



# **Pacifica Economic Development Plan DRAFT REPORT**

**Prepared by  
WAHLSTROM & ASSOCIATES**

**In Association With  
Susan Barnes Consulting**

**June 10, 2013**

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Stephen Rhodes  
City Manager  
City of Pacifica  
170 Santa Maria Avenue  
Pacifica, CA 94044

Dear Steve:

Enclosed is an administrative draft report. We look forward to comments and a lively discussion with the ED Committee.

Sincerely,

Stephen Wahlstrom  
Principal

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# 1. SUMMARY OF FINDINGS AND RECOMMENDATIONS

The Pacifica Economic Development Plan describes the market forces and constraints that impact efforts to expand business activity, fill commercial vacancies, diversify the economy and improve the City's fiscal conditions. The findings and recommendations were generated from interviews with City staff and other community stakeholders; monthly meetings with the Pacifica Economic Development Committee; a review of the economic, real estate and demographic data; and an analysis of the local economic development opportunities and constraints.

Pacifica's economy suffered during the recession, with 400 jobs lost between 2006 and 2010—nearly all of the jobs lost were in the tourism industry. However, the economy is recovering well with 260 new jobs created in the health, professional, and business service sectors between 2010 and 2011. Tourism is making a gradual comeback.

Despite the ups and downs of the national and regional economy, Pacifica's economic development opportunities are constrained by the lack of business space available to technology and other startup companies. Without the development of new businesses space, Pacifica's economy will remain dominated by low wage retail and tourism jobs, with little opportunity to capture a share of the regional investment in the creation of software, biotechnology or other tech sectors. Potential technology businesses and other commercial/office users attracted to Pacifica will pay high wages, retain some out-commuters to work in Pacifica, and generate good fiscal benefits from property tax and business-to-business sales receipts.

The need to build new business space is not a task that the City can accomplish on its own. New commercial development will ultimately require a partnership between the City and private property owners, with the private sector taking the lead. Key sites like the Quarry cannot be developed until an owner emerges with the intention and financial capacity to invest in the site in a manner that is consistent with city values. The City can require the property owner and their developer partners to build new Class A office and/or laboratory space as a project approval condition. However, the City's ability to encourage new development requires cooperative and assertive property owner/developer partners.

The City should also support proposals to expand the number of hotel rooms, which will generate Transit Occupancy Tax (TOT) revenues and additional visitor spending tax receipts. New hotel rooms generate TOT

revenues and they attract visitor spending into the City. The objectives and recommendations are summarized below.

**Objective #1:**

*Generate Citizens Support and Expand the City's Economic Development Capacity*

The City Council should state its commitment to making economic development a citywide priority, and establish clear guidance about implementing the objectives. Pacifica resident's broad support for tourism should be extended to other economic development initiatives and projects that meet community objectives. The City lacks the sufficient staff capacity needed to advocate for business interests and implement economic development projects.

**Recommendations**

- Adopt a Citywide economic development goal to generate revenues that fund desired city services. This objective can be met by attracting businesses that hire local residents, pay higher wages, and improve the City's fiscal base.
- Prepare an Economic Development Element that will be incorporated into the General Plan update.
- Hire a full-time Economic Development Coordinator if available fiscal resources can support the position. An economic development staff person can advocate for business interests, improve the City's business climate and help implement the economic development plan.
- Consider hiring a part time Economic Development Consultant if sufficient resources are not available to support a full time position

**Objective #2:**

*Support Business Retention and Expansion*

The City can assist the economic viability of small, independent businesses by initiating a Business Retention Program (BRP) that promotes local businesses, recruits new restaurants, improves the quality of food and other services offered, and maintains the community's unique character.

**Recommendations**

- Establish a Business Retention Program that can act as an "early warning system" for business sectors that may be at risk.
- Partner with the San Francisco Renaissance Entrepreneurship Center to offer business startup and management training for Pacifica entrepreneurs and small businesses. The Renaissance model has been

replicated in communities like Hayward, East Palo Alto, and San Jose with Community Development Block Grant Funds.

- Establish a Shop Pacifica campaign modeled after successful “shop local” efforts in other communities, and consider implementing this in partnership with the Chamber and independent merchants.
- Recruit new restaurants with a distinct local character that can take advantage of the emerging consumer preference for local- and neighborhood-serving restaurants without building new commercial space.
- Organize a tour of vacant commercial spaces that may generate interest from local entrepreneurs or residents seeking business startup or live-work space.

**Objective #3:**

*Encourage and Support the Development of New Business Space*

The development of new business space has the potential to reshape Pacifica’s economy. If implemented, Pacifica could attract start up firms engaged in the research and development of software design, biotechnology, and other technology sectors. In addition, new hotel rooms will generate Transit Occupancy Tax (TOT) revenues and additional visitor spending tax receipts.

**Recommendations**

- Negotiate new business space into approved master plans for the Quarry and Calson sites;
- Continue to implement the Beach Boulevard Redevelopment Plan;
- Support proposals to expand the number of hotel rooms at Rockaway Beach and other appropriate areas.

**Objective #4:**

*Expand Funding Dedicated to Promote Pacifica as a Visitor Destination*

Additional tourism promotion funding in Pacifica could yield a direct return on investment in the form of improved occupancy rates and restaurant sales. Tourism is a business that generates a direct return on investment for the City in the form of a 12 percent Transit Occupancy Tax assessed to a \$150 average room rate per night. Overnight visitors also generate additional tax revenue from visitor spending at local restaurants and stores

**Recommendations**

- The City and the Pacifica Hotel Business Improvement District (BID) should consider increasing the current \$65,000 assessment that will

supplement funding available to promote the hotels; the footprint of the BID could include other tourism related businesses that could also participate in the BID.

- The City and the BID should invest additional funding to promote Pacifica as an overnight visitor destination. Additional funding, which is dependent on budget limitations would supplement the BID expenditures and the \$10,000 expended by the City for visitor services.
- Pacifica's tourism industry stakeholders should seek additional promotional and marketing services from the San Mateo County/Silicon Valley Tourism Business Improvement District

**Objective #5:**

*Promote Pacifica's Hotels and Other Destination Commercial Establishments*

The stability of funding to promote Pacifica as a visitor destination will vary over time, but the City, BID, and Chamber should focus whatever level of funding is available to attract visitors to stay overnight at the hotels and patronize other commercial establishment destinations. Targeted promotion of destination commercial businesses will generate more positive business activity measured by additional business sales and tax receipts. Promotional efforts should connect recreational visitors with food, local retailers, recreational services, and food services that can be purchased in Pacifica.

**Recommendations**

- The City and the BID should consider offering matching fund grants to the hotels and other destination commercial businesses that are engaged in visitor attraction efforts;
- Funding provided by the City and the BID should continue to produce the Pacifica map and the useful visitor information on the Chamber of Commerce web site;
- Funding provided by the City and BID should continue to promote hotel stays during off-week and off-season periods.

**Objective #6:**

*Promote Rockaway Beach as Pacifica's Primary Visitor Destination*

Pacifica would benefit from efforts to attract visitors to Rockaway Beach where people could park their cars and walk to the beach, food service establishments, and small retail stores without additional driving trips.

**Recommendations**

- Brand Rockaway Beach with its attractive architecture as a food and lodging visitor destination.

- Attract music and other special events to Rockaway Beach; this would generate multiplier benefits for area businesses.
- Encourage visitor-serving retail to locate at Rockaway Beach; additional complementary and destination businesses will enhance the ambience and viability of the area.
- Work with local merchants to normalize business hours and signage so that visitors are able to access restaurants, shops, and services during regular business hours; in that way, repeat visits will be encouraged, creating a community village environment

**Objective #6:**

*Redevelop or Revitalize Key Opportunity Sites*

Revitalizing economic development opportunity sites presents Pacifica with its best opportunity to make a significant change to the local economy by adding new office, commercial or laboratory space, or new commercial retail space that will help Pacifica accomplish the fiscal sustainability goal.

**Recommendations**

- Partner with the current Quarry property owner to plan a financially feasible land use mix that community residents can support. The property owner should be required to develop new Class A office and laboratory space as a condition of approval.
- Partner with the Calson Site property owner to put the property back on the market and encourage the owner to plan a financially feasible land use mix that the community can support. The property is not currently on the market and the owner should be encouraged to seek a buyer with the financial capacity to implement a master plan.
- Continue implementing the Beach Boulevard Redevelopment Plan; the City's current approach should be maintained as the project moves forward.
- Continue efforts to revitalize the Palmetto Avenue Corridor by supporting land use changes that encourages walkability and a scale of businesses that support a more neighborhood, village ambience. Infrastructure improvements should be completed to incentivize new real estate investments; zoning and parking requirements should be reviewed and possibly adjusted to encourage the development of new commercial space along the corridor.
- Eureka Square should be more intensely developed with a mix of residential and commercial uses. The General Plan Update should encourage the property owner to redevelop the site with more business space and a mix of residential and commercial uses;



and

- Encourage the owners of the former Pacifica Lumber Yard Site to re-establish retail uses or to sell to new buyers that will attract a new retail business.

\* \* \*

## 2. A SNAPSHOT OF PACIFICA’S ECONOMY

Pacifica has a very small economy with approximately 39,000 residents and 21,000 employed workers, of which 18,000 leave town five days per week to commute to other employment centers. Local employers generate only 4,400 jobs, of which 2,000 commute into Pacifica from out of town. This means that the City’s population shrinks to 23,000 people during the workdays, which greatly reduces the capacity to populate restaurants and purchase services and retail products at local business establishments.<sup>1</sup>

Approximately 530 private sector employers are located in Pacifica, who generate 4,390 jobs. Government and non-profit employers supplement the jobs generated by private employers (See Figure 1). Relatively low wage retail and hospitality establishments generate nearly 40 percent of the local jobs. Retail jobs are supported by local spending, and leisure and hospitality jobs are dependent on weekend tourism spending. Other significant economic sectors that generate good paying jobs include health and private education services (840 jobs), professional and business services (560 jobs) and construction (530 jobs).

**FIGURE 1**  
**Employment by Industry in Pacifica and San Mateo County, 2011**

	Pacifica		San Mateo County	
	Employment	Percent Total	Employment	Percent Total
Construction	530	12%	13,600	5%
Manufacturing	240	5%	26,400	9%
Wholesale Trade	10	0%	11,100	4%
Retail Trade	860	20%	33,100	11%
Transportation, Warehousing & Utilities	40	1%	23,900	8%
Information	30	1%	17,400	6%
Financial, information, real estate	210	5%	19,300	7%
Professional & Business Services	560	13%	63,200	22%
Educational & Health Services	840	19%	34,700	12%
Leisure, Hospitality & Arts	850	19%	35,300	12%
Other Services	220	5%	12,400	4%
<b>Total</b>	<b>4,390</b>		<b>290,400</b>	

**Data Sources:** California Employment Development Department, US County Business Patterns

**Analysis:** Wahlstrom & Associates

**Note:** Employment counts do not include government and agricultural jobs

<sup>1</sup> See Appendix A, Table A-1 for Journey to Work estimates

Pacifica's economy is comprised primarily of small firms that employ fewer than five employees. Approximately 65 percent of local firms are in this category, and 85 percent of establishments have 10 or fewer employees. The average Pacifica business employs 8.3 workers.<sup>2</sup>

## 2.1 EMPLOYMENT TRENDS

Pacifica's private sector employers created 260 new jobs between 2010 and 2011, and as with the rest of the San Francisco/Silicon Valley region, the local economy is back on the rebound following the end of the great recession in 2009. Approximately 75 percent of new jobs were generated by the health, professional, and business service sectors. The 6.4 percent annual growth rate for Pacifica nearly tripled San Mateo County's employment growth rate.<sup>3</sup>

Both the regional and local economy were impacted significantly during the recession period between 2006 and 2010 when Pacifica suffered a net job loss of 400 jobs, which was led by the loss of 480 leisure and hospitality industry jobs. Clearly, the recession hit the tourism industry very hard as fewer visitors stayed overnight in the local hotels, and fewer daytime outdoor recreation visitors purchased products and services in Pacifica.

