



ECONOMIC VITALITY COMMITTEE REPORT

June 20, 2024
Economic Development

TITLE: OVERVIEW OF CITYWIDE SALES TAX REVENUE AND RETAIL DEVELOPMENT PROGRAM

BACKGROUND

In August 2023, the City Council adopted the updated Economic Development Strategic Plan (EDSP) which the Economic Vitality Committee uses as the foundation for its work. The plan comprises of 5 Implementation Plan Priorities:

- 1.0 Economic Development Capacity Building
- 2.0 Business Retention, Expansion & Attraction
- 3.0 Local Revenue Growth
- 4.0 Entrepreneurship & Innovation Outreach
- 5.0 Major Projects Accelerator Program

There are specific actions items under 3.0 Local Revenue Growth that are related to a retail development program:

3.1 Expand Citywide Retail and Tenant Support Program

The City will conduct a retail assessment to obtain retail sales and shopping center performance data to establish focus areas for assistance. The City should also explore the demand for expedited tenant improvement (TI) permitting for cosmetic modifications to help catalyze retail development.

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. Historically within the Tri-Valley, Pleasanton generated the highest volume of taxable retail sales, one of the indicators of economic health. However, over the last several years the City has faced increasing competition for retail and commercial development compounded by the effects of a global pandemic. At the same time, the number of available sites for new development has decreased and some of the smaller, unanchored centers may require reinvestment to achieve healthy sales. The goal for this Priority Area is to sustain Pleasanton's economic health and long-term resilience, so that it can continue to provide high-quality public services and amenities.

DISCUSSION

Noting increasing retail competition in neighboring cities and a trend toward decreasing sales tax revenues to the City, among the initiatives included in the Economic Development Strategic Plan was the enhancement of a Citywide Retail and Tenant Support Program, also known as a retail development program. As conceived, this program would consist of several elements including an in-depth citywide analysis of Pleasanton's retail offerings toward developing a plan to work with property owners, businesses and commercial brokers to provide targeted assistance and/or encourage reinvestment in or redevelopment of existing retail centers to maintain the city's economic competitiveness.

To initiate this process, Economic Development staff hired Alex Greenwood Group consulting firm and developed a Scope of Work as follows:

1. Support for City's retail attraction efforts, including any of the following:
 - a. Retail market analysis, assessment of Pleasanton's position in the current and future retail market, and development of list of recommended retail tenants to target.
 - b. Assessment of retail opportunity sites, including possible redevelopment strategies.
 - c. Development of collateral marketing materials for retail attraction.
 - d. Support staff efforts for: outreach to retail tenants & developers, effective planning and participation in ICSC events, and other related efforts.
2. Support for the City's ongoing efforts to support Downtown Pleasanton, including any of the following, as requested/directed by staff:
 - a. Analysis & recommendations to increase vitality, investment, retail activity, foot traffic, marketing exposure, and other performance metrics for the Downtown.
 - b. Identify and assess pivotal downtown sites that need focused attention by the City, with recommendations for how to activate and redevelop those sites.
 - c. Work with downtown property owners, merchants, brokers, or other stakeholders.
 - d. Provide business retention assistance to Downtown establishments and connect downtown merchants to technical assistance and financial resources.
 - e. Identify potential opportunities to attract chef-driven restaurants, independent shops, experiential retail and entertainment venues, or other unique and upscale establishments.
 - f. Other analysis or support, as requested.

3. Business Retention/Expansion (BRE) support & technical assistance, as requested.
4. Support Pleasanton's ongoing efforts to partner with other cities to develop a regional approach to business attraction and retention, as requested.
5. In collaboration with city staff, design, launch and implement economic development marketing initiatives to communicate Pleasanton's vision and business friendly approach to the real estate community. This support may include advisory on branding, positioning, and messaging; content for City's economic development website; social media posts; press release/advisory and outreach to key editorial/reporters; content for brochures and collateral materials; outreach/advertising with site selection publications; potential print & online content in the SF Business Times; and/or other press, marketing and promotional activities.

To better understand how the retail environment affects economic resilience in Pleasanton, Director of Finance Susan Hsieh will provide an overview of sales tax revenue, industry highlights, and position within the Tri-Valley.

Alex Greenwood of Alex Greenwood Group will provide an overview of Pleasanton's existing retail sector and initial steps in developing Pleasanton's Citywide Retail Development Program.

The EVC is asked to provide feedback on the information presented.

ACTION: RECEIVE PRESENTATIONS ON CITYWIDE SALES TAX REVENUE AND RETAIL DEVELOPMENT PROGRAM AND PROVIDE FEEDBACK