



**ECONOMIC DEVELOPMENT PLAN UPDATE
2009-10**

City of San Carlos

May 26, 2009

INTRODUCTION

The City of San Carlos (“City”) is implementing economic development activities to improve the business community and stimulate municipal revenues so that it may maintain and enhance service provision. This document presents the 2009-10 annual update to the San Carlos Economic Development Plan (“Plan”), adopted in July 2007, which forms the baseline for actions taken by the City Council, City staff, and advisory committees.

Over the last two years, San Carlos has been taking on economic development challenges and implementing efforts to stimulate private investment in the commercial areas of the City. The following update to the Economic Development Plan (“Update 2009”) has been written to provide the City Council and community with an overview of:

- Progress made in 2008-09,
- Additional proposed activities for 2009-10,
- Benchmarking results, and
- Implementation status of specific action steps recommended by the Plan.

2008-09 ACCOMPLISHMENTS AND CONTINUED PROJECTS

Now finishing its second year of Plan implementation, the City has made steady progress towards its goals, even as the national economy has dramatically slowed. The following section provides a summary of activities performed during the last fiscal year in accordance with the Plan. Each of these projects represents a significant undertaking, which will require continued efforts in the coming fiscal year.

WHEELER PLAZA

One of the primary achievements of the year was the selection of a developer for a potential project at Wheeler Plaza. A massing study and economic analysis performed in 2007-08 found that redevelopment of the parking plaza and adjacent buildings owned by the San Carlos Redevelopment Agency (“Agency”) into a mixed use project was financially feasible. A Request for Qualifications was issued in the fall of 2008 and the developer was chosen following submittal review and interviews by a five-member selection committee. The City expects to enter into an Exclusive Negotiation Agreement with the developer by May 2009. In the coming fiscal year, the selected developer will begin an extensive outreach program to solicit community feedback and work with neighboring property owners. The outreach conducted will determine the size, scope, and design of a proposed project. Once the developer puts forward a site proposal, an economic analysis will be performed to determine if the identified project is financially feasible at that time.

TRANSIT VILLAGE

The planning stages of this transit-oriented development continue to progress. During the last fiscal year, the Transit Village developer drafted a Fiscal Impact Analysis to provide the City with a more detailed understanding of the impacts the project is expected to have. Additionally, an Environmental Impact Report (“EIR”) is currently being prepared for the project. The City will review the Draft EIR upon completion and consider the Fiscal Impact Analysis both in light of the Transit Village as well as other potential projects in the El Camino corridor.

LANDMARK HOTEL

City staff worked extensively to evaluate options for a potential hotel project at the Landmark Site located on the southeast corner of Holly Street and Industrial Road. Staff engaged property owners, local brokers, and developers to explore alternatives for site redevelopment. Outreach discussions yielded some potential development scenarios, which were analyzed by economic consultant RSG for feasibility. Possible scenarios included up to two hotels with a medical office or retail building on the site. Though the current development market poses a challenge to this possible project, these efforts established that there is indeed interest in locating an additional national chain hotel (or hotels) in San Carlos, which will improve transient occupancy tax revenues. Efforts to activate this site are expected to continue if and when the current property owners seek to participate in a potential project.

DISPOSITION OF HOLLY AND INDUSTRIAL SITE

The City currently owns a one acre site at the northeast corner of Holly Street and Industrial Road, a prime location for development with excellent visibility at a major intersection and next to the future Palo Alto Medical Foundation development. The City has recently entered into a letter of intent to dispose and develop the parcel. The next step will be to enter into a Disposition and Development Agreement for a retail and restaurant project which will increase sales tax and property tax revenues from this site.

CAPITAL IMPROVEMENTS

The City continues to develop plans to enhance infrastructure and ameliorate traffic constraints, specifically with projects including:

- Widening eastbound Holly Street towards Industrial Road,
- Increasing capacity at the Holly Street/Highway 101 interchange,
- Adding a dedicated left-turn lane eastbound at Brittan Road approaching Industrial Road, and
- Providing infrastructure, streetscape and pedestrian safety improvements to the El Camino Real corridor.

The Public Works Department is planning to conduct an alternatives analysis for Holly Street in the immediate future to determine the best method for improving this important entryway to the City. These projects will continue into the new fiscal year; some funding sources have already been identified, particularly grant sources and redevelopment funds.

MARKETING PROGRAM

After several months of hard work, the Economic Development Partnership (“EDP”) delivered a draft strategy document in early 2008-09 to form the basis of a city-wide marketing plan. The document outlined target audiences and activities, and provided a thorough strengths, weaknesses, opportunities, and threats analysis to give future marketing efforts a scope and focus. In March 2009, a streamlined Draft Marketing Strategy was reviewed by City Council and staff received approval to retain a consultant to (a) finalize the Draft Marketing Strategy, (b) lead the community in an extensive outreach and branding effort, and (c) launch a marketing campaign to attract more businesses and consumers to San Carlos. In April 2009, the City issued a Request for Proposals to select a marketing consultant. Once the consultant is selected, this effort in the next fiscal year will launch a variety of tasks to improve the City’s economic outlook, but is expected to expand marketing efforts over several years.

