

2009 Annual Review
of the
Strategic Plan for Fiscal and Economic Sustainability

Goal 1 – The City shall facilitate the revitalization of older commercial areas.

Objective 1.1: Improve business mix

Action Steps 1, 2, and 3: The City hired Buxton Community ID. They completed trade area and market studies of both Balboa Village and Lido/Cannery/McFadden. They provided a list of potential business matches and created Recruitment Packages for business. The Balboa Village BID was involved in selecting the “top” retail picks for its area. Buxton sent out letters of introduction on behalf of City this year. Staff is starting to make contact and set up meetings. The Economic Development Administrator will be attending ICSC in May to pursue leads.

Action Step 4: No progress due to staff vacancies and late start on Action Steps 1, 2 and 3. [Begin FY 2009/2010]

Objective 1.2: Mixed use development

Action Step 1: The Zoning Code Update is progressing and hearings before the Planning Commission should begin in September. The revisions to the Zoning Code include flexible regulations for mixed-use development. The Coastal Commission has approved most amendments to the Coastal Land Use Plan that would allow mixed-use development. City Council approval of Commission modifications to the City’s amendment request is pending.

Objective 1.3: Parking Facilities

Action Steps 1 and 2: The City hired Walker Parking Consultants to perform parking studies of five older commercial areas and to review the parking portion of the Zoning Code update. Walker has completed its review of the Zoning Code parking regulations, and three of the geographical area studies – Corona del Mar, Balboa Island and Mariner’s Mile. These reports will be presented to the City Council at study sessions in June. The Balboa Village report is in progress and Walker has not yet started on Lido/Cannery/McFadden.

Action Step 3: Implementation of recommendations will be considered after City Council review and approval of recommendations.

Objective 1.4: Business Association Liaison

Action Steps 1 and 2: The City has continued to work with the BIDs and Mariners' Mile Business Owners Association. A Tourism BID that includes six hotels was formed at the request of the hotels. New By-laws have been drafted and adopted by Marine Avenue and are in the process of being reviewed by Balboa Village. The Restaurant BID is sponsoring two Restaurant Weeks in 2009. In 2008, the City audited the BID Administrator under contract to the City. Also, staff worked with the BID Administrator to create a new collections procedure that is in process this year to reduce the amount of outstanding assessments.

Objective 1.5: Campus Tract

Action Step 1: The draft Zoning Code establishes a new zoning district for the Campus Tract to implement General Plan policies that allow auto sales and rental car uses. The City Council approved a sales tax sharing agreement with European Motorcars prior to its expansion and move from Mariners Mile to the Campus Tract. Council also approved a zoning overlay to enable Avis to expand operations.

Goal 2: The City shall support business efforts to optimize retail sales capture.

Objective 2.1: Commercial zoning

Action Step 1: The Economic Development staff is assisting in the development of the new Zoning Code. Public hearings before the Planning Commission should begin in September. More flexibility has been introduced into the sections dealing with eating and drinking establishments and parking requirements.

Objective 2.2: Newport Center

Action Steps 1 and 2: The North Newport Center Planned Community was adopted to implement General Plan policies allowing for additional retail development in Fashion Island. Staff is facilitating development of the Nordstrom store, scheduled to open in March 2010. New tenants have opened or are scheduled to open, although the economic downturn has also resulted in four stores closing. Economic Development staff will be available to support Irvine Company staff in recruiting new tenants at the International Council of Shopping Centers (ICSC) conference in May.

Objective 2.3: Airport Area

Action Step 1: As noted in Objective 1.5, the City assisted with the expansion and relocation of auto sales and rental businesses. Staff is working with Koll and Conexant in connection with their applications for residential and mixed use development as

provided in the General Plan. The Planning Commission has acted on a conceptual plan for these properties.

Objective 2.4: Auto Sales

Action Step 1: Staff regularly works with brokers looking for sites in Newport Beach, and directs them to the Airport Area. The City entered into a sales tax sharing agreement with Newport European Motorcars to expand and relocate its facility in the Airport Area. The existing sales tax sharing agreement with Newport Lexus is nearing conclusion.

