



Built Environment



- Vision
- Land Use
- Urban Design
- Circulation
- Economic Development
- Historic Resources
- Infrastructure

Since its beginnings, Redwood City has had a leadership role in establishing new markets and new jobs for Peninsula residents: first as a lumber producer, then as a deep water port – a function which continues today – to a manufacturing and wholesale industrial economy, to the center of government for San Mateo County, and as the City entered the twenty-first century, as a premier location for knowledge and medical and biomedical industries. The local economy continues to evolve in response to changing regional and national economic trends. As a jobs-rich community, Redwood City businesses provide opportunities for people of diverse backgrounds and skills to find well-paying and satisfying jobs. Through revenue generation, taxes, and direct contributions to City initiatives, local businesses support our economy and fund the services and facilities that our residents appreciate.

The City and its partner, the Redwood City San Mateo County Chamber of Commerce, recognize that land use and other policies must continue to maintain and encourage a diverse and entrepreneurial economy in Redwood City to ensure that the community thrives. This Economic Development section establishes the City's vision for long-range

economic growth, sets forth the policy framework supportive of that vision, and identifies actions that Redwood City leaders will take to achieve these goals. In particular, this section identifies growing economic sectors that the City looks to accommodate, and outlines economic development strategies that will match local residents with the job skills required by employers.

Vision

Redwood City has a diverse and healthy economy that blends traditional industries with today's high technology and emerging businesses in an entrepreneurial setting that supports its culturally diverse employees and residents. Redwood City's economic vitality is based on:

- Housing opportunities for a diverse population of all ages and incomes
- A regionally integrated transportation network
- Equal access to quality education, childcare and health care systems
- A workforce with appropriate education and skills to meet the changing needs of businesses
- A land use plan that ensures opportunities for economic growth while sustaining a quality of life for all
- An awareness that the City's geographic location on the Peninsula provides a competitive advantage in attracting businesses.

The Economic Development goals and policies assist in the implementation of the following Guiding Principles:

- *Strengthen economic vitality to provide jobs, services, revenues, and opportunities.*
- *Preserve and generate awareness of cultural, educational, economic, recreational diversity and historic heritage.*
- *Work to develop attractive, convenient transportation alternatives, including a transportation hub and ferry system.*

Economic Profile - 2006

Employment

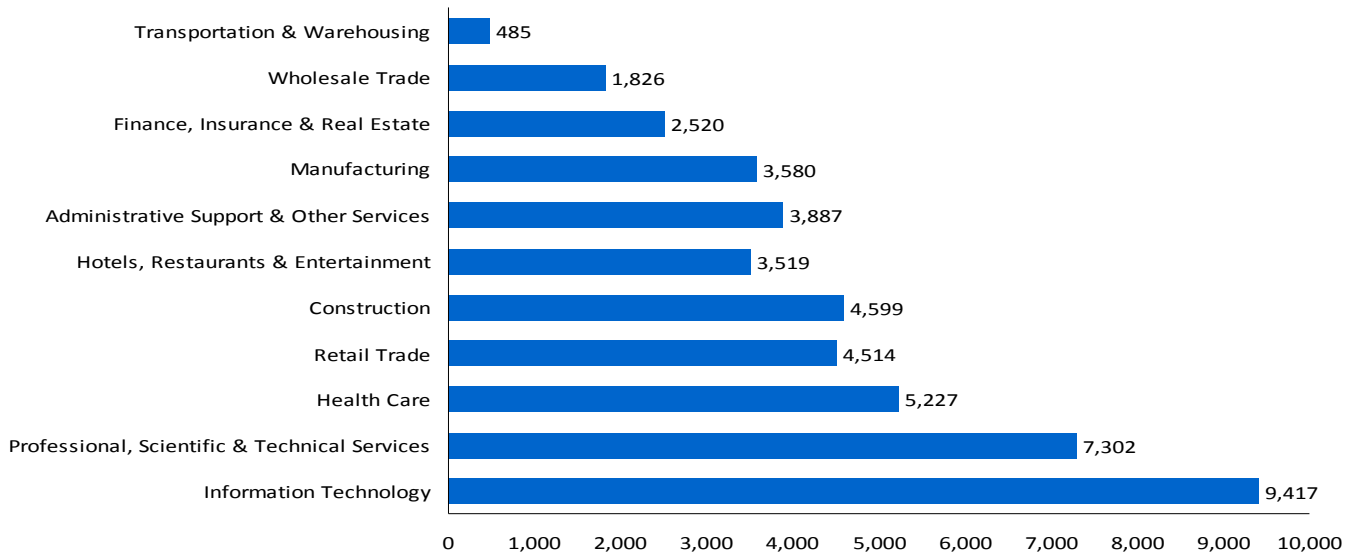
Throughout its history, Redwood City's economic position within the County and on the Peninsula has shifted. As the County seat, many local jobs consist of positions in government occupations. However, the private sector continues to account for a significant portion of local jobs. In 2006, approximately 47,000 private sector jobs were available in

Redwood City, accounting for 15 percent of total jobs in San Mateo County.¹ In Redwood City, the top private employment sectors include:

- Information Technology
- Professional, Scientific, and Technical Services
- Health Care
- Retail Trade
- Construction

Combined, these five sectors (in 2006) accounted for over 31,000 local jobs (66 percent), Figure BE-1. The largest employers by number of employees based in Redwood City are listed in Table BE-1.

Figure BE-1: Private Employment by Industry in Redwood City, 2006



Notes: Manufacturing includes utilities, mining and agriculture sectors. Electronic Arts and other multimedia firms are included in the Professional, Scientific & Technical Services and Information industries. Data for public sector employees and businesses with two or fewer employees are not included.

Source: Walls & Associates

¹ *The NETS data is derived from Walls & Associates, and is based on business information collected by Dun & Bradstreet. NETS is a time-series analysis of employment by industry. Each business address in the database was mapped for the analysis. Notably, NETS does not include data for public sector employees and sole proprietorships.*

Table BE-1: Largest Redwood City Employers, 2006

Employer	Industry	Employees (August 2006)
Oracle	Enterprise Software	7,000
County of San Mateo	Government	3,150
Kaiser Permanente	Hospital	2,050
Electronic Arts	Entertainment Software	1,700
Sequoia Hospital	Hospital	1,000
Redwood City School District	Public Education	900
City of Redwood City	Government	550
OpenWave	Communications Software	500
Abbott Laboratories	Pharmaceuticals and Medical Products	500
Visto Corporation	Communications Software	400

Source: City of Redwood City or respective businesses

Industry Clusters

The Redwood City economy has developed into several important industry clusters,² described below and summarized in Table BE-2.

