1. Local Economy Overview
2. Community Development Activity
3. Public Works/Capital Improvement Activity
City of Highland (2017)

- Incorporated/Founded: 1987
- Square Miles: 19
- Population: 54,377 (DOF)
- Average Household Income: $68,000*
- Average Household Size: 3.5 PPH (DOF)
- Median Age: 31.2 years
- Ethnicity:
  - Hispanic: 50%
  - White: 29%
  - Black: 10%
  - Asian: 8%
  - Other: 3%
Land Use Policy:

- Residential: 47%
- Open Space: 43%
- Retail/Com: 5%
- Public/Inst: 2%
- City Parks: 1%
- Mixed-use: 1%
- Industrial: 1%
- Mixed-use: 1%
- City Parks: 1%
Population & Housing Build-out Estimate
(General Plan 15-20 year time period)

- **Population Build-out Estimate**: 16,250
- **Housing Units Build-out Estimate**: 5,203
2017 ECONOMIC DEVELOPMENT APPROACH
Collaborative Effort of the Community Development Department (divisions):

1. **Planning Division** (Planning Commission, Historic & Cultural Preservation Board, & Community Trails Committee)
2. **Building & Safety Division** (Building Code Appeals Board, and Animal Control)
3. **Code Enforcement Division** (Public Nuisance Hearing Board)
4. **Fire Marshal**
5. **Housing Authority** (staff)
6. **Redevelopment dissolution** (staff)
7. **Economic Development**
8. **Public Works/City Engineer Department**
- City of Highland Community Development Department
- Highland Area Chamber of Commerce (networking & resource center)
- San Bernardino County, Economic Development Agency (EDA)
- Utility Service Providers (EVWD, SCE, Southern California Gas)(grants, rebates, audits, and other resources)
- San Bernardino International Airport (SBIA)
- Policy Area Property Owners (see following slide...).
Economic Development Stakeholders (skin in the game)

Housing Developers:
- Lewis Group of Companies & Orange County FCD
- Sunland Communities
- Diversified Pacific Development
- Mastercraft Homes
- Development 1 Group
- Center Stone
- Richmond American Homes
- Hispano Investors

Retail Center Developers:
- Treh Partners, LLC
- Mission Development Co. LLC
- Doug Jerritsma
- KZ Dev Co, LP
- The Focus Group
- Bill Buster Trust

San Manuel Band of Mission Indians
Back to the Basics - time is Money for our Economic Development Partners & Stakeholders.

**SWOT:**

- **Strength and Weaknesses? ..... Internal**
- **Opportunities and Threats? ..... External**

- Ensure Highland remains a competitive place to develop, open a business, and raise a family.
- Economic Development stakeholders should not be overly burdened by time delays and costly entitlements and permits fees.

PRC (Project Review Committee) + Pre-Application (no charge) = No surprises and high level of assurances moving forward.
“That’s something I did not know. Keep talking”….. The City upon a hill?

• Highland and Mountain communities.
• Most populated National Forest in US.
• Crestline, Twin Peaks, Rim Forest, Lake Arrowhead, Blue Jay, Cedar Glen, Sky Forest, Santa’s Village, Running Springs, and Green Valley Lake.
• Resort Communities of Big Bear Lake.
• 8 million plus visitors per year.
Coming Home to Highland?....
Coming Home to Highland? cont.
High Tech Highland?
Airport Gateway Specific Plan

“High Tech Highland Initiative”
## Good News … Unemployment Down

<table>
<thead>
<tr>
<th>Year</th>
<th>San Bernardino County</th>
<th>Riverside County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec. 2007</td>
<td>6.0%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Dec. 2010</td>
<td>13.5%</td>
<td>13.8%</td>
</tr>
<tr>
<td>October 2017</td>
<td>4.5%</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Unemployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA November 2017</td>
<td>4.1% (lowest since 2001)</td>
</tr>
<tr>
<td>California 2017</td>
<td>4.8% (952,152 unemployed)</td>
</tr>
<tr>
<td>Inland Empire 2017</td>
<td>5.5% (2.0 million existing jobs) (5th largest labor market in nation) (2.7% expansion Jul 16- Jul 17) (37,900 new jobs)</td>
</tr>
<tr>
<td>Highland 2017</td>
<td>3.9% (1,000 unemployed)</td>
</tr>
</tbody>
</table>
Inland Empire Economy ...sectors to watch.

