



Brookhurst Development
& Advisory Corporation



**Feasibility Study for Innovation Center
Phase I - Stakeholder Assessment
Presented to the City of Yucaipa**

July 25, 2017 *Revised*



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I. INTRODUCTION

Purpose

As part of its long-term strategy to partner with the Crafton Hills Community College (“CHC”) and perhaps the Yucaipa-Calimesa Joint Unified School District (“YCJUSD”) in the development of the College Village district adjacent to the College (“CHC”), the City of Yucaipa (“City”) is presently exploring with the College the potential development of an “Innovation Center” where a range of users – including educational, workforce training, and science-technology-engineering-mathematics (“STEM”) facilities, and business incubator spaces – may collaborate to serve the needs of students, faculty, adult learners, institutional users, and businesses in the region.

The City engaged the services of Brookhurst Development and Advisory Corporation to conduct a Feasibility Study (“Study”) for the Innovation Center in two Phases: Phase I consists of the Innovation Center Stakeholder Plan, which encompasses identifying and interviewing potential regional stakeholders/tenants as to their interest and willingness to commit to participating, space and programmatic needs, and ability to pay rent; assesses and integrating the outcomes; and recommending stakeholder-tenants, services provided and anticipated income from those stakeholders. Phase II consists of the Innovation Center “DBFOM” Plan, which comprises developing a plan for the *Design, Building, Financing,*

Operations and Maintenance of the Innovation Center, based on the stakeholder-tenant participation and needs identified in the first Phase.

BDC presents this Feasibility Study Phase I Report (“Report”), which includes the Innovation Center Stakeholder Plan, as well as recommendations for actions in Phase II of the study.

II. BACKGROUND: INNOVATION CENTER & COLLEGE VILLAGE

Innovation Center Planning Context: College Village

The Innovation Center is targeted for development in the College Village area, which is located at the western end of the City of Yucaipa. Located in the eastern part of the San Bernardino Valley, Yucaipa is bordered by the City of Calimesa and unincorporated Riverside County to the south; the City of Redlands, the unincorporated community of Mentone and unincorporated San Bernardino County to the west; and unincorporated San Bernardino County to the north and east. Major artery access is provided by Interstate 10 (I-10) through the southwest part of the City, State Route 38 (SR-38/Mill Creek Road) along the northern boundary, and County Line Road which borders the City of Calimesa.

The College Village concept has been designed to enhance the city’s western gateway along Yucaipa Boulevard and adjacent to Crafton Hills College, and guide the development



of approximately 50 acres of vacant unimproved land along the north side of Yucaipa Boulevard between 14th and 16th Streets. Yucaipa's General Plan, adopted in 2015, designates the College Village project area as General Commercial (CG) with an Overlay Designation of the College Village, which was approved to guide development in the four parcels immediately south of the CHC, generally boarded by Sand Canyon Road to the north and east, Yucaipa Boulevard to the south, and includes property located on the western side of 16th Street, as shown in the schematic on the following page. The area encompassing College Village is currently primarily vacant.

The City's vision encompasses a vibrant, pedestrian-friendly district that includes housing, commercial, public, and institutional uses. Allowed development includes a range of student/faculty housing, professional service, retail, recreation/entertainment, repair, convenience/support services, and other similar uses; commercial uses would be focused on serving the needs of the College students, faculty, and visitors.

Innovation Center Designation

The College Village allows for the development of an "Innovation Center" including a business incubator, where "public, institutional, and/or technology uses" could collaborate to enhance education, training and workforce development in the region, as well as support CHC and provide other higher education partnerships for the area. The Innovation Center

would serve as a hub to anchor and encourage the further development of the College Village, including student/faculty housing, amenity retail and commercial projects. The College Village is envisioned to be accessible to CHC via a pedestrian path to be constructed across Sand Canyon Road at a controlled intersection, in addition to vehicular access via Sand Canyon Road, 16th Street and the extension of Chapman Heights Road.

The Innovation Center is planned for development on a parcel of land at the north end of the College Village, closer to Crafton Hills College. The land is currently owned by a private entity.

The region served by the Innovation Center in Yucaipa may encompass the communities of Calimesa, Redlands, San Bernardino, Banning, Beaumont, Highland and surrounding unincorporated areas of San Bernardino County.

III. SCOPE OF WORK

Phase I of the Yucaipa Innovation Center Feasibility Study consists of the following scope of work:

1. Review of materials: In order to ensure optimum efficiency and eliminate redundancy to work already done to support the creation of the Innovation Center, BDC reviewed all non-confidential work product conducted to date by city staff and others involved in the Innovation Center project, including: lists of potential stakeholders and contact information, records of



- | | | |
|---------------------|----------------------|------------|
| Nonresidential Only | Attached Residential | Open Space |
| Vertical Mixed Use | Detached Residential | Slope |

College Village Overlay District Concept



any stakeholder interviews and information gathered, and any preliminary work and/or analyses already conducted. These materials were provided by the Yucaipa City Manager and the Director of Community Development.

2. Initial Meeting: BDC conducted an in-person kick-off meeting with the Yucaipa City Manager and Director of Community Development to define the ultimate goals of the Innovation Center including purpose, desired outcomes, and definition of geographical area and/or any specific populations to be served.

Subsequently, BDC made multiple trips to Yucaipa to inspect the site and tour the CHC campus. We also conducted meetings with staff of CHC as well as San Bernardino Community College District ("SBCCD") and the SBCCD Economic Development & Corporate Training Foundation ("EDCT") to discuss how the development of student/faculty housing by CHC might contribute to the mission of the proposed Innovation Center.

3. Stakeholder Identification: BDC worked with the Yucaipa Director of Community Development to identify a focused list of no more than ten potential partners/tenants for the Innovation Center, including entities who have already indicated an interest as well as other organizations that would be desired for inclusion. Issues considered included:

- Training/Services currently being provided in target area and to any targeted populations

- Key industries driving the local economy
- Human Resource needs of employers in the target area
- Emerging opportunities in growing industries
- Potential funding streams

4. Model of Success: University Center, College of the Canyons, Santa Clarita, California: To nurture deeper insight and lessons learned from a successful innovation partnership model, BDC provided introductions with Board of Trustees and staff of College of the Canyons, and helped facilitate an on-site tour of their recently constructed University Center by a delegation of Yucaipa City Councilmembers, City Manager and designated staff; CHC leadership; YCJUSD and Yucaipa High School leadership; and representatives of private owners of the land parcels where College Village and the Innovation Center are anticipated to be developed. BDC's strong relationships with certain Trustees and locally elected officials ensured their collaboration in providing insights and experience acquired in the construction and operations of their successful University Center, resulting in a highly successful and interactive tour and meeting for the Yucaipa delegation.

5. Stakeholder Interviews: BDC conducted telephone interviews with key leaders/representatives of the stakeholder organizations identified by the Yucaipa Director of Community Development who were knowledgeable about and empowered to provide the information being sought. Issues to be addressed include the organizations' current programs and operation, interest and willingness and/or ability to commit to



participating in the proposed Innovation Center, and space/usage needs and ability to pay rent, if able to be determined at the present time. BDC also interviewed key leaders/representatives of additional entities identified by the initial stakeholder organizations as important to include given the scope of services they provide and their potential to enhance the vision of the Innovation Center. Information is presented in Section IV of the Report.

