

City of Albany, California

ECONOMIC DEVELOPMENT STRATEGIC PLAN

Growing Business in the Urban Village by the Bay



Approved by the Albany City Council on September 5, 2017

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All photos taken in Albany during the course of this project by Amalia Cunningham.

Executive Summary

The Albany City Council's Strategic Plan identifies economic development as a City priority. The City of Albany's Economic Development Committee (EDC) workplan made the creation of an Economic Development Strategic Plan one of its major objectives. The project encompassed background data review, business sector and consumer demand analysis, stakeholder input gathering including interviews, focus groups, an online public survey, and a public workshop, resulting in this assessment.

Key Findings:

- **Demographics:** The Albany community is moderate to high income, although 11% of households are below poverty level. Local consumers are ready and willing to shop specialty retail, shown by their spending on average \$4,200 annually on eating out. Residents tend to be highly-educated, and in scientific/management/ technical jobs, with a low unemployment rate.
- **Employment:** Education is the largest employment sector, followed by retail. Albany Unified School District is the largest employer overall and the largest employer of Albany residents. Target is the largest private employer, and the Department of Agriculture campus is the largest employment site. Large employers have some similar hiring needs (including seasonal hiring), and joint programs such as job fairs could be beneficial.
- **Industrial Sector:** There are few industrial businesses; however, some are strong revenue generators and they are generally satisfied with their Albany location.
- **Commercial Sector:** Sales tax is on an upward trend, with retail and restaurants the strongest categories. Despite limited available retail space now, new infill development - if located and designed properly - will add additional space for which there appears to be demand. New policies supporting infill development, consistent with General Plan goals, are appropriate, as is targeting commodity or specialty retail, as the case might be for a given location, for business attraction.
- **Business-Related Permit Process:** Like many cities, Albany would benefit from an increased focus on customer service in its business permitting and licensing arenas. Albany has the opportunity to get a regional reputation for excellent customer service by further improving processes.

Recommendations:

In almost all cases, the goals and detailed actions in this five-year plan implement existing City policies, which are listed under each section in the document. Each discussion also estimates the relative cost and timeframe. This table summarizes the goals; the detailed discussion of these goals and their implementing actions starts on page 41.

Goal	Timeframe	Cost
1. Partner with businesses and residents	Short	Low
2. Improve City Hall's proactive economic development efforts	Short-Mid	Medium
3. Target retail/restaurant for business attraction	Mid	Low-Medium
4. Get more infill development	Long	Medium-high
5. Upgrade built environment	Short-mid	Medium-high
6. Improve customer service and permit process	Short-mid	Low
<p><i>Short term: Underway within one year, if not immediately.</i></p> <p><i>Mid term: Underway within two years, if not sooner.</i></p> <p><i>Long term: Underway within three to five years, if not sooner.</i></p>		
<p><i>Low cost: Estimated to be less than \$20,000 annually.</i></p> <p><i>Medium cost: Estimated between \$20,000-\$200,000 annually and/or one-time, depending on the specific action.</i></p> <p><i>High cost: Estimated to be more than \$200,000 one-time.</i></p>		

I. Introduction

Albany is a small town nestled between the San Francisco Bay and the East Bay hills in close proximity to San Francisco, Oakland, and the University of California at Berkeley. Its tagline “Urban Village by the Bay” gives a sense of the community’s identity as more than a bedroom community but not an employment hub in its own right. Albany’s almost 20,000 residents are spirited, engaged, and proud of their village.

Welcome to Albany

Albany benefits from an excellent location on the I-80 corridor in the East Bay of the San Francisco Bay Area, close to employment centers in Oakland and San Francisco. Any point within Albany’s one square mile is a short walk from one of two BART train stations just outside the city. Home resale prices in Albany have risen dramatically in the past few years since the Great Recession, as people are priced out of homes in San Francisco, and come east seeking housing options with a reasonable commute and good schools. At the same time, Baby Boomers are slowly aging out of their single-family homes, leading to generational turnover. The community takes enormous pride in the public school district; Albany High School consistently shows up on “Best Of” lists. Albany’s police and fire services, schools, and amenities such as close shopping options, parks, a robust recreation program, and senior services make it a desirable place to live.

Albany’s business districts are Solano Avenue, San Pablo Avenue, Eastshore, and Cleveland. Solano, home to the Solano Stroll festival which attracts a rotating crowd of 250,000 people the second Sunday in September, has a charming Main Street feel. San Pablo Avenue is more auto-oriented, as befits its history as a state highway, with some larger commercial spaces, auto repair, and office businesses. Cleveland and Eastshore have freeway visibility, and are the industrial and large-format commercial districts. Tucked away off Eastshore is the City’s largest employment center, the Department of Agriculture campus. Each of the business districts connects to neighboring cities, and most casual shoppers probably have no idea where Albany ends, and where Richmond, El Cerrito, or Berkeley begins. Albany has two main business groups: the Albany Chamber of Commerce,



a volunteer organization, and the Solano Avenue Association, spanning Berkeley and Albany with one staff person.

A strategic approach to economic development

The City of Albany formed an Economic Development Committee (EDC) in 2015 to have a volunteer City body focused on business growth, with members required to be an Albany resident or business owner, appointed by the City Council and staffed by the Assistant City Manager/City Clerk. The EDC's work plan identified the creation of an Economic Development Strategic Plan as a major objective. The consultant team was retained in January 2017 to complete strategic analysis and provide recommendations to staff, the EDC, and the City Council to guide Albany's economic development efforts.

The project scope of work was an assessment incorporating background data review, business sector and consumer analysis, stakeholder input gathering including interviews, focus groups, an online public survey, and a public workshop, resulting in a strategic plan document with a five-year horizon. This Economic Development Strategic Plan reflects the energy, vitality, and warmth of Albany, while recommending targeted policies and programs that enhance the business climate.

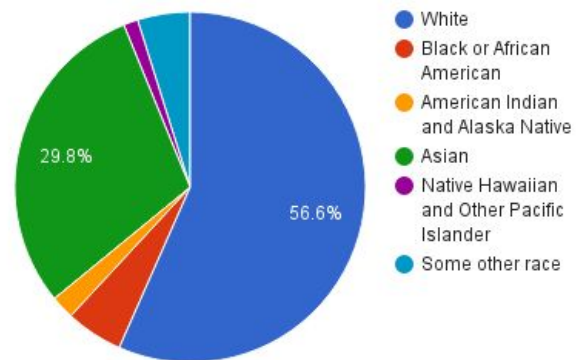
II. Community Demographics

The Albany community is an essential partner in the growth of the local economy, particularly the retail and restaurant sectors. This section of the strategic plan reviews the characteristics of the City's residents and the larger trade area's consumers as background to the recommendations.

Resident Demographics

The most recent Census-derived data has Albany at 19,249 residents in about 7,300 households. The residents are 49% male and 51% female. Almost a third of the population (29%) is 19 or younger, and 10% is age 65 or older.¹ Almost three-quarters of adult Albany residents have at least a bachelor's degree.

Over half of the population (57%) identifies as white, and about 30% as Asian, with other races at much lower shares. The proportion of African-Americans, 5.8%, is lower than in adjacent communities Berkeley (9.3%) and El Cerrito (9.4%). Thirteen percent of residents identify as Hispanic and/or Latino, which is consistent with nearby communities.²



The mean annual household income (2015) was \$106,000, while the median was \$79,600.³ The median is comparable to the Alameda County median of \$81,700, but below the Bay Area region's median of \$88,800.⁴ Fourteen percent of Albany households have incomes over \$200,000 annually. However, 11% of the population overall is below the poverty level. According to the City's 2015 Housing Element, about half of the families below the poverty level are University Village residents.

The average sales price for a detached home in Albany in 2016 was about \$917,000.⁵ The median income of owner-occupants with a mortgage - \$137,000 - is higher than the citywide median. Eighty-one percent of households in owner-occupied housing with an

¹ Unless otherwise noted, data is from the U.S. Census Bureau, 2011-2015 American Community Survey (ACS) 5-Year Estimates. The California Department of Finance also provides population estimates, but because the ACS has more data relevant to this project, it is used as the base source for consistency.

² Census classifies Hispanic/Latino as an ethnicity; respondents may be of any race.

³ The mean is the arithmetic average; the median is the middle number, less affected by outliers. Both are useful in Albany because of the large student population at University Village.

⁴ Metropolitan Transportation Commission (MTC), [Vital Signs website](#), viewed Jan. 24, 2017.

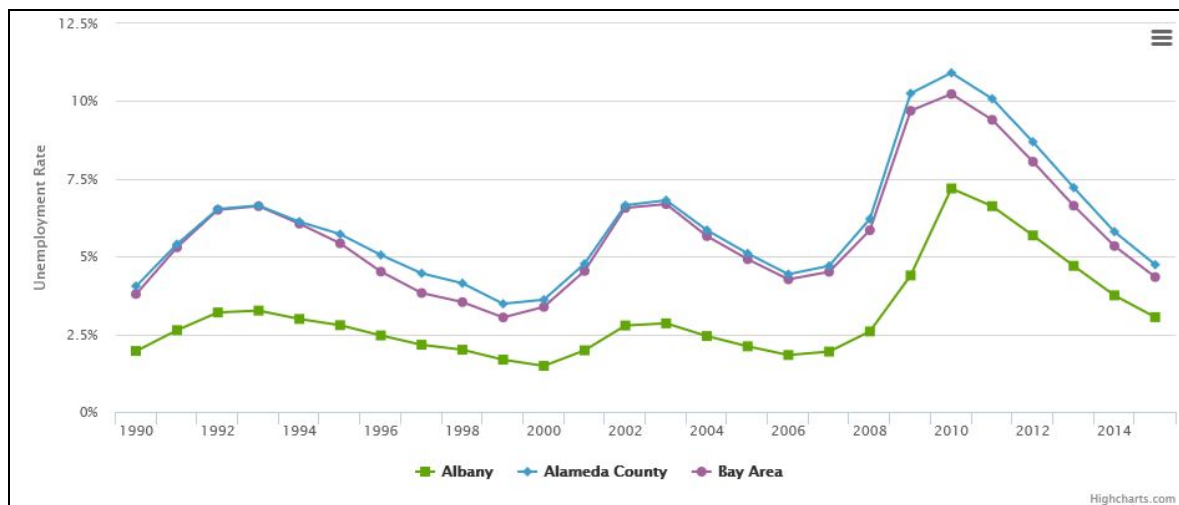
⁵ Redfin.com, searched Jan. 17, 2017.

active mortgage are carrying a mortgage of more than a half a million dollars; 12% have a mortgage of more than \$1 million.

Resident Workforce and Employment

Albany's resident workforce is about 10,000 workers. Albany had an unemployment rate of 2.5% as of November 2016, compared to an average for 2015 of 3.1% in Albany, and 4.7% for Alameda County overall.⁶ As the following chart from the Metropolitan Transportation Commission illustrates, in recent decades, Albany residents' unemployment has been consistently lower than Alameda County's rate and the region's rate.⁷ As the chart shows, the local employment market tracks very closely with the regional employment market. The end of the Great Recession created more employment opportunities for Albany residents along with the rest of the Bay Area.

Local and Regional Unemployment, 1990-2015



More than half of the employed Albany residents work in professional fields such as management, science, education, health care and social services. Twenty-six percent are government employees, 10% are self-employed, and the rest, about 64%, are employed in the private sector. About 16% work in Albany, including people who work from home. The mean travel time to work for employed residents is 31 minutes, in line with the Bay Area average of 30 minutes.⁸

⁶ State of California Employment Development Department, Labor Market Information Division, viewed Dec. 16, 2016.

⁷ MTC Vital Signs, op. cit.

⁸ Albany: U.S. Census Bureau, 2011-2015 ACS op. cit.; Bay Area: MTC Vital Signs, op. cit.

Trade Area Consumer Characteristics

As one Albany restaurateur said during an interview for this plan, “My customers come from a ten-minute drive.” There is a feeling that the bulk of the customers for Albany’s restaurants and specialty retailers are very local. The Strategy Plan uses demographic data from within three miles of the intersection of Solano and San Pablo, as well as the “psychographics” - a marketing term for an assigned consumer profile and projections about behavior, to groups within the boundary of the study area. Businesses can use these demographic and psychographic reports to better tap into the potential customer base.

The three mile radius extends into most of Berkeley and El Cerrito into the hills, and the Marina Bay, Panhandle, and Annex neighborhoods of Richmond. There is an estimated population of 158,000, in 62,000 households.⁹ About a quarter of those households have children. The demographic averages and consumer spending patterns of the three-mile group compared to Albany-only are comparable, as the following examples show.

	Albany city	Three mile radius
Median age	37.6	36
<i>Annual household average:</i>		
Income	\$109,699	\$102,123
Eating out	\$4,328	\$4,205
Apparel & services	\$2,924	\$2,802
Household furnishings	\$2,463	\$2,315

Compared to the larger trade area, Albany residents are a little older, with a slightly higher income, and slightly greater spending patterns. But overall, the three-mile trade area shares many characteristics with the resident population, such as education level, employment profile, and race/ethnicity.¹⁰ With an average household income of \$102,000, considering how many are student households associated with UC Berkeley, this means that the non-student households are doing very well. The psychographic reports delve into these characteristics and predict behaviors, and these profiles can be used to target marketing efforts for existing businesses, and to help brokers and staff attract businesses

⁹ Data in this section from ESRI Market Profile, 2016 data (unless otherwise noted), report run April 1, 2017.

¹⁰ 52-58% white, 23-28% Asian, 11-12% Hispanic [any race], 5-10% African-American.

that can fill niches of interest to these psychographic groups. The predominant profiles in the Albany trade area are summarized below.¹¹

City Lights (52% Albany residents, 17% 3 mile radius)

This profile fits younger savers living in ethnically and racially diverse neighborhoods, who believe in equality and social justice. “They are price savvy but will pay for quality brands they trust.” This group is interested in natural products and health-conscious foods. They tend to shop at Target, Costco, and Walmart.

Urban Chic (30% Albany residents, 20% 3 mile radius)

This profile fits middle-aged, well-educated, white-collar professionals who are environmentally savvy and heavy technology users. They are more likely than the average American to be married, have investment income, and commute by bike. They tend to shop at Trader Joe’s, Whole Foods, and Costco, and they love coffee. There are more than 13,000 Urban Chic households within three miles of Albany.

Metro Renters (14% Albany residents, 3% 3 mile radius)

This group is more likely to be single, use public transportation, and socialize frequently. They are in college or working long hours. They tend to shop at Trader Joe’s and Whole Foods.

Top Tier (4% Albany residents, 3% 3 mile radius)

This is a wealthy, middle-aged group, making more than three times the national average. They tend to travel frequently, cook organic meals at home, and support NPR and PBS. They contract out for household services. They tend to shop at Nordstrom, Amazon, Macy’s, Target, and Kohl’s. There are 1,667 Top Tier households in this trade area.

Trendsetters (21% 3 mile radius)

This profile fits single people who are young adults, well-educated, employed, travel and dine out frequently and socialize heavily. “They are willing to pay more for products that support their causes.” Many don’t have a car. They tend to shop at Trader Joe’s and Whole Foods.

