



THE CITY OF SOUTH GATE

A COMPREHENSIVE ECONOMIC
DEVELOPMENT STRATEGY | JUNE 2018



VIBRANT
PEOPLE
— AND —
PLACES



Welcome!

Here in South Gate, we pride ourselves on making it as easy as possible for new businesses to come to South Gate, and for existing businesses to flourish. We make that easy by being accessible. The City Manager, the Community Development Director, and City Staff are all here for you. With about 3,000 businesses already calling South Gate home, we know how to attract business, we know how to make businesses succeed, and we are here to help facilitate your success.

Michael Flad, City Manager

South Gate City Council:

Mayor María Belén Bernal

Vice Mayor Jorge Morales

Council Member Maria Davila

Council Member Denise Diaz

Council Member Al Rios

Contact:

Joe Perez,

Director of Community Development,
City of South Gate, 323.563.9566

www.cityofsouthgate.org

Strategic Advisory Committee:

Evelyn Escotia,

Dean, East LA Community College

Joe Martinez,

Director, HUBCities Workforce Center

Tiffany Rau,

Public Affairs Rep, Andeavor/Marathon Petroleum Co.

Tom Shapiro,

Owner, Trade Supplies

Brad Steinberg,

Owner, PWS The Laundry Company

Michael Flad,

City Manager, City of South Gate

Joe Perez,

Community Development Director, City of South Gate

Marina Urias,

Management Analyst, City of South Gate





TAKING STEPS TO ENSURE ECONOMIC DEVELOPMENT AND GROWTH

In May 2016, the South Gate City Council included in its goals for the 2017-2018 fiscal year a plan to “encourage economic development and workforce development” and, specifically, to “create an economic development planning document and vision for the city.” There are four core areas of focus that guide city leaders towards the development and implementation of a successful economic development plan that will ensure sustainable development and success for current and future residents.



1. Leveraging Opportunity



2. Elevating Community



3. Communicating Successes



4. Evaluating Processes

LEVERAGING OPPORTUNITY

Both residents and city officials of South Gate will leverage existing and potential opportunities for economic growth. Enhancing educational and employment opportunities through the city's proposed Employment Resource Center, attracting new businesses, and pursuing state and federal financial resources will assure that the city remains one full of opportunity for every generation, including millennial and post millennial.

Specific actions the City of South Gate will undertake

Providing assistance to small businesses:

The city will develop and implement a small business development assistance program in conjunction with CALED, SBDC and the Chamber of Commerce. Programs will be offered through the Business Center in the city's Employment Resource Center, which will enable the business community to connect with job seekers and training opportunities. Specifically, programming will focus on educating small business owners on important business skills, developments and techniques, and will be relevant to ongoing economic trends and developing markets. Assistance will be available in English and Spanish, with a particular focus on attracting business not only from residents residing in the City of South Gate, but from surrounding communities (including Spanish-speakers) as well.

Pursuing available state and federal financial resources:

One of the largest incentives available to businesses in California is the California Competes Tax Credit administered by GO-Biz. Eligible businesses can receive a tax credit on new hiring for 6 years. Over \$528 million has been awarded across California in the past 4 years, none of which has come to South Gate. The State has recently extended the Cap-and-Trade program that prioritizes investments in disadvantaged affected communities. These and other tools will be persistently and creatively promoted by the city.

Maintaining an investment map:

The city is seeing a lot of investment in the community, as illustrated on the map shown later in this report. The city will maintain and showcase this map of opportunities and city improvements to help identify and communicate opportunities to investors and developers within the city limits.

Encourage youth opportunity, education and employment:

The City of South Gate will partner with East Los Angeles College to prepare action plans and incentives to encourage youth opportunity, education and employment. Programming will be run by the city's Employment Resource Center and will focus on preparing the youth of South Gate, including millennials and post millennials, for employment in emerging industries, particularly those that will be developed within the city limits. Specific services that will be offered by the Employment Resource Center include college application assistance, job search assistance and training workshops, which will help youth develop skills necessary to enter the workforce.

