the percentage of residents in Imperial County without health insurance starting in 2010. In 2010 and 2011, about 22% of the population was without coverage. By 2014, this has been reduced to only 15%. In 2016, the percentage of Imperial County residents without health insurance has fallen to 10.6%. It appears that the Federal Affordable Care Act and associated mandates are making a dent on the need for health care insurance among Imperial County residents.

**Exhibit U: Percentage of Residents without Health Insurance**

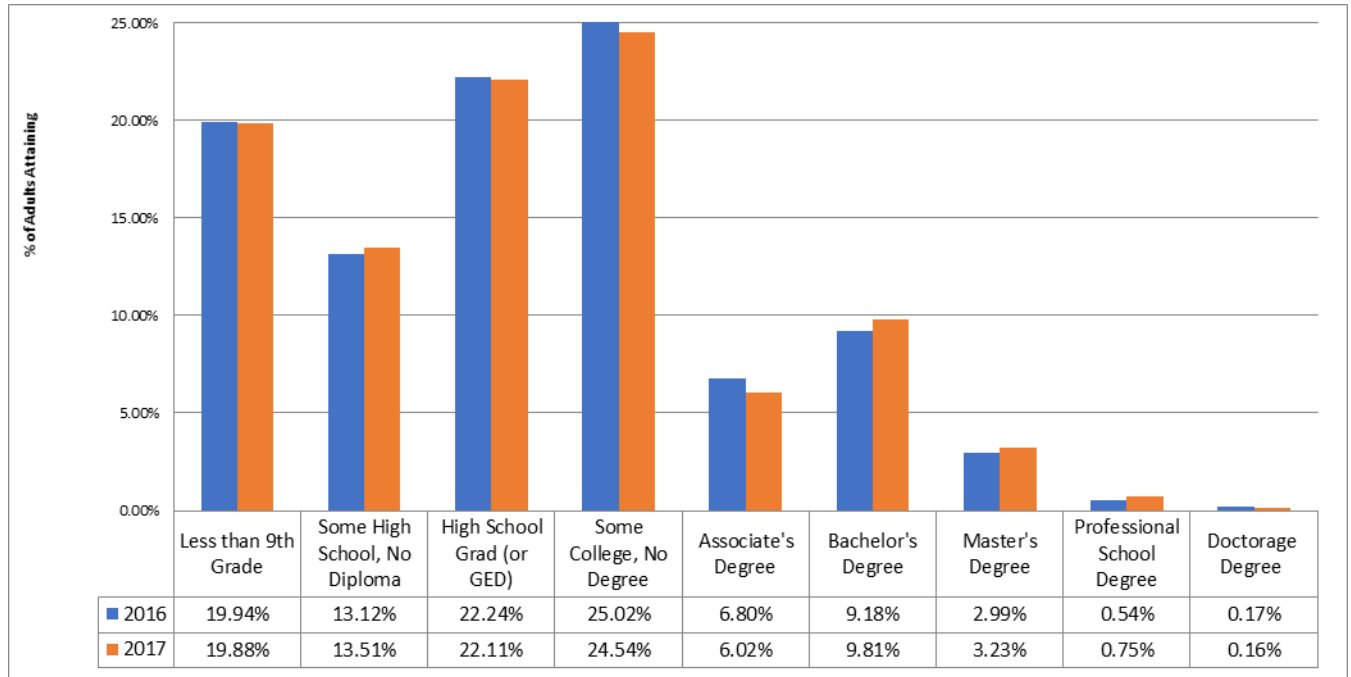


## Educational Attainment and Earnings

Economic opportunity in the United States is tied to workforce education and training. The Imperial Valley has some of the lowest levels of education attainment by adults 25+ in both California and nationwide. This directly impacts economic opportunity. Exhibit V provides an understanding of the highest level of education achieved by adults within the region. Thirty-four percent (34%) of adults lack a high school diploma or equivalent. An additional 22% only have a high school diploma (or equivalent). Only about 14% of adults 25 and over have a bachelor's degree or better. As the United States works to complete in a more global economy where technology has been introduced and plays a role in almost every industry sector, the lack of education directly impacts the employability of over one-half of adults within the region.

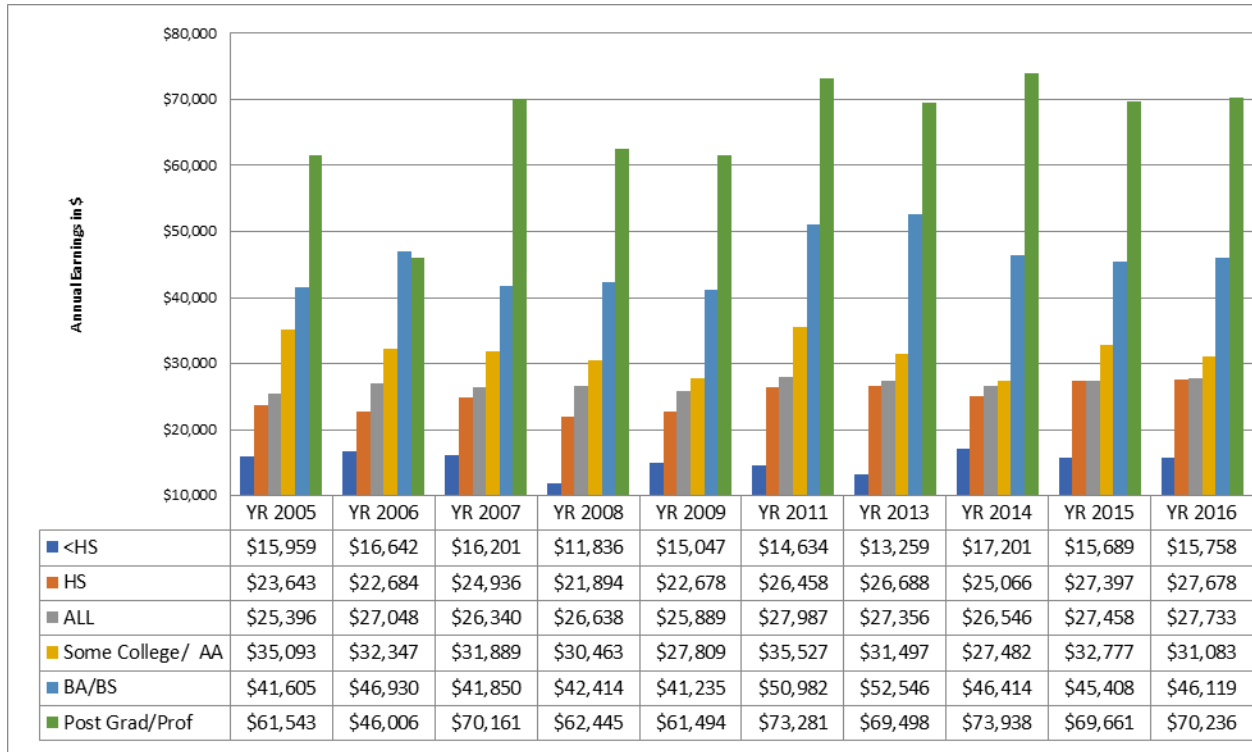


**Exhibit V: Educational Attainment (Adults 25+) 2016 & 2017**



Education impacts earnings. Exhibit W shows earnings of various levels of adults based on education for selected years from 2005-2016. While almost all persons saw their income impacted (in average) by the economic downturn, it remains that persons with a high school diploma make about twice as much as a person without. College graduates (on average) make twice that of someone with only a high school diploma and three-times as much as someone that dropped out of high school. This single chart, more than any other, points to the direct impact educational achievement has upon the ability for a person to support themselves and their family.

**Exhibit W: Median Earnings of Adults 25+ by Educational Attainment**



**9.5 Imperial County Housing Market**

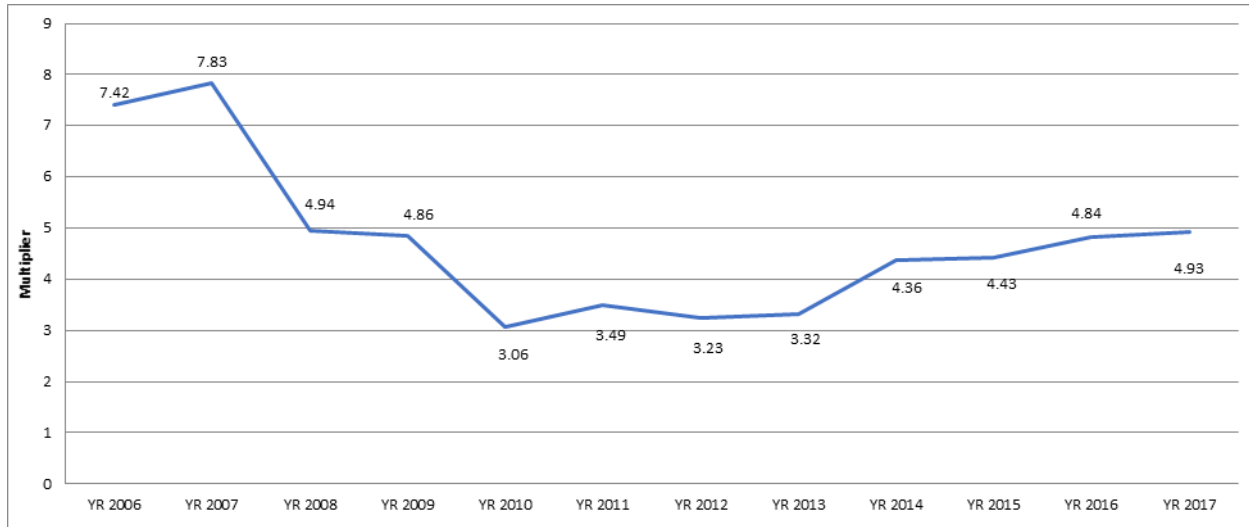
Housing has the potential to be an economic driver for a regional economy, especially one that has an abundance of semi and full-skilled construction workers. The coastal communities of Southern California (San Diego, Orange, Los Angeles and Ventura) are experiencing a severe housing shortage. The shortage is pushing those on the lower side of the income spectrum to higher densities and even homelessness. The homeless problem in many coastal communities is now manifesting itself into a public health crisis. Imperial County has a stable housing market. Occupancy of rental housing is hovering in the 95% range. Vacancy among less expensive units is about 3% while larger, upper end units have a vacancy of about 10%. While property managers report that 10-15% of renters pay late, they do pay and that evictions are almost non-existent.

Apartment rents vary based on size and condition from \$600 (lower end 2 bedroom / 2-bathroom unit) to \$1,150 for a newer upper end 3-bedroom / 2-bathroom unit). Rental housing (single family) for the same 3-bedroom / 2-bathroom home ranges from \$1,000 to \$1,400 per month depending on location, age and condition.

Overall, property managers, real estate developers and brokers state that the housing market in Imperial County is "stable" and that for some form of hyper-growth to take hold, it is predicated upon the development of middle class job opportunities to drive the economy.

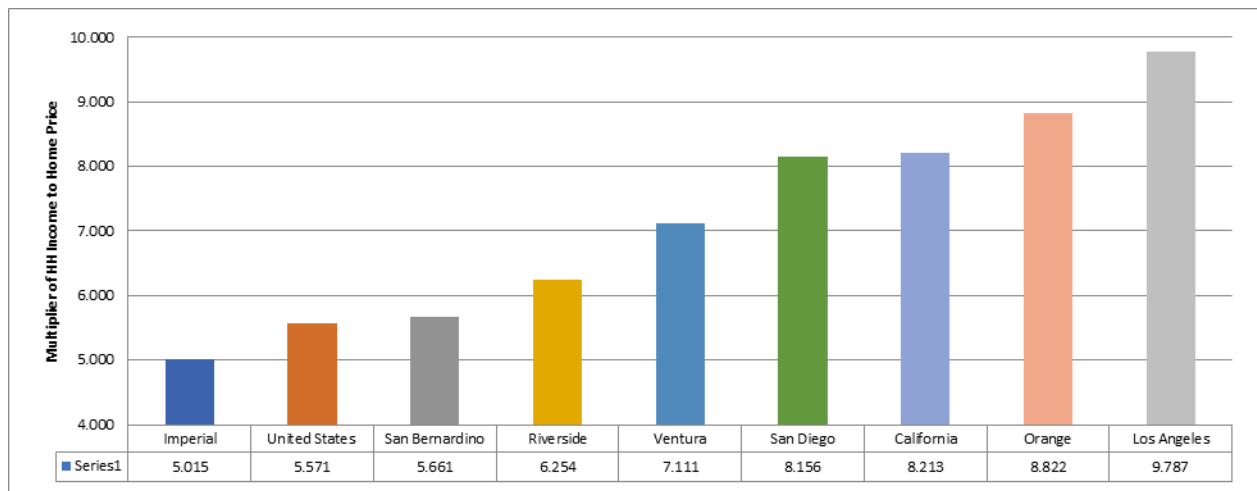
Imperial County provides an opportunity for a naturally affordable housing market. Below is scale of housing affordability based on median home price divided by the median household income.

**Exhibit X: Housing Affordability Scale (Median Home Price / Median Household Income)**



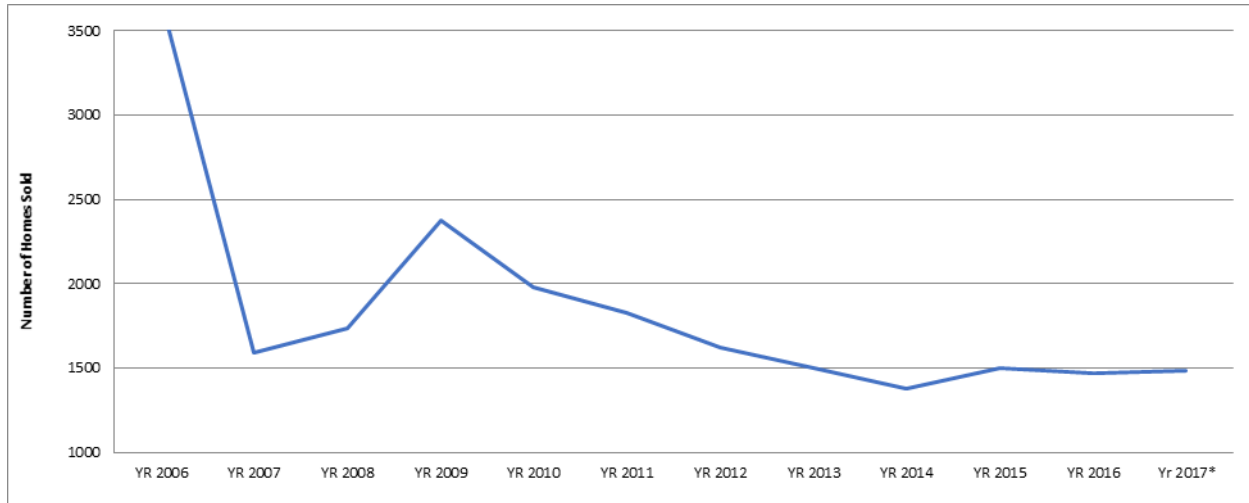
Imperial County provides the most affordable housing market in Southern California. Using a comparative housing affordability scale (median home price divided by median household income), the median home in Imperial County sells for about five (5) times the median household income. San Bernardino and Riverside Counties offer comparatively affordable homes with the scale between 5.6 and 6.2. Interestingly, homes are more affordable in Imperial County (as a function of household income) than they are in the United States as a whole (5.0 vs. 5.6). Coastal communities and California as a whole have affordable indexes ranging from 7.1 (Ventura County) to 9.8 (Los Angeles County). Exhibit Y provides a full comparison by County.

**Exhibit Y: Housing Affordability Scale by County (Median Home Price / Median Household Income)**



Total home sales (new and existing) continue to be stable. For the four-year period from 2014-2017, the Imperial Valley has averaged between 1,400 and 1,500 total home sales per annum. Exhibit Z shows the stabilization after the peak of the housing boom and corresponding sell-off by financial institutions of foreclosed inventory.

**Exhibit Z: Imperial County, CA Total Home Sales by Year (New and Existing)**



***\*2017 Projected***

Exhibit AA shows the number of new home sales over a ten-year period. Note that the region saw about 1,800 homes sold in 2006. Scaling this figure to that of Los Angeles County for comparison purposes, it is tantamount to 100,000 new homes being built and sold during the same time period. New home sales had stabilized in the 160-200 homes per year range from the period 2010-2016, "Public" builders have largely left the region leaving home construction to local/regional based builders. The builders that have continued in recent years have focused on the "build to order" market which is defined as semi-custom or production-custom homes whereas the buyer is often under contract before the home is actually built. This lessens the risk to the builder (and their lender) while providing the buyer additional options for materials and interior customization.

In 2017, it is anticipated that only about 120 new homes will be delivered into the marketplace. Today, there is some (but not much) standing inventory in Brawley and Imperial. Homebuilders state that they are contemplating focus on a more entry-level buyer in the near future working to construct 1,500 to 1,800 square foot homes.

**Exhibit AA: Imperial County, CA New Home Sales by Year (\*2017 Projected)**

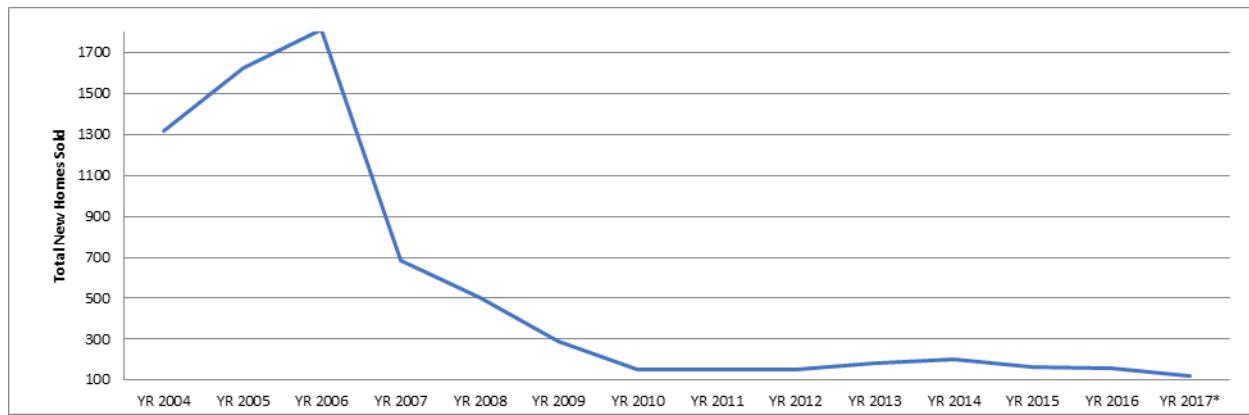
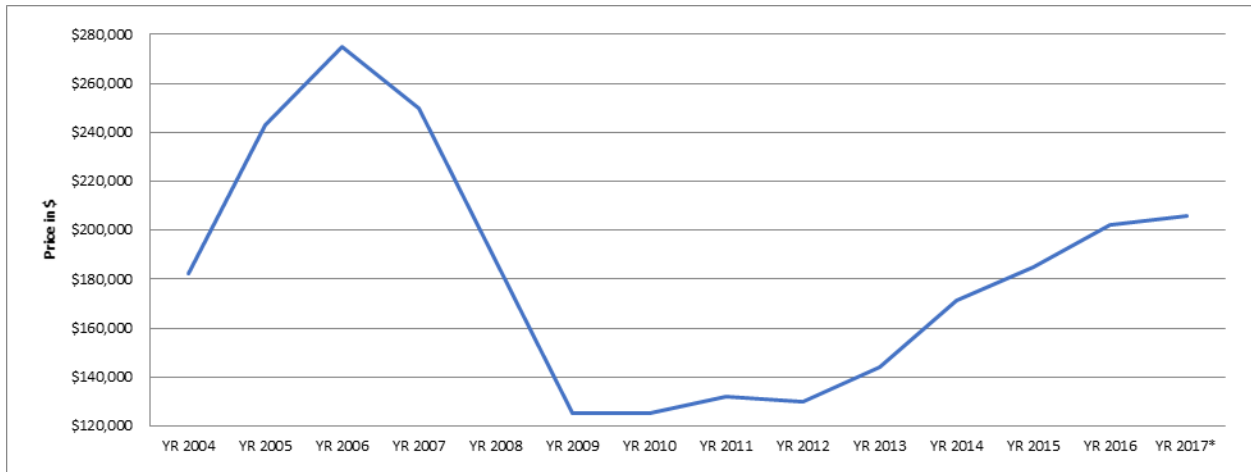


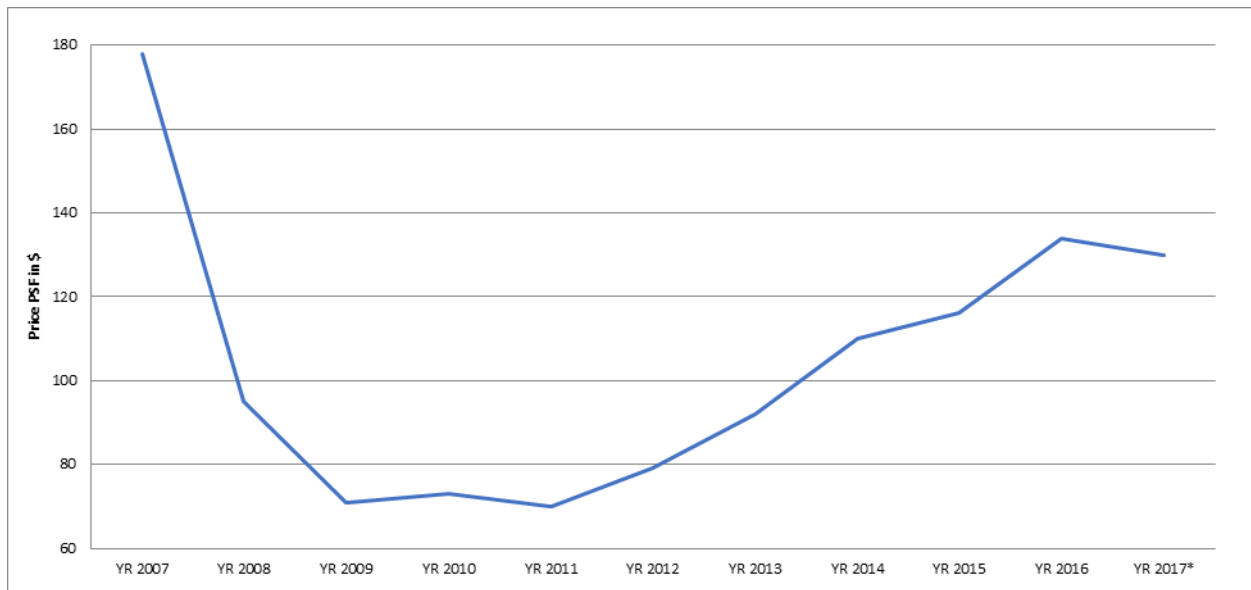
Exhibit BB provides a representation of median home prices. Again, home prices began to stabilize in 2010 and have risen over the last two (2) years. In 2016, the median home price was about \$200,000. Through August, 2017 the median home price is hovering slightly at about \$206,000. The median price for a home is now about \$145 per square foot (Exhibit CC). Exhibit DD provides an understanding of the average housing unit sold in terms of square footage. Overall, the average housing unit sold in Imperial County is approximately 1,400 square feet in size.