Objective 2.5: Performance Indicators (retail and sales tax)

Action Step 1: The Revenue Division tracks retail sales tax data. Economic Development staff has not reviewed the effectiveness of existing reporting tools due to staff vacancies and late start on other objectives. Four meetings of the EDC in 2008-09 focused on retail performance. At two meetings the geographic representatives on the EDC presented information on how each commercial area was faring. The Director of Administrative Services and Revenue Manager made two reports to the EDC as well as the City Council on the impacts of the current economic situation on property, sales and transient occupancy tax revenue.

Goal 3: The City shall facilitate the development, attraction and retention of a variety of businesses that strengthen the vitality of the local economy, particularly businesses that capitalize on market and demographic changes and opportunities that emerge in key economic centers.

Objective 3.1: Master Plan for West Newport Mesa Area

Hoag Hospital relocation of development potential was approved last year. However, due to economic conditions, Hoag has delayed implementation of major portions of its planned development. Master planning for the rest of the surrounding area has not begun.

Objective 3.2: Flexible Zoning

Action Steps 1 and 2: ED staff has attended pertinent General Plan Implementation Committee meetings in support of restaurant uses, mixed uses, parking, signs etc.

Objective 3.3: Business Assistance Clearing House

Action Step 1: The City has hired a consultant, who is updating the City website. When this is complete, the Economic Development page will also be updated.

Action Step 2: The City has contracted with CoStar since 2007. Staff has used the information to assist in selecting which leads provided by Buxton (Objective 1.1) to pursue, to provide potential sites to other potential businesses that have contacted staff, and to provide the City Council with information on commercial vacancies.

Action Step 3: There has not been a demonstrated demand for a standard informational package. Economic Development staff has provided information and support to almost a dozen businesses interested in Newport Beach locations or applying for land use or building permits.

Objective 3.4: Leading Indicators

Action Step 1: Rather than hiring a firm to prepare a study that could not keep up with the current volatile trends, staff has been taking advantage of free economic outlook seminars and webinars from CoStar and Buxton to keep current on real estate and retail trends. Staff also attended the OCBC Economic Forecast Program presented by CSU Fullerton. Staff also used these resources to report to the City Council on economic indicators.

Objective 3.5: Program targets reporting

Action Steps 1 and 2: This is the first annual report. The Strategic Plan timeline was updated a year ago in lieu of an annual report since there had not been any staff in place to make progress.

Objective 3.6: Fiscal Impact Model

Action Steps 1, 2, & 3: The fiscal impact model has not been updated, nor have procedures for its use been established. Staff has found that few development proposals have warranted fiscal impact analysis, and it may be more appropriate to update and use the fiscal impact model on an “as needed” basis.

Objective 3.7: Economic Development Policy

Action Steps 1, 2, and 3: EDC formed a subcommittee to review and make recommendation to the City Council on updating their Economic Development Policy. The full EDC approved the draft Economic Development Policy update and forwarded it to the Council for action. The City Council approved the recommended Policy update on June 10, 2008. Staff supported the EDC in updating the City Council’s Economic Development Policy.

Objective 3.8: Economic Development Committee Structure

Action Steps 1, 2, and 3: EDC appointed a sub-committee to draft revisions to the resolution establishing EDC and made recommendations to the City Council in connection with those revisions. The City Council adopted the EDC's recommendation and revised the resolution concerning EDC.

Goal 4: The City shall facilitate an economically viable concentration of marine uses, and enhance the maritime viability of Newport Harbor.

Objective 4.1: Water-Dependent Marine Businesses

Action Step 1: The draft Zoning Code is being written to balance the need to maintain water dependent uses and to allow other uses that are permitted by the General Plan Land Use Policies.

