CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of City Council
FROM:	Mark Brodeur, Community & Economic Development Director
MEETING DATE:	November 16, 2106
SUBJECT:	Local Economic Advisory Program (LEAP) Report Presentation
CEQA:	Does not Constitute a "Project" per California Environmental Quality Act (CEQA) Guidelines

RECOMMENDATION

Receive the presentation and accompanying Local Economic Advisory Program (LEAP) report from The California Academy for Economic Development, and provide appropriate direction to staff as needed.

DISCUSSION

As the Council is aware, the Economic Development Commission and City staff invited a team of economic development professionals to visit Pacific Grove and provide recommendations that can, if implemented, improve the City's business climate.

The Local Economic Advisory Program (LEAP) was conducted by the California Academy for Economic Development, a non-profit educational arm of the statewide California Association of Local Economic Development. Jacquie Atchison, Chair of the Economic Development Commission, arranged and managed the event.

The 5-person team spent two days in Pacific Grove (August 30 & 31, 2016), toured the City, and met with or had phone conversations with 53 local stakeholders, including City officials, business owners, residents, and other interested persons. The team presented their preliminary recommendations to Jacquie Atchison and Mark Brodeur on August 31, and then provided the attached report.

Findings and recommendations in the report include:

1. The City has a stable but aging affluent population, and almost unlimited potential to attract visitors to its world-class coastline. Improved visitation accompanied by better management of those visitors can bring prosperity without unduly impacting residents;
2. The City should ease its restrictive business policies. Over the past several decades the City has enacted a number of ordinances, ballot measures and other policies that limit the ability of local businesses to serve its residents or to host visitors. Examples include the fast-food and drive-through prohibition, the ban on bars and nightclubs, recent outdoor seating controversies, the cap on motel rooms, and inadequate WiFi;
3. New investment, the lifeblood of a strong economy, is going elsewhere. City policies have discouraged investment, both by new businesses and existing businesses. As a result, many

of the City's commercial properties are not being kept up to date and are losing market share to similar properties in neighboring communities;

4. Strong sales and TOT tax revenues are needed in order for a City to adequately serve its residents. Residential property tax alone will not sustain a municipal budget. Project Bella and the renovated Holman Building will be key economic drivers once on line;
5. The City should create an Economic Development staff position to assist the Director in implementing programs. This person would assist the Director to encourage business investment, would support the Economic Development Commission, would improve coordination with the City's all-important business sector, would help coordinate infrastructure investment, and could help ease the effects of water restrictions;
6. The City's business mix includes many established restaurants, lodging places, and grocery stores. The City's residents are underserved for goods and services such as variety, electronics, appliances, apparel, sporting goods, books and music;
7. Downtown would benefit from a more robust merchant organization and improved merchant cooperation, including common hours of operation, event participation, façade improvements, stronger marketing, and other forms of mutual cooperation; and
8. Important resources and benefits not otherwise available arise through continued strong cooperation with the Monterey County Convention and Visitors Bureau (MCCVB), the Monterey Bay Aquarium, the Pacific Grove Chamber of Commerce and other entities.

CEQA

The recommended action does not constitute a "Project" as that term is defined under the California Environmental Quality Act (CEQA) Guideline Section 15378.

FISCAL IMPACT

The LEAP program has cost the City approximately $5,000 in fees and travel reimbursements. In addition, the Wells Fargo Foundation provided a $2,500 grant that helped make this project possible. Implementing some of the policies in the report could have an impact in the future.

ATTACHMENTS

1. LEAP Report

RESPECTFULLY SUBMITTED,

Mark Brodeur
Community & Economic Development Director

REVIEWED BY,

Ben Harvey
City Manager

CITY OF PACIFIC GROVE, CA

LOCAL ECONOMIC ADVISORY PROGRAM (LEAP)

An Assessment of the Economic Development Potential and Strategies in this Monterey Peninsula Community

Held on August 30-31, 2016

(Draft Revision 4, October 25, 2016)

Many thanks to the Wells Fargo Foundation, whose generous donation helped fund this project.

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Overview

THE STUDY AREA AND THE PANEL'S ASSIGNMENT

A five-person volunteer team (Team) visited Pacific Grove on August 30-31, 2016 to advise the City and its Economic Development Commission about economic development activities and implementation priorities. In particular, the City has four separate commercial areas, each with a different flavor, each serving a different clientele.

STATEMENT OF THE PROBLEM

Pacific Grove is a small built-out Monterey Peninsula city with a population of about 15,000[1]. Since Pacific Grove is adjacent to Monterey, Cannery Row, Carmel and 17-Mile Drive, it enjoys significant tourism revenue. The City's finances are therefore heavily dependent on retail and TOT tax. In addition, because of proximity to larger more upscale tourist destinations, it is increasingly difficult for less well-known Pacific Grove to sustain quality shopping and lodging opportunities. Lighthouse Avenue and the downtown may have too many thrift and antique stores and not enough grocery, variety stores, restaurants and bars. The City's population is aging and affluent.

Nevertheless, city officials and members of the Economic Development Commission are optimistic about Pacific Grove's future. They conduct business walks and other business support activities, and actively seek downtown and retail development to better meet the needs of local residents and visitors. However, more revitalization and strategizing are needed.

This project is intended to provide City officials and Economic Development Commission members a better understanding of the area's economic future. Specific information being sought includes:

1. A better understanding of the city's economic development potential within the context of today's economy and growth, competing communities, retail and downtown revitalization trends, and other factors.
2. A profile of the typical shopper in Pacific Grove and whether the City has the proper business/tenant mix to serve those tastes. And a better understanding of what type of customer the City needs to cultivate to develop a strong and vital downtown shopping and dining experience.
3. A suggested prioritized and practical strategy for the City and each of its 4 business districts, which can be implemented over the next 1-2 years. Is there an opportunity to link the five business districts under a common link or thread?