Knowledge-based Industries

The knowledge-based industrial cluster includes three business groups: 1) Information Technology; 2) Professional, Scientific, and Technical Services; and 3) Finance, Insurance and Real Estate. All industries in this cluster require fairly intensive human capital, and they focus on creating value through innovation. Knowledge industry employees are highly educated and highly skilled. Redwood City’s location within the Silicon Valley has allowed it to attract many software and biotechnology firms such as Oracle and Abbott Laboratories. In addition, certain financial

² A cluster is defined as a network of businesses within an economic region that are interconnected by the markets they serve, their inputs and outputs, and trade associations and educational institutions.

and professional businesses that support those industries, such as venture capital firms, have found it strategically advantageous to establish addresses in Redwood City near the knowledge businesses.

Knowledge-based industries form the largest cluster in Redwood City, constituting more than 19,000 jobs (2006 data), or 41 percent of private sector employment. The firms in this cluster are concentrated in the Redwood Shores and Downtown employment zones, with a group of technology firms located at Seaport Centre and Pacific Shores. From 1999 to 2006, employment in local knowledge-based industries grew by 5,900 jobs (an increase of 45 percent) even though the number of establishments declined by 87 firms. Job gains were in the Information Technology and Professional, and Scientific and Technical Services industries.

An analysis of “births and deaths” of firms shows that despite the net loss of companies, the number of jobs created from new businesses in this cluster more than made up for it. Each firm that started up or moved into Redwood City created an average of 20.5 jobs.

Table BE-2: Redwood City Industry Clusters, 1999-2006

Industry Cluster	Employment				Establishments			
	1999	2006	Absolute Change '99-06	Percent Change '99-06	1999	2006	Absolute Change '99-06	Percent Change '99-06
Knowledge Based Industries	13,302	19,239	5,937	45%	680	593	-87	-13%
Health Care	4,639	5,227	588	13%	245	268	23	9%
Retail & Leisure Services	7,453	8,033	580	8%	519	505	-14	-3%
Production, Distribution & Repair Industries	11,469	10,490	-979	-9%	665	565	-100	-15%

Source: Walls & Associates; Strategic Economics

Retail and Entertainment

The retail and entertainment cluster consists of: 1) Retail Trade and Hotels and 2) Restaurants and Entertainment. At any given point in time, the relative health of this cluster is tied closely to consumers' discretionary income, and the deep recession that began in 2008 adversely impacted these businesses. Retail and entertainment businesses offer many entry-level job opportunities to unskilled and inexperienced workers, who are often paid the minimum wage. While opportunities exist to earn higher wages with benefits, this usually requires extensive training.

In 2008, Retail and Entertainment accounted for more than 8,000 jobs (13 percent of citywide employment). Businesses in this cluster are scattered throughout the City, with significant concentrations in the Redwood Shores, El Camino Real, Veterans Boulevard, and Woodside Road employment zones.

Health Care

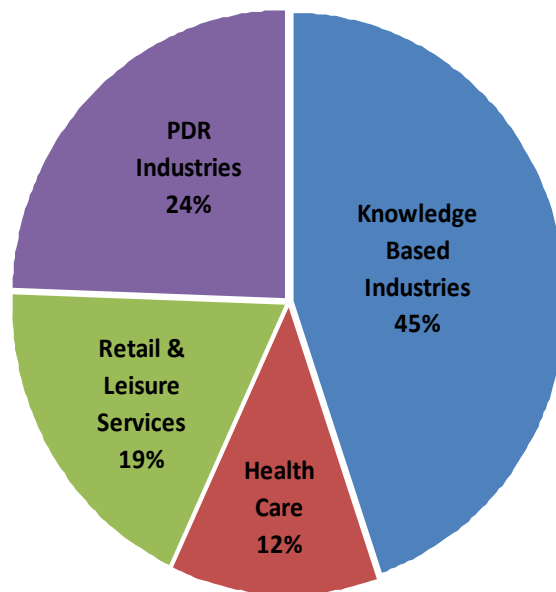
The Health Care industry includes hospitals, medical laboratories/imaging centers, medical offices, outpatient services, and long-term care facilities. Due to its proximity to the region's world-class research institutions and hospitals, Redwood City has been able to attract very specialized health care services. Two of the largest employers are within this sector: Kaiser Permanente (over 2,000 employees) and Sequoia Hospital (over 1,000 employees). The Stanford Clinics, which offer specialized outpatient services in orthopedics, sports medicine, sleep medicine, pain management, dermatology, digital health, and imaging, contribute approximately 600 additional health care jobs. Wages are wide ranging, with comparatively high wages for physicians and lower wages for clerical staff.

The Health Care cluster provides more than 5,000 local jobs. These jobs are highly concentrated in the Veterans Boulevard and Sequoia Hospital employment zones, with future growth anticipated around the Stanford Clinics on Broadway. Subsectors that are expected to experience growth opportunities include physical, occupational, and speech therapy; outpatient care centers; diagnostic imaging; home health care services; and care facilities for the elderly. The low number of business relocations experienced in the early 2000s indicates that Redwood City has a competitive advantage in this sector and has been successful at retaining expanding health care businesses.

Production, Distribution and Repair Services Industries

The Production, Distribution and Repair Services (PDR) cluster includes: 1) Construction; 2) Manufacturing; 3) Wholesale Trade; and 4) Transportation and Warehousing industries. Business types range from auto repair shops to food distribution centers. Most PDR businesses require ready access to transportation routes, proximity to a large labor pool, and locations preferably away from residential areas.

Figure BE-2: Distribution of Redwood City Employment by Industry Cluster, 2006



Source: Walls & Associates; Strategic Economics

PDR businesses help diversify the local economy by employing workers with low educational attainment and skills, yet they pay substantially higher wages than the Retail and Entertainment service-based industries. Many industries provide on-the-job skills training for their workers. In Redwood City, PDR businesses employ over 10,000 workers. PDR jobs are

concentrated in the Southeast Woodside, Seaport

Boulevard, and Veterans Boulevard employment zones. From 1999 to 2006, Redwood City lost almost 1,000 PDR jobs, largely due to firm closures, although 70 PDR firms relocated out of Redwood City. Some of the relocations were likely due to rising operational costs and the availability of lower lease rates in the East Bay. The pressure to convert industrial land and buildings – which can occupy sizable pieces of property - to commercial uses has been a contributing factor in pushing large PDR businesses out of Redwood City and out of the mid-Peninsula region.

