

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

Agenda Date: 9/08/2009

Reviewed by: BP

**SUBJECT:** Draft Final Report: Economic Development

**REPORT BY:** Judy Lieberman, Assistant City Administrator

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**STAFF RECOMMENDATION**

That Council discuss and provide staff with direction on economic development goals and activity focus. The staff recommendation is to perform incremental activity in the business districts, while adding emphasis on the redevelopment area and on San Pablo Avenue, as described in Option #3 below, in support of enhanced development and activity.

**BACKGROUND**

The Economic Development final report concludes a one year project that involved data gathering and analysis, interaction with a variety of stakeholders and staff, start-up of some incremental programs (such as property owner database and contacts), and development of a range of potential project and programmatic recommendations. The mid-year report presented in January of 2009 provided more of the background quantitative data and the preliminary assessment of the city's commercial activities. The final report addresses a wide variety of areas in more depth.

- 1) What does the data tell us about Albany? As in any situation, there are overall strengths and weaknesses. Strength's include:
  - Healthy incomes, employment, sales and revenue, in general
  - Net inward "leakage" (people coming from outside into Albany to shop) and some strong sectors
  - Solano Avenue is a community asset
  - Target provides significant revenue and could be a draw for other retail
  - Green citizenry (UCLA study)

Challenges are as follows:

- Small market: small population, few employees
- Little undeveloped space outside the waterfront
- Apparent limited interest by citizenry in extending density and concentration of economic activity

2) What are the challenges/ opportunities in Albany's commercial areas?

With regard specifically to the redevelopment zone, the report notes the following:

- Opportunities and assets
  - --Target powerhouse
  - --some additional destination shopping present
  - --underutilized sites with excellent visibility and freeway access
  - --excellent siting in terms of freeway location, although some access is ragged
  - --businesses show some interest even in tough times
- Obstacles
  - --small total area, and site sizes are modest
  - --City owns no property and does not have eminent domain power
  - --limited interest in change by current owners
  - --limited City revenue and accumulated funds
  - --current macro market soft

For Solano and San Pablo Avenues, opportunities and obstacles include:

- Opportunities and assets
  - --some destination shopping present
  - --some strong businesses with growth
  - --additional businesses show some interest even in tough times
  - --popular pedestrian and gathering place
- Obstacles
  - --site sizes are modest
  - --parking limited
  - --limited set of sectors (restaurants/liquor)
  - --little developable space, low density immediate market area, and opposition to higher density
  - --high and sticky rents

3) What are the range of recommendations for Economic Development in Albany?

For the Redevelopment Zone:

- Sustain retail/wholesale focus for revenue
  - build on existing sectors, given space limitation
  - generally good availability of services and consumer products already
  - Redevelopment area is not the place where you are going to build community
  - not enough space to make much employment difference in office and/or mfg
- Combine strategy with San Pablo to increase aggregate of commercial activity
  - San Pablo has some spaces and may well have more over time, and some of them are larger than small storefronts
  - high traffic use, ready auto/truck access on San Pablo

- Focus on sectors of building materials, supplies, furnishings and home improvement.
- Strengthen offerings of green products/services and green business practices as much as possible
- General improvement for business in the area: signage, listing of vacant properties and interaction with owners and brokers, response to specific requests from businesses, occasional outreach to major firms for retention purposes
- Linkage of redevelopment area and some San Pablo Avenue uses

For Solano and San Pablo Avenues:

- Continue and expand recruitment and retention activities, including contact with redevelopment zone property owners and businesses to assist in potential needs.
- Better city maintenance and some smaller physical improvements, such as better signage, art, banners, etc., as well as encouraging business and property owners to improve the physical appearance of their establishments
- Improved communications and establishing a more formal structure between city staff, property owners, realtors, business owners, and Albany’s two local business organizations
- Continued emphasis on helping businesses to implement green practices, such as recycling, energy efficient lighting, composting, etc., and also encouraging them to carry and advertise green products and services.
- Develop a marketing “identity” for Albany that will guide physical improvements and the type of businesses that might provide the best mix for Albany.