6. Stakeholder Assessment & Recommendations: BDC analyzed and assessed the results from the interviews conducted with potential stakeholders, and recommends a focused list of stakeholder-tenants for the Innovation Center and potential opportunities presented by the co-location of programs and organizations in the Innovation Center. Information is presented in Section V of the Report.

7. Program Assessment: BDC identifies overall programming needs for the Innovation Center, including potential location and footprint of the new innovation center within the College Village District. We also provided recommendations as to building structure and mechanical systems at a conceptual level. This does not include any design concepts as that would be part of Phase II work. Results are presented in Section VI of the Feasibility Study Report.

8. Rental Income: The result of our Feasibility Study Phase I interviews revealed that at this time, most of the Innovation Center target partner organizations have yet to assess their

programmatic objectives with enough specificity such that a scope of space needs could be estimated for programs to be offered or transitioned to the Innovation Center. Thus, there is insufficient information regarding anticipated space needs and funding to support a rental rate analysis that could reasonably project obtainable rates from those stakeholders interviewed. Therefore, while not included in our initial contracted scope of work, BDC conducted a rental rate study to provide insight as to the stream of rental income that could be anticipated from the Innovation Center given market rates in the surrounding area. Results are presented in Section VII.

9. Recommended Actions: Based on the results of Phase I of the Innovation Center Feasibility Study, BDC recommends actions to be taken by the City of Yucaipa, Crafton Hills College, the private entities who currently own the land envisioned for the College Village and the Innovation Center, and the Innovation Center partners identified in this Report before Phase II of the Innovation Center Feasibility Study is able to be launched. These recommendations are presented in Section VIII of the Report.



IV. STAKEHOLDER INTERVIEWS

Process

BDC worked with the Yucaipa City Manager and the Director of Community Development to compile a list of organizations and key contacts with whom discussion had been initiated regarding the Innovation Center since 2015, when the concept was included in the College Village Overlay designation in the City's General Plan. In addition, the CHC administration independently reached out to several parties to gauge interest. Eleven entities were initially identified for BDC outreach and interviews:

- Brandman University
- City of Yucaipa Business Incubator Center
- City of Yucaipa City Council representative
- Crafton Hills Community College (CHC) – Campus & Academic Senate leadership
- California State University San Bernardino (CSUSB) Inland Empire Center for Entrepreneurship
- San Bernardino County Economic Development Agency & Workforce Development Board (WDB)
- SBCCD Economic Development & Corporate Training (EDCT)
- University of Redlands School of Business
- Veterans Outreach Center, North San Diego County
- Yucaipa Chamber of Commerce

- Yucaipa-Calimesa Joint Unified School District (YCJUSD)
Upon further discussion, the City eliminated the University of Redlands as the key contact had previously indicated its focus was on opportunities for their students to mentor the Yucaipa Business Incubator resident businesses.

During the course of the study, BDC added interviews with the Colton/Redlands/Yucaipa Regional Occupational Program (CRY-ROP), which was strongly recommended by the YCJUSD Superintendent. BDC also toured the Yucaipa Business Incubator, in addition to interviewing Yucaipa's Director of Community Development regarding the facility's operation and programs.

Designated representatives for Brandman University and the Veterans Outreach Center, North San Diego County, did not respond to BDC's multiple outreach attempts, and were therefore not interviewed as potential Innovation Center tenant/partners for the purpose of this Study; subsequently, CHC re-launched discussions directly with Brandman and they ultimately expressed interest in expanding their partnership with Crafton Hills College to include bachelors' degree programs. CHC also reached out to University of La Verne representatives and received a positive response. In addition, during the initial presentation to the City Council, members stated a strong desire to include veterans' services resources in the Innovation Center and recommended outreach to the Crafton Hills College Veterans Resource Center.



**Yucaipa College Village Innovation Center
BDC Outreach Interviews**

Organization	Name	Title	Focus of Discussion
Brandman University	Sheila Bishop	Sr. Mgr, Community & Corporate Relations	Possible 4-year degree partner.
City of Yucaipa	Ray Casey Paul Toomey	City Manager Director, Community Development	Background information, City of Yucaipa Business Incubator Center, and outreach targets for Innovation Center interviews.
City of Yucaipa City Council; Crafton Hills College, Academic Senate	Denise Allen	City Council; Past Mayor; President, Academic Senate	City Council's perspectives. Background information on High School Concurrent Enrollment, Adult Education, workforce development and potential testing center.
Colton/Redlands/Yucaipa-Regional Occupational Program (CRY-ROP)	Stephanie Houston Carol Tsushima	Superintendent Assistant Superintendent	Recommended by Cali Binks, CYJUSD. Regional Occupational Program curriculum options and partner organizations.
Crafton Hills Community College	Dr. Wei Zhou Mike Strong Carla Thornton Joe Cabrales	President VP, Administrative Services Veteran's Coordinator/Counselor Dean, Student Services/Development	High School Concurrent Enrollment, Distance Learning, 4-year Degree Program, Bachelor's degree, Workforce Development/Occupational Training, Contract Education, support for International Students, Testing Center.
California State University San Bernardino Inland Empire Center for Entrepreneurship	Michael Stull	Professor of Entrepreneurship & Director, Inland Empire Center for Entrepreneurship	Potential satellite office.
San Bernardino County Economic Development Agency (EDA) & Workforce Development Board (WDB)	Reg Javier Mariann Ruffolo	Deputy Executive Officer Deputy Director, Youth Programs	EDA and WDB programs, Youth Programs.
San Bernardino Community College District (SBCCCD)	Richard Galope	Assoc. Vice Chancellor, Economic Development & Corporate Training	SBCCCD Innovationmaker & Entrepreneurship Center and programs targeted for transition to Yucaipa Innovation Center
University of Redlands School of Business	James Spee	Professor, School of Business	Eliminated by City as Innovation Center partner; BDC did not contact.
Veterans Business Outreach Center, North San Diego County	Enrique Martinez	Vocational Rehabilitation Counselor & Employment Services	Evaluates/supports vocational instruction programs/ centers for referral by VA.
Yucaipa Chamber of Commerce	Amy Minjares	President/CEO	Yucaipa Business Incubator Center partner. Potential additional programs for Innovation Center.
Yucaipa-Calimesa Joint Unified School District (YCJUSD)	Cali Binks	Superintendent	Adult Education, High School Concurrent Enrollment, Pathways programs.
No programs for Innovation Center	Did not contact	No response	Added by BDC



Interviews

The Yucaipa College Village Innovation Center Outreach Interviews matrix included on the previous page summarizes the outreach undertaken by BDC. Interviews were conducted with a total of 13 representatives of 9 potential Innovation Center tenant/partner entities.

Interviews included a brief overview of the Innovation Center concept (for those interviewees who requested information), and a discussion of which programs the interviewees' organizations envisioned bringing to the Innovation Center as a potential tenant/partner.

Following is an overview of the information gleaned from the interviews, including backgrounds of targeted partner/tenant organizations as relevant to the vision for the Innovation Center.