¹¹ More details on each, and quotes taken from, in the full reports on each psychographic profile at <http://doc.arcgis.com/en/esri-demographics/data/tapestry-segmentation.htm>.

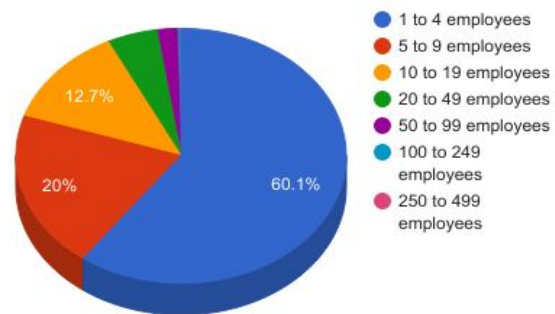
III. Major Employers and Business Sectors

This section dives into the city's employment market, major employers, and takes an in-depth look at the main business sectors driving the local, city-level economy. The retail industry section explores in great detail the nature of Albany's commercial corridors, part of what makes the local business environment so unique as well as challenging to evolve.

Local Employment Options

Albany has 466 private sector businesses with employees, mainly small businesses, with four or fewer employees.¹² Albany's biggest private employers are mainly large format retailers (Target, Safeway, Sprouts), entertainment centers (Golden Gate Fields, Albany Bowl, Albany Twin Theater), and full-service restaurants. Customer service is an important function of employees working in these sectors; Goal #1 later in this report talks about how large employers in town have some overlapping needs, and fostering partnerships to meet these needs (such as training) can assist them better serve their customers.

Albany Businesses by Number of Employees



It's important to note that this private-sector employers' list is subject to change as the University Village new commercial complex finishes construction and leases up. For example, Sprouts grocery store opened in April 2017, so it is a brand-new addition to this



list. Belmont Village senior living, in the same complex, is in the final stages of construction now, and once up and running is sure to be somewhere on this Top 15 list with its slightly different type of employee profile (personal services). Some of the anticipated restaurants in the complex may also reach Top 15 levels, so the 2018 list will undoubtedly be different.

¹² U.S. Census Bureau 2014 County Business Patterns. The universe of this file is all operating establishments with one or more paid employees. This universe includes most establishments classified in the North American Industry Classification System (NAICS) Codes 11 through 813990. For specific exclusions and inclusions, see Industry Classification of Establishments.

Top Fifteen Private Employers¹³

Business	Employee Count	Type of business
Target	151	Retail
Golden Gate Fields	98.76 ¹⁴	Entertainment
Albany Ford Subaru	66	Retail/PDR
Sprouts Farmers Market	60	Retail
Safeway	51	Retail
VCA Albany Animal Hospital	23	Personal services
Albany Bowl	22	Entertainment
The Adhesive Products	20	PDR
Little Star Pizza	20	Restaurant
Tilden Preparatory School	17	Education
(tie) CVS/Club Mallard/Fonda/ Albany Twin Theatre/Bowl'd	14	Retail/restaurant/ entertainment

The employment picture broadens when all the public sector agencies and nonprofits are included. Albany public schools are the number one source of employment within Albany's borders. Overall, the education sector, including public, private, and nonprofit elementary and secondary schools, is the largest employment sector in Albany with almost 600 jobs. Including preschool and daycare workers would bring the education sector total up to about 650 employees.

¹³ Data from City of Albany business licenses, unless otherwise noted.

¹⁴ This is the low end of the variable employment level; see longer discussion in report.

Top Ten Employers, All Agencies¹⁵

Business or Organization	Employee Count	Category
Albany Unified School District (AUSD)	466	Government (education)
United States Department of Agriculture (USDA), Agricultural Research Service, Pacific West Area, Western Regional Research Center ¹⁶	275	Government (research)
Target	151	Retail
Golden Gate Fields	98.76	Entertainment
(tie) USDA Food Safety Inspection Services/ City of Albany ¹⁷	90	Government (regulatory agency)/ Government (local services)
St. Mary's College High School ¹⁸	70	Education
Albany Ford Subaru	66	Retail/PDR
Sprouts Farmers Market	60	Retail
Safeway	51	Retail

Of course, every place has public schools as well as local government employment. But even aside from the AUSD and the City, the public sector employment in Albany is significant. The USDA campus holds almost 10% of the City's total employment, and is the largest single employment site in town. The University of California at Berkeley's University Village staff - even at its low point of 50 - is bigger than all but five of the for-profit employers.¹⁹ There is also the State of California's Orientation Center for the Blind, with up to 35 employees.²⁰

The City collects employment data with its business licenses, required of most private business operators with an Albany address or doing business in Albany. Due to the way the data is collected, a business owner may or may not report him/herself as an "employee", so the resulting total employee count of 1,254 is an undercount to an unknown

¹⁵ Data from City of Albany business licenses and employers. This list doesn't include the Albany YMCA, which employs many extremely part-time fitness instructors, skewing its count, ranging from 80 up to 130 in the summer, per conversation with Gail Drulis, Albany YMCA, March 16, 2017.

¹⁶ Higher seasonally (in summer).

¹⁷ 90 full-time employees, plus an additional 35 part-time employees, per the Economic Development Strategic Plan Request for Proposals (Oct. 2016).

¹⁸ The school buildings are in both Berkeley and Albany, so this number includes employees who may work primarily on the Berkeley side (like Golden Gate Fields).

¹⁹ 50 FTE, up to 100 including part-time workers, which increases in summer; per email communication with Jen Siecienski, Associate Director for Family Housing, University of California, Berkeley, March 2, 2017.

²⁰ Conversation with OCB staff, March 17, 2017, noting OCB is not currently fully staffed and has trouble with attracting and retaining staff due to low state wage rates.

extent of total private-sector employment. Albany has 5,070 jobs according to the Association of Bay Area Governments (an estimate including people who work in categories not requiring a business license, residents working from home for a remote employer, household workers, and non-profit and government employees).²¹

With Albany's resident labor force of 10,000 residents, there's a deficit of about 5000 local jobs, a .5 ratio.²² The jobs to housing units ratio is about 5000 to 7300 or .68, which in the current wave of analysis about the need to build more housing in California, puts Albany roughly in the middle for this balance within the region. For the purposes of economic development only, this means the need for more housing units - so common elsewhere in the Bay Area - is not the overriding consideration in Albany. From a strictly economic development perspective, Albany is short of jobs relative to housing units. But in practice, it doesn't mean that Albany's housing units are affordable to the workforce.

Major Employers' Spotlight

Large employers Golden Gate Fields, the USDA, and the AUSD were all individually contacted to round out the picture in terms of their employee profile, local spending, future plans that might affect the local economy, and relationship with the City.

Albany Unified School District (AUSD)

The school district is Albany's largest employer with 466 total employees, as well as the largest employer of Albany residents - 103 AUSD employees live in Albany.²³ The district is also a major property owner within Albany. While its main office is currently in a temporary building in University Village, it will relocate to one of its other facilities in the next year or two, and staff plans to bring a proposal to the Board of Education soon (as of February 2017). District staff does not anticipate any of its property becoming vacant or surplus in the foreseeable future. The District staff emphasizes they value local business and have many strong partnerships in the community.

United States Department of Agriculture (USDA)

The USDA's Western Regional Agricultural Research Center (ARS) has been in Albany for more than 75 years. Its campus on Buchanan is also home to the U.S. Forest Service and

²¹ City of Albany General Plan (2016), p. 2-10.

²² Using data from [California Employment Development Department](#), downloaded March 27, 2017.

²³ AUSD information from meeting with Val Williams and Allen Garde, AUSD, Feb. 27, 2017.

most recently a second USDA branch, Food Safety Inspection Services.²⁴ The facility provides employee transit subsidies and a shuttle from BART to facilitate employee commutes. One estimate is that 50-75 ARS employees are Albany residents. ARS also hires local high school student interns in the summer. There is no cafeteria on site, although there is an expanded vending area, so employees leave the campus for lunch and errands on a regular if not everyday basis. Anecdotally, campus employees go “downtown” for lunch more when the weather is pleasant.

The nature of the ARS encompasses many different types of activities on the campus, including sponsored research with commercial partners and the University of California, incubator space for biology-related startups, and the USDA’s own ongoing projects. There is some interest from the site administration in removing an older building on the property to replace it with new construction with more capacity. The new building could be used by the USDA as well as tenant space for additional Federal agencies interested in this central location, but there are no firm plans as of February 2017.

Golden Gate Fields

While Golden Gate Fields (GGF) is a major employer in Albany all year-round, the employment count peaks in “season”, with live racing dates being the season.²⁵ It hosts 148 days of live racing annually, although the dates may shift slightly each year as assigned by the California Horse Racing Board. During the season, there are 213.6 full-time employees (FTE), and in the off-season when it hosts live simulcast racing, there are 98.76 FTE.²⁶ Only two employees live in Albany; most of the other employees or contract workers commute in from lower-cost parts of the Bay Area by car. Some of the employees have food service provided to them in-house during the season, but employee groups do travel into Albany and Berkeley for lunches on occasion.

Golden Gate Fields’ corporate parent owns significant acreage on the waterfront in Albany, and is by far the largest single property taxpayer with an assessed value of more than \$50 million in 2015, more than 2% of the citywide assessed value.²⁷ The future of this site was discussed extensively by the City, community, and regional stakeholders through a long public process called Voices to Vision (V2V). For the purposes of this plan, the V2V

²⁴ USDA facility information from meeting with Christopher Carter, ARS, on Feb. 15, 2017.

²⁵ Golden Gate Fields data from email communication with Merry Scalzo, Director of Administration, March 1, 2017, and phone conversation with Calvin Rainey, General Manager, Feb. 15, 2017.

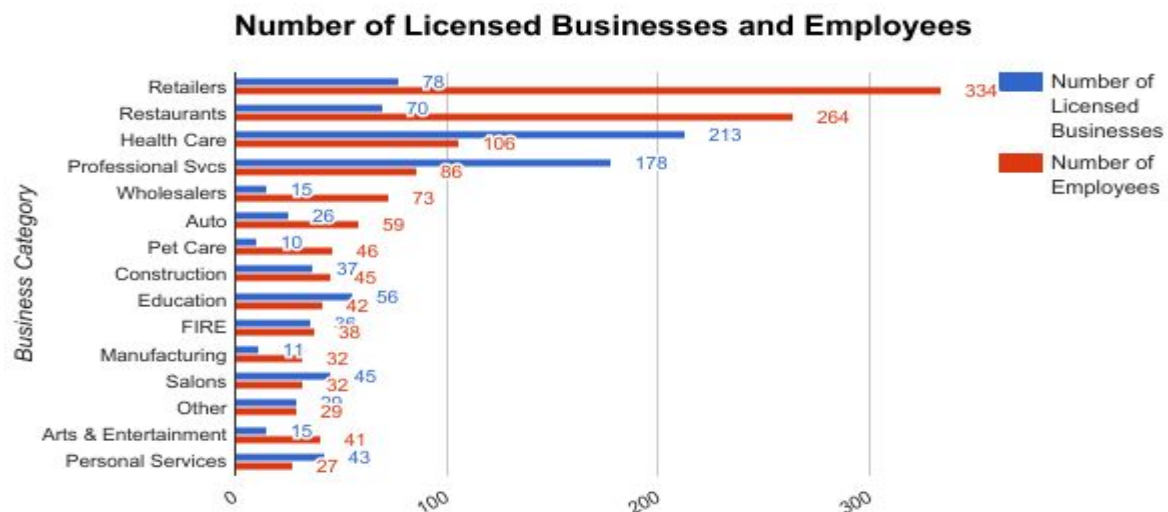
²⁶ GGF straddles both Berkeley and Albany, and the employee count includes employees who may physically work only on the Berkeley side.

²⁷ City of Albany 2015 CAFR, p. 187.

effort was not to be duplicated, so the focus on GGF was as an employer than an opportunity site.

Business Sector Profiles

As we have reviewed, many of Albany's largest employers are government agencies. However, there is a small private sector business base of almost 900 licensed businesses.²⁸ The largest categories of businesses are professional services/office uses, and health care. All the office uses, health-related and non-health-related, together are more than half the licensed businesses in town. This doesn't translate into a demand for office space as many of these business operators share offices, and more than a quarter of the total (236) are home-based businesses not occupying commercial square footage.



This section of the strategic plan provides an overview of the private sector businesses in Albany, with a strong focus on the retail sector. There are 148 licensed retail and restaurant businesses in town. Retail is very important in Albany as a community amenity, sales tax generator, and the locus of change in terms of opportunity sites for future intensification and infill development.

Industrial Business Sector

Industrial or PDR (production, distribution, and repair) refers to businesses in the construction, manufacturing, wholesale, warehouse, and transportation sectors. There are

²⁸ All business license data unless otherwise noted from the City of Albany Finance Department, Feb. 2017. This figure excludes residential rental property owners and fraternal-type organizations, but includes all other licensed businesses with a permanent Albany address, even part-time businesses that may not have any full-time or paid employees.

56 PDR businesses in Albany.²⁹ Some are one-person shops running out of their homes. Those that have a commercial address are mainly found on Cleveland Avenue, which is a frontage road to I-80 in an area also known as West Albany or the West Albany Creative District, and connected to Richmond; along a small stretch of Eastshore that is a frontage road to I-80 connected to Berkeley; or scattered along San Pablo Avenue. The industrial sector is not a big employer in Albany. Of the 56 firms, 39 employ only 1-4 people. There are about 200 PDR employees in Albany overall, which includes the service departments of the two main car dealerships in town.³⁰

Industrial policy guidance in the General Plan

“Policy LU-1.4: Production, Distribution, and Repair
Provide opportunities for PDR businesses in the areas along the Eastshore Highway and Cleveland Avenue, recognizing that this area has a substantially different character than the Solano and San Pablo business districts...regulations for this area should also facilitate auto-oriented uses, larger-scale retail uses, and live-work development.”
(p. 3-33)

“The City particularly encourages activities in this area that advance Albany’s reputation for sustainability and innovation.” (p. 3-23)

Cleveland Avenue has an interesting mix of businesses, a few of whom are quietly generating significant revenue for the City. Four Cleveland Street businesses are in the Top 25 of sales tax generators, out of only about a dozen businesses on the street. It is also the area where members of the local art community would like to see some sort of community art space, as well as an area that gets a lot of interest from the commercial marijuana industry. Albany Steel and the City’s Public Works building (under construction as of Spring 2017) are the most prominent users on Cleveland.

Industrial Business Spotlight: Albany Steel

Albany Steel has anchored Cleveland Street for years. The building was available in Albany at the time the owners were looking, and it was fortunate for the city as the business is consistently in the Top 25 sales tax generators group. Its building and sign are clearly visible from the freeway, making it a community placemaking element. The company’s main line of work is supplying steel to contractors working on the four Bay Area refineries. Custom fabrication is a smaller business line. It employs 10 workers, all of whom have been there many years.

Eastshore looks retail at first glance due to Target’s freeway-oriented signage, but in fact office, retail, and PDR are also found on the street, with more than twice as many businesses as on Cleveland. Eastshore’s challenge as a business location is

one of its freeway access points, Berkeley’s Gilman Street I-80 interchange, a longstanding Caltrans project with an uncertain start date. Some signage on Eastshore addresses freeway routing, but more is needed. The USDA campus, Albany’s single-largest employment site, is also tucked away in this area.