Overall, Pacifica's economy added 600 jobs between 2000 and 2006, during the time when San Mateo County and Silicon Valley were severely affected by the dot.com bust and its secondary impacts on the regional economy. Pacifica lost 200 wholesale trade jobs and 60 retail jobs, which were counterbalanced by a gain of 340 leisure and hospitality jobs, 300 health care jobs and 210 other service jobs.

## 2.2 WORKFORCE CHARACTERISTICS

In addition to a review of workforce data, a survey was prepared by the consultant to quantify current information about Pacifica's workforce. The Pacifica Chamber of Commerce generously encouraged its member businesses to respond to this workforce characteristics survey posted on line.<sup>4</sup> Responses from 41 business establishments yielded the observations below about Pacifica's workforce:

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<sup>2</sup> See Appendix A, Table A-2 for Firm Size data

<sup>3</sup> See Appendix A, Table A-3 for Pacifica employment trends data

<sup>4</sup> The Pacifica Chamber sent out at least three email blasts notifying encouraging members to respond to the on-line survey

- 50 percent of Pacifica’s business establishments hired new workers this past year;
- Half of the firms hired new employees to expand business operations; the other half were hired for employment turnover reasons;
- Half of the employers found new employees via word of mouth; 25 percent found new employees via Internet job boards or Craig’s list and 10 percent used local advertising such as the *Pacifica Tribune*;
- Employer hiring difficulties include: Relatively low wages offered did not attract applicants (22%), applicants were not work ready (15%), applicants need more computer or technology skills (10%), and lack of public transportation (5%),  
  
and
- Workforce retention improvements could be facilitated as follows: better connection with training programs (24%), better connections to Community Colleges and local schools (22%) and more local job fair forums (17%).

The formal education levels completed by Pacifica residents are comparable to elsewhere in San Mateo County and throughout California. More than 40 percent of Pacifica’s adults have not completed high school. One-fourth of residents are college graduates and 13 percent completed a professional or advanced degree.<sup>5</sup>

Lastly, more than 72 percent of Pacifica residents that are 16 years or older participate in the labor force compared to 65 percent of California residents.<sup>6</sup> Pacifica residents also have lower unemployment rates than elsewhere in the County as the jobless rate recently declined to 5.8 percent.<sup>7</sup>

## 2.3 DEMOGRAPHIC AND INCOME TRENDS

Pacifica’s population growth rate is stagnant as a result of the large amount of open space and the community’s resistance to approving new housing starts. The growth rates are very similar to the fully built out Daly City, and much slower than other San Mateo County communities

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<sup>5</sup> See Appendix A, Table A-4 for data on educational attainment

<sup>6</sup> Persons not in the labor force include retired, disabled, homemakers, students and discouraged workers that are no longer seeking work. See Appendix A, Table A-5 for labor force characteristics data

<sup>7</sup> See Pacifica Patch. “Coastside” Unemployment Rates Drop Sharply.” May 18, 2013

where land, available commercial space, and increased density are possible.<sup>8</sup>

Pacifica's demographics are less diverse than elsewhere in San Mateo County and California. More than 55 percent of Pacifica residents are Caucasian, and the City has a lower percentage of Hispanics, Asians and African Americans than elsewhere in San Mateo County.<sup>9</sup> Some areas of Pacifica are more ethnically diverse such as the area serviced by the Ramallah Plaza.

Pacifica has no significant age characteristics that differ from San Mateo County demographics. The City's population is slightly older than the California average.<sup>10</sup>

Pacifica enjoys a relatively high household income average of \$105,000—25 percent higher than California's household income and higher than San Francisco incomes.<sup>11</sup> Higher disposable income is good news for local retailers.

However, it is important to note that the real value of household incomes have been in decline since 2000, with no end in sight to the decline. The income declines were outcomes of the dot.com bubble and secondary impacts to the regional economy in the early 2000s, the great recession of 2007 to 2009, and the general decline and re-structuring of the US economy.

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<sup>8</sup> See Appendix A, Table A-6 for population growth data

<sup>9</sup> See Appendix A, Table A-7 for population by ethnicity data

<sup>10</sup> See Appendix A, Table A-8 for population by age data

<sup>11</sup> See Appendix A, Table A-9 for income data

### 3. ECONOMIC DEVELOPMENT STRENGTHS

Interviews with community stakeholder identified Pacifica’s economic development strengths, which are summarized in the Figure 2 and described below with more detail.<sup>12</sup>

**FIGURE 2**  
Pacifica’s Economic  
Development Strengths  
(DRAFT)

- Proximity To Downtown San Francisco, Silicon Valley, and San Francisco International Airport
- Perception of Good Schools and Low Crime Rates
- Presence of Successful Entrepreneur Residents
- Strong Household Income
- Presence of Local Newspapers and On-Line News Sources
- Access to Public Beaches and The Pacific Ocean
- Great Hiking, Biking, and Outdoor Recreation

#### PROXIMITY TO DOWNTOWN SAN FRANCISCO, SILICON VALLEY, AND SAN FRANCISCO INTERNATIONAL AIRPORT

Pacifica enjoys an ideal location that has attracted high net worth residents capable of purchasing a home with ocean views and access within a short commute from downtown San Francisco, a 20-minute drive from the airport, and a one-hour drive from Silicon Valley. The City’s location has successfully attracted the owners and executives of high technology, entertainment and social media, and biotechnology firms that have formed business clusters in South San Francisco, Silicon Valley, and the Mission Bay area of San Francisco.

#### GOOD SCHOOLS AND LOW CRIME RATES

The perception of good schools and low crime rates contributes to the attractiveness of Pacifica as a place to live and do business. The most recent education reports show that the public schools in Pacifica possess test scores well above the averages for San Mateo County and the State of California.<sup>13</sup> The latest data also documents Pacifica’s very low crime rates.<sup>14</sup>

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<sup>12</sup> Stakeholders interviewed include Steve Rhodes, George White, Anne Ritzma, Vasu Narayanan, Courtney Conlon, Len Stone, Mike O’Neill, Mary Ann Nihart, Karen Ervin, Tom Clifford, Sue Vaterlaus, Anne LeClair, Julie Mazetti, Chuck Gust, Mike Ervin, Victor Spano, Sam Casillas, Ron and Sheryl Calson, Jim Heldberg, Sue Digre, Javier Chavarria, Mary Brown, Marty Cerles, Jim Wagner, Mark Stechbart and Frank Vella

<sup>13</sup> Source: Pacifica Patch. April 30, 2013. STAR tests indicate that 71% of Pacifica’s English/Language Arts students earn a 71 percent of proficient or advanced test scores compared to 66 percent of San Mateo County students. Sixty-seven percent of Pacifica students earn proficient or advanced history scores compared to 58 percent of County

## SUCCESSFUL ENTREPRENEUR RESIDENTS

A number of high net worth entrepreneurs with technology industry success have decided to live in Pacifica to be near the ocean, and to take advantage of the City's strategic location and convenient access to the regional economy. Technology entrepreneurs currently work out of their homes, in small offices, or they commute to other locations in the regional economy. Some of these individuals seek to create new enterprises and would consider Pacifica a desirable business location if suitable Class A office and laboratory space existed or could be developed.

## STRONG HOUSEHOLD INCOMES

Pacifica possesses an average household income of \$107,700—higher than average household incomes in San Francisco and throughout the Bay Area, which average \$102,000.<sup>15</sup> This relatively high average household income translates into a strong capacity to purchase retail products and food services at the local restaurants and bars.

## PRESENCE OF LOCAL NEWSPAPERS AND ON-LINE NEWS SOURCES

The presence of local newspapers, online publications, and blogs that discuss community events and public issues convey a positive image that helps make Pacifica a destination as a place to live and do business.<sup>16</sup>

## PUBLIC BEACHES AND PACIFIC OCEAN ACCESS

Access to the Pacific Ocean is a significant contributor to positioning Pacifica as a desirable place to live, work, and visit. Homes within walking distance of the beach, or with a view of the ocean, retain

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students. Sixty-eight percent of Pacifica students earn proficient or advanced math scores compared to 60 percent of County students. Seventy seven percent of Pacifica students earn proficient or advanced math test scores compared to 66 percent of County students.

<sup>14</sup> Data indicates that violent crimes are well under half the national rate (55%), and property crimes amount to only 32% of the national average. Data source: Cityrating.com, April 30, 2013

<sup>15</sup> Data from the Association of Bay Area Governments (ABAG)

<sup>16</sup> The Pacifica Tribune is a weekly publication that can be picked up in various locations around town. The Pacifica Patch is a chain publication with daily local stories. The Fix Pacific blog (<http://fixpacific.blogspot.com/>) and the Pacifica Riptide blog (<http://www.pacificariptide.com/>) are dedicated to community affairs. The Patch is a national on-line chain news source with a Pacifica branch outlet.

relatively high values and businesses located near the ocean are an attractive place to work. Most importantly, the ocean and the public beaches anchor Pacifica's tourism industry, attracting recreational visitors for the bike and walking trails, swimming, and surfing and fishing at the Pacific Pier. The hotels are within walking distance from the ocean and a number of restaurants offer views of the ocean.

## **GREAT HIKING, BIKING, AND OUTDOOR RECREATION**

Approximately X percent of Pacifica's 12.6 square miles is comprised of public lands that offer permanent open space and recreational opportunities for residents and visitors.<sup>17</sup> Sweeney Ridge, Milagra Ridge, and Mori Point offer hiking trails that wind through and around the City. Sharp Park, anchored by the heavily played Alister MacKenzie designed golf course, also includes a rifle/archery range and additional open space.

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<sup>17</sup> The City of Pacifica is 32.8 square km. The combined area of Milagra Ridge, Sweeney Ridge, and Mori Point amounts to X square kms.



## 4. BUSINESS ATTRACTION POTENTIAL

The economy has experienced a slow recovery since the Great Recession ended in 2009-2010. The State of California began releasing one-year data results to measure the strength of the recovery between 2010 and 2011. San Mateo County did quite well creating 7,500 new jobs that represented an annual growth rate of 2.4 percent (See Figure 3). Jobs in Santa Clara County expanded at a 2.7 percent annual growth rate, while the San Francisco employment base expanded at a 1.7 percent growth rate. Job creation in all three jurisdictions expanded more rapidly than California, which expanded at only .9 percent between 2010 and 2011.

**FIGURE 3**  
**Job Creation in California and the Counties of San Mateo, San Francisco and Santa Clara: 2010-2011**

	2010	2011	Growth Rates	New Jobs
<b>San Mateo</b>	315,000	322,500	2.4%	7,500
<b>San Francisco</b>	518,300	525,800	1.4%	7,500
<b>Santa Clara</b>	846,200	869,000	2.7%	22,800
<b>California</b>	14,319,500	14,445,700	0.9%	126,200

**Data Source:** California Employment Development Department

**Analysis:** Wahlstrom & Associates

Essentially, job creation has resumed in San Mateo County, and Pacifica possesses the opportunity to capture a share of future growth if the right types of commercial space are available to match the demand for growth. Given the positive existing conditions and future indicators, it is Pacifica's supply of business space rather than demand that is the key factor in driving the City's economic future. Unfortunately, the relatively limited inventory of vacant and available business space constrains Pacifica's business attraction efforts. For example, business attraction targets include small independent retailers, destination businesses, and small professional businesses (with five or fewer employees) that are willing to establish a business with a less than ideal location.

Pacifica has 87,700 square feet of vacant business space that city staff, elected officials and other economic development stakeholders have worked hard to fill during the past two years

(See Figure 4).<sup>18</sup> Half of the vacant space is concentrated in Eureka Square and Linda Mar Shopping Center. Another 16 percent is located in Rockaway Beach, 11 percent in the Fairmont Shopping Center, and the remaining vacant space is scattered throughout smaller commercial areas.

#### 4.1 CHARACTERISTICS OF VACANT SPACE IN PACIFICA

Thirty empty ground floor office and/or retail vacancies with an average size of 2,100 square feet per space account for nearly three-fourths of Pacifica's vacant space. None of the individual vacancies are larger than 4,500 square feet, which means there are no vacant anchor store spaces. The vacant ground floor spaces are generally in less traditional locations, unattractive to national or regional chain store retailers.

