

City of Brisbane Agenda Report

To: City Council via City Manager
From: Stuart Schillinger, Administrative Services Director
Subject: Economic Development Plan
Date: August 19, 2013

CONTINUED TO SEPTEMBER 16, 2013

Purpose:

Policy 8 of the Local Economic Development Chapter of the 1994 General plan states the purpose of Economic Development is to maintain and diversify the City's tax base, consistent with community character, in order to generate adequate revenues for City government and sustain a healthy local economy.

Recommendation:

Discuss the next steps in developing and implementing the City's Economic Development Plan.

Background:

The Economic Development Sub-committee of the City Council was formed in 2010. The sub-committee increased its efforts in the Summer of 2011 as a result of the pending loss of VWR which was responsible for over \$2,000,000 of the City's General Fund revenues.

Between September and November of 2011 Mich Mercado, a Management Talent Exchange Program employee, worked with the Economic Development Subcommittee to develop the beginnings of an Economic Development Plan. She made a presentation on December 20, 2011 to the City Council which included the following areas for follow-up:

1. Conduct a charrette to study land use and design for Crocker Industrial Park and Brisbane Village.
2. Study viability to employ a full-time or part-time Economic Development professional.
3. Evaluate current business climate.
4. Create Economic Development Action Plan (EDAPt).

The City Council directed staff to work on having a charette done related to the Crocker Industrial Park and Brisbane Village. City Council approved \$10,000 in the FY 2013/14 Budget to pay for a facilitator for this process.

The Council also directed staff to explore options related to employing an economic development professional. At the March 12, 2012 meeting staff brought back a variety of options on how to staff this function. The Council directed the subcommittee to reexamine what could be done without adding any additional staff and what the specific tasks a new employee would have. This will be revisited

after the City Council reviews and provides direction on the Economic Development Plan being presented tonight.

Discussion:

Over the past year the City Council subcommittee along with representatives of the Chamber of Commerce have put together the attached Draft Economic Development Plan. The plan is broken up into four areas:

Current Economic Environment – Pages 4 through 14 give background information on the current situation in Brisbane. What some of our challenges are, who are are our largest Sales Tax Payers and Employers are, and what the City has done so far to stabilize our revneues.

SWOT (Strength Weakness Opportunity Threat) Analysis – Based on surveys with businesses, conversations with brokers and owners for the Crocker Industrial Park and Sierra Point, the Presidio School of Management Report a current SWOT analysis was completed.

Vision – The vision outlined in the Plan is from the City’s adopted 1994 General Plan. The five main points are

- Stabilize and diversify the tax base;
- Serve the community by encouraging convenient and beneficial commercial development;
- Provide sufficient revenues for necessary City services;
- Facilitate employment of residents; and,
- See sustainable growth as dependent on preservation and replenishment of natural resources.

Action Steps – The plan concludes with a number of action steps the City could take to begin to see the vision of General Plan implemented.

Fiscal Impact:

The Charette is already in the budget so there is no additional budget authority needed for this process. Any additional work will be attempted to be completed with existing staff working in conjunction with the Chamber of Commerce. The subcommittee will continue to monitor progress towards the goals outlined above and report back to the full Council.

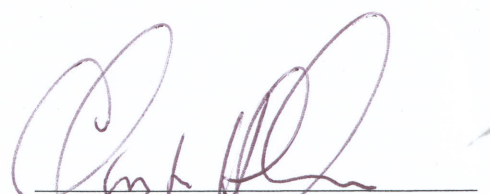
Measure of Success

This community can attract additional business or retain businesses which may otherwise have left town.

Attachments:

July 11, 2013 Draft Economic Development Plan


Administrative Services Director
Stuart Schillinger


City Manager
Clay Holstine

Revealing the Hidden Gem: Local Economic Development in Brisbane

An Action Plan

July 11, 2013

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Executive Summary

This report to the City of Brisbane provides an action plan that addresses city objectives for economic development priorities throughout the City.

Following a review of planning documents, the City's *General Plan* vision, and existing conditions, this plan integrates actions with assets, obstacles and opportunities. Numerous past suggestions for economic development were re-examined and this data was considered as the plan was developed. Key themes from these efforts guided the outcomes contained in this plan.

The plan includes action steps that mostly fall within the following areas, or goals, from the Local Economic Development chapter of the *1994 General Plan* (see Appendix for full chapter with program areas):

- Stabilizing and diversifying the tax base;
- Serving the community by encouraging convenient and beneficial commercial development;
- Providing sufficient revenues for necessary City services;
- Facilitating employment of residents; and,
- Fostering sustainable growth, dependent on preservation and replenishment of natural resources.

The purpose of this report is to identify important methods of invigorating the City's economic base and providing actions that can be undertaken in a practical manner by the City. This plan is only the beginning of a path that will serve as a blueprint for enhancing the City's economic climate and engaging the business community. It is designed to be a tool with specific actions that will stimulate the City's economy and communicate willingness on the part of the City to honor and grow the businesses that are already in Brisbane and reach out through a positive business climate to businesses that are considering a Brisbane location. It can only be brought to life through the engagement of staff, policy makers, Chamber of Commerce, and local businesses.

Documents Review

The following documents have been reviewed in preparation of this report:

1. *Brisbane General Plan*, 1994, Chapter IV – Local Economic Development
2. Economic Vitality SWOT Analysis by Heather Shupe, 2005
3. Brisbane Business Survey Presentation by Heather Shupe, 2005
4. Presidio Graduate School, Green Marketing Plan, May 2011
5. Economic Development Subcommittee Progress Report, December 2011
6. “Creating Economic Development at the Local Level”, *Western City*, May 2012
7. “Overheated Peninsula Office Market Cools”, *San Francisco Business Times*, July 2012

Brisbane's Three Business Districts

Brisbane has two large commercial areas and a more-compact downtown core centered on Visitacion Avenue, the historical heart of Brisbane. Visitacion Ave. is zoned as a Neighborhood Commercial District, and is made up of retail, office, medical, and restaurant establishments.

Crocker Industrial Park is the first large commercial area, about 335 acres of primarily office and warehousing space. First built upon in 1961, major tenants in Crocker Industrial Park include Monster Cable, BiRite Foodservice Distributors, Fong Brothers Printing, and Dolby Laboratories.

Sierra Point is the newer commercial area in town, fronting San Francisco Bay in the southeast of the City. Developed beginning in 1982, Sierra Point consists primarily of office space, with build-to-suit acreage available. Brisbane's two hotels, the Radisson and Homewood Suites, are located on Sierra Point within walking distance to the office space. Contiguous to Sierra Point is the Brisbane Marina, a small craft harbor with 580 berths. Sierra Point is connected to nearby Oyster Point by the Bay Trail, a pleasant bike and walking trail.