In general, the wholesale trade and transportation and warehousing industries appear to be in decline in Redwood City. However, the City is

still competitive in attracting and retaining subsectors of the manufacturing and construction industries. Manufacturing firms linked to other high-growth industry clusters (knowledge-based industries and health care) and those that support the Silicon Valley economy continue to grow, including industrial machinery manufacturing, medical equipment manufacturing, and electronic components manufacturing.

Employment Zones

These clusters frequently co-locate within “employment zones” (see Figure BE-3). The employment zones are differentiated from each other based primarily on the existing industries located within them. Some of these employment zones are included in larger land use focus areas that form the basis of the land use vision for this General Plan. The following discussion briefly describes the employment characteristics of these areas and relates this background information to the land use strategies presented in the Land Use section of this Built Environment Element.

Downtown

The City has been focused on improving downtown for many years. The approach is multifaceted and has included significant investment in infrastructure, land use planning, and programming. From an economic development perspective, and despite many positive outcomes, downtown continues to experience unrealized potential as an employment center for the City. The shift to the new economy that emphasizes knowledge workers, quality, speed to market, flexibility, and networking opportunities necessitates that the City continue improving the livability of the city, including Downtown. The new economy values skilled workers and entrepreneurs who seek to live in cities that offer lively amenities and opportunities for interaction. A livable city has the characteristics and principles that support smart growth such as the integration of mixed land uses, compact development, a mixture of housing types and affordability, walkable neighborhoods, public transportation options, and a sense of place. This also reflects the vision of a land use plan that ensures opportunities for economic growth while sustaining a quality of life for all, a regionally integrated transportation network, and equal access to quality education, childcare and health care systems.

Businesses, especially those who employ knowledge-based workers, value the diverse amenities of unique areas. These areas promote interaction, accessibility, and creativity on which these workers depend. Creativity is encouraged by working and living environments that allow for lots of interaction among people. For instance, chance encounters

in restaurants and in public spaces can stimulate conversations that lead to new partnerships and solutions.

As the revitalization and transformation of Downtown Redwood City that began in 2005 continues, Downtown will become a premier location for Class A office space and a regional destination for unique cultural, dining, and entertainment experiences. Urban-style housing, supportive public spaces and amenities, innovative parking strategies, and transit links to other business locations in Redwood City will work in tandem with business growth to achieve the City's Downtown vision.

Redwood Shores

Redwood Shores was not considered a land use focus area because significant changes to land use designations and the built environment are not anticipated given its age of development. It is characterized by a significant amount of high quality, newer retail, office, and commercial developments including several major campus headquarters. As an employment zone, Redwood Shores is of special interest in that it includes 12,700 jobs, nearly one-fourth of all private sector jobs, with an emphasis in the technical, professional, information technology, scientific, hotels/restaurants/entertainment, and finance/real estate sectors. This employment zone provides approximately 5% of the retail sales tax and 12% of the business to business tax revenue to the City of Redwood City. Limited new development is anticipated to occur in Redwood Shores during the Planning horizon. That being said, larger companies requiring 20,000 square feet for immediate occupancy, and another 20,000 square feet (or more) for future expansion can be encouraged to locate in Redwood Shores facilities. Given Redwood Shore's high quality and moderately recent development, it is unlikely that uses will significantly recycle within the planning period.

El Camino Real

El Camino Real is a land use focus area and is also an employment zone. The land use strategy for this area supports the regional Grand Boulevard Initiative with transit, mixed use, etc. As an employment zone, this area includes auto-oriented businesses in the retail, restaurant, commercial service, and lodging industries. Other uses include car dealerships, high-density residential near Downtown, a bowling alley and a high school. Residential uses are tucked behind the El Camino Real corridor. This employment zone has some 2,300 employees and generates approximately 29% of the City's retail sales tax and 30% of the business to business tax revenue. The land use strategy will increase allowable residential densities and should be

expected to encourage redevelopment of a number of properties with new residential, mixed use, and commercial buildings. The employment outlook capacity will improve and favor small to medium scale office, medical office, and neighborhood serving retail uses. Also, new opportunities provided by the live-work land use designation will allow some specialized employment in a range of industries such as fabrication and the arts.

Woodside Road

The Woodside Road land use focus area includes the Woodside Road employment zone between Alameda de las Pulgas and El Camino Real. The land use strategy for this area includes reorganization of the land uses to create focal points of mixed-use or concentrated retail with mid-density residential filling in between these focal points. This will allow for the strengthening of employment and economic generating areas and the enhancement of residential use along and behind the Woodside Road corridor. It is thought that the concentrations of both mixed-use and retail in specific areas, the enhancement in residential, and land recycling over the long-term would not impact the overall composition as a whole in terms of employment, but rather would encourage new businesses and more investment and re-investment in housing. As an employment zone the area includes approximately 1,900 employees in retail, health, and professional sectors. It generates about 12% of the retail sales tax revenue

Veterans/Broadway

The Veterans Broadway land use focus area includes the Veterans Boulevard, Southeast Woodside Road, and the northern portion of the Woodside Road employment zones. This combination of employment zones has a wide range of job types including retail, health services, construction, and manufacturing. There are some 8,500 employees working in this area. The circulation strategy for this area includes a new street car that has been found to have a profound impact on stimulating new development where they have been established in other cities. This land use focus area envisions a vibrant, mixed use corridor with a variety of retail services supporting surrounding residential uses. It also will allow for the conversion of older out-dated uses to convert, as the market dictates, into needed incubator space for smaller supporting health research and services providers, and clean industrial or research/development businesses. There is a vision for a dynamic sense of entry into Redwood City with a hotel, new commercial development, and public improvements on what is now the City's corporation yards near the US 101 interchange on Woodside Road.

Bayfront

The Bayfront land use focus area includes five employment zones – Bair Island Road and four distinct clusters along Seaport Boulevard. The Port of Redwood City along with the City’s only heavy industrial area makes up a large portion of the area. A cluster of auto dealerships along US 101 as well as business park centers of Seaport Center and Pacific Shores provide approximately 5,000 jobs in construction, wholesale, manufacturing, retail and professional sectors. The land use strategy includes clustering regional retail near the Whipple interchange, thereby establishing a strong gateway into Redwood City; allowing for a new mixed-use waterfront neighborhood capitalizing on the bay adjacency; maintaining and enhancing existing industrial and port uses; enhancing the office park type uses; and supporting the proposed ferry terminal.

