

# PROPOSED FY 2019-20 AND FY 2020-21 ECONOMIC DEVELOPMENT WORK PLAN

## I. Economic Development Analysis

Development of an economic development work plan begins with an assessment of the community's economic development strengths, weaknesses and challenges—the opportunities arise as actions that can build on strengths and address weaknesses and challenges. The work plan tasks and responsibilities are ongoing for the next two fiscal years. A midterm update on the work plan will be presented to the City Council in February 2020.

Opportunities in the form of new development projects, programs, and initiatives are expected. Consequently, the Economic Development Manager will continuously evaluate the programs, objectives and work plan to balance priorities that will, at times, compete for time and resources.

### A. Redwood City Economic Strengths

- Economic development is one of the City's Strategic Initiatives and also aligns with the City Council's priorities of housing, children/youth and transportation
- Redwood City is a central location on the Peninsula for businesses, visitors, workers and residents.
- Redwood City has a thriving Downtown with a diverse number of restaurants and entertainment options.
- Redwood City also has a diverse range of neighborhood business districts.
- There is an inventory of commercial and industrial space to accommodate businesses that include technology, retail, construction, manufacturing and service sectors.
- The City Council supports affordable housing for residents and workers.
- The City Council supports upward mobility for residents with the approval of a \$15.00 minimum wage.
- The City Council has accommodated new residential and commercial development.
- Redwood City has a positive image as a location for businesses, their workforce, visitors and residents.
- Redwood City has a large number of auto dealerships estimated to generate approximately 20% of the City's total sales tax revenue for the City's General Fund in FY 2018-19.

### B. Weaknesses

- Redwood City currently lacks diversity in the types of tech businesses located in its office and industrial parks. New technologies such as biomedical, biotechnology, fin tech and clean tech present opportunities to the diversity of tech businesses in Redwood City.<sup>1</sup>

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<sup>1</sup> Fin tech is new technology and innovation that aims to compete with traditional financial methods in the delivery of financial services. Clean tech is a general term used to describe products, processes or services that reduce waste and require as few non-renewable resources as possible.

- The General Fund relies heavily on sales tax revenue from limited sources that are not growing.
- Redwood City's location near three large regional malls (Stanford, Hillsdale and Valley Fair) affects its competitiveness for the location of higher profile brand retailers.
- There is a lack of hotels serving the Downtown and Redwood City.
- Redwood City's demographic and economic indicators are changing but still less robust than other Peninsula cities.
- Downtown Redwood City lacks vacant, affordable space for retail stores.
- Redwood City is "built out" which limits new residential, commercial and industrial development.
- The auto industry is changing with respect to the types of vehicles produced (electric and other alternative fuels and factory automation) and the way they are serviced and sold.

### C. Challenges

- Sales/use tax revenues for the City's General Fund continue to decline as a result of the ways goods are sold and changes in shopper preferences.
- Retail brick and mortar stores continue to close leaving large vacant stores that are difficult to re-tenant.
- Continual shifts in business operations at the national and global level result in economic and market fluctuations at the national and local level.
- The cost of doing business and the high cost of living in the Bay Area forces business to expand or relocate outside of the Bay Area. Business operating costs are not sustainable for many local businesses.
- The high cost of housing and living is increasingly unaffordable for residents and workers.
- Funding for infrastructure (housing, transportation, utilities) and capital improvements and services to support continued job growth cannot meet demand.
- There is continued pressure to rezone industrially zoned land and buildings for higher value residential and office space development.
- The cost of living affects the ability of businesses to fill service and entry-level jobs.
- Redwood City continues to lose family entertainment venues due to the high cost of land, rent and labor.
- Transportation infrastructure cannot meet demands of increased traffic.

## II. Economic Development Work Plan 2019-2021

Based on the assessment of Redwood City's economic development strengths, weaknesses and threats, staff has developed an economic development work plan that is comprised of tasks and responsibilities that will help achieve goals of economic sustainability and quality of life for Redwood City residents.

Economic Development Work Plan Objectives

1. Expand tax and other revenue opportunities.
2. Maintain a strong business retention and expansion program to ensure that Redwood City has a business friendly environment that reduces barriers to success for local businesses and development projects.
3. Expand and diversify employment opportunities for adult and youth residents and workers.
4. Identify resources and facilitate opportunities that support upward mobility for residents especially those who have greater barriers to economic sustainability.
5. Expand workforce housing for residents and workers.
6. Increase entertainment opportunities for families and youth.
7. Strengthen and attract retail businesses to the Downtown.
8. Collaborate with local and regional transportation and economic development programs and major employers to identify solutions to transportation and congestion management challenges.
9. Explore potential business investment opportunities and affordable housing developments within Redwood City’s two Opportunity Zones.