Objective 4.2: Non-Water-Dependent Marine Businesses

Action Step 1: Economic Development staff reviewed reports to the General Plan Implementation Committee concerning incentives that could be included in the updated Zoning Code to facilitate the preservation and relocation of marine businesses. No incentives were found to be feasible under the limitations of the General Plan and Charter Section 423.

Objective 4.3: Dredging Lower Newport Bay

Action Steps 1 and 2: A plan is being developed and funds are being sought. Testing for toxic substances has already begun on the lower bay to determine how to dispose of the material to be removed. The City has budgeted \$400,000 for this process and will be committing an additional \$200,000 to complete testing and to develop a confined aquatic disposal (CAB) site in the harbor. The Army Corps of Engineers is receiving \$17.3 million in stimulus funds to complete dredging of the upper bay, which should increase our ability to secure funds for the lower bay.

Objective 4.4: Regulatory Compliance

The fees and permitting process for water uses and moorings are being reviewed by the Finance Committee and the Harbor Commission. The Coastal/Bay Water Quality Committee and the Coastal/Bay Use subcommittee continue to monitor water quality. A ban on use of expanded polystyrene food containers by restaurants in Newport Beach goes into effect on June 1, 2009 in hopes of decreasing trash on the beach and in the ocean. The City has been negotiating with the National Marine Fisheries seeking permission for the City to regulate eel grass. As part of that regulation the City is also seeking permission to develop an eel grass mitigation bank that may be used by residents to meet their preservation obligation.

Objective 4.5: Water Transportation Services

Action Steps 1 and 2: The EDC has forwarded to City Council a proposal to create a Committee of Interested Individuals to Investigate a Summer Water Taxi Service.

Goal 5: The City will enhance the boating services of Newport Harbor.

Objective 5.1: Additional Guest Boat Slips

Action Step 1: Marina Park has been designed, including an additional twenty-three (23) boat slips. The public review period for the EIR on this project concluded on April 13, 2009.

Objective 5.2: Develop Additional Capacity to Tie Up Small Boats

Action Step 1: See Action Step 1 under Objective 5.1.

Action Step 2: The Rhine Wharf project has permits, the design is being refined and the project will go out to bid in late summer of 2009.

Action Step 3: Harbor Resources staff is close to submitting permit applications for Fernando Street, 15th Street and 19th Street public docks.

Objective 5.3: Dinghy Docking

Action Step 1: Staff reviews dinghy docking regulations annually.

Objective 5.4: Policy on Visiting Boaters

Action Steps 1, 2, 3 and 4: See Objectives 5.1, 5.2, and 5.3.

The City, in conjunction with Department of Boating and Waterways, amended the Municipal Code to limit long-term anchorage off of Big Corona Beach, in response to problems caused by non-seaworthy vessels leaking sewage during prolonged stays and/or being washed ashore and breaking up on the beach.

Goal 6: The City shall support the careful expansion of visitor-serving businesses and facilities.

Objective 6.1: Small Scale Lodging

Action Steps 1, 2 and 3: These items have not commenced formally. Staff believes that the primary barrier to bed and breakfast inns is Newport Beach's lack of residential properties that are large enough and have sufficient parking.

Objective 6.2: Vacation Rentals

Action Steps 1 and 2: The EDC received a comprehensive report on the short-term rental industry in Newport Beach from Burr White, the City's largest short-term rental property manager. Code revisions and development of a "Seal of Approval" program are still pending. A Good Neighbor Policy including decals with owner contact information was developed and put into operation beginning with the summer of 2008.

Objective 6.3: Marketing and Promotion

Action Step 1: The City Manager is an ex officio member of the CVB Board of Directors, and three members of the EDC are currently on the CVB board.

Action Step 2: The City provides financial support to the CVB, with a new five year contract under which the CVB will continue to receive 18% of the TOT. ED staff worked with the CVB to bring to the City Council a proposal to form a Tourism Business Improvement District (TBID), which became effective April 28, 2009.

Action Step 3: The City continues to provide support to annual events including the Newport Beach Film Festival and Restaurant Week.

