

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

STUDY SESSION

Agenda Date: 1/5/2009
Reviewed by: BP

SUBJECT: Study Session on Economic Development

REPORT BY: Judy Lieberman, Assistant City Administrator

STAFF RECOMMENDATION

Review, discuss, and provide interim guidance, if any, on the Economic Development Strategy and Action for Albany, Interim Report.

BACKGROUND

As part of the City Council goal setting that took place in 2007, Council identified economic development as a high priority goal. In June 2008, Council approved a contract with Neil Mayer and Associates, and with Darlene Rios-Drapkin, of Urban Transformation, as a sub-consultant. The two began in mid-July of 2008. A status update was presented to Council in October, 2008. At this time, a mid year interim report has been completed and is intended to provide both an update and a framework for future action and/or study for the remaining six months of the consultant contract.

The interim report first provides a focused analysis of the city's overall economic condition, and then addresses the separate geographical sections of the city's commercial/industrial activity. The report provides an understanding of each of these sectors and develops a series of recommendations for short, medium and longer-term actions. It should be recalled that data available at this time might not be indicative of the trend for the upcoming year or the results of the 4th quarter of 2008. However, it should be noted that this report could not come at a more timely or needed moment—all background data and suggestions for assistance and improvements to the city's commercial/industrial sector will be important in the upcoming year.

DISCUSSION/ANALYSIS

It is important to assess the City's commercial and industrial sector for two vital reasons: Businesses and industry provide direct revenue to the city to support services for the public; and a healthy commercial sector provides a vibrant contribution to the overall attractiveness of the City and sense of community. This portion of the staff report provides an overall baseline set of data that can assist in understanding Albany's commercial and industrial sector.

I. Revenues Provided to the City from Commercial/Industrial Sector

Albany's commercial/industrial sector is currently composed of five geographic areas. They are Solano Avenue, San Pablo Avenue, Eastshore Highway, Cleveland Avenue, and the racetrack and associated businesses at Golden Gate Fields. There are 445 brick and mortar businesses in Albany. Table 1 summarizes revenues that are generated by Albany's commercial and industrial sector, and includes a breakdown for the five geographical areas.

a) Overview: Overall, the city's commercial/industrial sector contributes approximately \$4.2 million in sales tax revenue, property tax revenue (ad valorem and parcel taxes), business license tax, and para mutual wager tax to the City's total revenues. Because some of these numbers are from 07/08 and some are projections from 08/09, a rough estimate of the contribution of the commercial sector is approximately 15% of total City revenues. It should also be noted that the commercial/industrial sector additionally contributes \$2.1 million to the Albany Unified School District through the property tax rolls, including both special parcel taxes and ad valorem property taxes.

b) Eastshore Highway, is the city's largest contributor to sales tax generation, and it can be assumed that the opening of Target in 2003 has contributed significantly. (See Table 2 and 3 to review historical information confirming this.) In addition to Target, Eastshore Highway is also home to PetSmart, a Toyota service location, and several building supply companies that also contribute significantly to sales tax revenue. (however, Toyota does not sell new cars from this location.) Businesses located on Eastshore Highway contribute approximately 38% of the total revenues generated from both sales and property taxes for the City. It should also be noted that Eastshore Highway is in our redevelopment zone, and that tax increment revenues are included in the total property tax revenues.

c) San Pablo Avenue is the next highest sales tax generator for Albany, and in fact, looking at combined sales and property taxes, is almost equivalent to Eastshore Highway as a source of revenue generation for the city. Highest revenue generating sectors along San Pablo Avenue include auto related (car sales, auto parts, gasoline); liquor stores; and building related sales (including paint and appliances). San Pablo Avenue contributes approximately 30% to the total property tax and sales tax revenues generated by the commercial sector.

d) Solano Avenue follows in sales and property tax revenues, contributing about 15% of total property and sales tax revenues. Solano Avenue sales taxes are largely related to food sales, dominated by the presence of Safeway. A variety of other food related businesses, including restaurants, wine shops, and convenience stores contribute significantly to sales tax generation on Solano. Miscellaneous retail sales play a secondary role in generating sales tax from Solano Avenue businesses, and include toys/children's clothing, drug stores and jewelry.

e) Golden Gate Fields contributes more to City revenues in property taxes and Para mutual wager taxes than in sales tax. (Sales taxes are largely from the tack shop, gift shop and

restaurant). Golden Gate Fields pays approximately \$625,000 in property taxes to the City, and \$835,000 in property taxes to the School District.

f) Cleveland Avenue is the most underutilized portion of the city's commercial and industrial district, largely because of vacancies and low value uses, in addition to industrial uses that do not generate city revenues other than property taxes. This area is part of the City's redevelopment zone, (under \$10,000 received from tax increment) and Cleveland Avenue is ripe for improvements. Cleveland Avenue redevelopment could greatly benefit the city in terms of generating additional revenues to support city services.

II. Community Benefits related to Commercial/Industrial Sector

It is important to acknowledge the qualitative values that business districts can provide to overall community life. Although there are undoubtedly many to list, a few that come to mind for Albany include:

- The desirability of Solano Avenue plays a role in attracting new residents and possibly in maintaining home values as well
- Local organizations and the city sponsor events that make Solano Avenue a community and regional gathering place.
- All ages like to hang out on Solano Avenue, making it a lively community location
- Solano and San Pablo local food shopping, service, and dining opportunities for residents that are close enough for walking and bicycling.
- Target provides a local (and low cost) department store, whereas previously residents had to travel to other cities for this type of shopping.

SUSTAINABILITY IMPACT

1. Walkability/bike-ability can reduce vehicular traffic and pollution
2. Shopping within city limits supports city services
3. Many businesses implement Green Business practices
4. Potential to develop "green" sector on Cleveland Avenue

FINANCIAL IMPACT

None for this report.

Attachments:

- 1) Tables 1, 2, 3
- 2) Interim Report, "Economic Development Strategy and Action for Albany" Neil Mayer & Associates and Urban Transformation, Inc., December 2008