**Exhibit AB: Median Home Prices (Residential Real Estate)**



***\*2017 Median through August***

**Exhibit AC: Residential Sales Price Per Square Foot (All Product Types)**



**Exhibit AD: Average Home/Unit Size from Sale Transactions (All Product Types)**

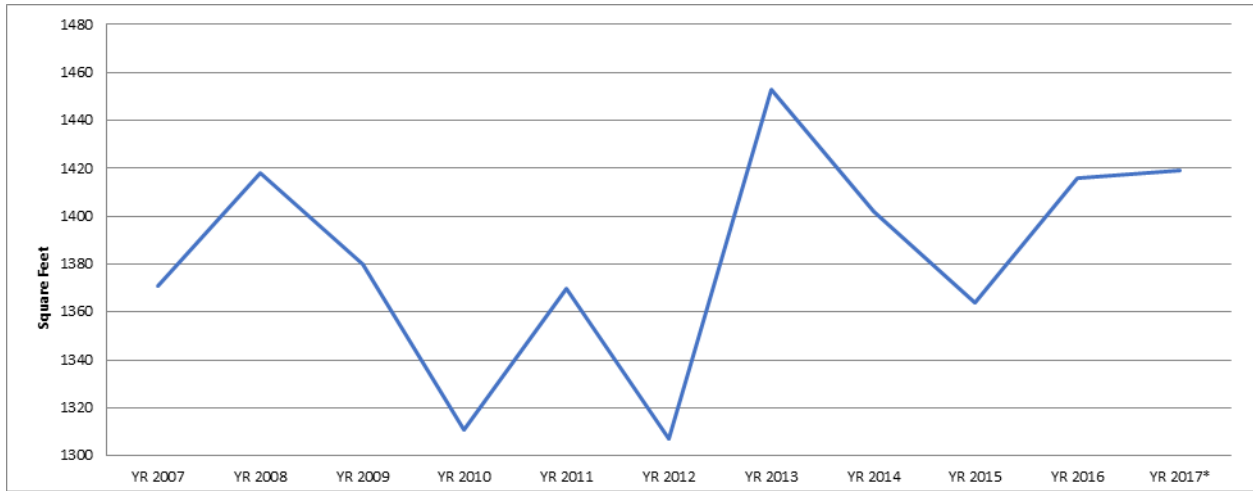
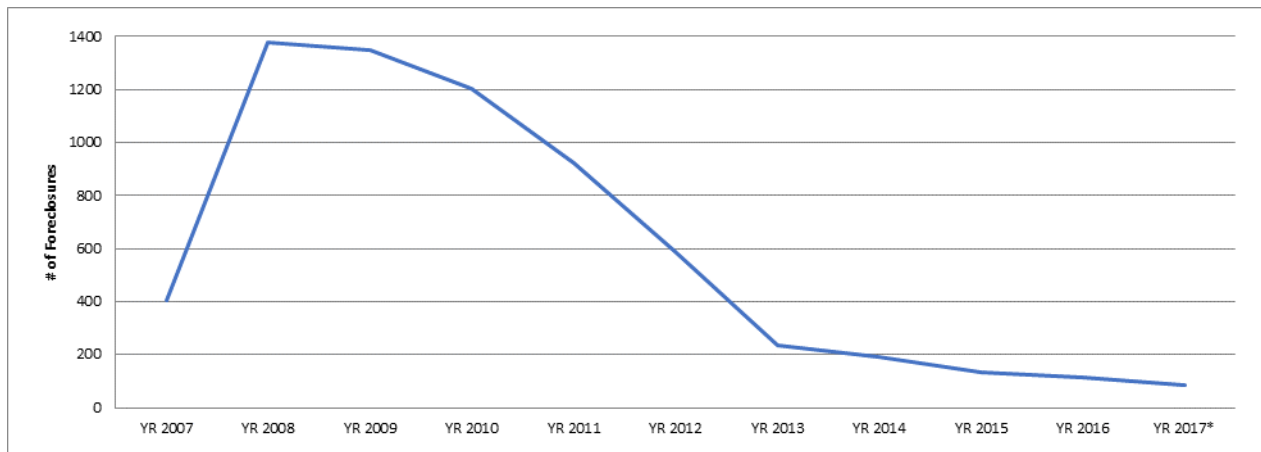


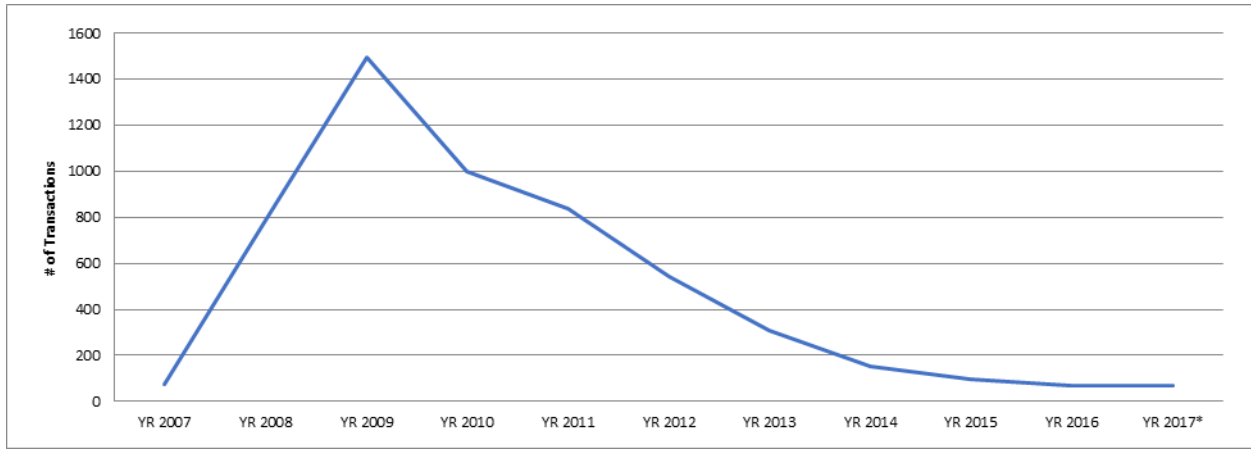
Exhibit EE further shows the decline in foreclosed homes from 2009 to current (2017). The region went from a high of 1,444 homes foreclosed in 2009 to 112 in 2016 a decrease of over 90%. It is projected that for full-year 2017, foreclosures will fall even further to about 84.

**Exhibit AE: Total Foreclosures 2009-2017**



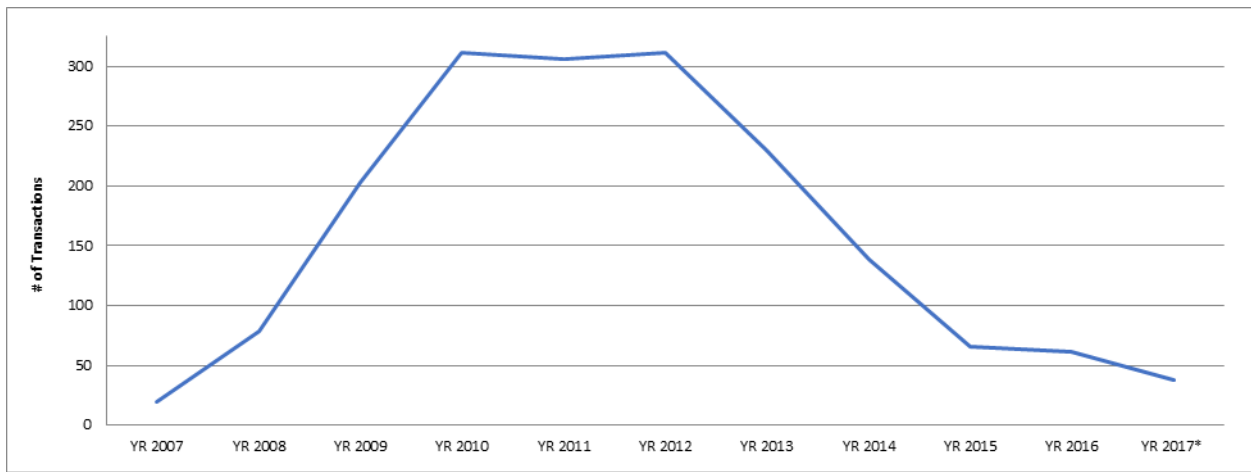
A stabilized housing market also means that Real Estate Owned (REO) sales (also known as "Bank-Owned Sales") have decreased substantially. Exhibit FF below shows the last three years (2015-2017) resulted in less than 100 REO's each year.

**Exhibit AF: Imperial County Real Estate Owned (REO) (Bank Owned) Sales/Transactions**



A short sale is a means for which a property owner can sell a property for less than what they owe with the permission and cooperation of the lender. This arrangement often benefits buyers, sellers and lenders to dispose of a distressed asset. Sellers can sell their home without the burden of a full-foreclosure. Buyers often purchase a property at a discount and lenders will save both time and money in this process as they will not have to invoke an expensive and burdensome legal process. A stabilized housing market also means that the number of short-sales has gone from over 300 (at height of the "Great Recession" to about 40 (projected) for full-year 2017. Exhibit GG provides a year by year comparison.

**Exhibit AG: Imperial County Residential Short-Sale Transactions**



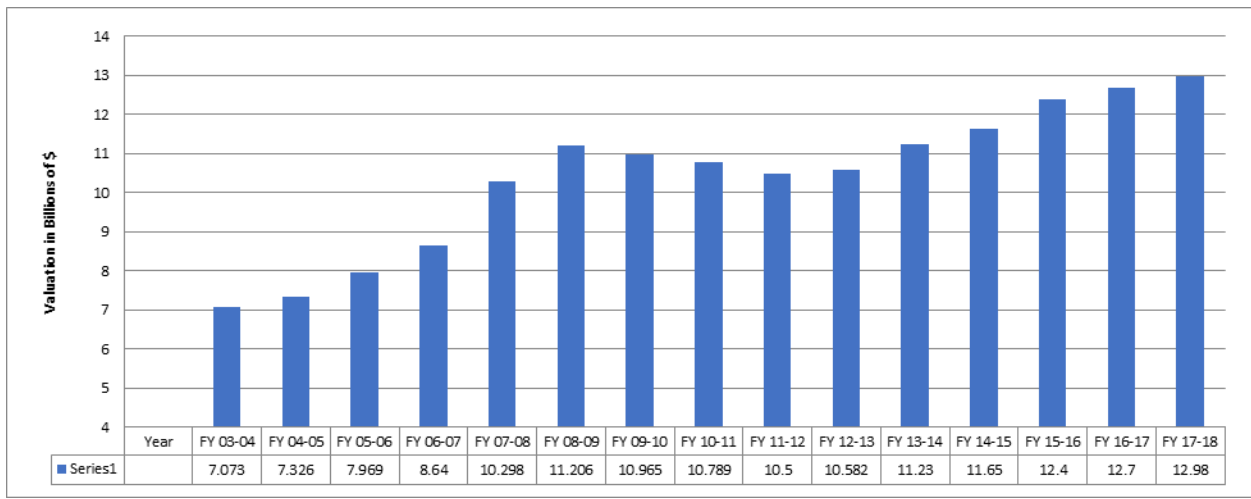
**Assessed Valuation**

Imperial County experienced a boom in housing and commercial construction in the early-mid 2000’s. This was reflected in assessed valuation that grew by over \$5 billion in just 5 years. As the recession took hold, the County did see a correction in assessed value, but the overall change was minimal and represented only a 5% or so decrease.

For the current tax year (2017-18), total assessed valuation in Imperial County has jumped to \$12.98. This is higher than the height of the market prior to the "Great Recession" when Assessed Valuation was about \$11.02 billion. The factors behind the increase continue to be two-fold. First, home values in general are increasing so Proposition 8 appeals and assessments are both declining and reversing. Second, there is some new construction (both residential and commercial) that is adding to the tax rolls. Second, renewable energy projects and associated infrastructure are generating increases in overall valuation\*. Exhibit HH below shows historic trends regarding assessed valuation in Imperial County.

*\*Economist note: wind and geothermal energy production equipment is subject to property tax in its entirety. Solar does have a State Revenue & Taxation Code Section 73 exemption for the panels and posts, but ancillary improvements are subject to property tax (including transmission lines, substations, fencing, and interior roads).*

**Exhibit AH: Total Assessed Property Valuation**



**9.6 Consumer Confidence (Retail Sales & Use Tax & Spending)**

Imperial County has experienced wide variations in taxable sales quarter by quarter over the past ten (10) years. This is because of the amount of renewable energy projects that have been developed. When the industry began construction in the region in mass (approximately 2010), the County required developers to utilize the region as the "Point of Sale" for construction materials (Under State Board of Equalization Publication 28, Exhibit A, the "Point of Sale" for construction materials associated with the construction of wind, solar and geothermal projects is designated in Imperial County). This election provides for significant tax revenue to the County, but will also cause for large swings in taxes collected as they are one-time events. For quarters in which projects are actively under construction, taxable sales



within the region almost double. Exhibit II shows historic taxable sales from 2010 through 2Q2017. To provide a baseline, the "average" quarter (over the last 38 quarters) is about \$620 million in taxable sales.

**Exhibit AI: Taxable Sales in Imperial County by Quarter**

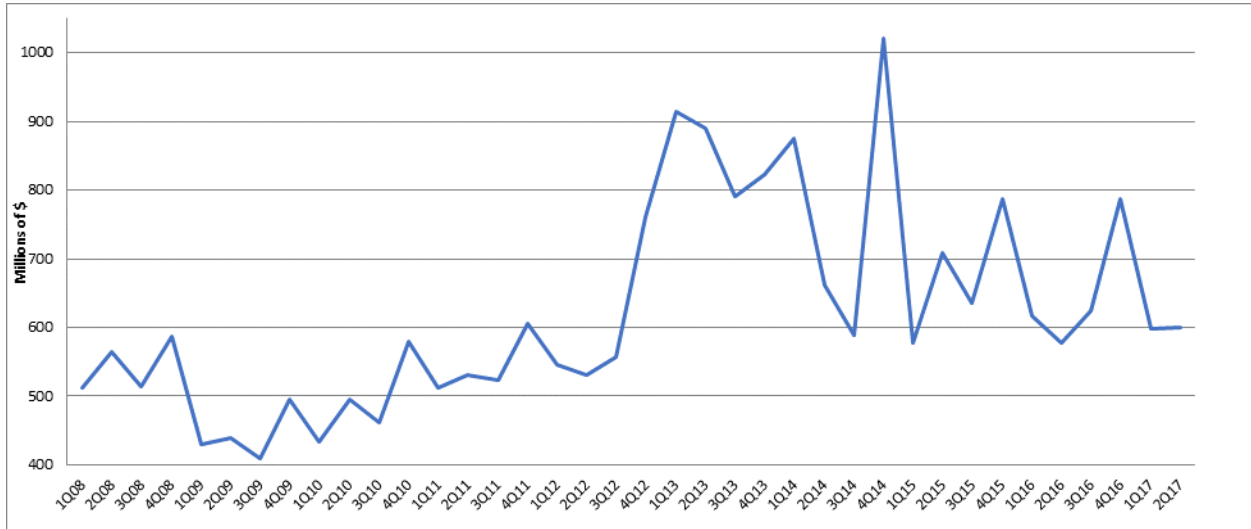
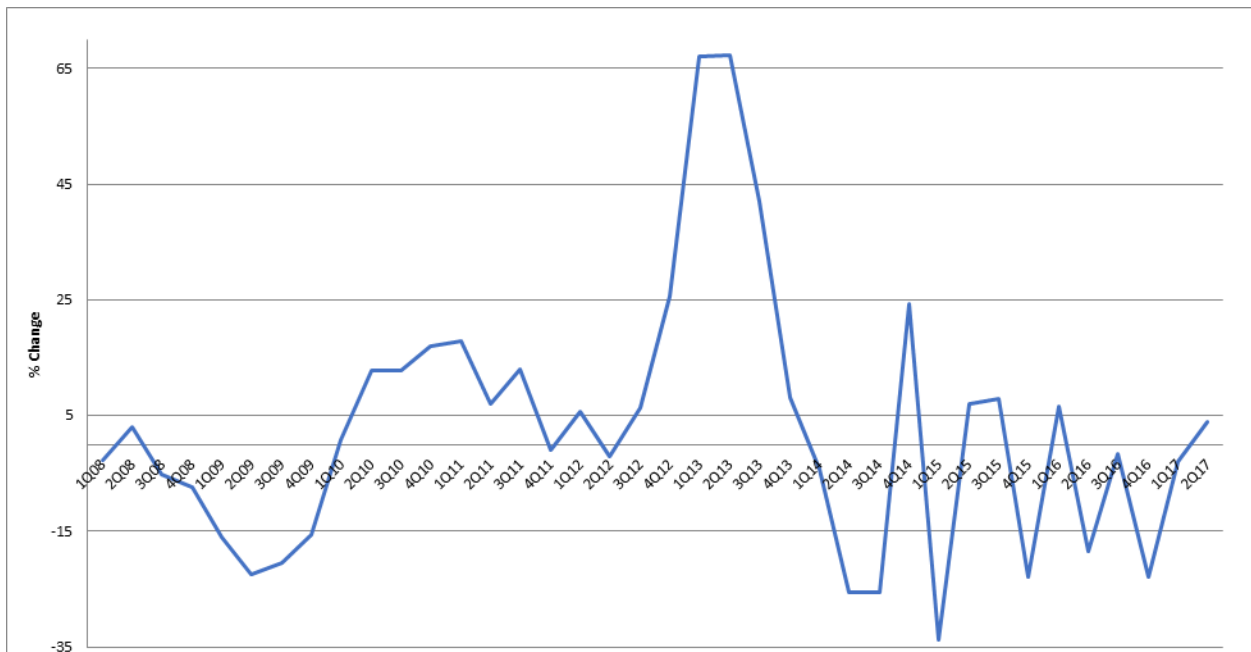


Exhibit JJ shows the change in taxable sales from 2009 through the most current period (2Q17). This chart shows the swings in sales tax generation year over year (same quarter/different year) created by whether there are active renewable energy projects under construction. The County of Imperial is aware that local sales and use tax generated under the Publication 28, Exhibit A election should be considered one-time revenue.

**Exhibit AJ: Change in Taxable Sales (Same Quarter/Different Year Comparison)**



## 10. Demographic Analysis for the City of Imperial

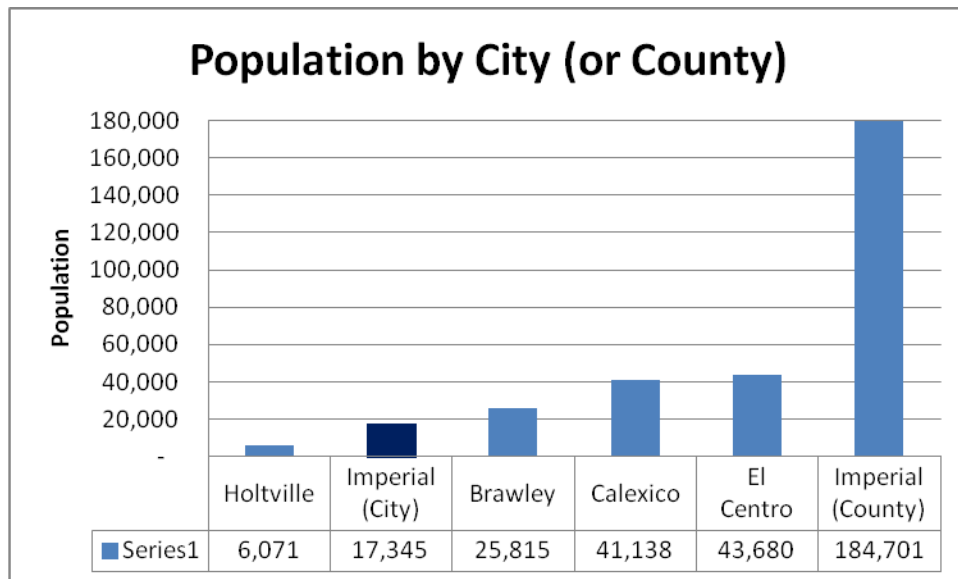
For a community like Imperial to attract new economic investment, they must first understand their product (community) and how it compares to surrounding communities (competing for the same investment) within Imperial County. DMG, Inc. is providing demographic information from the following communities:

1. City of Calexico
2. City of El Centro
3. City of Brawley
4. City of Holtville
5. City of Imperial
6. County of Imperial
7. State of California (Selected)

### 10.1 Population

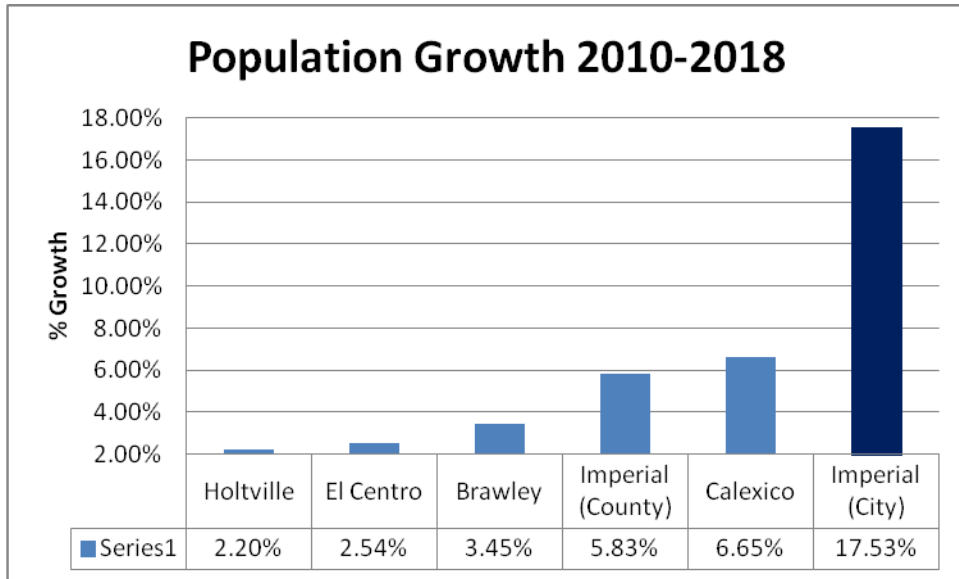
The City of Imperial has a current population estimated at 17,345. Of the comparative communities (Calipatria and Westmorland are excluded from the analysis), Imperial is among the smallest, with only Holtville being smaller. El Centro and Calexico are currently the largest cities in Imperial County by population. The County as a whole as a population of about 185,000 residents.