BUSINESS OUTREACH

Identified as a component in several Plan strategies, the EDP has initiated business outreach with great success. Lunch meetings are currently being held by the EDP every other month, with each meeting targeting a different sector of the business community. The lunch event series began with the Harbor Industrial Association, followed by members of the building materials industry. Open discussions were held on doing business in San Carlos and engaging in community efforts to improve the city’s economics. The meetings also provided businesses with the chance to network with each other and research co-marketing opportunities. Feedback received is currently being processed by the EDP, which will develop a plan to incorporate input into the Marketing Strategy and future activities and policies where feasible. Participants will also be tapped to get involved in suggestion implementation to increase community investment in economic development efforts. Future lunch meetings are scheduled with the sporting goods industry cluster and downtown business owners. These meetings are expected to continue regularly and provide immense benefits including business retention, business community improvements, and increased participation in community marketing efforts.

GENERAL PLAN UPDATE

The General Plan update process has continued throughout the fiscal year. The General Plan Advisory Committee (“GPAC”) has reviewed and submitted feedback on each draft element for the General Plan. A full Draft General Plan is scheduled for review by GPAC in May 2009 with adoption by Council expected by October 2009. In addition to its primary responsibilities, the GPAC has also recommended adoption of a draft Climate Action Plan which will be considered by the City Council in the near future.

AFFORDABLE HOUSING STRATEGY

An Affordable Housing Strategy was drafted to provide a framework for the City Council and Agency Board to establish housing policies and priorities, and to guide City staff in the implementation of affordable housing programs and projects. Though development of affordable housing is not a direct component in the Plan, it is inextricably linked to other economic endeavors. The development of new housing brings more residents into the community to patronize local businesses and increases the range of housing options available to the San Carlos work force, a key factor for many businesses seeking to relocate or to maintain their location in San Carlos. The downtown and El Camino Real corridor present some excellent opportunities for multi-family developments which will put more people within walking distance to commercial areas, minimizing the need for vehicle transportation. Further, as a result of projects that redevelop underutilized or vacant parcels, land values will go up, thus property tax revenues will also increase. During the next fiscal year, the City's Economic Development Advisory Commission ("EDAC") will consider the best opportunities to implement the Affordable Housing Strategy, as one of the EDAC's directives includes ensuring an adequate range of housing for employees. The City may also have an opportunity to participate in a regional economic study for the Grand Boulevard Initiative, a program designed to improve the performance, aesthetics, and safety of El Camino Real throughout Santa Clara and San Mateo Counties. Should the City participate, the study may provide additional insight on the economic impacts of housing development in that corridor.

NEW ACTIVITIES 2009-10

In addition to the ongoing activities identified above, the City and Agency plan to undertake two more major activities this year, a façade program and the Agency's 2009-14 Five Year Implementation Plan.

FAÇADE IMPROVEMENT PROGRAM

As redevelopment occurs and more investment is put into San Carlos, the need for a façade program becomes more desired to ensure existing property owners and tenants can aesthetically update and improve the appearance of buildings along commercial corridors, particularly as newer projects come online. The Agency would provide financial assistance in the form of a matching loan or grant to businesses and property owners that are willing to invest in façade improvements themselves. The funds would augment owner/tenant contributions. The program would result in an inviting built environment and greatly increase the desirability of the location, in turn potentially leading to higher lease rates and property values, greater pedestrian traffic, increased sales and property tax revenues, and lower real estate vacancy rates. The program would also reflect a high level of commitment to architectural and urban design principles that create cohesive and long lasting commercial centers. The Agency intends to formulate a clearly defined program in the coming fiscal year for adoption.

REDEVELOPMENT AGENCY FIVE YEAR IMPLEMENTATION PLAN

In compliance with California Community Redevelopment Law ("CRL"), the Agency must adopt an implementation plan every five years to document expenditures and the amelioration of physical and economic blighting conditions. The Agency is the main funding source for Plan activities and projects in San Carlos. The 2009-14 Implementation Plan provides an excellent opportunity to forecast revenues and expenditures associated with Agency activities and consider projects that will best encourage private investment in the San Carlos Redevelopment Project Area ("Project Area"). The Agency's housing fund set-aside is also addressed in the Implementation Plan, and in combination with the Housing Strategy, future expenditures to maintain, increase, and improve the supply of affordable housing in San Carlos will be documented.

BENCHMARKS, MEASURES, AND GOALS

The following section is intended to provide a contextual element to economic development pursuits. Though many accomplishments cannot be measured in terms of municipal revenues, these are the benchmarks that can be consistently tracked and compared to surrounding cities. As part of the Marketing Strategy outreach to be performed in the coming year, additional benchmarks may also be identified such as job growth or businesses contacted.