[1] https://en.wikipedia.org/wiki/Pacific_Grove,_California

4. How to assist the existing businesses in the American Tin Cannery who will be relocating within the next two years.
5. A review of the City's small industrial park along Sunset Drive and its potential.
6. The Downtown, including evaluating the existing tenant mix and identifying retail and revitalization opportunities.

QUESTIONS TO BE ADDRESSED BY PANEL MEMBERS

1. What economic development priorities could and should the city undertake given their limited resources?
2. How does the city's retail and business mix fit in to the region and how well does it serve local residents?
3. Since 2000, the City has a Downtown BID that generates about $30,000 per year for promotion and marketing. Does it make sense to pursue a Property Based Business Improvement District (PBID)?
4. Unique Branding -- is there a branding opportunity, and what might it be?

Methodology

The LEAP Team and City staff conducted the following activities:

- Prior to the Event:
  - Dave Spaur, Monterey County's Economic Development Director, introduced the CALED Academy LEAP program to Jacquie Atchison, Chair of the Pacific Grove Economic Development Commission during a conference call on February 24, 2016;
  - On April 11, 2016 the LEAP Manager met with the Economic Development Commission Chair, the Community/Economic Development Director, and the City Manager, including discussing the project, preparing the problem statement and reviewing literature relevant to the study;
  - Jacquie Atchison arranged the venues and schedule, and invited the participants.
- On August 29, 2016, the EVE of the event, the Team:
  - Assembled at the designated hotel for dinner, and discussed the following days' events.
- On August 30, the FIRST day of the event, the Team:
  - Met with about 13 community stakeholders for breakfast and introductory remarks;

- Went on a guided site tour of the City with the City Manager and Community/Economic Development Director;
- Conducted about 30 individual interviews throughout the day;
- Convened to discuss impressions and began formulating recommendations; and
- Conducted follow-up research to refine our recommendations.

- On August 31, the SECOND day of the event, the Team:
  - Conducted 14 more interviews;
  - Finalized recommendations; and
  - Presented to the ED Commission Chair and Community/Economic Development Director at 3pm that afternoon
- After the event, the Team:
  - Conducted six additional follow-up interviews;
  - Gathered additional information;
  - Prepared the full report;
  - Is available to make follow-up presentations to elected officials.

The Team offers the recommendations in this report based on all available information, interviews, observations and experience.

Observations

Economic Fundamentals are sound in the City

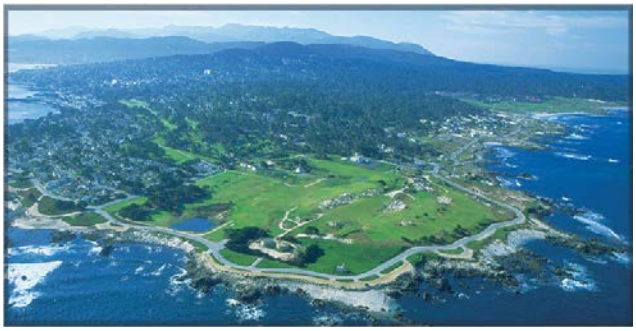
1. Overall the City is in a really good location and has multiple economic development opportunities.
2. The City is a wonderful destination with an unlimited potential to attract those visiting the Peninsula. The City has, however, over time enacted a number of ordinances that limit its capacity to host business visitors, tourists, and individuals and families on assignment in the area. Small investments in promotion and in venue development would pay off big;
3. The population is stable and affluent, holding at about 15,000;
4. Local officials claim they have the Best coastline in the US -- the Team agrees that the pedestrian-accessible coastline is a undeniable attribute;

PACIFIC GROVE LEAP

5. The Monterey Bay Aquarium is a top California and Peninsula draw, at about 2 Million visitors/yr. That is a major California attraction, in the same league as Universal Studios (7 million) Yosemite (4.5 Million), Knott's Berry Farm (4 million), Sea World San Diego (3.5 million), Six Flags Magic Mountain (3 million) and Disneyland (16 Million);

6. The four commercial areas plus several lodging areas are not linked except by cars, though way-finding signage has improved recently;

   a. Downtown is a quiet, pleasant alternative to Monterey's brighter lights, and a more affordable alternative to Carmel Downtown. Though nice, the area shows signs of age, and needs improved signage and pedestrian amenities to draw visitors. Property owners need to invest and modernize more, upgrade some facades, and to continue sidewalk dining. The Post Office, City Hall, Grove Market, Ace Hardware, the coffee and pastry shops help draw plenty of traffic on weekdays, but only during daylight hours. There is a decided lack of options after dark.



   b. Forest Hill is the local working shopping district for daily staples and food. Offerings are generally limited to daily shopping and convenience items. The two supermarkets (about 40,000 square feet each) and the Trader Joe's are likely enough to supply the needs of residents. This area needs an update, and continued full support for Caltrans efforts to upgrade State Highway 68 through the area.

   c. Central Avenue, part of the Aquarium/Cannery Row district, has some good restaurants, shopping and other services. The antiquated outlet mall is purported to be replaced with Project Bella (a 200-room luxury hotel). This area has an opportunity to expand its role as a unique and attractive visitor draw very close to the aquarium – an attractive alternative to Cannery Row.

   d. Sunset Industrial District – the historic working/industrial area of town. Its location at the 17-Mile Drive Gate, which includes Asilomar, serves a unique and important community need by offering service commercial space, for which there are no viable alternatives in town. The location brings natural pressure to convert to visitor-serving, but if fully converted, its service commercial condominiums, commercial hardware store and commercial laundry would be lost to the City forever.

PACIFIC GROVE LEAP

e. Lodging districts – the long-established Motel row on West Lighthouse and the hotels and B&B's along Ocean View Blvd are significant visitor attractions, as is the highly affordable municipal golf course. Interspersed throughout the City's residential areas are over 200 AirBNB homes and apartments. There is a key opportunity to better link these areas with the Downtown and Forest Hill via promotion and available maps.