²⁹ 2014 County Business Patterns, NAICS codes 23, 31-33, 42, 48-49.
³⁰ City of Albany business license database.

Commercial Business Sector

Albany is a small town, in population, area, and commercial real estate. In all of Albany, there are only 250 parcels developed with commercial or industrial uses, for a total of 62 acres.³¹ Most commercial properties in Albany are zoned to allow either office or retail (with some exceptions based on parking standards). Office uses are a small share of commercial leasable space, with

an estimated total of about 100,000 square feet (SF). This excludes institutional office uses not available for rent, such as City Hall, the USDA complex, and the Sutter Health-affiliated medical office and clinic. Albany's private-sector office users are predominantly locally-oriented businesses, like real estate and

Gravity Side of the Trade Area

The "gravity side of the trade area" is defined as the general direction in the trade area from which residents and daytime workers enter the trade area and to which they travel in order to leave the area. From an operational definition perspective, people come to and leave from Albany via I-80, and to a lesser degree via San Pablo Avenue. Since the greatest concentration of traffic is to the west, that is considered the gravity side of the Albany trade area. With this in mind, it is no surprise that Target located near the freeway where virtually all Albany residents regularly pass it, and where it is also convenient to people from other nearby communities.

medical; currently there isn't enough contiguous office space available on the market to retain larger, regional-serving users. For example, the school district was unable to find 7,500 available contiguous SF for its headquarters.³² Albany's largest office buildings are the Plaza Oak Professional Building, with 20,000 SF next to El Cerrito Plaza, and Atrium Plaza, with 16,000 SF on San Pablo Avenue. By contrast, retail uses occupy an estimated 300,000 SF, counting the new University Village commercial development (approximately 44,000 SF), and Safeway (approximately 30,000 SF), but not including Target (approximately 163,000 SF).

Strengths and Competitiveness

Many of the same factors that demonstrate Albany is a desirable place to live - strong demographics, high population density, high home values with less than a one-month inventory of homes for sale, and high apartment rents with a low vacancy rate - make it a desirable place for retailers to set up shop. "Location-location-location" is an oft-cited criteria when describing good real estate, and Albany also enjoys an excellent location

³¹ City of Albany General Plan, p. 3-6.

³² Interview with Williams and Garde, AUSD, op cit.

within the Bay Area. Albany is located close to both Oakland and San Francisco downtown business districts, and the University of California at Berkeley, the State's flagship public university. Albany is also well served by excellent road infrastructure (I-80 and I-580, San Pablo Avenue, and connection to the regional street grid), public transportation (BART and AC Transit), regional train service (Amtrak), and airports. Albany's police and fire services, schools, and amenities such as close shopping options, parks, a recreation program, and senior services make it a desirable place to live. These factors collude to

Specialty v. Commodity Retail

Commodity retail goods and services are purchased using "primary" household funds, without emotional attachment, and at retail outlets offering the consumer the combination of low price and convenience most suited to the consumer's needs at a particular moment. Examples of commodity retailers include local convenience stores to drug stores, grocery stores, discounters and warehouse stores. While habits may be developed over time (eg. a favorite grocery store), consumers tend to view these retailers as interchangeable and do not have a strong connection to a commodity retailer's brand or to a venue. Specialty retail goods and services, by contrast, are optional goods and services that are purchased using discretionary funds (i.e. funds not designated for basics like rent, food, and transportation), and selected and consumed during "free time". For more detail, see Appendix D.

create high barriers to entry which in turn, together with extremely small amounts of undeveloped land, result in high real estate values. The demographics of the community and larger trade area are relatively high income and thus desirable to retailers.

Albany Retail Environment and Tenant Mix

Commercial retail and office space in Albany is concentrated along San Pablo and Solano Avenues. San Pablo Avenue was the primary state highway carrying traffic in the region prior to the construction of the interstate freeway system. It remains an important thoroughfare today. Solano Avenue has been Albany and North Berkeley's primary commercial street for nearly a century. It also hosts an annual street festival (now in its 43rd year) that attracts approximately 250,000 visitors over the course of the day.

Both San Pablo Avenue and Solano Avenue are characterized by a combination of commodity and specialty retail, and a significant amount of small office space occupied by independent professionals. San Pablo Avenue's retail is characterized by a wide variety of businesses including a significant amount of automotive sales and service businesses. Solano Avenue has no automotive businesses, and a higher concentration (per city block) of professional offices and specialty businesses. In both cases, specialty retail is dominated by personal care establishments and restaurants, however, there are some businesses

notable for their uniqueness including the Albany Twin movie theater, Flowerland, and First Fish.

Whereas one might assume commodity businesses would concentrate on San Pablo Avenue and specialty businesses on Solano Avenue, this conclusion is not the case. In fact, Albany's major commodity retailers (Target, Safeway, BevMo!, CVS, Berkeley Toyota, and Albany

Active and Inactive Uses in Commercial Districts

"Active uses" refers to situations where pedestrians interact with built spaces even if they don't go inside to buy a good or service. Examples include specialty retailers, restaurants, some grocery or drug stores, and even a karate studio, art gallery, or real estate agency. By contrast "inactive uses" refer to situations where the flow of a retail district has a "gap" where pedestrians don't interact with the built environment. This gap may be an office or medical facility, auto repair, or big box store without windows. Appendix D has more details.

Ford-Subaru) are dispersed throughout the City. Of these commodity retailers, the daily needs retailers (Safeway and CVS) are located on Solano Avenue, and the destination retailers (Target, BevMo!, Berkeley Toyota, and Albany Ford-Subaru) are found in more auto oriented areas. For example, the Albany Target is located on Eastshore next to I-80 (a store relocated from San Pablo Avenue in El Cerrito). Interestingly, if automotive and construction-related businesses are excluded from the analysis, the mix of businesses on San Pablo Avenue is not dissimilar to that found on Solano Avenue; however, the concentration of these businesses is greater on Solano.

San Pablo is the more auto-oriented of Albany's two primary commercial thoroughfares with two lanes of traffic in each direction, average daily traffic in 2015 of 20,900 cars, a center turn lane, parallel parking on each side of the street, and seven AC Transit bus lines. At 74' wide, it is not as easy for a pedestrian to cross as Solano Avenue.



Solano Avenue, in contrast, has only one lane in each direction, a significantly smaller number of daily vehicle trips, no center turn lane, 60-degree parking on each side of the street, and two AC Transit bus lines. Traffic on Solano Avenue travels at a noticeably slower speed than on San Pablo. The combination of the narrower street, traffic calming measures (frequent crosswalks, angled parking), and slower speeds makes Solano a more comfortable pedestrian environment which in turn translates into a better specialty retail environment. Solano Avenue has a low vacancy rate as measured both by number of vacant spaces to total spaces, and by aggregate size of vacant spaces to total leasable retail

area. As of the date of this report there were 14 vacant retail spaces on San Pablo and seven vacant retail spaces on Solano Avenue.

There are many retail uses not found in Albany. It is important to remember that Albany, Berkeley, El Cerrito and Richmond all seamlessly merge into each other, and that shopping patterns are not restricted by city limits. Traffic, commutes, and the gravity side of the larger retail trade area dictate these shopping decisions more than a city limit sign.

Albany residents easily patronize Trader Joe's in El Cerrito Plaza or Downtown Berkeley, big box retailers at El Cerrito Plaza, and specialty grocers such as Monterey Market and Berkeley Bowl just as Berkeley, El Cerrito, and Kensington residents easily patronize Target, BevMo!, and Flowerland. Moreover, there are a multitude of



commodity and specialty shopping destinations only minutes from Albany. These include the 4th Street Shopping District, El Cerrito Plaza, North Shattuck Ave (Gourmet Ghetto), College Avenue, and Bay Street. Solano Avenue also crosses into the City of Berkeley, and shoppers do not make a distinction between the two when browsing the Avenue.

An excellent example of a business being attracted to Albany because of its demographics and location is the recent report that locally-owned specialty retail Oaktown Spice Shop is opening a location on Solano Avenue in Albany.³³ This is the type of business that appeals to Top Tier and City Lights households. The owner is quoted as saying the location works for their customer base coming from the north (extended trade area), and cites the existing restaurants and retailers on Solano as creating a good atmosphere on the street for foot traffic. As discussed at length in the Goals and Actions section, attraction efforts should focus on retail and restaurants, and Oaktown Spice Shop's move reinforces Albany's competitiveness in this sphere.

Quality and Configuration of Available Space

Real estate needs to be looked at from a dual perspective. The last section looked at what we will call "real estate attributes," or the factors accruing to or against how attractive a location might be. It is also equally important to evaluate the "facility attributes," or the attributes a specific piece of property possesses that makes it attractive or not attractive for

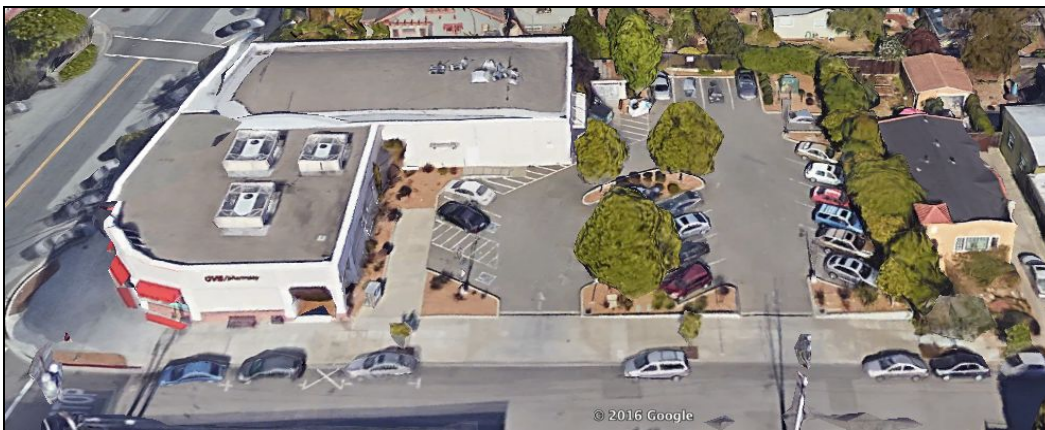
³³ ["Oaktown Spice Shop to Open New Solano Avenue Store"](#), Sarah Han, Berkeleyside.com, May 16, 2017.

a commercial use. The Albany area was master planned approximately 100 years ago, long before today's commonplace office campuses or shopping centers had even been conceived. In this era people got around on streetcars, horses, or a relatively new invention called the car. Urban planning with the car in mind was not needed, much less a best practice. Streets were typically laid out on a grid, and typical lot sizes were small.

Retail tends to be the most sensitive commercial use to both real estate attributes and facility attributes. For this reason, this section will make more frequent reference to retail than other types of commercial uses such as office, however, the principles outlined here can also be applied to other uses such as office.

An incontrovertible rule of retail is that if merchandise can't be delivered or customers can't easily access a retail space, the space won't work. For these reasons, access, visibility, and parking are of paramount importance when evaluating retail space. In order for cars to maneuver on a property, there needs to be a minimum lot depth to allow for both parking and car turning movements. Sixty-degree parking with one-way parking aisles is more space efficient than 90-degree parking with two-way aisles.

The following aerial photo shows CVS on Solano Avenue which is a good example of a parking lot with this more efficient design. In this case the width of the parking lot between the store and the property line adjacent to homes to the south is approximately 120 feet, and from this picture it is easy to see why this much space is needed in order for cars to be able to circulate and park easily on the site.



Typical Solano Avenue and San Pablo Avenue lot depths are not adequate to support on-site parking because cars cannot circulate on-site and dead-end parking aisles are not functional. Small lot sizes combined with lack of adequate depth for design of efficient parking fields are the primary reasons there are not more parking lots serving Solano Avenue, leaving businesses reliant on on-street parking. Lot sizes on Solano Avenue

typically do not exceed 100' deep and often are more shallow. Lot depths along San Pablo Avenue are similar.

These small commercial lot sizes are comparable to residential lot sizes. To give context, the following aerial photograph shows the Albany Safeway's scale as compared



with surrounding uses on and adjacent to Solano Avenue. This 28,000 SF Safeway (on a 67,000 SF lot), as huge as it looks in this context, is considerably smaller than current prototypical chain grocery store formats which range from 45,000 to 65,000 SF, is far smaller than stores such as Target, and has fewer parking spaces than would

typically be required for a store of this size. By comparison, the Albany Target is 163,000 SF on a 9-acre property, equal to 14% of Albany's commercial land.³⁴

Rents and Development Patterns

The aforementioned high real estate values are both a strength and a weakness when evaluating Albany's retail and office competitiveness as compared with cities with which Albany competes to attract businesses (probably Berkeley and El Cerrito, perhaps Emeryville, Oakland, and beyond). All of these cities, being part of the inner East Bay, have high land values. This measure is important because the more expensive land is to acquire, especially if buildings are to be razed as part of a redevelopment, the higher rents need to be in order to justify the cost and risk associated with development. Likewise, each of these cities has a different development and building permit fee structure. According to both

Development Fees

Balancing the desire to have underutilized properties activated for redevelopment with appropriate fees that adequately cover the cost of city services, wants, and needs is a delicate endeavor. Cities with sites in high demand have more latitude, since the project will pencil out even with higher local fees. Two large retailers that recently completed projects in Albany in recent years specifically noted the 1.75% art fee as a negative in their experiences.

³⁴ City of Albany General Plan, p. 3-6.

developers and City staff, Albany's fees are on the low end in the region. This section summarizes development patterns in the parts of Berkeley and El Cerrito that are analogous to San Pablo Avenue and Solano Avenue in Albany.

Berkeley: Development projects are proceeding across the City of Berkeley. The closest project of any scale is at the corner of San Pablo and Delaware, about a half-mile from Albany. Most development occurring along San Pablo Avenue in Berkeley is of a similar nature: Mixed-use product with retail space on the ground floor and residential for rent or for sale product above. A plan to replace the Union 76 station on the Berkeley end of Solano Avenue with a Walgreen's was met with stiff community resistance.

Solano and College Avenues are the closest analogs to Solano Avenue in Albany. The Berkeley section of Solano Avenue has a similar mix of commercial uses as Albany's section, however, with fewer personal care businesses and a greater number of galleries and chains (Peet's, Zachary's, Pegasus). Berkeley's Solano Avenue has a similar pattern of professional offices and restaurants (which are subject to specific zoning controls), and also a Safeway Neighborhood Market (formerly Andronico's Market) and a non-operating movie theater. The neighborhood around College Avenue in the Elmwood and Rockridge areas is more densely populated, and has better access to transportation infrastructure. Consequently, in addition to daily needs commodity stores such as Safeway and Trader Joe's, these retail districts draw from a wider geographic area and support a wider variety of specialty retail businesses.

Asking rents on Upper Solano Avenue hover around \$3.00/SF with the exception of The Oaks movie theater which is offered at \$0.65/SF for 16,000 SF.³⁵ The Oaks has had trouble attracting a tenant because of its size, lack of street frontage relative to its size, and lack of dedicated parking. Asking rents for newer product along comparable nearby stretches of San Pablo Avenue are in the \$2.25-2.50/SF range; along College Avenue in Elmwood and Rockridge in the \$5.00/SF range, and along Telegraph near UC Berkeley in the \$3.50-6.50/SF range with the higher rents being found closer to campus.

