

8 ECONOMIC DEVELOPMENT ELEMENT

The Economic Development Element reflects the community's desire to maintain and nurture Chino's diverse economy through the next 20 years. The element seeks to set a policy framework to ensure that Chino stays competitive in the evolving Inland Empire economy, attracts successful and local-serving businesses, provides stable employment opportunities, and contributes to the fiscal vitality of the City. This element contains goals, objectives, policies, and actions to encourage the development of the kinds of business and commercial activities suitable for Chino's quality of life and economic viability, while preserving Chino's small-town character.

The Economic Development Element is not required by State law, but must be consistent with the other elements in the General Plan. The Land Use Element and the Economic Development Element particularly must be consistent in the allocation of land use designations that match the needs of Chino's growing economy. The purpose of this Element is to identify growing economic sectors, determine how employment demand will generate a need for different land uses, and develop goals, objectives, policies, and actions to ensure land is available for future growth.

This element is divided into five sections.

- ◆ **Economic Conditions.** Describes employment trends, key industries, and projections for the future.
- ◆ **Jobs/Housing Balance.** Describes demographic conditions and how the City's workforce relates to jobs found in the City.
- ◆ **Fiscal Conditions.** Describes the City's budget as it relates to economic development.
- ◆ **Goals, Objectives, Policies, and Actions.** Provides guidance to the City related to economic development.
- ◆ **Indicators.** Provides methods for evaluating progress on implementing the Economic Development Element.

A. Economic Conditions¹

This section provides a description of the background economic conditions in Chino, including employment and industrial trends, and an overview of industrial growth.

1. Employment Trends

Chino's economy has changed dramatically in the past 30 years. Once the country's top dairy area, with a high percentage of land dedicated to row and orchard crops, Chino's economy is now centered on manufacturing, wholesale trade, distribution and logistics, and household-serving businesses.

Three trends have most influenced the shift in Chino's economy over the past 30 years:

- ◆ **Residential Expansion of the Greater Los Angeles Region.** Chino experienced a surge in residential development beginning in the mid-1960s. Cropland gave way to new housing as Chino's population tripled between 1970 and 1990. Public employment surged, as did household-serving businesses.
- ◆ **Manufacturing's Flight from Coastal Counties.** Chino's greatest period of economic growth was in the 1990s, when employment doubled. High land prices, competition for land in cities to the west, and access to uncongested highways pushed industrial uses inland.
- ◆ **Expansion of the Ports of Long Beach and Los Angeles, and other Transportation Infrastructure Investments.** The emergence of the Ports of Long Beach and Los Angeles as two of the highest-volume ports in the world fueled strong interest in building large distribution operation in cities like Chino. In addition, improvements to State Highways 60, 71, 91, Interstates 10 and 15, and investments in Ontario Airport have made the Chino area appealing to national distribution companies.

¹ The employment data analysis was completed in 2006 using the most recent data available at that time. In 2006, the latest year that California Employment Development Department data was available for the City of Chino was 2004.

Between 1992 and 2004, Chino's economy nearly doubled in size, adding more than 19,000 jobs. With this growth rate, Chino even outpaced the quickly expanding economies of San Bernardino and Riverside Counties, as shown in Table ED-1.

2. Industry Growth

Chino's economic growth from 1992 to 2004 was driven by continued expansion of its manufacturing sector. Manufacturing firms added over 5,700 new jobs to the Chino economy during that time, accounting for 30 percent of the City's employment growth. The construction sector, business and professional services sector, and transportation and warehousing sector all grew over this period as well. Retail employment growth was slower in Chino than in other parts of San Bernardino and Riverside Counties. This decline in retail employment growth likely reflects the shift in Chino's growth from housing development to employment-related expansion. When most of Chino's growth was in housing, this drove a related expansion in industries that support households. But, as this growth has leveled off, the need for new stores and personal services has also leveled off, or even declined slightly.

3. Chino's Economy Today

The trends outlined above have transformed Chino's economy into one that is highly competitive, rapidly growing and tied into a regional economy that is generally strong. These conditions are moderated by the current economic downturn, but are expected to return along with the resurgence of the national economy. While Manufacturing, Wholesale Trade, Distribution and Logistics, Construction, and Retail Businesses now form the core of the economy, professional, and business-support companies are beginning to emerge as important sectors as well, capturing an increasing share of educated workers living in the Inland Empire.