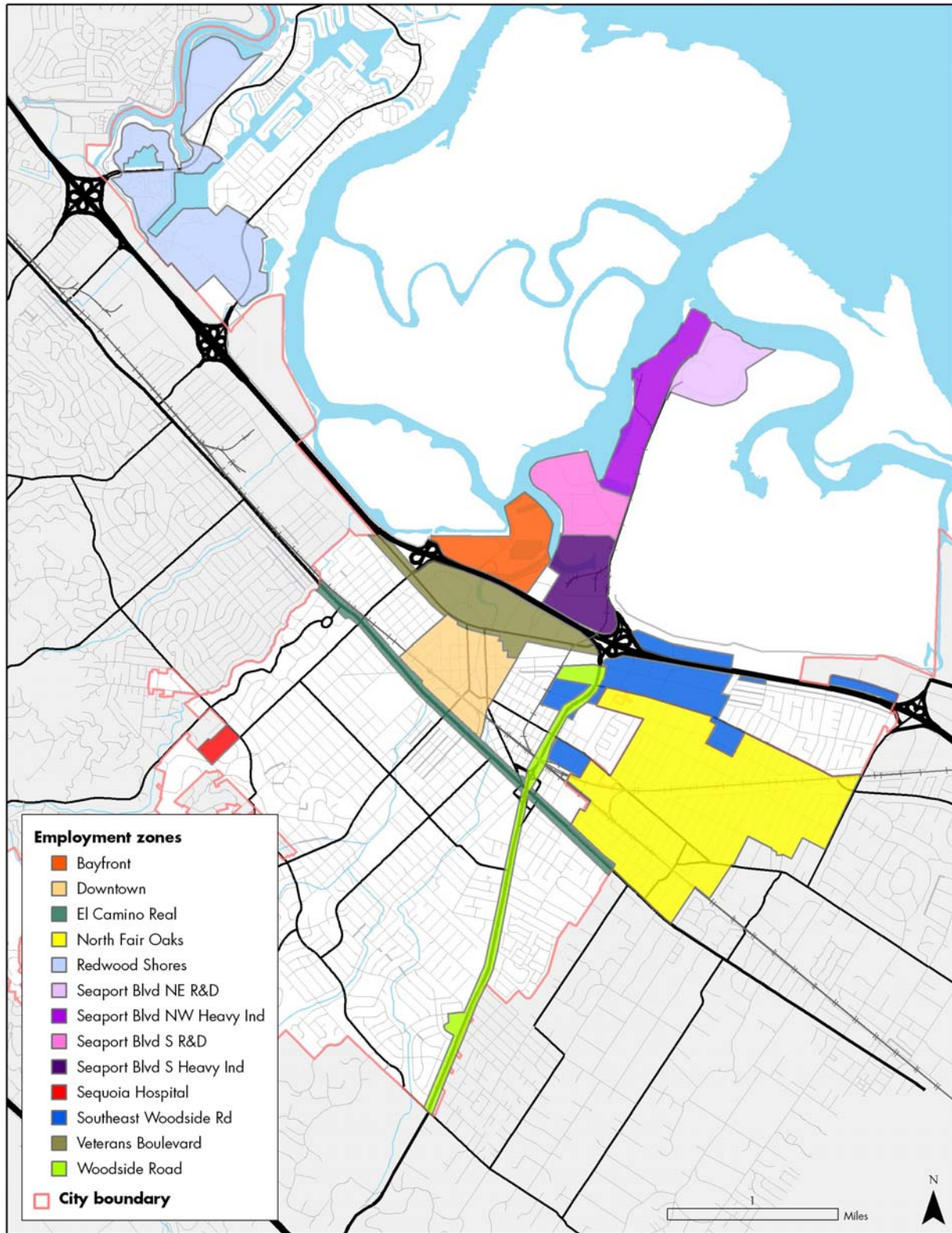
North Fair Oaks

North Fair Oaks is one of three unincorporated areas located within the City’s sphere of influence. Since this area contains a significant range of commercial and industrial lands and uses, it has an important role in Redwood City’s economy. The area is characterized by some 2,500 jobs mostly in the construction and manufacturing sectors. The County of San Mateo is updating the North Fair Oaks Community Plan to encourage “transit – centered” neighborhood development. It seeks to provide new housing and commercial services in mixed-use developments, additional housing at a variety of price points, improved transit access, improved bicycle and pedestrian routes, and enhanced urban design and pedestrian amenities. The new community plan will focus on “healthy community” concepts thereby bringing health food choices and medical/community/social services to the neighborhood.

Sequoia Hospital

This employment zone consists of medical and hospital uses. All 1,600 jobs within in this zone are medical related. Recently, Sequoia Hospital sought and gained expansion and revitalization approvals for this area. Beyond these recent approvals, there is limited potential for additional development of this area during the planning horizon.

Figure BE-3: Redwood City Employment Zones



Source: City of Redwood City, Strategic Economics 2008

Commute Trends

The U.S. Census Bureau’s Longitudinal Employer-Household Dynamics (LEHD) provides data that facilitates the analysis of commute patterns for Redwood City residents and workers. The “commute shed” describes the place of work for residents who live in Redwood City but do not necessarily work here. The “labor shed” refers to the place of residence for employees of businesses in Redwood City who do not necessarily live here.

Commute Shed

As of 2008, approximately 15 percent of employed Redwood City commutes – with the ability to walk or bike to work (See Table BE-3). Almost one quarter of residents have jobs in either Redwood City or immediately adjacent communities, and 35 percent commute to other areas of San Mateo County or to Santa Clara County. Residents with longer commutes work in San Francisco and destinations in Alameda, Contra Costa, Sacramento, and Marin counties.

Table BE-3: Redwood City Commute Patterns – Workplace Destinations³, 2000

Commute Shed Data	Number of Redwood City Residents	
	Count	% Share
Total	31,036	100.0%
Redwood City	4,578	14.8%
Palo Alto	2,283	7.4%
San Francisco	2,200	7.1%
San Jose	1,579	5.1%
San Mateo	1,473	4.7%
San Carlos	1,372	4.4%
Menlo Park	1,200	3.9%
Burlingame	826	2.7%
Mountain View	808	2.6%
South San Francisco	704	2.3%
Other San Mateo County	3,464	11.2%
Other Santa Clara County	2,729	8.8%

³ Destination refers to the place of work of Redwood City residents.

Table BE-3: Redwood City Commute Patterns – Workplace Destinations³, 2000

Commute Shed Data	Number of Redwood City Residents	
Workplace Destination	Count	% Share
Alameda County	2,045	6.6%
Contra Costa County	656	2.1%
Sacramento County	494	1.6%
Marin County	257	0.8%
All Other Locations	4,368	14.0%

Labor Shed

The top three places of residence for employees who work in Redwood City are Redwood City, San Francisco, and San Jose (See Table BE-4). Of all persons working at businesses in the City, approximately 15 percent live in either Redwood City or an adjacent community, and nearly 40 percent live elsewhere in San Mateo County. Other key places of residence include San Francisco and Santa Clara, Alameda, and Contra Costa counties.