**Exhibit AK**



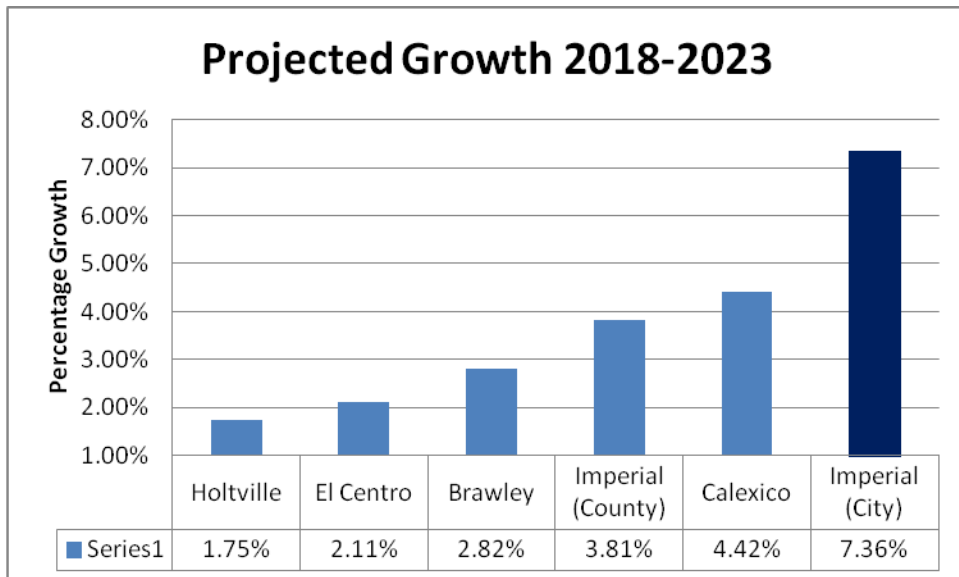
In terms of population growth, the City of Imperial has seen the greatest level of growth of any community in Imperial County over the last eight to ten years. In fact, since 2018, the City has grown by 17.53%. This has outpaced the County (as a whole) by more than three times.

**Exhibit AL**



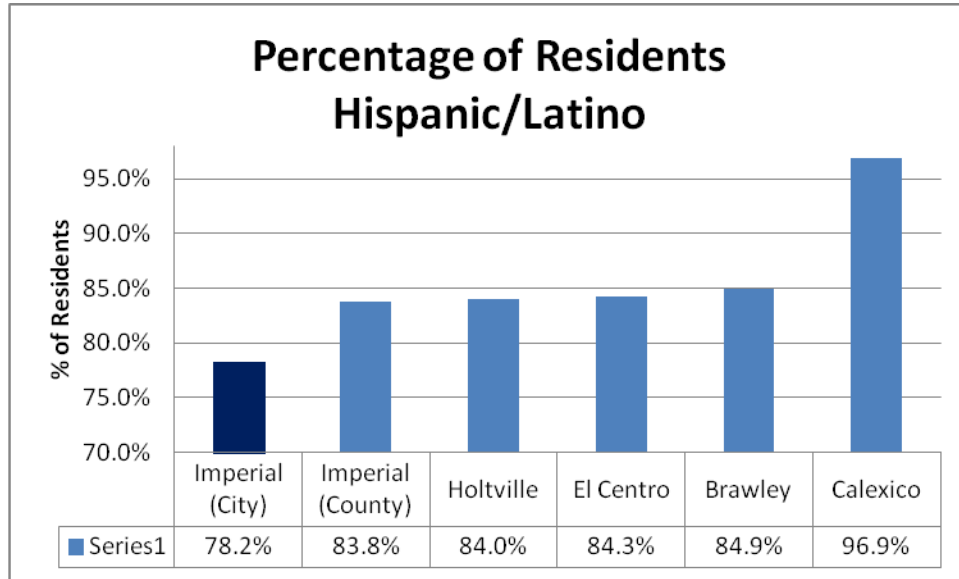
The growth seen in the City of Imperial since 2010 is expected to continue into the foreseeable future with the five-year growth rate expected to be twice that of the County as a whole at 7.36%. Growth rates are typically a factor of past growth, overall birth-rate cycles and entitled, yet to be built homes. Exhibit AM provides a regional comparison of growth by community.

**Exhibit AM**



The Imperial Valley (as a whole) is largely comprised of persons of Hispanic/Latino descent. Overall, about 84% of County residents are of Hispanic/Latino descent with communities ranging from 78% to 97%.

**Exhibit AN**



Demographers and the United States Census Bureau provide for persons to classify themselves as either singular or multi-ethnic, hence why ethnicity numbers do not add up to 100%. Below is the breakdown by community of persons that identify themselves as "white" demographically.

**Exhibit AO**

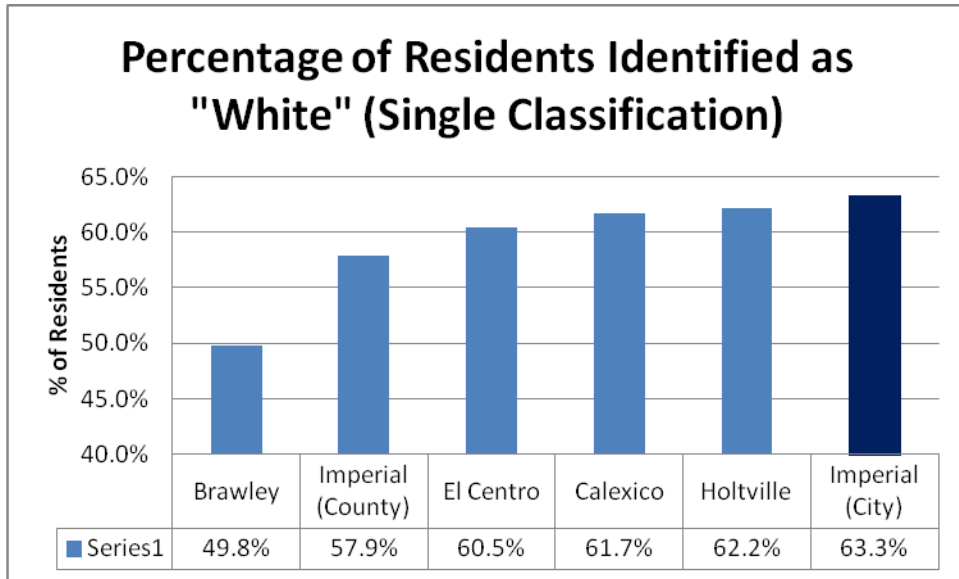


Exhibit AP provides the community breakdown of the percentage of population that is identified as "African American". Overall only about 2.7% of County residents are "African American".

**Exhibit AP**

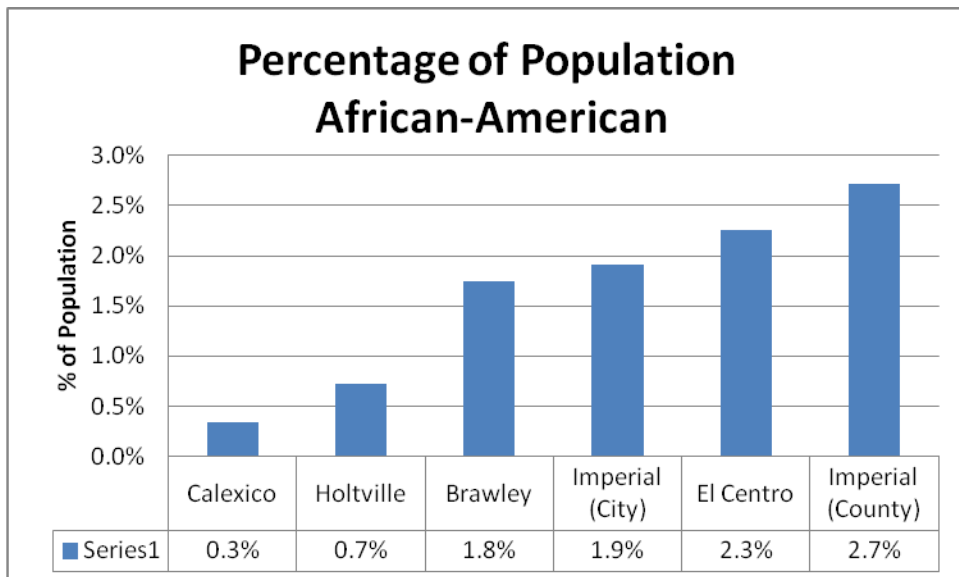
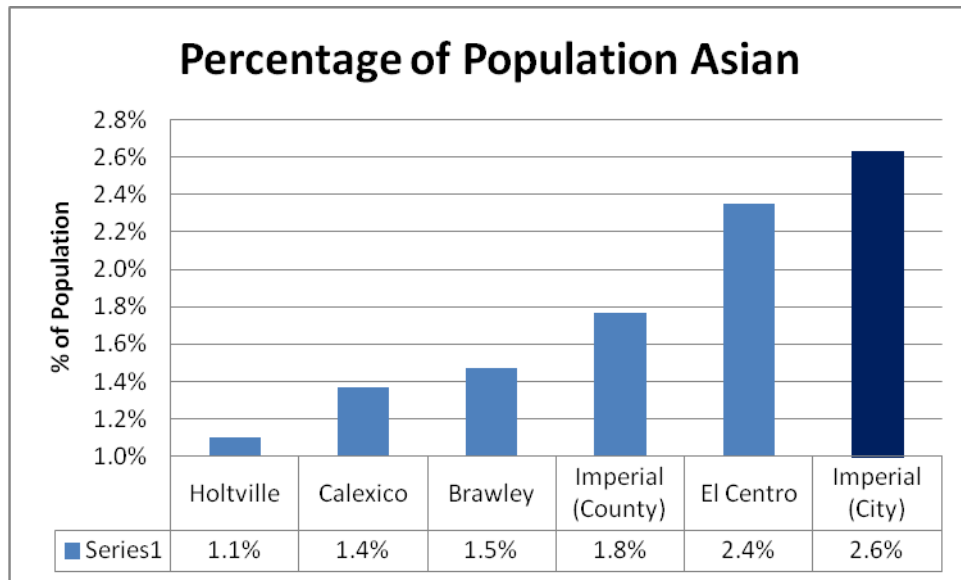


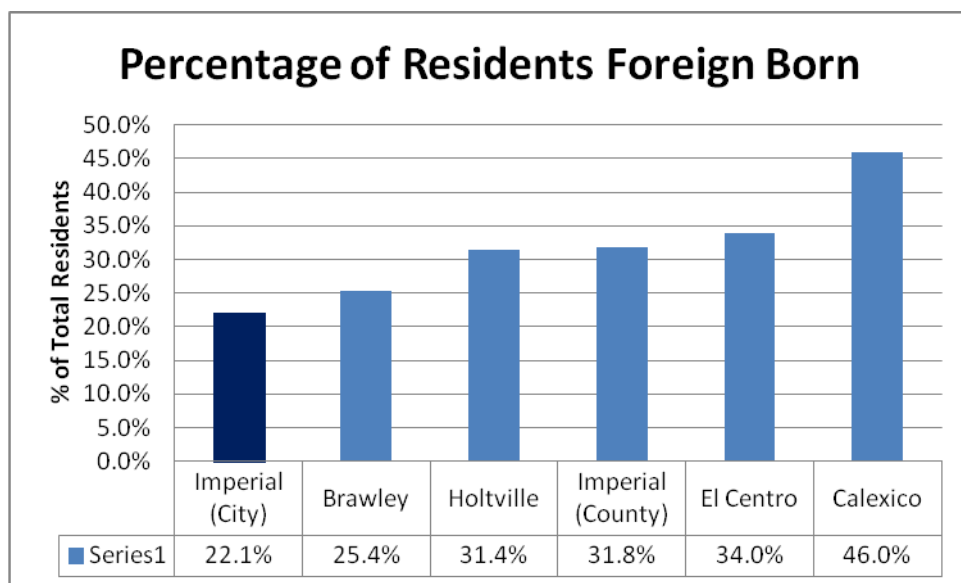
Exhibit AQ provides the population percentage of persons that identify as Asian. Overall less than 2% of County of Imperial residents are Asian, while the City of Imperial has the largest percentage within the region at 2.6%.

**Exhibit AQ**



To anyone familiar with the region, the Imperial Valley has a diverse population with a Hispanic/Latino influence. No statistic speaks to this more than the percentage of foreign born residents by community (Exhibit AR). Overall about 32% of Imperial County residents were born outside the United States. In the City of Imperial, more than 1 in 5 (22%) are foreign born.

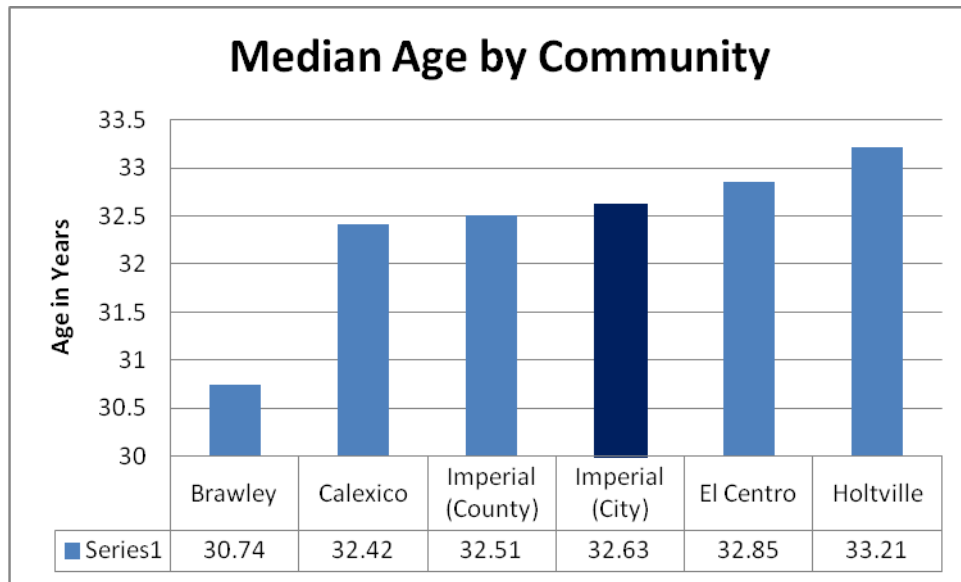
**Exhibit AR**



Overall the median age in Imperial County is about 32.5 years. The median age in Imperial County is about four (4) years younger than the State (California) median age of 36.2 and over five (5) years younger than the national (United States) median age of 37.8.

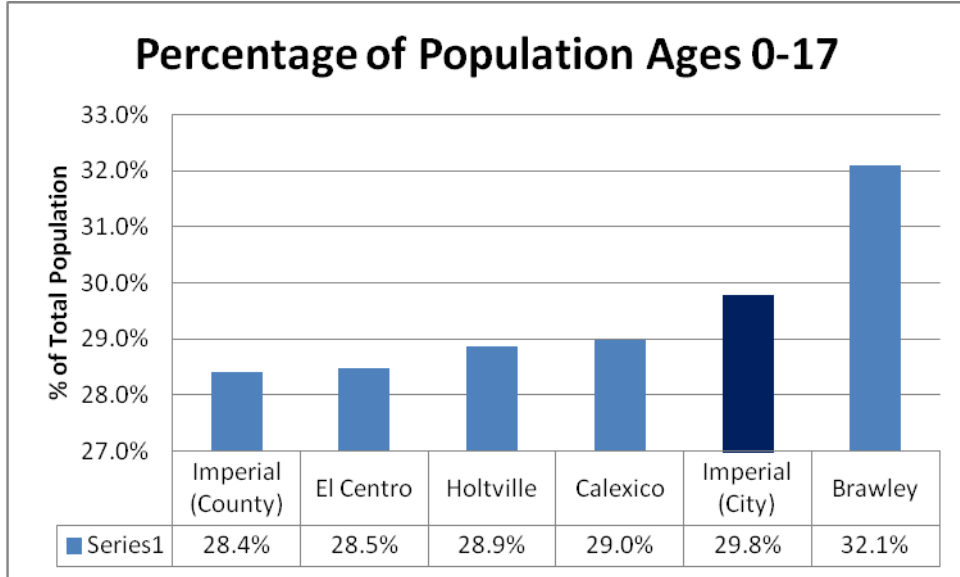
The City of Imperial itself mirrors closest to the County of Imperial overall with a median age of 32.63. Brawley boasts the youngest population at 30.74 while Holtville is the oldest in the region at 33.21 years of age at median.

**Exhibit AS**

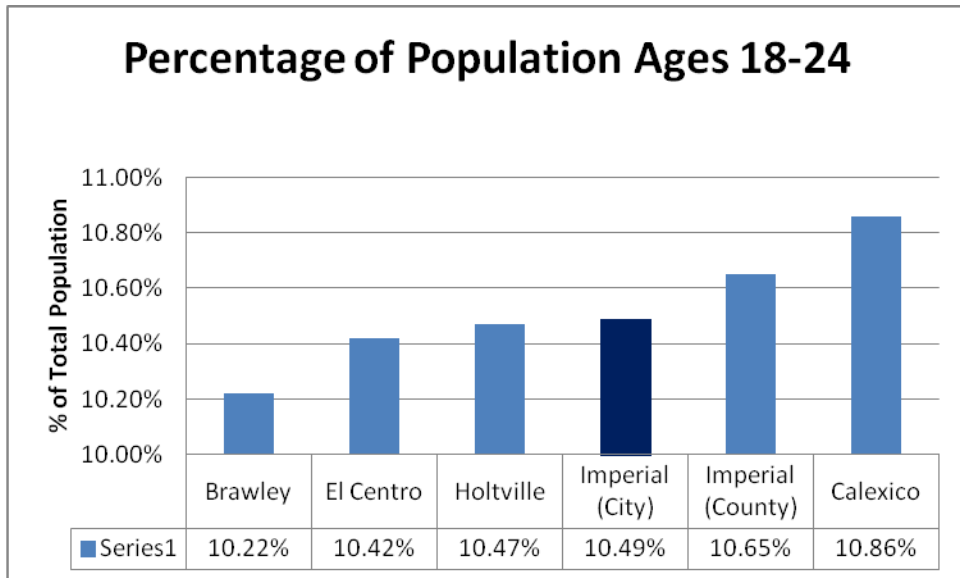


Exhibits AT, AU, AV, AW, AX and AY provide population breakdowns by age for each community within the region. Not surprisingly, Brawley has the largest percentage of persons under the age of 17 at 32.1% while Holtville has the largest population of those over 65 at 15.4% of their total population.