The Opportunity

The City of Brisbane's location, directly south of the City and County of San Francisco and along the San Francisco Peninsula, provides us with our greatest opportunity. Research Director Colin Yasukochi of the commercial real estate and investment company, CBRE, said in a July 2012 *San Francisco Business Times* article that "as long as growth continues in the nation's tech hotbeds – San Francisco and Silicon Valley – tenants will spill over into San Mateo County". Sierra Point is presently only 50 percent built out. Walmart.com moving out in 2012 has created nearly 200,000 square feet of available Class A office space, and with the Baylands Project looming on its horizon, Brisbane is certainly in the position to take advantage of overflow demand from San Francisco.

The Challenge

With 4,282 residents as of the 2010 U.S. Census, and only 3.44 sq. miles total land area, Brisbane has a limited economic base. However, a four-year contract with Recology, which straddles the San Francisco and San Mateo County border, was recently negotiated where they have agreed to pay a business license tax to the City of approximately \$2.1 million per year. This lends much needed support to the City's financial situation, which is currently experiencing stable revenue flows.

Process Takes Time

As is the case with many projects that come before the Planning Commission and the City Council, the process of getting an approved project can take months, even years. And once approval has been given, having a built-out project could take decades. Such has been the case with Sierra Point, which was approved by the Council in 1979.

The Specific Plan for the Brisbane Baylands was submitted to the City by property owner Universal Paragon Corporation in 2010. The Draft Environmental Impact Report (DEIR) was released on June 11, 2013. The 120-day public comment period to allow the community and other interested parties to provide comments on the DEIR is scheduled to close on October 8, 2013. Because the City remains committed to ensuring that the community has every opportunity to participate meaningfully in the environmental and policy making process, it is not known when the development of the area will begin or finish.

Tepid but Growing Market Activity

Due to the economic recessions that took place since Sierra Point's approval, it's easy to understand that projects can come to a halt once the costs to build outweigh the incentives to build. A good example of this concept is Centennial Towers in South San Francisco. The Myers Development and Stockbridge Capital Partners' project, which was completed in 2009 with 679,000 sq. ft. of rentable Class A office space, stood empty until March 2012. Centennial Towers was at 45 percent occupancy as of March 2013.

The Class A office space sector in Sierra Point is still feeling the effects of the relocation of WalMart.com and SingTao News to San Bruno and South San Francisco, respectively. The buildings at 5000 and 7000 Marina are still vacant, although brokerage representation has recently been taken over by Cassidy/Turley. There are also blocks of vacant space at 1000 Sierra Point Parkway and 4000 Marina available, although tenants such as eBay advertising have recently taken space. Northern San Mateo County is still stagnant in Class A office space leasing, with tech and software companies still in the market for "downtown public transit oriented" space (such as downtown San Francisco and Redwood City) versus typical suburban office parks.

Crocker Park has remained very active with several transactions being completed over the past nine months: Pacific Gourmet has occupied 380 Valley; Will Spencer purchased (and is operating) 325 Valley; AT&T has leased and occupied 355 Valley; DHL moved from 485 Valley to 99 South Hill; Pitney Bowes relocated from 240 Valley to 71 Park; and a new tenant took over the lease at 145 Park (formerly Champion Exposition). In addition, Williams-Sonoma renewed their leases at 435, 440 and 444 Valley Drive, Bay Medical has subleased 20K Sq. ft. at 460 Valley, and Towne Air Freight has leased 19K Sq. Ft. at 499 Valley. Renewals were signed by Unipart Logistics (420 Valley) and SF Chronicle (240 Valley). Currently several properties are in negotiation at 100 Cypress and 155 South Hill, with additional interest being shown in other properties.

In addition, 480 Valley Drive was purchased by Will Spencer of F. W. Spencer and Son, Inc. According to several of the local commercial brokers, the market is showing an increase in the amount of interest in the Crocker properties and more companies are starting to look at relocating as the economy is continuing its recovery.

Overall, the North County (Brisbane/Daly City) industrial vacancy rate is at 12.1 percent, down from 14.5 in 2012. Rents are stable, but price pressure from lower-priced properties in the East Bay continue to influence the overall market. San Mateo County prices for industrial space are currently the third highest in the U.S.

The downtown retail sector has been fairly steady in recent years, but areas such as 1 San Bruno Ave. still remain empty after having been constructed in March 2008.

Brisbane: a Well-Hidden Gem

With several companies shutting down or moving out of the City, Brisbane has been pushed into trying to find ways of getting the City's message out; to ensure that companies know who and where and what we stand for as a community. Brisbane has many fine attributes, but is largely unknown outside northern San Mateo County. San Francisco needs little press and South San Francisco is known worldwide as the birthplace of the biotech industry. Brisbane is sandwiched between those two communities and is often passed over when people think about "space." For example, many people believe that Sierra Point is totally within South San Francisco, or confuse Sierra Point with Oyster Point.

What's Helped Stabilize Revenues

In November of 2011, more than 77 percent of Brisbane voters approved an increase in license fees for businesses that recycle more than 100,000 tons of material annually to up to \$3 million per year, with adjustments for inflation. The fee is forecast to increase revenues in the City's General Fund and offsets departure of Van Waters and Rogers (VWR Scientific).