BUSINESS RETENTION AND EXPANSION	RELEVANT OBJECTIVE(S)
1. Once approved by the City Council, implement the Downtown Retail Action Plan <b>Outcome: see Downtown Retail Action Plan; provide updates as noted in Action Plan.</b>	1, 2, 3, 7
2. Actively promote vacant commercial and industrial space and sites to brokers and retailers <b>Outcome:</b> <ul style="list-style-type: none"> <li>• <b>Develop a contact list for Peninsula commercial and industrial brokers.</b></li> <li>• <b>Host annual briefing with commercial, industrial and retail brokers to provide updates on City development policies; economic and demographic information; development opportunities; new businesses; etc.</b></li> <li>• <b>Provide a summary of ongoing outreach and economic development updates every other month to the City Manager and City Council.</b></li> <li>• <b>Identify new technology sectors (such as research and development, biomedical, advanced manufacturing, and financial technology) that are a location fit for Redwood City’s available commercial and industrial space.</b></li> <li>• <b>Provide an end of fiscal year summary of new businesses that have expanded or located in Redwood City to the City Manager and City Council.</b></li> </ul>	1, 2, 3, 4

<p>3. Contact each of Redwood City’s top ten employers to determine any barriers to successfully doing business in Redwood City; facilitate resolution of issues. <b>Outcome: Provide summary of visits in economic development updates to the City Manager and City Council.</b></p>	1, 2, 3,4, 5, 6
<p>4. Provide economic development update at monthly meetings of the business groups and associations involved in economic development. Provide assistance to programs and initiatives that support local businesses. <b>Outcome:</b></p> <ul style="list-style-type: none"> <li>• <b>Meet annually with business/professional organizations such as the Seaport Industrial Association and provide assistance as needed.</b></li> <li>• <b>Provide City economic development updates at monthly meetings of the Downtown Business Group, the Redwood City Chamber of Commerce, and the Redwood City Improvement Association;</b></li> </ul>	1, 2, 3, 4, 5, 7
<p>5. Respond to any ongoing inquiries from Downtown businesses. Visit or call at least one business per month. <b>Outcome: Provide summary of visits in economic development updates to the City Manager and City Council as needed.</b></p>	1, 2, 3, 4
<p>6. Identify new family entertainment uses that are a fit for Redwood City such as bowling, bocce ball, indoor sports, etc. <b>Outcome:</b></p> <ul style="list-style-type: none"> <li>• <b>Develop and update a list of entertainment venues and contacts.</b></li> <li>• <b>Develop list of properties suitable for family entertainment and promote them to family entertainment businesses.</b></li> <li>• <b>Provide a summary of efforts to City Manager and City Council twice a year.</b></li> </ul>	3, 4
<p>7. Coordinate with Community Development staff on ways to address local and regional transportation and congestion management issues; including collaborating with local and regional Transportation Management Associations. <b>Outcome:</b></p> <ul style="list-style-type: none"> <li>• <b>Convene a meeting with major employers to provide updates on local, regional and state efforts to address traffic and infrastructure issues.</b></li> </ul>	2, 4, 7, 8
<b>TAX AND REVENUE OPPORTUNITIES</b>	<b>RELEVANT OBJECTIVE(S)</b>
<p>1. Attend quarterly sales tax update meetings and monitor sales tax performance for City’s top 25 sales tax generators. <b>Outcome:</b></p> <ul style="list-style-type: none"> <li>• <b>Monitor changes to business operations that may affect sales/use tax performance.</b></li> <li>• <b>Provide updates to Finance Department and City Manager.</b></li> <li>• <b>Contact any major sales tax generators if there are significant changes in revenue they generate.</b></li> </ul>	1, 2, 3, 4

<p>2. Connect by telephone or personally meet with Redwood City’s top 20 sales tax generators over the work program’s two-year timeline noting any changes in business operations or issues that might affect their sales/use tax performance.</p> <p><b>Outcome: Provide update on changes as needed to City Manager and finance department.</b></p>	1, 2, 3, 4
<p>3. Facilitate development of an electronic sign on Highway 101 on a site approved by Caltrans, including sign ordinance revisions as needed.</p> <p><b>Outcome: Construction of sign that can benefit auto dealerships and other major sales tax generators in Redwood City.</b></p>	1, 2
<p>4. Convene an annual meeting with Redwood City’s auto dealerships to determine any operating issues or market changes.</p> <p><b>Outcome: Provide summary of meeting in economic development updates to City Manager and City Council.</b></p>	1, 2, 3
<b>WORKFORCE HOUSING</b>	<b>RELEVANT OBJECTIVE(S)</b>
<p>1. Coordinate with City housing and planning staff to convene an annual meeting with affordable housing development organizations/developers to provide updates on City affordable housing policies/programs and Opportunity Zone benefits.</p> <p><b>Outcome: Provide summary of meetings and housing projects as needed for City Manager and City Council.</b></p>	2, 3, 4, 5
<b>EXPAND WORKFORCE DEVELOPMENT OPPORTUNITIES FOR RESIDENTS</b>	<b>RELEVANT OBJECTIVE(S)</b>
<p>1. Coordinate with NOVA Workforce Development Program and the San Mateo Community College District to identify opportunities for workforce skills training for Redwood City residents (adults and youth) that prepares them for local and regional jobs.</p> <p><b>Outcome:</b></p> <ul style="list-style-type: none"> <li>• <b>Explore establishing a physical location where NOVA staff can deliver services in Redwood City.</b></li> <li>• <b>As part of business outreach, provide information about NOVA workforce development services to local businesses.</b></li> <li>• <b>Provide an annual update, to City Manager and City Council.</b></li> <li>• <b>Add information and links to workforce development services to the City’s economic development web page</b></li> </ul>	2, 4, 5
<b>STRENGTHEN PROGRAM CAPACITY AND RESOURCES</b>	<b>RELEVANT OBJECTIVE(S)</b>
<p>1. Participate in monthly meetings of the regional Silicon Valley Economic Development Alliance.</p> <p><b>Outcome: Provide updates on regional economic development issues to the City Manager and City Council as needed.</b></p>	1, 2, 3, 4, 5, 6, 7
<p>2. Coordinate with City Manager’s Communications staff to update and enhance City’s economic development web page to include new business resources; economic/demographic data, and other information that can assist business expansions.</p>	1, 2, 3, 4, 5

