



3

Prosperous Economy

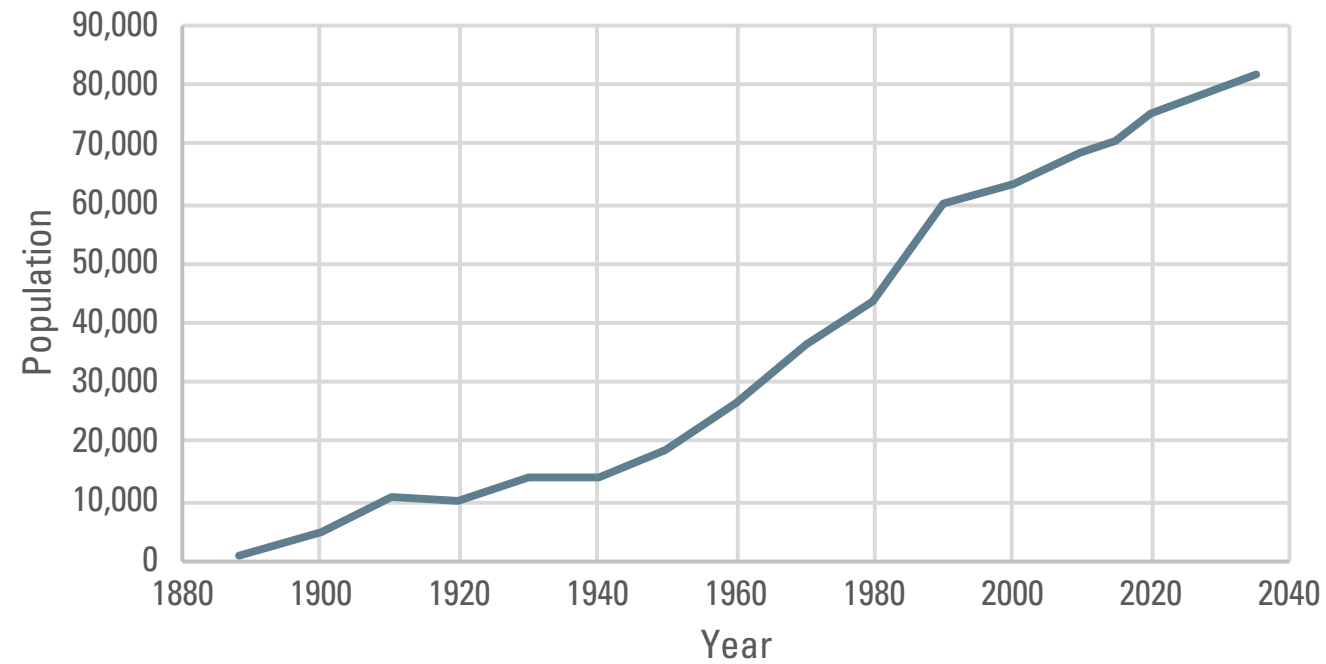
Support a prosperous economy with vibrant local businesses, a lively arts and culture scene, a climate of innovation, and a leading-edge business spirit.

Redlands' history is tied to its role as a center for commerce and agricultural services. The presence of several large employers and institutions has been an important driver in the local economy, and many residents see opportunities for—and the necessity of—new high tech, R&D, and environmentally sustainable businesses. These opportunities are spurred by the progressive business environment created by the presence of technology and healthcare companies, manufacturers, and the University of Redlands. Retail and commercial growth

in north Redlands, along West Redlands Boulevard, the Transit Villages, and in the Downtown core is also seen as integral to the City's fiscal health. The General Plan seeks to address the community's need for greater retail diversity; local and unique establishments; a diversified economic base; the retention of existing businesses; and an expanding role as a tourist destination.