- Logistics/Transportation/Warehousing/Wholesale
- Manufacturing Industry
- Construction Industry
- Leisure and Hospitality
- Retail Trade
- Professional/Scientific and Technical Services (reemergence)(Education Catalyst)
- Real Estate Market.
- Non-residential and Office
- Tourism and Entertainment
- Health Care.

_______________________________
- Commuting
- Education – driven by what kind of education we deliver to our IE residents
IE since the Great recession and into the future

• IE experienced job growth of 2.7% (July 2016 to July 2017). 37,900 new jobs. Modest but largest economies in Southern California & 5th largest labor market in nation (2.0 million jobs).

• Employment trend has been on the rise for the last 5 years and setting record highs.

• Trend translates into increased median household incomes.
  • 2017 - $54,400 (SB County) & $56,000 (Riv. County)
  • 2017 - $57,000 (Inland Empire)
  • 2017 - $68,000 (City of Highland)

• Increases in household incomes translates into increased taxable sales (consumer and business spending).

• Commuter patterns to change with emergence and growth and maturity process (next 20 years).
## Opportunities for Workforce Development & Growth

<table>
<thead>
<tr>
<th>Code Sector</th>
<th>% of workers with a HS Diploma or less</th>
<th>New Jobs Forecasted, 2012-2020</th>
<th>Median Income:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>84%</td>
<td>61,600</td>
<td>$53,036</td>
</tr>
<tr>
<td>Logistics</td>
<td>80%</td>
<td>143,100</td>
<td>$44,291</td>
</tr>
<tr>
<td>Finance, Insurance, &amp; Real Estate</td>
<td>74.8%</td>
<td>53,000</td>
<td>$48,010</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>68%</td>
<td>13,600</td>
<td>$50,597</td>
</tr>
<tr>
<td>Health Care</td>
<td>43.9%</td>
<td>133,100</td>
<td>$57,444</td>
</tr>
</tbody>
</table>
City of Highland’s Economy

Indicators in Highland include:

1. Assessed Property Values
2. Retail Sales Tax Trends
3. Development Entitlements
4. Construction Permits
PROPERTY VALUES

Economic Indicator
Assessed Property Values 2016/2017
(4.7% increase from 2015/16)
| Owner                                           | Secured |    |     | Unsecured |    |     |
|                                                | Parcels | Value | % of Net AV | Parcels | Value | % of Net AV |
| 1) VICTORIA DEVELOPMENT COMPANY               | 1       | $25,562,082 | 0.79% | 1       | $842,619 | 1.48% |
| 2) MIRACLE MILE PROPERTIES LP                 | 4       | $17,141,689 | 0.53% |          |        |        |
| 3) LOWES HIW INC                              | 1       | $13,290,000 | 0.41% | 1       | $2,351,088 | 4.12% |
| 4) HIGHLAND AL-MC GROUP                       | 1       | $13,021,660 | 0.40% | 1       | $388,322 | 0.68% |
| 5) GREENSPO L VILLAGE AND MARKETPLACE LLC     | 15      | $11,953,714 | 0.37% |          |        |        |
| 6) GREENSPO RANCH INVESTORS                   | 3       | $11,446,223 | 0.36% |          |        |        |
| 7) RRM PROPERTIES LIMITED                     | 13      | $6,774,435  | 0.21% | 1       | $4,571,772 | 8.00% |
| 8) COLE LA HIGHLAND CALIFORNIA LP             | 1       | $10,048,137 | 0.31% |          |        |        |
| 9) BOULDER BASELINE INVESTORS                 | 1       | $9,967,741  | 0.31% |          |        |        |
| 10) ACAALP                                    | 6       | $9,082,597  | 0.28% | 1       | $12,868 | 0.02% |
| **Top Ten Total**                             | 46      | $128,288,278 | 3.99% | 5       | $8,166,669 | 14.30% |
| **City Total**                                |         | $3,216,721,838 |     |         | $57,120,448 |     |

