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City of Indian Wells Economic Development Plan

FY 2016-17

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INTRODUCTION ▼

The purpose of the City of Indian Wells Economic Development Plan is to develop and prioritize strategies for continued economic viability, create and influence development, and support business growth and attraction to increase long-term revenues to the City. Revenue growth and sustainability are necessary to continue to maintain a vibrant community and deliver “an unsurpassed quality of life for residents and guests”.

PURPOSE ▼

This Economic Development Plan provides an analysis of the City's current economic profile, assesses the relative strengths, weakness, opportunities and threats that are perceived, and offers tools for addressing economic needs.

The Economic Development Plan relies on the following underlying assumptions:

- ▼ Indian Wells relies heavily on Transient Occupancy and Admissions Tax revenue, which comprise nearly two-thirds of City revenues.
- ▼ Future growth in Tourism will significantly affect future City revenue growth.
- ▼ Indian Wells has a valuable and identifiable brand as a premier residential community and tourism destination.
- ▼ Highway 111 is the major commercial route through the Coachella Valley.
- ▼ The BNP Paribas Open tennis tournament is expected to continue attendance growth in future years.
- ▼ Efforts for development of vacant commercial properties has not materialized.

Located in the heart of Southern California's desert resort communities, the City of Indian Wells is recognized worldwide for its tranquil and luxurious resort environment. Astute planning and city leadership have helped Indian Wells achieve status as one of the premier residential resorts and vacation destinations in the United States. Guests and residents alike are continually drawn to the many amenities Indian Wells offers, including four world-class resorts, the Indian Wells Golf Resort, the Indian Wells Tennis Garden (home to the BNP Paribas Open Tennis Tournament), and a variety of cultural events and resident benefits.

Demographics/Characteristics

- ▼ Population – 5,137
- ▼ Age – The median age of residents 63.6. The median age for Riverside County is 34.2
- ▼ Education – 53% of residents 25 years and over completed a bachelor's degree or higher.
- ▼ Number of Households - 2,774. The average household size is 1.9
- ▼ Income – Median household income is \$85,000. Approximately 36% of households earn \$100,000 or more.





Hotel Resorts

- ▼ **Renaissance Indian Wells Resort & Spa**
 - 538 rooms
 - 100,000 square feet of meeting space
- ▼ **Miramonte Resort & Spa**
 - 215 rooms
 - 30,000 square feet of meeting space
- ▼ **Indian Wells Resort Hotel**
 - 155 rooms
 - 18,000 square feet of meeting space
- ▼ **Hyatt Regency Indian Wells Resort & Spa**
 - 530 rooms
 - 28,000 square feet of meeting space



Indian Wells Golf Resort

- ▼ Two 18-hole Championship golf courses
- ▼ 53,000 square foot clubhouse
- ▼ 300+ guest conference/event facilities



Indian Wells Tennis Garden

- ▼ Annual BNP Paribas Open Tennis Tournament (456,672 attendees) (March)
- ▼ Indian Wells Art Festival (April)
- ▼ Desert Lexus Jazz Festival (May)
- ▼ Dr. George Car Show (February)

Indian Wells is home to six outstanding residential country clubs, which often function as “cities within a city.” These clubs offer a broad range of amenities for homeowners including golf courses and tennis courts, fitness centers, spas, and social/educational programs.

- ▼ Eldorado Country Club
- ▼ The Vintage Club
- ▼ Indian Wells Country Club
- ▼ Desert Horizons Country Club
- ▼ The Reserve
- ▼ Toscana Country Club



Trade Area Demographics

Within Trade Area:

▼ **10 minutes**

- Population – 101,981
- Median Household Income - \$57,484

▼ **15 minutes**

- Population – 193,060
- Median Household Income - \$53,394

▼ **20 minutes**

- Population – 269,378
- Median Household Income - \$51,470

Average Daily Trips

- ▼ **Highway 111:** 38,012 average daily trips
- ▼ **Washington Street:** 36,148 average daily trips
- ▼ **Fred Waring Drive:** 30,522 average daily trips
- ▼ **Cook Street:** 5,047 average daily trips

Information obtained from Southern California Association of Governments (SCAG), Coachella Valley Association of Governments (CVAG) and Buxton Company Market Overview Report (April, 2014)

SWOT ANALYSIS



As part of the process in developing the Economic Development Plan, City Staff conducted an initial SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis. The goal of the analysis is to identify the community's current strengths from which to build the Economic Development Plan, weaknesses that could serve as potential impediments to maximizing economic opportunities for future, improvements and initiatives that are currently available to the community or may become available in the future, and factors in the community that could serve to inhibit the crafting of effective economic development strategies or threats. The SWOT analysis will be updated as conditions change or more information comes to light.