**Exhibit AT**

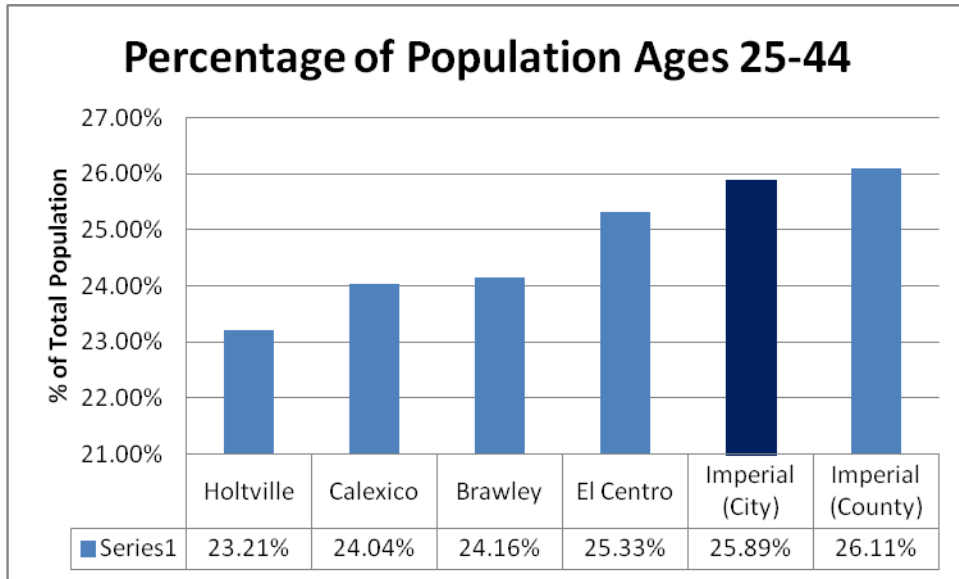


**Exhibit AU**

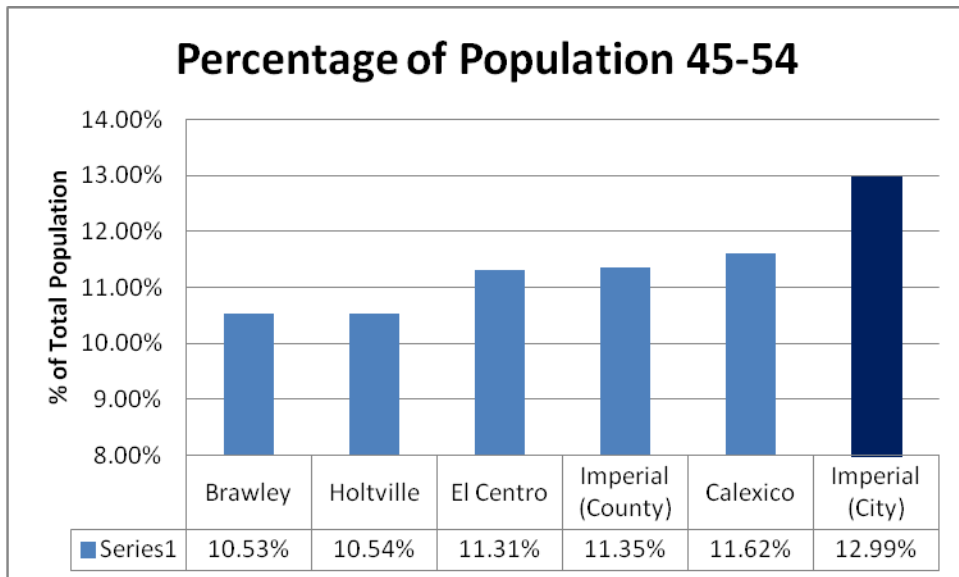




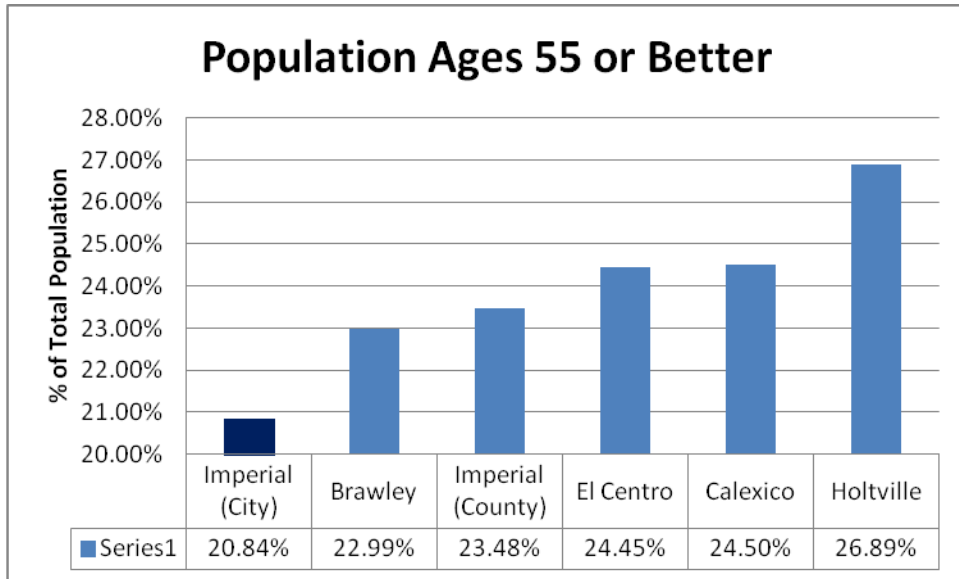
**Exhibit AV**



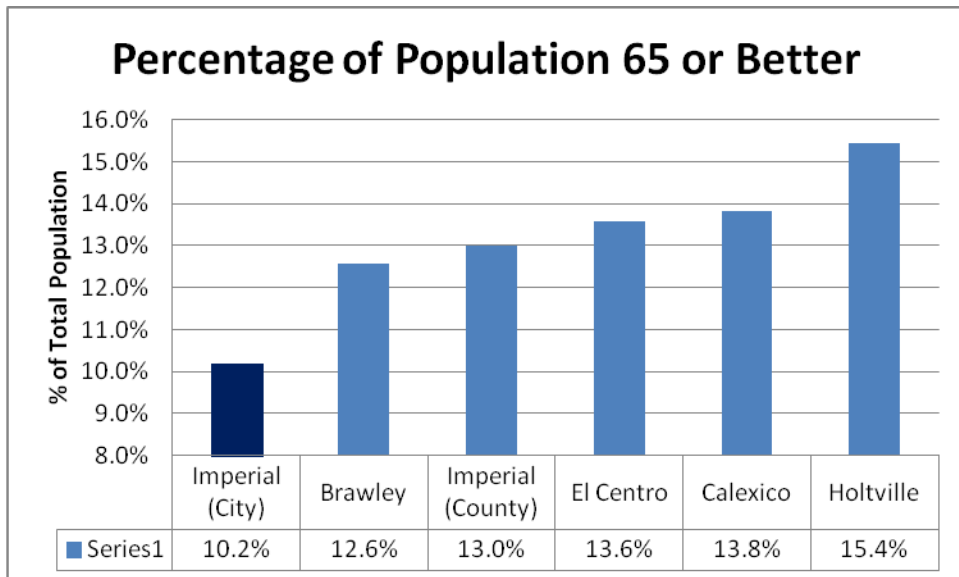
**Exhibit AW**



**Exhibit AX**



**Exhibit AY**



**10-2 Income / Household Economics**

Median Household Income is the single most important benchmark for retailers looking at a community/market area. Exhibit AZ shows overall Imperial County has a Household Median Income of \$44,522 while Households in the City of Imperial have a Household Median Income almost twice the regional average at \$84,164. In further analyzing the

significant difference between the City of Imperial and the balance of the region, note that the recent construction activity of new homes has resulted in hundreds of new families coming to the area with substantial household income to support the new home purchase. Consider that since 2010, there have been 12,135 homes purchased in the County. Of these, 2,798 (or 23%) of the total homes purchased were in the City of Imperial, while only 9% of the region's population lives within the City. Even more telling, since 2010 a total of 769 new homes have been built/sold within the entire County of Imperial. Of these, 527 (or 69%) of all new homes in the entire County were built and sold in the City of Imperial.

Since 2010, the average new home in the City of Imperial has sold for \$234,438 while in the most recent three (3) years (2015-2017), the average new home in the City of Imperial has sold for \$277,167. These home prices and the corresponding income for which to afford these homes is (in part) accounts for the higher household income in the City of Imperial.

\* Based on standard mortgage underwriting guidelines, a household income of \$84,000 with \$350 per month dedicated for car payments and \$250 per month dedicated to other household debt (credit cards and other), qualifies for a home purchase price of \$315,000.

**Exhibit AZ**

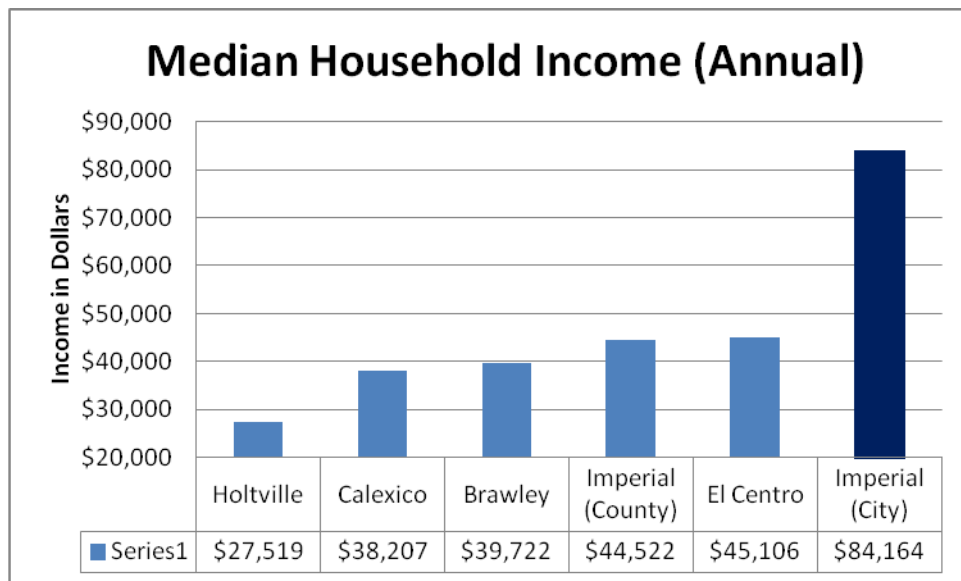
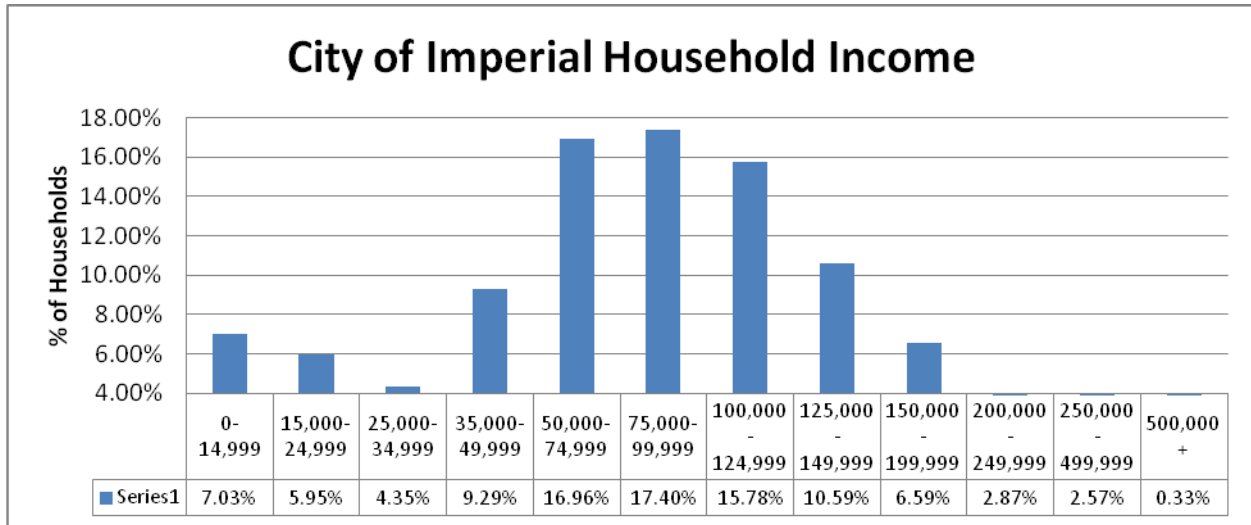


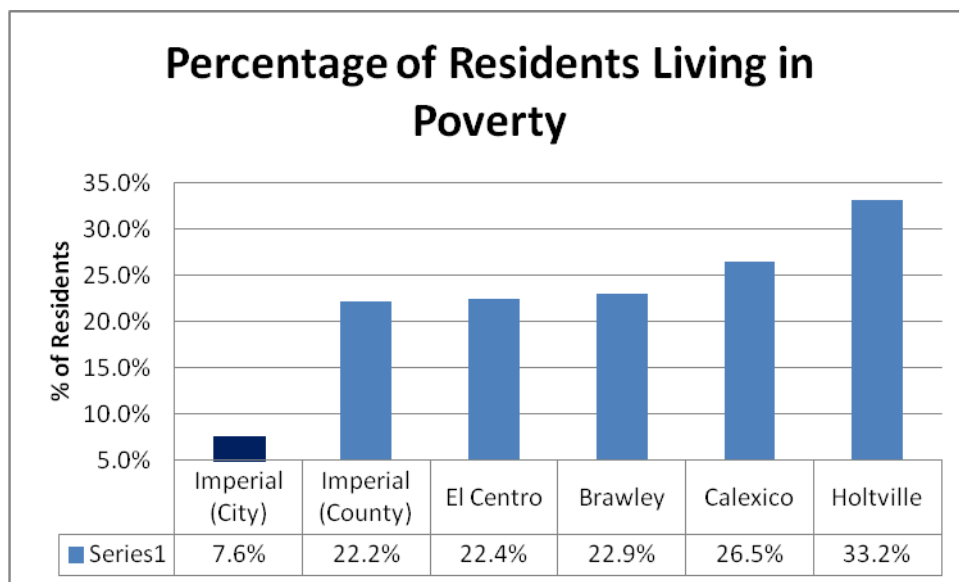
Exhibit BA provides a breakdown of household incomes in the City of Imperial by household. Note that over 50% of households have an income of between \$50,000 and \$125,000 per year while only about 17% of families have a household income of under \$35,000 annually. Statewide (California), median household income is \$63,783 while nationally (United States) it is \$55,322.

**Exhibit BA**



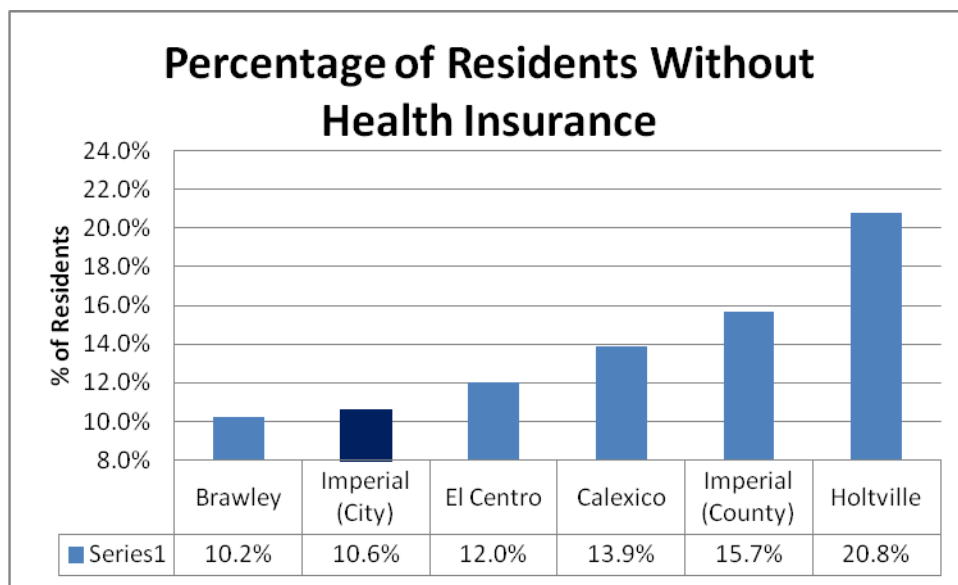
Poverty in the City of Imperial is the lowest of any community in Imperial County and in fact is significantly lower than the State of California overall or nationally. Statewide, 14.1% of families live below the poverty line while nationally, the poverty rate is 12.7%. Note that poverty is defined by an income level adjusted by family size. For example, a family of four (4) with household income below \$25,100 is considered living in poverty.

**Exhibit BB**



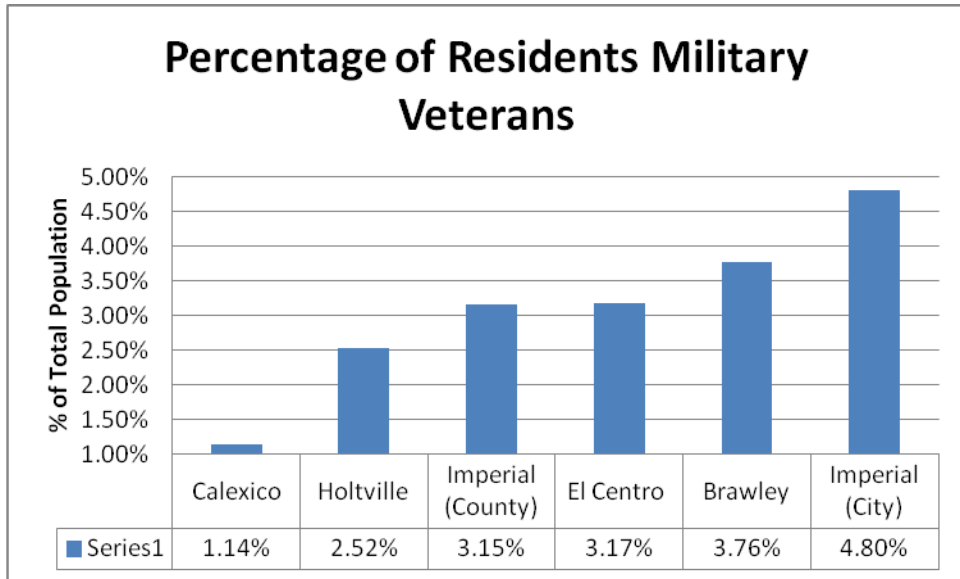
Another important matrix used to determine the overall economic wealth (and health) of a community is the percentage of persons without health insurance. Note that this is a difficult statistic to track as there have been numerous changes in federal law relative to health insurance in the past eight years. Namely, the passage of the Affordable Care Act (ACA) of 2010 and changes made to funding since the 2016 election are generating annual fluctuations of this statistic. That said, residents in the Cities of Brawley and Imperial are more likely to be covered than the average family in the United States. Nationwide, 11.7% of families are without health insurance while in Brawley and Imperial, only about 10% of families are without insurance.

**Exhibit BC**

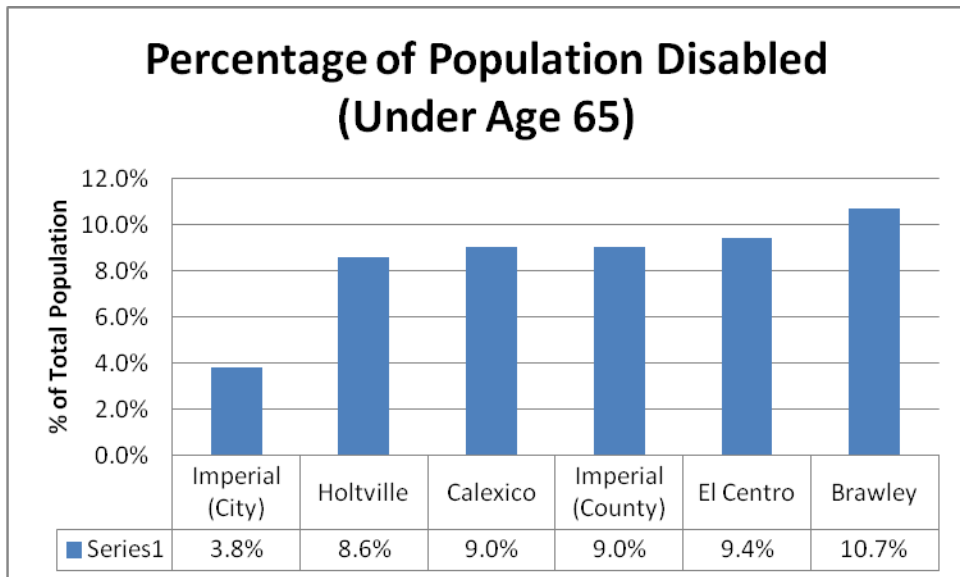


Overall, the percentage of Imperial County residents that are military veterans is lower than both the State and National average (4.4% and 6.04% respectively). That said, the City of Imperial is an exception where 4.8% of residents are veterans. The lower regional rates are likely a result of the lack of large-scale military bases in the immediate region. Exhibit DDD provides a full community comparison. Exhibit BD provides the community by community statistics regarding the percentage of persons (under Age 65) that are disabled. This statistic is provided as it does potentially impact the available workforce.

**Exhibit BD**



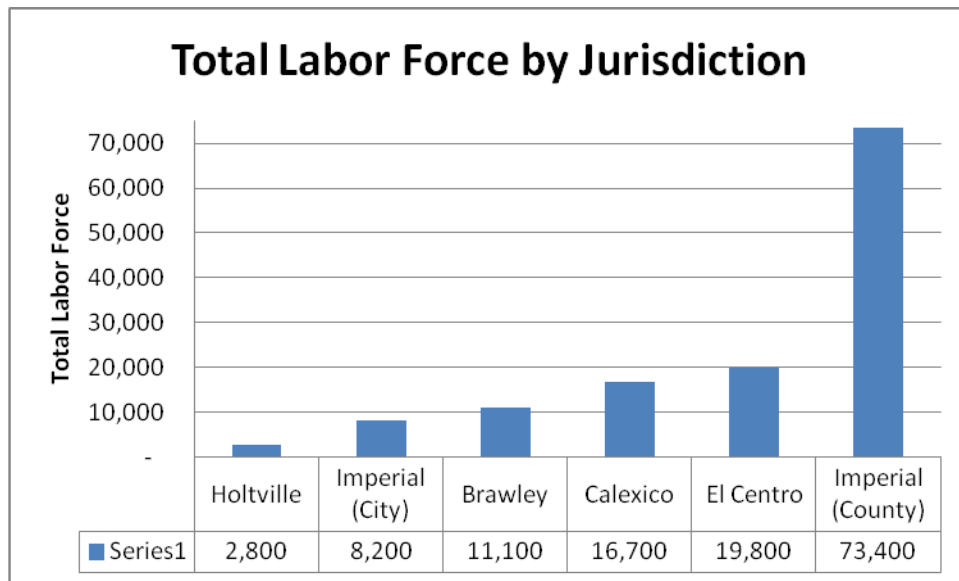
**Exhibit BE**



### 10.3 Workforce and Occupations

Local and regional economies are propelled by the availability of a qualified labor force. Section 10.3 provides an understanding of how the City of Imperial compares with other communities relative to workforce and employment characteristics. Overall, the City of Imperial has 8,200 persons within the labor force which is relatively proportional to its overall population.

**Exhibit BF**

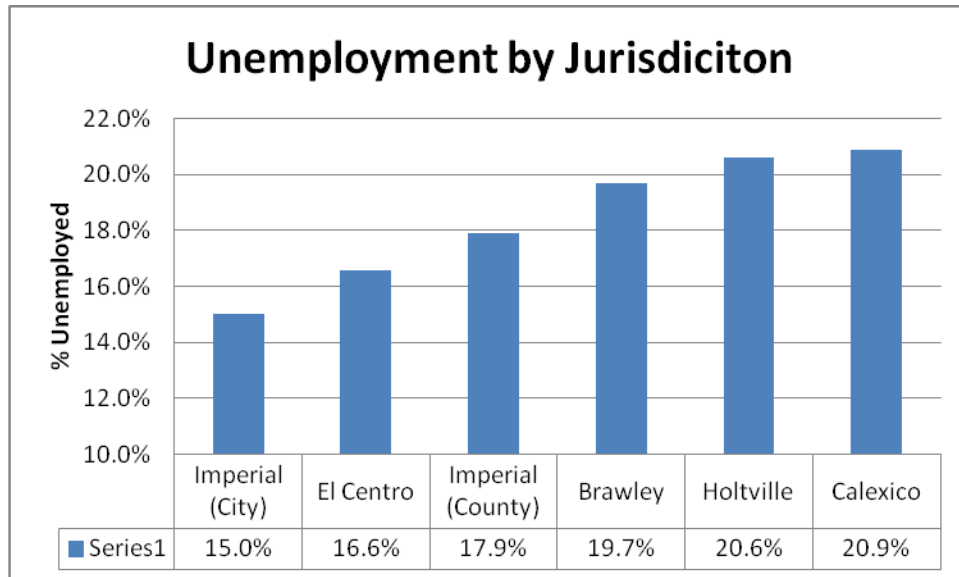


Unemployment in Imperial County is traditionally higher than most regions across the United States. There are a variety of factors that contribute to this. These include the proximity of Imperial County (population 185,000) to a large City directly across the international border (greater Mexicali, Mexico has an estimated population of about 1.1 million people or six times the population of Imperial County). The large number of migrant workers and immigrants from Mexico mean that the number of persons utilizing employment development services in Imperial County that have ties in Mexicali are significantly greater than other regions. Also, the Imperial Valley is an agriculture based economy which by nature is more seasonal and thus creates additional unemployment cycles.

The City of Imperial has the lowest unemployment of any community in Imperial County with a published unemployment rate of 15% which is lower than the "County" rate of 17.9%. Calexico has the highest published rate at 20.9%.

Note that DMG Economics has served as the regional economist for Imperial County over the past decade and strongly believes that the actual unemployment rates across the region are 20%-30% lower than the published as the international border and workforce services offered to migrant/immigrant labor from Mexicali skews the numbers significantly.