Table BE-4: Redwood City Commute Patterns – Place of Residence

Labor Shed Data	Number of Redwood City Workers	
Place of Residence	Count	% Share
Total	45,169	100.0%
Redwood City	4,578	10.1%
San Francisco	3,438	7.6%
San Jose	2,850	6.3%
San Mateo	2,620	5.8%
Fremont	1,661	3.7%
Foster City	1,167	2.6%
San Carlos	1,164	2.6%
Belmont	1,157	2.6%
Sunnyvale	1,149	2.5%
Daly City	934	2.1%
Other San Mateo County	6,299	13.9%

Table BE-4: Redwood City Commute Patterns – Place of Residence

Labor Shed Data	Number of Redwood City Workers	
	Count	% Share
Other Alameda County	4,546	10.1%
Other Santa Clara County	3,910	8.7%
Contra Costa County	1,496	3.3%
Sacramento County	830	1.8%
Solano	478	1.1%
Sonoma County	447	1.0%
All Other Locations	6,445	14.3%

Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD) 2004, Strategic Economics 2008

Balancing Land Uses

The City’s ability to recruit and retain businesses to Redwood City – and to make the City an attractive place for workers – critically depends upon ensuring that sufficient land area is reserved for commercial and industrial uses. Equally important, assuming that given a choice, people prefer to avoid long commutes, is to plan for residential densities that allow housing to be provided for all income ranges and to also allow for mixed use and a mix of uses to encourage proximity between home and work place

The Industrial and Warehouse Markets

Industrial and warehouse space within Redwood City accounts for only about nine percent of all such space in San Mateo County (year 2008). Compared to neighboring markets in Belmont/San Carlos and Menlo Park, which have much larger inventories, industrial/warehouse space in Redwood City has a higher vacancy rate and commands a lower lease rate. As noted above, industrial/warehousing space can support businesses synergistic to the growing biotechnology and health care industries that have a strong presence in Redwood City. In addition, the maritime and industrial businesses located at the Port and in adjacent areas are important contributors to the local and regional economy. The existing Port businesses import bulk materials to support the construction industry in the Bay Area and support “green” businesses by recycling metals and other materials for export.

Challenges

Redwood City faces challenges in attracting and retaining industrial and warehousing firms. While the Port area historically has been a key location for industry, the Port is physically constrained, with limited potential to expand due to traffic congestion on Highway 101, shallow channel with irregular dredging, and scarcity of land for new and expanding businesses.

Much of the City's industrial land and space has experienced encroachment from other uses. During the late 1990s, the rapid growth of software, Internet, and similar companies sparked demand for office uses on industrial sites and as land values continue to climb, some transportation and warehousing, wholesale trade, and manufacturing businesses in Redwood City have relocated to other places in the Bay Area or out of the region entirely. Sites along the I-880 corridor in the East Bay are much more financially attractive and offer excellent access to markets throughout the Bay Area, including the Peninsula. However, as these businesses increasingly move away from the central bayside areas, they create other negative impacts on the region, such as highway congestion, deteriorating roads, emissions, and higher costs for businesses.⁴

Advantages and Opportunities

Redwood City has a number of competitive advantages to retaining and attracting industrial businesses.

- Redwood City's location between South Bay and San Francisco and the visibility from Highway 101.
- The Port of Redwood City, which attracts maritime businesses that have no other access options on San Francisco Bay. In particular, Port facilities allow for easy on- and off-loading of dry bulk building materials, which can be delivered via rail or truck throughout the region. Due to its distance from residential neighborhoods, industrial lands at and surrounding the Port are ideal for food manufacturing, which involves heavy truck traffic and sometimes has odor issues. Other potential businesses could include warehouse space, auto storage, and container storage, which would allow for new businesses such as

⁴ Metropolitan Transportation Commission, "Regional Goods Movement Study for the San Francisco Bay Area." December 2004.

recyclables beyond metals, auto imports, and cold food storage to locate at the Port.⁵

- Parcel sizes and complementary industries for small PDR firms. PDR businesses that continue to stay in Redwood City are local-serving firms preferring to remain near their customer base despite high costs compared to other Bay Area markets. This is particularly true for companies with linkages to the knowledge-based and health care sectors (manufacturers of electronic components and medical equipment) and firms in specialty building trades (such as plumbing suppliers, electricians and electrical suppliers, door and window fabricators, cabinet manufacturers, closet re-fitting companies).

Based on these advantages and projected regional economic growth, Redwood City could absorb a 24 percent net increase in the City's inventory of industrial space by 2030, if the space is built.⁶ Much of this net increase in industrial occupancy will be by users that have strong linkages to the knowledge-based and health care industry clusters, or that are more oriented toward local markets (such as manufacturers of building and construction materials), rather than traditional heavy manufacturing and warehousing businesses. The demand will therefore be stronger for smaller floor-plate industrial buildings rather than large warehouses.

Research & Development/Life Science

As of 2008, Redwood City had approximately 2.8 million square feet of research and development (R&D) space, or about 15 percent of the total inventory in San Mateo County. Almost half of the R&D inventory in the County has located in the submarkets of South San Francisco/Burlingame, which have a much higher concentration of biotechnology firms. However, Redwood City has considerably more Class A space compared to competing mid-Peninsula cities, and therefore commands a higher lease rate.

Challenges

Research and development space, when built, can consist of highly specialized construction that can be difficult to sub-lease or re-tenant

⁵ TranSystems, "Strategic Assessment of Maritime Business." February 2008.

⁶ In the Baseline Economic Conditions report, Strategic Economics' demand projections show that the demand for industrial space may increase by a total of 830,000 square feet between 2008 and 2030.

when vacated. Short-term market fluctuations can cause such space to sit empty and thus hamper any new construction, except for new projects for well-capitalized, self-financed companies that require their own dedicated facilities. Thus, it is important that the City not implement land use regulations that might limit long-term flexibility in the use of R&D space.

Advantages and Opportunities

The City benefits from having the right mix of assets, including proximity to research institutions with a large number of principal investors (Stanford University and UCSF), a skilled workforce in life sciences and computer sciences, and a real estate development and construction industry with special expertise in building R&D and bioscience lab space.