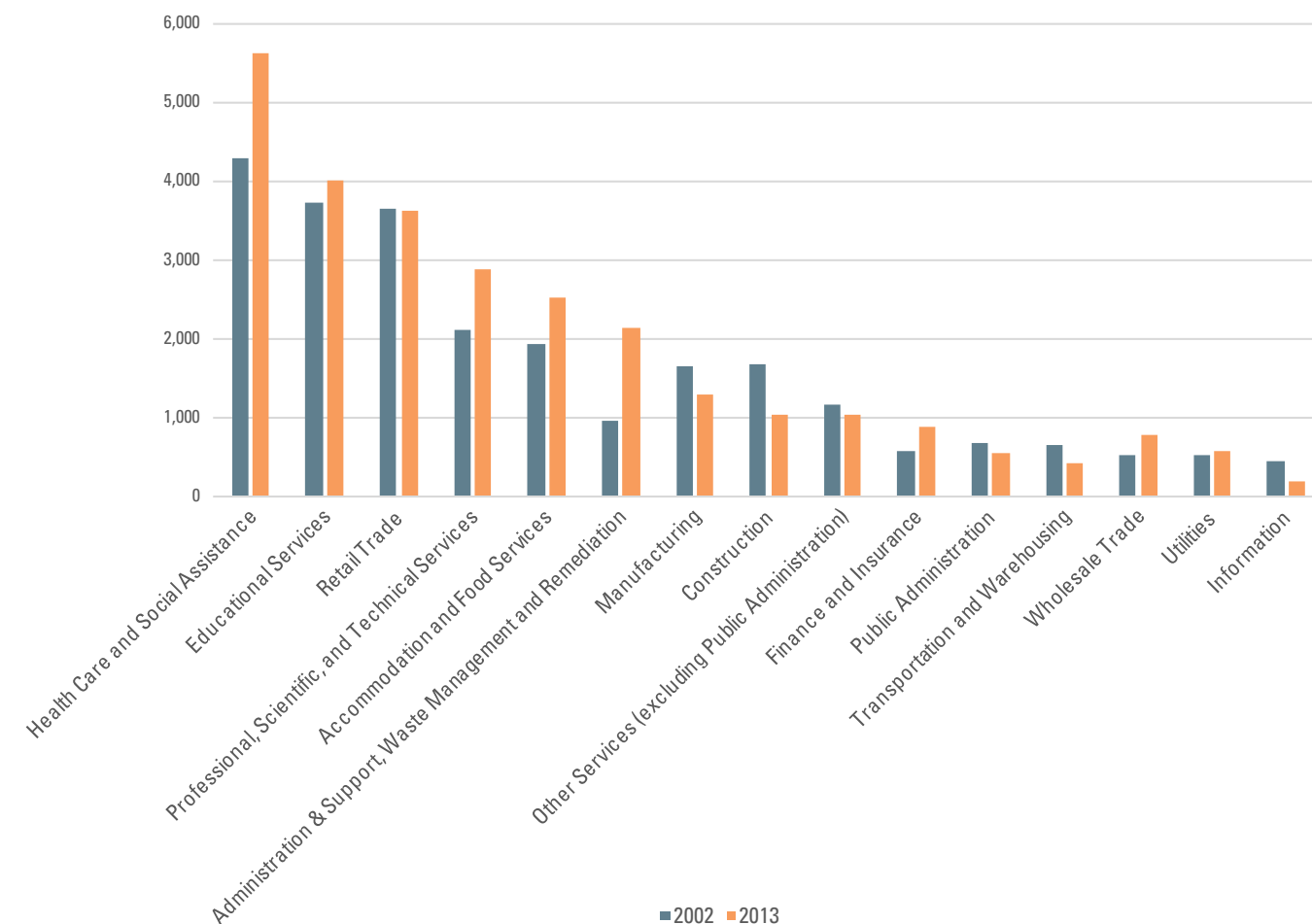


Chart 3-1: Redlands Population, 1888-2035



Sources: U.S. Census 1990, 2000, and 2010; ACS, 2013; California DOF, 2015; Dyett & Bhatia, 2016.

Chart 3-2: Jobs in Planning Area for Top 15 Industry Sectors, 2002 and 2013



Sources: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2013).

3.1 DIVERSE AND RESILIENT ECONOMY

Economic Development

Redlands Population and Labor Force

Redlands’ population surged in the mid-twentieth century, but has grown modestly since 1990. According to the California Department of Finance (DOF), as of January 1, 2015, the estimated population of Redlands was 68,049. The City of Redlands projects that Redlands’ population will grow to 79,013 by 2035, which translates to a 0.8 percent annual growth rate over the next 20 years. Chart 3-1 shows population projections for Redlands through 2035.

The largest percentage of Redlands residents are employed in the Health Care and Social Assistance field, followed by Educational Services, and Retail Trade (as seen in Chart 3-2). Redlands residents are increasingly employed in the scientific and technical fields, including Health Care and Social Assistance; and Professional, Scientific, and Technical Services.

The top two employers in Redlands, as seen in Chart 3-3, are ESRI and Redlands Community Hospital. General characteristics of Redlands’ economic sectors, including retail; industrial and manufacturing; education, office, healthcare and life sciences; and commercial and industrial development are described in the following pages.

Retail

Redlands is increasingly emerging as a retail center for the surrounding region. Key shopping areas include Orange Street, State Street, power centers like Walmart and Target, and home improvement stores like Home Depot and Lowes, as well as auto dealerships clustered along Redlands Boulevard or close to I-10. According to SCAG in 2013, per capita taxable retail sales in Redlands were about \$12,000, slightly above the countywide average of about \$10,000 (Chart 3-4). This does not include sales in the Donut Hole, which while not in the city, has added to Redlands’ general merchandise, restaurant, and apparel activity. Local tax revenues from the “Donut Hole” are split 90/10 between the City and the County, in return for the City providing services to the area.



The “Donut Hole” features a variety of retail establishments and an attractive shopping environment.

Industrial and Manufacturing

Multiple warehouse and distribution projects have recently been completed or are planned or underway, many of which are located near the I-10 corridor. According to the City's Economic Development Action Plan, the vacancy rate for industrial and manufacturing space has declined significantly since the 2007-2009 economic recession, from nearly 25 percent in 2009 to about 11 percent in 2014. Demand for industrial space continues to be high, as a number of companies are looking for large, state-of-the-art facilities for warehouse, fulfillment, and distribution centers.