7. There are several excellent projects underway that will enhance visitor and citizen opportunities and the City's ability to serve its citizens:

   - Project Bella, a 225-unit luxury hotel two blocks from the Aquarium. The City and all its citizens should support this project through its remaining review processes. The projected City revenues from this project are wildly positive. "At full operation, the project would generate $2.5 to $3.6 million in annual Transient Occupancy taxes (TOT) for the City of Pacific Grove. The project would also produce $443,100 in annual property taxes and between $209,400 and $294,000 in annual sales tax;[2]

   - The Holman Building – a catalyst project for downtown revitalization and investment. The project will include 18,000 square feet of downtown retail, and 25 upscale residential condominiums. There is a large waiting list for the new condos;
   - The City has recently enforced its TOT tax regulations by capturing short term vacation rental TOT that had not been previously paid. The estimated TOT from short term vacation rentals is 1 million dollars per year;
   - The City is making continued streetscape and commercial improvements to Lover's Point and its linkages to Downtown

8. Pacific Grove has a low crime index of 155 (Monterey = 329, Carmel = 37), which should be highlighted when marketing to future businesses, tourists and residents alike;[3]

9. The City has a relatively new dedicated, engaged City Staff willing to listen and work with residents, existing businesses and civic volunteers. However, it lacks staff dedicated to downtown revitalization and other economic development priorities.

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[2] http://www.cityofpacificgrove.org/sites/default/files/general-documents/community-economic-development/hotel-bella-fiscal-analysis-040616.pdf

[3] http://www.city-data.com

Issues that limit the City's Prosperity

10. The physical limitations to growth are water supply (severe constraint) and available land. The realistic opportunities are not for growth, but for re-use and updating of existing land and buildings, and to use existing water allocations wisely[4];

11. The City is known for its weak business climate and its "sluggish response to business needs". Several projects have not proceeded because of regulatory uncertainty and lack of support at the City level. Nor has there been dedicated economic development staffing for several years;

12. Citizens rightly want to preserve their perceived quality of life. However, the community has limited its own prosperity through a set of rules and regulations that shackle business success. Several City ordinances, enacted in the 1990's and early 2000's through citizen initiated ballot measures, unduly restrict business investment -- so much so that the City is no longer an attractive place to invest. The existing ordinances and project review processes comprise such a frustrating gauntlet that they actively discourage businesses investment, and with few exceptions are clearly driving investment to Monterey, Seaside, Sand City, Marina and Carmel. The City's neighboring communities have been/are allowing businesses to keep their operations up to date and in tune with the evolving buying habits of residents and visitors. Locally owned small businesses are especially hard hit by these restrictions, even though they too are local citizens equally dedicated to a high quality of life. The exceptions-- local restaurants, food establishments and a small handful of major retailers appear to be successful (e.g. Grove Market, Pier 1, Ace Hardware, Trader Joe's). Examples the team heard about during various interviews and discussions[5]:

    a. Zoning regulations are inflexible and overly protective – an example cited was a proposed Wine Bar being classified as restaurant. City codes required the wine bar to serve food in order to be an approved use. In addition, since a restaurant typically uses more water than a wine bar, that interpretation also meant that the project lacked available water credits;

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[4] The Monterey Peninsula, like most areas of the Southwestern United States, has a semi-arid climate that receives little or no rainfall from April to November. However, unlike many areas in California (such as Los Angeles, San Diego and San Francisco), the Monterey Peninsula has no access to imported water and is totally dependent on local rainfall for its water supply. The Monterey Peninsula depends on two water sources that receive this local rainfall: The Carmel River, which drains a 255-square-mile watershed and run 36 miles from its source in the Santa Lucia mountains to the sea; and the Seaside Basin, which is recharged by local rain and which underlies the City of Seaside as well as parts of the former Fort Ord and Highway 68 corridor. According to various agencies of the state and the courts, both of these sources have been over-pumped. In order to protect local species and habitats and to protect our natural resources, California American Water has been ordered to drastically reduce its pumping from the Carmel River and the Seaside Basin. The Monterey Peninsula has the lowest per capita water consumption of any comparable community in the State of California, approximately 58 gallons per person per day.
Source: http://www.montereywaterinfo.org/aboutUs.html

[5] Note that these examples are reported as heard, not vetted or evaluated by the team. We recognize that there are many interpretations of every interaction.

b. Anti-fast food ordinance. McDonalds left town at least in part because of its inability to include a drive-through. McDonalds is among the most popular dining choices for all age groups, including seniors on a fixed budget. That store's needs should have been accommodated if at all possible.

c. Outdoor dining controversies – there is a 'parklet' in the Central Avenue area which has been over-designed, new sidewalk dining downtown that should not have been controversial, and other outdoor seating that has existed for many years in front of another restaurant without any controversy. Tasteful parklets and outdoor seating areas are hallmarks of a people-friendly streetscape, and should be encouraged.

d. Caps on Motel and AirBNB establishments. TOT is a significant source of revenue for Pacific Grove. The existing motel room cap, while perhaps helping keep the City from being overrun by tourists, is also keeping property owners from investing and upgrading. Existing hotel properties along Lighthouse are outdated. A better balance should be considered – one that encourages investment. Because these establishments are not concentrated around attractions that draw large crowds, they do not themselves cause congestion. Changing this motel room cap will be difficult since a citizen initiated ballot box measure would need to be adopted to revise the current initiative limiting hotel rooms.

13. Civic leaders have a history of thinking Pacific Grove is strong enough to stand on its own rather than being a fully engaged regional team partner. This is not a successful strategy, and limits the ability to leverage the cost of promotional opportunities and other services that benefit business and that better serve residents;

14. City elected officials should establish a more friendly business climate. Business owners are local citizens, too. A healthy business community is necessary for a thriving community overall. Sources of revenue from business represent about 60% of total city revenue, in the form of sales, property, TOT, and utility user taxes; these revenue sources support a myriad of civic services that benefit residents. These are also the only revenue sources that can increase community wealth. Over time, cities that rely primarily on residential property tax lose their ability to provide their own citizens with necessary public safety, health, parks, and other quality-of-life services.