*Value includes Outer TRAs
City of Highland

Property Tax Dollar Breakdown

$1.00

FY 2016/2017: $7.9 million

58% ....General Fund
42%....Fire Fund
SALES TAX

Economic Indicator
## Retail Sales Trend 2016-2017

**Top 25 Accounts = 67% of Fiscal Year Total**

<table>
<thead>
<tr>
<th>Business Name</th>
<th>Business Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>76</td>
<td>Service Stations</td>
</tr>
<tr>
<td>Albertsons</td>
<td>Grocery Stores</td>
</tr>
<tr>
<td>Arco AM PM</td>
<td>Service Stations</td>
</tr>
<tr>
<td>Arco AM PM</td>
<td>Service Stations</td>
</tr>
<tr>
<td>Arco AM PM</td>
<td>Service Stations</td>
</tr>
<tr>
<td>AT&amp;T</td>
<td>Electronics/Appliance Stores</td>
</tr>
<tr>
<td>AutoZone</td>
<td>Automotive Supply Stores</td>
</tr>
<tr>
<td>Bakers Burgers</td>
<td>Quick-Service Restaurants</td>
</tr>
<tr>
<td>Big Lots</td>
<td>Variety Stores</td>
</tr>
<tr>
<td>Chevron</td>
<td>Service Stations</td>
</tr>
<tr>
<td>CVS Pharmacy</td>
<td>Drug Stores</td>
</tr>
<tr>
<td>Del Taco</td>
<td>Quick-Service Restaurants</td>
</tr>
<tr>
<td>Food 4 Less</td>
<td>Grocery Stores</td>
</tr>
<tr>
<td>Have A Snack Valero</td>
<td>Service Stations</td>
</tr>
<tr>
<td>Highland Ranch Valero</td>
<td>Service Stations</td>
</tr>
<tr>
<td>In N Out Burgers</td>
<td>Service Stations</td>
</tr>
<tr>
<td>Lowes</td>
<td>Service Stations</td>
</tr>
<tr>
<td>McDonalds</td>
<td>Service Stations</td>
</tr>
<tr>
<td>Mi Cocina</td>
<td>Service Stations</td>
</tr>
<tr>
<td>S &amp; R Minimart AM PM</td>
<td>Quick-Service Restaurants</td>
</tr>
<tr>
<td>San Manuel Indian Bingo Casino</td>
<td>Building Materials</td>
</tr>
<tr>
<td>Staples</td>
<td>Quick-Service Restaurants</td>
</tr>
<tr>
<td>Stater Bros</td>
<td>Casual Dining</td>
</tr>
<tr>
<td>Valero Pacific Mini Market</td>
<td>Leisure/Entertainment</td>
</tr>
<tr>
<td>Walgreens</td>
<td>Office Supplies/Furniture</td>
</tr>
<tr>
<td></td>
<td>Grocery Stores</td>
</tr>
<tr>
<td></td>
<td>Service Stations</td>
</tr>
<tr>
<td></td>
<td>Drug Stores</td>
</tr>
</tbody>
</table>
## Taxable Sales by Category – last ten years (in thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel Stores</td>
<td>$988</td>
<td>$769</td>
<td>$456</td>
<td>$346</td>
<td>$180</td>
<td>$258</td>
<td>$1,027</td>
<td>$179</td>
<td>$159</td>
<td>$172</td>
</tr>
<tr>
<td>Food Stores</td>
<td>$21,227</td>
<td>$20,737</td>
<td>$20,258</td>
<td>$19,318</td>
<td>$19,084</td>
<td>$19,544</td>
<td>$19,138</td>
<td>$19,486</td>
<td>$20,182</td>
<td>$21,394</td>
</tr>
<tr>
<td>Eating and Drinking Places</td>
<td>$20,997</td>
<td>$21,835</td>
<td>$23,506</td>
<td>$24,308</td>
<td>$27,429</td>
<td>$34,335</td>
<td>$38,245</td>
<td>$39,840</td>
<td>$44,929</td>
<td>$46,858</td>
</tr>
<tr>
<td>Auto Dealers and Supplies</td>
<td>$5,200</td>
<td>$4,904</td>
<td>$4,597</td>
<td>$4,345</td>
<td>$4,128</td>
<td>$4,528</td>
<td>$4,413</td>
<td>$4,405</td>
<td>$4,281</td>
<td>$4,216</td>
</tr>
<tr>
<td>Service Stations</td>
<td>$57,355</td>
<td>$58,986</td>
<td>$44,927</td>
<td>$56,847</td>
<td>$73,387</td>
<td>$77,346</td>
<td>$73,853</td>
<td>$69,725</td>
<td>$61,983</td>
<td>$51,714</td>
</tr>
<tr>
<td>Other Retail Stores</td>
<td>$21,460</td>
<td>$25,299</td>
<td>$47,603</td>
<td>$46,320</td>
<td>$49,738</td>
<td>$50,017</td>
<td>$49,987</td>
<td>$53,403</td>
<td>$55,359</td>
<td>$57,556</td>
</tr>
<tr>
<td>All Other Outlets</td>
<td>$25,233</td>
<td>$24,368</td>
<td>$23,001</td>
<td>$26,975</td>
<td>$33,856</td>
<td>$32,762</td>
<td>$35,507</td>
<td>$37,029</td>
<td>$38,017</td>
<td>$43,647</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$152,460</strong></td>
<td><strong>$156,879</strong></td>
<td><strong>$164,349</strong></td>
<td><strong>$178,457</strong></td>
<td><strong>$207,778</strong></td>
<td><strong>$218,788</strong></td>
<td><strong>$220,170</strong></td>
<td><strong>$224,068</strong></td>
<td><strong>$224,869</strong></td>
<td><strong>$225,557</strong></td>
</tr>
</tbody>
</table>
Sales Tax Breakdown