Education, Office, Technology, Healthcare, and Life Sciences

The office and technology sectors are also active in the Redlands economy. The University of Redlands and ESRI, a leading company in Geographic Information Systems (GIS) technology, are two of the city's leading employers. The City's Economic Development Action Plan recommends building on ESRI's technology foundation in Redlands to attract other technology companies, start-ups, and entrepreneurs to expand this sector.

Healthcare and life sciences is another key sector in Redlands, due both to the presence of facilities within Redlands and to Redlands' proximity to the Loma Linda University Medical Center and the newly constructed Veteran's Administration Hospital. Medical providers are also present in the city, including Redlands Community Hospital, Beaver Medical Group, Kaiser Permanente, and several medical labs, diagnostics, and consulting companies. As Redlands' population ages, demand for healthcare services will continue to increase.

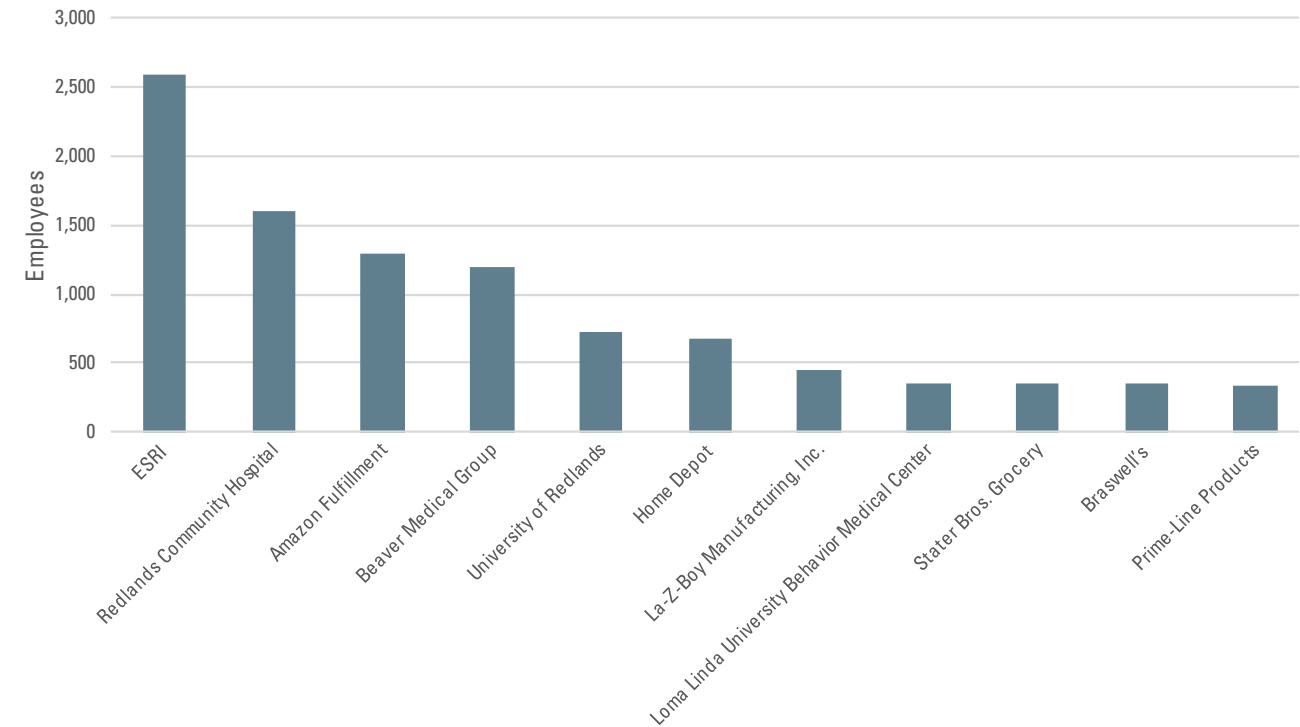
Commercial and Industrial Development

The estimated square footage for various commercial and industrial uses in the Planning Area (including the City of Redlands as well as Mentone and Crafton) is shown in Chart 3-5. General industrial uses occupy well over half of the commercial and industrial development in Redlands (58 percent). General commercial, retail, and service uses occupy about 21 percent of the total commercial and industrial development, followed by offices and business park uses with about 17 percent. Auto-oriented commercial, mixed use, and heavy industrial uses together total about 4 percent of the commercial and industrial development in Redlands.