15. Short term vacation rentals (stvr's) are a perfect example of a newer lodging model that is being embraced by the consumer. Over 200 examples of this type are already set up in Pacific Grove, and are just now being seriously regulated by the City. As long as TOT is duly collected, this is a unique and affordable attractive alternative to hotels in Monterey. Stvr's Rates are

$99-245 per night, comparable to rates in the city's motels -- One comment on Yelp epitomizes the opportunity:

> "Julie's apartment was great! Very clean and comfortable and had everything we needed. Julie even stocked it with some goodies and coffee, and she gave us plenty of helpful instructions and information about the apartment and the area. And the area is beautiful! A walk or drive along the beach right nearby is a must.

Recommendations

1. Continue extensive cooperation with other Peninsula communities, the MBCVC, the MB Aquarium, and others. Cooperation is the only way for this small city with limited resources to build economic development momentum and have significant impact. Achieving economic prosperity is a team sport. In hard economic times, local jurisdictions and other entities see their usual funding diminish. Those that do not leverage their resources through cooperation tend to dissolve, or at best limp along with no ability to make real progress toward their goals. Having weathered the recession, all entities in the area are getting some of their capacity back and are more able to invest in their various economic development priorities – Pacific Grove should take advantage.

2. Break the perceived stranglehold against business investment or change. Existing restrictions have over time weakened the City's ability to remain competitive. This means the City should consider:

   a. Loosening the interpretation of Zoning and design requirements to allow for a wider variety of businesses, and expediting review processes to encourage fresh investment by businesses and residents – especially in the form of renovations and upgrades;

   b. Allowing selected bars and evening spots in the downtown, carefully conditioned so they do not disturb the feel of the area or draw large unruly crowds;

   c. Actively recruiting an expanded and more diverse retail base, including encouraging local innovators and selected chains that fit the community's image and modern consumer's tastes;

d. Allowing selected drive-in restaurants and more national chain retailers into the Central Avenue and Forest Hill areas. There are already enough in the area to make the casual observer question whether enforcement has been objective over the years;

3. As budgets allow, dedicate a full (or half time) person to assist the Community/Economic Development Director and Economic Development Commission implement the recommendations in this report. Specifically, that person should be the City's designated business ombudsperson/liaison, and should actively work with the BID, Chamber, MB Aquarium, businesses in downtown and Forest Hill and Central Avenue and Sunset, lodging proprietors, regional economic development entities and others. In a very short time the city's businesses will find it easier to adapt to changing markets and to thrive. Pacific Grove's reputation as a business-friendly community will grow. The effectiveness of the Economic Development Commission, City staff, and the many dedicated volunteers from business will also improve;
4. Bring faster WiFi!! – Connectivity matters for tourists, residents and local businesses alike. Fiber optics need to extend beyond the aquarium. Existing conditions are worse than in many rural communities. The City worked with a fiber provider, but that deal collapsed. That deal should be revived or another created;
5. Local business owners should attend every City Council and Planning Commission meeting to advocate for a strong business climate;
6. If the Monterey Peninsula Water Management District does not allow transfer of existing unused water allocations to other businesses (also known as wheeling), begin a conversation on behalf of the City's businesses to see if this strategy can be used or if there are other ways to ease the burden on businesses;
7. Establish a unique Brand/placemaking for the city (coastline, friendly, safe, history, family, retreat, restaurants). There are plenty of unique assets. Choose something to promote, such as the coastline, restaurants, wine, entertainment and arts, weddings, special events. Tout the City's uniqueness and attractiveness as an alternative to the other Peninsula attractions;

8. The City, the Chamber, and the MCCVB can and should attract more visitors to Pacific Grove. In particular, these entities need to maintain a strong working relationship with the staff of the Monterey Bay Aquarium, the region's top visitor destination. The MB Aquarium has offered free valuable market research to the City and also free marketing support to local

businesses. For instance, in her letter to the City Council on June 13, 2016[6], Julie Packard offered a number of economic development services, including:

> Continue to share data from our ongoing market research on visitor demographics, trends and needs to identify new opportunities
>
> Additional basic information about local residents and their buying habits can be found at http://www.esri.com/data/esri_data/ziptapestry ;

9. Locals are well aware they live in a world-class tourist destination and must therefore accept heavy visitor traffic. The City should carefully monitor visitor flow and make adjustments as needed to ensure daily life is not unduly disrupted;
10. Commit resources and expand the City's capacity to develop and implement business improvement projects. Include as many projects as possible in the Capital Budget that generate greater tax revenues through increased property and sales tax revenues;
11. Provide coordination of the existing business groups, districts and resources so that a more cooperative effort moves forward and the different activities do not detract from each other;
12. Rewrite the outdated Economic Development Strategy & Downtown Plans and follow through on its implementation plan;
13. Improve connectivity between the various commercial areas in town, including bike lanes, unbroken sidewalks, and traffic calming on Central between David and Forest Hill. These are vital transportation corridors for the city's residents especially;
14. Consider implementing a pilot façade improvement program, and promote existing revolving loan and small business assistance programs;
15. Optimize grant and other funding opportunities for infrastructure and revitalization throughout the City.
16. Consider enacting an Enhanced Infrastructure Financing District (EIFD) or Community Financing District (CFD) for the Forest Hill area. These may not generate a lot of revenue, but may fund some beautification and traffic improvements;

[6] Letter from Julie Packard, Executive Director, to Mayor Kampe and Members of the City Council, dated June 13, 2016. The letter also included a number of attachments with quantitative information on the contribution of the MB Aquarium to the economy of Pacific Grove.

