



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of City Council
FROM: Thomas Frutchey, City Manager
MEETING DATE: February 5, 2014
SUBJECT: Economic Development Manager
CEQA: Does not Constitute a “Project” per California Environmental Quality Act (CEQA) Guidelines

RECOMMENDATION

Approve a resolution authorizing the City Manager to amend the agreement with the City of Watsonville for focused economic development management services for FY 2013-4, in an amount not to exceed \$55,000.

DISCUSSION

The ultimate solution to the City’s structural deficit depends, in large part, on (1) resolving the City’s long-term employee retirement benefits problem; and (2) intelligently planned and appropriate economic development. This is aptly reflected in the City Council’s priorities, which include both efforts.

Pacific Grove has not charted a consistent course for economic development over recent years. This is due, in part, to systemic changes that reduced the effectiveness of the Economic Development Commission and not having an economic development professional assisting the City’s efforts. The Economic Development Commission, for example, has had no dedicated staff support.

In order for the City to be successful, the City must have a focused economic development program that ties together the various efforts of organizations and individuals throughout the community. For Pacific Grove, that program needs (1) a strong, fully functioning EDC; (2) an economic development staff person or contractor; and (3) appropriate interface and coordination between these two complementary components.

Kurt Overmeyer, the Watsonville Economic Development Manager, has been assisting Pacific Grove over the past two years in numerous efforts already, has in-depth economic development expertise developed working for several cities. Unfortunately, the excessively broad range of efforts that Mr. Overmeyer was asked to undertake, and the lack of effective mechanisms for ensuring adequate coordination between the EDC and Mr. Overmeyer’s efforts, have limited progress.

These two challenges are now being effectively addressed. First, a variety of steps are being undertaken to ensure the appropriate degree of coordination between the EDC and staff economic

development efforts. And second, instead of being involved in the full range of economic development activities, Mr. Overmeyer will focus his time on three high-priority areas:

- ❖ **Downtown renewal**—A process for improving the business environment and overall function of the Downtown area. Mr. Overmeyer and Robert Sadler convened a group of downtown stakeholders, including property owners, business owners, elected officials, appointed officials, and other interested parties. The group has been tasked with developing a near-, medium- and long-term plan to remake Downtown into the thriving business district it can and should be. The group’s report, with a full set of recommendations, is now being developed for consideration by City advisory commissions and the Council.

Not being content to wait, some improvements have already been completed and more are underway. For example, the group recommended the adoption of a new Downtown sign ordinance; that effort has now been completed. Similarly, the group recommended that we install lights in the large trees at either end of Lighthouse, clean the sidewalks downtown, and develop mini-parklets, among other recommendations. Those recommendations have been implemented or are underway.

- ❖ **Major development projects**— Mr. Overmeyer has taken the lead on working with the owners of properties (such as the ATC and the Latitudes Restaurant at Lovers Point) to consider uses that could have a dramatic impact. Mr. Overmeyer has sought out developers to engender significant interest in development project on these sites. While these discussions are in the very earliest stages, and cannot be disclosed at this time due to proprietary business discussions, Staff is encouraged with the progress to date.
- ❖ **Zoning Code upgrades, financial mechanisms, and the like**—Mr. Overmeyer will continue to work with Community Development and Public Works to review code sections with a specific focus on removing unnecessary hurdles for business development. With this effort, staff is seeking to provide the business community a more balanced approach to approval of new business and redevelopment projects.

This effort is especially important, as often businesses seeking to locate in PG have been frustrated by the development and business approval processes. Much of this has changed, however perceptions among the business and development community continue to frustrate efforts to bring new businesses to town and to encourage property to upgrade their tenant spaces.

The City of Watsonville is willing to continue to contract with the City for up to two days a week, as long as the City pays Watsonville’s incremental costs.

OPTIONS

1. Do nothing.
2. Provide alternative direction.

FISCAL IMPACT

Adequate funds are budgeted in the FY 2013-4 budget.

ATTACHMENT

1. Resolution

RESPECTFULLY SUBMITTED,

THOMAS FRUTCHY

Thomas Frutchey
City Manager

RESOLUTION NO. 14-____

**AUTHORIZING THE CITY MANAGER TO AMEND AN
AGREEMENT WITH THE CITY OF WATSONVILLE FOR ECONOMIC
DEVELOPMENT MANAGEMENT SERVICES**

FINDINGS

1. The health of the local economy, the financial success of our property owners and businesses, as well as the resolution of the City's structural deficit depends, in large part, on intelligently planned and appropriate economic development.
2. Pacific Grove has not charted a consistent course for economic development over recent years. This is at least partially due, until recently, to not having an economic development professional assisting the City's efforts.
3. The Council has made economic development one of the City's top four priorities. As a result, the City has adopted an economic development work plan to guide its efforts.
4. During Fiscal Year 2012-13, the City was assisted for two days a week by Kurt Overmeyer, Watsonville's Economic Development Director. Mr. Overmeyer has initiated numerous efforts, including several key projects for the City that otherwise would have continued to receive inadequate attention. Watsonville is willing to continue to allow Kurt to work for the City for the remainder of this fiscal year, for up to two days a week, under contract.
5. Mr. Overmeyer's efforts will focus on three areas: downtown renewal; selected major development projects; and systems to support development efforts (including Code upgrades, software such as OpenCounter, and financing mechanisms).
6. Mr. Overmeyer is working collaboratively with the Economic Development Commission, the Chamber of Commerce, and others, so that the City can also take advantage of local expertise, with local knowledge and existing relationships.
7. Funding has been allocated for this effort in the City's FY 2013-4 Operating Budget.
8. This action is not a "Project" under the California Environmental Quality Act (CEQA) under Class 1, Article 19, Section 15301(b), Existing facilities, Class 1, which includes maintenance of existing public facilities.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
PACIFIC GROVE:**

1. The foregoing Findings set forth above, and by this reference, are each incorporated as an integral part of this Resolution.
2. The City Manager is authorized to execute all documents and to perform all other necessary City acts to amend and extend the agreement with the City of Watsonville, to provide for

economic development management services in an amount not to exceed \$55,000 for FY 2013-4, and an extension to the contract, to now expire June 30, 2014.

3. This Resolution shall become effective immediately following passage and adoption hereof.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 5th day of February, 2014, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

BILL KAMPE, Mayor

ATTEST:

DAVID CONCEPCION, City Clerk

APPROVED AS TO FORM:

DAVID C. LAREDO, City Attorney

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