Employment Growth

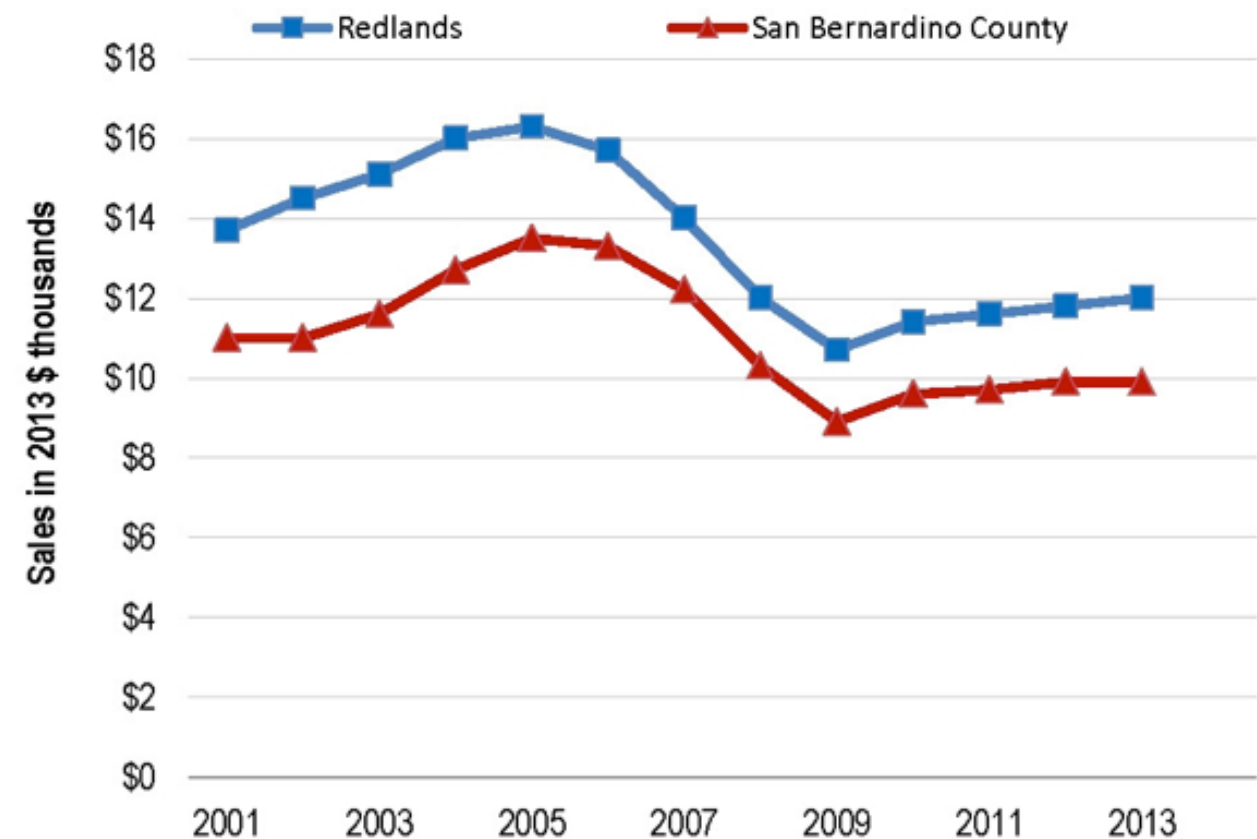
Coupled with the predicted population growth, SCAG projections indicate strong overall job growth in Redlands over the next 20 to 25 years, with projected employment potentially doubling. While SCAG does not project job growth by sector, applying the California Department of Transportation's (DOT's) projected sector growth to Redlands indicates growth in sectors Redlands is already strong in, such as health and education, and professional, scientific, and technical services. In order for the City to capitalize on the potentially strong employment market, it would need to maintain a positive climate for business growth and retention, and ensure land availability in appropriate locations. See Table 3-1 for a detailed analysis of projected employment growth.