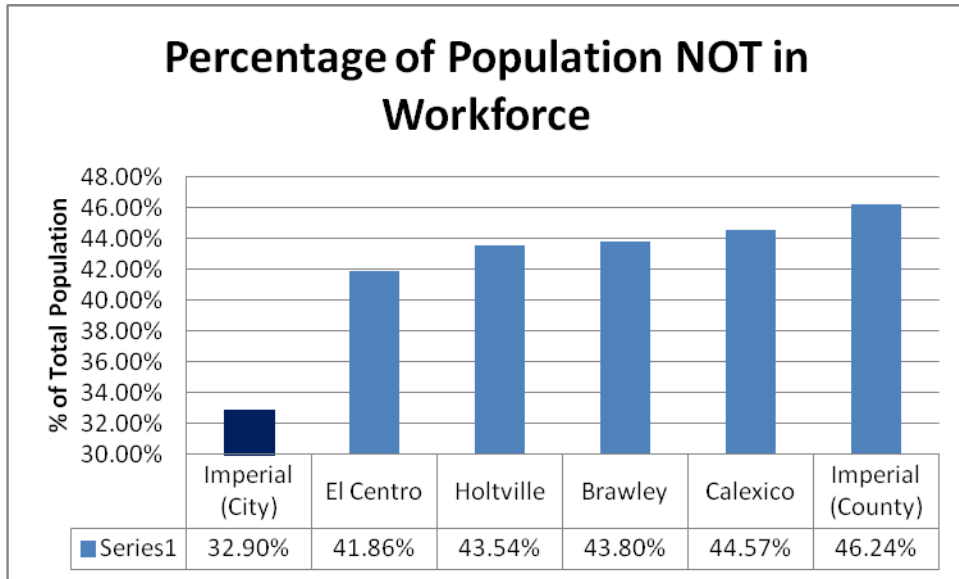
**Exhibit BG**



Workforce participation nationwide has been declining over the past twenty (20) years. Workforce participation rates help dictate the availability of labor to propel businesses and the local/regional economy. Residents in the City of Imperial have the highest labor force participation rate in the region at 67.10%.

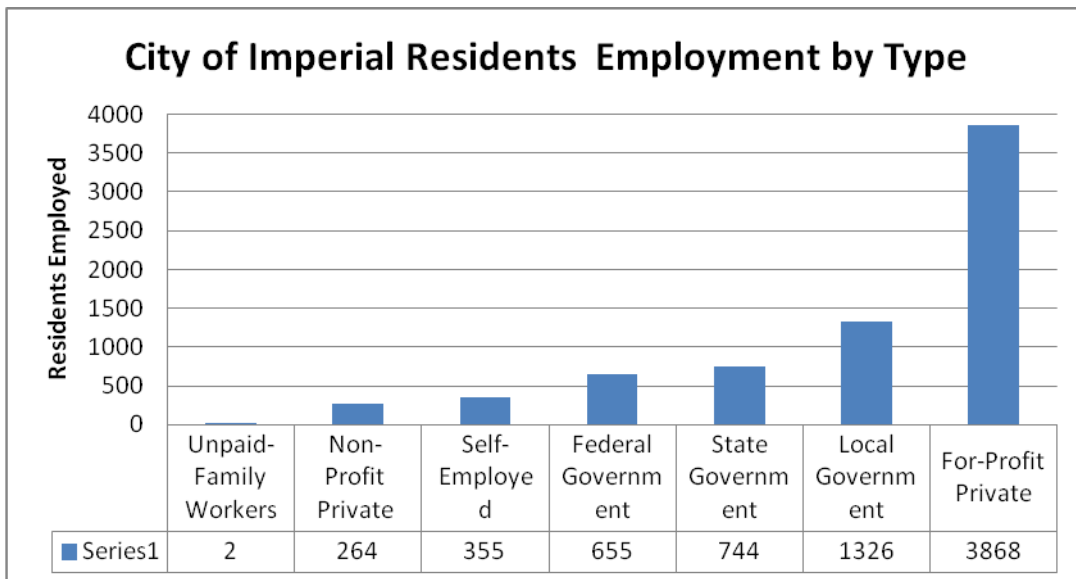


**Exhibit BH**

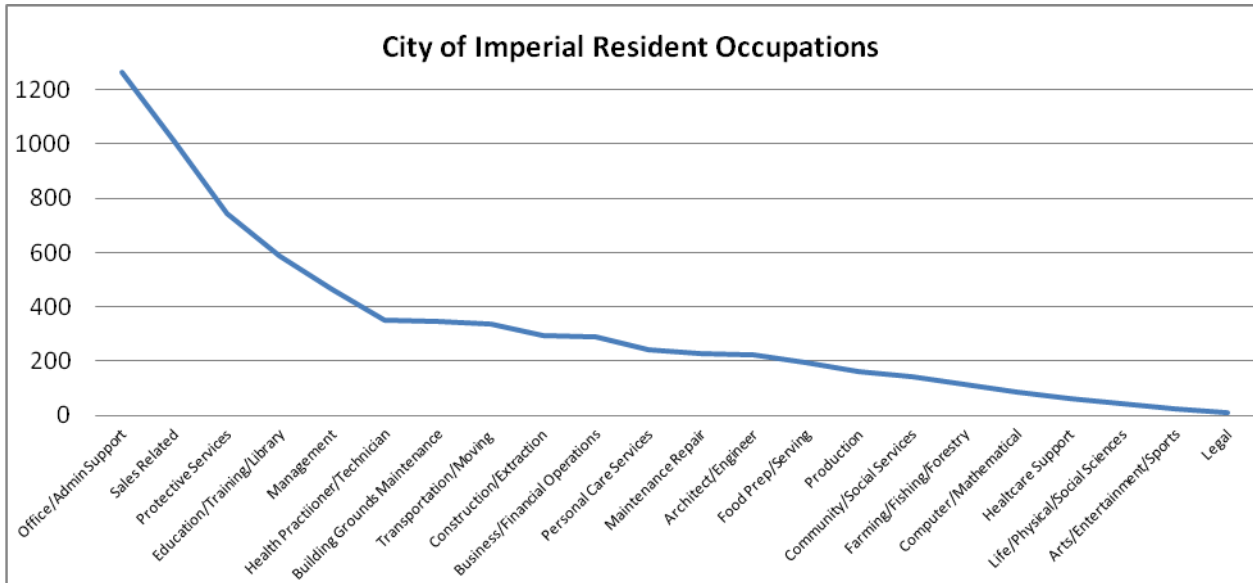


Residents in the City of Imperial generally work for private "for-profit" companies with over 3,850 persons working for private companies (Exhibit BI). The region has a substantial number of state and federal government facilities (state prisons, federal detention facility and international border). These facilities. About 1,400 City of Imperial residents work in these type of facilities while a similar number (1,300+) work on local government (which includes public education). Specific employment categories are included in Exhibit LLL

**Exhibit BI**

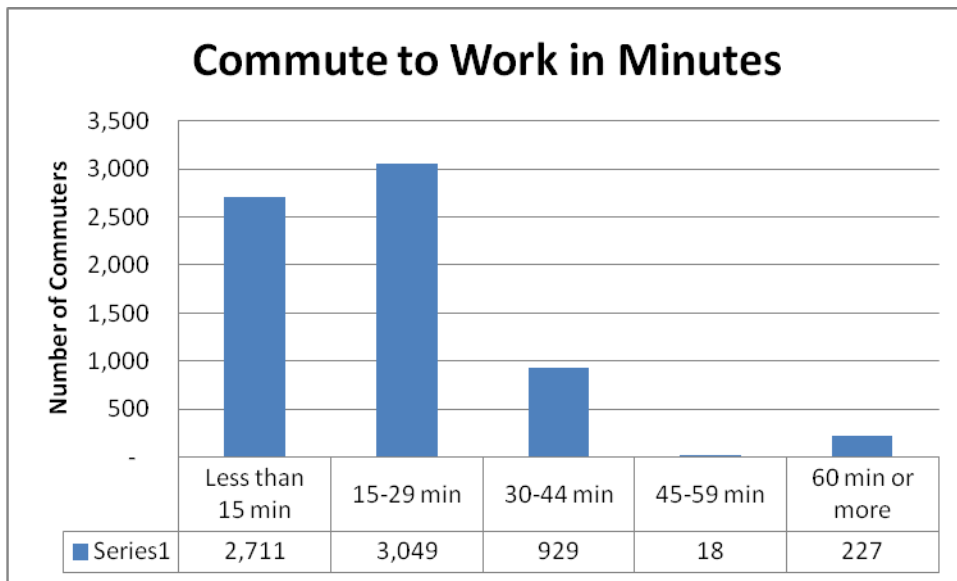


**Exhibit BJ**



Commutes in Imperial County are generally light, with about 75% of the workforce commuting less than 30 minutes per day to and from work. This is certainly different than in San Diego, Orange County or the Inland Empire where commute times average twice that of Imperial County. Below in Exhibit MMM is commute times for City of Imperial residents.

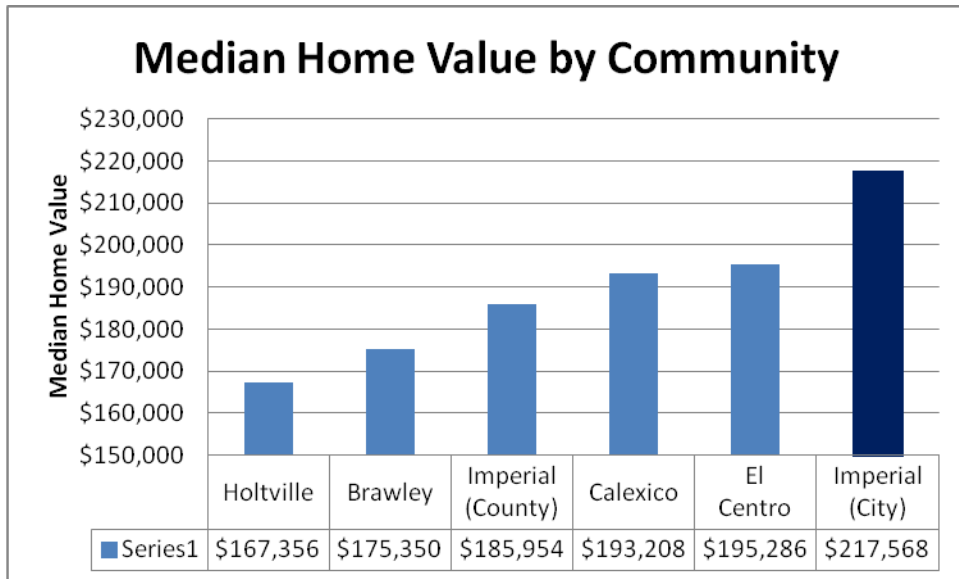
**Exhibit BK**



**10.4 Housing**

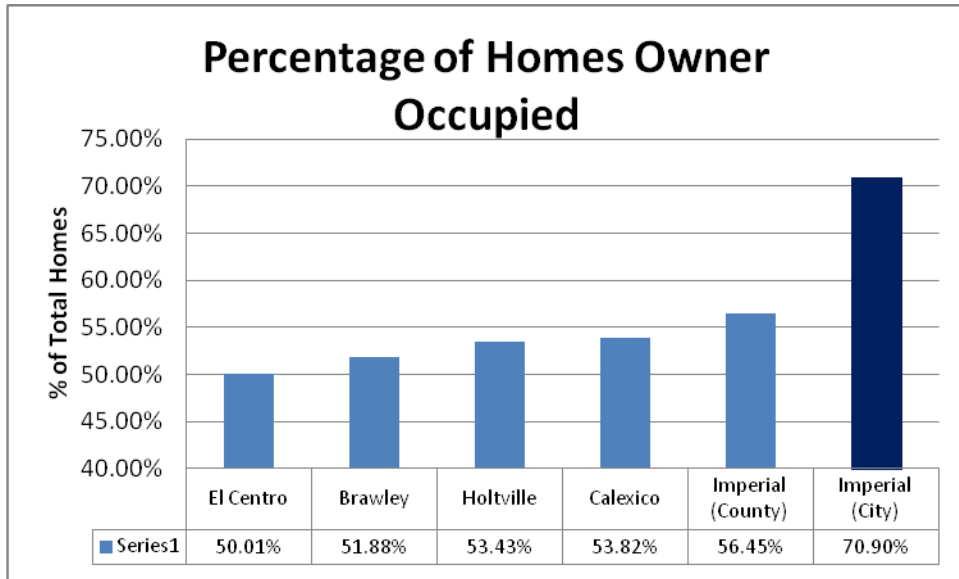
Key in understanding the economic stability of a community is the housing market. Overall, the City of Imperial has the highest value homes in Imperial County with a median home value of \$217,568. This about \$32,000 more than the County-wide average. Much of the reason for the higher value is reflected in the number of new homes built in recent years (described in Section 10.2).

**Exhibit BL**



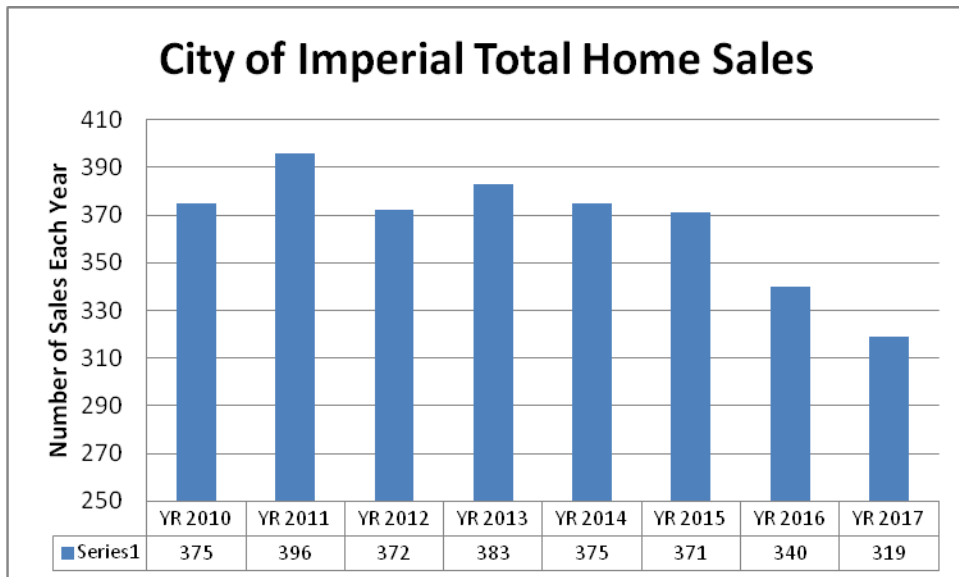
The percentage of owner-occupied homes across a region indicates the level of "roots" and can be indicative of pride in a specific community which further encapsulates the economic stability of a city.

**Exhibit BM**

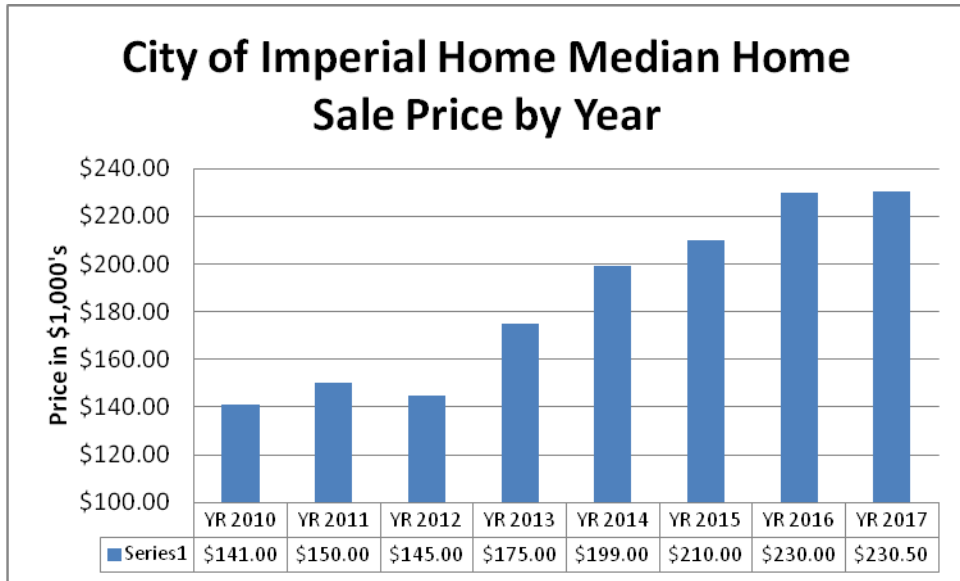


The City of Imperial has had a stable amount of home sales since 2010 (Exhibit BN). Over the past eight (8) years, the community has seen over 300 homes sold each year (new and existing). This shows health in the housing market and general availability of product. Exhibit BO provides a graphical display regarding in the overall increase in home prices (all homes) over the past eight (8) years from \$141,000 in 2010 to \$230,500 in 2017.

**Exhibit BN**

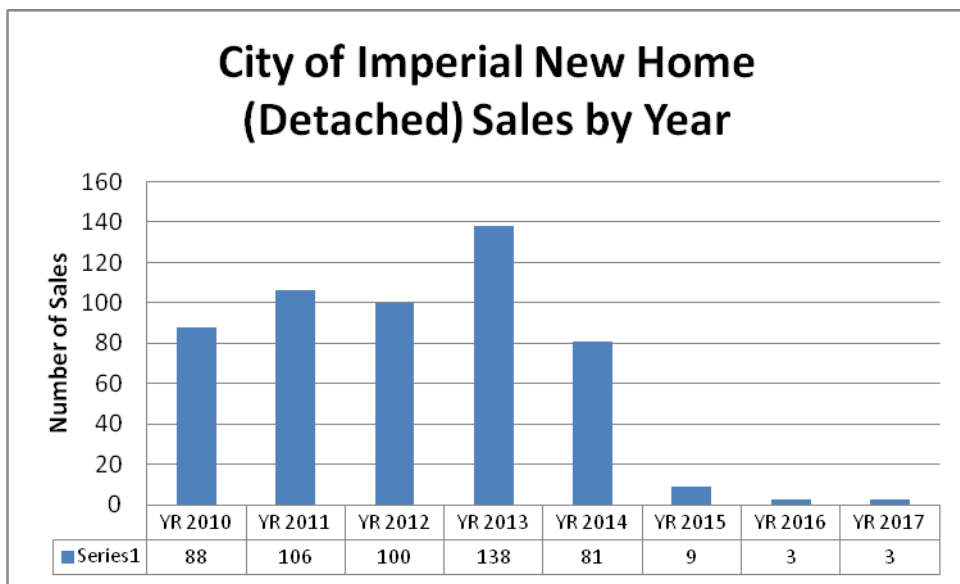


**Exhibit BO**

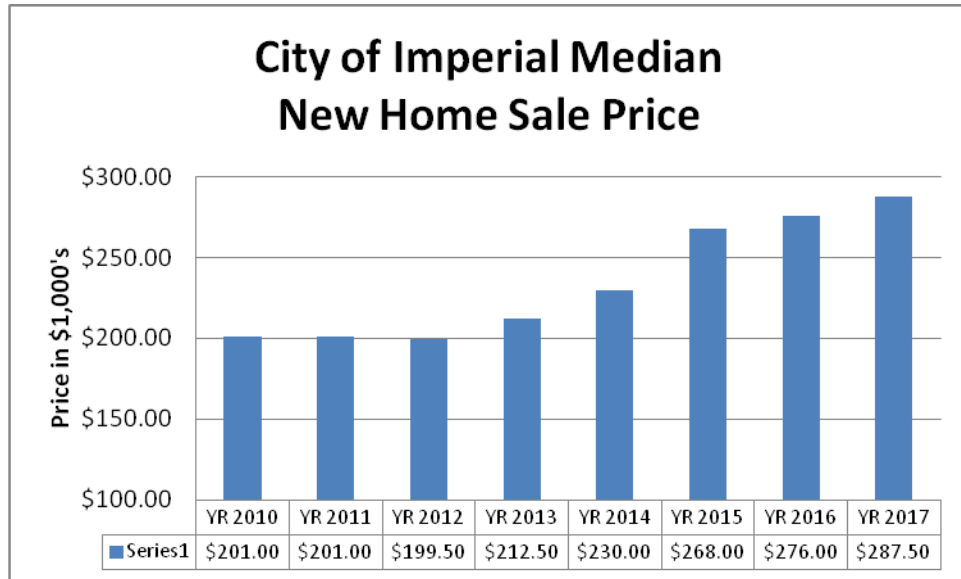


In regards to new home development, the City of Imperial saw an explosion of new home sales from 2010-2014 as home builders completed construction of existing stock of lots/homes (generally leftover from the "Great Recession". in more recent times, new home sales have slowed as builders are more geared to "just-in-time delivery" (rather than staging stock) and working to entitle/permit new subdivisions. Exhibit BP speaks to new home sales from 2010-2017 while Exhibit BQ shows how new home prices have increased from \$201,000 in 2010 to \$287,500 in 2017.

**Exhibit BP**



**Exhibit BQ**

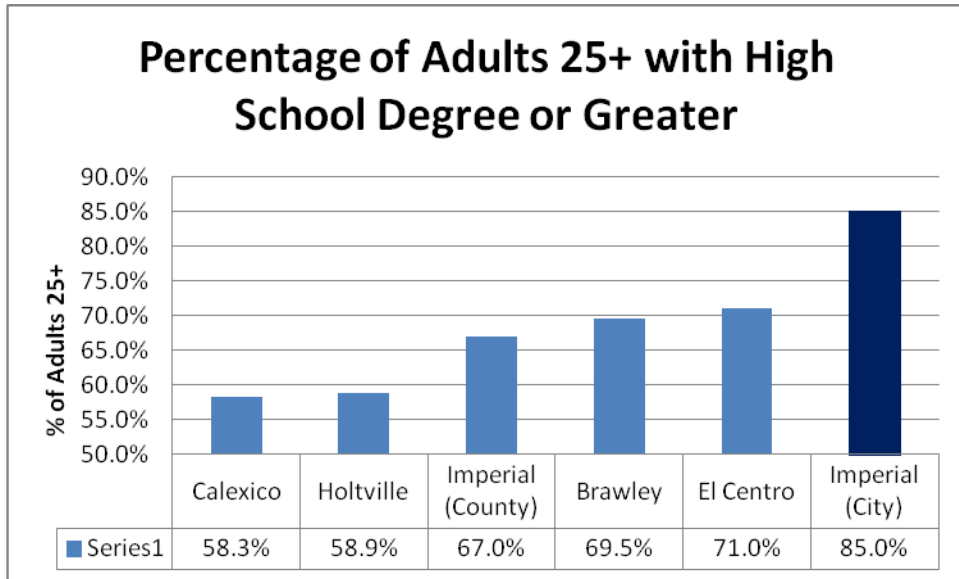


**10.5 Education**

*Preface: Educational attainment is measured by the highest level completed by adults 25+. This is because most persons have completed the highest level of education they will obtain by the age of 25.*

A key factor in determining both the future economic success of a community and what economic engines will thrive in a community is educational attainment. Simply stated, the higher the educational achievement within the community, the higher the earning potential of the residents. In an increasingly competitive and global economy, it is essential that adults complete high school. It is preferable that they have completed at least an Associates or Bachelor’s Degree. The basic business and craft skills that come with completion of a college education open many career opportunities. Imperial has a comparatively high percentage of adults 25+ that have completed high school (or passed an equivalency exam) at 85.0% versus the comparative markets. Countywide, only about 67% of residents 25+ have completed high school. City of Imperial residents compare favorably to the statewide average (82%) and nationally (87%).