City of Yucaipa Business Incubator Center

Background

In 2014, the City of Yucaipa acquired the former Police Station at the corner of Yucaipa Blvd and 5th Street, and converted it to a Business Incubator Center, to foster economic development, and business and job growth in the City by providing new and small businesses the support they need to

launch and/or grow. The Incubator functions in partnership with the Yucaipa Valley Chamber of Commerce, Crafton Hills Community College, and Yucaipa-Calimesa Joint Unified School District. It also offers mentorship, workshops and business tools provided through SCORE, the nonprofit association funded by the U.S. Small Business Administration. The Business Incubator Committee established by City Council approves new applicants, evaluates the business progress of resident companies, and makes the determination for those businesses to graduate from or fail out of the Incubator program.

Program Targeted for Innovation Center

Launched with first approvals of resident companies in February 2016, the Business Incubator Center provides affordable start-up office space; conference rooms; shared office services such as Internet and phone service, use of equipment, and administrative support; and management workshops and SCORE Small Business Advisory Services. Now operating at capacity, the Business Incubator houses approximately 10 resident businesses in approximately 12,000-13,000 square feet of offices and shared space.

As construction is a primary economic driver for the region and represents a growth sector in the city, construction contractor businesses were initially targeted for participation. The current roster of resident businesses comprise a range of industries; a majority are in the construction and land use/development



industries, with the remainder being a mix of legal services, financial services, and media production. One firm provides solar panel installation training. In addition, discussions are underway for the development of Advanced Manufacturing Training in partnership with Yucaipa-based Sorensen Engineering, which uses micro-technology in precision screw machining, electroplating, value engineering, and contact assembly.

Crafton Hills Community College

Background

One of the two community colleges comprising the San Bernardino Community College District (the other being San Bernardino Valley College), Crafton Hills Community College (CHC) campus borders the northern edge of the College Village District. The campus offers more than 30 areas of study, 7 multi-disciplinary degrees, 35 Career Certificate programs, and 24 associate degrees for transfer to 4-year institutions. The California Community College Chancellor's Office reports that CHC's full-term annual enrollment for 2016 was 8,056 students.

CHC is working with the Yucaipa-Calimesa Joint Unified School District on Adult Education programs. The YCJUSD is taking the lead in building the pipeline, with the goal of having

these students transition from the non-credit adult education program to attending CHC on a credit basis.

In addition, the College is continuing its ongoing relationship with the Colton/Redlands/Yucaipa-Regional Occupational Program (CRY-ROP) to expand articulation offerings, whereby high school students completing designated CRY-ROP programs are able to earn CHC credit.

CHC is participating in the California Community College Maker Initiative, which provides seed funding for a 2-year Makerspace implementation grant. Funding received from this successful grant application augments resources being developed as part of the SBCCD Innovation & Entrepreneurship Center.

Crafton Hills is also developing plans to attract a higher number of international students by offering options such as student housing to be constructed in College Village, and an International Student Center offering support services and English as a Second Language (ESL) classes in the Innovation Center. The SBCCD has contracted with BDC to conduct a Student/Faculty/Staff Housing Feasibility Study, which is underway. Plans for an International Student Center have not yet begun.

In January 2015, CHC had been granted preliminary approval by the California Community College Office of the Chancellor and Board of Governors to offer a four-year Bachelor's degree



in Emergency Services and Allied Health Systems under a new state-level seven-year pilot program. However, CHC had to withdraw from the program after being placed on warning status during an accreditation review in February 2015. Accreditation was fully restored in July 2016. CHC leadership is preparing to reapply for this opportunity pending the result of the current legislative process underway to expand the program.

In addition, CHC recently opened its Veterans Resource Center on campus. While CHC has been providing services to veterans for years through the Veterans Services Office, the new Veterans Resource Center includes a certified counselor dedicated specifically to spearheading academic, career, and behavioral health counseling, as well as providing a computer lab, and guidance on education, workforce training, tutoring, and other services for veterans. Targeting veterans who have left the military in the previous four years, the Center will also provide mentorship to help them transition to civilian life.

Programs Targeted for Innovation Center

- High School Concurrent Enrollment & Middle College: CHC is currently in discussions with several potential partners to enhance the High School Concurrent Enrollment Program, or create a Middle College near the CHC campus.. A Middle College could launch with 25-50 students and grow to approximately 150-200 students in the next few years.

- Four-Year Degree Program: CHC is working to attract satellite campuses from four-year Bachelor degree program institutions to the Innovation Center. CHC has indicated that Brandman University (which has a satellite campus in Riverside and had been approached previously) may be interested in offering bachelor's classes and programs, and Western University of Health Sciences is interested in potentially offering their under-development bachelor's programs at the Innovation Center. The University of La Verne is starting a bachelor's degree program housed on campus to start with as well. National University, University of the Pacific, and UC Riverside may also be interested in satellite lab space, but not a full campus. The focus will be on private institutions.
- Workforce Development/Occupational Training: Non-credit courses and vocational training in the trades could also be housed at the Innovation Center. Options include solar, advanced manufacturing and construction trades. In addition, many trades have written and practical testing requirements that could be incorporated into a testing center. Programs are yet to be developed.
- Contract Education: CHC contracts with agencies to provide necessary training, as with the Fire Academy program; CHC contracts with CalFire, with CHC faculty providing classroom instruction at the CalFire



Academy. CHC envisions expansion of Contract Education programs, with opportunities to integrate with County and SBCCD workforce training programs operating out of the Innovation Center.

- **Makerspace:** Anticipating forthcoming grant funding, CHC in collaboration with EDCT and CRY-ROP has a unique opportunity to develop a Makerspace in the Innovation Center to support new education and training programs, as well provide faculty with resources to augment existing programs with creative, hands-on curriculum modules.
- **Testing Center:** CHC has an on-campus center for MCAT testing, equipped with cameras and meeting the other requirements required by the contract for the MCAT testing. A formal testing center facility that can offer testing for a wide variety of educational and training purposes is considered as a possibility for the Innovation Center.

San Bernardino Community College District Economic Development & Corporate Training Center (EDCT)

Background

Comprising the two campuses of Crafton Hills College and San Bernardino Valley College, the SBCCD serves 25,000

students annually in 22 Inland Empire cities. The Districts' Economic Development & Corporate Training Center (EDCT) is focused on stimulating the economic prosperity of the Inland Empire by: providing a range of fee-based support services and customized training to meet human capital development needs of regional employers; providing job training in emerging technologies and high-growth areas; building partnerships to secure public sector funding to support short-term training; and providing curriculum development, program design and educational technical assistance to the SBCCD's colleges to support workforce development and career technical education.

Programs Targeted for Innovation Center

The EDCT is proposing to establish an Innovation & Entrepreneurship (IE) Center, to be launched and housed in space at the San Bernardino Airport. The IE Center is envisioned to encompass a range of fee-based, not-for-credit educational and training programs across the areas of Science and Engineering Technologies, Logistics and Manufacturing Technologies, and Design & Creative Technologies. Additional programs focused on entrepreneurship and construction trades are also being considered.

Proposed concepts also include an Innovation and Entrepreneurship module, envisioned to provide a range of business training and support; and a Career Pathways Launchpad, with career curriculum and training in disciplines



such as fire technology and construction trades, to build upon programs offered or envisioned by CHC and CRY-ROP.