<p><b>Outcome: Enhanced and updated economic development web page by December 2019.</b></p>	
<p>3. Highlight the benefits of Opportunity Zone tax benefits for businesses and workforce housing developers by December 2019.</p> <p><b>Outcome:</b></p> <ul style="list-style-type: none"> <li>• <b>Add Opportunity Zone benefits to economic development web page.</b></li> <li>• <b>Coordinate with the Redwood City Chamber of Commerce to convene an information meeting on zone benefits.</b></li> <li>• <b>Provide a written update to the City Manager and City Council by December 2019.</b></li> </ul>	<p>1, 2, 3, 4, 5</p>
<p>4. Provide an annual overview and summary of the economic development work plan accomplishments to date to the City Manager and City Council during the 2020 mid-year budget review.</p> <p><b>Outcome: The report should include an overview of the local economy; an update of Redwood City’s economic strengths and weaknesses and achievement of the work plan’s goals and objectives to date; and identify any opportunities and challenges for the coming year.</b></p>	<p>1, 2, 3, 4, 5, 6, 7, 8, 9</p>
<p>5. Convene quarterly Downtown Issues meetings attended by City department representatives.</p> <p><b>Outcome: Provide an update to the City Council, as needed, of any issues, challenges, and opportunities for Downtown businesses.</b></p>	<p>1, 2, 3, 4, 5, 6, 8</p>
<p>6. Coordinate and share information on development opportunities and permitting for new and existing businesses with relevant City departments.</p> <p><b>Outcome: As needed, attend weekly planning meetings and development review meetings as needed to learn about current and proposed development projects and businesses expanding in Redwood City.</b></p>	<p>1, 2, 3, 4, 5, 6, 7, 8</p>
<p><b>GENERAL ECONOMIC DEVELOPMENT DUTIES</b></p>	<p><b>RELEVANT OBJECTIVE(S)</b></p>
<p>1. Oversee and monitor the City’s cannabis business permitting process to ensure businesses comply with City ordinances and City Manager’s regulations.</p> <p><b>Outcome: Provide an annual report to City Manager and City Council at the end of FY 2020 summarizing operating issues and performance. Report should be coordinated with Police, Community Development, Finance and Revenue Services Departments.</b></p>	<p>1, 2</p>
<p>2. Oversee the Partnership Redwood City program.<sup>2</sup></p> <p><b>Outcome:</b></p> <ul style="list-style-type: none"> <li>• <b>Coordinate with the Planning Department to provide an annual update at the end of each fiscal year on participation by developers, business, agencies, etc.</b></li> <li>• <b>The update should be made available on the City’s web site.</b></li> </ul>	<p>1, 2, 5</p>

<sup>2</sup> Partnership Redwood City is a unique program that provides community benefits through a wide range of City partnerships. Through ongoing collaboration with businesses, community groups, residents, property owners, and developers, this program delivers benefits such as affordable housing, improved schools, parks, transportation systems, programs for the arts, and support for special programs and events. These partnerships ensure that all community members will benefit from new development and investment in Redwood City.

<ul style="list-style-type: none"> <li>• <b>Assist Planning Department with negotiations of community benefits associated with major development projects, as appropriate.</b></li> </ul>	
<p>3. Oversee and monitor Robot Delivery Pilot Program.</p> <p><b>Outcome:</b></p> <ul style="list-style-type: none"> <li>• <b>Ensure deliverables per agreement with Starship are provided.</b></li> <li>• <b>Provide an annual report in FY 2020 to the City Council on performance measures and community benefits.</b></li> </ul>	1, 2, 3
<p>4. Oversee and monitor City agreements with operators of farmers markets to ensure they are in compliance with the terms of their agreements.</p> <p><b>Outcome: Provide annual report to City Manager regarding compliance and any operating issues.</b></p>	1, 2, 3, 8