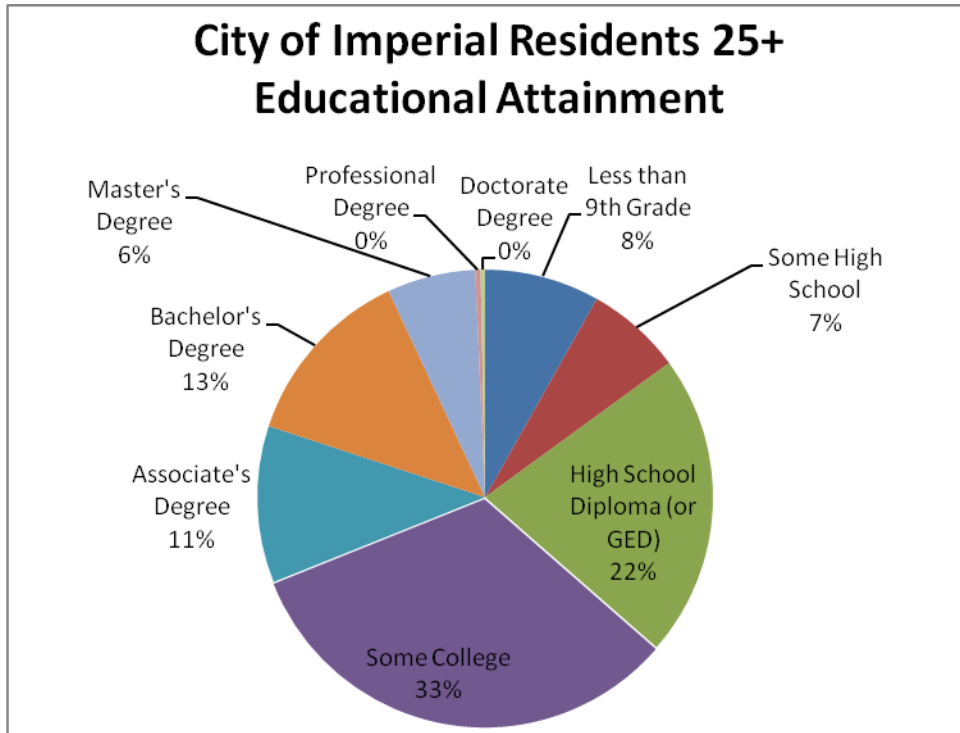
**Exhibit BR**



Overall, City of Imperial residents have the highest level of academic achievement of any community in the region. Exhibit BS provides the highest level of educational attainment for residents 25+. About 20% of residents have a Bachelor's or Master's Degree. In comparison, statewide 32% of adults 25+ have a bachelor's or better while nationally 30.3% of adults 25+ have achieved a bachelor's or better.

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**Exhibit BS**



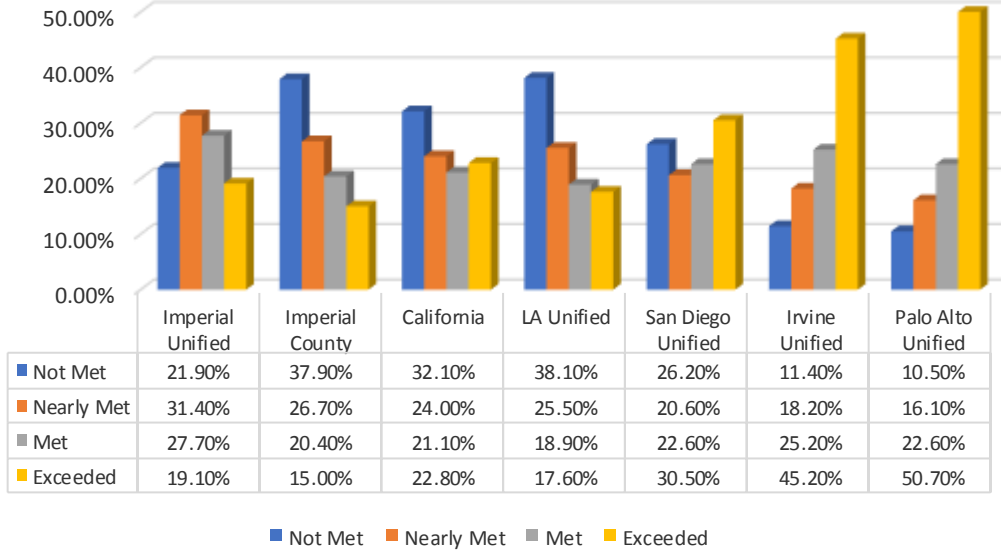
Academically, students attending schools in the City of Imperial are achieving higher test scores than the County average. This section provides English and Math Test Achievement Results for 3rd, 7th and 11th Graders (selected to represent elementary, middle and high school classes).

For 3rd, 7th and 11th Graders, Imperial District schools have a higher percentage of students Meeting/Exceeding State Standards than students from across California as a whole while significantly less students than the State average are rated as "Not Meeting" Standards (the lowest category of performance). Exhibits BT-BY provide the test score comparisons by grade and subject to County and State averages as well as sample urban (larger) school districts (Los Angeles Unified and San Diego Unified) as well as traditionally high performing districts (Irvine and Palo Alto). Overall, Imperial schools compete well against the Imperial County average and the two (2) sample urban districts but lag significantly in achievement when compared to Irvine and Palo Alto.



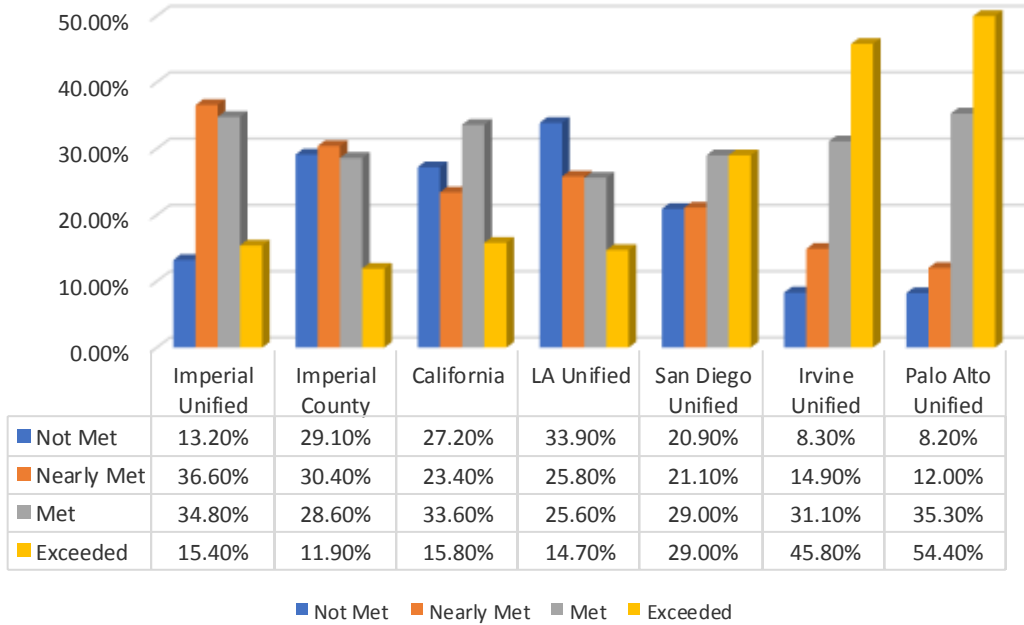
**Exhibit BT**

**3rd Grade English Test Achievement**



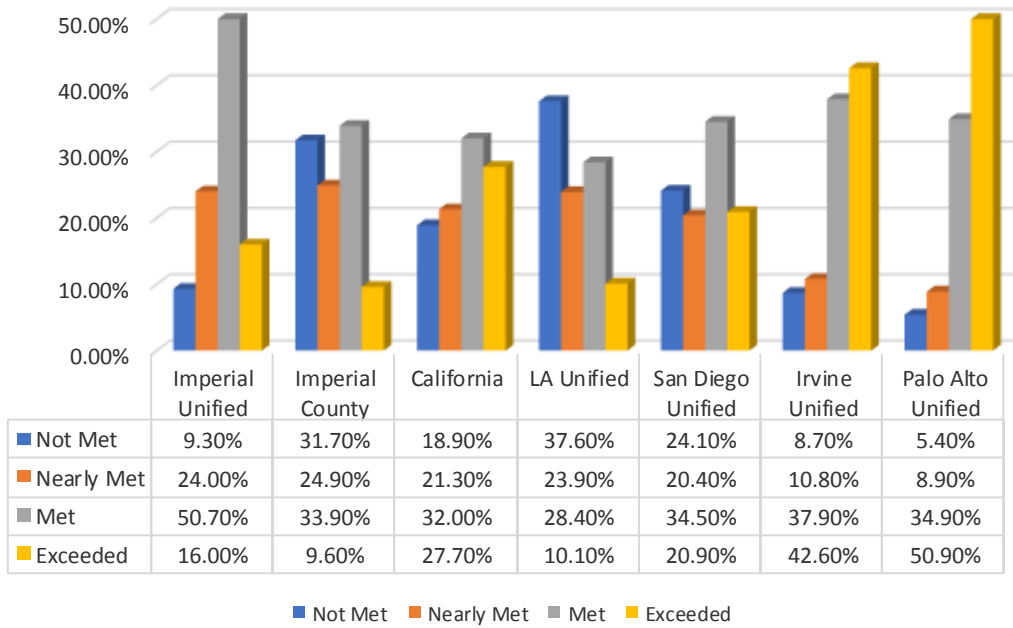
**Exhibit BU**

**3rd Grade Math Test Achievement**



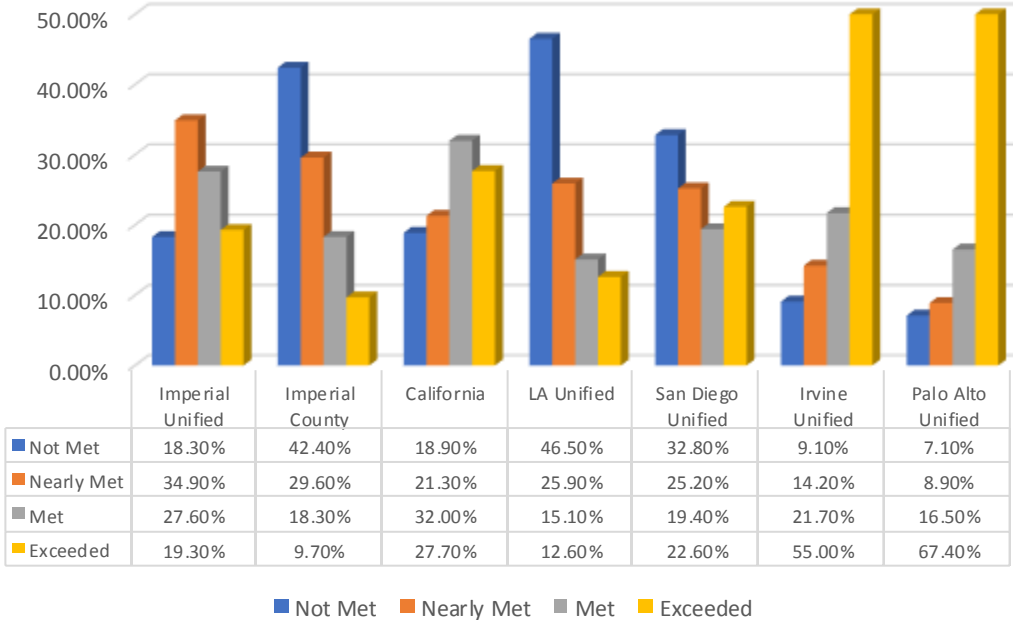
**Exhibit BV**

**7th Grade English Test Achievement**



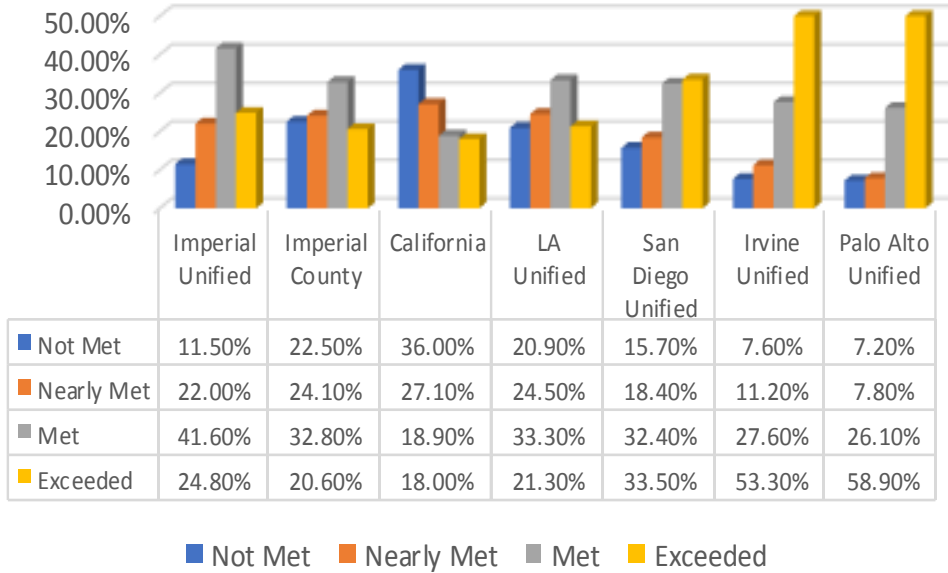
**Exhibit BW**

**7th Grade Math Test Achievement**



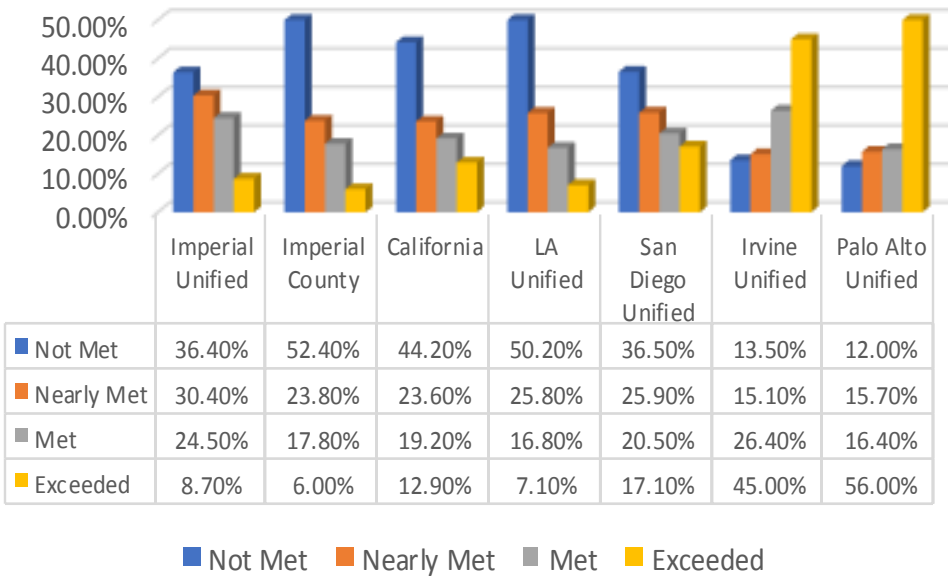
**Exhibit BX**

### 11th Grade English Test Achievement



**Exhibit BY**

### 11th Grade Math Test Achievement



## **11. Introduction to Economic Development Recommendations**

Starting at Section 11 are the specific initiatives and recommendations for the City/community to pursue. These are the tangible items that we recommend. The sections that follow will give an introduction to that particular item/strategy/deliverable/vision, person(s), departments, agencies, businesses that need to be involved as well as funding mechanisms. Appendix B will provide a schedule of potential implementation. Some of these items are project oriented, others are system/policy oriented.

To being, the primary research phase of completing an Economic Development Strategic Plan provided insight as to how community members see the City of Imperial as a "City" and as a community. Below are how it was described:

\*Evolving/Growing Population

\*Family Centered/Focused

\*Quiet

\*Safe

\*Affordable

\*New Housing Availability

\*2 Hours to Beach

\*4 Hours to Ski

\*6 Hours to Vegas

\*Faith/Family/Community

### **11.1 Retail Opportunities**

There are two schools of thought relative to retail demand. First are retailers that seek retail opportunity or gaps. This means that there is an existing gap between supply and demand. Other retailers believe that their product or shopping experience is superior in meeting market demand and therefore they are concerned about primary demographics and the overall demand within the market rather than specific gaps. DMG's experience is that communities that market their demographics and overall market demand attract the attention of appropriate retail developers, retail real estate brokers (aka commercial brokers) and retailers. After which, they conduct their own demand and gap analysis.

Somewhere in the mix of decision making for retailers is an understanding of where consumers sit in their Lifestage Cycle. This helps retailers understand not just the current demand for their products/services but how demand and spending cycles will evolve as a population moves through various stages in life. Presented on the pages that follow is a presentation regarding Lifestage Segmentation followed by retail market and demand gap analysis.

## P\$ycle Lifestage Segmentation

**Caution/Note about demographic segmentation: Demographers use Lifestage Segmentation as a means of understanding market potential for products and services. Not all communities are an ideal match for a profitable relationship between producers and consumers. DMG’s experience is that some communities and community members react negatively to Lifestage Segmentation characteristics. Whether people agree with this portion of the analysis or not, the reality is that many developers, brokers, retailers and other business types rely on one or more versions of Lifestage Segmentation to make investment decisions.**

**Prelude:** Demographers use various ways to categorize people into groups. These groups are used by businesses to target their ultimate consumer(s). They are in no way meant to discredit anyone, but rather for target-marketing purposes. This particular PRIZM system uses 68 different categories. In this section are the Top 12 Psychographic categories which represent City of Imperial residents. These Top 12 account for approximately 82% of families in the community.

**Category Number:** (example 29) is provided as an internal reference to psychographic descriptions

**Index:** This refers to the representation of City of Imperial households versus the United States as a whole. For example, the an index of 100 means that the City of Imperial has the same percentage of a particular category as the United States as a whole. An index of 1,138 means that there are 11 times as many households (by percentage) in the City of Imperial of a particular category than there are nationwide.

**Percent of Households:** is the overall percentage of households in the City of Imperial that are part of a particular category.

**Number of Families (Households):** is the raw number of families within a particular category.

### 29 White Picket Fences

**Index: 1,138                      Percent of Households: 17.59%                      Number of Families: 919**

Residents in White Picket Fences look a lot like the stereotypical American household of a generation ago: upper-middle-class and married with children. But the current version reflects changing patterns, with some parents just beginning to start families while others approach the empty-nest stage as their children age. They enjoy reading, following sports, and DIY projects and crafts.

### 30 Pools & Patios

**Index: 948                      Percent of Households: % 13.82                      Number of Families: 722**

Pools & Patios is a segment of middle-aged suburban families. In these stable neighborhoods graced with backyard pools and patios, residents work as white-collar managers and professionals, and are now at the top of their careers. They are above average technology users, often researching products and shopping online.

**39 Kid Country, USA**

**Index: 863                      Percent of Households: 9.71%                      Number of Families: 507**

Widely scattered throughout the nation's heartland, Kid Country, USA is a segment dominated by families living in small towns. These working-class households enjoy outdoor activities and are more likely to own boats and ATVs.

**23 Township Travelers**

**Index: 880                      Percent of Households: 9.67%                      Number of Families: 505**

Homeowners in Township Travelers exhibit a blend of behaviors representative of their upscale incomes and small-town environment. They enjoy outdoor activities like fishing and off-road biking but also enjoy the creature comforts of reading, watching college basketball, and shopping at wholesale clubs and gourmet groceries.

**15 New Homesteaders**

**Index: 786                      Percent of Households: 8.08%                      Number of Families: 422**

Young, upper-middle-class families seeking to escape suburban sprawl find refuge in New Homesteaders, a collection of small rustic townships. With a mix of jobs in white and blue-collar industries, these dual-income couples have fashioned comfortable, child-centered lifestyles; their driveways are filled with campers and powerboats, their house with the latest technological gadgets and hunting gear.

**38 Hometown Retired**

**Index: 512                      Percent of Households: 7.05%                      Number of Families: 368**

Hometown Retired consists of older, midscale couples with no kids at home. Somewhat set in their ways, they are slow to adopt and below average in their use of technology. They watch the news on television and enjoy reading and eat out occasionally at places that they deem to offer a good value.

**60 Small-Town Collegiates**

**Index: 400                      Percent of Households: 3.87%                      Number of Families: 202**

The residents of Small-Town Collegiates are younger families and singles who are just starting out. They are often students - full or part-time - focused on building a better life for themselves and their growing families.

**58 Golden Ponds**

**Index: 180**                      **Percent of Households: 3.39 %**                      **Number of Families: 177**

Golden Ponds is mostly a retirement lifestyle, dominated by downscale singles and couples over 50 years old. Found in small bucolic towns around the country, these high school-educated seniors live in small apartments on less than \$30,000 a year. Daily life is often a succession of sedentary activities such as reading, watching TV, playing bingo, and doing craft projects.

**24 Pickup Patriarchs**

**Index: 301**                      **Percent of Households: 3.04%**                      **Number of Families: 159**

Pickup Patriarchs, an upscale segment found in exurban areas, are country chic. They live in areas that are somewhat rural but they have more suburban tastes. They are frequent golfers and boaters, heavy shoppers and savvy investors.

**10 Executive Suites**

**Index: 208**                      **Percent of Households: 2.72%**                      **Number of Families: 142**

The residents of Executive Suites tend to be prosperous and active professionals who own multiple computers, large-screen TV sets, and are above average in their use of technology. Executive Suites also enjoy cultural activities, from reading books to attending theater and watching independent movies.

**26 Home Sweet Home**

**Index: 122**                      **Percent of Households: 1.57%**                      **Number of Families: 82**

Widely scattered across the nation's suburbs and second cities, the residents of Home Sweet Home tend to be younger, midscale families living in mid-sized homes. The adults in the segment, mostly under 55, have gone to college and hold professional and white-collar jobs. These folks stay busy remodeling and improving their homes, enjoy the occasional night out singing karaoke, and follow professional sports.

**61 Second City Generations**

**Index: 115**                      **Percent of Households: 1.24%**                      **Number of Families: 65**

Second City Generations are often multi-generational households with middle-aged parents or grandparents and new babies and young children all under one roof. Also often bilingual, they are entertained by a wide variety of media channels and programs.