The tables and graphs in the following section illustrate trending for major revenue sources associated with economic development efforts – property tax, tax increment, sales tax, and transient occupancy tax. These revenues are the primary funding mechanisms that support municipal service provision, with the exception of tax increment which provides funds for redevelopment projects and programs. Additionally, performance goals were set for sales tax, property tax, and transient occupancy tax during the 2008-09 update to the Plan drafted last year, therefore the most recent performance is also evaluated in terms of these goals.

SALES TAX

Goal - For the next five years through 2013, the average annual increase of taxable sales in San Carlos will be one percent higher than the county as a whole.

Sales tax is a primary revenue source for the City, which receives one percent of all taxable transactions that take place in San Carlos (including sales and triple-flip revenues). The table below reflects taxable sales revenue trending since fiscal year 2004-2005 in San Carlos and neighboring communities based on reports from the Hinderliter de Llamas. As illustrated by Exhibit 1, in fiscal year 2007-08, San Carlos's sales tax performance was better than the surrounding cities shown, though not as high as the County as a whole.

Annual Percent Change in Point of Sale Tax Generation					Exhibit 1
	2005	2006	2007	2008	Average Annual Change
Belmont	3.17%	22.15%	-5.07%	2.03%	5.57%
Burlingame	1.23%	2.21%	3.61%	0.61%	1.91%
Redwood City	0.71%	13.74%	6.98%	-4.12%	4.32%
San Bruno	9.49%	6.82%	-1.83%	1.10%	3.89%
San Mateo	-0.22%	5.80%	1.30%	-1.08%	1.45%
County Total ¹	2.36%	7.26%	4.20%	5.74%	4.89%
San Carlos	2.67%	4.20%	4.00%	4.10%	3.74%
S.C./County Total Comp ²	0.31%	-3.07%	-0.19%	-1.64%	-1.15%

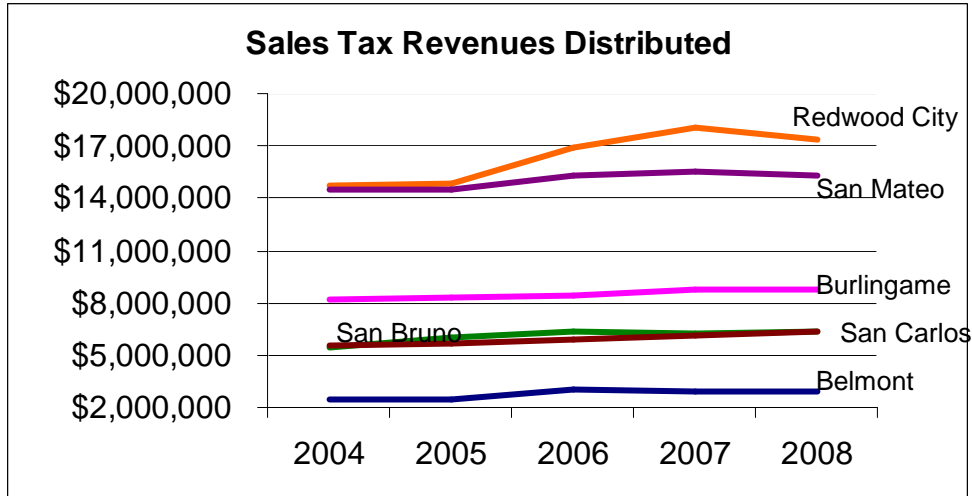
¹ Includes all taxable transactions in San Mateo County

² Compares San Carlos values to County as a whole

Source: HdL. Numbers presented represent revenues received in associated fiscal year, not sales.

While the City showed a comparatively strong increase in the percent of point of sale transactions, other surrounding communities experienced a loss. Unfortunately, the City did not meet its goal of increasing taxable sales by one percent more than the County as a whole, but still experienced positive growth. The total sales tax revenues distributed is illustrated in Exhibit 2 below for illustrative purposes.

Exhibit 2



Source: HdL

Interestingly, of the six cities shown in this comparison, San Carlos one of two to not have experienced negative growth in the last two years.

PROPERTY TAX AND TAX INCREMENT

Goal - For the next five years through 2013, San Carlos will have an average annual increase in assessed value that is one percent higher than the county average.

The City receives its share of the 1 percent general levy property tax for all those parcels not within the Project Area. Value is generally based upon assessment performed when a property changes ownership or after improvements have been made. Assessed values generally increase 2 percent each year based on Proposition 13 legislation. Increases in excess of that amount can be attributed to property sales or improvements. Above average increases are typically the result of an active and improving real estate market and significant new development projects. For parcels within the Project Area, the City receives its share of the tax levy in amounts equal to the Project Area base year, 1985-86. All tax above that amount is referred to as the tax increment, and is directed to the Agency, which in turn makes certain specified payments to other taxing agencies per the CRL and other agreements. Property valuation and annual increases in the Project Area are also the result of the 2 percent annual increase and reassessments due to turnover or improvements.

Exhibit 3 below identifies the annual increase in secured and unsecured assessed value for San Carlos and several surrounding communities over the last five fiscal years. Unfortunately in this case, the City did not meet its goal of assessed value increases in comparison to the county as a whole, though assessed value changes were not markedly low or out of synch with neighboring cities.

