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**RIVERSIDE
ECONOMIC DEVELOPMENT STRATEGY
FRAMEWORK**

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CITY/REGIONAL OVERVIEW – “Why Riverside”

- Centrally located to all southern California markets
- County seat of Riverside County
- Inland Empire is fastest growing region in California +\$200 billion GDP
- Riverside is 12th largest city with over 317,000 population
- Home to 4 colleges and universities with over 58,000 students
- Modern infrastructure, high speed internet and low cost electric and water utilities
- Home to a bustling Foreign Trade Zone (1-2 hour access to three major ports and four major airports)

This strategic location, skilled workforce and business friendly staff make Riverside ideal place to locate/expand your business

ECONOMIC DEVELOPMENT STRATEGY

The City of Riverside (“City”) is embarking on a significant Economic Development Strategy (“EDS”) process and has retained Kosmont Companies (“Kosmont”) to assist in providing a Framework utilizing Kosmont’s extensive experience with EDS, combined with a thorough review of the City’s previous economic planning efforts including:

1. “Seizing our Destiny” (2009)
2. “Poised for Prosperity” (2014)
3. “Envision Riverside 2025” (2020)
4. “Our Priorities” and “ED Draft Vision” (2023)

These documents have presented an extensive list of themes, strategies, aspirations, goals, priorities and implementation principals to guide the City leaders. While dozens of ideas have been presented, Kosmont believes there is a common thread between these various documents to provide a synthesized Framework for an updated EDS as outlined below.

This Framework is designed to be utilized by a diverse audience of City leaders, technical staff, business owners/organizations and community groups.

Civic Leaders - Vision/Goals

City Staff - Action Items/Responsibilities

Business Leaders - Economic Development Strategies, Investment? Opportunities?

Community Groups – Quality of Life Activities

RIVERSIDE ECONOMIC DEVELOPMENT FRAMEWORK

VISION

For a healthy balanced community, there are several core values that the community needs

Workforce Training

Quality of Life to Retain Workers

Job Retention and Creation

Regional Partnerships

1. Attract Innovative Business Sectors
2. Workforce Development
3. Local Business Growth
4. Equity Opportunities

Welcoming Business Climate

Public Private Partnerships

FIVE PILLARS

The Mayor's 2023 Draft Economic Development Vision identified five major economic pillars that provide excellent opportunities for economic growth among a wide range of community strengths and economic sectors including

- Green Technology
- Medical
- Aerospace
- Arts & Tourism
- General Tech

The City should cooperate with local academic/research (e.g. UCR ExCite, EPIC SBDC, CE-CERT, LACI), financial institutions, utility providers, regional partnerships (Inland Empire Economic Partnership - "IEEP" and Inland Economic Growth & Opportunity - "IEGO"), and civic/philanthropic organizations to help develop stronger clusters. These cluster can spur more private investment, regional economic growth and quality job creation.

The City's creation of a new 3 square mile Innovation District on the eastside of downtown and adjacent to Hunter Industrial Park and UCR offering a 24/7 active environment for live, work and play. There are 23,000 residents and 1,700 businesses, with the potential to add thousands of new jobs.

Because there is limited City level employment data for specialized industries, Kosmont researched State, SoCal and Riverside County employment and GDP data for these industries to demonstrate the size and growth potential to show the importance of these industries future growth potential.

Green Tech Industry (aka Clean Tech)

- Green Tech industry has substantial State and Federal support. The 2022 Inflation Reduction Act identifies \$369 billion to energy security and climate change, including \$30 billion in tax incentives for solar and wind production
- The State Senate passed bills targeting +95% clean energy by 2045 and the Air Resources Board banned sale of new gas-powered motor vehicles after 2035.(In 2022 ~10% of all new car registrations were electric vehicles)