## **DISCUSSION**

Policy direction with regard to economic development will depend to a certain extent on the desire to maintain the existing mix in Albany, or the desire to pursue additional significant economic development. Two options with differing emphasis are presented below, along with a combined third option which attempts to accept certain limitations, but still pursue opportunities for change.

**Option 1: This option accepts the current Albany economy as basically stable, and does not promote significant change. Property values have held in Albany, sales taxes are only incrementally reduced, vacancies are relatively low compared to other communities, foreclosures are minimal, our community is generally financially stable and unemployment is low.** Focus only on existing incremental activities and do not add significant additional funding or staff time. Continue currently initiated activities such as recruitment and retention work, developing contacts with property owners and business owners; educating businesses about best green practices; monitor status of properties in redevelopment zone and wait for turnover; continue cooperative work with Chamber and SAA, continue web site upgrades and review, work with East Bay Green Corridor (EBGC) at coordinating level, incrementally pursue projects as they come along, work on aesthetics such as maintenance, banners and landscaping improvements. Encourage businesses to

offer green products and services and assist in marketing and regional approach, but without active efforts to link green policies to their impact on economic development.

**Option 2:** Option 2 presumes that Albany needs to change its current mix of revenue sources and aggressively pursue revenue enhancement via economic development because 1) the existing model of City revenues does not provide a sustainable source of income for the level of City services and infrastructure desired by Albany residents; 2) Uncertainty concerning future of Golden Gate Fields property and fragility of relying too heavily on one property/source of revenue; and/or 3) the State is taking away municipal funding bit by bit and it will only get worse. This option would aggressively pursue economic development with funding and staff time. Policies might include items such as parking meters, (to fund improvements); retail on 1<sup>st</sup> level only ordinance; active support for current proposed and additional projects on San Pablo Avenue; active strategy to purchase and consolidate parcels on Cleveland for future development of revenue producing businesses, such as big box retail or auto dealers, funding a redevelopment zone contractor or consultant to assist with parcel development on Cleveland, and to actively court a potential business for Target pad; finding ways to develop incentives and assist with the planning process. Direct staff to spend more time on recruitment and retention activities. Direct maintenance crew to spend more time on physical maintenance of Solano and San Pablo Avenues and direct funding to physical improvement projects. (New signage, trash cans, lighting, street furniture, landscaping, art, and gateway entryways) Fund projects with Chamber of Commerce and with Solano Avenue Association for events and marketing. Fund a façade improvement program. Spend more staff time on EBGC including presence on the various committees and try to find leverage for growth in this area. This approach will require allocating new funds and additional staff or consultant time.

**Option 3:** The hybrid approach attempts to accept limitations on available city funds and staff time while adding emphasis on the redevelopment area and on San Pablo Avenue. Adopt incremental activities in Option 1, but add the more aggressive strategy for the redevelopment zone, to be funded with redevelopment funds, and be supportive of property owner efforts to develop commercial and/or mixed uses on San Pablo Avenue. Coordinate as much as possible with EBGC to see if we can find any leverage or assistance regionally.

### **SUSTAINABILITY IMPACT**

Activities will encourage best green practices as well as promotion of green products and services at Albany businesses. Work on redevelopment zone could possibly bring in new businesses with green/sustainable focus.

### **FINANCIAL IMPACT**

Financial impact will depend upon level of staff time, and commitment to implementing projects. Funds to pursue activities in the redevelopment zone can use city reinvestment

funds. Efforts that are successful in expanding commercial development and/or business activity have the potential for cost recovery in future tax revenue.

Attachments:

- 1) Draft Final Report, “Directions for Economic Development Activity in Albany”  
Neil Mayer & Associates and Urban Transformation, Inc., December 2008
- 2) Commercial Revenues
- 3) Draft Workplan
- 4) Physical Improvements