El Cerrito: Except for a few small retail buildings on upper Stockton and Fairmount Avenues, El Cerrito's retail is concentrated on San Pablo Avenue. Safeway recently completed the relocation of its store from San Pablo and Moeser to the former Target building at the Del Norte BART station. Walgreen's and a dollar store are located nearby. El Cerrito Plaza, home primarily to commodity retailers including Lucky, CVS, Bed Bath &

³⁵ Rents expressed as a monthly "NNN" rate. NNN means triple net, a commercial brokerage term for leases that assign maintenance, insurance, and real estate taxes to the tenant.

Beyond, Barnes & Noble, and Trader Joe's, serves daily needs of the El Cerrito, Kensington, Richmond Annex, and Albany communities. El Cerrito has a small specialty retail district on San Pablo between Fairmount and Central that is anchored by the Rialto Theater, a two-screen theater very analogous to the Albany Twin. Asking rents for shop space at El Cerrito Plaza are \$3.50-4.75/SF. Rents along San Pablo Avenue near the Rialto Theater are in the \$2.00-3.00/SF range. There are a number of pending development projects on San Pablo Avenue, including the repurposing of the former OSH Hardware building near the corner of San Pablo and Carlson, as well as both affordable and market-rate housing, mixed-use, and a hotel.

Albany: Property on San Pablo Avenue at University Village (shown to right) has been redeveloped with a Sprouts Farmers Market-anchored commercial center. Pet Food Express, Habit Burger Grill, Pieology, Starbucks, and Great Clips will fill out the mixed-use project which will also include a 175-unit senior housing project, Belmont Village. Larger assemblages



of property like the University Village project are rare; however, a few mixed-use projects along San Pablo have been redeveloped with residential over ground floor retail space. A plan to redevelop Safeway on Solano Avenue as a larger Safeway with inline retail was abandoned. Other proposals to redevelop properties including 1600 Solano Avenue have not moved forward in recent years. There are few intermediate to long-term opportunities for non-commercial properties to convert to commercial uses. Business growth opportunities will come from intensification of existing commercial/industrial properties.

Asking rents for commercial space along Solano are consistently in the \$3.00/SF range as indicated both by spaces for lease and investment property recently sold. (Solano

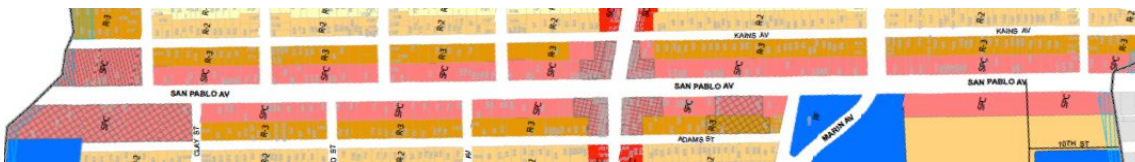


office/retail space for rent shown in photo.) As noted earlier, vacancy rates are quite low for this area. Asking rents for San Pablo Avenue are substantially lower and in the range of \$1.15-1.80/SF. The one exception is that asking rents for the shop space at University Village is in the \$4.50-4.75/SF range for shell space and some to be negotiated improvement allowance.

Maximizing Opportunity in the Commercial Corridors

Determining the best fit for new commercial development from a community perspective refers back to the approved General Plan goals of intensifying uses while incorporating elements that make Albany a charming place. New construction projects coming through individually for review are held up to the City's current development standards, which may need revisiting. This might even be in the form of a specific plan process for the San Pablo corridor – which would be time and money up front in order to clarify the rules and process for future development coming through in line with General Plan goals. This could include careful consideration of allowing (or not) conversions of commercial space into residential-only. It could and should also incorporate design standards for commercial functional activities like loading.

And finally, it would allow the city to redefine what it wants for future growth - along the same scale as the current built environment, or more intense, meeting more needs. If facilities capable of housing larger commercial project, mixed-use projects, or auto-oriented projects are desired, assembling multiple lots, and possibly some residential lots behind the commercial lots may need to be allowed. The following zoning map shows how, in order for a larger use or a first class mixed use project to be developed, lots facing San Pablo (presently zoned SPC, San Pablo Commercial) and lots facing Kains (presently zoned R-3, Residential High Density) would need to be assembled.



Similarly, if larger projects were desired on Solano Avenue, assembling Solano Avenue-facing commercial lots (presently zoned SC, Solano Commercial) with residential lots abutting those commercial lots (presently zoned R-1, Residential Single Family) might need to occur.



This would all be part of an intense community conversation within the Specific Plan process framework. Because the scale of the existing opportunity sites (as identified in the

approved Housing Element) on San Pablo is greater, San Pablo is a higher priority for a Specific Plan.

Challenges Incorporating Retail into Mixed-use Projects

Encouraging mixed-use projects is part of a larger trend of encouraging increased density. As mentioned earlier, Albany already has both the infrastructure and the density that is needed to justify mixed-use economics. With respect to retail, the trend towards mixed-use has challenges with both positive and negative implications. For example, incorporating all the facilities needed to successfully operate retail space (eg. parking, vertical transportation systems, loading including accommodating truck turning movements, trash and recycling areas, utilities, mechanical and venting systems, etc.) can be especially difficult for a developer from both a design and a pro-forma perspective. Furthermore, projects intended for daily needs and convenience-oriented uses often have trouble attracting tenants when they do not share the key visibility, parking, and access attributes enjoyed by existing projects that were designed primarily with automobiles and convenience in mind.

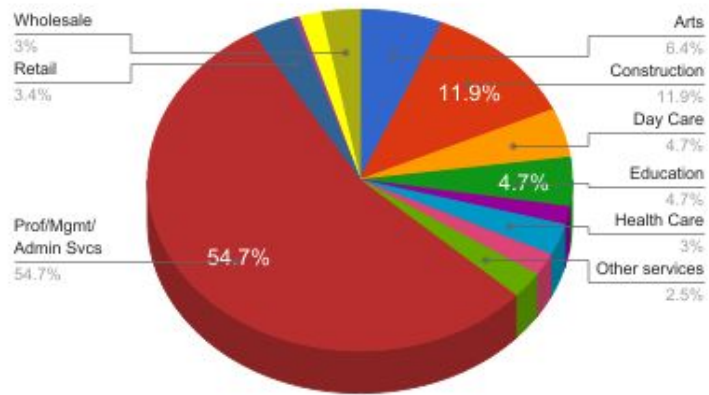
Often a newer mixed-use project is more expensive to build. Even when the location might be superior to alternative development sites or existing projects, it can still be difficult to attract quality retailers because of a combination of rents required to justify construction costs, and the facility compromises the retailer might need to make as compared with alternatives. At times a unique or highly sought after tenant might enable a project to overcome this issue, however, this is the exception more than the rule.

Mixed-use projects can be designed with residential over commercial space, or adjacent to commercial space. Often it is easier to design and more cost effective to build horizontally integrated mixed-use projects where the intent is to house retail. As the City decides to rezone or upzone property, consideration should be given to if and how much retail is desired in higher density buildings, if the project location is appropriate for retail, and how to accommodate desired uses while minimizing the implications of a more challenging facility for the retail end-user and its customers. For some retailers, there will be no overcoming certain mixed-use design issues. Requiring retail in locations where the fundamental, basic site attributes that make retail successful do not exist is destined to backfire. Meanwhile, as businesses come and go in existing buildings, allowed uses in the commercial zones should be reviewed on a regular basis for consistency with community wants, needs, and appropriateness.

Home-Based Business Sector

The profile of the local home-based businesses (HBBs) is important for economic development planning in a few different ways. It's in the City's interest to "garden" these businesses so that they grow out of the house and help fill the commercial real estate market. Even those that grow but stay home-based have the potential to increase sales and revenue, in a way that benefits the City. It's important to recognize the types of business in the HBB sector, because if the owner stops working at home, s/he is likely to stay in the same profession.

Home Business Categories



Home-based business owners are also likely to make consumer choices closer to home. Overall, it's an important business sector to connect with and understand.

Albany has 236 licensed HBBs, not including residential income property owners.³⁶ More than half (128) are professional services, 12% are contractors, and the rest a mix of business types. Of the professional services, the greatest share are independent consultants in a range of fields. Home and garden type service professionals were the next largest category, followed by computer technicians, and lawyers and accounting professionals.

Fostering the growth of these businesses involves communicating with them about what resources are available, and helping connect them. Some home-based business owners might like to learn more about free or low-cost Small Business Development Center (SBDC) trainings, while others might want to network with other local business owners. Partners such as the Chamber of Commerce can facilitate the networking events. Once collection of email addresses is more standard on business license forms, the City could easily send out an annual survey to its HBBs. The City could also host or co-sponsor a Home Business Owners Lunch that could be a mini-resource fair geared to small business owners' needs. Facilitating a coworking space is an example of an objective that could eventually arise out of more communication with this sector.

³⁶ Data from City of Albany business licenses.

Albany Sales Tax Performance

The trade area, as we have seen, has a significant amount of buying power; Albany, as we know, has some strong retailers. This translates into taxable sales throughout the trade area, and taxable sales spent in Albany flow into the General Fund. Sales tax is an important source of General Fund revenue, supporting many government programs and activities, as well as a critical economic development measurable. Albany's sales tax revenue was \$3.5 million in 2014-15.³⁷

Albany's strongest-performing sales tax sectors are retail and food products.³⁸

Overall, Albany's sales tax grew almost 7% from the third quarter of 2015 to the third quarter of 2016, outperforming the Bay Area and state's growth rate of 2%.

Within those highest-performing sectors, new auto sales, building materials, and restaurants are all on an upward trajectory over recent years, and growth in Albany in those categories also outperformed regional and state growth. Albany's general retail subsector has fluctuated more, but its 2% growth over the prior year was the same as



statewide growth, and better than the region's .8% growth rate.

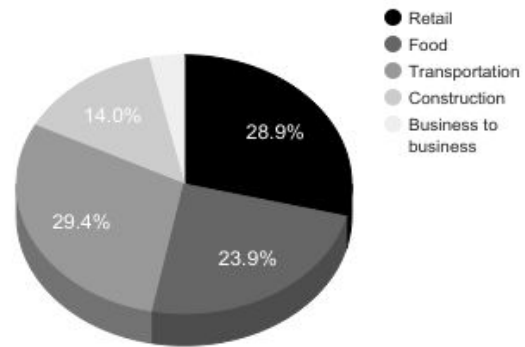
A handful of businesses generate the bulk of the revenue in the biggest sectors.³⁹

Overall, Albany's sales tax generation is concentrated, with the top 25 businesses accounting for 73% of the sales tax.

Concentration within a sector isn't necessarily a concern - for example, Albany has a handful of very strong restaurants representing a

variety of cuisines. Should one leave, it would probably be replaced by another restaurant; even if that new restaurant weren't as successful immediately, it would still be generating

Sales Tax Revenue by Category of Sales



³⁷ City of Albany 2015 CAFR, p. 96.

³⁸ Unless otherwise noted, sales tax data from MuniServices (the City's sales tax consultant), most recent data available 2016Q3. No additional sales tax information or history was able to be provided by City or MuniServices other than the staff packet for 2016Q3.

³⁹ Sales tax data for specific businesses is confidential under State law.

something, as well as contributing to the breadth of the dining scene. In practice, when one business is dominating a sector's performance, it means City Hall needs to stay in very close communication with that business. Appendix E provides more information about how Albany's sales tax performance compares with nearby peer cities like El Cerrito, Pinole, and Hercules.

IV. Permit Process and Customer Service Enhancements

Customer service is a critical component for all public agencies processing applications and issuing approvals to citizens, businesspeople, and construction professionals. However diligent the Albany city staff are behind the scenes to serve the public, the perception of excellent customer service is not consistently reported by the public. Albany is not alone, nor even necessarily a standout in this regard. For example, neighboring peer city El Cerrito's economic development plan calls for staff training "to improve permit processing service delivery reputation".⁴⁰ Upon hearing business owner concerns about permit processing in Albany during a meeting for this plan, one broker who works with multiple cities commented, "They're all like that!"

But they don't all have to be "like that". Albany is a small organization with relatively few people involved in approvals, and customer service improvements are achievable by implementing the goals and actions directly related to the City's permitting process and requirements. This issue is important because the permitting process is the first way most businesses interact with the City. Problems with the permitting process can have a direct impact on an individual business through delays and increased expense and uncertainty. Permitting issues can also influence general perceptions of Albany as a business-friendly community which may affect the decision of businesses to locate and stay in Albany.

To prepare permitting-related recommendations, the consultant team collected background information through interviews with City staff and two focus groups with local business owners. There was a community workshop with information related to permitting and customer service. The consultant team also reviewed City ordinances, plans, and policies, and considered best practices from other communities.

Permit Process Observations

Based on this community input and background material review, the consultant team made the following observations:

- Some representatives of the business community hold a negative view of the City's approvals process. Business owners expressed concerns that "the City" does not fully understand the unique needs of commercial (non-residential) applicants and is not motivated to resolve problems in a time-sensitive way.

⁴⁰City of El Cerrito [Economic Development Action Plan](#) (2016), Management Partners, p. 20.

- The Community Development Department has limited staff with competing priorities for their time. Issuing over-the-counter permits and generally expediting the permitting process is difficult with current staffing levels. Not every staffer involved with permits is physically located in the Community Development Department, which is the public point of contact for the interdepartmental approval process, and there's been a lot of staff turnover in the past few years.
- Frustration from permit delays and complications primarily involve building permits, final inspections, and other ministerial approvals. City staff says it has a relatively streamlined process for discretionary planning permits (e.g., Use Permits, Design Review).
- City staff and property owners feel that overall, Albany's fee schedule is low relative to the region. However, the 1.75% art fee came up from two separate large businesses as an unanticipated/undesired project cost assessed by the City. There should be more upfront information about this fee and its benefits to the business community.
- City staff and business owners have different perspectives on the cause of permit delays and complications. City staff identify incomplete applications and poorly prepared plans as a primary cause for permit delays. Business owners say that unclear rules, changing requirements, and poor coordination between departments and agencies are the problems.
- The City has limited objective information and data to assess and monitor its permitting performance. There isn't an established feedback loop about customer service performance.

These observations translate directly to the recommendations related to the permitting process and requirements. Goal 6 and its underlying actions call for the City to promote a more business-friendly customer service culture when issuing permits for businesses. Actions 2.C and 6.B call for the City to establish methods to obtain additional feedback from businesses and to address permitting issues facing businesses. All front line staff in all departments should be taking annual customer service training and refreshers, and a review of customer service skills should be added to employee evaluations. Everyone involved in the process needs to help set the tone for the experience of conducting business with the City of Albany.

Business License Process Improvements

Much of the hard data on employment comes from the City business license database, despite the built-in weaknesses in the data source. Nonprofit organizations are not required to get a City business license under the Municipal Code business regulations, although a couple do. Public agencies and banks also are not required to get business licenses. A full business license audit is well beyond the scope of this project; however, it is clear that there are inconsistencies between the City's records and other data sources, such as the businesses themselves. The per-employee fee structure that the City uses may discourage full reporting. Gross receipts-based assessment, as seen in many cities, may be more conducive to accurate data benchmarking.