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- According to Los Angeles Clean Tech Incubator (“LACI”) there are over 330,000 clean tech jobs in Los Angeles County with a goal to grow to 600,000 jobs by 2050
- Green jobs offer high pay/benefits, upward mobility most not requiring college degrees
- Riverside County is estimated to have over 5,000 jobs with average salary of \$76,000
- California Air Resources Board (“CARB”) is building a 380,000 SF southern California Headquarters building and research lab within the City’s new Innovation District, which is home to historic citrus packing houses and other vacant buildings
- SolarMax Technology occupies a former 1920’s Food Machinery Corp building

Medical Industry

- The medical industry is one of the largest segments of the U.S. economy
- Medical services represents 18% of total U.S. GDP – and it grew 9% last year
- 10 year growth projection shows 5.4% in medical outpacing the projected 4% for GDP
- With an aging population, demand is likely to increase faster, the +65 age group for County population grew by 200,000 in the past decade (~ 50% growth) and is projected to grow by another 80,000 in next 5 years (~15%)
- Senior citizens spend +\$22,000 per year(for medical care?), vs \$5,000-6,000 for the average of all other age groups
- Riverside County has over 130,000 jobs in medical fields (12% of County total) generating over \$8 billion in wages and \$14 billion in economic activity
- Kaiser Permanent is a major service provider in the market?
- Perceived challenge in attracting and retaining top quality medical talent

An important subsector of the medical field is biotechnology.

- With the advances in of artificial intelligence, personalized medicine, and DNA sequencing - substantial growth is expected for the next decade according to Grand View Research
- According to Biocom California, the greater LA area biotech industry yields \$40 billion in economic output and has seen +10% annual growth
- 40% of the output is research and testing
- In 2022, it employed 97,000 jobs and paid \$9 billion in wages
- The Inland Empire is a small subset with approx. 300 establishments, generating \$2.4 billion in economic output (6%)
- Opportunity to expand clinical trials with the work of UCR and others in the region

Aerospace Manufacturing/Service

- Aerospace is a \$60 billion industry in California
- California is home to three major NASA research centers (Jet Propulsion Laboratory, Ames Research Center and Armstrong Flight Research)
- California is also home to three of the most prestigious university aerospace engineering programs (Cal Tech, Stanford and UCLA) according to U.S. News and World Report
- In Riverside County there are over 1,150 employees in aerospace with average earning of \$75,000 per year. This represents approximately 1% of the Statewide employment.
- The dominant subsector in Riverside is auxiliary equipment manufacturing
- March Air Reserve Base, Riverside Municipal Airport are significant assets in aerospace field and Ontario International is the fastest growing airport in the US up 33% since 2016
- Collins Aerospace & Prism Aerospace are significant manufacturers in sheet metal forming and integrated structural systems

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- Electric Aircraft is newly emerging subsector with the first passenger flight occurring in 2022. By 2028 first 50-seat plane is expected to be placed in service
- Electric planes offer opportunity to substantially reduce fuel costs which represents >50% of airline operating costs - Can be a boon to providing service to smaller short haul regional airports

Arts & Tourism Industry

- Tourism is an important industry for the California economy and local tax revenue generation
- The three major components are Accommodations (hospitality?), Food & Beverage, and Arts/Culture
- With \$130 billion in travel related spending, it represents 2.5% of California GDP
- Wages paid to workers are almost \$40 billion
- State studies indicate that it generates almost \$12 billion in state and local taxes
- Inland Empire (excluding Coachella Valley) captures about 5% of the State spending.
- Tourism generates over \$200 million in local taxes and employs about 67,000 workers with \$2.2 billion in wages (Average \$35,000 per year)
- Riverside is home to many attractions
 - Mission Inn and Museum
 - March Air Field Museum
 - Museum of Photography
 - Riverside Art Museum
 - International Automotive Museum
 - UCR Botanical Gardens
 - Holiday Festival of Lights
 - Old Riverside Foundation historic tours
 - Citrus Park
 - Dosan
 - Freedom Walk

General Tech

- Technology is a \$500 billion industry in California employing 1.3 million people
- Riverside County has approximately 22,000 employees in these fields, earning an average of \$70,000 per year
- Major subsectors include:
 - Information technology
 - Software development
 - Nanotechnology research
 - Environmental technology
 - Engineering and architectural services
 - Research and development and testing services
 - Agricultural research
- Prominent companies in Riverside include
 - Bourns Engineering
 - I/O Software
 - Centrum Analytic labs
 - Luminix Software
 - Konica Minolta

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ED STRATEGY FORMAT

The following is a recommended outline of the EDS document.