Annual Change in Value of Assessment Roll **Exhibit 3**

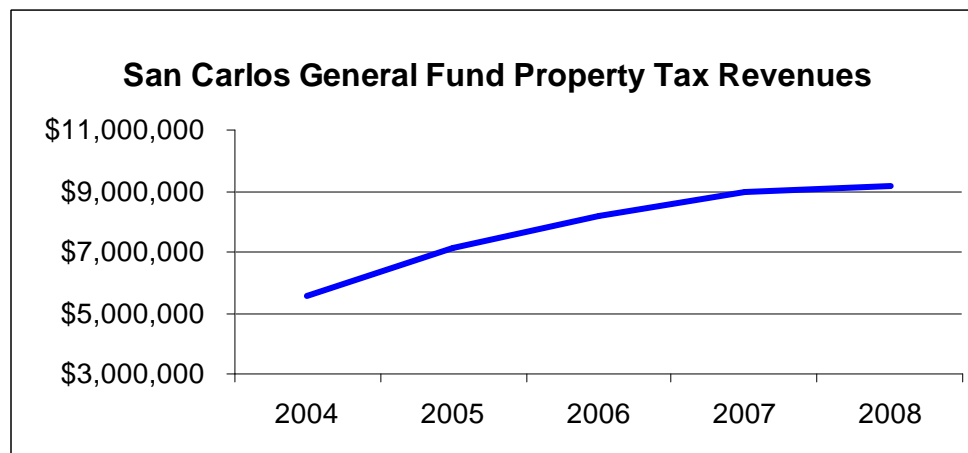
	2004	2005	2006	2007	2008	Average Annual Change
Belmont	6.74%	8.51%	8.05%	6.58%	6.01%	7.18%
Burlingame	6.82%	6.80%	8.63%	7.13%	5.95%	7.07%
Redwood City	3.81%	4.88%	7.84%	8.34%	7.65%	6.50%
San Bruno	1.44%	8.36%	15.64%	8.57%	6.98%	8.20%
San Mateo	6.11%	6.50%	8.64%	8.27%	7.67%	7.44%
County Average	4.68%	7.44%	8.69%	7.73%	8.17%	7.34%
San Carlos	4.28%	6.79%	7.77%	7.28%	6.20%	6.46%
S.C./County Avg Comp ¹	-0.40%	-0.65%	-0.92%	-0.45%	-1.97%	-0.88%

¹ Compares San Carlos values to County average

Source: County of San Mateo Assessor - County Clerk - Recorder, Secured and Unsecured Assessment Roll

San Carlos performed better than the neighboring Cities of Belmont and Burlingame, but is still nearly 2 percent below the countywide average increase. Exhibit 4 illustrates the property tax revenues received by the City during the last several fiscal years for trending purposes. Despite not achieving the desired goal, revenues have continued to increase annually.

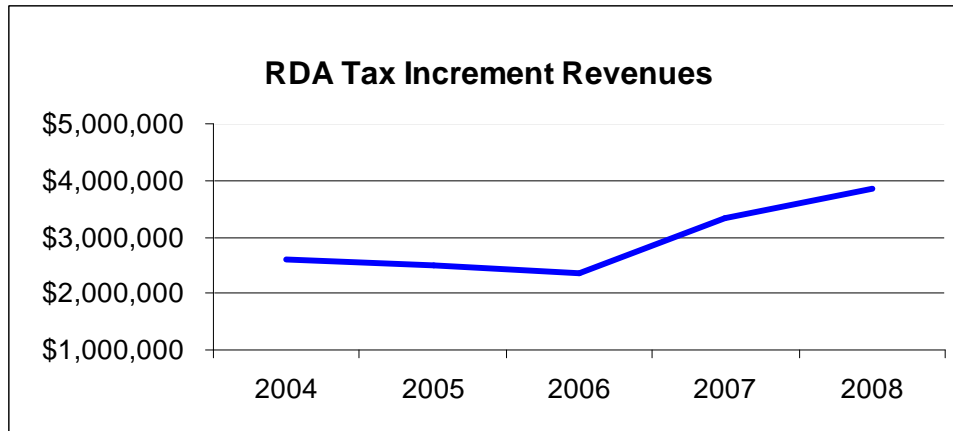
Exhibit 4



Source: City Comprehensive Annual Fiscal Report

Tax increment revenues received by the Agency and shown in Exhibit 5 have increased during the last two years. Revenues shown are net of pass through agreements and other payments that must be made by the Agency.