In 2004, Chino's economy provided more than 38,000 jobs.² As shown in Figure ED-1, manufacturing firms accounted for the largest percentage of

² California Employment Development Department (EDD), 2004. Obtaining an exact job total is difficult, since EDD reports job figures by zip code rather than

TABLE ED-1 **COMPARING CHINO’S ECONOMIC GROWTH TO THE FOUR-COUNTY REGION (1992-2004)**

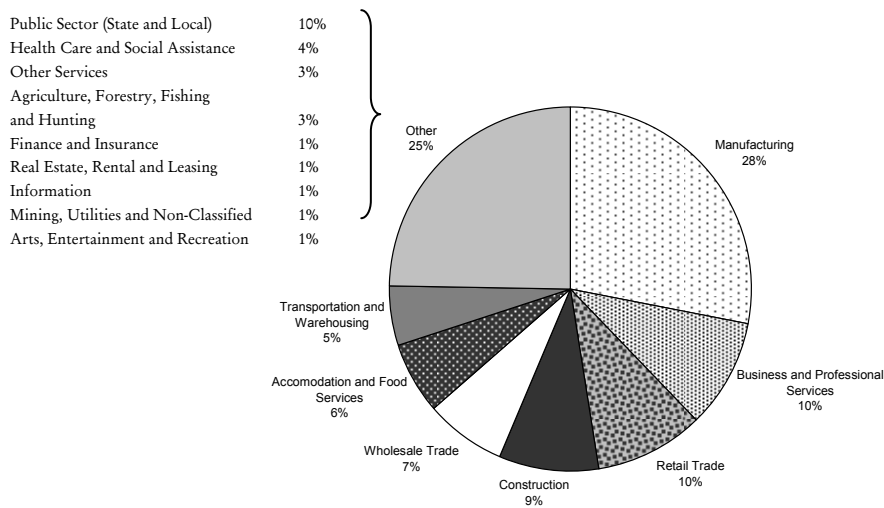
	1992 Number of Jobs	2004 Number of Jobs	Percent Growth Over 12 Years	Average Annual Growth Rate
Chino	20,044	39,121	95%	5.7%
San Bernardino County	425,700	613,700	44%	3.1%
Riverside County	325,800	565,000	73%	4.7%
Orange County	1,133,200	1,463,400	29%	2.2%
Los Angeles County	3,813,600	4,004,100	5%	0.4%

Sources: EDD, *Employment in Zip Code 91710 for Years 1992, 1998, 2002 and 2004*; Strategic Economics, 2006.

City employment. Manufacturing firms are among the largest private employers, with five firms among the City’s top ten. Wholesale trade businesses and transportation and warehousing companies, which often have similar “logistics” roles in Chino, form the second largest block of industries when the two categories are combined. Public sector employment, while categorized as “other,” accounts for 10 percent of all City jobs. This sector is large because it includes Chino’s three correctional facilities as well as the local school system. The Chino Valley Unified School District is the largest single employer in Chino with approximately 1,168 jobs.

by city. In 2004, EDD recorded an annual average of 39,121 jobs in zip code 91710, which closely approximates the City of Chino’s boundaries.

FIGURE ED-1 **BREAKDOWN OF CHINO EMPLOYMENT BY NAICS SECTOR (2004)**



Source: California Employment Development Department (EDD), *Employment in Zip Code 91710 for Years 1992, 1998, 2002 and 2004*; Strategic Economics, 2006.³

4. Future Growth

This section presents projected growth in the near future for Chino’s economic sectors as well as employment projections for the Inland Empire as a whole. The growth patterns of the Inland Empire subregion will have an important impact on Chino’s economy, and are shown in Table ED-2. Transportation and Warehousing is expected to grow at the fastest pace in the coming years, closely followed by Business and Professional Services. The slow growth of Manufacturing, at the bottom of Table ED-2, is consistent with nationwide trends.

³ Generally, the EDD statistics follow the two-digit NAICS industrial classification system. However, in the pie chart three NAICS sectors have been collapsed into one – (1) *Administrative Support and Waste Services*; (2) *Professional, Scientific & Technical Skills*; and (3) *Management of Companies and Enterprises* – into a new category called “Business and Professional Services,” to make larger patterns clearer.