Downtown Pacific Grove Recommendations

1. Increase awareness of Downtown in particular;
2. Continue to revitalize downtown by encouraging more building renovations, including mixed use development;
3. Connect downtown more effectively to the shoreline through wayfinding signs;
4. Reach out to downtown property owners to engage them and begin conversations on how the area can be revitalized including but not limited to a larger PBID effort;

5. Downtown in particular fits the affluent visitor demographic, but needs a better mix of establishments that create "more hustle and bustle" at night, and that offer a more complete shopping experience for visitors and locals. There is currently not a full set of retail and services to support residents. Soon the age demographic will shift, and locals will be getting younger over time. Younger shoppers will want changes in the retail and service mix.
6. Bringing the following types of "interesting" businesses to downtown will improve the current mix and reduce sales tax leakage;
    a. Keep the Cinema, existing food service establishments, Pier One, furniture, and other key businesses open. Allow them to expand and invest to keep up with trends. Promoting these attractions – perhaps targeting visitors for dinner after their aquarium visit – will ensure long term survival of these businesses types – currently downtown's biggest draws;
    b. Small and medium department stores – including variety stores and smaller retailers. Small department stores (or a small mall with several specialty stores in a single location) can provide a friendly alternative to Costco or Target. To survive, the store (or stores) will likely have to carry a number of lines, perhaps including electronics, appliances, apparel, sporting goods, and specialty items such as books and music. These stores will need to adapt their lines to serve residents and visitors. Access and parking will need to be as convenient as their larger counterparts. Such a store or group would likely have to set up just off Lighthouse where there is more space;
    c. Gasoline service stations. Keeping existing stations open and considering one or two new ones will keep gasoline sales in town, rather than in Monterey;

d. Ensure that public restrooms are available, clean and well-marked. Adequate public restrooms are one of the most important features of a well-visited venue. City Hall is too far to walk from Lighthouse for a restroom. They should be available in at least two spots along the eleven blocks of downtown;

e. Ensure the Post Office, City Hall, hardware, gas station and convenience food service locations (bakeries, coffee houses, ice cream store, etc.) stay open, thrive, and are easy to access. The Post Office in particular regularly draws many local residents into town, and locals will benefit from multiple opportunities to shop for their daily and weekly needs. Like a mall, Downtown should seek to provide opportunities to park once and visit several shops quickly and conveniently;

f. Encourage more downtown mixed use projects similar to the Holman Building. Consider a set of form-based codes for the area. If done properly, these codes can encourage investment under clear guidelines and expectations;

7. Encourage a downtown merchants association to form, informally at first, later perhaps on the Main Street model. This group should be supported by the City, and should proactively work to standardize downtown merchant protocols. The scope of the BID can also expand to include the protocols and other cooperative activities;

8. Create merchant protocols, including common hours of operation, event participation, parking, window treatments, recruiting to fill vacant and under-performing buildings and spaces, encouraging pop-up windows, perhaps an ordinance requiring vacant buildings to be maintained and look occupied, etc.;

9. Let business be business. Let each business invest in its facade, expand, create successful business formats and formulas;

10. Freshen the downtown where needed, clean sidewalks, ensure well-lighted sidewalks at night, etc.; Appendix B lists a number of "Base Hits" for Downtown, which will enhance the Downtown experience;

11. Make sure Downtown is well connected to the shoreline through way-finding signage, inclusion in tours, and promotion. Local lodging establishments appear to be promoting the entire region's attractions. Some time spent promoting the nearby downtown should be considered;

12. Promote the downtown to short term rental hosts and visitors, B&B's, hotel patrons. Put flyers with local activities and restaurants on kitchen counters and in lobbies. Invite everyone to come downtown – it's five minutes instead of twenty for a host of essential and recreational services;

13. The BID has been in existence for several years, and routinely generates about $30,000 per year, which is spent on promotion and downtown events. Strong consideration should be given to creating a PBID – property based BID. It would be important to set the PBID up carefully and discuss its potential benefits to property owners and the city's citizens. The benefits in the form of better promotion, more downtown events, and faster revitalization can be significant – add specifics for adaptive reuse , etc.;

14. Recent streetscape improvements at the intersection of Forest Hill and Lighthouse do not appear to have created a uniquely identified central downtown intersection. More features that set this intersection apart are recommended. These need not be in the form of more hardscape;

15. A modest mural program may enhance some blank walls, and will be enjoyed by all;

16. Explore implementing a summer concert series pilot program with limited hours of operation (e.g. 4-7 pm). This would bring tourists and locals to the downtown and encourage them to eat out and shop (if you could get the stores to stay open longer on concert evenings)

17. The City owns several surface parking lots throughout downtown. These parking lots represent a development opportunity that the City should explore while being mindful that the public parking spaces would need to be maintained.

Thoughts to Keep in Mind

- "Evolution not revolution". Positive change cannot be accomplished overnight. Instead, progress is a function of incremental improvements over time. The City does not need a total makeover, only adjustments to the existing business climate and business mix that will draw more locals and visitors alike;

- Work both individually and as a collaborative group to promote the City, creating modern Informative Web Sites and participation in social media. Help visitors find the City;

Persons Interviewed

Tamie Acves
Michael Adamson
Dianna Addeman
Moe Ammar
Jacquie Atchison
Tom Atchison
Marietta Bain
Debby Beck
Mark Brodeur
Len Chodosh
Alan Cohen
Luke Colleti
Lydia Collins
Mike Crall
Erik Cushman
Julie Davis
Laura D'Amelio
Kevin Donohoe
Babs DuPont
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Cynthia Garfield
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Robert Huitt
Marge Jameson
Josh Jones
Adrianne Jonson
Bill Kampe
Michael Krakower
Paulette Lynch
Ruth Matthews
Paul Martin
Jenny McAdams
Kirsten McGrath
Tom McMahon
Barbara Meister
Marc Mizgorski
Don Mothershead
Don Murphy
Willy Nelson
Kurt Overmeyer
Emily Owens
Amrish Patel
Bill Peake
Ed Prohaska
Anne Rudolph
Thamin Saleh
Nick Smith
Dave Spaur
Jim Turley
Brian Turlington
Amber Wright

Special thanks to Jacquie Atchison for her dedication to economic development in Pacific Grove and her great work organizing the event and inviting the participants. Thanks also to Mark Brodeur and Ben Harvey for their full support of this event, including providing meeting space, hosting a delightful City tour, and food.

