

September 16, 2021  
Economic Development

**TITLE: UPDATE ON SALES TAX (AND OTHER) REVENUES AND THE STATE OF RETAIL OVERVIEW**

**BACKGROUND**

In 2013, the City Council adopted the current Economic Development Strategic Plan which the Economic Vitality Committee uses as the foundation for its work. As noted below, included in the plan is a goal focused on sustaining Pleasanton's economic health so that the City can continue to provide high-quality public services and amenities supported by strategies to establish programs to improve the performance of small retail centers and recruit new types of retail development.

The City's Economic Development Strategic Plan comprises 3 focus areas:

- Priority Area A: Business Development and Communication
- Priority Area B: Built Environment and Workforce
- Priority Area C: Economic Health and Resilience

**Priority Area C: Economic Health and Resilience**

Pleasanton's quality of life can be attributed to its strong job base and diversity of land uses which provide public revenues for high-quality services and amenities. The City contains retail centers, employment centers, and hotel properties, all of which contribute to the City's economic resilience.

In 2020, the COVID-19 pandemic plagued several business sectors, with retail or general consumer goods down approximately 19% by year end. Historically within the Tri-Valley Pleasanton generated the highest volume of taxable retail sales – one of the indicators of economic health – although by the end of 2020 Pleasanton experienced a greater loss in sales tax revenue (20.3%) compared to the cities of Dublin (8.3%) and Livermore (15.6%). While sales tax revenues for general consumer goods – which includes retail – were down, other major industry groups including autos and transportation and the City's share of the countywide use tax pool allocations fared well throughout the pandemic.

To be informed toward advising City staff and the City Council, it's important the Economic Vitality Committee be apprised of how the commercial sector contributes to the City's fiscal health. To provide this background, the City's Director of Finance Tina Olson will offer an overview of revenue sources such as property taxes and sales taxes, and how the city's business community is contributing to the City's financial well-being.

Prior to the pandemic, the City faced increasing competition for retail and commercial development. At the same time, the number of available sites for new development has decreased and some of the smaller, unanchored centers require reinvestment to achieve healthy sales. The goal for this Priority Area is to sustain Pleasanton's economic health and long-term resilience, such that through property, sales tax, and related revenues the City can continue to provide high-quality public services and amenities.

To inform the committee on the current state of retail, Jessica Mauser, Managing Principal and Co-President from Lee & Associates, will provide a retail market overview, share current retail activity in Pleasanton, and offer insights and issues around retail attraction.

Zac Grant, Executive Director for the Pleasanton Downtown Association will provide a brief update on retail activity in downtown.

**DISCUSSION:**

Noting increasing retail competition in neighboring cities and a trend toward decreasing sales tax revenues to the City, among the priorities in the City Council's 2022-2023 Priorities Work Plan is the EVC-recommended *Recruiting and Retaining Retail in Downtown*. Economic Development staff is working on initiatives relating to this priority in collaboration with the Pleasanton Downtown Association. The EVC is asked to provide input based on the updates provided in this agenda item. To begin the discussion, staff has prepared the following questions for the EVC's consideration:

- What other businesses might help to attract additional retail to downtown Pleasanton?
- What environmental elements would attract or support additional retail to downtown Pleasanton?
- Are there types of retail that are not currently in downtown that we might attract?
- What do our current retail businesses need to feel supported in the downtown?

**ACTION: RECEIVE SALES (AND OTHER) TAX REVENUES UPDATE, STATE OF RETAIL OVERVIEW, AND PROVIDE INPUT**