Objective 6.4: Beach/Bay Activities Promotion

Action Step 1: The EDC developed a proposal for a Special Events Advisory Committee to provide the City Council with an analysis of the return to the community, both tangible and intangible, of City supported events and to create a master calendar of events. The City has made special accommodations for the Orange County Marathon to occur at a different time and on a new route showcasing the beach, and for the Pacific Coast Triathlon to occur in July to accommodate international competition qualifying schedules.

Goal 7: The City will seek to minimize the economic impact of traffic congestion and will take affirmative steps to improve traffic flow.

Objective 7.1: Traffic Control Synchronization

Action steps 1, 2, and 3: The City retained a traffic signal consultant to complete a traffic signal communication master plan and design traffic signal upgrades.

Action Step 4: The traffic light synchronization installation program has begun. Construction of the new Traffic Management Center (TMC) has been completed. The first phase of the Citywide Traffic Signal Modernization project is fully operational and 22 signalized intersections are connected to the TMC. Some intersection and road improvements are occurring at the same time. The goal is to update all of the 117 City-

operated traffic signals. City Council awarded the bid for Phases 2 & 3 on April 14, 2009.

Objective 7.2: Roadway Improvements

Actions Steps 1 and 2: Consultants were retained to update the Fair Share Fee, and their preliminary reports and recommendations were presented to the General Plan/LCP Implementation Committee. The reports are being revised in response to comments from the development community, and will be presented to the GP/LCP Committee when the Committee completes its review of the draft Zoning Code.

Action Step 3: No General Plan improvements have been designed and constructed. However, the North Newport Center Development Agreement includes provisions for funding of improvements in the Newport Center area.

Objective 7.3: Regional Traffic Improvements

Action Step 1: The City has secured Measure M funding for the widening of Jamboree Road from Bristol Street to Fairchild, and design of this project is in progress.

Objective 7.4: Alternative Transportation

Action Steps: A Public Bike Share demonstration is planned for the Balboa Peninsula and OCTA facility in Newport Center for July.

Objective 7.5: Cooperation with Adjacent Cities

Actions Step 1: IBC litigation settlement funds were used to complete a study of traffic impacts from development in that part of Irvine. Additional study is being conducted to explore mitigation solutions.

Action Step 2: Newport Beach participated in OCTA's study of potential improvements to Newport Boulevard between SR 55 and Coast Highway.

Goal 8: The City will administer its development review and permitting processes in an efficient, solution oriented and customer friendly manner.

Objective 8.1: Implement Recommendations of Development Review Evaluation

Action Step 1: Assistant City Manager meets frequently with Directors of Building, Planning and Public Works and Fire Marshal; and interdepartmental task forces have addressed work flow, submittal requirements, technology improvements and training. Economic Development staff act as project facilitators for commercial projects. Permits Plus functionality has been increased to provide more regular reporting to department

managers. All departments use Permits Plus to post plan check corrections. Planning staff is at full complement, and senior staff in the Planning and Building Departments is available at the permit counter at all times. Application submittal requirements have been simplified, clarified and coordinated among departments, and are available on the City website.

Objective 8.2: Enhanced Communication with Applicants

Action Step 1: In addition to on-line information noted in Objective 8.1, communication with applicants has been increased through meetings of management staff with development community representatives to assess City processes, discuss areas for improvement and agree on changes. Building Department has implemented policy of meeting with applicants whenever all plan check corrections have not been resolved after two reviews.

Objective 8.3: Training

Action Step 1: Planning, Building, Harbor Resources, Public Works, General Services and Utilities staff have all participated in Customer Care Initiative training developed specifically for the development review function.

Objective 8.4: Zoning Code Update

Action Step 1: The General Plan Implementation Committee is reviewing a draft of the comprehensive rewrite of the Zoning Code. Economic Development staff provided input in areas such as parking and restaurant regulations. Public hearings before the Planning Commission should begin in September.