Chart 3-3: Largest Employers in 2015



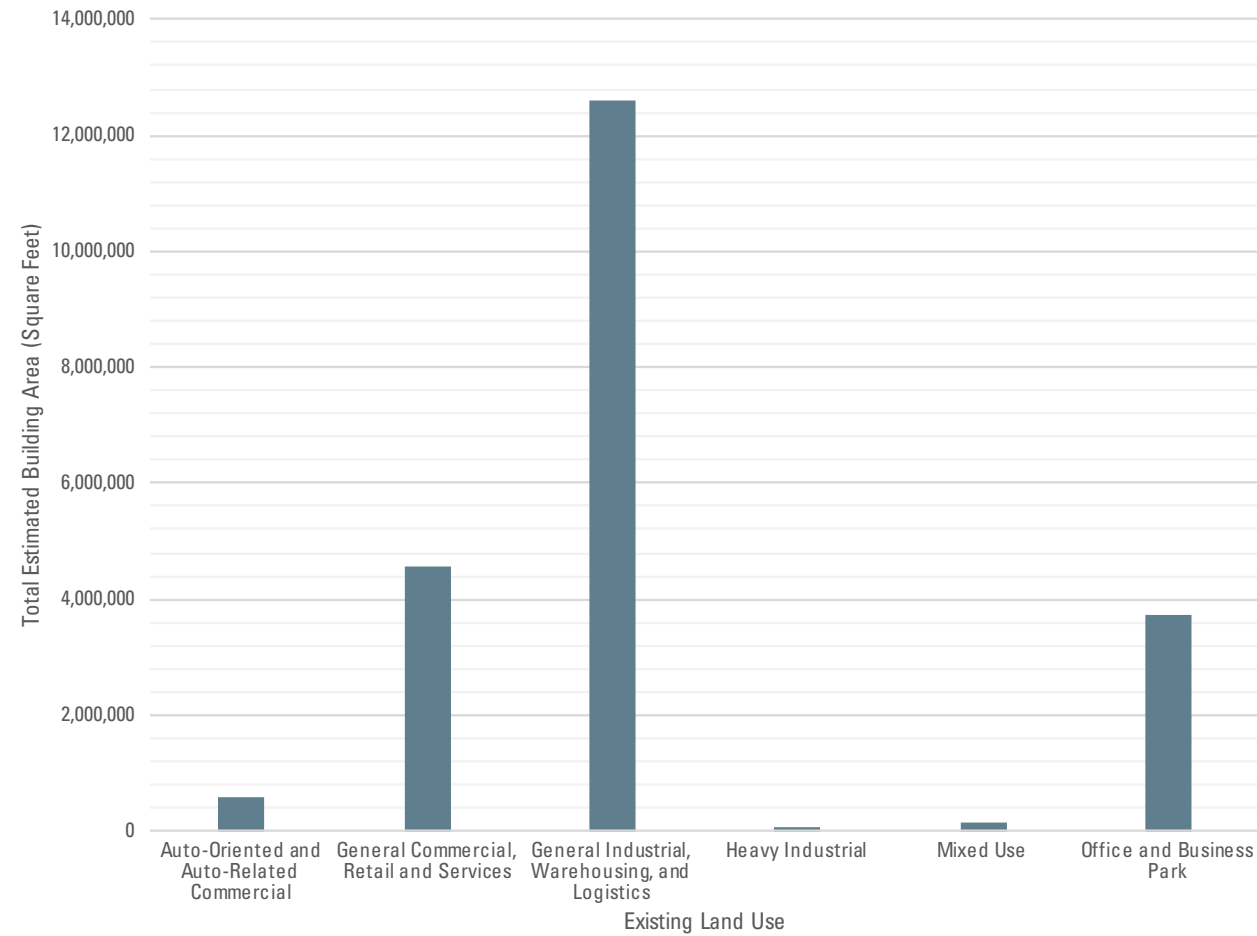
Source: City of Redlands Economic Development Division, 2015.

Chart 3-4: Retail Sales per Person, 2001-2013 (in 2013 \$ thousands)



Source: California Board of Equalization, as reported in the "2015 Profile of the City of Redlands" by the Southern California Council of Governments, 2001-2013.

Chart 3-5: Commercial and Industrial Development in Planning Area



Sources: City of Redlands, 2015; Dyett & Bhatia, 2015.



Vacant areas along Highway 210 are planned for regional commercial uses.

TABLE 3-1: REDLANDS PROJECTED EMPLOYMENT GROWTH BY INDUSTRY SECTOR, 2013-2040¹

CA DOT Employment Forecast Industry Sectors	2013 Total Jobs ²	Percent of total	2040 Projected Total Jobs ³	Percent of total	Estimated Change in Jobs, 2013 – 2040 ⁴
Health & Education	8,999	33%	14,626	27%	5,627
Wholesale & Retail Trade	4,103	15%	7,760	15%	3,657
Leisure	2,819	10%	6,784	13%	3,965
Transportation & Utilities	990	4%	6,210	12%	5,220
Professional Services	5,078	19%	6,167	12%	1,089
Manufacturing	1,219	4%	3,148	6%	1,929
Construction	909	3%	3,105	6%	2,196
Other ⁵	1,009	4%	2,217	4%	1,208
Financial Activities	1,228	5%	1,818	3%	590
Government	559	2%	1,188	2%	629
Information	200	1%	300	1%	100
Farm	135	0%	78	0%	-57
TOTAL	27,248	100%	53,400	100%	26,152

Notes:

- Sorted by largest to smallest 2040 projected employment total.
- 2013 Redlands Employment Data Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2013). To facilitate comparison to CA DOT's 2040 Industry Sector Projections, the 2013 NAICS Industry Sector Employment Totals for the city were sorted by best fit into new totals using CA DOT's Employment Forecast Industry Sectors.
- SCAG projects total employment for Redlands in 2040 but does not provide detailed employment sector projections. The California Department of Transportation (CA DOT) provides county-level projections for 2040 employment by industry sector. To estimate total employment in Redlands by industry in 2040, the percentages of CA DOT's 2040 county-level industry projections were applied by sector to SCAG's total 2040 employment projection for Redlands. Adjustments were made for the Government and Health & Education projections to account for Redlands' strong Health & Education sector and relatively weak Government sector, compared to San Bernardino County (For Redlands' 2040 sector projections, the county's Government share was reduced from 13 percent to 2 percent; then, 11 percent was added to Redlands' Health & Education sector total, increasing it from 16 percent to 27 percent).
- The change in number of jobs in Redlands from 2013 through 2040 is the difference between the SCAG 2040 total Redlands employment projection, categorized by sector, and the 2013 total employment, categorized by sector, in the city for 2013 by the US Census.
- Other includes Natural Resources and Mining and Other Services.