Exhibit 5



Source: City Comprehensive Annual Fiscal Report

TRANSIENT OCCUPANCY TAX

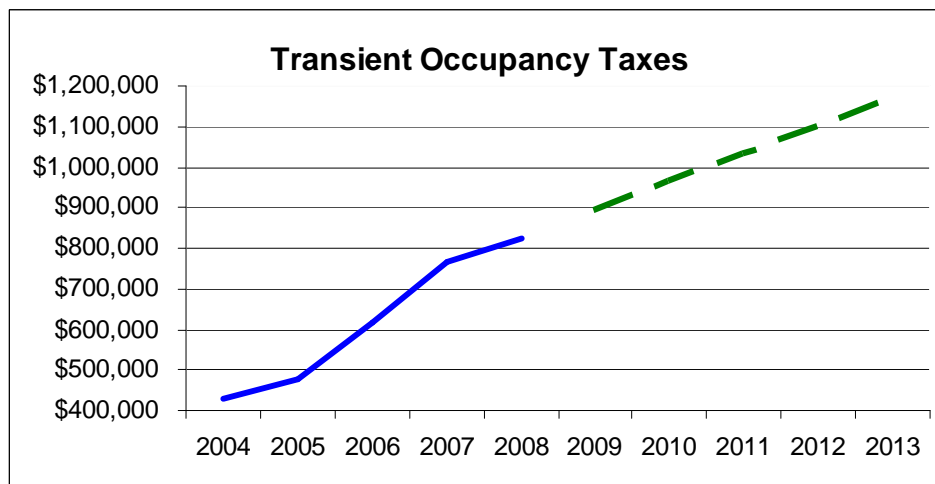
Goal - Within five years (2013), the City will add 150 hotel rooms and generate at least \$400,000 in additional TOT annually (2007 baseline of \$767,000)

Transient occupancy tax, or “TOT”, is revenue generated by hotel stays. TOT revenue is based upon the City receiving 10 percent of the nightly room rates. The number of rooms in the City has remained constant since 2005 with a total of 378 rooms. Based on the City’s Comprehensive Annual Fiscal Report, revenues increased again in fiscal year 2007-08, the fourth year in a row. The 2007-08 revenue was \$58,000 higher than that of 2006-07, about 15 percent of the \$400,000 goal set for 2013. Exhibit 6 below shows the TOT revenues received over the last five years, as well as the desired goal revenues, culminating in a \$400,000 increase between 2007 and 2013.

TOT Revenues										Exhibit 6
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Actual Revenues	\$427,639	\$479,128	\$617,487	\$766,974	\$825,070					
Goal Revenues						\$893,451	\$961,831	\$1,030,212	\$1,098,593	\$1,166,974

The actual and future goal revenues are also graphed in Exhibit 7 to show trending.

Exhibit 7



Note: Solid line represents actual revenues while dashed line indicates future goals
 Source: City Comprehensive Annual Fiscal Report



REVIEW AND UPDATE OF STRATEGIES

Though economic development efforts must continually evolve to meet the changing marketplace, it is important to document progress and understand the multifaceted approach any Economic Development Plan must present. The following pages detail the ongoing work of the City Council, staff, advisory committees, and volunteers in the context of the activities originally proposed by the Economic Development Plan. Those activities that were completed prior to fiscal year 2008-09 have been removed.

OPERATIONAL OBJECTIVES AND STRATEGIES

Operational Objective 1 – Improve Partnerships

Previously Completed *Create a short-term working group of representatives from city staff, EDAC, Harbor Industrial Association, and Chamber of Commerce*

Previously Completed *Create and hire for a staff position specifically to manage and develop economic development programs and networks*

Ongoing *Guide workgroup to determine roles and tasks of each group to prevent doubled workload and synchronize goals*

This activity is ongoing as staff and the EDP continue to prioritize and work towards goals.

Ongoing *Identify any additional resources needed and recruit from within the existing business community*

The EDP has initiated successful outreach luncheons targeting specific business groups every other month. The EDP is working on an action plan for analyzing information received and responding to suggestions.

Operational Objective 2 – Address Infrastructure Needs

Ongoing *Task Public Works with prioritizing projects to ameliorate traffic circulation issues, e.g. Holly Street*

Ongoing *Prioritize funding for capital improvements, and identify funding sources*

Ongoing *Develop a plan for improving traffic flow on Holly Street from El Camino to Highway 101*

The City's new public works director is pursuing completion of several scheduled projects as funding allows. Over \$6 million will be dedicated to infrastructure during the next three to four years. In addition to mitigation funding provided through impact fees, the Public Works department is also actively pursuing grants to augment Agency and City funding.

Holly Street is the City's key entry and exit point from Highway 101 and the only full interchange in the city. Though planned improvements will ease traffic flow out of San Carlos and improve conditions at the Holly Street and Industrial Road intersection, further improvements are needed. Redevelopment and new development in the El Camino corridor and Downtown will intensify circulation problems along Holly Street. Due to these issues, the public works department is prioritizing a plan to complete improvements on Holly Street.

Operational Objective 3 – Identify Opportunities For Funding

Previously Completed *Assemble a financing team and identify the specific bond proceed resources available to the Agency*

Previously Completed *Allocate funds in mid-year (FY 2007-08) budget review process for this effort*

- Ongoing** *Identify City/Agency funds available for improving the business community*
The Agency has capital to invest in economic development and redevelopment initiatives. These funds may support activities such as activation of Wheeler Plaza, new hotel development, or a community-marketing program.
- Ongoing** *Research available grants/loan assistance and maintain webpage of links for businesses to use*
Staff has initiated this research and expects to make this information available through the City website.
- Ongoing** *Continue to leverage Agency funds to support economic development and address infrastructure deficiencies in the Project Area*
The City will be initiating infrastructure improvement initiatives that will be funded from the 2007 Bond proceeds.