The City and the Academy gratefully acknowledge the financial contribution of ***the Wells Fargo Foundation,*** *whose generous donations helped make this event possible.*

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Wes Ervin
LEAP Program Manager
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About the Local Economic Advisory Program

A LEAP is a one- or two-day long event that helps community leaders and other stakeholders understand their local economy, learn about economic development, and build consensus for action. LEAP events are customized for each community's specific needs. Each LEAP team is built from CALED's database of experienced professionals from outside the community who can provide advice on the specific problem, whether it be economic development strategies, recruiting new businesses, downtown revitalization, industrial park assessments, and much more.

About the California Academy for Economic Development

The California Academy for Economic Development (Academy) is a center devoted to Economic Development training, education, and research. By emphasizing innovation as well as tested methods, we strive to educate economic developers and communities on the best ways to grow healthy, vibrant communities. We are a 501(c)3 non-profit, managed by the California Association for Local Economic Development (CALED).

Our mission:

- Educate economic development professionals, officials and others about the critical processes and strategies needed to improve California's communities so they can succeed in the global economy.
- Provide new business information and resources to local economic development professionals so that they, in turn, can pass this information on to entrepreneurs in their communities.
- Conduct supportive research, data development, and analysis.
- Strengthen the link between economic development and educational institutions.
- Make economic development professionals more productive by bringing new technologies to the field.

Contact Information

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APPENDIX A

DOCUMENTS AND MATERIALS USED IN THE PREPARATION OF THIS REPORT

- City Web Site with various key links: http://www.cityofpacificgrove.org/
- City Manager's Blog about improving awareness of the City: http://www.cityofpacificgrove.org/about-city/city-manager/blog/pacific-grove-best-kept-secret-monterey-peninsula-now
- Downtown -- http://www.downtownpacificgrove.com/
- Chamber -- http://www.pacificgrove.org/
- Economic Development Commission -- http://www.cityofpacificgrove.org/about-city/boards-commissions/economic-development-commission
- BID -- http://www.cityofpacificgrove.org/about-city/boards-commissions/downtown-business-improvement-district
- From the hotel project proponent at the Tin Cannery -- http://www.domainehotels.com/project-bella.htm
- Hotel initiative that passed in April 2016 - http://www.cityofpacificgrove.org/sites/default/files/general-documents/city-pacific-grove-elections/proposed-initiative-and-notice-intent.pdf

APPENDIX B

TOP TWENTY "BASE HITS" FOR DOWNTOWN PACIFIC GROVE, AS DISCUSSED BY THE PACIFIC GROVE ECONOMIC DEVELOPMENT COMMISSION

Top Twenty "Base Hits" for Downtown Pacific Grove

PLACEMAKING AS AN ECONOMIC DEVELOPMENT STRATEGY

1. Select a unique color for all public infrastructure hardware such as lightposts, poles, benches, trash receptacles. A unique color helps define a district as unique from other "places" in the City. Is Black memorable? Move toward a dark green with two monarch orange stripes at base. CAPITAL BUDGET REQUEST UNFUNDED.

2. Use the dead spaces in the diagonal parking spaces to add landscaping/lighting. Do this in collaboration with #18. UNDER WAY.

3. Add more public seating provided by the City on Lighthouse and Central Avenue. Teak Garden Bench fits PG style best. Use small 4' to 5' benches. INCOMPLETE

4. Increase public parking periods from 2 hour to 3 hour. (underway)(complete) REVISED

5. Remove the anemic little trees on Lighthouse and replace them with good urban street trees with small to medium sized canopies. (Ginko, Locust, Jacaranda) CAPITAL BUDGET REQUEST 2015

6. Update the appearance of our trash receptacles to match historic light poles. Urban Accessories. CAPITAL BUDGET REQUEST 2015

7. Implement Tour Bus Parking on Pine Avenue/Forest. NOT COMPLETED

8. Investigate cost of replacing high pressure sodium bulbs in commercial areas with LED Lighting.(not necessary) NO INTEREST

9. Investigate a downtown resident reserved parking permit system. Between hours of 6pm and 6am. ALREADY IN PLACE

10. Add hanging baskets with colorful flowers on street light poles. Bring back some color! (cost!)CAPITAL BUDGET REQUEST UNFUNDED

~~11. Empower the Chamber to politely "ticket" business owner vehicles parked in front of their businesses.(in process)(not really a ticket, just a friendly reminder)~~

12. Implement a modified Lighthouse Avenue Plaza Design. UNDERWAY

PACIFIC GROVE LEAP

~~13. Hire a falconer to drive the seagulls away.(complete)~~

14. Implement a program using concrete planters (with beautiful plantings) to simulate bump out areas. CAPITAL BUDGET UNFUNDED.

15. Implement an audio tour for Coastal Trail users that tells the Julia Platt story and where downtown is. (Aquarium taking the lead)

16. Extend Coastal Trail to Asilomar. Paint green bikeway. UNFUNDED

17. Paint green bike lanes on Lighthouse and Forest to the Coastal Trail UNFUNDED

18. Place new single acorn historic lights every 40 feet in the center median/parking area. UNUNDED

19. Re-arrange direction of median diagonal parking to serve both sides of the street, except where large on-site parking lots exist. UNDERWAY

20. Replace every single regulatory sign pole (perforated) with a more attractive, single colored decorative pole on Lighthouse Avenue. UNFUNDED

APPENDIX C

Demographic and Income Profile Pacific Grove – by ESRI

esri

Demographic and Income Profile

Pacific Grove City, CA
Geography: Place

Prepared by Esri

Summary	Census 2010	2016	2021
Population	15,041	15,417	15,850
Households	7,020	7,102	7,265
Families	3,820	3,865	3,954
Average Household Size	2.09	2.12	2.14
Owner Occupied Housing Units	3,205	3,118	3,162
Renter Occupied Housing Units	3,815	3,984	4,103
Median Age	48.0	49.3	49.8
Trends: 2016 - 2021 Annual Rate	**Area**	**State**	**National**
Population	0.56%	0.87%	0.84%
Households	0.45%	0.79%	0.79%
Families	0.46%	0.79%	0.72%
Owner HHs	0.28%	0.69%	0.73%
Median Household Income	2.37%	2.73%	1.86%