A business license audit would jeopardize goodwill from the business community, so is not recommended. However, improvements in the process to consider include more staff training on: 1) the application intake process (making sure accurate and complete information is both supplied by the applicant, and provided by the City), and 2) the business license software. This may also be an area where a fee study and process audit may be helpful to modernize the business categories, reconsider or recommit to the per-employee structure, and streamline the process. Many cities are moving toward issuing business licenses after an online application, which is more convenient for applicants. The intent is not to generate more revenue out of business licenses, but rather to improve the quality of the data gathered and streamline the process. The number of businesses and employees in Albany are critical economic development benchmarks to monitor.

Organizing the Economic Development Function

Separate from the issues around planning approvals and building permits, the way the City of Albany currently provides economic development services came up as a discussion issue from various sectors and stakeholders in the research for this project. Currently, the City Manager's Office staffs the EDC, the Recreation Department is the liaison with the Solano Avenue Association (SAA), and the Community Development Department's sustainability coordinator handles the existing facade improvement program. While many cities spread out the function, there is a perception from Albany's business customers that so many people involved contributes to less coordination than one might expect from a small town with relatively little bureaucracy. There is also no one staff person assigned to serve as an ombudsperson, liaising between businesses and City Hall when permit problems or other

issues arise. The ombudsperson function is one that EDC members have stated is an important service to provide the business community.

Putting all the economic development activities under one employee is likely to enhance the public's perception of coordinated, targeted activity to support businesses. It would also be the focal point for coordinating the customer service improvements throughout City Hall, and reporting out on the measurable data points. Options for how the position could be structured, and an example of a staff work plan, are detailed in Appendix A.

There is no rule about how many economic development staff a community should have, nor how much funding should be devoted to economic development. In the aftermath of redevelopment's demise (2010-11), many California agencies are still recalibrating to find the best fit of function and funding for economic development. During its recent regrouping process, Contra Costa County cited a rule of thumb of a per capita amount starting at \$2.24 for city-led economic development efforts.⁴¹ That would put Albany at a "base level" of around \$45,000 for economic development efforts, roughly equivalent to a part-time staffer.

⁴¹ Jan. 31, 2017 Contra Costa County Board of Supervisors retreat presentation by John Kopchik, Director, Department of Conservation and Development.

V. The Future: New Development and Local Funding Options

Albany's approved Housing Element (2015) listed opportunity sites, most of which are underutilized properties on San Pablo Avenue, that are suitable for new development, taller and/or covering more of the lot than historic development patterns. One of those is completing construction, the University Village commercial shopping center (anchored by Sprouts, also incorporating a senior housing project, Belmont Village). The rest of the opportunity sites remain as potential locations for new housing and/or commercial (retail/office/mixed-use developments), which is entirely consistent with the General Plan (2016) support for "smart growth". Some of these sites may be appropriate for mixed-use with a commercial component, although not necessarily; as discussed earlier, not every site can be configured to work for retail, although those that can should be required to adhere to commercial design guidelines for best functionality.

It is in the City's best economic development interests to encourage appropriate infill development at these sites, and the scattered other sites throughout the city that can accommodate intensified development. New development increases the tax base, providing more General Fund revenue, can be sensitively designed from the start to be both attractive and functional for modern retail and office users, and residential development helps meet the City's regional housing obligations. The Goals and Actions contain a number of recommendations to encourage new infill, such as property owner communication strategies, revising the Zoning Code to eliminate some uncertainties about allowed uses, and even considering a San Pablo Avenue Specific Plan, to smooth the way for more projects down the road. Street infrastructure to support slowing traffic and more pedestrian activity is underway with grant funding on sections of San Pablo Avenue and Solano Avenue; bringing up the aesthetic level of these street segments will be great for the business districts.

The higher the densities of future development, the more flexibility there will be. Densities in Albany are best described as "medium," meaning they are far denser than the suburban communities found to the east, but not nearly so dense as San Francisco where these "rules" are widely "broken." For this reason, a conversation should be started about whether Albany intends to evolve over time from its present "urban village" atmosphere to a community characterized by denser development, and if such an evolution is desired throughout the community, or only in specific areas such as, for example, on San Pablo

Avenue. To this end, informed decisions about (a) the level of density it would like to see on San Pablo Avenue and Solano Avenue, (b) the extent to which the City's quaint walkability should remain as-is or evolve and expand on each of those streets, and (c) the extent to which future projects are to be pedestrian or auto-oriented - specifically, the amount of parking to be provided. Increased density along San Pablo Avenue together with changes that knit the street together for pedestrians (greater number of crosswalks, creation of a center median, 60-degree parking, parklets, etc.) will help make that presently auto-oriented environment more pedestrian friendly.

Funding Future Economic Development

The action plan's recommendations are intended to facilitate Albany's businesses generating more revenue, and thus benefitting the City's General Fund. This plan's strategies have emphasized General Fund revenue sources, because Albany does not have a local source of funds, other than the General Fund, to use for economic development programs. There is approximately \$50,000 for economic development in the City's proposed 2017-18 budget, allocated from the General Fund. Appendix C discusses options for increasing local funding, separate from the competitive regional, state, and Federal grant programs the City applies for on an ongoing basis. Meanwhile, new development raises the General Fund tax base, as do rising property values, captured when houses sell.

There is a Business Improvement District (BID) on the Berkeley side of Solano Avenue, but that model of local funding has not come up in the course of this process as something that businesses would champion. More information on BIDs and other local funding sources to explore down the road can be found in Appendix C.

A Note on Golden Gate Fields

Golden Gate Fields remains Albany's greatest potential (re)development opportunity. In 2006, with many speculating that GGF would imminently close and Rick Caruso proposing a shopping center on the land, redevelopment of GGF was a "third rail" issue. There are two factors that impact if GGF will ever be redeveloped: Measure C and land value. When land is purchased, both price (the amount that will be paid) and terms (how long a developer will have to do certain things, and how much speculative money needs to be spent) are negotiated. Often, price and terms are a trade off. Measure C requires any GGF redevelopment proposal to be approved by Albany voters. This requirement creates a lot of uncertainty for anyone proposing a project. In other words, the terms must favor the

developer who would be reticent to purchase the land not knowing what could be done with it. The “cost” of more favorable terms is often a higher price to incentivize the owner to wait potentially a long time before the sale would close.

The question that is difficult to answer before a Measure C vote is taken is how much can be paid for the land. GGF’s owner will certainly not accept less than the net present value of operating cash flows. Put differently, if the cash flow is greater than the land value, the owner will operate the track; conversely, if the land value is greater, the owner will consider selling. It is difficult to justify the a higher price required to get through the Measure C process when Measure C is acting to depress the value of the property because a developer can't reasonably anticipate what uses will be approved.

If GGF is ever to be redeveloped, it is likely that the City will need to study redevelopment options in an open planning process. One (or more) of the options studied would then need to be taken to the voters by the City. If passed, then a developer could have some level of certainty about what could be built, and would be in a much better position to strike a balance of price and terms that might appeal to GGF’s owner.

VI. Goals and Actions

These guiding goals and implementing actions will improve Albany's business climate, streamline approvals, and foster increased collaboration and cooperation between the private and public sectors. These strategies emerged from the research, business owner interviews, EDC and public input sessions, and regional best practices. This section describes them all, and the city's ongoing work will be to identify ownership of each one.

Summary of Goals, Timeframes, and Costs

Goal	Timeframe	Cost
1. Partner with businesses and residents	Short	Low
2. Improve City Hall's proactive economic development efforts	Short-Mid	Medium
3. Target retail/restaurant for business attraction	Mid	Low-Medium
4. Get more infill development	Long	Medium-high
5. Upgrade built environment	Short-mid	Medium-high
6. Improve customer service and permit process	Short-mid	Low
<p><i>Short term: Underway within one year, if not immediately.</i></p> <p><i>Mid term: Underway within two years, if not sooner.</i></p> <p><i>Long term: Underway within three to five years, if not sooner.</i></p>		
<p><i>Low cost: Estimated to be less than \$20,000 annually.</i></p> <p><i>Medium cost: Estimated between \$20,000-\$200,000 annually and/or one-time, depending on the specific action.</i></p> <p><i>High cost: Estimated to be more than \$200,000 one-time.</i></p>		

The timeframe refers to the horizon for getting an effort up and running, starting to come to fruition. Once underway, they are all intended to be ongoing efforts for the life of the plan, which is five years. Many of the measurables in the following detailed descriptions are data points that should be reported on a regular basis, perhaps annually, to reviewing bodies such as the EDC and City Council. The frequency and detail of these reports will be

an implementation item at staff's discretion, but it might be a longer report as part of the 2-year budget cycle, and a smaller report in the off-years, for example.

Goal #1. Foster local partnerships (Business Retention)

Implements or supports existing City policies: General Plan Policies LU 1.2, 1.3, 1.9, 4.2 and CSF 3.9

Opportunity: Albany's biggest businesses, anchor-type uses that are job generators, are generally satisfied customers. There are opportunities to tweak the business climate to bring up the satisfaction level of small/medium businesses, as well as stay alert to keep those bigger businesses successful in Albany.

Constraints: Limited public funding available, business owners are very busy people with limited capacity for new time commitments, and City staff capacity limitation.

Feasibility: Short term, low cost.

This goal focuses on existing businesses and organizations, helping them connect, share resources, and grow stronger together. It encourages clusters and synergy, promotes local employment opportunities, and starts a resident education/marketing campaign that would get specific about what "shop local" means in Albany. Most of these actions are low cost and low ongoing time commitment.

Action 1.A: Offer support (such as free meeting space and advertising) for a large employers group. Albany's largest employers have some commonalities, such as seasonal hiring, or overlapping research interests. **A job fair** arising out of initial meetings sponsored by the City is one path this collaboration could take, benefitting the individual employers as well as workforce development in the community at large. (Measured by post-Job Fair report on number of participating employers, attendees, and offers made on the spot.)

Action 1.B: Convene initial meetings of like businesses, and encourage them to continue meeting and communicating on their own or under the auspices of the SAA, Chamber, or East Bay Economic Development Agency (EBEDA), which already coordinate many events for local and regional business development. Clusters of small businesses could include home improvement/construction, restaurants, independent retail, salons, and home-based businesses. This type of collaboration can lead to efforts like West Berkeley's "Design Loop" and joint marketing. (Measured by number of meetings held and participants.)



Action 1.C: Build on the popularity of Albany Local Week (especially Dinner with Albany) by increasing communication around ways for businesses to participate, and/or increase low-impact events throughout the year, ideally monthly, otherwise seasonally/quarterly on a consistent basis. This is an action with a lot of potential for a joint effort with the City Arts Committee. There are many ways to cohesively implement this with more than a touch of Albany flair. (Measured by small business survey and event attendee counts.)

Action 1.D: Initiate a marketing campaign targeting residents. Many employed residents leave Albany to go to work. Raise awareness of the importance of shopping locally, gassing up locally, and eating out in town. The City could provide in-kind support for a creative campaign run by a business organization or partnership, like SAA, Chamber, or Realtors, and use its own media sources like KALB, the City recreation guide, and the City's social media accounts. (Measured by sales tax by sector at beginning, end, and year post-campaign.)

Goal #2: Improve City Hall's proactive efforts to support business growth (Business Retention and Attraction)

Implements or supports existing City policies: City Council 2017-19 Strategic Plan Objective 5.2

Opportunity: Low-cost (with one potential exception: staffing), high-value efforts that can quickly get off the ground and create goodwill, as well as be the road map for the ongoing internal program.

Constraints: Limited public funding available (although these are all low-cost), City staff capacity limitation.

Feasibility: Short or mid term, low to medium cost.

This goal targets an increased level of focus and data-based approaches to City-driven economic development, by regularly tracking and reporting out on business indicators, like business owner satisfaction surveys, number of businesses, employee count, and website visitors. It also addresses an increased expectation and desire to help business owners become better at their jobs, through small business training. During the outreach process (detailed in Appendix B), the public comments spoke to increasing professionalism both internally and in the private sector. The staffing issue, Action 2.E, has implementation options, which are covered in more detail in Appendix A.

Action 2.A: Create webpage on "How to Start a Business in Albany", bringing together all the various requirements and resources in terms accessible to laypeople, answering the questions "Why?" and "How?" to open a business in Albany. This is the online "welcome mat" for prospective businesses. Update at least annually; include

versions in commonly spoken languages other than English; summarize in City recreation guide. The EBEDA has examples of the regional standard for business development “landing pages”. (Measured by pageviews.)

Action 2.B: Promote small business training. The SBDC or other provider can work with the City and EDC, in cooperation with the Chamber and SAA, to develop a curriculum for a set of educational workshops at low cost to Albany businesses, oriented to retailers and restaurants but depending on the topic - which could include social media and marketing, displays, customer service, etc. - of interest across sectors. On many of these subjects, existing Albany business owners and EDC members are local experts, and could be asked to present. Albany’s participation in the EBEDA can further facilitate cooperative projects like small business fairs. (Measured by number of participants, and participant surveys.)

Action 2.C: Conduct a biannual business survey. Check in with business owners (using email addresses from business license data collection) every other year to evaluate existing efforts related to business attraction, retention, and permit/customer service issues, and discover new ideas for supporting local business growth. Better yet, survey all businesses every two years, and a selected sector on the off-years. (Measured by a biannual report on results.)

Action 2.D: Centralize and track business indicators. Gather and report annually to EDC/City Council key measures of business growth such as the public version of the quarterly sales tax report. It could also include employment in Albany, sales tax by sector, and number of business licenses by sector. (Measured by annual report to EDC/City Council analyzing change in each reported sector.)

Action 2.E: Identify one staff position that is the first and main point of contact for economic development. This person may do it all, or may delegate into various departments. S/he will be the public face of Albany economic development, and be known to the business community (including regular calls or visits to the largest businesses). This person should have the authority to respond quickly to time-sensitive business issues, and mobilize a team of others to assist when necessary, and not be a “regulator” since s/he will serve the ombudsperson role which the EDC feels is critical. Sustainable options for staffing this function, with the range of costs, are detailed in Appendix A. (Measured by biannual report on activities as part of budget cycle.)

Goal #3: Target new businesses that are retail and restaurants, or that provide a new amenity or choice (Business Attraction)

Implements or supports existing City policies: General Plan Action LU 6.E

Opportunity: Retail and restaurants are Albany’s strongest sales tax sectors.

Constraints: Building/storefront configuration not always optimal, perception of oversaturation/concerns about competition.

Feasibility: Mid term, low to medium cost (depending on specific tasks chosen to run the attraction campaign in Action 3.C).

This goal optimizes the strong retail/restaurant sector, using information from the demographics of the extended market and high household incomes, to support attracting more specialty retail and food uses. It also ties back to Action 2.B, small business training. These actions run on an ongoing basis, and range from low to mid-cost, depending on available funds for Action 3.B.

Action 3.A: Communicate the targets to commercial brokers. Ongoing personal relationships with the limited number of brokers working in Albany can foster a better understanding of what will thrive in Albany, on both sides. An annual lunch is a nice way to build those relationships, or it can be regular phone check-ins. (Measured by number of contacts and current feedback.)