Operational Objective 4 – Provide Resources To Small Business Owners

- Ongoing** *Build and maintain online resource section of web page for small business owners*
Staff is rebuilding the business directory on the City website. Eventually a future website dedicated to business in San Carlos which will be designed as a part of the Marketing Strategy.
- Ongoing** *Hold quarterly business retention meetings to facilitate discussion between the City and small business owners*
The EDP initiated outreach and retention luncheons scheduled every other month. To date, meetings have been held with the HIA and building materials enterprises; future planned meetings include sporting goods businesses and downtown businesses. These meetings are ongoing.
- Incomplete** *Reinstate façade improvement funding when feasible*
This strategy will be evaluated and addressed in the coming fiscal year.

Operational Objective 5 – Become A More Sustainable And Environmentally Oriented City

- Previously Completed** *Appoint a City representative to lead the campaign to green the community*
- Previously Completed** *Consider joining the Mayors' Climate Protection Agreement*
- Previously Completed** *Consider joining the ICLEI Local Governments for Sustainability to expand support for green programs and initiatives*
- Previously Completed** *Consider getting involved with BALLE or similar non-profit organization for local network support*
- Ongoing** *Coordinate with the Chamber of Commerce to educate existing businesses on becoming green utilizing ABAG's program*
By capitalizing on ABAG's existing program, the City is able to promote green business in the San Carlos community efficiently. Sixteen or more San Carlos businesses have been certified through this program so far. The EDP is evaluating the best approach to expose the business community to the program.

- Ongoing** *Market to and recruit green and sustainable businesses*
The EDP completed, and the City Council adopted, a draft community marketing strategy in March 2009. The next step is to recruit a marketing firm to refine the strategy and conduct a community branding process.
- Ongoing** *Determine programs or incentives to encourage use of green materials*
- Ongoing** *Approve programs/incentives for encouraging use of green products and energy efficient devices*
- Ongoing** *Develop guidelines for new construction that requires development to incorporate green techniques*
- Ongoing** *Incorporate sustainable practices in other documents and programs as they are created or updated*
Both City staff and the San Carlos Green committee have worked diligently to find opportunities to encourage use of green materials and identify funding for green programs through grants or other assistance. The Association of Bay Area Governments sponsored a certification program the City participates in, which has provided encouragement for businesses to use green products and reduce energy consumption. The GPAC is working towards incorporating green standards into City documents and has created a Draft Climate Action Plan. Further, the GPAC is researching whether the City should create its own green building guidelines or adopt those of the State.

Operational Objective 6 – Improve Staff Interaction With Existing And Prospective Business Owners

- Previously Completed** *Establish an ombudsman to handle complaints*
- Complete** *Partner workgroup should appoint person or group to help identify past issues*
- Complete** *Utilize quarterly business retention meetings as forum for discussions to eliminate problems or misunderstandings*
- Complete** *Extend customer survey beyond Building Department survey that was previously completed*
- Ongoing** *Craft strategies to address real or perceived impediments to business development*
Each of these activities is now being addressed through the EDP luncheon outreach program, held every two months. Attendance and interest levels at the first two meetings have been high and the program is expected to be very successful. The EDP is currently determining the best methodology for taking action upon input received. The Building Department survey has served its role, and the survey tool has been replaced with regular outreach efforts.

Operational Objective 7 – Update Zoning Code Or Specific Plan Land Use Designations As Needed

- Ongoing** *Identify zoning code or specific plan provisions that are no longer in line with the City's goals*
- Ongoing** *Task Planning Department with recommending changes and schedule*
- Ongoing** *Update zoning code and specific plans according to schedule*
A General Plan update is underway, intended for adoption in October 2009. Revisions to development codes, zoning documents, and specific plan provisions will be initiated subsequent to the General Plan update.

Operational Objective 8 – Develop and Implement Community and Regional Outreach Programs

- Ongoing** *Work with Chamber to improve and update business recruitment package*
- Ongoing** *Create a marketing strategy and program to attract businesses and consumers to San Carlos*
- Ongoing** *Develop benchmarks for measuring the benefits of economic development, including utilizing research from marketing strategy to evaluate employment levels and production niches*
- Ongoing** *Develop and implement a strategy for communicating economic development to the broader community*
- Ongoing** *Proactively recruit venture capital funded companies and tech startups via investor community and universities*

In February 2009, the Council adopted a Draft Marketing Strategy and approved contracting with a Branding and Marketing Consultant. A request for proposals has been authorized and a consultant is expected to be selected in Summer 2009. The consultant will then finalize the Draft Marketing Strategy, complete a community branding program, and create collateral materials for marketing and outreach purposes. Benchmarks and recruitment efforts will be further developed through the Marketing Strategy once completed. The EDP has laid the foundation for some business recruitment package efforts and will continue to work on outreach efforts to obtain input on potential users.