	2016		2021	
Households by Income	Number	Percent	Number	Percent
<$15,000	544	7.7%	563	7.7%
$15,000 - $24,999	472	6.6%	421	5.8%
$25,000 - $34,999	577	8.1%	531	7.3%
$35,000 - $49,999	781	11.0%	755	10.4%
$50,000 - $74,999	1,246	17.5%	977	13.4%
$75,000 - $99,999	1,004	14.1%	1,095	15.1%
$100,000 - $149,999	1,240	17.5%	1,476	20.3%
$150,000 - $199,999	573	8.1%	686	9.4%
$200,000+	667	9.4%	762	10.5%
Median Household Income	$73,102		$82,172	
Average Household Income	$99,466		$109,248	
Per Capita Income	$46,701		$50,927	

	Census 2010		2016		2021	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	614	4.1%	591	3.8%	596	3.8%
5 - 9	664	4.4%	661	4.3%	664	4.2%
10 - 14	721	4.8%	680	4.4%	690	4.4%
15 - 19	732	4.9%	715	4.6%	669	4.2%
20 - 24	736	4.9%	764	5.0%	704	4.4%
25 - 34	1,713	11.4%	1,796	11.6%	1,855	11.7%
35 - 44	1,753	11.7%	1,741	11.3%	1,906	12.0%
45 - 54	2,198	14.6%	1,954	12.7%	1,866	11.8%
55 - 64	2,666	17.7%	2,571	16.7%	2,321	14.6%
65 - 74	1,448	9.6%	2,110	13.7%	2,470	15.6%
75 - 84	1,092	7.3%	1,113	7.2%	1,365	8.6%
85+	704	4.7%	729	4.7%	752	4.7%

	Census 2010		2016		2021	
Race and Ethnicity	Number	Percent	Number	Percent	Number	Percent
White Alone	12,710	84.5%	12,720	82.5%	12,817	80.9%
Black Alone	199	1.3%	211	1.4%	212	1.3%
American Indian Alone	78	0.5%	84	0.5%	90	0.6%
Asian Alone	872	5.8%	998	6.5%	1,110	7.0%
Pacific Islander Alone	49	0.3%	52	0.3%	55	0.3%
Some Other Race Alone	469	3.1%	591	3.8%	712	4.5%
Two or More Races	664	4.4%	762	4.9%	854	5.4%
Hispanic Origin (Any Race)	1,615	10.7%	2,052	13.3%	2,546	16.1%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021.

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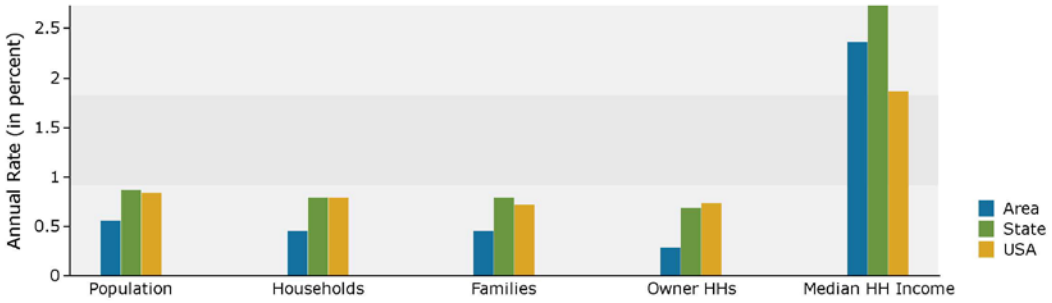
PACIFIC GROVE LEAP

Demographic and Income Profile

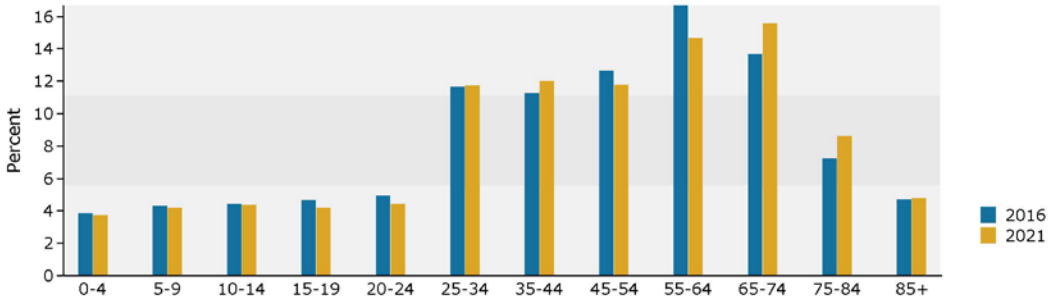
Pacific Grove City, CA
Geography: Place

Prepared by Esri

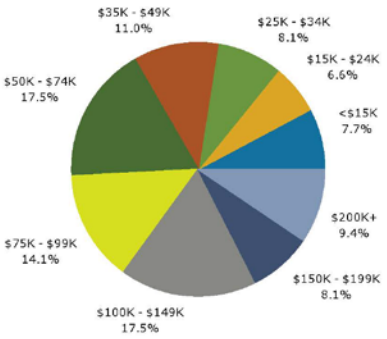
Trends 2016-2021



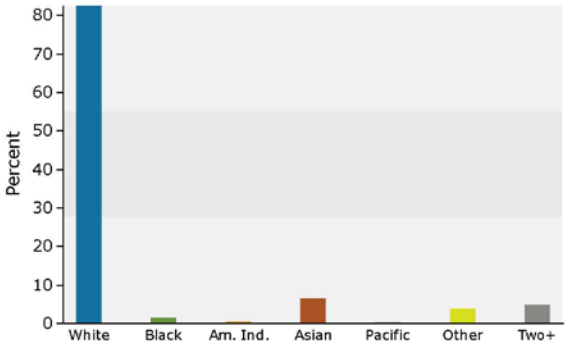
Population by Age



2016 Household Income



2016 Population by Race



2016 Percent Hispanic Origin: 13.3%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021.

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APPENDIX D

Business Summary Pacific Grove – by ESRI

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Business Summary

Pacific Grove City, CA
Geography: Place

Prepared by Esri

Data for all businesses in area	
Total Businesses:	862
Total Employees:	5,036
Total Residential Population:	15,417
Employee/Residential Population Ratio:	0.33:1