The results of the SWOT workshop:

Strengths

- 1 Brand
- 2 Existing Tourism base
- 3 Indian Wells Tennis Garden
- 4 Small/flexible government organization
- 5 Highway 111 (main Coachella Valley thoroughfare)
- 6 Affluent community
- 7 Fiscally sound organization
- 8 Resorts – cooperative partnership
- 9 City facilities
- 10 Weather
- 11 Well maintained infrastructure
- 12 Indian Wells Golf Resort
- 13 Residents – connections for development
- 14 Regional amenities
- 15 Access to healthcare & higher education
- 16 Low crime rate



Weaknesses

- 1 Small size
- 2 Resources – limited vendors available in Coachella Valley
- 3 Summertime heat and subsequent population reduction
- 4 City's complex entitlement process
- 5 Limited developable land
- 6 Limited sales & property tax
- 7 Decline of golf's popularity
- 8 Limited retail market
- 9 Weak retail development market
- 10 Limited development preferences identified by City
- 11 Seasonal swing in population
- 12 Located away from freeway, air, train transportation
- 13 Increased State and CVWD water restrictions



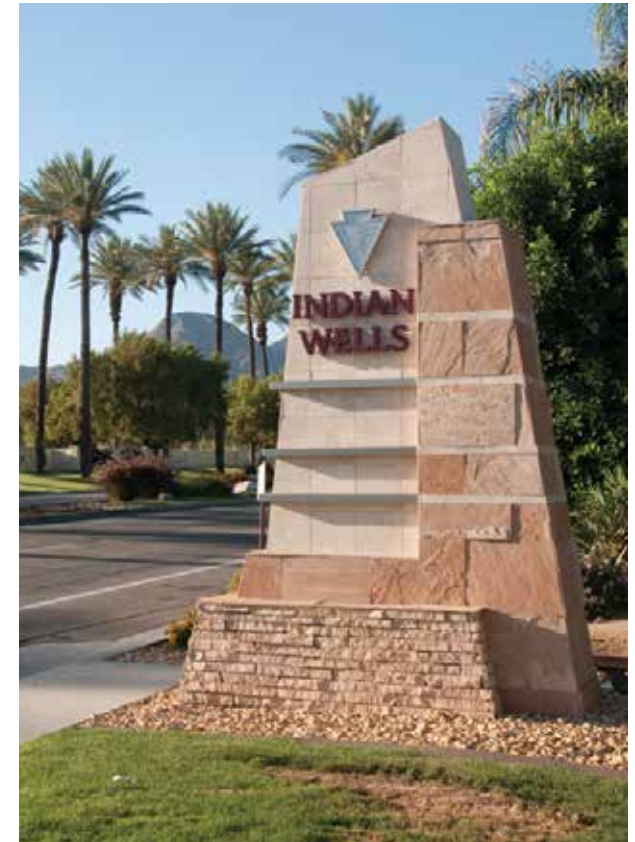
Opportunities

- 1 Vacant land
- 2 Expansion of the Indian Wells Tennis Garden
- 3 Resort campus
- 4 IW Art Museum
- 5 Larry Ellison
- 6 Sands Hotel
- 7 Proactive efforts for development
- 8 City solar
- 9 Parking
- 10 300 Club Drive building
- 11 Demographics
- 12 Grow existing businesses
- 13 Chamber of Commerce



Threats

- 1 Competition
- 2 Weather/floods/wind
- 3 Declining golf
- 4 Cost of capital improvements
- 5 Development process
- 6 Utility costs
- 7 Legislation
- 8 Salton Sea
- 9 Loss of existing retail
- 10 Unknown cultural resources