DOWNTOWN OBJECTIVES AND STRATEGIES

Downtown Objective 1 – Activate Wheeler Plaza

- Previously Completed** *Strategize with City Council on the community's vision for possible reuse*
- Previously Completed** *Retain economic consultant to provide options on what may be feasible*
- Previously Completed** *Identify developers that specialize in feasible product and initiate discussions*
- Complete** *Contract with a site developer*
- Ongoing** *Set up meetings and discuss opportunities with property owners*
- Ongoing** *Negotiate with property owners for maximum site*

Staff held initial discussions with property and business owners as part of the Wheeler Plaza Request for Qualifications process initiated in 2008. A developer has been chosen following an extensive selection process and an ENA will be concluded by May 2009. Once the ENA is in place, the selected site developer will conduct an extensive outreach effort to include discussions with neighboring property owners to determine interest in participating in the project.

Downtown Objective 2 – Activate Bell Market Site

- Previously Completed** *Set up meeting and discuss opportunities with land owner*
- Complete** *Identify developers that specialize in feasible product and initiate discussions*
- Complete** *Determine feasibility of purchasing leasehold interest*



Complete *Identify site development options*

Complete *Pending leasehold, find appropriate tenant or contract with developer*

This site will be occupied by Bianchini's; this grocery establishment is set to open by March 2009. The new tenant eliminates the need to pursue further action at this time. Efforts to recruit desirable tenants to the now former Foodville site are underway.

Downtown Objective 3 – Draw People From El Camino To Downtown

Ongoing *Continue focused discussions with Samtrans and the developer for the planned uses/users of the Transit Village*

Samtrans and its developer, Legacy Partners, have prepared site plans that have been reviewed by the City. Legacy has recently submitted a fiscal impact study for this development proposal; the City is currently reviewing this study.

Ongoing *Identify first efforts to market downtown at Transit Village particularly signage*

Ongoing *Implement marketing strategy to draw consumers from the Transit Village to Wheeler Plaza and downtown*

The Marketing Strategy will address these two topics once a consultant has been selected to finalize the Draft Marketing Strategy and proceed with community branding.

Downtown Objective 4 – Determine And Encourage The Best Uses For Downtown

Completed *Consider criteria for users above a determined square footage pad*

The Zoning Code has been revised to restrict certain undesirable uses in downtown.

Ongoing *Identify and recruit a brew-pub restaurant*

Staff has made efforts to locate a user through the city's broker network. This effort continues and the use may be explored as part of the Wheeler Plaza project scoping effort.

Ongoing *Identify and recruit smaller regional businesses*

EDAC has identified retailers to recruit in various business categories for when appropriate locations are identified.

Ongoing *Identify and recruit more entertainment types of uses for all age groups, potentially including a bookstore and wine bar*

A wine bar has been located on Laurel Street. Further, the EDAC and staff have identified prospective users for sites that become available.

EL CAMINO REAL CORRIDOR OBJECTIVES AND STRATEGIES

El Camino Objective 1 – Utilize Railroad Property As Catalyst Site

Ongoing *Continue focused discussions with Samtrans and developer for the Transit Village*

Staff is in continuous discussions with the Transit Village owner and developer, reviewing site plans and impacts, both physical and fiscal. An environmental impact report is currently in process.

Ongoing *Consult on commercial tenant recruitment with the developer to protect against overlapping efforts in downtown*

Staff continues to discuss this strategy with the developer as part of the development program structuring process.

Ongoing *Incorporate marketing strategies aimed at downtown at the property*

This is addressed in the Draft Marketing Strategy adopted by the City Council in March 2009 and will be refined through community outreach.

El Camino Objective 2 – Implement Landscape And Design Concept For Corridor

Ongoing *Review current landscape concept*

Ongoing *Develop design and landscaping guidelines for corridor if current plan is not sufficient*

Ongoing *Implement strategy*

The Transit Village developer will landscape most of the eastern side of the El Camino. The Public Works staff has developed a plan for design and funding for the improvements on the western side. The City is considering coordination with the Grand Boulevard Initiative program, which may impact design and landscaping guidelines as well. If the City chooses to participate, all plans would be coordinated with the Grand Boulevard Initiative.

El Camino Objective 3 – Determine And Encourage The Best Uses For El Camino

Ongoing *Review zoning and specific plan guidelines for the corridor and evaluate possible changes*

Ongoing *Task Planning Department with recommending changes to the zoning code and developing a schedule for the changes*

Ongoing *Identify vacant parcels on corridor*

Ongoing *Review recommended changes and carry out approval process*

Ongoing *Identify types of users who's needs would meet the available land parameters*

Ongoing *Utilize the partnerships to solicit interest in available properties from desired users*

Ongoing *Work with partners to recruit businesses*

The El Camino activities continue to be addressed. The General Plan update process has included a review of zoning and specific plan guidelines. Further, the City is considering working more closely with regional partners on the Grand Boulevard Initiative, which is currently seeking funding to perform an economic and housing analysis. The City has an opportunity to participate in this process which would provide a more detailed look at the feasibility of redevelopment along the El Camino corridor. The City continues to work with the broker community to identify vacant and underutilized parcels that would be prime candidates for future redevelopment activities.

