Agenda Report

Fullerton City Council

MEETING DATE:	**AUGUST 18, 2026**
TO:	**CITY COUNCIL / SUCCESSOR AGENCY**
SUBMITTED BY:	**SUNAYANA THOMAS, DIRECTOR OF COMMUNITY AND ECONOMIC DEVELOPMENT**
PREPARED BY:	**SUNAYANA THOMAS, DIRECTOR OF COMMUNITY AND ECONOMIC DEVELOPMENT** **JAMES WURTZ, ECONOMIC DEVELOPMENT MANAGER**
SUBJECT:	**2026 ECONOMIC DEVELOPMENT UPDATE**

SUMMARY

At City Council's request, Staff is providing an update on current Economic Development activities, accomplishments and upcoming initiatives, and potential preparation of a comprehensive Economic Development Strategic Plan. Staff requests City Council direction to proceed.

PROPOSED MOTION

Provide direction to staff to initiate a competitive Request for Proposal (RFP) process and bring back funding options for future City Council consideration.

ALTERNATIVE OPTIONS

- Approve the Proposed Motion
- Provide additional direction regarding preparation of a comprehensive Economic Development Strategic Plan
- Other options brought by City Council.

STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

CITY MANAGER REMARKS

None.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Infrastructure and City Assets.

FISCAL IMPACT

Consultant costs for an Economic Development Strategic Plan are anticipated to range from $100,000 to $150,000 depending on the final scope, which may include market and fiscal analysis, stakeholder engagement, identification of target industries and opportunity areas, implementation strategies, performance measures and recommended policy and financing tools.

City Council previously appropriated $50,000 for Economic Development planning efforts within the General Fund (Fund 10). At the time, the City did not have a dedicated Economic Development Division. Following creation of the Division, those funds have supported the basic operating costs necessary to administer the function, including legal services, marketing and outreach materials, memberships, supplies and other routine administrative expenses.

As a result, the existing Economic Development appropriation is not sufficient to fund a comprehensive consultant led Economic Development Strategic Plan. If City Council directs staff to proceed, an additional General Fund appropriation of up to $150,000 would be required. If staff is directed to proceed with an RFP for consultant services, Staff will come back with budget appropriation request or funding options upon consultant contract award.

BACKGROUND AND DISCUSSION

Economic Development is the coordinated effort to strengthen a community's economy by supporting businesses, attracting investment, creating jobs, improving places and expanding the City's long-term revenue base. The term, however, can mean different things depending on the issue being discussed. For some, Economic Development means attracting retailers, restaurants and major employers. For others, it means generating new sales tax or transient occupancy tax, redeveloping underutilized property, supporting small businesses, improving commercial corridors or making it easier to invest and build in Fullerton. In practice, municipal Economic Development encompasses all of these efforts and depends on much more than the work of a single division.

A successful Economic Development program requires a strong foundation that includes responsive permitting, appropriate land use policies, infrastructure, public safety, attractive public spaces, parking and circulation, community amenities and coordinated customer service. Community and Economic Development work closely with Public Works, Fire, Police, Parks and Recreation, Finance and other departments because businesses and developers evaluate the City as a whole. They consider not only available property, zoning, infrastructure, workforce and market demand, but also whether the City understands the challenges of delivering a project, provides clear and reasonable requirements, responds to issues and can move projects through the review process in a timely and predictable manner.

When redevelopment agencies were dissolved statewide, Fullerton's Economic Development structure and resources changed over time. Several years ago, the City reestablished a dedicated Economic Development Division. The current Community and Economic Development Director originally joined the City as Economic Development Manager and soon thereafter assumed responsibility for the broader Department, leaving the dedicated Economic Development position vacant. During that period, Economic Development continued through departmental leadership, existing staff, partnerships and outside expertise. The City hired its current Economic Development Manager approximately one year ago, which significantly expanded capacity, brought additional relationships and expertise and allowed the City to advance business outreach, land lease negotiations, industry connections and long-standing initiatives such as the local gift card program, technical assistance for accessing small business capital, continuing small business consultation clinics, spearheading the OC Semiconductor Leadership group, etcetera.