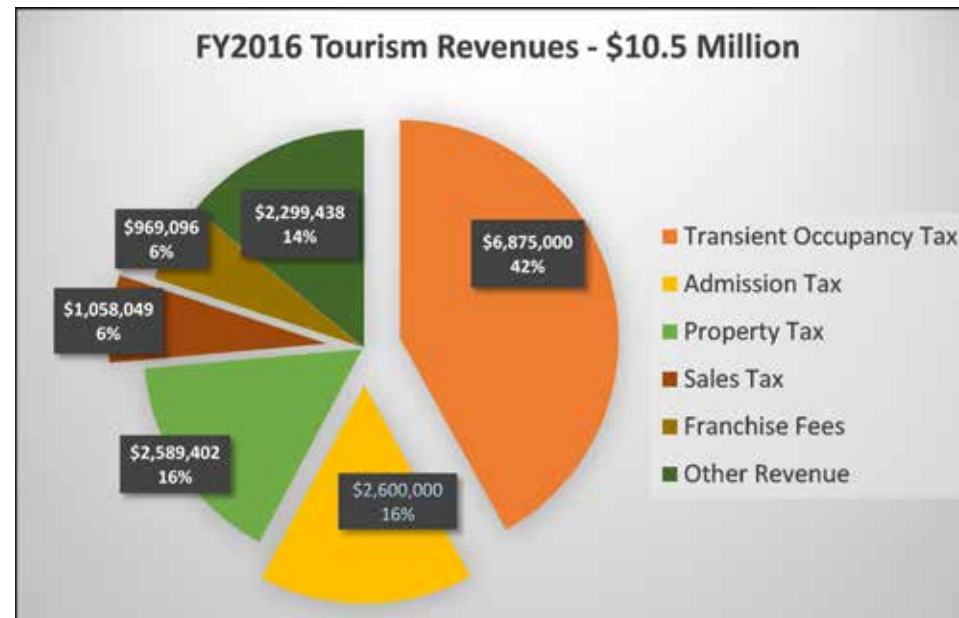


The City is targeting three areas for economic growth:

- 1 Tourism
- 2 Development
- 3 Business Retention & Attraction

Tourism

Tourism is the strongest economic driver of the City of Indian Wells. Tourism makes up 64%, about \$10.5 million, of the \$16.4 million General Fund Budget for fiscal year 2015/16. Transient Occupancy tax, Admission's tax, and Sales Tax collections account for the tourism revenues received by the City.



The City works with its partners under the Partner Marketing Strategic Plan to implement objectives to strategically support our partners and to influence growth in Transient Occupancy Tax (TOT). TOT from the City's four resorts and residential vacation rentals contribute 42% (\$6.9 million) of the City's General Fund revenue. Admission

Tax from the Tennis Garden and other events contributes another 16% (\$2.6 million). Finally, the City collects the remaining 6% (\$1.1 million) of its revenues from Sales Taxes generated predominantly from the City's four hotels and the Indian Wells Golf Resort.

The City developed a separate Partner Marketing Strategic Plan to promote Tourism and the Indian Wells brand. The goal of the Partner Marketing Strategic Plan is to develop and execute marketing strategies to promote Indian Wells to our target audience to influence growth. The strategies including branding opportunities, relationship marketing, strategic partnerships, tennis marketing, and other opportunities that fit into the plan's strategic objectives. Additional information pertaining to Tourism goals and strategies can be found in the Partner Marketing Strategic Plan.

Development

Approximately 170 plus acres of undeveloped land presents opportunities to develop projects that support the fiscal sustainability of the City. Much of the vacant property is located in the northeast portion of the City, between Miles Avenue and Highway 111 and surrounding the Indian Wells Tennis Garden. These properties include resort commercial, community commercial and residential land use designations. Additionally, a 7.0 acre vacant commercial property sits adjacent to the Indian Wells Resort and a 2.63 residential property remains at the corner of Rancho Palمراس Drive and Highway 111, which are not shown on the below Opportunity Sites exhibit. Near-term development of vacant property is a critical factor in the long-term economic sustainability of the City



Opportunity Sites (Northeast Corner of City)



Vacant Properties

Vacant properties in the City are held by either private ownership, the City, or the Housing Authority. The private properties in the northeast portion of the city are depicted in red and the City and Housing Authority properties are identified in yellow in the exhibit. These properties are further identified below.

#	Acres. (approx.)	Location	Zoning
2	12.6	East side of Warner Trail/South of Fred Waring	Medium Density Residential (7.0 du/ac)
3	34	NEC Miles Avenue & Warner Trail	Medium Density Residential (7.0 du/ac)
4	2.5	NWC Washington Street & Miles Avenue	Resort Commercial
5	5.6	South side of Miles Avenue	Medium Density Residential (7.0 du/ac)
7	37.7	SWC Washington Street & Miles Avenue	Resort Commercial
8	15.4	NWC Highway 111 & Miles Avenue (including channel lining improvements)	Resort Commercial
9	15.4	NEC Highway 111 & Miles Avenue (including channel lining improvements)	Community Commercial

Most development interest is focused on the east and west sides of Miles Avenue at Highway 111 (Sites 8 and 9 in the opportunity site exhibit). The interest in the two sites has included development of for-sale and fractional ownership residential uses. In addition, interest has occurred on the east side of Miles Avenue for development of a hotel, museum, driving range, and senior housing uses. While there has not been any formal development proposal on either property, the City has consistently acknowledged that the preferred uses for the vacant properties along Highway 111 include hotels or other commercial uses that would generate TOT, or an amenity, admission, or sales tax for the City. Residential projects are not considered ideal uses as they have no long-term financial benefit to the City.

The owners of the vacant properties near the Tennis Garden have not shown interest in developing their properties. The 37.7 acre property owned by the Tennis Garden located on the south side of Miles Avenue (Site 7) is used for parking during the BNP Tennis Tournament and will continue to be needed for the tournament until a viable parking alternative is developed. The other vacant property owners of the 34 acre and 2.5 acres properties (Nos. 3 & 4) in the area are waiting until the market conditions are right before developing their properties.