TABLE ED-2 **PROJECTED 2012 INDUSTRIAL EMPLOYMENT PROJECTIONS
– SAN BERNARDINO/ RIVERSIDE COUNTIES**

Industry	Annual Average Employment		Employment Change	
	2002	2012	Numerical	Percent
1. Transportation and Warehousing	41,000	63,800	22,800	55.6%
2. Business and Professional Services	106,800	159,700	52,900	49.5%
3. Construction	90,900	126,700	35,800	39.4%
4. Wholesale Trade	41,900	57,500	15,600	37.2%
5. Finance and Insurance	23,500	32,100	8,600	36.6%
6. Retail Trade	137,500	180,100	42,600	31.0%
7. Health Care and Social Assistance	99,800	130,000	30,200	30.3%
8. Accommodation and Food Service	92,500	120,100	27,600	29.8%
9. Real Estate and Rental and Leasing	15,900	20,200	4,300	27.0%
10. Arts, Entertainment and Recreation	14,700	18,500	3,800	25.9%
11. Other Services	38,100	45,800	7,700	20.2%
12. Information	14,100	16,200	2,100	14.9%
13. Manufacturing	115,400	129,300	13,900	12.0%

Source: EDD, Industry Employment Projections 2002-2012, Riverside-San Bernardino Metropolitan Statistical Area; Strategic Economics, 2006.

Regional growth patterns only tell part of the story of Chino’s local economic success. While some local sectors track the performance of the larger regional economy, or the Inland Empire sector as a whole, other sectors (e.g. Manufacturing, Information, Health Care, and Food/Accommodation) have succeeded locally despite lesser growth among Inland Empire counterparts. Table ED-3 summarizes projected economic growth areas in Chino, reflecting

some of these sectors where local growth is expected to deviate from regional or national trends. The table is based on local data analysis and qualitative interviews, as well as a review of the real estate market and local retail performance. Strong growth is predicted for Transportation and Warehousing, Wholesale, Food Service and Accommodation, and Health Care.

B. Jobs-Housing Balance in Chino

This section addresses the relationship between Chino's economy and its resident workforce, and identifies opportunities to minimize long commutes.

1. Demographics

Expected growth in Chino's population will contribute to economic growth. The growth rate for housing units and population is expected to outpace employment by 2025, but the growth in employment will still be significant. Population growth will create demand for housing units and retail businesses, and will broaden the pool of workers for all industries. The provision of a range of housing types will increase the diversity of new residents and in turn fill the job market in Chino's diverse economy.

2. Chino's Workforce

Chino's economy features nearly twice as many jobs today as it did in the early 1990s. The ratio of jobs to housing has also been rapidly increasing over the same time period. By 2002, Chino had transitioned from a bedroom community, with fewer jobs than employed residents, to a city with a significant "job surplus." Chino's economy in 2004 provided 1.4 jobs per employed resident, resulting in a jobs-housing ratio between 2.1 and 1.5 employed persons per household.

Chino also features a positive *jobs match*, or the degree to which local jobs match the skill sets and household costs of local residents. Although Chino residents on average have less formal education than residents in San Bernardino and Los Angeles counties, the educational attainment levels of Chino

TABLE ED-3 **PROJECTED GROWTH FOR CHINO’S ECONOMIC SECTORS**

Strong Growth Predicted	Moderate Growth Predicted
Transportation and Warehousing	Manufacturing
Wholesale	Business and Professional Services
Food Service and Accommodation	Information
Health Care	Construction
	Finance and Insurance
	Other Services (household)
Stable, but at Risk of Declining	Decline Likely
Retail	Agriculture
Arts, Recreation and Entertainment	Real Estate

Source: Strategic Economics 2006.

residents presently match those levels generally required in the following chief or growing employment sectors in Chino:

- ◆ Administrative Services
- ◆ Freight Trucking
- ◆ Miscellaneous Manufacturing
- ◆ Professional and Technical Services

Chino residents have access to an array of occupations, despite relatively low levels of post-secondary education. Many of these jobs require significant on-the-job training or related work experience, and residents have the education needed to access many of these local jobs.