EAST SIDE OBJECTIVES AND STRATEGIES

East Side Objective 1 – Recruit Mid To Large Plate Retail

Previously Completed *Explore commercial sites for strategic marketing based on location, zoning, availability, owner interest, and other redevelopment criteria*

Previously Completed *Develop list of compatible users with Chamber and EDAC, focusing on existing markets of home improvement, home goods, and recreation/sports*

Completed *Determine City/Agency funding available for parcel assembly*

Funding is reviewed annually as a part of the budget process, and will further be forecast in the Five Year Implementation Plan. More detailed analyses are performed by staff when specific development proposals are reviewed.

Ongoing *Initiate contact with identified users and provide information on San Carlos*

Staff has contacted several identified retailers and the brokers who represent them.

Ongoing *Explore ERA recommendation to change the zoning on property along Industrial Road from Industrial to Mid and Large Plate retail uses*

This strategy is being addressed as a part of the General Plan update.

Ongoing *Recruit users for available land*

There is relatively little available land, although staff has been actively recruiting developers, brokers, retailers, and hoteliers to identified East Side areas along the Industrial Road and Highway 101 corridors.

Ongoing *Incorporate green building standards for new construction*

A draft Climate Action Plan has been completed, and the City Council will soon determine if staff should pursue creating guidelines for the City or if San Carlos should adopt the State guidelines.

East Side Objective 2 – Recruit Research And Development / Bio-Tech Industries

Ongoing *Market small available parcels through partnerships (e.g. SiliconValleyProspector.com, Chamber) and website*

The City has engaged online listing service Loopnet.com to direct interested parties to commercial space for lease and purchase. A link to the search tool is found on the City's home page.

Ongoing *Capitalize on Nektar and possibly PAMF to attract complementary uses*

This strategy has been used mostly in connection to attracting potential hotel development to complement PAMF, but is expected to be expanded in the coming years.

East Side Objective 3 – Preserve Light Industrial And Flex Space

Ongoing *Market available small pads/industrial condos via the Loopnet.com website, the City website, and through the Chamber*

The City is utilizing the Loopnet.com to direct potential owners and tenants to available properties.

Ongoing *Encourage flexibility of uses through revisions of development standards*

This strategy has been initiated through the General Plan update process.

East Side Objective 4 – Develop Landmark Hotel

Previously Completed *Reserve site for hotel at landmark site as designated*

- Ongoing** *Contact local developers to ascertain interest*
 Staff is holding discussions with several hotel developers, brokers and Landmark Hotel site property owners. The next step is to identify specific hotel and ancillary uses, and market this site (with property owner concurrence) to hotel, restaurant, office and retail developers and users.
- Ongoing** *Study the feasibility of development and potential for RDA assistance in facilitating land assembly and development*
 The Agency has prepared an initial feasibility analysis that identified the need for Agency investment. This analysis will be refined when specific development proposals are submitted. The City has made this strategy one of its top priorities as a hotel will generate additional transient occupancy tax.
- Ongoing** *Select a hotelier/developer*
 Staff has held informal communications with several hotel developers and will proceed with a formal selection process when the affected property owners approve this solicitation.

HARBOR INDUSTRIAL AREA OBJECTIVES AND STRATEGIES

Harbor Industrial Area Objective 1 – Engage The Harbor Industrial Association

- Complete** *Attend meetings with Harbor Industrial Association to discuss future strategies and solicit representation for the workgroup*
 Staff continues to attend meetings of the HIA, and a representative has been appointed to the EDP and General Plan Advisory Commission.
- Ongoing** *Work with HIA to determine best reuses of vacant parcels*
 The HIA and City staff are actively engaged in pursuing redevelopment potential when the opportunity arises.

Harbor Industrial Area Objective 2 – Preserve Light Industrial And Research And Development Uses

- Ongoing** *Market small available parcels through partnerships (e.g. Silicon Valley Prospector.com, Chamber) and website*
 The City has engaged online listing service Loopnet.com to direct interested parties to commercial space for lease and purchase. A link to the search tool is found on the City’s home page.
- Ongoing** *Allow and maintain flexibility of uses in industrial area, but continue to focus on recruitment of light industry and construction-related products*
 This strategy is being addressed in the General Plan update and the draft Marketing Strategy process.

Harbor Industrial Area Objective 3 – Recruit Research And Development / Bio-Tech Industries

- Ongoing** *Market available small pads via the Loopnet.com website, the City website, and through the Chamber*
 The City is utilizing Loopnet.com website as well as it’s own to direct potential owners and tenants to available properties.
- Incomplete** *Target research and development uses complementary to existing firms and recruit as land becomes available*
 This strategy has not yet been addressed.