Seventeen empty professional or medical office suites accounting for 15,000 square feet of vacant professional or medical office space are available for lawyers, doctors, dentists, accountants, or other professional services. The vacant professional office space averages 900 square feet, with no suite larger than 2,000 square feet. This means that very small professional firms that employ a handful of people are potential tenants of the available office space.

Five empty restaurant spaces account for 9,500 square feet of vacant space, with multiple sites possessing a favorable location and suitable physical characteristics.

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<sup>18</sup> Data collected from the City of Pacifica web site at:  
<http://www.cityofpacifica.org/civica/filebank/blobdload.asp?BlobID=5632>

**FIGURE 4**  
**Inventory of Vacant Commercial Space in Pacifica: 2013**  
(Square Feet)

Commercial District	Total Vacant Space	Retail or Ground Floor Office	Medical or Professional Office	Restaurant	Percent Total Vacant Space by Commercial District
Eureka Square	25,400	18,800	6,000	600	29%
Rockaway Beach Plaza	14,200	5,700	4,500	4,000	16%
Vallemar Center	2,600	2,600	0	0	3%
Pacific Manor Shopping Area	2,900	0	0	2,900	3%
Park Mall	1,700	0	1,700	0	2%
Crespi Business District	3,000	1,100	1,900	0	3%
Linda Mar Shopping Center	18,800	18,800	0	0	21%
Ramallah Plaza	500	500	0	0	1%
Fairmont Shopping Center	9,500	9,500	0	0	11%
Palmetto Business District	4,000	1,100	900	2,000	5%
Pedro Point Shopping Center	5,100	5,100	0	0	6%
<b>Total</b>	<b>87,700</b>	<b>63,200</b>	<b>15,000</b>	<b>9,500</b>	
<b>Percent Total Vacant Space by Type of Space</b>		<b>72%</b>	<b>17%</b>	<b>11%</b>	

## 4.2 RESTAURANT ATTRACTION POTENTIAL

Pacifica has the potential to take advantage of its great location near the ocean, proximity to San Francisco and Silicon Valley, relatively high incomes, and the emerging consumer preferences for local and neighborhood serving restaurants and retailers. The City currently has 9,500 square feet of vacant restaurant sites within four business districts that can be actively marketed; and many restaurant spaces have recently turned over ownership, which presents new opportunities to establish Pacifica as a destination for great restaurants.

## 4.3 RETAIL ATTRACTION POTENTIAL AND CONSTRAINTS

Pacifica lacks any available commercial space that can accommodate tenants that are large enough to attract destination retail establishments. The available sites are very small and not well located, which makes them unattractive. In addition, discount and big box retailers are well

established in neighboring Daly City and Colma, within a short drive of Pacifica as displayed in Figure 4. The absence of destination retailers, combined with the network of big box stores surrounding Pacifica, simply reinforces long term shopping patterns that support spending in the surrounding communities. Other retail attraction constraints are described below.

**FIGURE 4**  
**Inventory of Big Box Retail Surrounding Pacifica**

Stores	Address	City	Driving Distance from Pacifica (miles)
Target	133 Serramonte Center	Daly City	5
Target	5001 Junipero Serra Blvd	Colma	6
Office Depot	307 Gellert Blvd	Daly City	6
Kohl's	1200 El Camino Real	Colma	6
Bed Bath & Beyond	19 Colma Blvd	Colma	6
Home Depot	2 Colma Blvd	Colma	6
Home Depot	91 Colma Blvd	Colma	7
Best Buy	200 Colma Blvd	Colma	7
Home Depot	303 E. Lake Merced Blvd.	Daly City	7

Source: Pacifica General Plan: Retail and Tourism Market Assessment. May 7, 2009

***Lack of Anchor Store and Big Box Retail Sites***

Pacifica does not currently contain any of the traditional 5- to 10-acre sites that big box retail stores such as Target, Office Depot, Kohl's, Home Depot, Best Buy, Bed Bath & Beyond, and others require. The lack of available sites for big box retail is a significant obstacle to expanding commercial activities beyond neighborhood centers.

***Shopping Centers and Commercial Districts Serve Neighborhoods and not the Entire City***

Pacifica is defined by distinct neighborhoods and commercial shopping centers scattered along a five-mile stretch of Pacific Highway 1.

Characteristics of Pacifica's prominent shopping districts are as follows:

- The Pacific Manor shopping center, anchored by Safeway, is well located to serve the northern neighborhoods adjacent to Daly City and Skyline Boulevard.
- Eureka Square serves neighborhoods between Paloma Avenue and Sharp Park.

- Rockaway Beach attracts both visitors and residents with its beachfront hotels; a walkable, inviting streetscape; and the destination restaurant Nick's. The area is a natural visitor destination characterized by appealing architecture and an attractive beachfront. Although Rockaway Beach lacks a surrounding residential neighborhood, a weekly farmer's market attracts customers from throughout the City.
- The Linda Mar Shopping Center, also anchored by Safeway, is very successful and generates the highest shopping center lease-rates in the City.

### ***Small Daytime Population and Limited Consumer Spending***

Pacifica's daytime population is significantly less than the residential population of 39,000, leaving local businesses with limited opportunities to capture sales during the week. Approximately 13,700 Pacifica residents commute to other employment centers, taking a portion of their retail sales with them to their municipalities of employment. Conversely, only 2,300 people commute into and work in Pacifica each day. This amounts to a net outflow of 11,400 people per day.<sup>19</sup> This outflow of commuters leaves Pacifica businesses reliant on sales from weekday evenings, and weekends that attract recreational visitors, most of which are day visitors that may spend a limited amount of money in Pacifica.

### ***Unattractive Architecture and Urban Design***

Rockaway Beach Plaza is an interesting and attractive commercial area that lacks a diversity of commercial businesses other than Nick's and a handful of local coffee shops and eateries. However, other Highway 1 commercial centers such as Pacific Manor, Vallemar, Linda Mar, and Pedro Point suffer from a lack of distinct, inspiring architecture, as well as a sprawling unattractive urban design that fails to attract visitor spending. This leaves the individual business tenants to rely on local spending for sales.

### ***Irregular Business Hours***

A number of small retail and service business establishments operate on a part-time basis with irregular business hours, which is inconsistent with the management practices of neighboring business areas. When potential customers visit a local business and the establishment is closed, they are likely not to return. Closing a business in the middle of the day or on days that may be unexpected for a consumer (like Tuesdays) discourages the customers that want certainty about business operations hours. The problem seems to be particularly acute in Rockaway Beach and other

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<sup>19</sup> Source: Pacifica General Plan Update: Retail and Tourism Market Assessment; May 7, 2009. See Table 2

smaller commercial areas. Irregular business hours are not as prevalent at other shopping centers like Pacific Manor, Linda Mar, and other established shopping centers whose businesses operate on a more predictable schedule of hours.

#### **4.4 OTHER BUSINESS ATTRACTION POTENTIAL**

The Pacifica stakeholders aspire to create a more diversified local economy; however, they do not have the desire or intention to transform Pacifica into a major employment center that would compete with Daly City, South San Francisco, San Mateo, Redwood City, Foster City and other communities that attract large employers engaged in software production, entertainment and social media, biotechnology, or other emerging industries. Technology start-up companies that would employ 50 or fewer people fit the profile of a business attraction target in alignment with Pacifica's character of a recreational beach town. This would contribute to the City's fiscal base, and add to the daytime population available to spend part of their disposable income at local restaurants, service businesses, and retail stores.

Pacifica's potential to capture new technology start-up investment is limited because the City lacks the Class A office and laboratory space typically required by companies; also, the vacant ground floor retail space and small professional office space does not adequately match the needs of start-up firms. While the business owners continue to reside in Pacifica, they ultimately locate their start-up firms in San Francisco, South San Francisco, San Mateo, and Santa Clara County where suitable commercial space exists.

\* \* \*

## 5. POTENTIAL TO DEVELOP NEW BUSINESS SPACE

Technology business start-ups require adequate space suitably prepared to be occupied and, because of short “time-to-market” needs, they do not possess the time to navigate real estate development approval process that could take a long period of time. City staff, developers, and property owners should identify potential development sites, and continue to streamline the entitlement/approval process to the greatest extent possible so that vacant and/or underutilized sites are developed. This is a crucial element in Pacifica’s efforts to capture pent-up demand for new research and development space. The constraints and challenges to developing new business space in Pacifica are described below.

### ***Resistance to Developing New Business Sites***

A well organized group of Pacifica residents and stakeholders are resistant to land use adjustments as they are currently designated, increasing the difficulty, cost, and time necessary to develop vacant and/or underutilized sites. Regardless of whether the identified areas are properly zoned for business uses, citizen activist groups possess the strength to disrupt development plans—as evidenced by past opposition to developing the Quarry and the Calson property.

### ***New Development West of Pacific Highway 1 Must be Consistent with the Local Coastal Plan***

The potential development of any privately owned land west of Highway 1 must be consistent with the City’s General Plan requirements and the Local Coastal Plan. Proposed projects that do not conform to the Local Coastal Plan can be challenged and disallowed by the California Coastal Commission. In general, the Local Coastal Plan will only allow real estate development projects that encourage recreation and public access of the coastline. Proposals that do not conform with the LCP can be modified or approved by the Coastal Commission and the City of Pacifica.

### ***Lack of City Staff Capacity and Fiscal Resources to Facilitate Economic Development***

The City of Pacifica currently has very little capacity to initiate and implement economic development projects and programs. The City Manager functions as the economic development staff person, with very little available time to initiate and assist new initiatives. The lack of an economic development staff person limits Pacifica’s capacity to advocate for business interests, encourage business friendly governmental practices, and engage in public/private partnerships.

Many cities assist private development projects with a public purpose by using public/private partnerships to fund off-site improvements that may

enhance the project, mitigate traffic, or provide other types of community improvements. Proposed projects can also be fast-tracked by an expedient public review process that reduces pre-development costs, and improves predictability and speed to market.

### ***Absentee and Disengaged Commercial Property Owners***

The owners of key sites that could be developed or redeveloped are not engaged with the City, and it is virtually impossible to develop new business space without property owner support. The Eureka Square property owner may be interested in converting the site to a residential use, but has so far displayed no interest in filling the commercial vacancies or developing a mix of uses. The potential development of the Quarry site, which is currently for sale, requires approval through a voter referendum to include housing on the site. The potential development of mixed uses in the Manor Square shopping district is constrained by the fractured ownership of multiple property owners with disparate business goals.

### ***Poor public transit connections to San Francisco and the region***

Pacifica is a car-oriented community that lacks adequate public transit to other locations in the region. Cars are required by employees to commute to work because of the challenges in accessing bus transit and BART connections to reach the final destination. The lack of convenient access to the regional transit network by the regional labor force reduces the potential labor force and the desirability of Pacifica as a business location.

## **5.1 VACANT LAND SITES**

The vacant and/or underutilized sites are summarized in Figure 5, and described in more detail below. The potential development of three significant vacant sites described below could contribute to accomplishing the goal of building new business space that captures a share of the job creation in San Mateo County.

