



**CITY OF PACIFICA
ECONOMIC DEVELOPMENT COMMITTEE
MINUTES**

Tuesday, July 12, 2016, 6:00pm

FLOREY'S BOOK COMPANY

Aaron Schlieve, Owner

2120 Palmetto Avenue

Present: Peter Menard, Victor Spano, David Leal, Tonia Boykin, Brent Shedd and Kevin Cubba

Council members: Sue Digre, Karen Ervin (arrived at 6:45pm)

Staff Liaison: Anne Stedler

Guest Speakers: Assistant City Manager Lorenzo Hines, Jr,
Pacifica Chamber of Commerce CEO Vickie Flores (absent)

1. Call to Order

Chair Peter Menard called the meeting to order at 6:18 pm

Peter welcomed Aaron Schlieve, the EDC host for the evening. Peter welcomed Aaron to speak on his Palmetto business experience: Aaron has been entirely on Palmetto since early 1990's. "As far as our two Palmetto locations this has definitely worked better for us. It is smaller but it is on the corner. The biggest issue is UV exposure to the books. He has some synergy with the library staff for book sales at author events.

"Hoping streetscape improvements can come to pass. Most customers who visit do not complain about Palmetto. Some say, 'That'll never happen!' The fact is that we may not get every last thing shown in every architectural rendering: but any improvement will help."

Sue Digre also appreciated Aaron's habit of showing local artists.

Aaron's remarks are so helpful that in the future we will feature the host business at the beginning of the meeting.

2. Approval of June 22, 2016 Minutes

Victor moved and Brent seconded that we take the minutes at the end of the meeting. Tabled to the next meeting because due to absences of members who had attended the June 22 meeting.

3. Oral Communication from the Public at Opening

Resident Rachel Phillips moved to Pacifica 4 years ago, rehabbed a totally deteriorated building in Sharp Park, and is fascinated to learn the issues and concerns that are related to land use proposals in Pacifica.

Mike Bell said he is attending, because he is interested in the topics EDC pursues and is here to learn about EDC and to support it in any way he can.

5. Presentation of the City 2016-17 Budget

Peter introduced Lorenzo Hines, Jr., Asst City Manager to present the 2016-17 Budget.

"I will address the General Fund Budget and the overall budget as well. I will try to focus this in on the economic development that the EDC is encouraging. The town where I live in the Peninsula offers extensive services to residents because it has the resources from a strong business base.

Lorenzo "finds the work of the EDC and economic development exciting, because to the extent their efforts are successful, the town has a base to deliver better and stronger services. You have a city manager now who is going to move things forward because that is what she was hired to do.

Page 2 – "We want people to understand our budget ---

Page 3 – "General Fund is the biggest at \$30.7M, and is funded by retail sales tax and TOT as well as other revenues."

"We HAVE to submit a balanced budget for the General Fund." It is legally required.

Other funds "outer planets" are usually restricted. Together, all funds total \$74M.

Page 4 – 6 - Overall budget. "We expressed Transient Occupancy Tax (TOT) as a separate amount for the first time this year because it is of interest to people now. TOT is the good news story this year [because of the rebound in visitor travel since the recession] and we are hoping the TOT will continue to rise.

Under Department and Program revenues – Planning Department budget is higher in '16-'17 in expectation of the Quarry development fees to process applications. The additional \$930K for Planning will come from developer fees to cover the staff work for the permit processing.

"A \$500,000 surplus expected from the FY 15-16, and staff is hoping it materializes. Expect to close books in two weeks."

Themes expressed on page 5: Cost Recovery is very important since it funds services.

Page 6. Looking for increased tax revenue. And that would come from developer fees.

4th bullet down – “Excess education funds are one-time funds and they are smaller in each ensuing year.” We transfer funds in from the Sewer Utility Fund at \$730K to help pay pension obligations. The General Fund will pay that back. All the 27 funds are independent businesses. They can legally do business with each other.

Peter mentioned that such borrowing was common practice in his experience at the University of Michigan.

Page 7: Expenditures. General government includes City Manager., Econ Dev, and Asset C Manager. There is one Human Resources analyst for 160 FT and 130 PT staff. The new year budget includes an increase in staff in that area.

Public Works – created a promotional ladder for staff development and retention.

The City Council also acted to combine the Public Works and Waste Water operations into one department.