Additional plans also may include a variety of Labs and Makerspace resources to support training and educational programs across all modules, and enable hands-on training as well as creative space to support business as well as educational endeavors.

Several modules and Labs envisioned for Design & Creative Technologies and Career Pathways, as well as those envisioned to support fire technology and construction training, could be transitioned to the Innovation Center.

Yucaipa-Calimesa Joint Unified School District (YCJUSD)

Background

Headquartered in Yucaipa, the Yucaipa-Calimesa Joint Unified School District serves approximately 10,000 K-12 students with approximately 450 teachers in 15 schools, charter schools and education facilities. Career Pathway programs and career technical education (CTE) training are provided through the Colton/Redlands/Yucaipa Regional Occupational Program (CRY-ROP) with some funding coming through the San Bernardino County Workforce Development Agency.

Adult Education is provided via a consortium of five local school districts, and the Crafton Hills and San Bernardino Valley Colleges. Courses of study include High School Diploma/GED, English as Second Language/ESL, and Civics and Citizenship classes. The potential exists for several Adult Education and satellite campuses to serve students, better enabling access for students lacking transportation.

Programs Targeted for Innovation Center

The Adult Education program has the potential for a satellite campus at the Innovation Center, with the goal of creating a continuum between the basic skills taught in Adult Education and the courses of study available at Crafton Hills College, on both a credit and non-credit basis.

Colton/Redlands/Yucaipa Regional Occupational Program (CRY-ROP)

Background

CRY-ROP is an integral element of the workforce and economic development systems in the region. Accredited by the Council on Occupational Education and the Western Association of Schools and Colleges (WASC), CRY-ROP provides the primary elective offerings on the high school campuses in the Colton, Redlands and Yucaipa school districts. It provides program articulation with Crafton Hills Community College, enabling ROP students from the Yucaipa-



Colton Joint Unified School District who complete designated program to earn CHC credits.

CRY-ROP also offers a small adult program at their administrative offices in Redlands, and has been working with the three school districts on how it can assist with adult education as funding for the program changes.

The Superintendent is a longtime active member of a number of consortia and workgroups related to adult education, high school career/technical education, and workforce development programs.

The CRY-ROP representatives were excited about the outreach and being included in the process for partner identification, and believed it would offer value to the Innovation Center.

Programs Targeted for Innovation Center

The CRY-ROP Superintendent indicated that Allied Health courses which articulate with CHC, the Construction Trades program at Yucaipa High School, and the Manufacturing program at Redlands East Valley High School (which is just to the west of Crafton Avenue/Highway 38) could be excellent candidates for Innovation Center consideration.

CRY-ROP is also in discussions with the Baldy View Chapter of the Building Industry Association about the potential for

launching a Building Industry Technology Academy (BITA) in the region. BITA is a four-year high school construction trades training program promoted and supported by the California Homebuilding Foundation, which could be housed here.

San Bernardino County Workforce & Economic Development Department (WDD)

Background

The San Bernardino County Workforce Development Department (WDD) operates programs under the guidance of the Workforce Development Board, funded by the federal Department of Labor's Workforce Innovation and Opportunity Act (WIOA). WDD provides a range of programs to meet the needs of local businesses, job-seekers and youth in the region. Services for local businesses include customized recruitment services and training programs, funds to reimburse businesses for on-the-job training, and human resources and tax credit information. Services for job-seekers include job search and resume development guidance, labor market information, and workforce education and training through Job Centers in Rancho Cucamonga, San Bernardino and Victorville.

The WDD's Youth Programs provide eligible youth, ages 16 to 24, with a variety of career and educational services designed to help enhance job skills, develop leadership qualities,



explore career options, participate in mentoring opportunities, and take advantage of work experiences. Services are provided through various Youth Program Providers in the region, including CRY-ROP.

WDD notes that existing youth programs lack key entrepreneurial training and opportunities, and seeks to see this aspect embedded into career pathways. A creative Makerspace has the potential to provide valuable resources for youth and young adults seeking to create/manufacture items that would serve as the basis for launching business enterprises.

WDD is highly supportive of the Innovation Center concept, envisioning a hub of multiple entities and leaders in the region with whom the WDD and WDB, as well as the economic development teams for the county can engage.

Programs Targeted for Innovation Center

As the WDD already has satellite Job Centers across the county, the focus for WDD would be on opportunities to enhance Youth Programs. WDD is not a direct service provider for youth programs in Yucaipa but a funder through CRY-ROP. As such, it does not have any programs of its own to place into the Innovation Center, but has the potential to provide financial resources depending upon the youth programs developed.

California State University San Bernardino (CSUSB) Inland Empire Center for Entrepreneurship (IECE)

Background

Housed on the main CSUSB campus in San Bernardino, the Inland Empire Center for Entrepreneurship coordinates academic programs supporting undergraduate and graduate business degree programs in entrepreneurship.

IECE also provides a variety of community programs including:

- Small Business Development Center and 8 regional outreach locations that offer training and consulting services including business financing, planning and development, marketing and sales, contracting and international trade;
- Women's Business Centers in Riverside and Palm Desert that provide business training and counseling services to assist women-owned businesses;
- Family Business Partnership program providing education, assessment and advisory services, networking roundtables and an annual conference specifically targeted to the needs of family owned companies; and
- Garner Holt Student Fast Pitch Competition that provides CSUSB students an opportunity to jump-start



their own businesses by presenting their ventures to investors and entrepreneurs.

Programs Targeted for Innovation Center

With satellite operations in Riverside, Ontario and Palm Desert, IECE is not seeking to establish another satellite in Yucaipa. However, once the Innovation Center is developed, IECE could provide a presence with outreach programs several days per week. It would not seek its own office space, unless it was provided free or at extremely low-cost, enabling the Center to direct funds it would otherwise use for rent into providing services.

Yucaipa Valley Chamber of Commerce

Background

Located in the Uptown area of Yucaipa, the Yucaipa Valley Chamber of Commerce is a membership organization which focuses on supporting local businesses by training programs, providing networking opportunities & business contacts, representing business to government and political action. The Chamber also actively works to create a strong local economy by promoting the community, and sponsoring and promoting a series of community wide events, luncheons and festivals.

The Chamber is also a key partner for the Yucaipa Business Incubator. The Executive Director serves on the committee

that approves admittance of resident businesses, and Chamber-run workshops offered through programs like SCORE and the U.S. Small Business Administration provide resources for resident businesses.

Programs Targeted for Innovation Center

While the Chamber is very supportive of continued collaboration in evolving the Innovation Center, it does not envision transitioning any programs from its current office location. It will continue involvement with and support of the Business Incubator, which will transition to the Innovation Center.

V. STAKEHOLDER ASSESSMENT & RECOMMENDATIONS

Brookhurst analyzed the information gleaned from the interviews with the potential Innovation Center stakeholders to identify a targeted list of organizations with a strong interest in participating in the Innovation Center as a full partner/tenant with space dedicated to its programs (as opposed to entities which envisioned offering programs or services on a sporadic or part-time basis), as well as the anticipated type and amount of space each would need to support its programs, and associated budgeting dedicated to rental space costs.