- A. Define Overall Vision to build Civic, Business and Community Support. (e.g. City of Arts and innovation)
 - “Seizing Our Destiny” identified the following aspirations for the City
 - A hub of the global economy that celebrates its history and forward growth for a great diversity of people by creating a culture of arts that is advanced through a world class education in new technologies in a clean safe vibrant city center
 - Champion a thriving, enduring economy that provides opportunity for all.

- B. Current Economic Conditions / Asset Inventory
 - a. Need to understand historic trends in economic activity (jobs, bldg. permits, tax revenues) by major sector (retail, office, industrial, hospitality, other)
 - b. Understand development potential for under developed land examine zoning
 - c. Prioritize infrastructure needs to socio-economic objectives
 - d. Industry analysis – see below

RIVERSIDE COUNTY INDUSTRY COMPARISON						
-	Industry	County 2022 Employment	5-Year Growth (%)	10-Year Growth (%)	Location Quotient	Average Wage
	Construction	74,300	19.5	107.0	1.78	\$ 67,500
	Manufacturing	45,000	4.9	14.2	0.74	\$ 63,670
	Trade, Transportation, and Utilities	197,700	24.4	60.6	1.38	\$ 52,900
	Wholesale Trade	27,200	13.8	31.4	0.89	\$ 74,504
	Retail Trade	92,400	-0.3	13.5	1.25	\$ 42,380
	Transport, Warehousing, and Utilities	78,000	84.0	271.4	2.01	\$ 54,321
	Information	5,200	-14.8	-18.8	0.19	\$ 68,650
	Financial Activities	22,500	3.2	16.6	0.58	\$ 72,497
	Finance and Insurance	11,500	-3.4	1.8	0.47	\$ 82,846
	Real Estate and Rental and Leasing	11,000	11.1	37.5	0.79	\$ 61,604
	Professional and Business Services	79,800	19.8	47.8	0.61	\$ 54,355
	Professional, Scientific, Technical Svcs	22,200	14.4	29.1	0.34	\$ 75,136
	Mgmt of Companies	3,800	58.3	35.7	0.33	\$ 99,127
	Waste Management Remediation Servi	53,900	20.6	58.5	0.99	\$ 42,249
	Private Education and Health Services	130,800	22.2	65.8	0.97	\$ 51,639
	Private Educational Services	9,100	11.0	42.2	0.52	\$ 48,748
	Health Care and Social Assistance	121,700	23.2	67.6	1.04	\$ 53,217
	Leisure and Hospitality	100,300	10.0	38.7	1.14	\$ 32,863
	Arts, Entertainment, and Recreation	12,900	11.2	33.0	0.91	\$ 39,654
	Accommodation and Food Services	87,400	9.8	39.6	1.18	\$ 31,745
	Other Services	23,800	5.3	24.0	0.92	\$ 44,530
	Government	128,700	1.8	14.8	1.11	
	Total Nonfarm	808,500				

It is important to understand which industries are a) large, b) growing fast, c) important cluster LQ, d) high wages. This will enable City to prioritize areas for investment.

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- C. Values/Guiding Principles
 - a. City Financial Stability – requires ...
 - b. Diversity, Equity and Inclusion – requires ...
 - c. Environmental Stewardship - requires ...
 - d. Community Trust – requires broad participation in planning process
 - e. Business Friendly Environment – requires...
 - f. Workforce Development – requires ...
 - g. Quality of Life / Education – requires ...