TOT and Sales Tax are smaller pieces of the pie. “I hope the TOT and Sales Tax components grow, so Pacifica will be less dependent on the Property Tax and Departmental fees, which are more heavily hit by the recessions.

David Leal asked about TOT – “It is only the hotels in town that contribute TOT. But we have an opportunity for a hotel in the Quarry and in Beach Blvd, and also Air BNB and VBRO. I know other cities have an Air BNB tax in place.”

Lorenzo responded: “At the Saturday July 9 Council Goal Setting this issue was addressed. The Air BNB and VRBO require staff to ensure compliance. Karen Ervin added that “It is a little more complicated [than it appears] because it involves setting regulations related to zoning, impacts to neighborhoods, and impact to current renters.”

David Leal suggested, “Since the function is happening now anyway, is there a possibility to collect before we do zoning/regulation?”

Page 9 - Expenses are shown in a pie diagram. Public service has the bulk of Expenses. Public safety at over \$15M expends more money than property tax, at \$10.5 M, brings in.

Lorenzo reviewed key issues re bargaining issues.

Lorenzo reviewed the City’s PCI, or Pavement Condition Index, “Our PCI is next to the lowest in the county. To bring it up to minimal standards requires \$42 M

There was discussion about balancing a budget – which is a legal requirement for cities.

Page 11 – Commercial sector in this town – “Which slice of the budget pie does commercial property affect? Commercial activities affect sales and property tax.” (We’ve already talked about TOT).

Fees for services: “Example is the parking lot fees that cover costs at Linda Mar.”

Fees have to be set appropriately to work. You look at Planning fees, and hear from developers and home remodelers, and there is a tipping point -- we want fees to be reasonable to encourage people to improve their homes, but we want to recover the cost of processing the permits, too.”

Peter asked about the “Bigger Picture” questions. “Revenue is dependent on commercial property and business. Do we increase our commercial sector? Right now we are dependent on our residents and our property values and our good climate (change) that brings people to the coast.” Lorenzo responded, “If you have a vibrant commercial sector it makes the residential properties even more valuable, and bolsters tax.” Lorenzo wants to see growth in the sales and TOT revenue streams. “We have assets such as Palmetto” [that could be producing more revenue].

Peter spoke: “I keep trying to identify what is inevitable. Air BNB could be a revenue source, but only to the extent a city has control over these things. (Side effects can be negative.) We either depend on them more or we depend more on the commercial sector.”

Karen: {I see it as] “Our whole city eco-system.”

Lorenzo: “You just described the organism, and it is never stagnant.”

Peter said, “The City EDC and commissions can be helpful identifying what the conversation can be. We want to take measures to protect people and respond to inevitabilities. That conversation is not as transparent as it needs to be.”

Lorenzo: “We can use competitive advantages to get best results.”

Brent: “That does start to answer the question. What I hear more than anything else: why do we need to change, it is not broken. But it’s our potential – can we use our assets.”

Karen: “We can’t stay stagnant – the world around us is changing. The longer we leave vacant lots the longer people turn away.”

Peter – “If we don’t make decisions about how we use those resources the decisions get made by others. 7-11 is instructive because the debate focused on 7-11 or nothing. City is well served to create options. In order to create options; entities have to want to come here. So we have to create the conditions that are attractive.”

Lorenzo: “There is a perception that Pacifica is trying to change. Standard and Poor’s reflected that in its opinion:” Facts support that:

- Median income is over \$2100K
- The median housing unit is beyond \$700K

Lorenzo: “That shows an attractive market. Stewardship includes addressing vacant lots, using zoning for stewardship.”

Property taxes in FY 2016-17: Each property tax dollar generates \$.24. It is not much revenue. Sales Tax is also minimal on the dollar spent. TOT allows the City to keep 100% of the revenues.”

General Fund budget is on line in the finance area of the city’s web site. See page AF2.

David Leal: “I have a question regarding different funds. Library bond proceeds would be in a separate fund, right?” Lorenzo said, “Yes, we want to create a separate fund. It would not be part of the CIP.”

Victor’s questions: “With library bond funds, will existing City staff be able to charge costs to the library? Where will staff charge time?”

There was a short discussion of the idea of city parking structures.

Brent says, “Not to beat the other side of the issue of this – I would not want to be on the wrong side of history, the transportation in this area is changing. Five to six years from now will be dramatically different than it is today. Uber, Lyft, driverless vehicles. Avis was on the news today with an app, which they will give the customer to get the rental car rather than using personnel to do it.