The identified target list comprises a mix of organizations whose services and operational needs complement one another, which will facilitate more effective and efficient



programming and space planning for the development of the Innovation Center in Phase II of the Feasibility Study. BDC also synthesized the information gleaned from the interviews to identify potential collaborative program development and shared space integration opportunities presented by the unique co-location of partner/tenants as well as the Makerspace and Labs envisioned for the Innovation Center, to further enhance the vision of the Innovation Center.

The recommended target list of Innovation Center partner/tenants consists of:

- City of Yucaipa Business Incubator
- Crafton Hills Community College Non-Credit/Not-for-Credit Programming
- Economic Development & Corporate Training Foundation (EDCT) at SBCCD
- Yucaipa-Calimesa Joint Unified School District
- Colton/Redlands/Yucaipa Regional Occupational Program (CRY-ROP)
- *San Bernardino County Workforce & Economic Development Department (WDD)
- CHC satellite four-year degree program partners
- *The WDD is recommended as an Innovation Center partner in program development and resource identification, and as a funder of CRY-ROP programs, but would not be a physical tenant providing its own programs.

Following is the discussion of the stakeholder assessment and recommendations, anticipated space needs, and potential opportunities.

City of Yucaipa Business Incubator Center

Programs to Transition to Innovation Center

The City of Yucaipa envisions the Business Incubator Center be its primary contribution to the Innovation Center, and plans to transition it to the Innovation Center with the current operational structure, number of resident business slots and space needs intact. However, curriculum, budget, and space needs and configuration for the Advanced Manufacturing Training have not yet been finalized.

Anticipated Space Needs: 12,000-13,000 square feet

Anticipated Space Type: 10 resident business offices, plus shared receptionist, conference/meeting room, and office equipment and kitchen areas

Operating Budget: FY 2016-2017 - \$75,000

Opportunities Presented by Innovation Center:

- Dovetail the curriculum and space configuration needs for the Advanced Manufacturing Training Program being developed in partnership with Sorensen Engineering with



programs and space configurations for the Makerspace/Labs being developed by CHC and the EDCT, as well as the Manufacturing program offered by CRY-ROP.

- As current resident companies graduate from the Business Incubator Center program, target a percentage of new businesses to be in industries supported by other Innovation Center educational, training and lab programs to enhance the synergies available at the Innovation Center.

Crafton Hills Community College

Programs to Transition to Innovation Center

- High School Concurrent Enrollment & Middle College: CHC could transfer these programs to the Innovation Center after potentially launching them in older campus buildings. The total space needs are estimate to be 3,000-4,000 square feet in classroom and office space.
- Four-Year Degree Program: The four-year degree program satellite campus would be housed at the Innovation Center.. It is estimated there is a need for several “flex” classroom and several administrative offices with total space needs of 3,000-4,000 square feet.

- Testing Center: This entity could be spearheaded by CHC or contracted to be run by a private firm. These testing efforts could be provided in the “flex” classroom space associated with the four-year degree programs. Examples of privately run testing centers include Prometric and Pearson testing centers. We visited both Prometric and Pearson test centers and observed they typically include a reception area, screening and monitoring area, small locker room and test station floors totaling about 1,000 to 2,000 square feet. We estimate a 1,000 square foot test center would meet current needs.
- Workforce Development/Occupational Training:Existing non-credit courses and vocational training in the trades could be housed at the Innovation Center. New and expanded programs are currently being developed.
- Makerspace: Grant funding has been approved. The design would likely dovetail with components of the SBCCD IE Center, whose Makerspace/Labs are designed to be flexible, used by more than one program, and able to be configured according to the needs of each program/class. Brookhurst reached out to Urban Workshop in Costa Mesa, an approximately 19,000 sq. ft. makerspace workshop (www.urbanworkshop.net). They report the success of the workshop has resulted in the need to expand to



24,000 sq. ft. in 2018, and, are interested in expanding into other communities in the region. The makerspace could be used as part of CHC collaborating with EDCT and CRY-ROP in support of new education and training programs, as well providing faculty with resources to augment existing programs with creative, hands-on curriculum modules. In addition, the space could also be used by private sector businesses and entrepreneurs similar to those using the Urban Workshop. The minimum space required would include a reception area, tool/equipment mechanical room(s), assembly areas with workbenches, restrooms and small coffee/dining room with refrigerator. Lobby and conference areas should be considered as part of the program as makerspace users often require an area to demonstrate and/or showcase their projects. Due to the larger mechanical area necessary for metal fabrication and wood working, and assembly areas, we estimate the optimal initial size to be approximately 4,000 to 6,000 square feet.

Anticipated Space Needs: The total estimated space needs for all programming range from 12,000 to 15,000 square feet, with the ability to add future phases as need arises.

Anticipated Space Type: classroom, training/lab, offices

Opportunities Presented by Innovation Center:

Several of CHC's degree and/or certification program areas offer synergistic opportunities for faculty to further develop curriculum, building upon programs envisioned as potential options for inclusion or transition to the Innovation Center by other target partner/tenants such as CRY-ROP, and encompassing the use of new or expanded Makerspace and potential Lab resources. These include, but are not limited to:

- Fire Technology: Coordinate with EDCT to build on previous success and expand opportunities with the Wildlands Fire Technology Lab.
- Health Sciences: These also include Emergency Medical Services, Radiologic Technology and Respiratory Care programs. CHC has opportunities to coordinate with CRY-ROP to expand pathways and identify potential joint lab opportunities.
- Business Administration: CHC has the opportunity to collaborate with CRY-ROP, the Workforce Development Agency and the Yucaipa Business Incubator to identify opportunities to expand pathways and workforce training to include entrepreneurial curriculum content, as well as identify potential joint educational, training and internship opportunities with business incubator resident businesses.
- Computer Information Systems/Computer Science: CHC has the opportunity to coordinate with CRY-ROP,



WDA and EDCT to expand pathway opportunities and curriculum development, and explore using the Labs envisioned by EDCT to their highest potential.

- CHC can explore launching new programs that integrate with WDA training programs and CRY-ROP, building upon new opportunities presented by the Makerspace and Labs.
- CHC can explore housing the proposed Bachelor's degree in Emergency Services and Allied Health Systems program in the Innovation Center, to dovetail with new opportunities presented by the Makerspace and Labs.
- The Veterans Resource Center could expand and dovetail programs with those offered by other Innovation Center partners.

SBCCD Economic Development & Corporate Training Foundation (EDCT)

Programs to Transition to Innovation Center

EDCT envisions transitioning several IE Center fee-based programs and Labs from the San Bernardino Airport space to the Innovation Center. Some of these resources may dovetail with existing programs, such the CHC Fire Technology Career Pathway, and others may support newly developed programs such as construction trades training.

The various Lab resources are likely to be flexible/modular in design, and space requirements would need to be determined in coordination with other Innovation Center partner/tenants whose programs that may use these resources, including Crafton Hills College, CRY-ROP, the Workforce Training Agency, and the Yucaipa Business Incubator.

Opportunities Presented by Innovation Center:

- Explore educational, training and internship opportunities for the Innovation & Entrepreneurship module presented by co-location of the Yucaipa Business Incubator in the Innovation Center.
- Collaborate with CRY-ROP in developing construction trades training and lab programs to dovetail resources from the Building & Construction Trades Council with those potentially available from the Baldy View Region BITA program.