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*Figure 5  
 Pacifica's Economic Development Sites and Opportunity Areas*

Vacant Land Sites	Area and Site Description	Land Development Status	Land Development Constraints
<b>Quarry Site</b>	86-acre limestone quarry adjacent to Pacific Highway 1 near Rockaway Beach and the GGNRA Mori Point Reserve	<p>Property is currently for sale and owned by the lender (Ambit Funding LLC) who has no plans to develop the site</p> <p>Planned improvement of Pacific Highway 1 would improve access and reduce potential traffic impacts</p> <p>Development can be phased and incrementally implemented to adjust to market conditions</p>	<p>New housing cannot be developed without a vote of citizens, consistent with a 1983 action by voters</p> <p>Two land development proposals were voted down since 2000</p> <p>Attitudes are changing and citizens may be more supportive of a new land development plan, depending on the land use mix and design</p> <p>Development plans must be consistent with the Local Coastal Plan</p>
<b>Calson Site</b>	5.3 Acres of undeveloped land with beach access adjacent to Pedro Point Shopping Center	<p>The property owner has prepared an unapproved plan to develop the site for low density residential while retaining some open space for a park</p> <p>Other scenarios have been proposed and the land owner is open to a public/private partnership to facilitate development, but the property is not on the market at this time</p> <p>No formal development plan or master plan has been submitted to the City for approval</p>	<p>Pedro Point Community Association (PPCA) indicated their preference that the site should be used for commercial recreation, and they will oppose any uses not considered commercial recreation</p> <p>The site is currently an unspecified land designation in the General Plan, making development unpredictable</p> <p>Site is within the coastal zone, requiring new development to be consistent with the Local Coastal Plan</p>
<b>Shamrock Ranch</b>	<p>Rural, large parcel currently used for ranching activities could potentially be developed into an education or technology campus</p> <p>Property located outside the City Limits but within the Sphere of Influence</p>	<p>Transforming this site into a campus is a conceptual idea at this time</p> <p>The property must be brought into the City before development can proceed</p>	<p>Parcel is isolated, with limited access through established residential neighborhoods</p> <p>New development would have to address traffic impact concerns and zoning limitations</p>

*Figure 5 (continued)  
 Pacifica's Economic Development Sites and Opportunity Areas*

Underutilized Sites	Area and Site Description	Status of Revitalization Efforts	Revitalization Constraints
<b>Beach Boulevard</b>	<p>Former Wastewater Treatment Plant proposed to be redeveloped for a library, hotel, waterfront restaurant and housing</p> <p>Outstanding strategic location with a substantial amount of community agreement supporting an agreed upon land use mix</p>	<p>Initial planning effort was completed with community support of the suggested land uses</p> <p>Draft EIR complete and plan, etc.</p>	<p>City has yet to identify one or more partners that will privately invest in the redevelopment initiative.</p> <p>Public funding must be secured for the library and other public improvements</p> <p>EIR must be finalized, which is needed to provide predictability in the entitlement process that will activate the desired development outcomes</p>
<b>Palmetto Avenue Corridor</b>	<p>Palmetto Avenue Corridor extends between Paloma and Clarendon</p> <p>Beach Boulevard site is included within the corridor</p>	<p>Construction has started on undergrounding utilities in the core area of the district</p> <p>Plans are in place to improve and widen sidewalks; install new streetlights; add street furniture such as benches and waste baskets, decorative planters and trees; and improve signage, which will be completed in phases</p> <p>Palmetto Business Association is organized to advocate for the district's business success</p> <p>Small infill sites available for new commercial or mixed use development</p>	<p>The corridor lacks a destination business or cluster of services that will attract customers to stop, walk, shop or eat</p> <p>Limited parking options constrain revitalization initiatives</p> <p>Fractured ownership makes a unified vision difficult</p>
<b>Eureka Square Shopping Center</b>	<p>80,000 SF of built space anchored by Oceana Market and US Bank</p> <p>31% vacancy rate</p>	<p>Anchor tenant and other community stakeholders have a vision to revitalize the existing buildings, reduce parking, build more commercial space and add residential units</p> <p>No plans or development proposals have been prepared to redevelop the site</p>	<p>Property owners are reclusive. They lack a vision to improve the site, and stakeholders feel that the owners want the site converted to residential, which is contrary to the City's economic development interests</p>

*Continued on next page*

Figure 5 (continued)  
 Pacifica's Economic Development Sites and Opportunity Areas

Underutilized Sites	Area and Site Description	Status of Revitalization Efforts	Revitalization Constraints
<b>Pacific Manor Shopping Center Area</b>	<p>The strategically located shopping center is anchored by Safeway with each building owned by individual owners</p> <p>The surrounding area comprises a whole shopping district that includes a Walgreens, a post office and other commercial services</p>	<p>Key community stakeholders have a vision to create more density and mixed uses in this area</p> <p>Past efforts to improve signage and facades failed due to a lack of agreement among business tenants</p>	<p>Business sales in this area are strong, and there is no incentive to change what is working well</p> <p>Multiple property owners makes it difficult to collaborate on common improvements and to redevelop for more intensive mixed uses</p>
<b>City Corporation Yard</b>	<p>City owned Corporation Yard includes the Public Works and Engineering buildings</p> <p>The site is located along Oceana Boulevard between Avalon and Milagra Drive</p> <p>A church and residences are located directly behind the site</p>	<p>Key stakeholders advocate the sale of the Corporation Yard, and relocation of its activities to another site, which could free up the City owned property for new private commercial development</p> <p>The sale of the equipment storage area would most likely result in the expansion of general commercial space</p>	<p>No alternative Corporation Yard site has been identified</p> <p>Relocating the Corporation Yard will be a complex transaction requiring a public/private partnership</p> <p>The transaction may not be financially feasible for the City to accomplish</p> <p>It is unlikely that the location would be attractive to developers of Class A office or laboratory space due to the lack of surrounding amenities</p>
<b>Former Pacifica Lumber Company Site</b>	<p>Two acre site with 7,500 square feet of buildings east of Highway 1 between Rockaway Beach and the Vallemar Center</p> <p>Location gets significant traffic visibility with access by car for Pacific Highway 1 north bound travelers</p>	<p>Key stakeholders in Pacifica envision the lumber yard to be restored as a viable commercial retail site</p> <p>Property was foreclosed and the current owners are using the site to store construction equipment</p>	<p>Current owners have no plans to resume retail operations, sell the property or attract new retail tenants</p>

### ***The Quarry***

Pacifica's most desirable undeveloped site is an 86-acre former limestone quarry adjacent to Pacific Highway 1, near Rockaway Beach and the GGNRA Mori Point Reserve. The site's location west of Pacific Highway 1 requires that development plans be consistent with the City of Pacifica's General Plan and the Local Coastal Plan.

In 1983, the residents of Pacifica voted to require *any* residential development plans at the Quarry to be approved by a public vote. Two proposals to develop housing and other commercial uses have been rejected by voters since 2000, and the most recent proposal to develop a new hotel; 355 residential units; and a town center of boutiques, restaurants, galleries, and office space was defeated by 452 votes in 2006.

Consequently, the lender that owns the site (Ambit Funding LLC) has listed the property for sale, with no plans to develop the site. Stakeholders believe that there has been an adjustment in the attitudes of voters in Pacifica since 2006 and the public may be more supportive of future land development plans, depending on the proposed land-use mix and design. Further, the planned improvements of Pacific Highway 1 may also mitigate concerns with potential traffic impacts associated with new development that have previously been a point of objection by the community.

### ***Calson Site***

A privately owned 5.3 acre vacant site adjacent to Pedro Point Shopping Center near the beach is a prime candidate to be developed for new business space. The site's location west of Pacific Highway 1 would require development plans to be consistent with the City's General Plan and the Local Coastal Plan.

The property owner desires to develop the site for low-density residential while retaining some open space for a park. However, the property is not currently listed for sale, and no formal development plan or master plan has been submitted to the City for approval. The owner is willing to consider a public/private partnership in order to address neighborhood concerns while allowing for some development, but the Pedro Point Community Association (PPCA) established the position that the respective site should be used for commercial recreation and has declared their intention to oppose residential and other non-recreational uses.

### ***Shamrock Ranch***

The third significant undeveloped land parcel is located near Sweeney Ridge outside the City limits, and any plan to develop new business space will require the property being brought into city. The owner plans

to continue ranching on this site, and the long-term vision to transform the site into a campus is solely a conceptual idea at this time. Any future owner that wants to develop this site would have to address the potential traffic impacts associated with future business uses on this site.

## 5.2 UNDERUTILIZED SITES OR COMMERCIAL AREAS

Six underutilized sites or commercial areas could be more intensively developed or redeveloped to add new business space have been identified. However, these sites may face challenges in providing business space that meets all of the criteria expected by users for the types of new jobs created in San Mateo County.

### ***Beach Boulevard***

The City of Pacifica has proposed development of a 36,500 square-foot public library, a 75-room boutique hotel, a 4,500 square foot waterfront restaurant, and up to 84 attached residential units on the 3.5 acre former Sharp Park Wastewater Treatment Plant. Initial planning effort and a Draft EIR were completed that reflects a substantial amount community support for the proposed mix of land uses.

However, the City is moving forward to solicit proposals from private investment partners with the resources to implement the proposed project. Public funding for the library will rely on issuing a bond that must be approved by two-thirds of voters. The City anticipates issuing a RFQ/RFP to develop the other proposed uses during the Fall of 2013.

### ***Palmetto Avenue Corridor***

The Palmetto Avenue Corridor extends approximately one mile between Paloma Avenue and Clarendon Road, abutting the border of Sharp Park Golf Course. Within this corridor exists the Beach Boulevard site, in addition to several smaller infill sites with the potential to be developed into new commercial, residential, or mixed-use space. The corridor's revitalization is constrained by the absence of a destination business or cluster of services capable of attracting customers to stop, walk, shop, and dine. In addition to this constraint, the available infill sites also lack the size to support Class A office or laboratory space capable of attracting business and technology start-up companies. Despite these constraints, the corridor remains well positioned to absorb additional professional office space that would have minimal traffic and parking impacts on the surrounding residential areas.

The City is committed to improving the corridor by placing the utilities underground. Additional plans have been established to improve and widen sidewalks; install new streetlights; add street furniture such as

benches and wastebaskets, decorative planters and trees; and improve signage; all of these will be completed in phases. The Palmetto Business Association is organized to support the District and advocate for its success.

### ***Eureka Square Shopping Center Revitalization***

The 80,000 square foot shopping center anchored by Oceana Market is not centrally located to many Pacifica neighborhoods and lacks good highway visibility. Despite the success of the Oceana Market as an anchor tenant, the shopping center suffers from a 31 percent vacancy rate, with approximately 25,600 square feet available to new tenants. Most of the vacant space includes small retail sites sized at less than 2,000 square feet. The property owner's lack of availability and vision remains the primary constraint to redeveloping the site to higher and better uses. Stakeholders believe that the shopping center owners would like to convert the site to residential uses, which is contrary to the City's economic development interests.

The anchor tenant and other community stakeholders have established a vision to revitalize Eureka Square with increased commercial space, as well as new residential units and reduced parking. It may be possible to build the Class A office or laboratory space at Eureka Square, but the site's relatively isolated location and lack of amenities may discourage new investment in a costly real estate project.

### ***Pacific Manor Shopping Center***

Pacifica Manor is a strategically located shopping district, situated at the first exit off Pacific Highway 1, that is functioning effectively but lacks suitable infill sites. Safeway anchors the shopping center, and the surrounding area includes a Walgreens, a post office, and other commercial services.

Each building within the shopping district is individually owned, and multiple property owners create challenges in collaborating on common improvements. Previous efforts to upgrade the architecture, signage, facades, and physical appearance of the commercial district have failed because of the inability of tenants to form an agreement on the improvements. However, some community stakeholders hold a long-term vision of fostering increased density in the commercial district, with a mix of residential and commercial uses, through the redevelopment of key sites. In the short-term, the commercial area enjoys strong business sales, so there is no financial incentive to make improvements.

### ***City Corporation Yard***

The City Corporation Yard is located on Oceana Boulevard between Avalon and Milagra Drive, adjacent to a church and homes directly

behind the site. The Corporation Yard includes buildings for the Engineering and Public Works Department. A number of stakeholders have advocated that the City should relocate the Corporation Yard activities to an alternative site, therefore allowing the City to sell the site for new private commercial development. However, the numerous constraints that impede this strategy are summarized below:

- The lack of an alternative Corporation Yard site(s);
- Complexities in the public/private partnership transaction;
- Property sale and relocation efforts that may not be financially feasible for the City to accomplish;
- The site may not be attractive to developers of Class A office or laboratory space due to the lack of surrounding amenities; and
- Sale of the City-owned site would most likely result in the expansion of general commercial space, which is readily available in Pacifica.

