

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.

LOCAL ECONOMIC DEVELOPMENT

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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
Brisbane City of Stars⁽¹⁾

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).