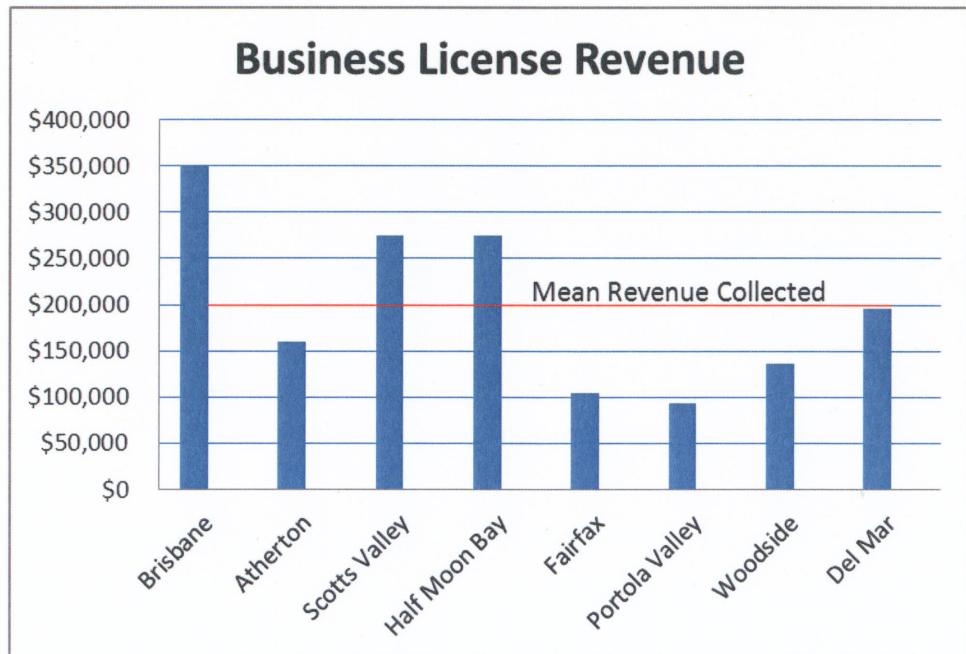
The City has also begun to seek non-traditional sources of revenue. One example was when the San Francisco 49ers football team partnered with Brisbane during its 2011 season to use undeveloped former-landfill land as an auxiliary parking lot for nearby Candlestick Park. Another is the potential business license tax on facilities which have in excess of 1,000,000 cubic feet available for liquid storage.

The City has been vigilant in reducing its expenditures; the City has eliminated positions through attrition. The result is there is 20% less staff than just five years ago, resulting in a cost-savings of nearly \$2 million a year.

How Businesses in Large Part Fund Brisbane

A review of non-confidential sales tax information, transient occupancy tax, business license tax, property tax and other business related taxes, indicates that a significant percentage of the City's General Fund revenue is generated by businesses in the City. In addition to revenue, businesses contribute substantially to the quality of life in the City.

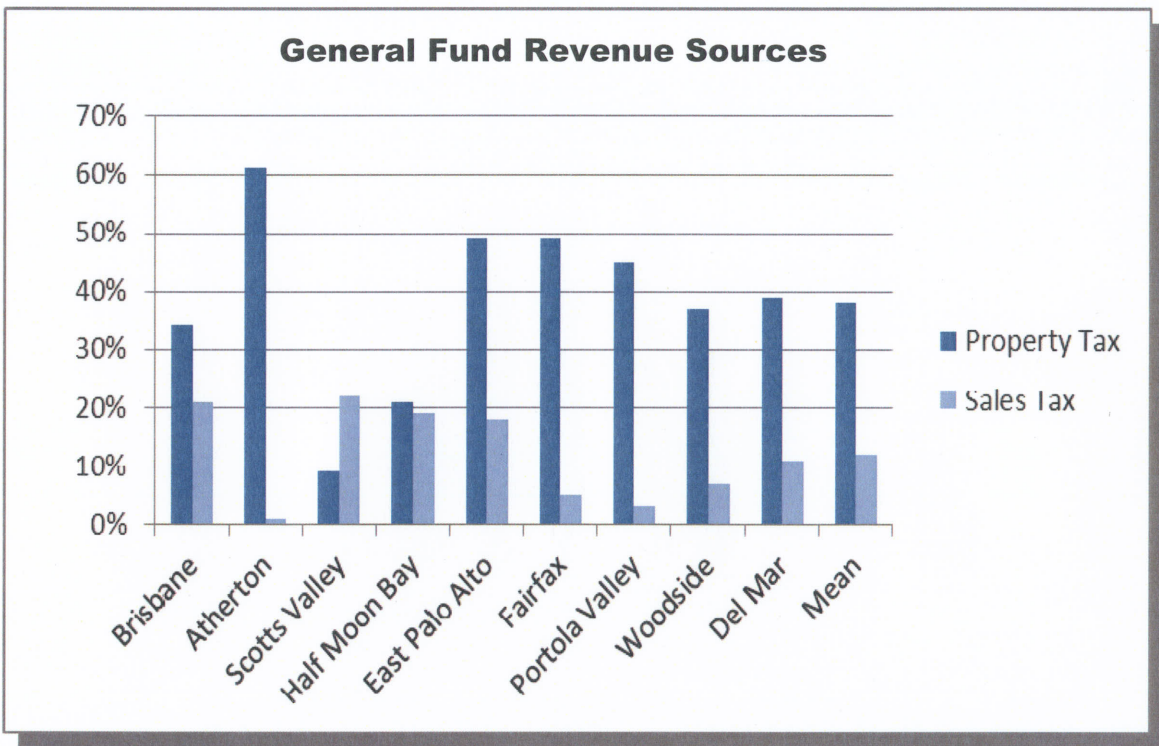
Brisbane is above the mean (\$198,824) for amount of revenue it receives from business license fees (\$350,000 in FY 2011-12)



For FY 2011-12, sales tax revenue was responsible for about \$4.4 million, or 37 percent, of General Fund revenues that fund City services like police, parks, the library and fire.