#### ***Former Pacifica Lumber Company Site***

The former lumber company is a highly visible site two-acre site east of Highway 1, located between Rockaway Beach and the Vallemar Center. The site contains 7,500 square feet of leasable space that is easily accessed by Pacific Highway 1 northbound travelers. Some Pacifica stakeholders envision the restoration of the former lumberyard into a viable commercial retail site. However, the property was foreclosed and the current owners use the site to store construction equipment. The current owners plan to continue to use the site for construction equipment storage, and presently have no plans to resume retail operations, sell the property, or attract new retail tenants. Stakeholders indicated that the lumberyard site could “unlock” a much larger adjacent site that has had proposals for housing and a large public/private partnership.

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## 6. PACIFICA'S TOURISM INDUSTRY

Tourism is important to the San Mateo County economy and the City of Pacifica. San Mateo County visitors spend \$2.5 billion per year, which has been estimated to generate approximately 34,500 jobs, or nearly 11 percent of all San Mateo County jobs. Visitor spending, which seriously declined during the recession but has rebounded since 2010, includes car rentals, gas, restaurants and bars, lodging, arts, entertainment, recreation, retail sales, and food stores.<sup>20</sup>

Pacifica's tourism industry serves a niche of visitors that wish to engage in weekend recreation activities at the beach/ocean and to enjoy the aesthetic beauty of the region. Linda Mar Beach is very attractive to both beginning and advanced surfers. The Pacifica Pier offers a unique fishing venue. Milagra Ridge, Mori Point, Sweeney Ridge and other GGNRA open space areas attracts bikers, hikers and runners.<sup>21</sup> The majority of Pacifica visitors are day travelers that reside in San Francisco or other San Mateo and Santa Clara County locations. Often, coastal visitors travel down the coast and stop in Pacifica, Half Moon Bay, or the more remote San Mateo County State beaches.

Visitor spending by day travelers to San Mateo County generates an estimated \$572 million and 7,700 jobs annually, accounting for only 22 percent of overall visitor spending.<sup>22</sup> Recent research published by the National Park Service indicates that day trip visitors to all National Parks spend \$50 per day, with \$15 spent at restaurants and bars, \$13 on gas, \$10 on retail purchases, \$7 on groceries, and \$5 on recreation and entertainment. However, visitors to Pacifica's GGNRA areas are likely to spend less because they are able to bring their own food and may not patronize local food stores and restaurants like they would in an isolated National Park setting. In addition, Pacifica's GGNRA visitors may or may not purchase gas locally, and the spending levels for recreation and personal services depend on the activity pursued and the available equipment. The lack of souvenir shops and complementary services with easy access to the recreational areas will likely reduce retail spending that can be captured in Pacifica.

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<sup>20</sup> County tourism spending and employment data is published by the California Travel and Tourism Commission in the document titled: *California Travel Impacts by County, 1992 – 2010*, prepared by Dean Runyan and Associates

<sup>21</sup> The National Park Services publishes annual visitations data to the Golden Gate National Recreation Area (GGNRA). The GGNRA attracts 14.9 million visitors each year, but this includes major destinations in Marin County and San Francisco. Marin County GGNRA destinations include Muir Woods, Marin Headlands, Stinson Beach and others. San Francisco GGNRA destinations include Alcatraz, Fort Point, the Presidio, and others.

<sup>22</sup> Data as reported in *California Travel Impacts by County, 1992 – 2010*



### ***Sharp Park Golf Course***

Sharp Park Golf Course logs 35,000 rounds of play per year, most of which are not played by residents of Pacifica.<sup>23</sup> The golfers represent an additional tourism market niche, but golfers generate minimal economic benefits outside of their spending at the golf course.

## **6.1 LOCAL HOTELS**

Pacifica has six hotels with 274 rooms serving regional visitors that are seeking access to the ocean and less expensive room rates than San Francisco. However, five hotels in Pacifica are also a destination for weekend visitors, four of which are located in Rockaway Beach and provide visitors with direct access to the beach. Holiday Inn Express at Rockaway Beach plans to add new rooms. The Pacifica Beach Hotel is located on the east side of Pacific Highway 1, but the rooms have a view of the Linda Mar Beach.

Pacifica hotels enjoy a strong 76 percent occupancy rate that earn a \$150 per night average room rate (See Figure 6), and hotel guests contribute approximately \$200 per night to the local economy.<sup>24</sup> Overnight visitors staying in the local hotels contribute approximately \$15 million per year to the local economy.<sup>25</sup> However, the hotels themselves capture 75 percent of spending from overnight visitors, leaving the restaurants, bars, recreational equipment companies, gas stations and retail stores to compete for the remaining \$50 per day of spending—which all or part of will typically be captured in San Francisco.

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<sup>23</sup> Data published by the City and County of San Francisco in the document titled *San Francisco Recreational Opportunities Study*, August 2008 by Pros Consulting

<sup>24</sup> The San Francisco Travel Association reports that San Francisco hotel visitors spend \$240 per night. Thus number is adjusted down to \$200 per night in Pacifica because of lower room rates. In addition, San Francisco hotels have an 82 percent occupancy rate and earn \$200 per night average room rates

<sup>25</sup> \$200 per night of spending by visitors that occupy 208 hotel rooms amount to \$15.2 million of economic impacts

**FIGURE 6**  
**Pacifica's Hotel Industry Trends, 2009 – 2012**

Lodging	Rooms	Location	Average Daily Room Rate
Americas Best Value Inn	25	Palmetto	\$115
Best Western Lighthouse Hotel	97	Rockaway	\$174
Holiday Inn Express	38	Rockaway	\$169
Pacifica Beach Hotel	52	Crespi	\$150
Pacifica Motor Inn	42	Rockaway	\$135
Sea Breeze Motel	20	Rockaway	\$110
<b>Total</b>	<b>274</b>		<b>\$150</b>
Occupancy Rates 2012	76%		
Occupancy Rates 2011	66%		
Occupancy Rates 2010	56%		
Occupancy Rates 2009	56%		

**Data Sources:** City of Pacifica and Pacifica Chamber of Commerce

**Analysis:** Wahlstrom & Associates

**Notes:** Occupancy rates estimates combine the published TOT data with the room rate data provided by the Chamber

## 6.2 SPECIAL EVENTS

The primary visitor destination special event in Pacifica is the annual Fogfest that attracts up to 50,000 people per day. Three music stages host up to six bands playing on each stage during the two-day event. The festival also includes a community parade, arts and craft booths, food and various contests. The 2013 event is held during the last weekend of September.

## 6.3 HISTORICAL SITES

Pacifica benefits from a well-organized Historical Society that preserves historical artifacts and provides residents and visitors with educational activities related to the region's extensive history. They organize quarterly special events featuring local history-themed productions. The Historical Society's long-term goal is to preserve local historical sites and to establish a museum.

The Sanchez Adobe was built in the 1840s to be used as a hunting lodge, packing shed, farm laborers quarters, bordello, and speakeasy. The structure is a classic example of Monterey architecture, and is currently open to public visitations during limited hours.

- The Little Brown Church was built in 1910 as Pacifica's first church. The City bought the site located next to City Hall, and leases it back to the Pacifica Historical Society.
- Sam's Castle was built in 1908 and modeled after the childhood home of a rail baron's wife in Scotland. A 20<sup>th</sup> Century Fox executive purchased the castle, restored the facility in 1959, and filled it with arts and antiques. The Pacifica Historical Society occasionally opens the castle for public tours.

## 6.4 MARKETING INITIATIVES

Pacifica's 12 percent Transit Occupancy tax rate generates more than \$1 million per year of revenue for the City, but the ongoing fiscal problems constrain the City's capacity to market Pacifica as a visitor destination with attractive restaurants, surf shops, and other commercial businesses.

The Pacifica Hotel Improvement District generates \$65,000 per year of funding to promote the hotels, and the City contributes another \$10,000 per year to provide visitor services. The City and the BID both contract with the Pacifica Chamber of Commerce to administer these funds. The Chamber utilizes these funds by managing a visitor center at Rockaway Beach, producing an attractive map, managing a website with information about Pacifica's attractions, and engaging in other marketing and promotional activities. The Chamber also promotes special events, plans to develop some smart phone visitor applications, and engages in other promotional activities such as going on public radio shows and hosting media events intended to market Pacifica as a visitor destination.

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## 7. ECONOMIC DEVELOPMENT ACTION PLAN

Pacifica is in a challenging position, and has previously been unable to take advantage of its terrific location in one of the most dynamic regional economies in the United States. Existing vacant commercial spaces are not well suited for the high paying jobs that could be created by technology and software start-up firms. Without a plan to develop new business space that meets the requirements of technology start-up firms, Pacifica’s economy will continue to underperform. Low wage retail, personal service and tourism jobs will continue to dominate, and opportunities to attract a share of regional investment in software, biotechnology or other tech sectors will be lost. Overcoming local opposition to land use change is critical to the City’s economic success and fiscal sustainability.

Figure 7 lists 24 recommendations that are organized within seven categories of economic development objectives. The figure also summarizes the timing to implement the objectives and recommendations. Collectively, the recommendations present a plan of action that can help Pacifica accomplish its long-term economic development goals and short-term implementation actions.

**FIGURE 7**  
**Summary of Economic Development Objectives and Recommendations**

ECONOMIC DEVELOPMENT OBJECTIVES	RECOMMENDATIONS	TIMING
<p>1 <b>Generate Citizen's Support and Expand the City's Economic Development Capacity</b></p>	<ul style="list-style-type: none"> <li>• Adopt a Citywide economic development goal to improve the fiscal base and to diversify the local economy</li> <li>• Prepare a General Plan Economic Development Element</li> <li>• Hire a full time Economic Development Coordinator pending the availability of sufficient fiscal resources</li> <li>• Consider hiring a part-time economic development consultant if sufficient resources are not available to expand City Staff</li> </ul>	<ul style="list-style-type: none"> <li>• Goal can be adopted in the short term but must be sustained over the long-term</li> <li>• The Economic Development Element should proceed as soon as possible</li> <li>• Timing of hiring an Economic Development Coordinator is dependent on the City's fiscal conditions</li> </ul>

*Continued next page*

**FIGURE 7 (continued)**  
**Summary of Economic Development Objectives and Recommendations**

ECONOMIC DEVELOPMENT OBJECTIVES	RECOMMENDATIONS	TIMING
<p><b>2</b></p> <p><b>Support Businesses Retention and Attraction</b></p>	<ul style="list-style-type: none"> <li>• Establish a business retention program</li> <li>• Partner with San Francisco Renaissance to offer business start up and management training for Pacifica entrepreneurs and small businesses</li> <li>• Establish a Shop Pacifica campaign and/or affinity card, rewards program</li> <li>• Initiate a restaurant attraction effort</li> <li>• Organize a tour of vacant commercial spaces</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implementation may be delayed until the City hires an economic development staff person or a consultant.</li> </ul>
<p><b>3</b></p> <p><b>Encourage and support the development of new business space</b></p>	<ul style="list-style-type: none"> <li>• Negotiate new business space into approved master plans for the Quarry and Calson sites</li> <li>• Continue to implement the Beach Boulevard Plan</li> <li>• Support proposals to expand the number of lodging rooms at Rockaway Beach and other appropriate areas</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term effort dependent on the private sector's interest in the development of key sites</li> <li>• The City anticipates selecting a development partner during the Fall of 2013</li> <li>• Expanding lodging will occur on a case by case basis</li> </ul>
<p><b>4.</b></p> <p><b>Expand Funding Dedicated to Promote Pacifica as a Visitor Destination</b></p>	<ul style="list-style-type: none"> <li>• The BID should consider an additional assessment to supplement the \$65,000 per year of annual revenues</li> <li>• The City should allocate additional funding to supplement the \$10,000 currently allocated for visitor services, plus the BID funds</li> <li>• City leaders should seek additional promotion and marketing services from the San Mateo County/Silicon Valley Tourism Improvement District</li> </ul>	<ul style="list-style-type: none"> <li>• Within the next year</li> <li>• Additional funding from the City will depend on budget availability</li> <li>• Discussions with the regional TBID could begin immediately</li> </ul>
<p><b>5</b></p> <p><b>Promote Pacifica's Hotels and Other Visitor Destination Businesses</b></p>	<ul style="list-style-type: none"> <li>• The City and the BID should consider offering matching fund grants to the hotels and other destination businesses engaged in visitor attraction</li> <li>• The City and BID funding should continue to produce the Pacifica map and Chamber of Commerce web site visitor information</li> <li>• City and BID should continue to fund efforts to promote hotel stays during off-week and off-season periods.</li> </ul>	<ul style="list-style-type: none"> <li>• Adjustments to Pacifica's promotional efforts may take up to one year to implement.</li> </ul>
<p><b>6</b></p> <p><b>Promote Rockaway Beach as Pacifica's Primary Visitor Destination</b></p>	<ul style="list-style-type: none"> <li>• Brand Rockaway Beach as a food and lodging visitor destination</li> <li>• Attract new music and other special events to Rockaway Beach. Incorporate Rockaway Beach into the annual Fogfest celebration.</li> <li>• Encourage visitor serving retail to locate at Rockaway Beach</li> <li>• Support the expansion of lodging at Rockaway Beach</li> <li>• Normalize business hours and signage</li> </ul>	<ul style="list-style-type: none"> <li>• Branding Rockaway Beach as Pacifica's visitor destination may take up to one year to implement.</li> <li>• Efforts to attract new special events and visitor serving retail to Rockaway Beach could begin immediately</li> <li>• Supporting expansion of lodging rooms are on a case by case basis</li> </ul>