- D. Core Objectives
 - a. Create a stable City financial plan to help prioritize action items (“2023 Draft Vision”):
 - b. Identify new funding sources/Economic Development tools/strategies
 - c. Revitalize Riverside using mindful growth (“Poised for Prosperity”)
 - d. Encourage sustainability - (“Poised for Prosperity”)
 - e. More Open Space/Recreation – Reconnect to River (“2023 Draft Vision”)
 - f. Build economic clusters on Five Economic Pillars:
 - i. Green Tech
 - ii. Medical
 - iii. Aerospace
 - iv. Arts & Tourism
 - v. General Tech
 - g. How to build quality workforce – identify talent gaps - educate / train / retain workers (“2023 Draft Vision”)
 - h. Challenges to Quality of Life – address environmental issues, homelessness, poverty, equity (“2023 Draft Vision”)
 - i. Tell the Story – need to develop social media campaign, interactive website and other marketing materials to promote the City achievements throughout the region (“Seizing our Destiny”)

- E. Need Strategies to achieve each of the Core Objectives
 - a. Financial Stability
 - i. Attract more / appropriate retail / business / customers (e.g., utilize Placer.ai tool)
 - ii. Sales Tax Assessment Revenue (STAR*®) (Kosmont tool)
 - iii. Evaluate Opportunity Sites to focus investment
 - b. Citywide Revitalization
 - i. More festivals (around the City throughout the year)
 - ii. Street closures, parklets
 - iii. Business retention and attraction / Permit streamlining
 - iv. Reimagining the Armory, possible blended use projects
 - c. Open Space
 - i. Use of Development Agreements to fund key improvements
 - ii. Funding strategies
 - d. Economic Pillars
 - i. Understand site and infrastructure needs for each industry subset
 - ii. Job training / incubators / accelerators

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- iii. Private Sector venture capital
- iv. Streamline permitting / CUP processing / adjust zoning
- e. Workforce Development
 - i. Form industry task forces with business and educational leaders to identify needs, challenges and opportunities
 - ii. Work with schools/industry identify specialized classes/degrees
 - iii. Apprenticeship programs
 - iv. UCR EPIC Oasis Accelerator
 - v. UCR ExCITE entrepreneurship program
- f. Quality of Life
 - i. Regional Homeless Summit
 - ii. Upgrade IT Systems / 100% web access for community
 - iii. City staff training / increase bandwidth
- F. Develop metrics for baseline existing conditions and measure success of strategies
 - i. Define economic geo-zones to collect data by geographic area
 - ii. Collect annual data on change in employment, tax revenues, assessed value
 - iii. Track new development (retail/office/industrial/hospitality)
 - iv. Survey of businesses to identify problems and improve attraction / retention
- G. Implementation Plan (Time Frame / Required Investment / Responsibility)
 - a. Immediate actions
 - a. Near term actions
 - b. Long term actions

NEXT STEPS - RECOMMENDED EDS PROCESS

The ultimate City EDS will be based on a clear vision, mission, and goals reflecting the unique strengths, challenges, and opportunities of the City. The vision will articulate the desired future state of the City's economy. The mission will define the purpose of the strategy, and the goals specify the measurable outcomes and indicators of success.

The EDS is informed by a comprehensive analysis of the City's current economic situation, including its available financial and physical assets, challenges, regional trends, and economic drivers. The City will want to understand what role key assets such as March ARB, RCTC/Metrolink/Amtrak and UCR play in the regional economy and how to leverage them.

The EDS will be coordinated with other relevant stakeholders and partners, such as regional, state, and federal authorities, private sector, academia, civil, social, and community groups. The themes or areas are based on the City's competitive advantages, market opportunities, and strategic priorities. The EDS has concrete implementation actions aligned with the themes. The actions are realistic, financially feasible, and scalable. The implementation plan will include a budget to guide short term and long term investments.

The actions and budget should be monitored and evaluated regularly to track progress and performance. The EDS needs to be flexible and adaptable to changing circumstances and emerging challenges.