Sources: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2013); SCAG 2016 Draft Regional Transportation Plan; California Department of Transportation, 2015; Dyett & Bhatia, 2015.

POLICIES

Principles

- 3-P.1** Promote a climate conducive to economic growth, innovation, and rejuvenation to enhance employment and investment opportunities without sacrificing environmental standards.
- 3-P.2** Seek varied, resilient, high-quality office and other commercial uses appropriate to Redlands to support the projected population.
- 3-P.3** Adhere to sound development standards to protect the investment of existing and future commercial and industrial areas.
- 3-P.4** Attract business and manufacturing by providing a wide range of urban amenities and services throughout the city.
- 3-P.5** Seek to improve the balance of jobs and housing so that more residents can find gainful employment within the city, especially in the job centers of the East Valley Corridor.

Actions

- 3-A.1** Anticipate the demands for commercial and industrial growth and employ governmental mechanisms to maintain a choice of sites and buildings, including large parcels, as an attraction to major employers.
- 3-A.2** Attract businesses to Redlands that specialize in advanced manufacturing such as component assembly, automated production, 3D printing technology, and similar activities.
- 3-A.3** Assist in the expansion and retention of existing businesses and industries.

- 3-A.4** Encourage and attract businesses that support industry clusters for demand occupations in technology, healthcare, business services, education, and logistics.
- 3-A.5** Promote revitalization and rehabilitation of older commercial and industrial areas to make them more competitive, accessible, aesthetically appealing, and economically viable.
- 3-A.6** Continue to strengthen and coordinate the City's economic development information-gathering activities and share this information with local and regional partners as part of an enhanced effort to improve the competitive positions of both the city and the region.
- 3-A.7** Promote the Redlands Municipal Airport as a hub for jobs and innovation within the city.
- 3-A.8** Support design and development of a transportation system to service the business and industrial needs of the Planning Area in order to minimize congestion and circuitous travel.
- 3-A.9** Partner with local business associations in their efforts to retain and grow existing businesses and attract new ones.
- 3-A.10** Encourage mixed-use projects within the Transit Villages that will attract a wide array of uses including retail, restaurant, entertainment, office, residential, and cultural offerings.



ESRI (above left), Kaiser Permanente (above right), and Redlands Community Hospital employ Redlanders in technology and healthcare sectors.





Vacant land available for business use is located near Downtown Redlands.

3.2 LAND USE BALANCE

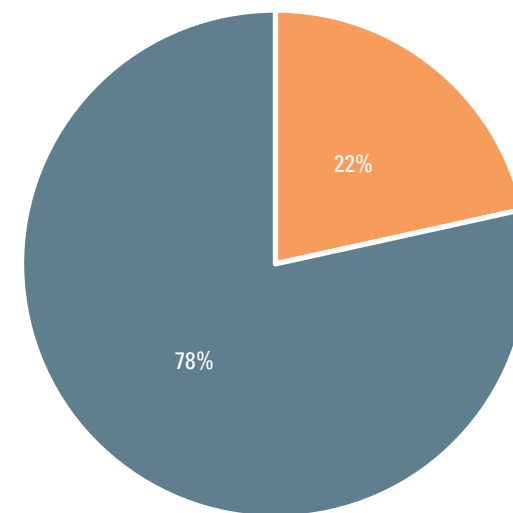
The jobs-to-employed residents' ratio illustrates the balance between jobs and housing in a community. A jobs to employed residents' ratio of 1.0 would indicate parity between jobs and housing, whereas a ratio greater than 1.0 indicates a net in-commute and less than 1.0 indicates a net out-commute. In 2013, the Planning Area had a slight jobs deficit, with a jobs to employed residents' ratio of 0.84. In 2035, this is projected to be 1.09 under the General Plan.

Though Redlands is home to large employment centers, such as ESRI, its hospitals, and the University of Redlands, residential is the largest land use, comprising 30 percent of the city's total acreage. Commercial, public/institutional, and industrial land uses combined encompass 10 percent of land. Centers of employment tend to be clustered in certain areas of the city. The western parts have by far the highest concentration of commercial activity, followed by Downtown Redlands and Lugonia. A small degree of neighborhood commercial activity exists in predominantly residential areas, such as the Colony Planning Subarea.

The challenge for the next 20 years will be to offer more job opportunities within the Planning Area, so residents do not have to commute elsewhere to find gainful employment. Retail and commercial growth in North Redlands, the Transit Villages, and Downtown is also seen as integral to the City's fiscal health. Considerations when adjusting land use to accommodate economic activity would include adequacy of available sites, proximity to existing establishments to promote the synergies that the City desires, and possibilities for adding foot traffic to transit areas and Downtown.