*Continued next page*

FIGURE 7 (continued)  
 Summary of Economic Development Objectives and Recommendations

ECONOMIC DEVELOPMENT OBJECTIVES	RECOMMENDATIONS	TIMING
7 Redevelop or Revitalize Key Opportunity Sites	<ul style="list-style-type: none"> <li>• The Quarry. Partner with a future developer of the Quarry to plan a financially feasible land use mix with business space that the community can support.</li> <li>• The Calson Site. Partner with the property owner to plan a financially feasible land use mix that the community can support</li> <li>• Beach Boulevard. Stay the course and implement the Beach Boulevard Redevelopment Plan</li> <li>• Palmetto Avenue Corridor. Continue efforts to revitalize the Palmetto Avenue Corridor</li> <li>• Eureka Square. Support Eureka Square to be more intensely developed with a mix of residential and commercial uses</li> <li>• Former Pacifica Lumber Company Site. Encourage the former Pacifica Lumber Site owners to re-establish retail uses or to sell to new buyers that will attract a new retail business.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implementation of the Quarry and Calson sites will take a long period of time dependent on the property owner's willingness to invest and engage in a public planning process.</li> <li>▪ Implementation of the City owned Beach Boulevard site is proceeding as planned</li> <li>▪ Implementation of the Palmetto Avenue corridor is ongoing as funds become available for improvements.</li> <li>▪ Implementation of Eureka Square and the former Pacifica Lumber yard site will be a long-term effort dependent on the property owner's willingness to initiate improvements</li> </ul>

## 7.1 GENERATE CITIZENS SUPPORT AND EXPAND THE CITY'S ECONOMIC DEVELOPMENT CAPACITY

The City Council should state its commitment to making economic development a citywide priority and establish clear guidance about implementing the objectives. It is well known that the City Council and other stakeholders lack a consensus on how to improve the local economy. Many residents concerned about the environment oppose all land use change. Proposals that offer development that is thoughtful, balanced, and environmentally sensitive should be considered for implementation. The broad support for tourism among Pacifica residents should be extended to other economic development initiatives and projects that meet community objectives.

The City also lacks the sufficient staff capacity that is needed to initiate and implement economic development projects and effectively advocate for business interests. An economic development staff person can also attend community meetings to answer and respond to questions about the City's current business practices, and respond to other perceived small business constraints. Additional staff or consultants will improve the

City's business climate and expand the capacity to implement the initiatives described in this report.

***Recommendation #1:***

*Adopt a Citywide economic development goal*

Pacifica's primary economic development goal should be to generate revenues that fund desired city services. This objective can be met by diversifying the local economy to attract businesses that hire local residents, pay higher wages, and improve the City's fiscal base. Adopting an economic development goal can help the City Council to educate the residents about the nexus between revenue enhancement and the City's capacity to deliver public services.

***Timing***

Adopting an economic development goal should occur as soon as possible, but it must be sustained over a long period of time.

***Recommendation #2:***

*Prepare a General Plan Economic Development Element*

Incorporate an Economic Development Element into the General Plan update that would insert relevant sections of this report into the City's official policy document. A policy document supports the ability to activate local, viable economic development projects; this provides more predictability and an attitude change that improves Pacifica's business climate. The Economic Development Element could proceed along a parallel path with the General Plan update recognizing that the update is an advanced stage of preparation.

***Timing***

The City should proceed as soon as possible with an Economic Development Element in order to keep pace with the General Plan update.

***Recommendation #3:***

*Hire a full-time Economic Development Coordinator if available fiscal resources can support the position*

A full-time Economic Development Coordinator could lead the implementation of the enclosed recommendations, and reduce the City Council and City Manager's need to spend time on economic development projects.

***Timing***

Timing to implement the recommendation is dependent on the City's fiscal condition.

***Recommendation #4:***

*Consider hiring a part time Economic Development Consultant if sufficient resources are not available to support a full time position*

The City should consider hiring a part-time Economic Development Consultant if the fiscal resources are not sufficient to fund up to \$150,000 per year for a full-time City staff person. The Economic Development Consultant could operate on a similar arrangement as a planning consultant that works with City staff on project-based assignments, and could be utilized on an as-needed basis for general economic development expertise and specific projects. This would provide flexibility according to the City's needs and resources, and would free up the City Manager and City Council for other tasks.

***Timing***

Timing to implement the recommendation is dependent on the City's fiscal condition.

## 7.2 SUPPORT BUSINESS RETENTION AND ATTRACTION

The City can assist the economic viability of small, independent businesses by initiating a Business Retention Program (BRP) that would offer small business training and technical assistance. A "shop local" campaign could be initiated and an affinity card could be developed to reward, track, and encourage spending at local businesses. Several examples of this exist in nearby communities. In addition, an effort to attract new restaurants can take advantage of Pacifica's outstanding regional location. Consumers' changing preferences for local- and neighborhood-serving restaurants can fill vacant space and improve the quality of food services offered in the community, while maintaining the community's unique character and retaining the sales locally that would recirculate through the economy.

***Recommendation #5:***

*Establish a Business Retention Program*

The BRP could build on the Mayor's Business Outreach Program and include an annual business retention survey and an annual visit of key businesses by City staff and/or City Council. The information collected from the surveys and site visits would identify businesses that are at risk of reducing staff or closing, and could benefit from potential assistance from the City. This effort could act as an "early warning system" for business sectors that may be at risk because of variables that the City may affect.



***Timing***

Implementation may be delayed until the City hires an economic development staff person or a consultant.

***Recommendation #6:***

*Partner with the San Francisco Renaissance Entrepreneurship Center to offer business startup and management training for Pacifica entrepreneurs and small businesses<sup>26</sup>*

The Renaissance Entrepreneurship Center offers classes in business planning, accounting, sales, marketing, and other relevant topics. Classes are offered in Daly City and San Francisco, as well as online. The Center may offer classes in Pacifica if sufficient demand emerges. The Renaissance model has been replicated in communities like Hayward, East Palo Alto, and San Jose with Community Development Block Grant Funds.

***Timing***

Implementation may be delayed until the City hires an economic development staff person or a consultant.

***Recommendation #7:***

*Establish a Shop Pacifica campaign*

The Shop Pacifica campaign can be modeled after successful “shop local” efforts in other communities, and implemented in partnership with the Chamber and independent merchants. Current research indicates that independent businesses throughout the US experienced solid revenue growth in 2012, buoyed in part by “buy local first” initiatives and growing public interest in supporting locally-owned businesses.<sup>27</sup>

***Timing***

Implementation may be delayed until the City hires an economic development staff person or a consultant.

***Recommendation #8:***

*A restaurant attraction effort could help revitalize the established shopping areas*

Efforts to attract additional food service establishments with a distinct local character can take advantage the emerging consumer preference for local- and neighborhood-serving restaurants without building new commercial space. At the same time, the City should support potential development of new restaurant spaces in attractive locations.

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<sup>26</sup> See <http://www.rencenter.org/>

<sup>27</sup> See <http://www.ilsr.org/2013-independent-business-survey/>

***Timing***

Implementation may be delayed until the City hires an economic development staff person or a consultant.

***Recommendation #9:***

***Organize a tour of vacant commercial spaces***

A tour of vacant retail and commercial spaces, which has been effective in other communities, may generate some interest from local entrepreneurs or residents seeking business startup or live-work space. A tour can also inform potential business tenants and entrepreneurs about the existing available vacancies, their assets, and possible uses.<sup>28</sup>

***Timing***

Implementation may be delayed until the City hires an economic development staff person or a consultant.

## **7.3 ENCOURAGE AND SUPPORT THE DEVELOPMENT OF NEW BUSINESS SPACE**

The potential development of new business space attractive to software and high technology start-up firms must be established through public-private partnerships that capitalize on specific site development opportunities initiated by private property owners and their developer partners. The potential development of new business space is not a task that the City can accomplish on its own. New commercial development will ultimately require a partnership between the City and private property owners, with the private sector taking the lead. Key sites like the Quarry cannot be developed until an owner emerges with the intention and financial capacity to invest in the site. The City can require the property owner and their developer partners to build new Class A office and/or laboratory space as a project approval condition. The development of new Class A office or laboratory space will help civic leaders attract new high value start-up firms that pay good salaries, reduce the need to commute, and generate large economic multipliers that improve the City's fiscal sustainability. However, the City's ability to encourage new development requires cooperative and assertive property owner partners.

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<sup>28</sup> See <http://smallbizsurvival.com/2013/05/small-town-economic-development-idea-tour-empty-buildings.html>

***Recommendation #10:***

*Negotiate new business space into approved master plans for the Quarry and Calson sites*

The Quarry and Calson are the two undeveloped sites best suited and perhaps the only locations in Pacifica that would add value to the local economy by siting high value technology startup firms. The City should require property owners to include new high quality business space in approved master plan agreements to counteract private investors' perception of high risk. Essentially, the private market will not build this space without leverage from the City. Requiring developers to build new high quality business space is not an obstacle to development but, rather, an enhancement that increases the value of the projects affected. Of course, master plans to develop these sites must be consistent with the Local Coastal Plan. The California Coastal Commission may be involved plan approval if the proposed land uses require a Local Coastal Plan amendment.

***Timing***

This will be a long-term effort that will depend on the private sector's interest in development key sites like the Quarry and Calson.

***Recommendation #11:***

*Continue to Implement the Beach Boulevard Plan*

The City's well thought out plan to implement the long-term effort to redevelop the former wastewater treatment plant is moving forward. The City should continue project implementation.

***Timing***

The City may issue a bond to fund the proposed library, which must be approved by the voters. It is anticipated that a developer partner will be identified during the Fall of 2013 through an RFP/RFQ process.

***Recommendation #12:***

*Support proposals to expand the number of lodging rooms at Rockaway Beach and other appropriate areas*

New hotels and hotel rooms will bring additional visitor spending into the City and generate TOT revenues.

***Timing***

Supporting the expansion of lodging will be on a case-by-case basis.

## 7.4 EXPAND FUNDING DEDICATED TO PROMOTE PACIFICA AS A VISITOR DESTINATION

The promotion of tourism in Pacifica is underfunded, and additional promotional funding could yield a direct return on investment in the form of improved occupancy rates and restaurant sales. Tourism is a business that generates a direct return on investment for the City in the form of a 12 percent Transit Occupancy Tax assessed to a \$150 per night average room. Overnight visitors also generate additional tax revenue from visitor spending at local restaurants and stores

**Recommendation #13:**

*The City and the Pacifica Hotel Improvement District (BID) should consider an additional assessment that will supplement the \$65,000 of annual revenues available to promote the hotels.*

An additional assessment on the BID would require a vote among the BID participants. It is anticipated that any additional costs to tourism businesses would be passed on to their customers, who are overnight visitors.