The typical growth cycle for R&D and life science users is to begin as a startup utilizing less than 5,000 square feet of building space, and then to expand to around 10,000 square feet. Once a company achieves success and grows beyond the 10,000-square-foot stage, it generally seeks a facility with 20,000 square feet for immediate occupancy, and at least 20,000 additional square feet for future expansion. After growing beyond 40,000 square feet, users tend to move to facilities that allow them to expand to 100,000 square feet or more. Redwood City is fortunate in that sites exist that can be developed with product that offers R&D and life science users building and expansion space for every phase of the growth cycle. For example, small-scale “incubator” users could be accommodated in the Southeast Woodside employment zone, taking advantage of the proximity to the Stanford Clinics. Growing startups could move into new R&D space developed along the Broadway corridor. Large users can find campus-like facilities on Seaport Boulevard or at Redwood Shores. By presenting the market with an entire portfolio of development options that caters to growing R&D and life science users, the City can improve its ability to attract and retain these companies, and to bring in additional high wage and high skill jobs.

The Peninsula is the preferred location for these industries due the inventory of space, amenities, infrastructure, access to research institutions, political climate, and workforce.⁷ Redwood City is therefore well positioned to continue attracting life sciences and other technology firms, particularly those at the beginning stages of the business life cycle that require slightly lower lease rates than those found in north San Mateo County locations.

⁷ According to a survey of life sciences firms conducted in 2005 by BayBio, an independent, non-profit 501(c)(6) trade association serving the life science industry in Northern California.

Office

The Redwood City office market, including Redwood Shores, contains over nine million square feet (30 percent of the County's office inventory). The Redwood Shores submarket commands higher lease rates than the County market overall, while the other submarkets in Redwood City have lower rents than the County average. Historically, Downtown office users have consisted primarily of small professional service firms that benefit from a close location to the County Government Center and City Hall.

Challenges

Redwood City's ability to accommodate new office tenants is constrained by the lack of large Class A office spaces, especially in Downtown. Many office-based businesses select multi-tenant buildings in Redwood Shores as an alternative, but may prefer to be in the Downtown due to its amenities and services.

Advantages and Opportunities

With the economic resurgence and amenities of Downtown, Redwood City has the potential to capture large office users in the long term. Prospective office users view Downtown Redwood City as an attractive, affordable alternative to Palo Alto and Menlo Park, offering shopping, dining, entertainment, and excellent access to Caltrain. By 2030, Redwood City could capture up to 1.8 million square feet of quality office space, an increase of 20 percent relative to 2008 inventory if built.⁸

⁸ In the Baseline Economic Conditions Report, Strategic Economics estimates that the demand for new office space between 2008 and 2030 in Redwood City totals 1.84 square feet, mostly attributable to the growth in employment in the knowledge-based and health care industry clusters.

Retail

Although Redwood City does not boast a regional mall, the local retail sector is quite healthy, with just under two million square feet of shopping center space and low vacancy rates. Retail stores line the key corridors - Veterans Boulevard, El Camino Real, and Woodside Road – and have a growing presence in Downtown. The key retail zones account for over 60 percent of the sales tax generated by retail stores. Small neighborhood shops and centers throughout the City provide more limited but convenient goods and services.

Challenges

The City's effort to create a balance of uses in Downtown has been challenged by a high level of competition from other retail locations locally and regionally. (e.g., shopping malls, strip centers, other Downtown venues). Retail recruitment has been difficult because prospective tenants do not view Downtown Redwood City as a prime location. Also, rents for new retail space have priced out start-up and independent retailers, while larger regional and national chains that can afford these rates prefer to be in locations with better visibility and higher traffic counts and are also often more comfortable with a suburban style development format which includes adjacent surface parking lots as opposed to an urban setting.

Advantages and Opportunities

Redwood City's diversity of retail districts allows the City to recruit a variety of retailers. Veterans Boulevard benefits from freeway visibility and access, and therefore can continue to attract regional large floor-plate retailers and auto dealers. El Camino Real captures retail traffic from commuters and residents of neighborhoods surrounding the corridor. By allowing mixed-use development at selected nodes along El Camino Real, the City will boost the consumer base for businesses. Woodside Road serves as an important regional arterial connection to Highway 101 and Interstate 280, and the retail/service centers here will have a continued attraction for retailers.

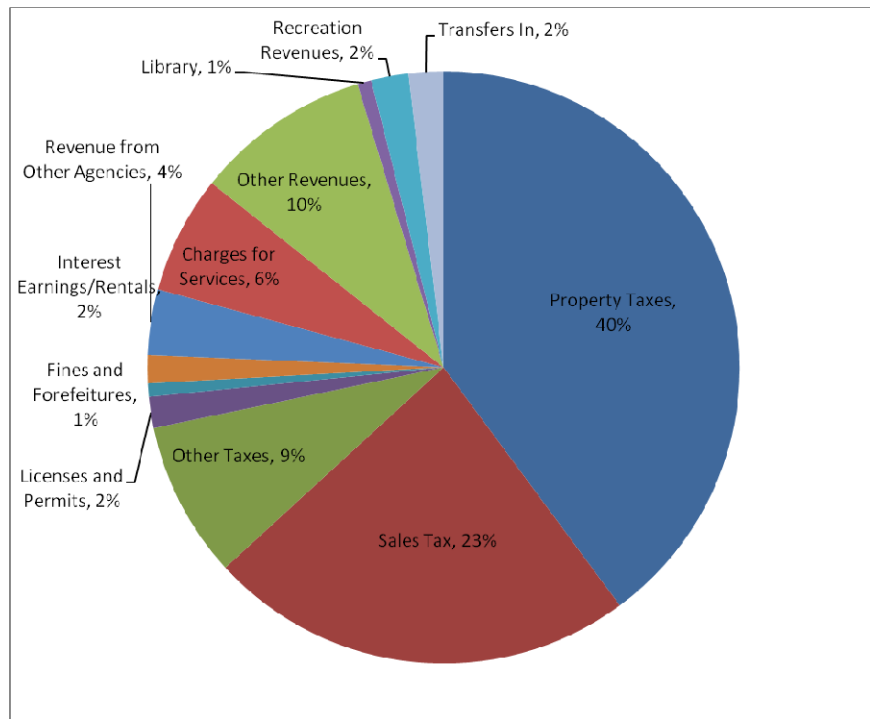
Despite the challenges Downtown faces, over the years, as more residential and office construction occurs Downtown, the retail vacancies will be filled and rental rates will increase, allowing for additional development opportunities. The Grand Boulevard Initiative for El Camino Real should also help to formulate strategies focus retail at appropriate nodes. Areas with high visibility from the 101 Corridor, such as Veterans Boulevard, have a strong potential for additional regional retail.