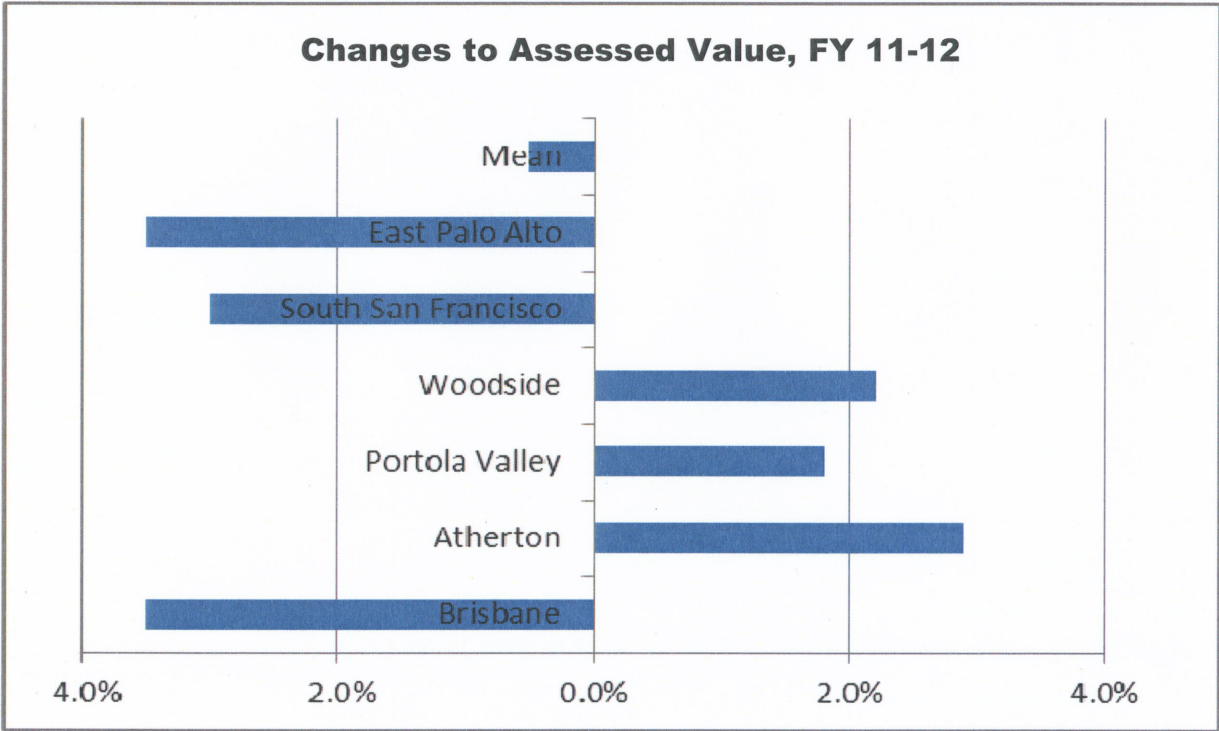
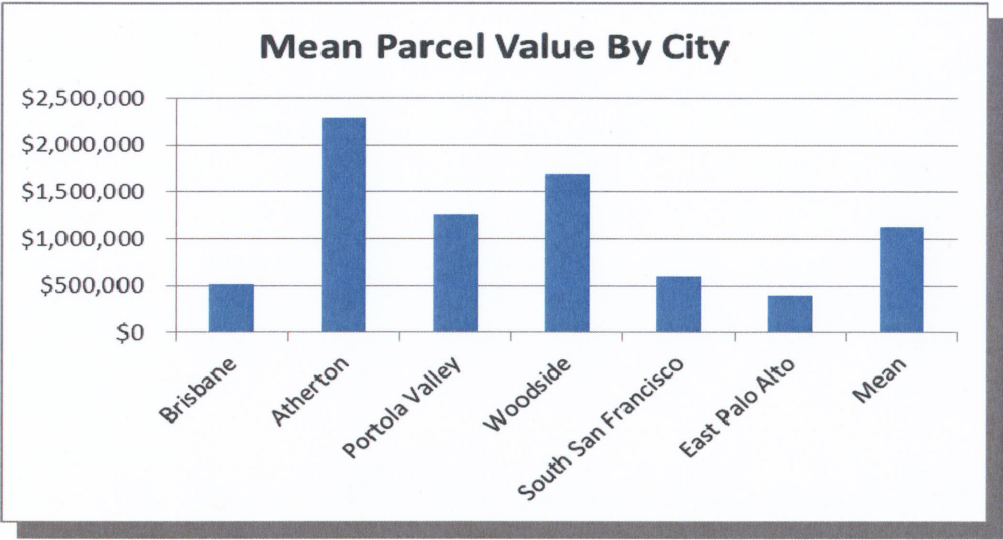
The City is projected to receive about \$2,700,000 in Sales Tax for FY 2012-13. In the short-term, this drop in revenue is being offset by business license fees paid to the City by Recology.

In the chart on the following page, Brisbane’s General Fund revenue from property tax and sales tax are compared to other California cities comparable in population, reputation and/or geography:



The City anticipates receiving about \$1,600,000 in Transient Occupancy Tax in FY 2012-13. FY 2013-14 will remain strong based on current bookings at the hotels and the America’s Cup races.

The decline in the real estate market has hit Brisbane financially. Data from the County of San Mateo, below, indicates that not only is Brisbane’s mean parcel value low when compared to cities of similar population and its immediate neighbor, but the value of parcels in general has continued to decrease.



Largest Sales Tax Producers

A variety of firms contribute to sales tax revenue. The top 25 sales tax generators in Brisbane for the 2012-2013 and 2006-2007 fiscal years are (businesses confidentiality requires they be listed in alphabetical order):

2012-2013

7 Mile House
ACME Scenery
Aircraft Technical Publishers
Bear Communications
Bi Rite Restaurant Supply
Brisbane Recycling
Cool Solutions Panel
Cutera
Fong Brothers Printing
Integrated Resources Group
Lazarri Fuel
Monster Cable Products
Norman Wright Mechanical
P&F Distributors
Purcell Murray
Radisson Hotel
Richoh Corporation
Room and Board
Sierra Point Lumber
Star City Motors
Sunset Garage
TOBI.com
Tyco Integrated Security
Typewritorium Electric Business
US Gas and Equipment

2006-2007

Allied Ropes Company
Bear Communications
Bi Rite Restaurant Supply
Brisbane Recycling Company
Champion Exposition
Coming Attractions Parties
Cutera
Flax Artist Materials
Fong Brothers Printing
Freeman Decorating Services
Hitachi America
Integrated Resources Group
Lazzari Fuel
Mangiare
Morgan Graphic Supply
Norman Wright Mechanical Equipment
P&F Distributors
Purcell Murray
Sierra Point Lumber
Star City Motors
Troxell Commuications
Typewritorium Electric Business
Van-Arsdale-Harris Lumber
VWR Scientific
Weber Marketing Systems

Largest Employers

One of Brisbane's primary strengths is its location just south of San Francisco, with a proximity to San Francisco International Airport and the biotech hub of South San Francisco. These are large employment centers that provide a skilled and talented workforce populating many of Silicon Valley's brightest companies. The City desires to attract and retain firms linked to high-growth industry clusters.

The City's largest employers are represented in a number of industries including freight forwarding, distribution, and technology.