3. Commuting Patterns

Only 22 percent of City residents work in Chino. This situation exists despite the fact that Chino has more jobs than employed residents, has a good match between educational requirements of local jobs and educational attainment of Chino residents, and has a variety of local jobs sufficient for two-working-parent families to earn a living. Chino residents are even less likely to work where they live than the average San Bernardino County resident,

where 25 percent of residents work in the place where they live. Several factors may contribute to this disparity:

- ◆ The pay of many local occupations may be so close to the minimum salary needed for families to raise a family that even modest pay increases elsewhere in the region are worth a longer commute.
- ◆ The late arrival of Chino's economy relative to population growth may have sown the seeds for the ongoing disconnect between employment and place of residence.
- ◆ Even as Chino began to add more local employment opportunities, it is likely that local residents employed elsewhere in the region stayed with prior employers.

Interviews with local employers and recent reports suggest long commuting may decrease in the coming years as professional and business services move to the western Inland Empire to offer an alternative to professional workers presently traveling far for work.

C. Fiscal Conditions

Every year, the City of Chino staff must balance service and infrastructure costs with limited revenues in order to achieve the City's long range planning goals. The City's ability to balance costs and revenues varies year-to-year with the types of projects that are in planning or implementation phases, and with ongoing fluctuations in revenues coming from a patchwork of sources. As such, the relationship between the City budget and its General Plan policies, particularly land use policies, is highly complex.

The budget's largest funding stream is the General Fund, which comes from a variety of sources, including property tax, unsecured property tax, and sales tax. The main expenditures from the General Fund are for police, fire, and community services. The strong presence of industrial firms in Chino provides significant General Fund revenues and helps to diversify the City's sales

tax base away from commercial development. Sales tax revenues can be sensitive to changes in the market and development in nearby communities. The recent decline of prices and sales in the housing market will reduce Chino's ability to grow property tax revenues in the short- to mid-term. The City still receives considerable property tax revenues from commercial property, which has not experienced steep declines in value that have been seen in the residential market.

D. Goals, Objectives, Policies, and Actions

Policy statements in this section that reference mixed-use development apply only in College Park, The Preserve, and the SOI, unless a Measure M vote results in approval of mixed-use development consistent with the Focused Growth Plan.

<p>Goal ED-1 Strengthen Chino's economy in order to provide jobs and maintain a fiscally-positive General Fund.</p>
--

Objective ED-1.1 Maintain a diverse complement of economic sectors.

Policies

- P.1 The City shall encourage an efficient and consistent regulatory environment with a predictable development process to encourage growth of existing businesses and attract new businesses to locate within Chino.

- P.2 The City shall encourage the retention and expansion of existing businesses and provide support for locally-owned businesses.

- P.3 The City shall maintain services at a capacity to accommodate infill development as allowed by specified land use designations.
- P.4 The City shall encourage the establishment of child care facilities, especially near employment centers, community centers, transit centers, and schools.
- P.5 The City shall ensure that new development will have a fiscally neutral effect on the General fund or will be balanced by other development that generates revenues.

Actions

- A.1 Create a Strategic Plan for Economic Development. Update every three to five years to set goals and determine how resources are allocated.
- A.2 Regularly interact with businesses in the City to gather their feedback on quality-of-life needs. Provide the results of that research to schools, health care providers, child care providers and others providing services important to employers.
- A.3 Consider using redevelopment authority to encourage private investment by building catalyst projects, contributing funds towards public infrastructure, and assembling land.
- A.4 Conduct a study of the impacts of different development types on the General Fund and use the results to prioritize implementation of the policies in this objective.

Objective ED-1.2 Maintain a strong and growing manufacturing sector.

Policies

- P.1 The City shall continue to support manufacturing, distribution and logistics firms who locate in Chino through permit streamlining and expedited review of business applications.
- P.2 The City shall protect industrial land from encroachment from other incompatible land uses including retail, housing, and, depending on location, office uses.

Actions

- A.1 Maintain ongoing communication with manufacturing firms to make sure their operating needs are being met.
- A.2 Preserve and maintain highway and roadway access to industrial properties.
- A.3 Continually monitor traffic congestion, land costs and industrial space constraints in planning for the manufacturing, warehousing and distribution sectors' future in Chino.
- A.4 Develop a regular (annual or biannual) survey of manufacturers to identify the issues that are most important to them and determine how the City can continue to support their viability.
- A.5 Identify vacant sites appropriate for industrial uses, provide a list of those sites to potential businesses seeking to locate in Chino, and consider advertising those sites to potential tenants.