Revenue

Redwood City’s capacity to provide services and programs for its community such as police, fire, public spaces, libraries, and parks is primarily derived through the City’s general fund, which is determined largely by the dollars generated by the City’s economic base and revenue structure. Property tax and sales tax provide a significant amount of city revenue. In FY 2008/2009, almost two-thirds of general fund revenue was generated by property and sales tax as shown in Figure BE-4.

General fund revenues are expected to be \$82.5 million in FY 2008/09, a slight increase of 2.2 percent (\$80.6 million) from prior year. This increase occurs even with an anticipated reduction from the state of \$500,000.

Figure BE-4: Estimated General Fund Revenue by Category



Source: City of Redwood City FY 2008-2010 Adopted Budget, p. xii-xiii.

Key Economic Development Considerations

- The City anticipates an increase in industrial demand by users that have strong linkages to the knowledge-based and health

care industry clusters, or that are more oriented toward local markets (such as manufacturers of building and construction materials), rather than traditional heavy manufacturing and warehousing businesses. The demand will therefore be stronger for smaller floor-plate industrial buildings rather than large warehouses.

- The Port represents a unique and valuable regional asset. Port-related industries are extremely important to the Bay Area economy, generating diverse, local jobs at many skill levels.⁹ The volume of cargo handled at Bay Area seaports is forecast to grow rapidly, creating opportunities for expansion at the Port of Redwood City.¹⁰ Surrounding lands must be designated for Port-dependent and industrial uses, and incompatible land uses will not be considered within the Port-influence area.
- Growth will occur in the Life Science industries, and developers and investors are most interested in the Peninsula for future development. Redwood City is therefore poised to continue attracting life sciences firms, particularly those at the beginning stages of the business life cycle that require slightly lower lease rates than found elsewhere on the Peninsula.
- The demand for new office space will increase, mostly due to growth in employment in the knowledge-based and health care industry clusters. By concentrating most new office development in Downtown and Redwood Shores, Redwood City will be building on the competitive advantages of established and desirable office and high-tech zones. The downtown locations will also be served by the most transit options.
- Over the long term, as more residential and office construction occurs Downtown, retail vacancies here will be filled and rental rates will increase, allowing for additional development opportunities. The Grand Boulevard Initiative for El Camino Real, coupled with land use policies for mixed uses along the corridor, will guide strategies to focus retail at appropriate nodes.

⁹ *In addition to creating direct jobs and wages, Port and maritime businesses also generate a “multiplier effect” on jobs and wages. For example, Port businesses purchase equipment and supplies at local businesses, thereby creating jobs for equipment suppliers and container repair. It is estimated that for every one Port job, between one and two additional jobs are created through the multiplier effect.*

¹⁰ *TranSystems, “Strategic Assessment of Maritime Business.” February 2008.*

- The high visibility Veterans Boulevard corridor will be reserved for regional retail opportunities.

Economic Development Goals, Policies, and Programs

A diverse economy helps to preserve the City’s fiscal health, and can lessen the severity and length of an economic downturn. Redwood City will continue to promote business development programs for existing and new businesses that recognize and respond to size, industry, and markets.

This optional General Plan element will serve as a foundation for the **Economic Development Strategy** that details actions needed to further the vision, goals, and policies in this element.

Goal E-1: Strive for and maintain a diverse and healthy economy.

Economic growth can bring many benefits to the city, including jobs, housing, and new revenue. New growth will lead to increased revenue, thus benefiting residents and the community. For these reasons, Redwood City needs to promote and enhance business development citywide. This reflects the vision of Redwood City as an entrepreneurial city with a diverse and healthy economy.

Policy E-1.1: Promote long term partnerships and programs that facilitate business recruitment, retention, and expansion through partnerships with businesses; property owners; the Chamber of Commerce; the educational, arts, and environmental communities, and other stakeholder groups. *(Programs E-1, E-3, E-4, E-5, E-6, E-, E-267)*

Policy E-1.2: Improve infrastructure and public facilities in targeted areas where necessary to support economic development. *(Program E-9)*

Policy E-1.3: Support the continuance of existing and the establishment of new Production, Distribution and Repair Services businesses uses by minimizing the

potential for conflicts from surrounding land uses.
(Programs E-6, E-26)

Policy E-1.4: Maintain the Port of Redwood City as a critically important use, and protect long-term Port, Port-related, and surrounding industrial uses from the encroachment of incompatible land uses. (Program E-26)

Policy E-1.5: Encourage emerging industries and businesses. (Program E-26)

Goal E-2: Position and promote Downtown as a center for employment, housing, retail, and entertainment on the Peninsula.

The City’s downtown has been the center of commerce and government but has declined over the years from numerous retail and office vacancies. Since the early 2000, the City and its Redevelopment Agency has focused its priority to revitalize the downtown by investing in public improvements to attract private investments. Moreover, through the **Downtown Precise Plan**, the City now desires the Downtown to be a place not only to work but also to live and shop. This reflects the vision of having housing opportunities for a diverse population of all ages and income.

Policy E-2.1: Encourage and facilitate the development of new commercial office space Downtown to provide opportunities to recruit large and mid-sized businesses and to retain expanding firms. *(Programs E-8, E-11, E-26)*

Policy E-2.2: Improve public design features (public plazas and spaces) infrastructure to match the collective needs of Downtown residents, employees, and retailers rather than individual projects. *(Programs E-9, E-10)*

Policy E-2.3: Pursue “mixed-use” housing and commercial development Downtown with a range of affordability options. *(Program E-15)*

Policy E-2.4 Create a transit-oriented/pedestrian focus for future development. *(Program E-15)*

Policy E-2.5 Allow for shared and/or public parking arrangements for new development. *(Programs Land Use XX, Circulation XX)*

Goal E-3: Maintain a skilled and adaptable local workforce.

Over half of the jobs in Redwood City are in high-skilled knowledge-based and health care industries. Employment in the lower-skilled industry clusters has experienced decline. Workforce development programs and educational institutions are increasingly challenged to provide adequate and appropriate resources to train employees for these emerging skills-based industries.

Policy E-3.1: Promote workforce investment policies that match training programs to existing and planned job requirements, ensuring that a skilled workforce is available to businesses in Redwood City *(Programs E-11, E-12, E-13, E-26)*.

Policy E-3.2: Continue to support industries that provide a range of jobs at living wages through land use policies and other City activities *(Programs E-3, E-4, E-5, E-15, E-26)*.

Policy E-3.3 Ensure the availability of support services that will help employees succeed. *(Programs LUXXX)*

Policy E-3.4 Encourage adequate child care capacity to support the City’s local workforce. *(Programs E-14, QOL XXX)*

Policy E-3.5 Promote a healthy work force by supporting health care providers, programs, and services. *(Program QOL XXX)*

Goal E-4: Maintain the City’s fiscal health.