With the economic downturn, 11 of the top 20 largest employers in Brisbane in 2006 (when the last survey of Brisbane's largest employers was done by the Chamber of Commerce) have either merged with other entities, moved out of town or gone out of business. Those remaining in town since that time include (in alphabetical order):

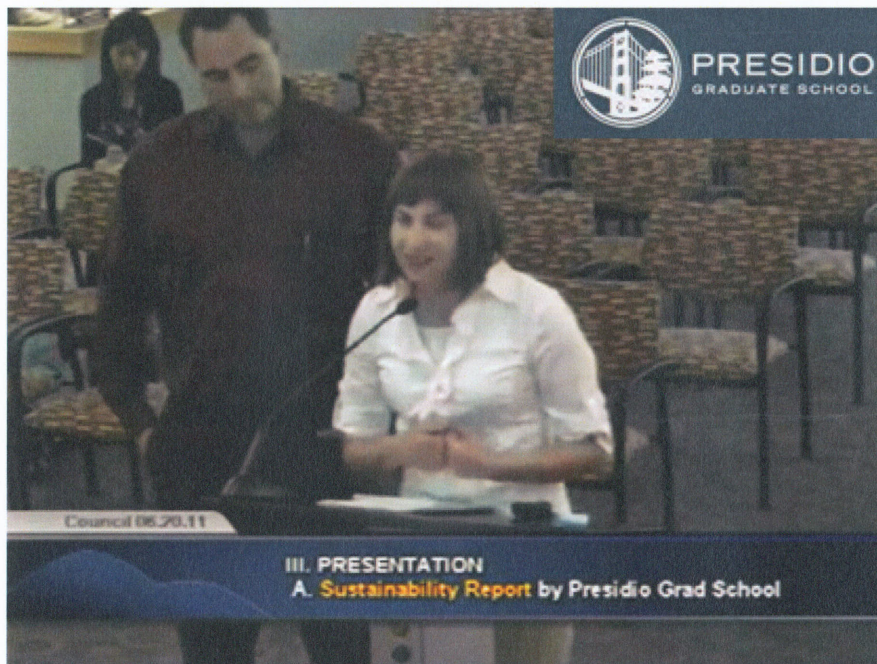
Business Name

- Aircraft Technical Publishers
- Bebe
- BiRite Food Distributors
- Dolby Laboratories
- Fong Brothers Printing
- George Lithograph
- Monster Cable
- Proxy Communications
- PSI Group – California

How We Got Here: Past Efforts to Spur Development

The Economic Development Subcommittee of the City Council was created in 2010 to create an economic development strategy to bring businesses into the City while safeguarding the community's interests. Discussions with the community and developers for both the Baylands and Sierra Point are ongoing and are expected to have an impact in the long-term, so particular focus for the strategy has been placed on Crocker Industrial Park and areas that have approved projects, which can better address the more immediate need for revenue generation.

In the summer of 2011, graduate students of the Presidio School of Management studied Crocker Industrial Park and proposed Brisbane position itself as a hub of new and innovative green businesses – a “premiere Emerald City.”



Presidio Graduate School Students presenting their Sustainability Report to the City Council, June 20, 2011

The students’ “Brisbane Green Business Attraction Plan” was presented at a Council meeting and was eagerly embraced by many members of the community. Though the definition and criteria for what it means to be a “green” business has yet to be decided, the overall vision was consistent with the culture and beliefs of the Brisbane community.

While the “Emerald City” would be ideal, there are a number of questions regarding its feasibility, as well as immediate challenges such as: lack of staff and resources to pursue the efforts put forth in the Green Marketing Plan; lack of staff and resources to compete with the many cities who have already dedicated staff and resources to pursue green industry; multiple and absentee property owners in the Park; an emerging technology industry where standards are still developing; a domestic market that has seen many green companies fail; a weak US

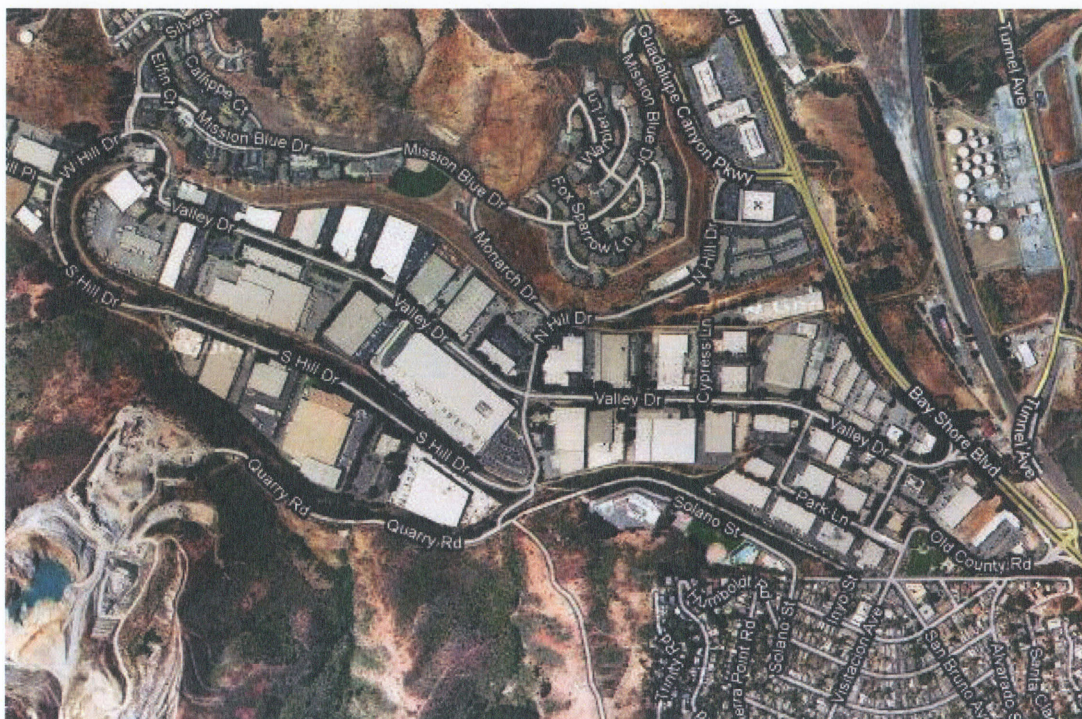
economy; difficulty in obtaining capital loans; and competition in a global marketplace where Asian companies are receiving credit subsidies and incentives from their governments.

The Subcommittee wanted to find a balance between the vision, economic feasibility, and market reality. For economic feasibility and market reality, the Subcommittee conducted a series of interviews to help them assess the City's commercial real estate market situation and develop a SWOT analysis. The Subcommittee met with:

- Commercial real estate brokers with current listings in Crocker Industrial Park;
- Property owners/managers; and
- A developer who participates in a similar committee with another city.

The commercial real estate brokers were given a standard set of questions in advance to offer them the opportunity to contemplate and prepare their thoughts before the meetings. Discussions with the property owners/managers were designed to explore their experiences, challenges, and thoughts on Crocker Industrial Park, as well as their future plans.

Information from these discussions was critical for the Subcommittee, Chamber of Commerce, and City staff in compiling the information presented on the following pages.