Top Threats & Opportunities

South Gate is coping with several factors outside of its own control, including:

- 1) Susceptibility of workforce to downturn
- 2) Retail's current transitional period
- 3) Relatively high concentration of employment in very small businesses

Despite these external factors, the City will capitalize on a number of opportunities, including:

- 1) New West Santa Ana Branch Transit Corridor Project, with 3 stations in/near South Gate
- 2) LA River & Urban Orchard improvements
- 3) Expanding college and workforce facilities in City



2 ELEVATING COMMUNITY

Residents and city officials will make a concerted effort to assure that economic growth remains in line with community aspirations and goals. The City of South Gate will not develop too quickly so as to upset or displace existing residents and communities, but rather, will seek strategies that assure equity and sustainability.

Specific actions the City of South Gate will undertake to ensure that such goals are met include:

Maintaining housing supply:

Displacement can pose a real and serious threat to existing residents as a city adopts and implements economic development strategies. The City of South Gate will be particularly sensitive to this issue and make a concerted effort to assure that existing residents are not forcefully or economically coerced from leaving their community against their wishes. Specifically, the city will maintain an adequate supply of affordable and market rate housing stock and availability, as well as prepare and update housing plans when necessary for all generations, including millennial and post millennial.

Encouraging discussion of displacement threats:

The City of South Gate will encourage discussion of potential threats of displacement (if any) during economic development meetings with residents and local business owners, and take meaningful action when and if necessary. Meaningful action may include assuring adequate legal resources and education related to tenant and property rights are available to residents and business owners, assuring the development of affordable housing, promoting inclusionary zoning, employer-assisted housing, and more.





South Gate employment (2014):

- Manufacturing 37%
- Warehousing 12%
- Retail Trade 11%
- All Others 40%

Unemployment Rate 5.6%

Median Age: 30.2

Owners/Renters: 45/55

Renters Spending More Than 30% of Income on Housing: 66%

Household Size: 4.4 Owners, 3.8 Renters



Creating incentives for businesses to hire graduates from local youth programs:

The City of South Gate will brainstorm and develop with the business community an incentive package to hire graduates from local youth programs, such as discounted business licenses, advertising, or other tools. Such efforts will promote local hiring and employment, while also boosting business.

Sponsoring mentorship opportunities:

The City of South Gate will sponsor

mentorship opportunities that pair local or nearby business owners with South Gate youth. Such efforts will promote local hiring and employment, while providing employment training opportunities as well.

Promoting the city's façade improvement program:

Though the City of South Gate has recently implemented a façade improvement program with local businesses, it will continue to promote this program in order to improve community aesthetics and to preserve historic signage when available.

Seeking community benefit agreements:

The City of South Gate will seek appropriate community benefit agreements with developers that seek financial or administrative assistance with their projects (including investments in housing and infrastructure). Community benefit agreements are an effective tool to increase investment in cities in the absence of redevelopment, and will be fair and targeted to affected neighborhoods and commercial districts.



COMMUNICATING SUCCESES

The City of South Gate will communicate and highlight its successes in economic growth and development with potential investors, developers and neighboring communities.

Specific actions the City of South Gate will undertake include:

Hosting events to bring investors and developers to South Gate:

The City of South Gate will focus on hosting 1-3 meaningful, high-impact events per year to bring investors and developers to South Gate and create excitement for economic growth opportunities. Events will be appealing to investors and developers, and may include hosting speakers, offering workshops and more. Furthermore, events will highlight South Gate's efforts to enhance economic growth, as well as success stories and recent infrastructure improvements.

Marketing South Gate's economic potential to investors:

The City of South Gate will design and promote a print, web and media campaign targeted towards investors and developers to highlight the community and character of South Gate. This campaign will be updated periodically and refer to ongoing events, statistics and success stories.

Showcasing youth programs:

The City of South Gate will provide regular reports of updates in its youth program to City Council and the broker community, as well as updating web and print media as necessary. Such efforts will highlight success stories and attract investors.

Marketing South Gate to visitors from neighboring communities:

The City of South Gate will host 3-5 yearly city-sponsored events that will focus on showcasing the community's improvements and pride to surrounding neighborhoods and communities. Events will focus on promoting the arts, health and safety of residents, and will appeal to different ages and demographics. Furthermore, events will be promoted throughout neighboring communities in English and Spanish to showcase South Gate as a strong and attractive community, which will attract visitors.

Communicating economic development efforts to local residents and business owners:

The City of South Gate will design and distribute print, web and social media in English and Spanish to communicate economic development projects with residents and business owners. This information will generally be positive and easy to understand, for all generations, including millennial and post millennial, generating pride and community cohesion.