Yucaipa-Calimesa Joint Unified School District (YCJUSD)

Programs to Transition to Innovation Center

The Adult Education specific courses of study would need to be determined, and may be a mix of those currently offered along with new options developed as a result of the



opportunities presented by the co-location of partner/tenants and programs at the Innovation Center.

Opportunities Presented by Innovation Center:

- Work with CHC, CRY-ROP and the WDA to explore additional courses of study that could be developed.

Colton/Redlands/Yucaipa Regional Occupational Program (CRY-ROP)

Programs to Transition to Innovation Center

CRY-ROP has not yet finalized which current programs would be transitioned to the Innovation Center. It seeks to work with other Innovation Center partners/tenants to determine which new programs could be developed to meet the needs of other Innovation Center partners/tenants and the WDD, as well as take best advantage of the opportunities offered by the Makerspace/Labs.

Opportunities Presented by Innovation Center:

- CRY-ROP has opportunities to explore dovetailing the curriculum and space configuration needs for the Manufacturing program at Redlands Valley High School

with programs and space configurations for the MakerSpace/Labs being developed by CHC and SBCCD, as well as the Advanced Manufacturing Training being developed by the Yucaipa Business Incubator in partnership with Sorensen Engineering.

- CRY-ROP can also explore dovetailing the curriculum and space configuration needs for the Construction Trades program at Yucaipa High School and the potential BITA program with programs and space configurations for the MakerSpace/Labs being developed by CHC and SBCCD.
- CRY-ROP indicates that it is well-prepared and able to develop curriculum for any program or emerging area based on the needs, desires and opportunities identified by Innovation Center partners. Programs that meet workforce training and/or youth program needs of the county's Workforce Development Agency would have the potential of bringing additional funding streams. Initiate a collaborative process with CRY-ROP, San Bernardino WDA, CHC, YCJUSD and SBCCD to identify opportunities and develop programs and curriculum.

San Bernardino County Workforce & Economic Development Department (WDD)

Transition to Innovation Center



WDD would look to CRY-ROP to work with other Innovation Center partner/tenants to develop youth programs for the Innovation Center; it would not transition any of its own programs. WDD would be able to assess additional financial resources it could contribute to support programs that meet county workforce training needs identified by the WDD and the Workforce Development Board.

Opportunities Presented by Innovation Center:

- Involving WDD in a collaborative process with other Innovation Center partner/tenants to develop youth programs and Makerspace/Lab resources that meet regional workforce needs and WDD program goals will enable WDD to potentially earmark Workforce Development Board resources to provide support to these new programs.
- WDD is able to provide information as to the industries anticipated to grow and provide economic development opportunities in the region, the workforce training programs that are already being provided, and how Innovation Center could provide programs to fulfill unmet training needs and help support the region's economic growth. Including WDD in a collaborative planning process with Innovation Center partner/tenants in program development and selection will enhance the regional impact of the Innovation Center,

and could yield conduits to additional funding resources and support.

VI. Program Assessment - Design & Construction

Based upon the type of programs identified during our interviews with these stakeholders, we can provide a rough estimate of space needs, and identify general design considerations and probable construction methodologies (see the matrix “Yucaipa College Village Innovation Center Program Status & Space Needs” on following page). As part of our Program Assessment of this report, we provide the following recommendations:

1. **Location.** Our Phase I study does not include a review of the status of site acquisition between the two current owners, nor any highest and best use considerations for the respective parcels. Our site location consideration is thus primarily based upon the findings of the 2016 College Village Overlay Guidelines, with the College Village Concept Plan diagram presented previously.

However, an immediate observation is that the acreage with frontage on Yucaipa Boulevard has the greatest commercial value because of its visibility and immediate access. For this reason, we are of the



Yucaipa College Village Innovation Center

Program Status & Space Needs

Program	Partner Leads	Program Status	Anticipated Space Type	Estimated Square Footage	
Program currently exists, or under development; likely able transition to Innovation Center "as is."					
Yucaipa Business Incubator	City of Yucaipa	Will transition to Innovation Center.	Office	12-13,000 sq. ft.	
Solar Installation (One-Stop Solar)	City of Yucaipa/ Business Incubator	Currently running in Business Incubator; will transition to Innovation Center.	Training/Lab	Currently part of Incubator space	
Precision Machine/Advanced Manufacturing (Sorenson Engineering)	City of Yucaipa Business Incubator/Business sponsors Potential CRY-ROP opportunity	In planning stage via Business Incubator. Potential to dovetail with CRY-ROP Manufacturing program and Makerspace.	Training/Lab	Incl w/Makerspace	
High School Concurrent Enrollment & Middle College	Crafton Hills College	Planning & enrollment underway, launching on CHC campus. Will transition to Innovation Center.	Classroom	3,000 - 4,000 sq. ft. [150 students]	
Makerspace Labs: Design & Creative Technologies Wildlands Fire Technology Building & Construction Trades	San Bernardino Community College District (SBCCD); Crafton Hills College; CRY-ROP	Under development by SBCCD for installation at San Bernardino Airport. Identified labs to transition to Innovation Center. Crafton Hills collaboration needed on Wildlands Fire program; CRY-ROP collaboration to dovetail with Building & Construction Trades for high school.	Training/lab	6,000 sq.ft.	
Programs exist, need planning specific to Innovation Center opportunity.					
Adult Education	Yucaipa-Calimesa Joint Unified School District (CYUSD)	Could have satellite campus at Innovation Center. Specific classes would need to be determined.	Classroom	1,000 sq.ft.	
Pathways Programs	Yucaipa-Calimesa Joint Unified School District (CYUSD); Crafton Hills College	Programs exist. Specific ones would need to be determined. Additional programs could be developed to dovetail with Makerspace, such as construction trades & entrepreneurship.	Classroom/Lab	Incl w/Makerspace	
CRY-ROP Programs	CRY-ROP	Opportunity to develop Entrepreneur-focused curriculum and other programs to dovetail with Workforce Training needs, Crafton Hills College programs and Makerspace opportunities.	Classroom/Lab	Incl w/Makerspace	
Testing Center	Crafton Hills College or private entity	Could be run by Crafton Hills, or by private entity.	Classroom with required extras	1,000 sq.ft.	
Suggested ideas and programs envisioned for Innovation Center; do not yet exist.					
4-Year Degree Program	Crafton Hills College	Potential Bachelor degree program partners identified.	Office/classroom	3,000-4,000 sq. ft.	
International Students' Center	Crafton Hills College	Programs may include ESL classes, support for integrating into American culture. Additional services such as housing, food and related amenities could be incorporated into YIC and/or developed elsewhere in College Village.	Office/classroom	1,000 sq.ft.	
			Total Size	30,000 sq. ft.	
<div style="display: flex; gap: 5px;"> Education/Counseling Training Business Development </div>			Classroom	Office	Training/Lab



opinion that the highest and best use of that property's frontage would be commercial development and not the proposed Innovation Center.

In addition, the land closest to CHC at the east end of the College Village is presently being considered for possible student housing. If student housing proves financially viable, which BDC is currently assessing pursuant to a separate consulting contract with SBCCD.