Action 3.B: Revise City's existing façade improvement program to be: 1) targeted, and 2) more impactful. This small program (typically funded at \$10,000 annually) needs strategic revision to make more of a difference in the commercial corridors. It could fund preparation of a set of guidelines that take property owners and tenants through the first couple of steps in pursuing a facade improvement project (sample facade and signage renderings, financing guide, etc.), and/or be refocused to target either Solano or San Pablo in alternating years. This would allow a bigger impact on a particular area, which could even be as small as a block in length.

Action 3.C: Run targeted attraction outreach campaign. The method may vary, but it could include preparing a marketing package centered on the demographic reports for direct mail, personal visits, hiring a broker to represent the City, trade show attendance, advertising/public relations campaign, event sponsorship, etc. (Measured by contacts made.)

Goal #4: More infill development (Business Attraction)

Implements or supports existing City policies: Housing Element Program 4.G, General Plan Policies LU 3.1, 3.2, 3.6, 3.7, City Council 2017-19 Strategic Plan

Action 1.2.A.3

Opportunity: Albany already has identified opportunity sites where new infill development would be appropriate. New development raises the property tax base and provides new ground-floor commercial space.

Constraints: Public approval process can be uncertain.

Feasibility: Long term, medium cost.

This goal implements a major theme of the General Plan - building new infill where appropriate and preserving open space/recreational options where the community has said it is not appropriate. The Housing Element has a list of opportunity sites. High-quality

infill mixed-use development can be financially sustainable for the community, help meet housing goals, and be designed beautifully and functionally from the start, to maximize the commercial potential. Even as the large mixed-use University Village nears completion, there's no "next project" on the horizon, nor is there another available opportunity site that size. Future infill will have to be small and smart.

Actions 4.A-C can all be done by staff on an ongoing basis for a relatively low cost. Action 4.D is a big cost and big staff effort.

Action 4.A: Developer/Designer Outreach and Input. Invite developers and architects to an annual/biannual forum to hear about their successful practices from other communities, and promote Albany. (Measured by number of contacts and current feedback, reported as part of one of the regular reports in Goal #1.)

Action 4.B: Opportunity Site Property Owner Outreach. At least annual phone or personal check-in with the owners of the development opportunity sites previously accepted as part of the approved Housing Element (see Appendix F). Update them on the latest city policies, hear their current thinking on future plans, and give them a personal contact at City Hall. (Measured by number of contacts and current feedback, reported as part of one of the regular reports in Goal #1.)

Action 4.C: Zoning Code changes: Revise allowed uses in SC, SPC, and CMX zones to remove obstacles (such as the major use permit process) or uncertainty about new development in these areas, which are identified for new and intensified development by the General Plan. (Take new list of allowed uses to Planning Commission for review and approval within one year.) Also, **reduce/eliminate off-street parking requirements** for businesses moving into existing commercial buildings on Solano and San Pablo.

Action 4.D: Consider undertaking a **San Pablo Avenue Area Plan with EIR**, in an effort to smooth the way for new infill in the future, with increased maximum FAR and heights and other adjustments to development standards in line with General Plan's goals. This could also include **design guidelines**, meaning both form and function (accommodating retail configurations for ancillary functions, for example). A special element to include would be a **pre-approved suite of incentives** for new development projects that meet multiple policy goals. These could include fee waivers, fee deferrals, tax rebates, and expedited processing. (Density bonus already offered per state law.) When complete, it could then be heavily promoted as part of the developer outreach. An area plan with EIR would be a big-ticket item and a two-to-three year process. A more precise estimate is not possible because of the variables such as amount of work to be done in-house versus by consultants, geographic scope, and amount of public engagement.

Alternatively, the City could prepare a targeted and focused **update to the 1993 San Pablo Avenue Urban Design Concept Plan and Design Guidelines**. The update would modernize the existing plan to present a clear vision for desired new development on the avenue. It could also study the possibility of extending mixed-use zoning through the parcels to Kains and Adams in certain locations. The cost of this approach would be less than a new area plan, although not possible to estimate at this time because of the variables of geographic scope and amount of public engagement.

Goal #5: Upgrade built environment (Business Attraction)

Implements or supports existing City policies: Active Transportation Plan, General Plan Policy LU 3.14, 6.4, 6.5, and 6.7 and Action LU 1.B, City Council 2017-19 Strategic Plan Objective 4.2.B

Opportunity: Albany has so many attractive businesses and well-kept buildings; the challenge is to bring up all the commercial districts to that high standard. While there are existing efforts underway, more are needed.

Constraints: Public funding limited, and consensus on design can be difficult.

Feasibility: Mid term, medium to high cost.

This goal upgrades the overall built environment in commercial areas to match the quality of the majority of businesses, setting the tone and making the areas attractive for customers. Securing more customer public parking and increasing the existing on-street time limits are part of this section, responding to business stakeholder concerns. Current street infrastructure and appearance efforts (implementation of Complete Streets on San Pablo, parklet in development on Solano, services for people experiencing homelessness, and graffiti removal) should definitely all continue even as the following actions get underway; most of these are long-term actions with significant costs associated with them. The measurables for these actions will depend on how they unfold during further policy development phases.

Action 5.A: Develop a plan for new benches and bus shelters. This may require partnership with other agencies like AC Transit, East Bay Regional Parks District, but the street furniture in the commercial areas is not consistently



high quality. A new program encompassing seating, shelters, street trees, news racks, etc. should be undertaken, with a look that is consistent with the newer street furniture placed in recent years. The recent (May 2017) Caltrans grant award will drive this implementation in the “upper Solano” area east of the BART tracks.

Action 5.B: Require a high level of design quality for new development citywide, especially on Solano and San Pablo, by revising San Pablo Avenue Design Guidelines, incorporating revised standards into a new Specific Plan, or beefing up administrative standards. It would send a clear message that the City values placemaking, and has a high standard for design, leading to higher quality business performance. This is a low-cost but high staff time item.

Action 5.C: Develop a civic signage program or implement an expanded Wayfinding Program (circa 2011, oriented to bikes and peds). Sign programs can get complicated (and pricey); however, one consistent sign program

would make the commercial districts look and feel more cohesive. Also, entry signage at City borders ties back to the goal of more resident spending locally by defining Albany's commercial districts, each of which blends into neighboring cities; while there is some signage at the borders now, it's not consistent in location or style.

Action 5.D: Public art program. Work closely with Arts Commission to implement public art in a location and of a type that meets one or more of the above strategic solutions. This might mean an ad hoc subcommittee of the Arts Commission and EDC. Emeryville's public art program has many examples of public art deployed in business districts for placemaking (as called for by Action 5.C) and to beautify street furniture (as in Action 5.A), among other purposes.⁴²

Action 5.E: Off-Street Parking: Negotiate a shared use parking agreement with private lot owners with excess capacity on Solano and San Pablo. This will help the real and perceived parking shortage, as well as help prepare the City to jump on any opportunities for shared use parking that come up (closely monitor). There will be a cost for legal services, signage, and insurance, if nothing else, as well as staff time to investigate and negotiate. Mechanics Bank (photo) and Cornell School are two options to start investigating.



Action 5.F: On-Street Parking: Consider raising time limits on Solano & San Pablo to at least two hours, preferably three, where it is currently 90 minutes. While the City recently completed a parking study concluding that supply is adequate in commercial areas, during the course of outreach for this project, many business owners said 90 minutes is inadequate for their customers, especially people trying to park once and patronize multiple businesses.

Goal #6: Improve customer service, and streamline business approvals (Business Attraction and Retention)

Implements or supports existing City policies: City Council 2017-19 Strategic Plan Goal 5 and Objective 5.1

Opportunity: Albany could stand out in the region for excellent customer service and business-friendliness.

Constraints: Staff capacity.

Feasibility: Short term (other than 6.C, which would be mid term), low cost.

This emphasizes a customer service culture at all levels of the organization, especially at the front line counters where business applicants come in for licenses and permits. The City is moving toward improvements on many fronts already, such as coordinating Counter Hours, staffed by representatives from multiple divisions involved in the permit process.

⁴² See more examples in ["Best Practices for Integrated Public Art"](#), City of Emeryville.

This, and the improvements recommended below, can be measured by customer feedback loops, such as automated surveys after the transaction, suggestion box, or as part of a biannual business survey. All of these recommendations can be set up in a short time frame for ongoing benefit, and they are low-cost.

Action 6.A: Give more administrative weight to customer service:

- Review existing customer service administrative procedures citywide; add to them if necessary.
- Increase customer service training for front-line staff, add to evaluations for employees and supervisors managing front-line employees, and job descriptions for new hires.
- Post signage about the City's customer service commitment to set clear expectations.
- Consider additional customer amenities.
- Formalize the customer feedback loop, by implementing some version of a suggestion box (could be online), then documenting feedback and staff responses.

(Measured by number of official job descriptions incorporating "customer service" as a priority, number of employee group trainings on service held annually, and customer feedback report.)

Action 6.B: Regularly update City handouts and website with information to address frequent permit questions from businesses and inexperienced applicants; include cost/time estimates and submittal requirements/expectations. It also needs to very clearly note the 1.75% art fee. (Measured by page views and handouts printed.)

Action 6.C: Business License Process Improvements. Review the business license process and fee structure to reconsider the employee-based fee schedule, improve quality of data, move toward online submittals. It's important to note that this is not anticipated to be a source of new revenue – most likely would be revenue-neutral. (Measured by number of licensed businesses and number of employees, as reported annually for City Council review.)

Action 6.D: Home-based Business Approval Streamlining. Reduce City review requirements for home-based businesses; consider eliminating Building/Fire sign-offs to make these business licenses over-the-counter. (Measured by number of new home businesses receiving over the counter licenses, and total number of licensed home businesses.)

Action 6.E: Publicize improvements and successes. Use City media like KALB and other sources to get the word out to the public that customer service is a priority at City Hall. The image overhaul could include interviewing satisfied business customers, and a step-by-step guide, "How to Open a Business in Albany" (as envisioned in Goal #1). In addition, promote the efforts City staff makes to help streamline the permit process such as the current practice for staff to hold no-cost pre-application meetings, and other streamlining efforts that may be incorporated in the future. (Measured by business satisfaction surveys.)

APPENDICES

A: Staffing Options

B: Business/Resident/Public Outreach

C: Local Funding Options Overview

D: The Evolution of Retail

E: Peer Cities Tax Revenue Comparison

F: Opportunity Sites

Appendix A: Staffing Options Overview and Sample Work Plan

The strategic plan's recommendation for a designated economic staff person (City employee) could be implemented in one of three different ways, described below. The decision will depend on available funding, organizational issues, and priorities - human costs compete with project costs, when there's only so much funding to go around. This also needs to be a sustainable position over the long run. The annual cost range is derived from the City of Albany's approved Management/Confidential Employees Salary Schedule. The cost is salary only, not including benefits.

Full-Time Dedicated Position:

This is one employee whose job description and workplan are dedicated exclusively to economic development, including overseeing implementing the strategic plan's recommendations for retention and recruitment, as well as facilitating the perm its best-practices improvements, acting as an ombudsperson for local businesses working with the City, participating in regional initiatives, and staffing the EDC. The estimated annual cost range is \$92,500 - \$112,400. An example of this model in a small town is in the City of Benicia, which has a comparable resident population although a much larger business community.

Pros:

- A staff position will have the internal authority to mobilize other departments when necessary, when serving in the ombudsperson role.
- A dedicated full-time staff person will have capacity to implement the Strategic Plan.

Cons:

- Most expensive option, as well as an ongoing obligation.

Internal Shared Position:

This is one employee assigned to economic development part-time. Her/his job description and work plan include economic development priorities, including implementing selected strategic plan recommendations for retention and recruitment, as well as acting as an ombudsperson for local businesses and staffing the EDC. The position is shared with other City functions, such as housing. The estimated annual cost range for half of an analyst-level position is \$35,400 - \$43,000. A version of this is seen in peer city Pinole, where the Assistant City Manager has economic development responsibilities, mainly disposing of former RDA properties.⁴³ Peer city El Cerrito also uses this model but structures it slightly differently, with the Community Development Director having overall responsibility for the function, with day to day activities carried out by one or more (depending on current personnel) analyst-level positions who work on both economic development and affordable housing projects.⁴⁴

Pros:

- Less expensive than a full-time position.
- Establishes a foothold into economic development that can grow over time.

⁴³ Phone conversation with Hector de la Rosa, City of Pinole, May 9, 2017.

⁴⁴ Phone conversation with Melanie Mintz, City of El Cerrito, May 17, 2017.

- May be an opportunity to grow internal talent into the role.
- Reinforces the idea of the team approach/no one person can do it all.

Cons:

- Part-time capacity means not every action item will be in the employee's work plan (although that may be an opportunity for the EDC and community to be more involved).
- Part-time capacity means the employee will be stretched in multiple directions, creating a management challenge for the department head/supervisor.

External Shared Position:

One or more contractors/consultants retained to implement selected economic development actions, under the direction of a senior staff person who supports the EDC but otherwise may not directly implement the strategic plan, other than being the official face of Albany's economic development efforts. This is essentially the current situation of hiring a consultant for a specific economic development priority (developing an action plan); this current example is approximately \$35,000 for a six-month part-time project. Cost efficiencies may be achieved in future projects by contracting with existing economic development agencies or local non-profits engaged in compatible missions. There is some local precedent over the years for creative approaches to local government staffing and service delivery in Albany.

Pros:

- Costs controlled; doesn't create ongoing General Fund obligation like creating a staff position would.
- Forces prioritization, and spotlights prioritized items.

Cons:

- Ombudsperson role, which the EDC has said is critical, can't be played by a consultant/contractor.
- May not take up staff capacity, but also doesn't create new capacity.
- Lower-priority action items may languish (unless assigned ad hoc to various staff throughout the organization).

Sample Economic Development Staff Work Plan (*first year of staffing the function on at least a half-time basis*):

- Start gathering data for economic development benchmarks (such as licensed businesses, number of employees, sales tax revenues),
- Convene initial meetings of future business clusters,
- Plan resident marketing campaign,
- Start customer service review,
- Personal contacts made with Top 25 businesses,
- Roll out resident marketing campaign,
- Implement customer service improvements,
- Implement retail/restaurant attraction marketing (mailing, media, etc.),
- Complete first business survey (to be biannual),
- Begin collaboration between EDC and Arts Commission on how and where to integrate public art into business districts,
- Discussions/research with Planning Commission about doing a Specific Plan or other zoning code project to encourage infill.

Appendix B: Stakeholder Input and Community Outreach

Qualitative input for the strategic plan reflects community perceptions and experiences, coloring in the picture outlined by the quantitative analysis. No matter how subjective, community input is part of the real world that the plan must succeed in, which is why there was a lot of outreach to both business representatives and regular Albany citizens. These efforts complemented the regular noticing for the City's Economic Development Committee monthly meetings.

Business outreach encompassed two focus group meetings, one for business owners and one for commercial property owners and brokers, and individual interviews in person, over email, by phone - or in one case, by Twitter - with approximately 25 more businesses and organizations.