2018-2019 OPPORTUNITIES AND INVESTMENT PROJECTS

The City benefits from having a wide range of financial, educational, and strategic partners locally committed to advancing employment, entrepreneurship, business development and attraction efforts in the City. If you or someone you know is looking to add job skills, find employees, get attractive financing, increase trade with other regions, or other activities to find business success in South Gate, please reach out to our team and let them know you want to flourish in South Gate.

Our Economic Development Partners:

GO-Biz - State's contact for economic development and job creation efforts

www.business.ca.gov
877-345-4633

LAEDC - Strategic partner for LA region

www.laedc.org
213-622-4300

HUBCities - Workforce development resource

www.hubcities.org
323-586-4700

South Gate Chamber of Commerce - Local business resource

www.southgatecc.org
323-567-1203

Long Beach SBDC - Small business assistance programs

www.longbeachsbdc.org
562-938-5100

SCORE - Free business mentoring

www.score.org
800-634-0245



EVALUATING PROCESSES

The City of South Gate will undertake periodic evaluation processes to ensure that economic development efforts are successful.

Specific actions the City of South Gate will undertake include:

1. Annual evaluations with the City Council and the Chamber of Commerce:

The City of South Gate will undertake annual evaluations with the City Council and the Chamber of Commerce to ensure that economic development strategies are successful. Appropriate remedial actions will be taken when necessary in order to assure that plans and strategies do not stray off course.

2. Gaining input from residents:

The City of South Gate will regularly use city social media, billing mailers, and events to gain input into the current economic development priorities from residents and the business community. The city will share results online with the community (e.g. “what you said and what we did”) and with City Council to improve transparency.

3. Evaluating how the city’s organizational structure and operations respond to the launch of economic development strategy:

The City of South Gate will bi-annually evaluate how its organizational structure and operations respond to the launch of the city’s economic development strategy. Specific actions will be taken when the city’s organizational structure and operations are negatively affected by its economic development efforts.

4. Maintaining a strong understanding of larger macroeconomic trends affecting South Gate and its neighboring communities, with a particular focus on potential opportunities and emerging industries:

The City of South Gate will maintain a strong understanding of potential opportunities and emerging industries that may prove to be beneficial to the South Gate community and its plans for continued economic growth. A report outlining such trends, and updated at least once a year, will provide the city with such information.

5. Focus on fiscal resilience:

The City of South Gate will focus on ensuring fiscal resilience for its residents—economic growth that remains steady among a diverse group of industries. Fiscal resilience will ensure long-term economic success and community viability.



Top Weaknesses & Strengths:

In collaboration with local and state partners, South Gate's focus is on addressing these issues:

- 1) Limited tools and resources for needed incentives
- 2) Historically low level of educational attainment
- 3) Few vacant sites ready for development

South Gate can leverage its many strengths to succeed in the near future, including:

- 1) Successful and desirable shopping areas
- 2) Central location to major job centers
- 3) Forward-thinking land use policies

SOUTH GATE

BY THE NUMBERS:

2,982,597
SQUARE FEET OF
RETAIL SPACE

97,106
FULL TIME
RESIDENTS

95.3% OF THE POPULATION
IS HISPANIC

55% OF RESIDENTS HAVE A HIGH SCHOOL DEGREE OR HIGHER

MEDIAN HOUSEHOLD INCOME OF \$43,793

11% OF RESIDENTS
ARE ENTREPRENEURS

8,998,020
SQ FEET OF
INDUSTRIAL
SPACE

65.9% OF RENTERS ARE PAYING
MORE THAN 30% OF THEIR INCOME TO RENT

1% INDUSTRIAL
SPACE
VACANCY RATE

THE HEART
OF A REGION WITH
7.2 MILLION
PEOPLE

43.1% OF POPULATION
IS FOREIGN BORN

AN EYE ON TODAY & TOMORROW

"South Gate has a great balance of representing both their business and their constituents' - throughout the whole process, they were quick and timely in their review of plans... I would say we have had a great relationship ever since... They treat business like it's a small town. They are vested in your success and that's something you do not see from a lot of cities"

- Brad Steinberg, Co-President of PWS, The Laundry Company



For more information or inquiries, Joe Perez, Director of Community Development, City of South Gate, 323.563.9566