Redwood City needs to ensure its short- and long-term fiscal capacity to cover City programs and services. Citizens and businesses must acknowledge that local fees, taxes and charges for services are necessary, with no individual or business benefiting at the expense of others. The policies below direct the City to explore ways to achieve fiscal stability to provide quality municipal services that meet the needs of the residents.

Policy E-4.1: Focus economic development activities toward particular industries or service areas contributing to

the City economy. (*Programs E-1, E-3, E-21, E-22, E-23, E-24, E-26*)

Policy E-4.2 Strive to be responsive to small business development as possible. (*Programs E-10, E-24, E-25, E-26*)

Policy E-4.3 Foster regional collaboration on housing, transportation, and infrastructure. (*Program Housing XXX, Circulation XXX, Infrastructure XXX*)

Policy E-4.4 Strive toward a balanced budget through a diversified and stable, long-term economic basis. (*Program QOL XXX*)

Policy E-4.5 Create a sense of place by enhancing educational, cultural, and environmental resources to attract employers. (*Programs Land Use XXX, QOL XXX*)

Implementation Programs

Program E-1: Identify appropriate sites for commercial development and redevelopment based on considerations of efficiency, circulation, compatibility with nearby uses, availability of services, safety, impact on habitat, and proximity to residents and workers.

Time Frame: Immediate
Responsible Party: Planning, Redevelopment
Funding Sources: Redevelopment TIF, General Fund

Program E-2: Collaborate with local nonprofit organizations to offer technical assistance to businesses in obtaining economic development grants, loans, and other funds from federal, state, local, and private sources.

Time Frame: Immediate
Responsible Party: Economic Development
Funding Sources: General Fund, CDBG

Program E-3: Identify appropriate locations for large industrial uses, and maintain and expand the supply of land available for these types of uses, focusing on

existing businesses that provide high-wage jobs and support existing and emerging industry clusters.

Time Frame: Immediate

Responsible Party: Planning

Funding Sources: General Fund, CDBG

Program E-4:

Collaborate with the Port, marine-related businesses, and other stakeholders to promote the geographic location and optimize maritime infrastructure of the Port in order to attract and/or expand marine-related industries.

Time Frame: Short term

Responsible Party: Port

Funding Sources: Port?

Program E-5:

Improve the entitlements and approvals process to be more efficient, transparent, and predictable.

Time Frame: Short term

Responsible Party: Planning

Funding Sources: General Fund

Program E-6:

Implement zoning regulations that reduce the potential for encroachment into industrial areas by housing and office uses and minimize inappropriate adjacent land uses.

Time Frame: Short term

Responsible Party: Planning

Funding Sources: General Fund

Program E-7:

Conduct quarterly work groups with industry leaders to address ongoing issues.

Time Frame: Immediate

Responsible Party: Economic Development

Funding Sources: General Fund

Program E-8:

Consider revising zoning to encourage large floor plate uses in the Downtown.

Time Frame: Short term

Responsible Party: Planning

Funding Sources: General Fund

Program E-9: Identify and secure on-going funding for the introduction of design improvements, the maintenance, and the replacement of the infrastructure investment. Pursue state, federal, and other grants.

Time Frame: Ongoing
Responsible Party: Planning
Funding Sources: General Fund

Program E-10: Continue to conduct special events and develop strategic marketing and branding programs to promote the downtown retail and restaurant businesses, and other small businesses through partnerships with stakeholders, the Downtown Business Group, and others.

Time Frame: Ongoing
Responsible Party: Planning
Funding Sources: General Fund, Private (BID)

Program E-11: Periodically study the skills and education levels of Redwood City residents, and use the information as a guide for recruiting new firms to the city.

Time Frame: Short term
Responsible Party: Economic Development
Funding Sources: General Fund

Program E-12: Encourage local businesses to hire local residents.

Time Frame: Ongoing
Responsible Party: Economic Development
Funding Sources: General Fund

Program E-13: Initiate collaboration between local industries and local educational institutions to develop job training programs for youth and adults. Pursue grants and other funding sources.

Time Frame: Short term
Responsible Party: Economic Development
Funding Sources: General Fund

Program E-14: Collaborate with child care advocates to establish child care services in proximity to jobs.

Time Frame: Short term

Responsible Party: Economic Development

Funding Sources: General Fund

Program E-15: Implement zoning that provides for integration of land uses, mixed-income housing of all types and densities, pedestrian-friendly neighborhoods, transit-oriented development, and enhanced public transportation options.

Time Frame: Short term

Responsible Party: Planning

Funding Sources: General Fund

Program E-16: Develop benchmarks to measure the impacts of major projects on environment and service infrastructure.

Time Frame: Short term

Responsible Party: Planning

Funding Sources: General Fund

Program E-18: Study the creation of stronger transit connections between Caltrain and the employment zones of Redwood Shores and Seaport Centre.

Time Frame: Medium term

Responsible Party: Planning

Funding Sources: General Fund

Program E-19: Explore equitable methods to recover costs of public investments for construction and maintenance of infrastructure and facilities. Pursue grants from state, federal, and other agencies.

Time Frame: Short term

Responsible Party: Public Works

Funding Sources: General Fund

Program E-21: Use zoning and similar mechanisms to maintain locations with good freeway visibility for regional retail opportunities.

Time Frame: Ongoing
Responsible Party: Planning, Redevelopment
Funding Sources: General Fund, TIF

Program E-22: Continue to work with Grand Boulevard Initiative to revitalize El Camino Real, and focus retail in appropriate nodes. Pursue grants from state, federal, and other agencies.

Time Frame: Immediate
Responsible Party: Planning, Redevelopment
Funding Sources: General Fund, TIF

Program E-23: Study the business-to-business sales tax trends to identify important sectors contributing to the City’s fiscal health.

Time Frame: Immediate
Responsible Party: Economic Development
Funding Sources: General Fund

Program E-24: Work with the local business community to encourage the small business development and to address small business needs. When appropriate, pursue grants from state, federal, and other agencies.

Time Frame: Immediate
Responsible Party: Economic Development
Funding Sources: General Fund

Program E-25: Pursue small scale strategic plans through such programs as incubators and Main Street USA.

Time Frame: Immediate
Responsible Party: Economic Development
Funding Sources: General Fund

Program E-26: Prepare and update, as needed, the Economic Development Strategy.

Time Frame: Ongoing
Responsible Party: Economic Development
Funding Sources: General Fund