	Businesses		Employees	
by SIC Codes	**Number**	**Percent**	**Number**	**Percent**
Agriculture & Mining	20	2.3%	87	1.7%
Construction	53	6.1%	205	4.1%
Manufacturing	18	2.1%	99	2.0%
Transportation	7	0.8%	42	0.8%
Communication	3	0.3%	5	0.1%
Utility	2	0.2%	6	0.1%
Wholesale Trade	23	2.7%	134	2.7%
Retail Trade Summary	222	25.8%	1,346	26.7%
Home Improvement	16	1.9%	90	1.8%
General Merchandise Stores	3	0.3%	5	0.1%
Food Stores	10	1.2%	240	4.8%
Auto Dealers, Gas Stations, Auto Aftermarket	13	1.5%	61	1.2%
Apparel & Accessory Stores	21	2.4%	59	1.2%
Furniture & Home Furnishings	25	2.9%	95	1.9%
Eating & Drinking Places	58	6.7%	553	11.0%
Miscellaneous Retail	76	8.8%	243	4.8%
Finance, Insurance, Real Estate Summary	93	10.8%	341	6.8%
Banks, Savings & Lending Institutions	28	3.2%	86	1.7%
Securities Brokers	8	0.9%	17	0.3%
Insurance Carriers & Agents	13	1.5%	33	0.7%
Real Estate, Holding, Other Investment Offices	44	5.1%	205	4.1%
Services Summary	361	41.9%	2,417	48.0%
Hotels & Lodging	25	2.9%	321	6.4%
Automotive Services	20	2.3%	57	1.1%
Motion Pictures & Amusements	31	3.6%	116	2.3%
Health Services	27	3.1%	275	5.5%
Legal Services	11	1.3%	34	0.7%
Education Institutions & Libraries	19	2.2%	434	8.6%
Other Services	228	26.5%	1,180	23.4%
Government	19	2.2%	350	6.9%
Unclassified Establishments	41	4.8%	4	0.1%
Totals	862	100.0%	5,036	100.0%

Source: Copyright 2016 Infogroup, Inc. All rights reserved. Esri Total Residential Population forecasts for 2016.

August 17, 2016

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PACIFIC GROVE LEAP

Business Summary

Pacific Grove City, CA
Geography: Place

Prepared by Esri

by NAICS Codes	Businesses Number	Businesses Percent	Employees Number	Employees Percent
Agriculture, Forestry, Fishing & Hunting	1	0.1%	2	0.0%
Mining	0	0.0%	0	0.0%
Utilities	1	0.1%	1	0.0%
Construction	55	6.4%	212	4.2%
Manufacturing	17	2.0%	94	1.9%
Wholesale Trade	22	2.6%	130	2.6%
Retail Trade	159	18.4%	772	15.3%
Motor Vehicle & Parts Dealers	4	0.5%	40	0.8%
Furniture & Home Furnishings Stores	13	1.5%	58	1.2%
Electronics & Appliance Stores	9	1.0%	29	0.6%
Bldg Material & Garden Equipment & Supplies Dealers	16	1.9%	90	1.8%
Food & Beverage Stores	9	1.0%	232	4.6%
Health & Personal Care Stores	7	0.8%	51	1.0%
Gasoline Stations	9	1.0%	21	0.4%
Clothing & Clothing Accessories Stores	33	3.8%	93	1.8%
Sport Goods, Hobby, Book, & Music Stores	14	1.6%	31	0.6%
General Merchandise Stores	3	0.3%	5	0.1%
Miscellaneous Store Retailers	39	4.5%	118	2.3%
Nonstore Retailers	3	0.3%	4	0.1%
Transportation & Warehousing	1	0.1%	30	0.6%
Information	21	2.4%	308	6.1%
Finance & Insurance	49	5.7%	136	2.7%
Central Bank/Credit Intermediation & Related Activities	28	3.2%	86	1.7%
Securities, Commodity Contracts & Other Financial	8	0.9%	17	0.3%
Insurance Carriers & Related Activities; Funds, Trusts &	13	1.5%	33	0.7%
Real Estate, Rental & Leasing	48	5.6%	204	4.1%
Professional, Scientific & Tech Services	88	10.2%	290	5.8%
Legal Services	11	1.3%	34	0.7%
Management of Companies & Enterprises	0	0.0%	0	0.0%
Administrative & Support & Waste Management & Remediation	22	2.6%	60	1.2%
Educational Services	24	2.8%	451	9.0%
Health Care & Social Assistance	48	5.6%	403	8.0%
Arts, Entertainment & Recreation	26	3.0%	109	2.2%
Accommodation & Food Services	84	9.7%	881	17.5%
Accommodation	25	2.9%	321	6.4%
Food Services & Drinking Places	59	6.8%	560	11.1%
Other Services (except Public Administration)	136	15.8%	599	11.9%
Automotive Repair & Maintenance	19	2.2%	55	1.1%
Public Administration	19	2.2%	350	6.9%
Unclassified Establishments	41	4.8%	4	0.1%
Total	862	100.0%	5,036	100.0%

Source: Copyright 2016 Infogroup, Inc. All rights reserved. Esri Total Residential Population forecasts for 2016.

August 17, 2016

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