Aerial view of Crocker Industrial Park, illustration from Google Earth

SWOT Analysis

Appraising an organization's resource strengths and weaknesses and its external opportunities and threats, commonly known as a SWOT analysis, provides a basis for crafting a strategy that capitalizes on the organization's resources, aims squarely at capturing the organization's best opportunities, and defends against the threats to its well-being. The following SWOT listings were derived from the Brisbane Business Survey (2005), Commercial Real Estate Agent Survey (2005), discussion by the Economic Vitality Subcommittee (2005) and a series of subcommittee interviews and discussions (2011).

STRENGTHS

- Proximity to SFO, SF, Peninsula
- Quiet, safe, no traffic congestion
- Access to 101
- Good warehouse space
- It's not San Francisco (no payroll tax, low commercial rents)
- Relatively low business fees
- Good relations between police and business
- Small, nimble, and accessible City Hall

WEAKNESSES

- Lack of amenities, such as restaurants, gas stations, retail
- Small population near big urban areas
- Lack of parking and/or transit
- Lack of identity; Brisbane...where is that?
- Isolated
- Lack of presence/visibility in the Bay Area; not a destination
- Remembered as a "toxic dump"

OPPORTUNITIES

- In the position to take advantage of overflow demand from San Francisco.
- Industrial market is shrinking
- Vacancies allow for a re-visioning of Crocker Industrial Park
- Aesthetics – beauty of the Mountain and Bay could attract business that value such – design centers, warehouse retail showrooms, etc.
- Baylands Development – opportunity to create a model of sustainable development

THREATS

- Conflicting community priorities (e.g. zero carbon emissions vs. need to drive for basic services)
- Concept of local sustainability focused on the environment, at the expense of its economy and social well-being
- Baylands Development – opportunity to create a model of sustainable development

The Vision

Brisbane has adopted several key documents that will guide economic development efforts in both the short- and the long-term. Most prominent among them is the City's *General Plan*, which provides basic objectives and guidelines for the attraction of businesses to the City in general. While it was first adopted in 1994, the *Brisbane General Plan* was forward-thinking in terms of economic development and its goals are still the City of Brisbane's official policy for economic development.

These goals include making Brisbane a place where economic development will:

- Stabilize and diversify the tax base;
- Serve the community by encouraging convenient and beneficial commercial development;
- Provide sufficient revenues for necessary City services;
- Facilitate employment of residents; and,
- See sustainable growth as dependent on preservation and replenishment of natural resources.

As stated last year in a progress report to the City's Economic Development Subcommittee, the policies and goals stated above were "visionary for [their] time." Therefore, the first suggestions of this action plan will be based upon meeting the objectives of the *1994 General Plan*.



Cover of the City's 1994 *General Plan*

Action Steps

The following action steps are what the City should be proactively pursuing, and derive from the goals stated in the Local Economic Development chapter. Parenthetical notes of which policies they address are shown at the end of each action step. Lastly, the current status of the action step is indicated where appropriate.

Brisbane will be a place where economic development...

Stabilizes and diversifies the tax base

- Inquire with existing companies located in Crocker Industrial Park such as Room & Board, Williams-Sonoma, and Monster Cable about the City facilitating their development of a showroom to create a presence and a revenue tax base (GP Program 8a, 8b, 8d, 8e)
- Organize a meet-and-greet with various real estate search firms and real estate brokers to show them the types of locations that are available in Brisbane. Ask their thoughts on what types of businesses they would encourage to move in as we get turnover. (GP Program 8b, 8d)
- Sponsor Urban Land Institute's (ULI) Technical Assistance Panel (TAP) to explore land use and design options for the proposed mixed-use site adjacent to the Brisbane Village Shopping Center and to re-envision Crocker Industrial Park. (GP Programs 8b, 8d, 8f, 8j)

Current Status:

The recently approved 2013-14 budget included an allocation of \$10,000 to apply for the TAP, and City staff is working with ULI to complete the full application.

Serves the community by encouraging convenient and beneficial commercial development

- Reach out to occupants of the California Institute for Quantitative Biosciences (QB3), an incubator for biotech startups located at UCSF's Mission Bay campus, letting them know about office space in Sierra Point for rent when they're ready to move out from QB3. (GP Program 8b, 8e, 9b)
- Capitalize on existing conduit running down Bayshore Blvd from a data center in San Francisco (at 200 Paul Avenue) to the SFO BART Terminal by working with a third party and the City and County of San Francisco to fiber-enable Crocker Industrial Park and possibly Sierra Point. (GP Program 8f, 9b)

Current Status:

Astound has scouted businesses and has yet to get signed confirmations from at least 2 businesses – needed before any construction can start.

The City and County of San Francisco desperately wants to get fiber down to SFO, utilizing the conduit they own which runs through the cities of Daly City, Brisbane, SSF, and San Bruno. They are working with the President & CEO of Lit San Leandro to see if a similar arrangement can take place in Brisbane where dedicated dark fiber strands (10% of the total amount of fiber pulled) are given to the cities instead of them paying a recurring fee.

Provides sufficient revenues for necessary City services

- Given the high fiscal revenue-generating potential of hotels – \$230,000 per acre per year on an average revenue basis – work with the Radisson Hotel and Homewood Suites for the purposes of visitor services coordination, conference promotion, and complementary activity attraction to Central Brisbane to help ensure guests and Sierra Point Business Park employees view Sierra Point as a vibrant area during the day, with Brisbane residents thinking the same of the area in the evenings. (GP Program 8i, 8j)

Current Status:

Homewood Suites became a first-time Concerts in the Park sponsor in 2013.

The Concerts in the Park Subcommittee of the Parks & Recreation Commission is looking into starting a brand-new event, “Movies over the Marina” in summer 2014, which will start following the last Concerts in the Park.

- Work with UPC to have an outside Hotel Feasibility Study done to see what the market calls for in regards to their hotel site at Sierra Point. (GP Program 8i, 8j)

Current Status:

Rick Swigg of RSBA & Associates has completed a draft “Feasibility and Market Study for Sierra Point Hotel”, which will be presented to the full Council at their meeting of August 19, 2013.

Facilitates employment of residents

- Work with Commute.org, which runs the ALLIANCE commuter shuttles, to have shuttles run between Brisbane’s three business districts – Central Brisbane, Crocker Park, and Sierra Point – especially on Farmers’ Market days so that Brisbane employees can easily shop and support the market. Also, work on having a local shuttle from Central Brisbane to Sierra Point directly during commute hours. (GP Program 9b, 9c)

Sees sustainable growth as dependent on preservation and replenishment of natural resources

- Secure a grant to enable local artists to paint murals on buildings in downtown Brisbane depicting the City's history, culture/special events, values, and natural environment, such as San Bruno Mountain and the San Francisco Bay. (GP Program 8f, 9a, 9c)
- Work with the Market Manager of the Brisbane Farmers' Market to regularly highlight Brisbane Businesses such as Zarc Recycling by conducting an e-waste drive at the market. (GP Program 10a)

The following are actions items that do not relate specifically to any of the five goals found in the Local Economic Development chapter of the *General Plan*, having become more relevant or widespread post-1994.