Chart 3-6: Inflow Primary Job Counts, 2013

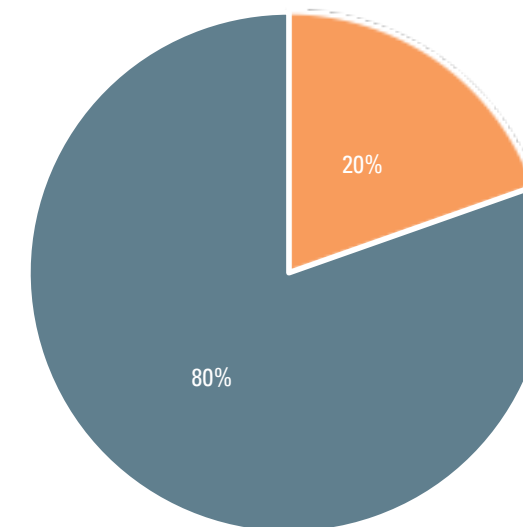
Employed in the Planning Area



- Employed and Living in Planning Area
- Employed in Planning Area but Living Outside

Chart 3-7: Outflow Primary Job Counts, 2013

Living in the Planning Area



- Living and Employed in Planning Area
- Living in Planning Area but Employed Outside

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2013).

POLICIES

Principles

- 3-P.6** Maintain the appropriate land use balance that fosters and enhances economic development within the City of Redlands.
- 3-P.7** Encourage balance between economic development and all other aspects of community life that make Redlands a desirable place to live, work, and shop.

Actions

- 3-A.11** Ensure that adequate and appropriate sites are available to attract and accommodate projected business growth, including the sectors such as health-care, education, professional, scientific, and technical services that are Redlands' strengths.
- 3-A.12** Encourage the location of commercial centers according to function and scale – regional, general, and neighborhood –so that centers of different scales complement one another and each is accessible to the primary market it is designed to serve.
- 3-A.13** Amend the East Valley Corridor Specific Plan to limit the development of large warehouse and distribution centers south of I-10 and east of I-210 within the East Valley Corridor.
- 3-A.14** Encourage commercial development, neighborhood retail, and professional offices and services of the appropriate

scale and business types along neighborhood commercial corridors, such as Orange Street and Colton Avenue.

- 3-A.15** Support and assist the long-term development of Redlands Municipal Airport and promote complementary land uses surrounding the airport, including incubator space for businesses that could benefit from proximity to the airport.
- 3-A.16** Continuously improve the community development process so that it facilitates the efficient and timely processing of development applications and projects.
- 3-A.17** Support neighborhood markets of appropriate size and scale and in the appropriate locations where there is support from neighborhood and community groups.

In Redlands, office and residential development is carefully planned so as to minimize environmental impacts and sustain the city's natural beauty.



Photo source: Miriam Cohn

3.3 INNOVATION, KNOWLEDGE INFRASTRUCTURE, AND WORKFORCE PREPAREDNESS

Innovation

The confluence of the University of Redlands with major technological companies indicate that Redlands is a supportive place for innovative companies and entrepreneurs to develop and thrive. The City offers programs to support local business owners, including a business visitation program. These programs are just a start towards developing an innovative future; Redlands must continue implementing policies and programs to nurture innovation and entrepreneurship, including partnerships with local stakeholders, mentoring for entrepreneurs, and the creation of incubators.



The University of Redlands (above left) is a major boon to the local economy. ESRI (above right) also provides high technology jobs that contribute to economic diversity.

Knowledge Infrastructure

Innovation begets innovation; incorporating the most up-to-date technology, such as high-speed internet and smart technology, into City systems and infrastructure will increase the City's ability to attract and retain visionary companies. Redlanders understand the importance of improving knowledge infrastructure, and would like to see the City promote the availability of knowledge infrastructure in order to attract businesses to Redlands.

Workforce Preparedness

An educated, well-prepared workforce is essential to meet the needs of local companies and potential employers, especially given that projected employment growth in Redlands is in sectors such as software, services, and healthcare, that demand high levels of education. The availability of a trained, qualified workforce also plays a significant role in determining an employer's decision to locate in a city. Workforce development strategies include regional collaboration, industry needs assessment, and technology incubators.

POLICIES

Principle

- 3-P.8** Support activities that foster economic gardening (home-grown businesses) through entrepreneurship opportunities and partnerships that provide for business sector growth and expansion for demand industries (e.g., technology; healthcare).
- 3-P.9** Encourage public/private technology infrastructure projects that support business and municipal efficiency.
- 3-P.10** Through cooperation and support, encourage development of a labor force with skills to meet the needs of the area's current and future businesses and industries.
- 3-P.11** Support businesses, both existing and new, as they seek to provide and expand gainful, long-term employment opportunities that strengthen local workforce participation.

Actions

- 3-A.18** Partner with public, private, and academic stakeholders to develop programs that connect entrepreneurs to resources. Encourage the development of essential infrastructure and provide entrepreneurs with needed information and assistance.
- 3-A.19** Support opportunities to enhance innovation through business incubators, expanded broadband and digital infrastructure, live-work spaces, mixed-use development, and policies that accommodate other industry innovations at the Redlands Municipal Airport, along Colton Avenue and Orange Street, Downtown, and in the Transit Villages.