Objective ED-1.3 Increase the supply of office space.

Policies

- P.1 The City shall encourage office development to provide space for growing information, business, and professional services

sectors, especially in areas where existing retail centers may be in decline.

- P.2 The City shall encourage service-based businesses to locate in newly constructed or vacant office space.

Actions

- A.1 Conduct a comparison of existing zoning, infrastructure and access to office development in Chino and other key office locations in the Inland Empire. Use the results of this comparison to modify these aspects of the City to improve competitiveness.
- A.2 Examine zoning designations in the North Central Avenue area and near Highway 71 to ensure they meet standards for office development and amend the zoning if necessary.
- A.3 Expand existing business attraction programs to target information, business, and professional service firms to Chino.

Objective ED-1.4 Increase the long-term strength of the retail sector.

Policies

- P.1 The City shall support the development and redevelopment of retail centers to ensure that Chino's retail sector remains competitive with newer retail centers in the region.
- P.2 The City shall encourage service-based businesses in retail areas on Central Avenue, Riverside Drive, and Euclid Avenue to locate on second floors or other locations away from main shopping areas to ensure a continuous ground floor retail front.

- P.3 The City shall encourage the development of entertainment space that provides a safe and healthy atmosphere for residents of all ages to congregate and socialize.
- P.4 In areas identified as underserved with healthy food sources, the City shall consider financial incentives to attract grocery store-anchored retail centers.

Actions

- A.1 Focus retail recruitment efforts around existing concentrations like the North Central Avenue Area, the Spectrum, City Hall and The Preserve.
- A.2 Conduct a study to identify areas of the City that are underserved by grocery stores. Within those areas, identify parcels with potential for assembly to support a grocery store. Include in this study an evaluation of existing infrastructure on those parcels and whether it would need to be upgraded to support a grocery store.
- A.3 To attract retail that is currently lacking, such as grocery stores, work with brokers and existing stores to identify sites that could be appropriate for a specific store, and actions or investments that could be taken to attract them.
- A.4 Monitor vacancy rates and sales tax performance for retail areas in the City in comparison to regional and statewide averages. If vacancy rates and sales tax performance fall below average, work with property and business owners to either improve performance or determine an alternative use for the site.
- A.5 Actively recruit retail stores by marketing available sites and devoting staff time to working with potential tenants.

- A.6 Study pedestrian connectivity in the North Central Avenue area to determine key pedestrian improvements to connect residential and retail uses in the area.
- A.7 Maintain ongoing communication with the property owner of the Spectrum Marketplace and Spectrum Town Center developments to foster the potential for a public-private response to various changes in the market and to the specific challenges that these changes might create for the Spectrum.

Goal ED-2 Maintain a good jobs-housing balance and jobs-skills match.

Objective ED-2.1 Decrease the number of Chino’s residents who commute to other cities for work by preserving and expanding the match between residents’ skills and available jobs.

Policies

- P.1 The City shall provide a diversity of housing that is affordable at the wages offered by Chino employers in order to fill jobs in Chino’s diverse economy.
- P.2 The City shall continue to support industries that provide a range of jobs at living wages through land use policies and other City activities.

Actions

- A.1 Initiate collaboration between local industries and local high schools, University Hall partner schools, and Chaffey College to develop job training programs for graduates.
- A.2 Periodically study the skills and education levels of Chino residents and use the information as a guide for recruiting new firms to the City.

- A.3 Encourage local businesses to hire local residents. Strategies to do this could include developing a local job board to advertise vacancies to local residents and working with local educational institutions to provide job fairs.
- A.4 Study whether the City should give preference to local suppliers and firms when issuing requests for goods or services.

E. Indicators

The following trends are indicative of progress made in regards to the above policies. Each indicator is followed by the ideal direction of the trend.

- ◆ Jobs/housing balance:
 - Direction: ratio should approach one
- ◆ Percentage of residents employed in Chino:
 - Direction: *Increase*
- ◆ Amount of reinvestment in the community by businesses:
 - Direction: *Increase*
- ◆ Number of home foreclosures:
 - Direction: *Decrease*
- ◆ Percentage of Chino households that can afford to purchase a median-priced home:
 - Direction: *Increase*