For a city the size of Fullerton, staff believe with approximately three or more dedicated Economic Development employees, we can make a meaningful and sustained impact. That would allow the City to consistently manage business attraction and retention, property owner and broker outreach, development facilitation, City-owned property opportunities, revenue initiatives, workforce partnerships with our education institutions, marketing, special projects and implementation of a future strategic plan. With one or two staff members, those efforts would continue, but they would not all move at the same pace.

A significant part of Fullerton's Economic Development work over the last several years has also been less visible but equally important, which is improving the development process itself. In 2022, an initial plan check could take approximately 14-28 days, with an additional two to three weeks in some cases simply to process and route a submittal. Since then, the City has implemented digital permitting and eReview, established the 12-10-5-5 plan-check process, improved internal workflows and created stronger coordination between Community and Economic Development, Public Works, Fire and other departments. Those changes are impactful not only to residents but also businesses and developers. Improving turnaround times, creating clearer expectations and having departments work together directly affects Fullerton's reputation in the development community. These improvements did not happen because of one person or division. They came from policy changes, technology investments and staff across multiple departments agreeing to work collaboratively.

At the same time, the Community and Economic Development Department is also responsible for major planning responsibilities that cannot simply be deferred. Housing Element implementation, environmental and open space planning, zoning and code updates and other State requirements often have statutory deadlines. Those responsibilities use many of the same staff resources that would otherwise be available to advance discretionary Economic Development initiatives. The fact that the City has not yet completed a comprehensive Economic Development Strategic Plan does not mean

Economic Development has not been occurring. The City has been advancing projects, improving permitting, attracting new businesses, studying the market, working with developers and property owners and pursuing redevelopment opportunities while simultaneously rebuilding staffing and meeting mandatory planning requirements.

Economic Development also takes time, and much of the work happens before there is anything visible for the public to see. A retailer may be interested in Fullerton but have no appropriate space available. A property owner may not be ready to redevelop. A developer may spend years evaluating a site before financing and market conditions make a project viable. Staff may maintain a relationship for several years before the right site, tenant and timing come together.

The City's Regional Early Action Planning Grants (REAP) 2.0 work is a good example. Rather than simply identifying sites and assuming development can happen, Community and Economic Development and Southern California Association of Governments (SCAG) provided consultants, evaluated physical constraints, zoning, development potential and existing market economics. The analysis found that current interest rates and construction costs make some projects difficult to finance and that development expectations must be grounded in what the private market can actually support.

Fullerton has had significant development opportunities presented over time, including concepts around the Fox Theatre in the 2000s and Amerige Lots that drew private investment interest. The City also completed a Draft Rail District Specific Plan to guide mixed-use, transit-oriented redevelopment south of the tracks. Some past opportunities did not advance, while two major projects are currently moving forward but have taken several years due to financing, entitlement, infrastructure and other development challenges. These examples illustrate that attracting developer or tenant interest is only one part of the process. Projects must also align with market feasibility, community priorities, policy direction and available City resources. Early clarity around community goals can help give the private market the direction and flexibility needed to evaluate and advance viable projects.

The City's current fiscal condition has understandably increased interest in Economic Development as a way to generate revenue. Economic Development can strengthen sales tax, property tax, transient occupancy tax and other revenues, but it is not an immediate or standalone solution to a structural budget challenge. Revenue growth comes from a combination of retaining and attracting businesses, reinvesting in aging commercial centers, adding housing, hotels and user amenities, growing employment, improving property values, leveraging City-owned assets and supporting private investment over time.

A Strategic Plan would provide a clear Citywide framework for prioritizing Economic Development opportunities, aligning limited resources, coordinating implementation across departments and establishing measurable goals for business growth, investment, redevelopment and revenue generation.

<u>Attachments:</u>

- Attachment 1 – Economic Development Update 2026

- Attachment 2 – Retail Market Study May 2023
- Attachment 3 – Retail Gap/Opportunity Analysis

cc: City Manager Eddie Manfro