- 3-A.20** Monitor the evolution of new businesses models of the future and ensure flexibility in the zoning regulations that can accommodate the appropriate business models for the community.
- 3-A.21** Pursue implementation of smart city development projects (e.g. wireless accessibility, smart parking, and other sensor-based technologies).
- 3-A.22** Capitalize on opportunities to prepare for future technology improvements and capabilities in infrastructure projects (e.g., installation of dark conduit or other techniques that may support future broadband installations during street and sidewalk rehabilitation projects).
- 3-A.23** Continually assess business workforce needs and requirements for developing a qualified workforce that meets the demands of businesses and industries concentrated within the city (e.g., technology, health care, manufacturing and logistics).
- 3-A.24** Work with educators (e.g., the University of Redlands; California State University, San Bernardino; community colleges; Redlands Unified School District) and other resource providers (e.g., County of San Bernardino Workforce Investment Board, State of California Employment Training Panel) to develop and implement applicable training programs and identify joint opportunities to spur growth of new and emerging job clusters and promote regional entrepreneurialism.
- 3-A.25** Support the development of business incubators, live-work lofts, and other flexible, multi-purpose, and open-office concept workspaces designed to assist entrepreneurs and start-up businesses.

3.4 TOURISM

Redlands' numerous assets—its sizable inventory of historical buildings, citrus groves, active Downtown, and arts and culture—make the city an enticing place for visitors. Partnerships with local businesses, community organizations, and regional entities can support Redlands as a tourist destination. Additionally, promotional materials can spread awareness and recognition of local assets.



Hangar 24 is a popular destination for visitors to relax and have a drink.

POLICIES

Principles

- 3-P.12** Promote Redlands as a destination where visitors can shop, dine, play, and stay, and help create opportunities for increased visitation, hotel stays, sales tax generation, and employment.
- 3-P.13** Promote Redlands as a tourist destination that appeals to a broad range of tourists engaged in cultural, artistic, historical, agricultural, ecological, and recreational tourism.
- 3-P.14** Collaborate and partner with local businesses, venues, and organizations to collectively market the community to potential visitors.
- 3-P.15** Support the arts and culture community as a means to both enrich the community and make Redlands a cultural and arts destination in the region.

Actions

- 3-A.26** Lead efforts to develop and establish a funding source for a local tourism group composed of tourism-related businesses, venues, and organizations, and to work collaboratively on promoting tourism in Redlands. Permanently establish and fund a tourism development function within the municipal government to coordinate these efforts.
- 3-A.27** Actively participate in regional tourist councils and organizations.
- 3-A.28** Develop and produce local visitor guides highlighting community venues and events.

- 3-A.29** Work collaboratively with large employers and institutions that have large visitor and meeting needs on the potential to expand the city's visitor accommodation offerings.
- 3-A.30** Collaborate with local community and service groups to market venues and events such as "farm-to-table" and "historical tours" to local and regional audiences.
- 3-A.31** Promote citrus farming and Redlands' citrus heritage as a tourist experience.
- 3-A.32** Support commercial recreation businesses as uses that would revitalize older commercial areas and draw new visitors to the city.

Splash Kingdom, the largest waterpark in the Inland Empire, attracts thousands of tourists to Redlands each year.





3.5 DOWNTOWN

Downtown Redlands is recognized as one of the city's greatest strengths, both culturally and economically, and it attracts local residents and regional visitors year-round. Market Nights draw thousands Downtown and provide opportunities for local vendors and artists to display and sell their wares. Residents resoundingly support the growth of service-oriented uses Downtown, such as restaurants, dining, and retail.

The City recognizes that sustaining a healthy economy Downtown is imperative to achieving principles set forth in the Economic Development Action Plan (EDAP). The EDAP strives to ensure that the Downtown area continues to be a focal point for business and tourism in Redlands, and stipulates that this aim will be accomplished through increased efforts to enhance and expand tourism-related activities and capital improvements in the downtown core. The aims of EDAP are reflected in the principles and actions for Downtown economic development.

Residential living is one component of Downtown health. Downtown residents add vitality in the Downtown throughout the day and evening, and provide customers for Downtown businesses as well as patrons for transit. Ensuring Downtown is a walkable, safe environment will attract additional residents Downtown.

POLICIES

Principle

3-P.16 Strengthen Downtown as a center of commerce and culture, with attractions for local residents, workers, and regional visitors year-round.

Actions

3-A.33 Support efforts to improve the economic and physical environment in the Downtown area by enhancing and expanding tourism-related activities and capital improvements, and generating external in-kind and monetary support for these efforts.

3-A.34 Encourage and support unique specialty retail and restaurant uses in the Downtown core.

3-A.35 Encourage and support the local ownership of Downtown buildings and businesses.

3-A.36 Support revitalization of underutilized commercial space throughout Downtown, including the Redlands Mall, which could create new opportunities for businesses and residents, and provide a critical link to rail.

3-A.37 Ensure adequate parking Downtown and efficiency in traffic flow to enable the continued revitalization of the commercial core.

3-A.38 Improve the safety and sense of safety throughout Downtown and the adjoining commercial areas.

3-A.39 Encourage and support the development of additional housing Downtown to increase the vitality and diversity of Downtown retail and services.

3-A.40 Enhance and expand the public spaces Downtown (streetscapes, plazas, parks) to improve the pedestrian experience.