The Housing Authority is in the process of developing a property strategy plan for the vacant properties owned by the Board (Sites 1, 6 & 10).

The Housing Authority properties include:

#	Acres. (approx.)	Location	Zoning
1	4.2	Warner Trail/South of Fred Waring	Low Density Residential (4.5 du/ac)
6	50.1 (24.3 developable)	South of Miles Avenue, west of Washington Street	Resort Commercial
10	10.3	North of Highway 111, east of Brixton Property	Community Commercial/ Medium Density Residential (7.0 du/ac)



Goal #1:

Support the development of vacant commercial sites

Tools

- ▼ Hire a consultant(s) to provide conceptual designs and/or help market the commercial properties.
- ▼ Develop a vacant property Master Plan with preferred uses on all vacant sites.
- ▼ Contact/meet with vacant property owners on a regular basis to discuss development opportunities.
- ▼ Create vacant property profiles and market these to developers.
- ▼ Consider offering development incentives for potential preferred/target projects.

Entitlement Process:

The City can positively affect the economic environment of the City by streamlining the entitlement process. Review of the City's current entitlement process identified areas to be consistent with other cities and reduce the entitlement cost and time to process applications. In comparing the City's entitlement process with some other cities in and outside of the Coachella Valley, many of the City's entitlement applications currently require both Planning Commission and City Council approval, while other cities have final approval authority given to the Planning Commission or Director for non-legislative actions.



The below table outlines the approval process for the cities researched. Typically all of the entitlement applications listed in the table that require City Council approval require Planning Commission action first, prior to approval by the Council.

Approval Authority	Indian Wells	La Quinta	Rancho Mirage	Palm Desert	Palm Springs	Rancho Cucoamonga	Chino
General Plan Amendment	City Council	City Council	City Council	City Council	City Council	City Council	City Council
Zone Change	City Council	City Council	City Council	City Council	City Council	City Council	City Council
Zone Text Amendment	City Council	City Council	City Council	City Council	City Council	City Council	City Council
Master Development Plan / Specific Plan	City Council	City Council	City Council	Planning Commission	City Council	City Council	City Council
Conditional Use Permit	City Council	Planning Commission	City Council	Planning Commission	City Council	Planning Director	Planning Commission
Variance	City Council	Planning Commission	City Council	Planning Commission	Planning Commission	Planning Commission	Planning Commission
Temporary Use (New)	City Council	Planning Director	Planning Director	Planning Director	Planning Director	Planning Director	Community Development Director
Sign Program	City Council	Planning Commission	Planning Commission	Architectural Review Committee	Planning Commission	Planning Director	Community Development Director
Tentative Parcel Map	City Council	Planning Director	Planning Commission	Planning Commission	City Council	Planning Commission	Planning Commission
Tentative Tract Map	City Council	City Council	City Council	Planning Commission	City Council	Planning Commission	Planning Commission
Final Maps	City Council	City Council	City Council	City Council	Engineer	City Council	City Council
Use Determination	Planning Commission	N/A	N/A	Planning Commission	Planning Commission	Planning Director	N/A
Administrative Relief	Community Development Director	N/A	N/A	Zoning Administrator	N/A	Planning Director	Community Development Director

Goal #2:

Streamline the entitlement process

Tools

- ▼ Revise the final approval authority for Conditional Use Permits, Variances, Temporary Uses, Sign Programs and Tentative Parcel and Tract Maps to reduce processing cost and time.
- ▼ Expand the list of development deviations that can be approved under an Administrative Relief application.
- ▼ Create an expedited plan check process for desired development.
- ▼ Update the development and plan check submittal checklists.

Business Retention & Attraction:

The importance of retaining existing businesses and attracting new businesses is essential to the long-term fiscal sustainability of the City. In addition, supporting temporary uses and special events will help support existing business and help vacant properties obtain income and bring visitors to the City that will support existing local businesses.

Goal #1:

Expand and enhance marketing to attract new businesses and events to the City

Tools

- ▼ Support temporary uses/special events on vacant property.
- ▼ Support opportunities to recruit businesses in target categories.
- ▼ Work with the Indian Wells Chamber of Commerce to attract businesses.
- ▼ Develop relationships with commercial brokers.

Goal #2:

Support the retention and expansion of existing businesses

Tools

- ▼ Develop relationship with existing centers to support businesses.
- ▼ Offer businesses shared advertising in the City's newsletter.
- ▼ Support business retention programs implemented by the Indian Wells Chamber of Commerce.
- ▼ Promote local businesses via the City tourism website.
- ▼ Support special events to attract people to support local businesses.
- ▼ Increase the use of social media tools to promote businesses and events.
- ▼ Participate with regional Riverside County Economic Development partners to assist and retain existing businesses.