- Reach out to local contractors, developers, and engineering and design firms to inform them about the City's new "Digital Permit Suite" online Building Permit system, offered through CSG Consultants.
- Streamline payment procedures for City departments by accepting payments online through both the city's website and the new Online Building Permit system via PayPal.
- Bring in large-scale special events so those unfamiliar with Brisbane can experience our town and become familiar with Brisbane's businesses, shopping and character. Work with Running Waters Group, a boutique agency that specializes in event planning, management, and implementation.

Current Status: A representative from Running Waters was given a tour of Sierra Point by the City Engineer, who also provided some maps of potential sites (including the Shared Use Parking at Sierra Point) that might be useable.

- Work with the Chamber of Commerce, Patelco Credit Union, engaged citizens, and the owners of the Brisbane Village Shopping Center to have a no-fee ATM installed in one of the spaces there. (GP Program 8i)
- Enhance the City's "[Doing Business](#)" section part of the website with testimonials from leaders in the business community.
- Send articles that highlight Brisbane businesses and City events to *The Peninsula Progress*, a new weekly newspaper covering Millbrae, San Bruno, South San Francisco, Brisbane, Colma, and Daly City, and to the San Mateo County/Silicon Valley Convention and Visitors Bureau, which puts out a [monthly e-newsletter](#) highlighting various events being put on by cities as well as by local businesses.
- Begin utilizing the City's reserved Twitter account ([@CityofBrisbane](#)) to start tweeting business-minded messages.

CHAPTER IV LOCAL ECONOMIC DEVELOPMENT

GOALS:

Brisbane will be a place where economic development...

Stabilizes and diversifies the tax base;

Serves the community by encouraging convenient and beneficial commercial development;

Provides sufficient revenues for necessary City services;

Facilitates employment of residents; and

Sees sustainable growth as dependent on preservation and replenishment of natural resources.

CHAPTER IV

LOCAL ECONOMIC DEVELOPMENT

IV.1 A BRIEF ECONOMIC OVERVIEW

"My initial interpretation of the goals of the leaders of Brisbane was that they wanted self-determination for their own future ... I'm not ashamed to say that I tried to be not only active but aggressive in getting as much of the unincorporated land as I could for Brisbane... We were able to put some financial muscle into the City of Brisbane."

Lanier "Len" Brady
First Brisbane City Manager⁽¹⁾
Brisbane City of Stars

The first City Council of Brisbane, John Turner, Jess Salmon, Ernest Conway, James Williams and Ed Schwenderlauf, saw that Brisbane's biggest problem in the years to come was going to be a lack of municipal revenues. It was clear that property taxes on homeowners were not likely to supply the funds needed for major municipal operations and improvements. Through the efforts of the City Council and City Manager, in late 1962 both Southern Pacific and PG&E announced that they would request Brisbane to annex their property. Together, the Southern Pacific and PG&E properties, which totaled over 700 acres, doubled the land area of Brisbane. Since Southern Pacific's property lines extended into the Bay, Brisbane also greatly increased the amount of water acreage within its jurisdiction. The annexation increased Brisbane's tax base tremendously. The City's locally assessed valuation tripled, going from \$3 million to \$9 million overnight.

The issues of self-determination and financial independence led a subsequent City Council composed of Don Bradshaw, Art Montenegro, Jeanine Hodge, Fred Smith and William Lawrence and its City Manager, Brad Kerwin, in 1979 to actively seek the annexation of the Northeast Ridge and Crocker Park into the City. The president of Crocker Land Company, which owned the Northeast Ridge and developed Crocker Park, wanted the property to go to Daly City. He described Brisbane as lacking sufficient staff and financial resources. The City Council and City Manager won the annexation in 1983 by arguing that the impacts of any development would profoundly affect Brisbane and revenues from the Park would allow the financing of necessary capital improvements and operating expenses. As a result of the annexation of Crocker Park, the locally assessed property valuation rose from \$47 million to \$113 million and sales tax revenues jumped dramatically from \$900 thousand to \$3 million.

The City of Brisbane has always recognized the importance of its economic health, which is dependent upon maintaining a dynamic economic climate. The City must maintain adequate revenue sources if it is to provide a satisfactory level of service to its residents and businesses. Cities in the next decade face a world of declining revenues and higher citizen expectations. A recessionary economy has slowed the growth of local government revenues; local costs have been driven up by inflation; State and Federal regulations increasingly require that particular services be provided or expenditures made; and the State legislature, in order to balance its own budget, has taken away "traditional" city and county revenues. Meanwhile, Federal and State aid to cities has been reduced or eliminated, and voters have imposed legal limits - such as Proposition 4 and Proposition 13 - that restrict spending or taxes. At the same time, the costs of growth have been polluted waterways, soil and air, the irreplaceable loss of non-renewable resources, and the continuing failure to replenish renewable resources.

Communities are faced with the challenge of guiding and controlling economic growth and expansion, while maintaining the quality of the environment and non-renewable and renewable resources. Communities are also faced with such problems as lagging growth rates, unemployment, a declining tax base, reduced municipal services, and an aging infrastructure that is costly to maintain and replace.

For the City of Brisbane, its financial resources have been declining, and the future economic indicators are mixed. However, the land use alternatives, especially along Bayshore Boulevard and west of Highway 101, provide opportunities for guiding any future growth to meet the long-range economic as well as environmental policies. This chapter provides local economic development policies. It is divided into three general areas. However, these areas should not be viewed as independent of one another; they are interactive and interdependent and together constitute a continuous economic policy and process.

IV.2 THE CITY'S TAX BASE AND GENERAL FUND REVENUES

In order to support its other economic development strategies, the City recognizes the need to maintain adequate revenues to provide essential support services to residents and businesses. Without a well-maintained infrastructure, emergency services, and a range of recreational and cultural activities, the City loses its ability to attract new businesses and to retain the quality of life of its current residents. In order to provide these services, the City must receive revenues that keep pace with increasing costs. Recognizing that tax rate increases are not a viable solution to this challenge, the City is committed to maintaining a tax base that provides the necessary revenues. In addition to its goal of preserving property values, the City will seek to generate needed revenues through increased retail activity without losing sight of the need to maintain a retail presence that is in keeping with Brisbane's small size and character.