Resident-oriented outreach included a set of web pages at www.albanyspeaks.org, on which with background materials and a survey, and an evening public workshop in April 2017. While the details of the outreach and feedback follow, the universe of public input comments generally fell into one of four themes, depicted below. The goals and strategies refer back to these themes.



Outreach to the Albany Business Community

Heavyweights

This group of top tax generators included industrial, retail, and restaurant users, in all business districts of the City (Solano, San Pablo, and Cleveland/Eastshore), plus Golden Gate Fields at the waterfront. The good news here is that the businesses generating the most revenue for the City are generally very happy doing what they're doing; complaints were minimal. The issues they're facing are either: 1) regional issues such as the cost of housing and subsequent longer employee commutes, and rising minimum wage, or 2) business growth issues such as needing more space for their operation or needing more customer parking.

The police department came in for kudos for response times and proactive policing. A few businesses had experienced what they remember as problems or delays in zoning or building permitting; no current issues and there seemed to be a feeling that this was in the past.

Takeaways:

- Any zoning code changes should preserve ability to continue current operations.
- City should continue participation in regional problem-solving efforts and initiatives (via ABAG, East Bay EDA, etc.) - Albany is not immune to them.
- At least one Heavyweight needs "Strike Team" type assistance to solve a capacity challenge.
- Street trees cause sidewalk damage that then the property owner has to fund.
- Public safety is perceived as a competitive advantage to an Albany business location.
- Businesses enjoy participating in school events and fundraisers - feeling of belonging to the community.
- Parking enforcement is "overzealous".

Small Business Owner Focus Group

This meeting on March 16, 2017 attracted 15 business owners, four of whom were also wearing another hat as a City commissioner. There was representation from home based businesses (professional services, music instruction), salons, church, gym, personal services, insurance office, tutoring, medical, and retail. Aside from the home based businesses, all but one of the participating businesses were located on (or just off) Solano. Beyond the diversity in types of businesses, the participants were also a diverse group in terms of age, gender, and ethnicity.

There was a lively discussion around events big and small, advertising and media, with many businesses saying they do not advertise, and collaborative actions to support art-business partnerships. There was lots of interest in capitalizing more on Albany Local Week, and Dinner With Albany seems to be the most popular event.

Parking concerns came up, with a lot of support at the group for increasing on-street parking limits to two hours at least (from the current 90 minutes), preferably three hours. One attendee was experiencing a current problem with the City permit process, which was discussed at some length. The idea of using an assessment district to pay for above-and-beyond improvements in

commercial areas was floated to a mixed response, with attendees saying it would depend on what it was slated for, and what results were seen. At least one attendee said a hypothetical \$200 assessment per year would be too much for her business to support. Another idea of business quotas (limiting certain business types in commercial districts) saw no support.

Takeaways:

- Small business owners feel like they don't get enough communication about events and how to partner with them.
- There is interest in more frequent, smaller events that are more business-focused than the Solano Stroll.
- There may be a need to help local businesses improve their social media use through training.
- Parking is a concern on Solano and San Pablo; there is a fear of lack of parking becoming a customer deterrent.
- Street trees cause sidewalk damage that then the property owner has to fund; or doesn't fund, creating a hazard for business owner.

Commercial Property Owners and Brokers Focus Group

This focus group meeting on March 9, 2017 was small, with one commercial/industrial broker, four commercial property owners (two of whom were also EDC members), one additional EDC member, and one local business owner/City commissioner. The men in attendance represented office and industrial properties, including some owner-users. The group had an interesting discussion about what attracts a prospect to an Albany location. Generally prospects are looking in the wider East Bay than in Albany specifically, and when they land in Albany it's because the space is a good match and the landlord is willing to underwrite tenant improvements. Most spaces need some level of renovation for the next user. Generally speaking, office/retail rents are lower than in Berkeley, even in Albany's highest-rent zone of lower Solano.

Business tenants like the ease of parking, and both the perception and reality of public safety in Albany compared to nearby cities, both for themselves and their clients. Competing areas for office include downtown Berkeley and Rockridge, both of which have BART access. There was some discussion about a BART shuttle, possible route, funding, etc. There was some discussion amongst the attendees about staff's support for applicants through the planning process, with one attendee pointing out "It's not just Albany" that can be perceived as a tough place to get your approvals. One suggestion was that the City have a designated business development type point person to facilitate the approvals process. There's a lot of interest from marijuana businesses in West Albany.

Takeaways:

- Parking is a concern on lower Solano the closer you get to the intersection with San Pablo; fear of lack of parking becoming a customer deterrent. Need parking and/or transportation solutions.
- Public safety is perceived as a competitive advantage to an Albany business location.

Influencers

A unique element of the outreach for the plan was using social media to connect with the businesses more active in that sphere. This group of businesses, referred to as Influencers, use Twitter, Facebook, and Instagram on a regular basis, and have the most followers⁴⁵ among stand-alone Albany commercial businesses, and/or have the most Yelp reviews among Albany businesses. In other words, they are talking a lot on social media, and customers are talking about them.

The Influencer businesses are mostly bars, restaurants, speciality retail, and two gyms. The number one active business on social media is Flight School, a store owned by a musician with 14,400 followers. Most of the others are in the 1,000-3,000 range. The businesses actively using social media say they are using as an extension of their brand to stay in front of their customers. Nobody stated that they are making their Albany location a focus of their social media campaign per se, although a couple mentioned that it's easy to use their social media to promote another local business.

Takeaways:

- There remains a lot of potential to partner with Influencer businesses (both among themselves, and with support organizations) to promote doing business in Albany.
- There is a need to help other local businesses improve their social media game through training.
- Businesses using social media regularly report advertising less in traditional media.

Resident Outreach

Albany residents were encouraged to participate in the process through online discussions and a survey at www.albanyspeaks.org, as well as at a public workshop which was held on the evening of April 6. City staff publicized the project through the weekly e-newsletter, Facebook page, and a video PSA starring Mayor McQuaid. The consultant team also publicized the input opportunities through the public schools' e-trees, personal contacts, Twitter, and flyers.

Workshop Summary

Around 20 people participated in the workshop, including staff, consultants, Councilmembers, EDC members, and citizens. (Unfortunately there was a severe rainstorm that evening during the workshop time slot, which likely depressed attendance.) Participants gave immediate feedback on ideas related to economic development strategies by using color-coded stickers, with more detailed comments made by post-it or in conversation.

Ideas that got the biggest reaction were those getting six stickers - but the reaction wasn't necessarily unanimous:

- Creating a one-pager/online "How to Start a Business in Albany" - 6 green
- Negotiating shared-use parking in the Solano/San Pablo vicinity - 6 green
- Implementing "Complete Streets" on San Pablo Ave (project design underway) - 6 green

⁴⁵The term "followers" is used to describe Twitter followers, Instagram followers, and Facebook likes, and for the purposes of developing the Influencers list, all platforms given equal weight.

- Transient Occupancy Tax (start collecting from Airbnbs, encourage hotel development) - 3 green, 3 red
- Development of surface parking lots at Golden Gate Fields in line with Measure C & Voices to Vision - 5 red, one green

In terms of targeting uses, revenue-generating new businesses (hotel, retail, restaurant) and filling a gap/community amenity each earned four green stickers, while the other two choices for targeting (employment and vacancies) each garnered two green stickers. Other suggestions mostly got a mild amount of support, and a few got one or two red stickers opposed. There were no additional suggestions on funding sources.

Takeaways:

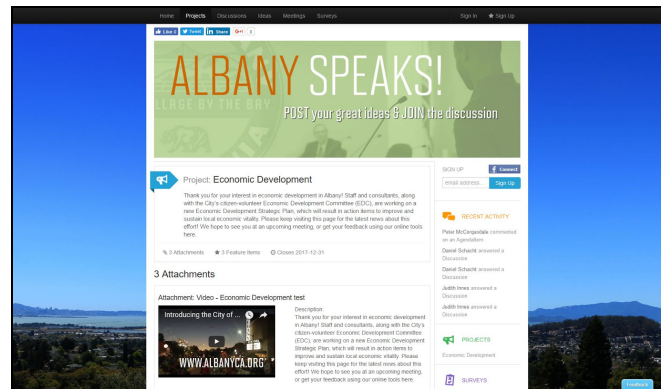
- Bigger ideas or changes to status quo will require more community process or discussion.
- There is a need for more education around funding vehicles and financing mechanisms, including Transient Occupancy Tax and BIDs.
- If the City is going to target business attraction efforts, it should be toward businesses which generate new tax revenue.

Online Participation

City staff established and maintained the web presence using content supplied by the consultant team for the duration of the project beginning in March 2017. Albany Speaks is a platform for online dialogue and comments using the same software package from Granicus that the City uses for its online meeting agendas.

The online survey had a total of 102 complete responses (109 partial responses) in the month it was live.

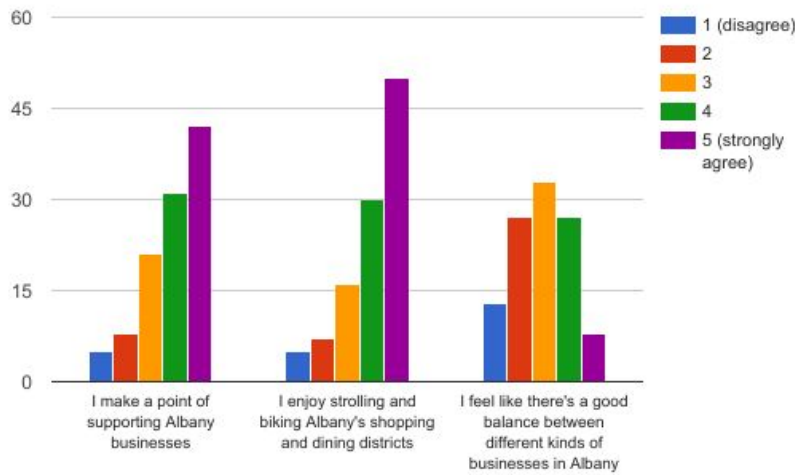
About half the respondents were Baby Boomers, 43% were Generation X, and only 7% were Millennials. Most (93) were Albany residents, 12 were Albany business owners, and five were employees of an Albany business/organization.



The survey found many positive feelings about the business climate. The majority of respondents agreed that they make a point of shopping locally, and enjoy strolling and biking around the shopping and dining districts.

When the survey questions got specific about actual consumer behavior, respondents did reveal they tend to shop elsewhere for daily needs. Many open-ended comments touched on this key issue, noting Albany is a small town and there isn't physical space to accommodate all the businesses one might like to support. Given the strength of the restaurant sector, it was surprising that the agreement to "Most of my favorite restaurants are in Albany" wasn't stronger. (Perhaps we can chalk this up to living in a region with many very good restaurants!) Some of the open-ended comments also recognized that salons were a piece of the business balance

Survey Respondents on Business Climate



equation, even if not some respondents' favorite places to go. Sixty-two respondents disagreed or slightly disagreed with the statement, "I wish there were more parking near shopping and dining." That's a majority of respondents, but not an overwhelming majority.

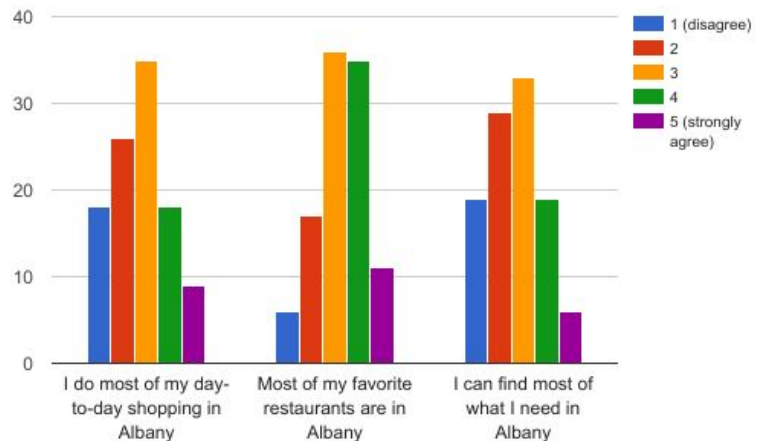
The online survey also asked about perceptions of employment opportunities in Albany. Consistent with what the Census data shows,

employed Albany residents are leaving town for work and don't anticipate working in town in their line of work. When asked if they agreed with the statement that "Jobs in my line of work are available in Albany", 84 respondents disagreed, slightly disagreed, or didn't know. Some comments stated it's a "bedroom community", and wished for more "white-collar" jobs.

Takeaways:

- Respondents get that Albany is a small town and can't meet everyone's consumer needs.
- That said - they would like more of what they would like - specialty grocery, bakery, etc.
- There is room for improved performance in terms of restaurants becoming locals' favorites, and information campaign about why it's important to shop locally.
- Overall, residents seem satisfied with their community choices, and tolerant of the limitations of doing business in a small town.

Does Albany Meet Your Consumer Needs?



Appendix B continued: Open-Ended Comments from Online Survey, March-April 2017

(Reprinted without editing. Each bullet indicates a new commenter.)

- I live in El Cerrito & wish we had the walkability/nice restaurants of Albany!
- I wish there were more start ups / white collar jobs in Albany!!
- We do not need more nail salons. Would be great to have a wider variety of small businesses on Solano Avenue, and to take advantage of opportunities for mixed use structures (new, or renovations) to include more housing above businesses.
- Ease of strolling - we have a baby in a stroller and the curb cuts on Solano are terrible since they are located on the corners instead of in line with the sidewalk. That means I need to swerve out of the way and the go dangerously far into the street at the end of every single block whenever walking up and down Solano. Cars don't know if I am trying to cross the street one way and the whole situation is both inconvenient and unsafe.
- My day to day shopping is usually at Trader Joe's, CVS, or Target, but I like it that way. I wouldn't want Albany to have a bigger grocery store.
- I think there's plenty of parking in Albany. I wouldn't want to see resources put into this.
- Albany needs an indoor play place for elementary age kids, where parents can also hang out. Also, a central hangout spot for middle school age kids. And a good bakery:).
- Would love to see a few blocks of Solano closed to cars. A place for outdoor dining, little play area for kids, really bring the community together.
- I prefer to do most of my shopping close to home but I find myself often going to Berkeley bowl and Whole Foods in Berkeley, Trader Joe's in EC, and Costco in Richmond. I'd like a Trader Joe's on Solano but I will try Sprouts. I think it'd be great if the Albany part of Solano was closed on Saturday's and/or Sunday's for open markets or events - at least in summer. I couldn't find physicians accepting BC/BS in Albany and had to choose Berkeley. I'd like Solano to connect to the Bay Trail with a protected bike lane. I'd like the racetrack converted to something like Bay St. in Emeryville with mixed commercial and living spaces. Where to buy clothes for the entire family in Albany besides Target? I noticed when walking Solano last weekend there's really nothing much for youth, teens and young adults. I'm not sure Solano attracts younger people but I think the newer and hipper restaurants that opened in the past year or so are changing that.
- I would love a hardware store!
- Most of my daily shopping is groceries and I tend to go to Trader Joe's in EC and Whole Foods in Berkeley for that. Too bad that referendum on the Whole Foods obtained sufficient signatures!
- I am concerned about the fate of the Albany Safeway. I see many empty storefronts on San Pablo. I like the apartments above stores but limited height. I wish there was a place for a friend's of the library permanent bookstore. I wish we had an outdoor eatery on Solano like Flowers and care but larger, maybe permanent food truck park next to the art gallery where the Xmas tree lot is.
- If Safeway was Berkeley Bowl North I would do all of my grocery shopping there. But it's awfully good for a Safeway and I do shop there for items I need between trips to Berkeley Bowl. Also, I try to avoid driving and parking on Solano Ave, so frequently bike and walk. The bike racks are great, but the car traffic can be hard to navigate around and visibility can be poor.
- I love Albany and feel y'all do a great job trying to provide a small town community feel. I would love lower Solano and San Pablo to revitalize and have seen some progress in that direction but would love to see that continue. I love the community events and try and attend many of them. Thank you for all your hard work.
- the albany city council has been historically anti-development and dominated by special interest pressure groups, such as the Sierra Club and the Albany Strollers and Rollers. Without a change in that, this exercise is a pointless waste of taxpayer money.
- Would love an upscale grocery store or improved Safeway. We chase away too much development. I love our small businesses but we need some bigger players too.
- Albany is a bedroom community where most need to work elsewhere in order to afford the cost of living. Personal health, hygiene, and food needs are satisfied with this bedroom community model as it appears there's an abundance of hair & nail salons, dentists and orthodontists with Safeway and corner stores providing grocery options.
- Why isn't Albany attracting and encouraging more of a variety of businesses? Where people from outside Albany come to visit, eat and shop.