**Timing**

A new assessment should be considered within the next calendar year.

**Recommendation #14:**

*The City should invest additional funding to promote Pacifica as an overnight destination (pending budget availability)*

The City should consider reinvesting a portion of the Transit Occupancy Tax (TOT) revenues back into the marketing and promotion of the hotels to maintain its role as an industry partner, and to protect and enhance the ongoing tax revenue stream. Additional funding would supplement the BID funds and the City's current \$10,000 expenditure for visitor services. Benchmarks could be established to guide and measure effectiveness.

**Timing**

Funding decisions should be made during the City's annual budget adoption.

**Recommendation #15:**

*Pacifica's tourism industry stakeholders should seek additional promotion and marketing services from the San Mateo County/Silicon Valley Tourism Improvement District*

Pacifica should be an active participant in the regional TBID.

***Timing***

Outreach to the regional TBID should begin immediately

## **7.5 PROMOTE PACIFICA'S HOTELS AND OTHER DESTINATION BUSINESSES**

The available promotional funding should focus on attracting visitors to stay overnight at the hotels and patronize other destination businesses. Targeted promotions should connect recreational visitors with food, local retailers, recreational services, and food services that can be purchased in Pacifica. More visitor spending will generate additional business sales and tax receipts.

***Recommendation #16:***

*The City and the BID should consider offering matching fund grants to the hotels and other destination businesses engaged in visitor attraction efforts*

This approach will use public funds to leverage additional private promotions to attract visitors. The matching funds should be available to any business that is trying to attract out of town visitor spending. This could also include working with GGNRA and other entities that produce information about these trails and visitor destinations.

***Timing***

Adjustments to the current promotional efforts may take up to one year to implement.

***Recommendation #17:***

*The City and BID funding should continue to support the production of the Pacifica map and the visitor information on the Chamber's website*

The tools that are currently working well should continue to be funded.

***Timing***

Adjustments to the current promotional efforts may take up to one year to implement.

***Recommendation #18:***

*The City and BID should continue funding efforts to promote hotel stays off-week and off-season.*

Promotional efforts are most needed during the weekdays and off-season.

***Timing***

Adjustments to the current promotional efforts may take up to one year to implement.

## **7.6 PROMOTE ROCKAWAY BEACH AS PACIFICA'S PRIMARY VISITOR DESTINATION**

Pacifica would benefit from efforts to attract visitors to Rockaway Beach or other areas where people could park their cars and walk to the beach, food service establishments, and small retail stores without additional driving trips. Rockaway Beach is Pacifica's most distinctive commercial area that offers visitors access to the beach along with attractive architecture, four lodging facilities, two destination restaurants, and a weekly Farmer's Market. The area has great potential to become Pacifica's focal point for entertainment- and visitor-serving commercial uses.

***Recommendation #19:***

*Brand Rockaway Beach as a food and lodging visitor destination*

The City and the BID should focus visitor attraction efforts on Rockaway Beach, which is Pacifica's most viable visitor-serving commercial area. Less attractive or marginal commercial areas should not be the focus of visitor attraction initiatives.

***Timing***

Adjustments to the current promotional efforts may take up to one year to implement.

***Recommendation #20:***

*Attract music and other special events to Rockaway Beach*

Rockaway Beach provides a great setting for music, art, and other special events. The potential for additional events could be explored in conjunction with solutions to potential parking and traffic impacts. Businesses within walking distance could benefit from the multiplier spending associated with attending special events. The tree lighting ceremony could be expanded and some Fogfest events may relocate to Rockaway Beach.

***Timing***

Efforts to attract new visitor events to Rockaway Beach should begin immediately. It may take up to one year to implement this recommendation.

***Recommendation #21:***

*Encourage visitor-serving retail to locate at Rockaway Beach*

The City should identify a commercial district business mix that would fit Rockaway Beach, attracting similar businesses to the vacant commercial spaces, and to new vacancies as they emerge. Additional complementary and destination businesses will enhance the ambience and viability of the area.

***Timing***

Efforts to attract new visitor-serving retail to Rockaway Beach should begin immediately.

***Recommendation #22:***

*Normalize Business Hours and Signage at Rockaway Beach*

The City and Chamber of Commerce should work with local merchants to normalize business hours, and improve signage so that visitors are able to access restaurants, shops and services during regular business hours. This effort will help create a community village environment that will encourage repeat visits to Rockaway Beach.

***Timing***

Efforts could begin immediately.

## 7.7 REDEVELOP OR REVITALIZE KEY OPPORTUNITY SITES

Revitalizing economic development opportunity sites presents Pacifica with its best opportunity to make a significant change to the local economy by adding new office or laboratory space, and new well-located retail space that will help Pacifica accomplish the fiscal sustainability goal. Six opportunity sites include the Quarry, the Calson site, Beach Boulevard, the Palmetto Avenue Corridor, Eureka Square Shopping Center, and the former Pacifica Lumber Company site. The City can play a pivotal role in the revitalization effort by actively engaging property owners in plan preparation and entitlements.

***Recommendation #23:***

*Partner with the Quarry property owner to plan a financially feasible land use mix that community residents can support*

The City's project approval should be leveraged to require the property owner to develop new Class A office and laboratory space that could attract investment by technology and software entrepreneurs. If this property owner needs to sell the property, encourage forward movement in that direction. However, the City's efforts will remain constrained

until a new owner emerges with the financial resources to effectively develop the Quarry.

***Timing***

Implementation will take a long period of time and the potential site development timeline is dependent on the property owner's willingness to invest and engage in a public planning process.

***Recommendation #24:***

*Partner with the Calson Site property owner to plan a financially feasible land use mix that the community can support*

The City's project approval should be leveraged to require the property owner to develop new Class A office and laboratory space that could attract investment by technology and software entrepreneurs. The property is not currently on the market, and the owner should be encouraged to seek a buyer who will submit a proposed master plan and land use mix. The City should designate a land use that will encourage appropriate, balanced development of this key local site. Zoning must reflect the City's intentions for the development of this site to provide the predictability in the marketplace to make this project doable. Perhaps a working group of local residents, the property owner, and prospective buyer could be organized to work through issues and concerns.

***Timing***

Implementation will take a long period of time and the potential site development timeline is dependent on the property owner's willingness to invest and engage in a public planning process.

***Recommendation #25:***

*Continue to implement the Beach Boulevard Redevelopment Plan*

The City is on track to implement this project and efforts should stay on course.

***Timing***

Implementation of this City-owned site could begin during the next year.

***Recommendation #26:***

*Continue efforts to revitalize the Palmetto Avenue Corridor*

Continue to support land use changes that encourages walkability and complete the infrastructure improvements to incentivize new real estate investments. Zoning and parking requirements should be reviewed and possibly adjusted to encourage the development of new commercial space along the corridor. The City should also attract and improve the business mix along the corridor when vacant commercial space becomes available. Appropriate scale is critical to the success of this project.



***Timing***

Implementation is ongoing as funds become available for improvements.

***Recommendation #27:***

*Support Eureka Square to be more intensely developed with a mix of residential and commercial uses*

The General Plan Update should encourage the property owner to redevelop the site with more business space and a mix of residential and commercial uses. The zoning and parking requirements may also be modified to accomplish the site redevelopment goals.

***Timing***

Implementation will be a long-term effort dependent on the property owner's willingness to initiate improvements.

***Recommendation #28:***

*Encourage the former Pacifica Lumber Yard Site owners to re-establish retail uses on the site or to sell to new buyers that will attract a new retail business*

The City should re-engage the owner of this site to resume retail operations or sell the property. The City is limited until new owners emerge that desire to resume commercial operations.

***Timing***

Implementation will be a long-term effort dependent on the property owner's willingness to initiate improvements.

## **7.8 OTHER POTENTIAL SITE DEVELOPMENT OPPORTUNITIES**

Stakeholder interviews and follow-up discussions identified additional sites that should be monitored to ensure that opportunities are not missed when site development proposals are informally discussed or submitted for approval at some future date. Pacifica's civic leaders and economic development stakeholders should pay attention to development proposals at the sites below in case they emerge into the public spotlight. Some method and point of contact should be established within the City so that prospective projects are not lost because a developer concludes that a project is not "doable" in the City before appropriate options are explored with staff.

***City Corporation Yard***

The potential to sell the City Corporation Yard and relocate activities to an alternative site should be formally studied in advance of any project implementation efforts. The study should identify a specific site(s) and

determine the property value of the current site, costs of purchasing new land, and moving costs; these will collectively determine the financial feasibility of relocation. The study should also identify what private commercial uses could be attracted to the Corporation Yard.

### ***Linda Mar Shopping Center Park and Ride***

The City should also study the potential to convert the Linda Mar Shopping Center Park and Ride lot to private commercial uses. The Park and Ride is a good site for commercial development, but the study should determine the specific type of use that could be supported, an alternative Park and Ride location, and costs associated with relocating the Park and Ride uses.

### ***Shamrock Ranch***

The City should continue to monitor verbal proposals to transform Shamrock Ranch into an education or business campus. Future transformation is a conceptual idea at this time, with many significant constraints to overcome. The parcel is isolated with limited access through residential neighborhoods. The property must be annexed into the City, and new development would have to address traffic impact concerns on the residential area.

### ***Manor Square***

The City should monitor any verbal or written proposals to create more density and mixed uses within the Manor Square shopping district. This area's property owners have not successfully worked together in the past, and any City efforts to encourage area improvements will be difficult for multiple property owners to accomplish.

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## 8. BENCHMARKS AND PERFORMANCE MEASURES

Economic development activities initiated by the City can be measured with benchmarks that will provide city leaders effective economic development information utilizing limited resources. Measures of results rather than activities such as attending meetings or making phone calls that are understandable to city staff, businesses, and the public are most effective when based on goals and objectives. The performance measures should not be a burden on staff, but rather a part of the effort to understand how the City can measure its economic development effectiveness.

Useful performance measures should utilize available, reliable data that can accurately measure economic development progress at stated intervals. For example, sales tax data can be measured by quarterly and annual performance of annual and seasonal retail sales tax changes relative to the regional economy; and measures of city staff activities can inform city leaders about the necessary staff hours required to accomplish the outcomes. Possible benchmarks and performance measures that can guide Pacifica's economic development efforts are summarized in Figure 8, and described below, recognizing that outcomes are affected by other macro-economic variables such as the performance of the regional economy and housing market.

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<b>Economic Development Indicator</b>	<b>Performance Measures</b>	<b>Responsibility</b>
<b>Measure commercial vacancies</b>	Information from local brokers and Economic Development Committee members. Information could be tracked by commercial district	ED Staff or Consultant
<b>Commercial Real Estate Investment</b>	Inventory and Description of Approved Projects Estimated Value of Projects Breaking Ground Estimated Value of New Investment for Completed Projects	ED Staff or Consultant in Collaboration with Planning Department
<b>Sales Tax and Transit Occupancy Tax Trends</b>	Track sales tax and TOT receipts and record sales tax trends with non-confidential data provided by the City's sales tax consultant (HdL) Data provided on a quarterly basis Report to City Council on semi-annual basis	ED Staff or Consultant in Collaboration with Administrative Services Department
<b>Business Attraction</b>	Track new business start ups with monthly visits to vacant sites and the issuance of new business licenses and market intelligence provided by Chamber of Commerce and local businesses Business prospects contacted Brokers and site selectors contacted Land development and investors contacted	ED Staff or Consultant in collaboration with Administrative Services Department
<b>Business Attraction</b>	Track new business start ups with monthly visits to vacant sites and the issuance of new business licenses and market intelligence provided by Chamber of Commerce and local businesses Business prospects contacted Brokers and site selectors contacted Land development and investors contacted	ED Staff or Consultant in collaboration with Administrative Services Department
<b>Business Retention</b>	# of Contacts with individual businesses to gather information about business expansion or retention constraints Documentation of assistance provided to individual business establishments	ED Staff or Consultant in collaboration with the City Manager
<b>Hotel Occupancy</b>	Measure quarterly hotel occupancy rates using TOT data and average room rates Compare with published data in San Francisco and the regional economy	ED Staff or Consultant in collaboration with the City Manager and the Chamber of Commerce
<b>Annual Business Survey and Report</b>	Measure business climate in terms of new job creation and planned expansions	ED Staff or Consultant in collaboration with the Pacifica Chamber of Commerce

Efforts to benchmark local economic performance should be easy to maintain. The City should convene an internal group of city staff and economic development stakeholders to review and refine the recommended performance measures, and agree upon the data sources and a timeline to collect and report the information. It is anticipated that this information will be reported on a quarterly or annual basis.