The changing revenue stream to cities finds Brisbane increasingly reliant on sales tax revenues. In 1992-93, over 40% of Brisbane's General Fund, which is the general revenue for traditional

governmental services, was comprised of sales taxes. Therefore, if current revenue sources remain, promotion of retail sales is of central importance in maintaining the resources of government. Revenues generated by property taxes, amounting to a little less than 20% of the General Fund, are also important, if they are not overshadowed by new service costs to the City associated with development. Local hotels do provide revenues for some cities adjacent to Brisbane that exceed 25% of General Fund revenues. Hotel transit occupancy taxes are locally enacted and collected and, on the County average, are 8-10% of room charges.

Policy 8 **Maintain and diversify the City's tax base, consistent with community character, in order to generate adequate revenues for City Government and sustain a healthy local economy.**

Program 8a: Assess service costs and revenues associated with proposed developments on a short and long-term basis.

Program 8b: Maintain information on available or potential sites for economic development and seek to conserve suitable locations for appropriate uses.

Program 8c: Encourage local equity ownership in local development in order to retain more economic benefits within the community.

Program 8d: Prepare informational and promotional materials to encourage desired development.

Program 8e: Encourage the Chamber of Commerce to develop promotional materials and to actively solicit businesses that benefit the City.

Program 8f: Investigate available programs which assist in rehabilitation, seismic upgrade or repair of businesses.

Program 8g: Develop economic programs including incentives available under the Community Redevelopment Act to encourage and facilitate the development of appropriate retail activity and hotels.

Program 8h: Use Redevelopment Agency funds, as appropriate, to assist in the construction of planned public improvements in the project's areas.

Program 8i: Promote attractive retail development in planned areas instead of in strip areas adjacent to an arterial highway or freeway corridor.

Program 8j: Consider mixed-use zoning, which would encourage a combination of business and commercial uses, making sites more responsive to market conditions.

IV.3 EMPLOYMENT OPPORTUNITIES

Essential to any economic development strategy is the creation of jobs within the community. The census estimates that of persons over 18 years old, 58.7% have some college education, 24.1% completed high school, 14% had some high school education but not a diploma, and 3.3% had less than 9th grade education. Among Brisbane residents, the most frequent occupations are administrative support (24%), executive and managerial (15.9%), precision production, craft and repair (13.8%), professional specialty (11.7%), operators and laborers (11.4%), sales (10.6%), service (9.6%), and technicians (2.9%). Regrouping these categories and comparing with results of earlier census data (GP-2 & 3), the trend toward increasing white collar employment replacing blue collar employment is apparent:

TABLE 3
Employment Distribution

	<u>1970</u>	<u>1980</u>	<u>1990</u>
Administrative/Professional/Technician/Sales/Clerical	49%	62%	65%
Production/Industrial	37%	27%	25%
Food/Protective/Other Service	13%	9%	10%
Farming/Forestry/Fishing	0%	2%	0%

The primary objective of economic development policies is to provide jobs that are matched with the skill and training level of community residents so as to maximize and retain the wealth generated by the expansion in employment. Also, in human terms, unemployment or underemployment has severe repercussions on individuals, children, families, the local economy and the social fabric of the community. While recognizing the importance of generating employment for local residents, the City is aware that the needs of the small and diverse labor force in Brisbane cannot overcome market forces, which dominate job creation. Brisbane currently has more jobs within its borders than residents that work. An increase in the proportion of Brisbane residents hired by Brisbane employers can both help unemployment and reduce commuting and its effects on individuals and the environment.

Studies of job creation in San Francisco and environs have found that small businesses create the majority of new jobs. Small businesses also contribute to economic diversity, which expands workers' job opportunities and provides some resilience during economic turndown. Locally owned businesses provide economic strength because they are more likely than outside firms to seek local sources of materials and to reinvest locally.

Policy 9 Seek fuller employment of Brisbane residents.

Program9a: Encourage the City and other Brisbane employers to give consideration to residency of equally qualified applicants and to advertise jobs locally in order to strengthen the economic and social health of the community.

Program9b: Provide, as applicable, incentives to businesses that provide jobs for unemployed sectors of Brisbane's labor force.

Program9c: Encourage small and locally owned businesses.

IV.4 ENVIRONMENT AND NATURAL, RESOURCES

Quality of Life

Over time, the economic health of Brisbane will depend also on its environmental sensitivity and the ability to preserve and restore its natural resources. Increasingly, cities are measured by their "livability," and that measure reflects their appeal to businesses and residents.

As a City, and as a community that is greatly influenced and defined by its surrounding physicality, such as San Bruno Mountain and the San Francisco Bay, Brisbane is keenly aware of the need to respect and preserve the natural environment. It is this environment that helps make Brisbane such a unique and desirable place to live and work. But while the City is committed to protecting its natural resources to maintain the living environment, it is also committed to preserving and restoring the environment as an economic development strategy in itself.

Sustainable Economic Welfare

Just as a healthy environment is necessary for people to live and thrive, a healthy environment is necessary for the long term success of business. This holds true whether the environment is viewed as a source of raw materials, as a place where people can actively pursue consumption, or as a "sink" into which commercial wastes are disposed and recycled. The bottom line is that without preserving and renewing the natural environment, there is no economic development strategy that can bring prosperity to a community.

While it would be easy to argue that because of Brisbane's small size, no matter how its environment is treated the larger environment would not be affected and resources could be obtained elsewhere, the City takes the view that it must do at home what must be done on a state, national and global scale. Recognizing that its resources are finite, the City seeks to encourage renewable uses and the preservation and restoration of its truly unique natural features. Development decisions are to be analyzed so as not to overwhelm the long-term environment and in a manner that provides for sustainable development. Such sustainable development has been defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." ⁽²⁾ Using incentives and the CEQA environmental process, the City will strive to protect the natural environment and make clear that in Brisbane, environmental protection means good business as much as it denotes quality of life.

Policy 10 Establish environmental welfare as a major objective of the City's economic development policy.

Program 10a: Develop an environmental strategy for economic development. The strategy should include methods of encouraging the use of renewable resources and the preservation and restoration of the unique features of the community for future generations.

FOOTNOTES

1. H1-2, pp. 1b-18.

2. Raymond C. Miller, "In Order to Save the World for Human Habitation, We Must Stop Teaching Economics!" *School of Education Review, San Francisco State University, Vol. 4* (Spring 1992), pp. 41-55, quoting from World Commission on Environment and Development, *Our Common Future* (Oxford: Oxford University Press, 1987).