**Exhibit BZ**

**City of Imperial: 2018 Market Demographics  
(Centroid is Highway 86 & 15th Street Imperial, CA)**

<b>Category</b>	<b>City</b>	<b>0-5 miles</b>	<b>0-10 miles</b>
<b><i>Population</i></b>			
2018 Estimated Population	19,801	49,549	107,247
2023 Estimated Population	21,333	51,513	111,546
2018-23 Increase Population (Est.)	1,532	1,964	4,299
<b><i>Ethnicity</i></b>			
White Only Ethnicity*	63.11%	61.26%	58.06%
Black or African American	1.93%	2.26%	1.92%
Hispanic or Latino	78.02%	82.61%	83.59%
Asian	2.81%	2.09%	2.06%
<b><i>Age Distribution &amp; Family</i></b>			
Ages 17 & Under	30.01%	29.40%	29.87%
Ages 18-34	23.02%	24.15%	23.93%
Ages 35-54	26.44%	23.73%	23.32%
Ages 55 and better	20.53%	22.74%	22.91%
Median Age	32.5	32.3	32.0
Number of Family Households	4,949	12,190	26,014
<b><i>Education (Adults 25+)</i></b>			
High School or GED	21.45%	20.45%	20.79%
Some College	32.26%	27.60%	26.74%
Associate Degree	11.25%	8.92%	8.06%
Bachelor's Master's, Prof. or PhD	20.10%	17.18%	16.95%
<b><i>Income</i></b>			
HH < 35,000	16.84%	37.54%	36.89%
HH 35,000-50,000	9.22%	10.72%	11.69%
HH 50,000-75,000	16.97%	14.62%	15.08%
HH >75,000	56.98%	37.12%	36.33%
Median Household Income	\$84,962	\$52,680	\$52,036
Average Household Income	\$96,553	\$71,386	\$71,133

Note: \*Ethnicity calculations do not equal 100% due to multi-ethnic classification by Census Bureau (for example "White Only" can be multi-ethnic)  
Sources: US Census Bureau, Environics Analytics-Claritas, American Community Survey, California Transportation Department, Development Management Group, Inc.



**Exhibit CA**

**Retail Opportunities (Estimated 2018 Consumer Expenditures)  
(Centroid: Highway 86 and 15th Street Imperial, CA)**

<b><u>Retail Category</u></b>	<b><u>City</u></b>	<b><u>5-Mile Radius</u></b>	<b><u>10-Mile Radius</u></b>
Total Retail Demand	\$315.73 MM	\$656.31 MM	\$ 1.38 Billion
Motor Vehicle Sales	\$ 55.52 MM	\$105.09 MM	\$219.26 MM
Automotive Parts	\$ 5.55 MM	\$ 10.69 MM	\$ 22.32 MM
Home Furnishings	\$ 5.69 MM	\$ 11.56 MM	\$ 24.29 MM
Electronics	\$ 5.14 MM	\$ 10.98 MM	\$ 22.99 MM
Building Materials	\$ 18.90 MM	\$ 38.00 MM	\$ 81.27 MM
Food/Beverage (Grocery)	\$ 40.20 MM	\$ 88.68 MM	\$187.31 MM
Pharmacies & Drug (w/HABA)	\$ 16.42 MM	\$ 36.63 MM	\$ 77.51 MM
Gasoline Stations	\$ 27.55 MM	\$ 57.91 MM	\$122.23 MM
Clothing	\$ 13.34 MM	\$ 29.00 MM	\$ 60.76 MM
Sporting Goods	\$ 5.30 MM	\$ 10.28 MM	\$ 21.54 MM
Office Supplies	\$ 1.54 MM	\$ 3.30 MM	\$ 6.94 MM
Full-Service Restaurants	\$ 16.69 MM	\$ 35.71 MM	\$ 74.82 MM
Limited Service Restaurants	\$ 14.46 MM	\$ 30.77 MM	\$ 64.49 MM

**Exhibit CB**

**Traffic Counts from Highway 86 (Imperial Avenue) (Measured-2016)**

<b><u>Location</u></b>	<b><u>Peak Hour</u></b>	<b><u>Peak Daily</u></b>	<b><u>Average Daily</u></b>
State Highway 86 & Wall Road	2,000	23,700	22,000
State Highway 86 & Aten Road	1,850	22,700	21,300
State Highway 86 & Second Street	1,800	22,400	20,800
State Highway 86 & Fourth Street	1,900	22,200	21,000
State Highway 86 & Barioni Blvd/Worthington	1,650	20,700	19,200
State Highway 86 & Twelfth Street	1,500	18,000	16,500
State Highway 86 & Fourteenth Street	1,450	17,000	15,700
State Highway 86 & Fifteenth Street	1,300	15,700	14,500
Highway 86 & Neckel Road	1,300	15,000	14,400

When utilizing a combination of Exhibits BZ, CA and CB, DMG has determined the following:

- A. There is immediate retail opportunity for \$42.27 million within a three (3) mile radius of Highway 86 & 15th Street.
- B. This existing and immediate retail opportunity (if filled) would generate the need for an additional 169,080 square feet of retail space (at \$250.00 in gross sales per square foot)
- C. Construction of 169,080 at \$175 per square foot (estimated cost of superstructures plus infrastructure) would generate total construction costs of about \$29.59 million. This would generate a total of 266 construction jobs.
- D. The additional space (and retailers) would generate a total of 548 new jobs (direct, indirect and induced) to operate the businesses.
- E. The additional space would generate about \$422,700 annually in local sales and use tax and about \$45,000 annually in net property tax to the City of Imperial.
- F. Further, for each 100 new homes constructed, new demand of \$ 4.8 million in new retail sales is generated. This translates to 19,200 square feet of new retail construction each year which will generate an additional 30 construction jobs 62 operational jobs. The annual tax revenue to the City is estimated to be \$48,000 in sales and use tax and \$4,200 in net to the City property tax.

Retailers that are a match for the City of Imperial (based on all location, demographic and Lifestage Segmentation factors) vary but should include a mix of shopping that accommodate income categories from lower middle class to upper middle class, targeting families and those improving their (often new) homes and are accessible for families with school-age children. DMG, Inc. has (in the past) surveyed residents in other communities regarding the most desired retailers. Below are the results. Note some of these retailers are already in the region but may choose to relocate in the future to be more centralized. Others are not realistic for a region the size of Imperial County (such as Ikea) but should still be included in direct marketing as their store dynamics may change.

## Examples of Retailers by Type

### Super-Regional Serving

Fry's Electronics

Ikea

Bass Pro Shops

Cabela's

### Warehouse/ Home Improvement

Costco

Sam's Club

Lowe's

Home Depot

### Adult/Gathering Spot Oriented

Micro-Brew / Gastro-Pub

Locally Owned Full Service/Limited Service

### Grocery

Stater Brothers

Albertson's

Von's

Ralphs

Cardenas

Northgate Gonzales

Rio Ranch Market

Food for Less

WinCo Foods

Walmart (Superstore with Grocery)

Target (Superstore with Grocery)

Trader Joes

Whole Foods

Dollar General/Family Dollar

Sav-A-Lot

### Full-Service/Family Oriented

Red Lobster

Chili's

Applebee's

Yard-House

Olive Garden

Mexican Food (full service)

Hometown Buffet

Golden Corral

Sushi

Greek

BJ's

Macaroni Grill

Broken Yoke

Denny's

Ihop

**Family Soft Goods**

Kohl's  
JCPenney  
Ross / DD Discount  
Marshall's  
TJ Maxx  
Homegoods  
Kirkland  
Nordstrom Rack  
Van's  
Sketchers  
WSS (Shoes)  
Lids  
Hobby Lobby  
Michael's  
JoAnn's  
Jos A Bank/Men's Warehouse  
Five Below

**Casual Dining**

Blaze Pizza  
Panera Bread  
Yoshinoya  
Waba Grill  
Chipotle  
Flame Broiler  
Dunkin Donuts  
In-N-Out  
Pieology

Sonic  
Greek  
Sushi/Japanese  
Panda Express  
Primo's Mexican  
Starbucks  
Chick-Fil-A  
Five Guys  
Daphne's

**Automotive**

Pre-Owned Superstore (Carmax)  
Big O Tires – Auto Repair/Tires  
Firestone – Auto Repair/Tires  
Sears Automotive – Auto Repair/Tires  
Les Schwab – Auto Repair/Tires  
Fix Auto – Paint/Body/Insurance Repair

**Home Furnishings**

Ashley  
Jerome's  
Mor Furniture

**Gasoline/Convenience Store**

Mobil  
Union 76  
Arco AMPM  
Circle K  
7-11

## **12. Economic Development Partnerships**

Economic Development, especially for smaller communities and regions, is not done in a vacuum. There is strength in numbers through regional cooperation. Some use the phrase, "rising tide raises all boats". In Economic Development, the quote used often is, "no matter where the job is created, everyone benefits."

The City of Imperial is advised to leverage regional partnerships that provide the greatest opportunity to help improve the overall economy of the community. The Imperial Valley has a number of established partnerships for which to evaluate and determine if/how to best utilize for which to gain the desired economic investment. This section of the economic development strategic plan will briefly introduce these commerce partners and provide specific recommendations as to what can be done to best receive economic benefit from these partnerships.

### **Imperial Chamber of Commerce**

The business community is best served when they have a unified voice and communication system for which to work with the City. The business community also needs to have a vehicle for which to promote business and build local/regional relationships that lead to business to business relationships as well as cross/mutual marketing opportunities.

The Imperial Chamber of Commerce and the City of Imperial both report to have a solid working relationship. The City should continue partnering with the Chamber in areas relative to:

- A. Available Space Inventory (Commercial)
- B. Demographics / Basic Market Analysis (to distribute to those that inquire about the community)
- C. Information Relative to Businesses that Serve Visitors to the Community
- D. Ability to Provide/Receive Communication from the Business Community on Items of Municipal (City Government) Interest
- E. Events that Provide Networking or Training Opportunities for the Community (Businesses and Residents Both).
- F. Training Opportunities in "How to Start a Business" and "Customer Service"

### **Imperial Valley Economic Development Corporation**

The Imperial Valley Economic Development Corporation (IVEDC) is an established regional economic development corporation that is comprised of both the public and private sector in an effort to promote the region for economic development opportunities. The leverage IVEDC provides is one that no City on its own can provide. IVEDC has identified a number of industries that they spend joint resources working to attract including:

1. Aerospace
2. Agribusiness
3. Biotech
4. Construction Materials
5. Data Centers
6. International Trade & Logistics
7. Renewable Energy

Additionally, IVEDC has made a concerted effort to attract Foreign-Direct Investment through partnerships with developers and investors from outside the United States.

It is recommended that the City of Imperial continue its partnership and investment in IVEDC. Further, it is the experience of DMG, Inc. that regional economic development works best when a senior-level staff member is actively involved in the leadership of an organization such as IVEDC.

It is also recommended that the City of Imperial have a full copy of the IVEDC budget, marketing plan, communications plan, lead protocol and quantifiable known successes (investment made in region as a result (in part) of IVEDC efforts).

*Disclosure: DMG, Inc. has (in the past) served as a paid consultant to IVEDC*

### **Imperial Valley Film Commission**

Film productions from major motion pictures, music videos, commercials and still photography provide an opportunity attract additional spending into the region in the form of hotel rooms, meals, catering services and ancillary support (such as equipment rentals). It is recommended that the City of Imperial work with the existing film commission in order to promote both the region and the city for film opportunities.

City locations should be listed on the Film Commission website and the City should work with the Film Commission and other communities in the region for the Film Commission to become a one-stop permitting center for ALL eligible film production work. This will result in greater film opportunities for the region.

Below are further suggestions:

1. Negotiate to become a member of the Imperial County Film Commission (ICFC).
2. Determine the top 5-10 film locations within the community (combination of fixed buildings, regional attributes and geographic features) and build electronic inventory for inclusion with the ICFC and internal to the City of Imperial (on City website).
3. Consider allowing ICFC and/or local organizations (such as Chamber of Commerce) streamlined permitting capabilities for location shoots in the City of Imperial and provide them with ability to arrange through City police or County Sheriff's Department for appropriate road arrangements (when needed). It is important that there exists the ability to provide permitting on short time frames (often evenings, weekends and when City Hall is generally closed).
4. Permit fees for film related projects should be modest to non-existent. For Cities that allow for outside organizations (such as ICFC or the Chamber) to permit film production, those organizations often keep the revenue from receipts generated as a means of funding the permitting activity).
5. Permits issued should require credit notation in projects in favor of the City of Imperial.

### **City/School District 2X2 Ad-Hoc**

In order to economically prosper, educational achievement must be made a priority by the everyone within the community. At current, some 14.98% of adults 25+ lack a high school diploma or GED. This limits their ability to participate in the workforce and economically prosper. All too often this statistic is directly tied to the percentage of persons living in poverty (7.6% in Imperial), as most people without an education are simply not employable for even the most basic of jobs. Communities that have high levels of educational achievement economically prosper, it is as simple as that. The community must have a goal to reduce the percentage of adults without a high school diploma (or GED) and increase the number of persons with a bachelor's degree or higher (which currently stands at 19.95%). No economic development effort can replace a highly educated workforce.

As there are many topics of mutual interest between a City and School District (from staffing to facilities to public safety), it is recommended that the City and School District create a 2x2 committee whereas the administrative heads of the two organizations and two members of the elected bodies meet on a regular basis. In regards to the business community, there needs to be greater exploration of job shadowing, internships and meaningful work-study programs that introduce students to new career opportunities in the medical, hospitality and business support/distribution fields.

#### **Imperial Valley Small Business Development Center**

Small Business Development Center services are funded (in part) by the Small Business Administration (SBA). They offer workshops, advice and counseling to qualifying businesses within the region. The Imperial Valley SBDC is currently housed out of IVEDC as they are working to help them get established. The City will need to determine (from surrounding regions) the cost/benefit of financially assisting SBDC. This will be done by assessing the annual budgets of the local or surrounding SBDC's along with an evaluation of services offered, number of businesses assisted (and associated employment with those businesses) along with a determination of if the business community within the City of Imperial desires such services. If determined to be of substantial benefit, there are options for funding mechanisms outside of the City of Imperial General Fund (such as a Business Improvement District or similar).

#### **Imperial Valley Foreign Trade Zone (FTZ) #257**

In 2003, the Federal Government awarded the Imperial Valley (through the County of Imperial) a Foreign Trade Zone designation. In its purest form, a FTZ allows companies located within it to avoid/delay certain tariffs while product is being held in inventory, stored or manipulated (for manufacturing or assembly purposes). At current, the IVFTZ lists two (2) companies that are utilizing the FTZ.

The FTZ is in process of formalizing an expanded Joint Powers Authority (JPA) to include cities that choose to help fund the FTZ efforts. The cities of Calexico, Calipatria, El Centro and Brawley have agreed to participate and fund the effort. As with the SBDC, it is recommended that the City of Imperial determine the cost/benefit of financial participation.



## **Imperial County Workforce Development Board**

(taken from ICWDB Website): The Imperial County Workforce Development Board is comprised of 25 leaders from the private industry, economic development agencies, education, community-based organizations, and labor organizations. The board is charged with funding job training programs that strengthen job seekers' skills to meet local workforce needs and ensuring coordination of Imperial County's Local Workforce Development Plan with the State's strategic workforce goals.

**Mission statement:** “To provide job seekers and employers with the tools, resources and services they need to achieve their employment and business goals.”

**Vision:** The Imperial County Workforce Development Board’s (ICWDB) vision emphasizes ongoing skills attainment in growth industry sectors and seeks to braid education, training and employment services together to support these growth sectors. The ICWDB plans to realize this vision by transforming Imperial County’s workforce system so that it not only serves the needs of workers’ for education, training and stackable credentials that lead to well-paid, steady work, but also serves the needs of employers for business support services and a high-quality, skilled workforce.

### **Services:**

Customized Employee Training	On-the-Job Training Wage Reimbursement
Posting of Job Openings	Rapid Response Services
Recruitment Events	Tax Incentive Information
Pre-Screening of Candidates	Labor Market Information
Conference & Interview Facilities	Resources and Referrals

## **Valley-wide Chamber of Commerce**

The Imperial Valley Joint Chambers of Commerce is a non-profit organization founded as a collaboration of regional chambers of commerce located within the County of Imperial. The intent of the Joint Chambers is for its member chambers to work together with the goal of promoting the Imperial Valley as a whole. Current members include the Brawley, Calexico, El Centro, Imperial, and Westmorland Chambers of Commerce. Their combined focus is on business development, tourism, and legislative advocacy.

## **Recommendations Regarding Regional Partnerships**

Imperial County is a relatively small region (in terms of population). There are a host of regional organizations (private and public) that have purposes that can successfully drive economic development and investment. That said, it is a professional concern of DMG Economics that there is likely a duplication of efforts and level of inefficiencies that can easily be addressed through consolidation. As the region is also limited in the amount of business, political and community leaders, consolidation will allow greater participation and likely result in greater results.

While there are often limitations from funding sources that may dictate the need for separate identifies, consolidation can still be accomplished through the use of multiple entities that are operated/managed under "one roof" and through governing bodies/subcommittees. This structure is similar to how cities have historically governed through a single Board "City Council" that serves as a "Redevelopment Agency", "Public Utilities Commission", "Housing Authority" and "Finance Authority". Consolidation will help create a better economy of scale and result in additional funding being pushed toward the primary objectives rather administrative expenses.

### **13. Local (City of Imperial) Economic Development Initiatives**

*Note about economic development initiatives: some have been tried previously, are currently underway, or have been done. Many economic development initiatives are ongoing in the form of both tangible efforts and communication plans. They are still highlighted as a reminder of their importance in the process of generating new/ongoing economic investment.*

DMG, Inc. completed a series of both individual and focus group interviews for which to help determine the economic development priorities for the community. This section outlines either briefly or in detail these objectives/priorities.

#### **13.1 Market Days**

Almost every person surveyed brought up their interest in Market Days as a series of events that bring the community together. It serves as family entertainment, community gathering and as an opportunity for local/regional businesses to promote themselves. Many discussed ways to expand the event, include more of the core Downtown businesses and how it can be financially independent and sustainable.

### **13.2 Community Aquatic Center**

There is no question that summer's are brutally hot in the Desert. Community members desire an aquatic center to include the following:

1. Community Pool
2. Splash Pad (for younger children)
3. Water-Park Features
4. Competition Pool to Attract Youth Sports
5. Concessions/Covered Family Picnic Areas

### **13.3 City Hall Facility**

The City of Imperial City Hall is a converted detention facility and has outlived its useful life. Portions of the City Hall complex have been deemed unusable and unsafe. Residents and community leaders alike have expressed a desire for a facility that offers ease of access and community meeting space while respecting the overall culture of the community to have practical and affordable amenities.

### **13.4 Police Department / Public Safety Facility**

Along the same lines as City Hall, the current Police Department is antiquated and does not serve the current or future needs of the community. The City may choose to work on a joint facility with City Hall or possibly a joint facility that incorporates police and fire.

### **13.5 Outdoor Active Recreation Trail System**

Residents are seeking additional opportunities to walk, run, hike and bike safely for recreational purposes away from the dangers of heavily traveled streets. The idea would be to take land that is adjacent to various canals/drainage facilities and create a trail system in and around the City (and potentially connecting with neighboring communities) for which to provide this desired active recreation system.

### **13.6 Health Care (Center of Valley)**

The City of Imperial is considered to be the center of the Imperial Valley. Pioneers Hospital is located about 9 miles north while El Centro Regional Hospital is located 5 miles south. Healthcare continues to remain limited, especially in terms of specialized care, testing centers and recovery/skilled nursing facilities. The City of Imperial should actively market to doctors, healthcare groups and testing facilities to place facilities in a centralized location that can serve most of the region.

### **13.7 Professional Service Focused Businesses**

As with healthcare, the City of Imperial has the opportunity to expand the number of professional services businesses that desire a central location to serve the entire region. This includes Certified Public Accountants, bookkeepers, real estate brokers, financial advisors and similar. This may also include the need for smaller incubator spaces (sale or lease) in the form of micro-industrial or executive office suites (or condominium versions of)

### **13.8 Youth Sports Tourism: Regional Sports Facilities (Baseball/Softball/Soccer)**

At current, there is a trend among youth and families that provides a unique opportunity for the City. This is relation to youth sports tourism. Youth sports today involves club/travel teams and regional/national competitions that bring people together from a wider geography. Some of the sports utilizing the club/travel approach include baseball, softball, soccer, basketball, cheerleading, volleyball, gymnastics and dance. The reality is these visitors spend money on hotels, in restaurants, on services (such as urgent care) and on last minute equipment (who hasn't arrived at a soccer tournament only to realize that their child left their shin guards at home!) The following are the identified opportunities to create a core presence in this category.

Championship Softball Facility (or explore partnership with surrounding school district(s) for same under joint use agreements)

Championship Baseball Facilities (or explore partnership with surrounding school district(s) for same under joint use agreements)

Indoor Multi-Sports Facility (Basketball, Volleyball, Cheer, Dance, Gymnastics)

Tournament Level Soccer Facilities

### **13.9 Upscale/Lifestyle Retail/Entertainment/Restaurant District**

As incomes continue to rise in the region, so does the desire/demand for retail/dining/entertainment options. While Imperial Valley has a mall (South El Centro) and an outlet center (Calexico), there is not a true lifestyle retail/entertainment/restaurant district where people can gather without a specific destination. This is an outdoor focused concept that includes an array of entertainment options including movie theatres, restaurants (quick serve and full serve), desert facilities, shopping and night-life entertainment (live music, escape rooms and the like). While some argue that the summer heat prohibits this market, many hot weather markets have had success with this style of development including Phoenix, Tucson, Austin and Palm Springs.

### **13.10 Vehicle Racing (Track and/or Off-Road Racing)**

The community and region has a long history in motorsports. This is based on facilities that exist within the fairgrounds and with the general off-road recreation opportunities in the Desert itself. The creation of permanent facilities for "run what you bring" (amateur and semi-professional events) along with the potential for tour events not only satisfies local desires but may help bring in new tourist dollars.

### **13.11 Airport Relocation/Reuse**

As the Cities of Imperial and El Centro have continued to grow, there is a question as to whether the County Airport in Imperial should be relocated elsewhere in the region. This is certainly a monumental undertaking but if done, may free up substantial prime land for retail, industrial or residential uses.

### **13.12 Local Government Sustainability**

Families in the community and region are certainly focused on their own budgets. That said, how municipal government is financed is rarely understood or discussed. In short, City Government (the core of the City of Imperial) receives revenues from Sales & Use Tax and from Property Taxes. In regards to Sales & Use Tax, when someone purchases something in the City that costs \$100, they pay \$8.00 in Sales & Use Tax. Of this, \$1.00 (1% of the total purchase) goes to the City of Imperial itself. The balance goes to the State of California and the County of Imperial. In regards to Property Tax, the City also receives a small amount. A home valued at \$200,000 pays about \$2,000 per year in Property Tax (Proposition 13 1% limit). Of this, the City of Imperial generally receives between 10-15% depending on what part of

the City it is built in. This means that the City itself only receives about \$200-\$300 per year for a \$200,000 home. These revenues are expected to fund police, fire, street maintenance/signals, general government and the like.