8.0%

State: $11.7 million
Local: $1.8 million

Components of the Tax

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Tax</td>
<td>$11.7 million</td>
</tr>
<tr>
<td>Local Tax</td>
<td>$1.8 million</td>
</tr>
</tbody>
</table>

Sales Tax Rate:

- State Tax: 6.5%
- County Tax: 0.25%
- Local Tax: 0.75%
- District Tax(es): 2.5%
<table>
<thead>
<tr>
<th>Rate</th>
<th>Jurisdiction</th>
<th>Purpose</th>
<th>Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.6875%</td>
<td>State</td>
<td>Goes to State's General Fund</td>
<td>Revenue and Taxation Code Sections 6051, 6201</td>
</tr>
<tr>
<td>0.25%</td>
<td>State</td>
<td>Goes to State's General Fund</td>
<td>Revenue and Taxation Code Sections 6051.3, 6201.3 (Inoperative 1/1/01 – 12/31/01)</td>
</tr>
<tr>
<td>0.25%</td>
<td>State</td>
<td>Goes to State's Fiscal Recovery Fund, to pay off Economic Recovery Bonds (2004)</td>
<td>Revenue and Taxation Code Sections 6051.5, 6201.5 (Operative 7/1/04)</td>
</tr>
<tr>
<td>0.50%</td>
<td>State</td>
<td>Goes to Local Public Safety Fund to support local criminal justice activities (1993)</td>
<td>Section 35, Article XIII, State Constitution</td>
</tr>
<tr>
<td>0.25%</td>
<td>State</td>
<td>Goes to State's Education Protection Account to support school districts, county offices of education, charter schools, and community college districts.</td>
<td>Section 30, Article XIII, State Constitution (Operative 1/1/13 to 12/31/16)</td>
</tr>
<tr>
<td>0.50%</td>
<td>State</td>
<td>Goes to Local Revenue Fund to support local health and social services programs (1991 Realignment)</td>
<td>Revenue and Taxation Code Sections 6051.2, 6201.2</td>
</tr>
<tr>
<td>1.0625%</td>
<td>State</td>
<td>Goes to Local Revenue Fund 2011</td>
<td>Revenue and Taxation Code Sections 6051.15 and 6201.15</td>
</tr>
<tr>
<td>1.00%</td>
<td>Local</td>
<td>0.25% Goes to county transportation funds&lt;br&gt;0.75% Goes to city or county operations</td>
<td>Revenue and Taxation Code Section 7203.1 (Operative 7/1/04)</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.50%</td>
<td>State/Local</td>
<td>Total Statewide Base Sales and Use Tax Rate</td>
<td></td>
</tr>
</tbody>
</table>
Construction and Entitlements

Between 2000 to 2015 over 2,000 housing units were constructed.