Brent prefers to “see space renovated into high value retail rather than parking. We need to focus on where we are going. Power stations for the cars are an example.”

There is a charging station behind Safeway at Linda Mar.

5. EDC Role and Palmetto Streetscape – Update

Anne stated: The upcoming August 8 City Council meeting will include recommendations for the Palmetto streetscape project that the EDC reviewed and approved unanimously on June 22. Please mark your calendars.

6. Upcoming Meeting Schedule

This was referenced, only, since it is self-explanatory.

7. Economic Development Committee Annual Report
Work Group Reporting and EDEC Annual Report Content Discussion

Palmetto Ave Business Outreach –

- What are we including in the EDC video presentation?
- What we did, why, who was involved – results of connections and neighborhood relationships.

- Provide each councilperson with the packet of information.
- Quotes from businesses, Beach Boulevard project, Library, Palmetto
- Retail street dynamics: make-up now and make-up when it is a main street
- Enough of the talking – just do something.

Web Presence

- Style Guide critical element
- Shared resources – such as sharing community Calendar with Vickie
- Huge moves in the mobile and Facebook space – Kevin reserved the
- In fact – some of community members, such as

Updates on Google Maps – residents would really like to hear that.

- EDC members need to confirm the listing – so
- Can we show this transformation at the Council slide?
- Attracting businesses employers to the town: create a context first.
- Where do people work?
- Peter is expecting to work with the City’s survey gathering information
- Brent asks for a shorter survey – a series of brief surveys.

8. Chamber Report – Provided by Victor Spano

- The Quarry 3-D model of the site planning is at the Chamber (not architectural model)
- Chamber is hosting an eggs and issues breakfast on July 21 to address the Library proposal, and Mike O’Neil will be the guest speaker. (This was subsequently postponed.)
- Aspiring Entrepreneurs will be at Florey’s on July 28.
- Brent raised the possibility of a Pacifica Professional LinkedIn group.

9. Economic Development Manager’s Report

- Anne visited Morgan Hill for that city’s public panel discussions on downtown retail and place making. Cincy Abbot of the P B & R Commission and the Mural

Subcommittee also attended.

- New tenants: Kevin's Cottage is occupied by the new Early Bird Infant and Toddler Care Center, and a vacant space on Bill Drake Way is available for lease.

Brent Shedd and Victor Spano departed at 8:30.

10. Oral Communication from the Public at Closing

There was none.

11. Oral Communication from the Committee

SUE: FogFest: Can we have an overall theme of whales, can we have our own businesses featured. How can we involve Palmetto merchants in Fogfest?

DAVID LEAL: The council meeting last night with the County Library representative provided powerful information about what services we are missing because of our undersized facilities.

KEVIN: a lot of our discussion seems to be around our development projects. We can think of these big projects as the "rocks," long term, huge efforts. By contrast, many of the things EDC members can do are "pebbles," near term things we can get done while we are moving forward on the "rocks". Related to that, Kevin's employer, Ring Central, keeps tabs on Bay Area hiring. The numbers of have been softening. Tech market has been doing some softening. That reminds us of the opportunity to move while the market is still robust.

Metrics – "I purposely started tracking where I spend money – "An Economic Fitbit." I use myself as a small sample size. I track where we went and how often we went. If I need to stop at Home Depot, can I get that Ace instead?"

Kevin had visited the City web site: "There is delay on performance and Google will start decreasing the City's SEO ratings. The site should be tailored to mobile devices."

Lorenzo responded: "The actual web site itself is still under construction. We are revamping department pages as we speak. Vendor is the host but we control the design. All the architecture is in house. Platform from Civica provides the ability to make legal notices."

"When I run the Google metrics against it there are number of failures," Kevin reported.

Lorenzo said, "Send me that so I can send it to the vendor. "

12. Meeting adjourned 8:52 pm.

David Leal moved and Kevin Cubba seconded

Topics for Future Meetings

1. Sporting Events in Pacifica (Victor Spano)
2. Signage (TBD)
3. Airbnb / TOT, Uber (TBD)
4. Support of Businesses During Disruption / Crisis (TBD)
5. Roles and sensitivity in conversation and meetings
6. How to Respond to Inquiries on Large Development Sites (e.g. Quarry, Beach Blvd) – fact sheets
7. Private Event Online Resource Catalog / Guide; weddings
8. Staffing City Booths at Events
9. Portola Discovery Anniversary (Sue Digre)