For the above reasons, we are of the opinion that the new Innovation Center should be developed along one of the interior proposed streets near the center of the Village, thus bringing in traffic to the Village District while benefitting from the adjacent commercial developments. Further refinement of the location can be made once adjoining uses are determined.

2. **Flexible design.** The facility should be flexibly adaptable to allow for differing programs such that one program can occupy the same space of a previous user with a markedly different program. "Flex space" is a common term used when light industrial warehousing can be readily converted into office space with minimal tenant build-out. From an economic standpoint, this allows the owner the ability to maximize occupancy by capturing tenants with different

needs without significant capital cost arising from space conversion.

3. **Phasing/Size.** We recommend phasing the development with the first phase being no larger than 30,000 rentable square feet. Given that the City of Yucaipa has already demonstrated the need for 12,000-13,000 square feet of business incubator center uses, it is believed that an additional 17,000-18,000 square feet of flexible classroom, office and maker space be included in phase one, based on the results of the interviews conducted with potential partners and stakeholders. If the new Innovation Center proves financially successful, a second phase could be constructed adjacent, or, connected to the first phase based upon anticipated space absorption at that time.
4. **Configuration/Construction Methodology.** The building should be rectilinear as opposed to a curvilinear or shifted-grid design, which reduces cost. We also recommend that the design incorporate usage of lower cost construction methodologies to assure a realistically obtainable budget. We are proposing the use of concrete tilt-up construction articulated with design elements that will make the facility architecturally striking while also being sustainable and flexible.



5. **Program user space.** We envision two separate types of interior build-out that can be interchanged should programming demands change. They include:

1) single-story space with 8' to 10' drop-ceiling clearance with permanent above-ceiling build-out and replaceable or movable demising walls. The space would be carpeted and air conditioned, with power loads fairly consistent regardless of program. This space would accommodate the following usage:

- Office space - Types of users would include many of those presently housed in the Yucaipa Business Incubator Center. As currently offered, there could be a sharing of office services and resources.
- Classroom - Typically comprising larger open plans than office, classrooms would include workforce training, extended learning and vocational programs, testing center and STEM programs.
- Laboratories - Labs are differentiated between two types - "wet" versus "dry" labs. Wet labs are labs where chemicals, liquids and/or biological matter are analyzed and tested. Wet labs require significant greater build-out costs due to the required plumbing and gas lines, and

vented exhausts with hoods. They also have a greater biohazard and/or toxic risks to adjacent tenants.

Dry labs typically include computer and electronic testing, test benches, STEM-related experiments, multi-media, and scientific research such as forensics that do not require water or vent hoods. Depending upon the mechanical equipment, dry labs could also be used as "makerspace" offering equipment usage such as 3D printers.

Because dry labs carry less risks for the owner and have a minimal capital cost premium over standard office build-out, we recommend only dry labs be considered for the new Innovation Center.

2) Light industrial warehouse space with 18' to 20' ceiling clearance and exposed structure. Unlike heavy manufacturing buildings, light manufacturing does not involve heavy ductwork, high-capacity power lines, bus ducts, high-capacity ventilation or exhaust systems. Ceiling fans are provided for air circulation but no HVAC. Floors are exposed concrete with a 2-hour wall separating the space from office/classroom space. Roll-up doors and lockable storage units can be provided to allow different users using the same space



to store equipment. This space could accommodate the following programs:

- Vocational training such as welding or construction certification classes
- Building materials/products testing
- Makerspace for heavier production such as new mechanical innovations or metal fabrication

Brookhurst has current construction costs experience on a comparable project we are developing for California State University in San Marcos. Current construction costs for the above construction within the Yucaipa region should average approximately \$130/s.f. for shell and core and about \$75/s.f. for the classroom and office tenant improvements. Tenant improvements for the light industrial warehouse should be approximately \$25/s.f.

Until the specific siting, programming and building scope are determined, a project cost/budget cannot be determined at this time. BDC will provide this analysis within Part II of the Feasibility Study, inclusive of a much more comprehensive development and financing plan.

VII. Rental Income

To obtain estimates of market rent, we have conducted an analysis of what rent is obtainable from comparable space as described above in Section VI in the general market surrounding Yucaipa. As part of our analysis, we are assuming the City of Yucaipa will subsidize the rent for the incubator center. Because the targeted partner organizations would resist paying above market rates, the comparable market rent survey allows us to determine the upper limit of what these organizations will probably pay.

Yucaipa falls within the economic area generally defined as the Inland Empire West (IEW), which includes southwestern San Bernardino and western Riverside Counties. The IEW is distinguished from Inland Empire East (IEE) in that land is scarcer in the IEW, and consequently, office and industrial development are trending towards more infill; alternatively, in the IEE market there is ample land for development. This presents a slight upward push in rental rates in the IEW due to the respective supply and demand factors.

As discussed in Section VI, the building usages proposed for the Innovation Center are single-story office/classroom/lab space, and light industrial/warehouse space. Market rent surveys for each usage type is categorized, as follows:



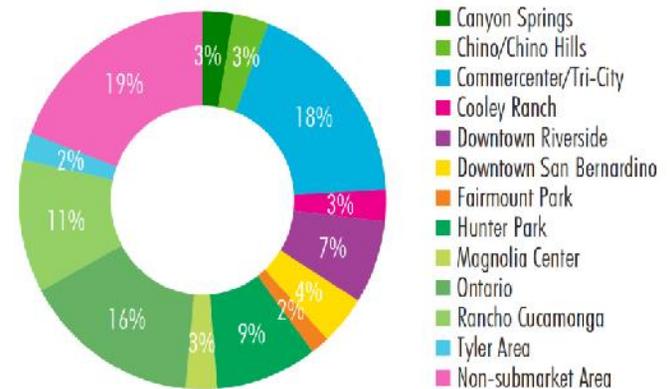
1. **Office/Classroom/Lab space.** As discussed, build-out costs will be similar regardless of whether the space is used for education/training or a start-up business. We have conducted a survey of comparable space within the City of Yucaipa; however, there is not enough available inventory to determine comparable rents. We have therefore expanded our search to include the surrounding communities within the IEW market.

According to CBRE, 2017 started with healthy growth in absorption of office space, primarily in the cities of Riverside, San Bernardino and Ontario. Growth in industries like education, healthcare and government are driving up occupancy rates. Jobs are growing in the region at a faster pace than any other metro area in California, and at the 10th fastest pace in the U.S.

Despite this surge in economic growth, the Inland Empire is still recovering from atypically high office vacancies resulting from the Great Recession. From 2012 to 2017, office vacancies fell from 22.9% to the current 12.2%. Two of the stronger IEW office markets are the nearby cities of San Bernardino and Riverside, which currently have vacancy rates of 4% and 7%, respectively. However, while vacancy rates have dropped tremendously since 2012, there has still been no significant development of office space throughout the IEW during this same period.

CBRE reports that the average office space rent in the IEW is currently at \$1.91/S.F./mo., full service gross (FSG). Netting out average operating expenses of approximately \$10/s.f./yr. results in triple net (NNN) average rates of about \$1.10/s.f. This NNN rate was consistent with our sampling of smaller office space (between 1,000 and 5,000 s.f.) available in newer low-rise office buildings in neighboring communities.