The City of Imperial does operate its own water and wastewater department. That said, under Proposition 218, the money charged users (ratepayers) must match the actual costs to provide the service (meaning the City does not artificially support itself on water/wastewater services).

There are significant concerns among elected officials and community members (including business owners) about the City's ability to meet the needs of residents and businesses long-term. For example, how to pay to replace a dilapidated City Hall and Police Station. Equally as vital is funding for the City to meet the needs of the community in case of a catastrophic emergency (communication redundancy, emergency response and repair to community facilities).

### **13.13 Downtown**

Traditional "Downtowns" in suburban (and even rural) communities have been in a state of transition for at least two (2) generations. What was historically the "center" of a community has largely moved as consumer behavior has moved retail development to malls, power centers and outlets. Auto dealerships have created their own mall-type environment. Even healthcare providers have chosen to move to purpose-built facilities (many of them are office-condominiums affording the providers the opportunity to own their own real estate). Cities across California have spent hundreds of millions of dollars trying to "redevelop" their Downtown often fighting against market forces. The result, except in a few select cases, has been an economic disaster.

DMG's overarching recommendation is to not fight against market forces, rather encourage open capitalism in the core of the City. The result will be eclectic, but it will also mean economic opportunity for small independent businesses (that otherwise have little to no opportunity in malls, power centers and other areas). Additionally, it will create product service opportunities that are a combination of locally owned, specialized and local serving to a surrounding area within walking distance, for those with transportation challenges. The bottom line is a "Downtown Utopia" is expensive and rarely works. A permissive and welcoming approach will create economic activity and opportunity which is certainly more welcome than boarded up windows and empty streets. The overall goal is simple... occupancy first, utopia later.

Downtown Anchors (Government):

Government Center / City Hall

Library

Fire Station

County Administrative Facilities

Post Office

Charter (K-12) Schools (with Joint Use for Park Facilities)

Satellite campus for Educational Institutions

Downtown Storefront Uses:

Non-Profit Office Space/Activity Use

Artist Cooperatives

Medical/Dental/Optical Clinics/Offices

Community Group Office Space/Activity Use

Community Events (Privately/Non-Profit Sponsored) for Art, Music, Performance, Food Trucks

Celebrate/Expand Hispanic Core of Businesses

Micro-Brew

Independent Gastro-Pubs /Restaurants

Retailers/Service Providers Specializing in Youth, Family Activities and those Targeting People within Walking Distance of the Downtown

Theatre/Performing Arts

Residential or Live/Work Space

City Regulatory Considerations

Minimal Improvement Requirements

Phased Requirements

Relax/Remove Parking Requirements for existing buildings (persons utilizing Downtown businesses are accustomed to parking and walking)

Increase Signage Opportunities (allow marketplace to dictate signage for specified period of time)

Conversion of Buildings to Live-Work to increase housing opportunities in Downtown

Expedited (Streamlined) Permitting Process

## **14. Community Economic Basics**

The City of Imperial is now more than 114 years old. The community boasts a combination of old and new. The old of Imperial is deep in historical significance to the community. It represents character, identity and individualism. The new represents investment, the future, families and beginnings. As the community continues to go through what looks to be a sustainable growth phase, it should consider the following:

### **14.1 Community Pride and Improvement**

1. Entry Monument Signage (Along Highway 86 and potentially along Aten Road). Signage along Highway 86 could incorporate LED type signage so that community announcements (events and emergency notifications) can be made.
2. Aggressively prevent, clean-up and prosecute illegal dumpers
3. Apply code enforcement to all neighborhoods and land-use purposes as an aggressive way to set, enforce and maintain community standards.
4. Do not Allow for debris/trash to gather and/or “junk yards” or other eyesore collections by utilization of volunteer clean up days and sponsorship/maximization of trash vendor contract.
5. General Clean-up of community takes less time to clean something than issue citations. Demolish (or cause to be) old buildings beyond their economic useful life.
6. Create a mural/art program for Downtown buildings in which local artists and/or through an Art in Public Places program building sides are painted to reflect the history of Imperial and/or the Imperial County Region. Allow a small portion of said buildings to be utilized for the advertising/signage of the group/organization/company that sponsored the art.
7. Utilize programs like Kaboom to generate new playground areas for the community in pocket parks, vacant City/former RDA and remnant parcels to give families gathering places
8. Speed Control on Highway 86. Now that Highway 86 is under local control, would it be best to slow traffic into the community for safety purposes (and to encourage visibility and use of local businesses)?

## **15. Employment Drives the Economy (Jobs, Jobs, Jobs)**

Many cities choose to focus on tax revenue as the core of their economic development efforts. DMG strongly recommends that the core of Imperial’s campaign be creating an impetus for the creation of living wage jobs. Jobs that pay a living wage that allows people to purchase houses, pay for transportation, afford activities for their children, allow for entertainment purchases and even give folks an opportunity to save for a rainy day and save for college/retirement.



Previously in this report, we established that there are about 6,900 Imperial residents that are employed. Further, there are about 5,133 jobs within the City. Using a static state analysis, there are then 1,767 persons that leave the City (net) for employment. We also established that the City is short of retail to provide for its natural population by about 152 (direct) jobs. This means that there is a net need for 1,757 jobs in manufacturing, distribution, office, retail, service and medical within the community. DMG has generated some international calculations based on land use/space utilization data and estimates that one (1) job in the combined job creating sectors of office and flex space for each 677 square feet of total space and (1) job in the combined blue-collar job categories of light manufacturing and warehouse operations for each 1,397 square feet of space. In total, the City of Imperial needs an additional 1.39 million square feet of space to meet the existing job needs of white collar workers, blue collar and retail/service workers.

**Exhibit CB**

**Immediate Building Space Demand in Imperial**

Currently Employed Imperial Residents 6,900  
 Jobs Located in Imperial: 5,133  
 Net Jobs Exported to Other Areas: 1,767  
 Percentage of Imperial Residents Blue Collar Jobs: 14.14%  
 Percentage of Imperial Residents White Collar Jobs: 62.27%  
 Percentage of Residents Retail/Service Jobs: 23.59%  
 Estimated Residents Commuting Blue Collar Jobs: 250  
 Estimated Residents Commuting White Collar Jobs: 1,100  
 Estimated Residents Commuting Retail/Service Jobs: 417  
 Blue Collar Space: 1 Job Per 1,397 Square Feet  
 White Collar Space: 1 Job Per 677 Square Feet  
 Retail/Service 1 Job Per 1,109 Square Feet  
 New Construction Space Needed to Accommodate Blue Collar Jobs: 349,250 Square Feet  
 New Construction Space Needed to Accommodate White Collar Jobs: 744,700 Square Feet  
 New Construction Space Needed to Accommodate Retail/Service Jobs: 462,450 Square Feet  
 Deduct Established Retail Space Need (169,080) Net Service Space Needed: 293,370 Square Feet

***Conclusion: Total Square Feet Additional Commercial Space Needed to Accommodate Existing Workforce and Retail Demand: 1,387,320 square feet***

The categories most likely to see additional growth (in terms of space and utilization) for blue and white-collar jobs are:

1. Medical/Health Care/Hospital/Staged Care to serve the community and region
2. Warehousing/Last Mile Logistics (to serve Amazon, Wal-Mart and other multi-national online ordering system networks)

3. Production/Manufacturing/Assembly (food processing and light industrial)
4. Entrepreneur Driven/Owned Flex Space (Flex space is a word used to describe smaller/newer industrial looking buildings that can be used for office, distribution, warehousing, light manufacturing and even light retail). The City should encourage flex condominiums that allow for business owners to own their own space, thereby increasing the likeliness they remain and grow in the community.
5. Industrial space (lease, ownership or condominium-ownership) to support companies seeking access to San Diego but desire to own their own facility and/or reduce overhead expenses. This category will also support construction companies that need a place for back office support, equipment and material storage and project staging.
6. General Office to support local/regional companies specializing in professional services such as insurance, finance and real estate

## **16. Infrastructure**

The City of Imperial has an infrastructure advantage as it operates its own water and wastewater facilities. That said, the community has aging infrastructure in the form of older buildings (namely Downtown), obsolete community facilities (City Hall and Police/Fire Facilities) and needs to plan for capacity upgrades of water and wastewater treatment facilities. Also, as the City looks to growth toward the east (along Aten Road) between the current city core and Imperial Valley College, there are significant infrastructure needs in terms of road improvements, transit access and water/wastewater/electric service.

## **17. “Advantage Imperial” (Permitting/Processing)**

Given the state of municipal finance in Imperial and most communities across the State of California, what is the strategic or economic advantage that will propel the community economically? Simply stated, communities that embrace advantage fundamentals (as shown below) will gain significantly more economic investment than those that do not. How many of us have experienced a situation whereby we called a company to do business and not gotten a call back? Received poor customer service? Spoke with people without sufficient technical/product knowledge? Found that the product was not priced appropriately? Or that the product/service did not perform as advertised/promised? Cities face the same issues. For economic development purposes, a City is a product (and a service). Those that seek economic investment in businesses, facilities and homes will seek a match with opportunity, leadership, professionalism and accountability. In short, economic investors will seek the “low hanging fruit”.

The following are the ways in which the City must work to continue to receive substantial economic investment long into the future:

1. Insure front line staff is experienced and trained in communication, listening and guiding residents as well as both small and larger businesses through the entitlement and permitting process. Often times small business owners are not experienced and skilled in working with the “bureaucracy”.
2. Offer the use of Entitlement/Permitting Ombudsperson for larger or more complex projects. Certainly, this can be labor intensive and expensive but for projects that have substantial return in terms of either job creation or new tax revenue, this process gets those projects online faster. The role of an economic development ombudsperson is to serve as both a sales person and project expeditor on behalf of the community.
3. Multiple-Option Permitting (Plan-Checking), most cities only have one or two options for plan-check. Smaller projects are planned checked in-house while larger ones are outsourced to one (1) specific company. The City would be more competitive in attracting economic investment by having multiple plan check options (a half-dozen or more) for which bid on speed/cost certainty. Evaluate implementing a Fixed Cost for Plan Check to prevent plan check consultants from aggressive billing practices.
4. Pro-Active Project Status Communication, communities that use pro-active communication will have a substantial advantage over others. This is to simply be the concept of calling/communicating with the developers/businesses seeking entitlements/permits on an ongoing basis and not waiting for them to call to check on a project.
5. Simplified Fee System or Input Driven System for Economic Investors to be able to easily calculate their fees.
6. Economic Impact Analysis (Budget Projections), in recent years has been a valued tool for communities to better understand the potential job/tax revenue generation of specific projects. Done independent of the project proponent, it provides a tool for use by the City Council and the finance department. EIA’s are also beneficial as part of a statement of overriding consideration under CEQA (California Environmental Quality Act).
7. Provide contractual timeline agreement/contract for project consideration. When economic investors know what is to be expected of them and it is provided in writing, it provides a better road map. Said agreements show not only what the City is responsible for but what the developer is responsible for. This contractual road map means that at all times, a status of ever pending project should be known by exactly where they are in the process.
8. Recruitment/Fast-Track Vendor Program (allowance for temp facilities): allows new concessionaires to expand into Imperial offering products/services supporting “Lake” tourism to establish temporary facilities with time certainty to test their acceptance in the marketplace before making full financial commitments. This can be accomplished with Temporary Use Permits (TUP’s).

9. Training Courses/Education for City Commissioners (all commissions) for a unified vision for City-long term: City Commissioners have expressed desire for additional training to better understand their responsibilities, scope of their authority and to participate implementing a unified vision for the community. This can also be accomplished by having joint meetings of the commission(s) and City Council.
10. 360 Accountability provides the ability for the community (residents), business owners, staff, city attorney, commissioners, and city council to hold each other accountable for timelines, work product and performance.
11. Economic Development Training, implement a 2-3-hour economic development training/workshop class that is certificated by the City Council that is available to civic leaders, staff, members of the business community, teachers, age appropriate students and community members (residents).

## **18. Legislative Changes to Propel Economic Advancement**

1. Proactively assist and pressure State Lawmakers to change sales tax allocation for online purchases from Point of Sale to Point of Delivery, or similarly change the law to a straight population allocation of sales and use tax for online purchases statewide.
2. Work with the County of Imperial to streamline the process to review and approve restaurants and food purveyors.

## **19. Communication Plan**

The implementation of an economic development strategic plan will rely heavily on a communications plan. Economic Development success is based on continuity of leadership, certainty of process, economic opportunity and relationships. In its purest form a communication plan is the community sales and marketing plan to attract economic investment to the community. To build the overall economy of Imperial, many of the following should be considered for implementation.

1. Social Media used for employment recruitment: employers of today are making greater use of social media than ever before (remember the days of the want ads?) Imperial should work with an appropriate technology vendor that helps identify opportunities (in living wage paying fields) in Imperial and surrounding areas as a means of helping Imperial residents work closer to home.
2. Shop Local Campaign, anytime community members can purchase locally, they should. It not only provides additional resources to the very community for which they live, but it shortens their commute providing more time with their friends and family.

3. Use of Business Wire (a Berkshire Hathaway owned Company) for communicating with the media (both mass and specialized). The reality is that media of all types is in constant inexpensive need of content for which to use with their advertising. This type of “Public Relations” allows Imperial to generate their own message for distribution. Communicating through Business Wire to media outlets in the hundreds can be targeted by region or media type and is fairly inexpensive (and certainly more cost effective than traditional media advertising).
4. Citywide Wi-Fi to support Downtown and events
5. Use of electronic communication to commercial building owners, brokers, developers so that economic opportunity and information resources (such as updated market information) are available for their use with business creation/retention. DMG, Inc. will be developing a full communication plan that is targeted to retailers, land owners, commercial building owners, industrial brokers, office brokers, retail brokers and developers that have been active in the region.
6. Development/Maintenance of both resident application “App” and visitor application “App”. Resident application is focused on both providing city/municipal information to users and welcoming feedback, such as code enforcement or residential building inspections (patio covers and the like) while a visitor application provides resources regarding special events (Market Days), hotels, restaurants, gas stations and the like.
7. New Homeowner Welcome Package in concert with private companies that often offer such as a means of advertising local businesses, use this to make sure new homeowners become more involved/connected with the community by providing school, park and recreational information as well as ways new homeowners can be involved. At a time, like now, when the City is growing, the City may desire to offer a quarterly reception at the Cultural Center to welcome new families and give them an opportunity to meet the City Council, school district, clergy and community leaders. Working with the Imperial Storm or similar, the events may feature a Professional Baseball Player to help draw children and families to a sense of civic pride and engagement.
8. Commercial Real Estate Professional FAM Trip, the City of Imperial should conduct one real estate professional (broker/developer) tour/experience days each year that brings regional brokers/developers to the City for a 1-2 hour tour of the community including residential areas, commercial corridors and quality of life components (parks) and a 1-hour lunch that is hosted by the City/area businesses and provides additional information on recent economic successes along with a candid question and answer session.

## **20. Financing/How to Pay**

Unfortunately, the resources for which to accomplish community and economic development (including infrastructure development) are at their lowest in generations. Starting in 1978 and continuing through 2011 (and current) the resources to cities have steadily declined. In 1978, the voters of California voted to limited base level property tax to a flat 1% of assessed valuation. Following in the 1990's and early 2000's, the State of California enacted what is known as the Education Revenue Augmentation Fund (ERAF) which further eroded property tax allocations to communities. What most voters do not know is that cities receive a very small percentage of property tax. The City of Imperial receives an average of about 12.5% of property taxes generated within the City (the amount ranges by Tax Rate Area or TRA from between 10.0% to 15.0%). This means a \$200,000 home with an annual tax bill of \$2,000 contributes approximately \$200.00 - \$300.00 per year toward ALL city services expected to be delivered by a city (police, fire, public works, streets, lighting, parks and recreation and other general services). In 2011, the State Legislature passed ABx126 and AB 1484 that abolished redevelopment in California and reallocated said funding to the State Government for redistribution. This removed some \$7 billion annually from local city and county budgets. This was money used for infrastructure development, addressing the housing and housing rehabilitation needs for families of low to moderate income and funding economic development/investment initiatives. It is the opinion of DMG, Inc. that without a structural change in how cities (and counties) are funded, that dozens of communities across California will soon meet the same fate as Stockton, Vallejo, Desert Hot Springs and San Bernardino in filing for municipal bankruptcy.

Future economic development will largely be a function of private investment. The role of local government and community efforts in this arena will need to be focused on leadership continuity, a technically trained staff and extraordinary customer service to provide a competitive advantage and existing/new relationships with economic investors that result in job and tax revenue producing growth.

### **Below are the financing mechanisms that still exist and are readily available:**

- \*Tax Exempt Industrial Development Bonds
- \*Business Improvement District(s)
- \*Tax Oriented (example Transient Occupancy Tax) Business Improvement Districts (Hospitality/Tourism)
- \*Enhanced Infrastructure Financing District
- \*General Obligation Bonds/Revenue Bonds
- \*Locally Enacted Development Fee(s) for Low-Moderate Income Housing (New/Rehabilitation)

- \*Development Agreements with Private Developers
- \*State Housing and Community Development (HCD) HOME Funds
- \*Federal Community Development Block Grants
- \*Federal Housing and Urban Development Funds
- \*Federal Department of Commerce Economic Development Administration Funds
- \*Sale/Lease Naming/Sponsorship Rights to Local Facilities and Services
- \*Franchise Fees
- \*Concession Agreements
- \*Land Lease/Recreation Facility Leases
- \* Private Investment
- \* Enhanced Infrastructure Finance District(s) (EIFD)

**21. Factors in Success of Economic Development**

Note that the success of this (or any other) economic development strategy will be dependent upon a number of variables including:

1. State of the Overall Economy
2. Recognition, Understanding and Ownership of the Strategy by Community Members and Civic Leaders
3. Involvement of Community Members and Civic Leaders
4. Engagement and Active Participation of Business, Social and Religious Organizations within the Community
5. Involvement of Outside Agencies and Organizations (Governmental, Business and Social)
6. Business Community Members (both Local and those with Local Presence)
7. Funding (Private Investment, Local/State/Federal Government Assistance), Charitable Entities/Organizations

**22. Measuring Economic Success**

Economic Development programs must have mechanisms for which to measure success. For Imperial there are two main ways to calculate success.

***Direct Investment***

The City of Imperial, through their economist can calculate the potential or actual economic impact of almost any project or business investment made. These calculations can be made for one-time or ongoing economic impact

(construction or operational) and employment/job impacts (direct, indirect and induced). Calculations can also be made in regards to local governmental revenues to support local services. Over a moderate period (an example being three years) a community can calculate direct economic growth and divide it by the resources provided to assist with said growth to determine a return on investment.

***Long-Term Economic Condition Improvements***

Using the exhibits presented as a baseline, the City can generate a comparative analysis every three (3) to five (5) years to see how the community has made statistical or comparative improvements. Using this also provides community leaders (representing the city, school, water/wastewater district, private business owners/operators) a matrix understanding of what efforts are most successful and where additional focus/efforts must be made.

Local communities deserve to have a transparent methodology for which to calculate the return on investment of an economic development program. As stated previously, economic development is basically defined as any activity that raises the overall wealth of a community. To determine the success, the following baselines will be established and re-measured periodically to determine the delta (or change). The total change in benchmarks (in total or in combination) divided by the financial resources placed into an economic development program provides the Return on Investment or ROI. This ROI can be calculated in both one-time (fee revenue) and on-going (tax revenue and job counts/spendable income).

1. Total Taxable Sales (Sales Tax Received by City)
2. Total Transient Occupancy Tax (Hotel Taxes Received by City)
3. Total Property Tax Received by City
4. Total Number of Local Jobs (within the Community)
7. Total Number of Building Permits and Associated Fees
8. Total Number of Entitlement Applications and Associated Fees
9. Total Number of Vehicles Using Off-Ramps within Community
10. Reduced Commute Times for Residents
11. Higher Educational Achievement
12. Lower Rates of Poverty/Persons Without Health Insurance
13. Higher Household Median Income

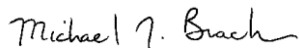


### **23. Next Step: Implementation**

This Economic Development Strategic Plan outlines a holistic approach to developing a vibrant economy for the residents of Imperial that will generate new investment, job creation and resources for which the City can deliver goods and services to the community. As this plan has been vetted and brought before the City Council to consider adoption, DMG, Inc. will work on a quarterly implementation plan that takes into account the highest priorities. Many of the individual steps for implementation have been described within the structure of this document and are easily converted into the specific actions that need to be taken.

### **24. Certification Statement by Development Management Group, Inc.**

I certify that my engagement to prepare this report was not contingent upon developing or reporting predetermined results. The statements of fact contained herein and the substance of this report are based on public records, data provided by the City of Imperial and various sources as described in the reference section of this report. This report reflects my personal, unbiased professional analyses, opinions and conclusions. If any of the underlying assumptions related to this report change after the date of this report (July 2, 2018) then the undersigned reserves the professional privilege to modify the contents and/or conclusions of this report.



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## Appendix A

### List of Persons that Participated in Creation of Strategic Plan (Individual Interviews or Focus Groups)

Mayor Geoff Dale  
Councilman James Tucker  
Councilman Darryl PechtI  
Councilman Robert Amparano  
Tony Ojeda, Ojeda Industries  
Patricia Ojeda, Ojeda Industries  
Dr. Andrew Martino, Imperial Chiropractic  
Kathy Ball, Ball Appraisals  
Tim Gaddis, TWG General Contractors  
Idalia Borquez DMA Realty  
Raul Gonzalez, Fenley Insurance Agency-State Farm  
Aaron Popejoy, Conveyor Group  
Chad Grieve, Pentagonal Brewing  
Johnny Stump, Pentagonal Brewing  
Art Mejoa, Pioneers Medical Hospital  
Robert Brown, Pioneers Medical Hospital  
Steve Escalara, Attorney at Law  
April Robles, Sun Community Credit Union  
Theresa Valenzuela, Sun Community Credit Union  
Erika Aponte, Erickson Hall  
Stefan Chatwin, City Manager  
Leonard Barra, Chief of Police, City of Imperial Police Department  
Jackie Loper, Public Services Director, City of Imperial  
Othon Mora, Community Development Director, City of Imperial  
AJ Gaddis, Administrative Services Director City of Imperial  
Ember Haller, Community Services Department, City of Imperial  
Mario Lun, Captain City of Imperial Police Department  
Alexis Chalupnik, Management Analyst/Public Information Officer City of Imperial