A recent survey by the International City Managers Association and National League of Cities discovered that nearly two thirds of local governments used performance measures such as these to track economic development outcomes. Selected measures should be shared with the community and reported relative to the regional economic measures over time. The Redwood City Economic Development Dashboard should be considered as a model that Pacifica could replicate, which provides guidance on how to communicate with the public about the relationship between economic development, local revenues and the delivery of local services.<sup>29</sup>

Benchmarking economic development activity could then become part of the City's image and branding, and be available on the City's website. Often site selectors and prospective businesses do not contact City Staff prior to exploring a possible location. The economic indicator data provides useful information to guide private sector site selection decisions, and it conveys useful information to the public about the nexus between economic development and the delivery of City services.

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<sup>29</sup> See <http://www.redwoodcity.org/business/dash/> for more information about the Dashboard

## APPENDIX A: BACKUP TABLES

1. Journey to Work in Pacifica, 2010
2. Number of Firms by Size of Firm in Pacifica, 2011
3. Pacifica Employment Trends, 2000 – 2011
4. Educational Attainment in Pacifica, San Mateo County, and California Among Adults Age 25 and Older: 2010
5. Labor Force Characteristics in Pacifica, San Mateo County, and California: 2010
6. Population Growth Trends in Pacifica, Bay Area, and California: 2000 – 2010
7. Population by Ethnicity in Pacifica, San Mateo County, and California, 2010
8. Population By Age: Pacifica, San Mateo County, and California, 2010
9. Average Household Income Trends: Pacifica, San Francisco County, San Mateo County, and California 2000 - 2010

**Table A-1**  
**Journey to Work in Pacifica, 2010**

<b>Total employed</b>	<b>20,380</b>
<hr/>	
<b>Pacifica Out-Commuters by Place of Work</b>	<b>18,010</b>
<hr/>	
<b>Total Employed Residents</b>	
San Francisco	6,170
Pacifica	2,370
South San Francisco	1,700
Daly City	940
San Mateo County (Other)	4,640
Out of County (not SF)	2,190
<b>In-Commuters to Pacifica by Residential Location</b>	<b>4,390</b>
Pacifica	2,370
San Francisco	550
Daly City	340
San Mateo County (Other)	760
Out of County (not SF)	360

**Data Source:** US Census 2010; Pacifica General Plan Retail and Tourism Market Assessment, 2009

**Analysis:** Wahlstrom & Associates

**Table A-2  
Number of Firms by Size of Firm in Pacifica, 2011**

<b>Industry Sector</b>	<b>Number of Firms</b>	<b>1 to 4 Employees</b>	<b>5 to 9 Employees</b>	<b>10 to 19 Employees</b>	<b>20 to 49 Employees</b>	<b>50 to 99 Employees</b>	<b>100 to 249 Employees</b>	<b>250 or more Employees</b>
Construction	96	73	14	7	1	1	0	0
Manufacturing	8	5	0	1	1	1	0	0
Wholesale trade	11	11	0	0	0	0	0	0
Retail trade	56	25	15	6	7	2	1	0
Transportation and Warehousing	10	5	4	1	0	0	0	0
Information	5	3	2	0	0	0	0	0
Finance and Insurance	28	20	4	4	0	0	0	0
Real estate and Rental and Leasing	28	22	5	1	0	0	0	0
Professional, Scientific, and Technical Services	68	56	8	1	3	0	0	0
Management of Companies and Enterprises	2	0	2	0	0	0	0	0
Administrative and Support and Waste Management and Remediation Services	25	19	4	1	1	0	0	0
Educational Services	11	7	1	1	1	1	0	0
Health care and Social Assistance	51	26	14	7	2	1	1	0
Arts, Entertainment, and Recreation	14	9	1	2	2	0	0	0
Accommodation and Food Services	67	27	17	18	3	2	0	0
Other Services (except Public Administration)	48	36	10	1	1	0	0	0
<b>Totals</b>	<b>528</b>	<b>344</b>	<b>101</b>	<b>51</b>	<b>22</b>	<b>8</b>	<b>2</b>	<b>0</b>
<b>Percent Total</b>		<b>65%</b>	<b>19%</b>	<b>10%</b>	<b>4%</b>	<b>2%</b>	<b>0%</b>	<b>0%</b>

**Data Source:** US County Business Patterns

**Analysis:** Wahlstrom & Associates



**Table A-3  
Pacifica Employment Trends, 2000 - 2011**

	2000	2006	2010	2011	Percent Total 2011	Job Growth 2000 - 06	Job Growth 2006 - 10	Job Growth 2010 - 11	Annual Growth Rate 2000 - 06	Annual Growth Rate 2006 - 10	Annual Growth Rate 2010 - 11
<b>CALIFORNIA</b>											
California Employment	14,768,000	15,435,500	14,319,500	14,445,700		667,500	-1,116,000	126,200	0.7%	-1.9%	0.9%
Three County Region Employment [a]	2,009,800	1,738,300	1,677,800	1,717,300		-271,500	-60,500	39,500	-2.4%	-0.9%	2.4%
San Mateo County Employment	372,800	332,200	313,300	320,900		-40,600	-18,900	7,600	-1.9%	-1.5%	2.4%
<b>PACIFICA</b>											
<b>Total Employment</b>	<b>3,850</b>	<b>4,470</b>	<b>4,070</b>	<b>4,330</b>		<b>620</b>	<b>-400</b>	<b>260</b>	<b>2.5%</b>	<b>-2.3%</b>	<b>6.4%</b>
Construction	480	510	500	530	12%	30	-10	30	1.0%	-0.5%	6.0%
Manufacturing	40	100	140	160	4%	60	40	20	16.5%	8.8%	14.3%
Wholesale trade	250	50	30	20	0%	-200	-20	-10	-23.5%	-12.0%	-33.3%
Retail Trade	820	760	830	870	20%	-60	70	40	-1.3%	2.2%	4.8%
Transportation, Warehousing, and Utilities	50	40	60	40	1%	-10	20	-20	-3.7%	10.7%	-33.3%
Information	90	20	20	30	1%	-70	0	10	-22.2%	0.0%	50.0%
Financial Activities	180	270	240	210	5%	90	-30	-30	7.0%	-2.9%	-12.5%
Professional and Business Services	530	460	460	560	13%	-70	0	100	-2.3%	0.0%	21.7%
Health Care & Private Education	400	700	740	840	19%	300	40	100	9.8%	1.4%	13.5%
Leisure & Hospitality	980	1,320	840	850	20%	340	-480	10	5.1%	-10.7%	1.2%
Other Services	30	240	210	220	5%	210	-30	10	41.4%	-3.3%	4.8%

**Data Source:** California Employment Development Department

**Analysis:** Wahlstrom & Associates

**Note:** [a] San Mateo, San Francisco and Santa Clara comprise the three county region  
Data does not include employment in government or agriculture

**Table A-4**  
**Educational Attainment in Pacifica, San Mateo County, and California**  
**Among Adults Age 25 and Older: 2010**

	Not HS Graduate	HS Graduate, Some College or Associates Degree	Bachelor's Degree	Professional or Advanced Degree	Total
California	9,563,521	5,051,983	6,344,351	2,537,740	23,497,595
San Mateo County	188,087	87,643	132,941	83,704	492,374
Pacifica	11,397	5,139	6,524	3,568	26,629
<b>Percent Total</b>					
California	41%	22%	27%	11%	
San Mateo County	38%	18%	27%	17%	
Pacifica	43%	19%	25%	13%	

**Data Source:** US Census

**Analysis:** Wahlstrom & Associates

**Table A-5**  
**Labor Force Characteristics in Pacifica, San Mateo County, and California: 2010**

	Population 16 Years and Older	Labor Force	Employed	Unemployed	Unemployment Rate	Not in Labor Force [a]	Labor force Participation Rate
California	284,45,545	18,418,333	16,632,696	1,642,030	8.9%	10,027,212	64.7%
San Mateo County	578,119	397,940	362,295	35,507	8.9%	180,179	68.8%
Pacifica	30,174	21,816	20,380	1,413	6.5%	8,358	72.3%

**Data Sources:** U.S. Census and USA.com

**Analysis:** Wahlstrom & Associates

**Note:** Persons not in the labor force include retired, disabled, homemakers, students and discouraged workers that are no longer seeking work

**Table A-6**  
**Population Growth Trends in Pacifica, Bay Area, and California**  
**2000 – 2010**

Geographic Area	2000	2005	2010	Annual Growth Rate 2000-2000	Annual Growth Rate 2000-2005	Annual Growth Rate 2005-2010
California	33,873,086	35,869,173	37,223,900	0.9%	1.2%	0.7%
Bay Area	6,783,762	7,096,500	7,341,700	0.8%	0.9%	0.7%
San Francisco	776,733	795,800	810,000	0.4%	0.5%	0.4%
San Mateo County	696,713	711,500	721,500	0.4%	0.4%	0.3%
Pacifica	38,390	38,700	39,000	0.2%	0.2%	0.2%
Daly City	103,625	104,800	105,600	0.2%	0.2%	0.2%
San Bruno	40,165	41,400	43,000	0.7%	0.6%	0.8%
South City	60,552	61,700	63,200	0.4%	0.4%	0.5%
Half Moon Bay	11,842	12,600	13,000	0.9%	1.2%	0.6%

**Data Sources:** Association of Bay Area Governments and the California Department of Finance  
**Analysis:** Wahlstrom & Associates

**Table A-7  
Population by Ethnicity in Pacifica, San Mateo County, and California, 2010**

<b>Geographic Area</b>	<b>Total Population</b>	<b>Caucasian</b>	<b>Hispanic or Latino of any race</b>	<b>Asian</b>	<b>African American</b>	<b>Two or More Races</b>	<b>Other [a]</b>	<b>Percent Caucasian</b>	<b>Percent Hispanic</b>	<b>Percent Asian</b>	<b>Percent African American</b>	<b>Percent Two or More Races</b>	<b>Percent Other</b>
California	37,091,986	14,956,253	14,013,719	4,775,070	2,163,804	968,696	214,444	40.3%	37.8%	12.9%	5.8%	2.6%	0.6%
San Mateo County	718,111	303,609	182,502	175,594	18,763	23,925	13,718	42.3%	25.4%	24.5%	2.6%	3.3%	1.9%
Pacifica	37,234	20,703	6,243	7,045	902	1,778	563	55.6%	16.8%	18.9%	2.4%	4.8%	1.5%

**Data Sources:** US Census 2010

**Analysis:** Wahlstrom & Associates

**Note:** [a]: Other includes American Indian, Pacific Islander, and smaller ethnic groups

**Table A-8**  
**Population By Age**  
**Pacifica, San Mateo County, and California, 2010**

	Age < 18	Age 18-34	Age 35-54	Age 55-64	Age 65 +	Total
<b>Population Estimates</b>						
State of California	9,983,400	8,763,700	10,554,000	4,379,000	3,998,500	37,678,600
San Mateo County	166,500	147,540	218,700	89,140	96,230	718,110
City of Pacifica	8,070	7,050	11,960	5,680	4,480	37,230
<b>Percent Distribution by Age Group</b>						
State of California	26%	23%	28%	12%	11%	
San Mateo County	23%	21%	30%	12%	13%	
City of Pacifica	22%	19%	32%	15%	12%	

**Data Sources:** US Census 2010 and USA.com

**Analysis:** Wahlstrom & Associates