Housing is where jobs go to sleep.

Between 2015 – 2025 (10 year period) over 5,000 housing units will be constructed in Highland.
COMMUNITY DEVELOPMENT ACTIVITY
See Handout & Website
Grand Openings in 2016/2017
Welcoming Home new Businesses & Housing Development

- Smart & Final Plus (Town Center)
- Panda Express (Base Line)
- Jack in the Box (Base Line)
- 7 Eleven (Greenspot Road)
- T-Mobile (Highland Crossings)
- Jersey Mikes (Highland Crossings)
- Wings & Things (Highland Crossings)
- Jamba Juice (Highland Crossings)
- Trend Setters Beauty Supply & Salon (Highland Crossings)
- O’Reilly Auto Parts (Base Line)
- AM/PM Mini Mart (Highland and Victoria)
- Falafel World (Highland Village Plaza)
- Master Helco Fencing (5th and Church Ave)
- Food 4 Less Gas Station (Highland & Victoria)
- Mastercraft Homes (Base Line – 46 sf)
- Blossom Trails (Greenspot Road – 137 sf)
- Hispano Investors (Pacific & Victoria – 17 sf)
- Wood Bridge (Greenspot Road – 130 sf)
Retail Growth 2016-2017

- Fitness/Health/Spa Concept
- Drug Stores
- Thrift Stores
- Grocery (smaller format) – Discount, Ethnic, Organic, Upscale
- Fast Food
- Fast Casual Dining
- Trendy “Cool Street” Brands

Retail Contraction 2016-2017

- Book Stores
- Video Stores
- Do-it yourself Home Stores
- Mid-Priced Apparel
- Mid-Priced Grocery
- Office Supplies
Community Development Activity

- Current and Proposed Activity in Six (6) General Plan Policy Areas:
  1. Town Center Policy Area
  2. 5th Street Policy Area (High Tech Highland)
  3. Golden Triangle Policy Area (Greenspot Village & Marketplace)
  4. East Highlands Ranch PUD (nearing build-out)
  5. Greenspot Road – Easterly Corridor (future Policy Area)
  6. Seven Oaks Policy Area (Harmony Specific Plan**)
Smart & Final (Town Center)
Golden Triangle Policy Area
Richmond American Homes
Diversified Pacific Homes
Easterly Greenspot Corridor

MEDITERRA
at East Highlands

Community Neighborhoods / Planning Areas

PA 1
PA 2
PA 3
PA 4
PA 5
Estate Lots
Future
Harmony in Highland...
4 - 5 year prediction**

- Single-family detached (SF Units) : 1,000 – 1,900 units
- Multi-family attached (MF Units) : 300 - 500 units
- Retail Sqft : 200,000 – 225,000 sqft
- Business Park/Light Industrial : 50,000 – 100,000 sqft

**[Based on developer interest only. Largely dependent on market demand and State Policies.]
2017 Development Activity Goals

• Greenspot Village & Marketplace SP to continue to mediate and resolve investor constraints by promoting a renewed commitment involving a new partnership amongst investors to ensure new retail development breaks ground in the next couple of years.

• Acquisition of SBCFCD property (GSV&MP Specific Plan) on Greenspot Road complete PSA in 2017 (TREH Partners LLC).

• “High Tech Highland Initiative” continue to collaborate with the SBIA, City of San Bernardino, East Valley Water District, and San Manuel Band of Mission Indians and other regional stakeholders in the development of the “Airport Gateway Specific Plan”.
ECONOMIC DEVELOPMENT WEBSITE

CGI promotional video
PUBLIC WORKS PROJECTS
Public Works Projects

Delays Possible
Community Development Activity & Public Works/Capital Improvement Activity