Current Office Space Vacancies Inland Empire West



Source: CBRE Research, Q1 2017.

Our conversations with leasing brokers and researchers at CBRE revealed a general opinion that because Yucaipa is a small and lesser known market, it does not have the same attraction as the office properties in neighboring communities. One research



analyst estimated that office space in Yucaipa would command rent at rates about 10% lower than nearby cities. However, BDC is of the opinion that the new Innovation Center would offer unique benefits unobtainable elsewhere in the IEW, including office services and sharing of resources, the ability to access educational and workspace environments, and collaboration with other start-ups. Further, the Innovation Center would be the newest project in the IEW featuring one of the few office properties that has been developed in the IEW over the past 10 years.

Because of the above factors, we are of the opinion rental rates of \$1.40/s.f. NNN (about \$2.20/s.f. FSG) could be justified. But obtaining these rates would require a strong campaign launched by the sponsor(s) to entice and convince the various targeted organizations of the benefits provided by the new Innovation Center.

- 2. **Light Industrial/Warehouse ("Flex") space.** As with the office market studies, light industrial (flex) space is also divided by the IEW and IEE markets. However, unlike the IEW office markets, the IEW has recently seen substantial construction in light industrial properties. Over 2.7 million square feet of light industrial properties were under construction by the end of the first quarter of 2017. A dwindling supply of

space coupled with high demand has been the reason for the spate of construction.

The IEW is a highly desirable submarket for e-commerce, logistics and consumer goods, driving the demand for light industrial space in the region. Its sustained popularity is a function of its proximity to the ports, offering logistics advantages that are not as strong in the rest of the IE. Current vacancy rates in the IEW are at 2.1%, significantly less than the overall IEE vacancy rate of 5.9%.

Industrial Space Market Statistics Inland Empire

Submarket	Market Rentable Area (SF)	Vacancy Rate (%)	Net Avg. Asking Lease Rate (\$/SF/Mo)
Inland Empire East	207,161,534	5.9	0.48
Inland Empire West	280,701,677	2.1	0.55
Inland Empire Totals	487,863,211	3.7	0.51

Source: CBRE Research, Q1 2017.

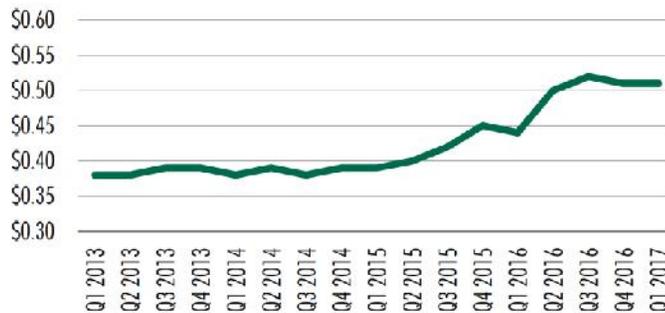
Yet despite the increase of construction over the past year, the IEW vacancy rate has remained flat while



rental rates continue to rise. The industrial space rental rate in the IEW is currently at \$0.55/s.f./mo NNN, and should remain strong for the foreseeable future.

Because the site is not directly adjacent to a major freeway, and other locational characteristics, leasing brokers estimate about a \$.05/s.f. discount for more than the larger metropolitan areas. Despite this opinion, we believe the unique characteristics of the new Innovation Center, inclusive of shared resources and synergy among tenants, this particular development would not be subject to such a discount, but instead, could see a premium wherein a rent of \$.60/s.f./mo. NNN for the light industrial warehouse space could be obtainable.

Industrial Space Rental Rate Trending Inland Empire



Source: CBRE Research, Q1 2017.

The above market rental rate levels for competitive office, flex and light industrial space provide us two important indicators:

1. The maximum rent prospective tenants would pay given their opportunities elsewhere, and
2. An idea of rent levels that must be obtained for new developments to both service debt and to provide adequate returns on investment.

Although none of the targeted partner organizations were in a position to discuss rents they would be willing to pay, market rent levels can still provide us with targeted rates for the proposed usages.

Further research on the design and layout of the proposed Innovation Center – inclusive of space planning that would provide a sensible proportioning among office, lab and classroom space versus the flex industrial space for such things as light manufacturing and vocational training – is still needed and will be part of the Phase II Feasibility Study. At this time, BDC recommends that the building design and construction methodology allow for maximum flexibility, providing alternate space configuration with the least amount of capital outlay should demand change over time.



VIII. Conclusion and Recommended Actions

Few of the Innovation Center target partner organizations have determined or finalized the programs they envision transitioning to the Innovation Center sufficiently enough to allow them to clearly identify space needs. Such information is necessary in order to proceed with Phase II of the Feasibility Study, which will consist of the Innovation Center DBFOM Plan for the Design, Building, Financing, Operations and Maintenance of the Innovation Center. Furthermore, development of financing plans will first require that land ownership as well as building ownership be determined, as well as an understanding of what surrounding infrastructure will need to be constructed as part of the Innovation Center development versus being developed by the City of Yucaipa as part of College Village development.

Synthesis of Phase I interviews identified numerous opportunities for cross-agency collaboration and program development arising from the unique environment to be created by the Innovation Center. Indeed, the majority of key partners/tenants for the Innovation Center conveyed a strong desire to institute and participate in a collaborative process to ensure a common understanding of the vision for the Innovation Center, as well as enable the collaboration needed to identify and/or create programs that would most effectively contribute to and benefit from the unique partnerships created by the Innovation Center.

Interview comments included:

- *“we need to get the partnerships on the table”;*
- *“the entire effort needs a strategic plan”;*
- *“we need the ecosystem necessary to support a Makerspace”;* and
- *“in developing curriculum, it’s important to know what the labor market wants, the economic vision, the workforce needs, and what pipelines we are trying to feed.”*

Structured collaboration would also aid in identification of potential funding streams and other resources to support the Innovation Center’s programs. As one interviewee indicated:

“You need to figure out what you want the end product to be and what success looks like. Then you reverse-engineer it to see what needs to be done in order to get there, and what resources need to be brought to bear.”

Given the initial tasks identified in Phase II of the Feasibility Study, as well as opportunities identified from the synthesis of Phase I interviews, BDC recommends the following occur in conjunction with the launch of Phase II and development of the DBFOM Plan:

1. Further definition of training programs and educational curriculums to be included in the new Innovation Center. Because of their depth in education and access to resources, it is our opinion that Crafton Hills



Community College, with the support of the San Bernardino Community College District, should take the lead on development of the training programs and educational curriculum to be made available at the Innovation Center, in partnership with the four-year degree program partners.

2. The City of Yucaipa, Crafton Hills Community College, and/or the San Bernardino Community College District determine the estimated acquisition/lease cost for the land required to construct the Innovation Center in discussions with the property owner(s).
3. The City of Yucaipa establishes a timeline for developing College Village infrastructure.

In conclusion, the Yucaipa Innovation Center can potentially support the vision of a vibrant, creative hub of the new College Village Overlay District encompassing a mix of housing, retail and commercial development. Target partner/tenants have been identified with the desire to participate, along with the programs – existing, in development, or envisioned – to make the Innovation Center a synergistic, collaborative endeavor that will enrich educational, training and business development opportunities, supporting economic development in the region.