-
- To be clear, I have a pretty specialized job that isn't available in Albany through no fault of the City's economic development.
 - I think when the Sprouts opens it will keep more of my shopping in Albany. I end up in El Cerrito to go to Ace Hardware but I don't think Albany needs a competing hardware store.
 - I do think we have an overabundance of hair and nail salons in Albany, but I can't think of what other kinds of businesses I'd like to see move in.
 - I'm very much looking forward to the new Sprouts market and for something to be done with the "Bulb" to make it a place for walking and picnicking ect. Not just for dogs.
 - Albany is too small to be self-sufficient. Also, other than groceries, I do most of my shopping these days on line. Having more stores in Albany isn't likely to change that. Economic development needs to be based on the reality of people lives. More and more we live in a region, not just a city.
 - Albany is great the way it is. Don't ruin it with large scale retail.
 - I wish I could rent a small office for my business in Albany but office space is too expensive.
 - I do most of my grocery shopping at Monterrey Market and Whole Foods... neither is in Albany.
 - I work out at a fantastic local gym on Solano called SWEAT. An out of state company, Orange Theory is about to open up three doors down. Who approved that? What an awful thing to do to a great small local business.
 - The culture and restaurants on Solano are very dull and dated. The rents are so high I don't think younger hipper places want to move in.
 - Please update the buildings to offer more modern workspaces that are affordable.
 - Normally when you A/B test both negatively and positively framed answers, you do it with different responders...
 - I think it's a mistake to put Albany businesses in opposition to businesses in nearby cities. One square mile is not enough to hold up an economy of its own. Albany should try to leverage its strength--its walkable retail district--rather than try to, for example, try to provide more parking to try to attract people who would otherwise go to El Cerrito Plaza.
 - It seems clear that online buying is going to continue to reduce the viability of neighborhood retail. Albany should concentrate on experiential businesses: services, yes restaurants, but also coworking spaces, other forms of entertainment, whatever people will come to Solano Ave to enjoy rather than needing to carry things home.
 - I'd like more Albany High School to be better integrated into the community. Right now if you move in with kids, the school can seem closed off to what goes on in the local community.
 - I also appreciate the old lesbian bar on the corner near Solono. Hope that never goes away!
 - I also LOVED the city council's postcard about religious diversity re: the giant cross put up during the holidays. That was amazing and I smiled when I saw it in my mailbox.
 - Could use a good produce store, a bookstore, and more youth centers for tutoring or recreation.
 - I do think that there are too many nail and hair salons. I've lived here for about 20 years and really miss eclectic shops and stores that used to carry more day-to-day necessities. Also, there aren't many places where people can hang out comfortably for a while. It would be great to keep increasing the number of outdoor tables, chairs, and benches. Overall, though, we love our little village by the sea and are so grateful that it's really walkable and bikeable. Thanks for doing the survey!
 - I most often shop at Monterey Market and Magnanni's for groceries. If only we had a 3-4 store grouping that is so densely popular/high quality with reasonable prices with good pizza slices, cheese and tea, excellent produce and meat. I hate the Sprouts complex and wish those stores had filled the empty spaces already built up on San Pablo. I worry about the Mom and Pop Pet Store we have with a Petco coming in. The empty store fronts are the worst. Now that Carter's Automotive and DaNang is gone the only thing we do on San Pablo is a haircut and brunch at Sam's Log Cabin.
 - Many nail salons and restaurants in Albany
 - Too many empty storefronts makes the neighborhood feel blighted. My favorite haircutter left her business because her rent was too high. Maybe encourage some of the empty commercial spaces to have pop-up stores or restaurants to keep things more lively and help start-up businesses to get going.
 - Respond efficiently to support developers expressing interest in redeveloping the south San Pablo Avenue gateway as as result of the new University Village mixed-use development enlivening that area.
 - The thing that makes Albany special is its small town feeling. There is a tendency for City staff to want to do development because it is their work but many Albany citizens (I'd say most that I know) like Albany as it is - small, a little funky and very friendly. Don't mess that up.

- Albany is not large, and it would be strange for all types of vital businesses to be here. (The Ace Hardware in EC is close enough that a hardware store in Albany wouldn't survive if introduced, I think.) I work in the software industry (office is in SF, a convenient transbay bus ride away), and I wouldn't expect anything larger than a startup to fit in Albany.
- Albany needs a wine bar!
- My family does love being able to walk or ride a bike to favorite places, whether we go downhill to a park, the library, or a restaurant or uphill to one. For us that's Albany and Berkeley, respectively--we live in the Terrace area. Part of Albany's richness is having good neighboring services, too.
- I love the walkability of Albany and that I can purchase most of what I need here. It would be good to see more tax generating business here to support the City.
- Albany is 1 square mile so we can walk, roll or walk in most of our town. But since Albany Fresh left there is no small market so we have to go to Monterey Mkt or Berkeley/EC Natural Grocery!
- How about a bread bakery? For fresh bread I go to Berkeley because Albany has none anymore. But we have plenty of hair and nail salons.
- Until recently the bike parking situation at Safeway was terrible. We also have more bike racks located in front of more stores on Solano and San Pablo but we need even more. Yes, I bike to get my hair cut. The bike racks are always full on a nice day!
- Everything is so close so unless it's pouring out, no need to drive!
- Whole Foods market!!
- I'd love pedestrian zones - I'd definitely patronize more stores then.
- NIMBYs have derailed to many commercial improvements. Please politicians, have some guts and do what is good for the rest of the town that is not so vocal.
- No more massage businesss or nail salons in Albany.
- I think there is a pretty even mix of services in Albany or very near by in Berkeley or El Cerrito. My dentist, hair salon, and pharmacy are here but the farmer's markets and Nat. Grocery and Whole foods are in Berkeley (but very near by). It would be nice to have a primary care/urgent care center for medical needs in Albany (maybe One Medical?). I think parking is about right, one can usually find a space within a block at most and I like that the parking is free. I live in Albany very near the corner of Pomona and Solano. I think Albany's restaurants and low key style (1 and 2 story building heights) are a big draw. None of the towering monoliths or cheesy modern faux architecture like Berkeley and Oakland are building that destroy the small town feel, particularly along Solano.
- I live near the Berkeley border, so even when Albany offers the shopping options I need, I sometimes end up using a Berkeley merchant nearer to my house (e.g., Natural Grocery, Blue Heron Bikes). Almost all of my shopping is in Berkeley, Albany, or El Cerrito.
- No high rise buildings, above 2 stories on Solano. No permit parking or parking meters like Berkeley has.
- I recognize that retail shopping is declining nationwide. If storefronts necessarily change to service-related commercial tenants, we should focus on what types of services we'd like to see.
- Too many nail salons and real estate offices. A bakery would be wonderful.
- We need more retail in Albany. We have lots of restaurants, but walking on San Pablo Ave. in Albany and on Solano Avenue portion of Albany there are very few retail in terms of clothing and shoe stores, accessories, books, as you find at the top of Solano. It was hard sometimes to park in the Safeway store to go shopping there because so many people use that front parking lot when they go to eat or walk on Solano. Also, so much of Solano has offices on the ground floor's rather than inviting retail locales. Not everyone does all their shopping online, and with the closure of stores at hilltop, and decreasing types of retail in Berkeley, i.e. shoe stores. It would be wonderful if Albany could attract more people centric businesses. Also, so much of San Pablo Ave. is very unattractive, unappealing building façades, grime on streets.
- Too many discretionary spending shops, too few household essential places, e.g., hardware, animal care, shoe repair.
- Solano Ave is great but too many nail, hair, spa shops. On line shopping has eliminated ability of small specialty shops to make it at brick and mortar locations. Sports, clothing, furniture, craft stores have a tough time out there on "Main Street". I try to do most of my christmas shopping on Solano but is pretty limited on small affordable items. Usually end up on Telegraph in Berkeley for the street fair. The Albany Middle School Holiday Crafts Fair is fantastic! Is there a way to make this more than a one day event?

Appendix C: Local Funding Options Overview

This section provides more details on the palette of locally-controlled funding options, none of which rose to the level of a recommendation at this time.

Assessment Districts

An assessment district is a special area with an additional tax on business owners and/or property owners, which goes into a project fund managed by a board of ratepayers. The prospective ratepayers get to vote on the district by a mail-in vote every 3-5 years. If authorized, funds would be collected by the City and passed through to the assessment district. The different types of assessment districts most relevant to Albany are:

- Business Assessment District (BID, also used as a generic term) - affects business owners,
- P(Property)BID - affects business owners and property owners, and
- Community Benefits District (CBD) - affects commercial and residential property owners.

The BID's board determines the assessment criteria and amount. For example, a retailer in the "central zone" might pay more than an office in the "outer zone", however the board defines those areas. The Berkeley side of Solano Avenue has a BID in place. Businesses pay between \$65-500 per year, depending on if they are located on Solano or on a side street, and type of business.⁴⁶ BIDs fund improvements and activities above and beyond what a municipal government normally does; authorized uses can include sidewalk cleaning, enhanced graffiti removal, events, planters, marketing, and security.

Successful BIDs generally start with a core group of business owners who plan an improvement program, estimate the budget to implement it, and then build support for the improvement program throughout the district and among potential payees. City staff can be involved on an ongoing basis during the planning process, but the private sector support base should be in place first. For Albany, decisions would have to be made about the district's scope - just Solano Avenue, or Solano and San Pablo Avenue - the main commercial corridors? Just businesses, or businesses and commercial property owners, or all property owners? Many of Albany's economic development stakeholders are very familiar with the Berkeley Solano BID and can advise based on that experience. The BID concept was mentioned by the consultant at the business owner focus group conducted as part of the outreach for this plan; the predominant response was that support would depend on what it would be used to fund, and how much the individual assessments would be.

Enhanced Infrastructure Financing Districts (EIFDs)

Enhanced Infrastructure Financing Districts (EIFD) are a newly revised California mechanism to recapture a share of the economic impact of new development - a more limited-scope version redevelopment tax increment. Industry experts feel that an EIFD may be worthwhile if it is part of a large area's comprehensive revitalization plan, especially if anchored by a big capital project.⁴⁷

⁴⁶ City of Berkeley Municipal Code Sec. 7.97.040.

⁴⁷ For more information on EIFDs, see the California Community Economic Development Association's [EIFD Resource Guide \(2016\)](#).

Albany probably does not check those boxes, although if a large project involving new development or a major change of use comes forward, an EIFD could be on the table.

Voluntary tax increment

The concept behind EIFDs and the former redevelopment tax increment structure could be applied to a voluntary commitment to reinvest locally in economic development. A specified share of the growth in annual business-related revenue (business license, sales tax, commercial property tax) would be dedicated to economic development as part of the budget process. Many California cities have taken this concept and applied it to affordable housing using “boomerang funds”, the increase in General Fund revenues coming back to their cities after their redevelopment agencies wound down. It does mean that local economic development advocates must stay involved in the annual budget process as new priorities arise.

Transient Occupancy Tax (TOT)

Although Albany already has a 10% TOT on the books, it doesn't have any TOT revenue. There's no hotel in town, and the approximately 100 Airbnbs/short term rentals in town are not regulated. A suggestion to investigate that got a mixed reaction at the public workshop. However, communities across the country are grappling with short-term rental regulations and neighborhood issues associated with the rise of Airbnb and its competitors.

With a caveat about the reliability of data, an independent marketing company called AirDNA shows 102 Airbnb listings in Albany in calendar years 2015 and 2016, with 69 hosts.⁴⁸ About half the listings are the entire lodging, meaning the other half are shared with the owner on site, an important distinction made in most recent local regulations. The occupancy rate varies, as does the cost of the unit. For discussion purposes only, a very rough estimate of what the 10% TOT might bring in annually if charged only on the “entire property” Airbnb rentals in Albany, using AirDNA data, is \$30,600.⁴⁹ Using the same estimate of occupancy, an excise tax of \$1 per occupied night could generate \$3,060 per year applied to just the “entire unit” listings, or about \$6,120 per year for all listings including shared units. There is also the business license model approach to regulation, with one annual license fee in the range of \$56-87, for consistency with similar uses.⁵⁰

These are modest figures. However, given the rapid growth in the popularity of the sharing economy, this has potential to grow quickly, meaning occupancy rates increasing. If there is local interest in this potential revenue source, it may be better to institute regulations before the model really takes off. Chicago, for example, with about 5,000 listings, last year approved a “dizzily complex” set of short-term rental regulations that explicitly charge listing owners a 4% fee dedicated to a homelessness services, and charges a \$60 license fee per listing.⁵¹ Further analysis and outreach to both hosts and neighbors would be needed if this were a public

⁴⁸ Information in this section downloaded from [AirDNA](#) on March 6, 2017.

⁴⁹ Fifty-one Airbnb listings in Albany, with estimated occupancy of 2 months total of the year, at an estimated rental rate of \$100/night, multiplied by .1 - assuming 100% compliance.

⁵⁰ Businesses with one owner with less than \$7,200 in revenue annually are charged \$56, while rental units are charged \$87 annually, per the 2016 Albany Fee Schedule.

⁵¹ [“Airbnb rules easily pass Chicago City Council despite vocal opposition”](#), John Byrne, Chicago Tribune, June 22, 2016.

policy move the City wanted to consider, but it would be for community preservation/quality of life reasons, rather than as an economic development strategy.

All that said, if Albany attracts a new hotel development because of its ideal placement on the I-80 corridor, it would be essential to “level the playing field” by regulating short term rentals first. A new hotel would be a great fit from an economic development perspective. It would be a completely new revenue source - TOT, and secondarily provide a community amenity now in short supply – meeting space. However, the need to accommodate Albany’s “fair share” housing on the opportunity sites presents a policy conflict to a potential recommendation to pursue hotel development. Thus, the topic of hotels and hotel tax hasn’t risen to the level of an action or recommendation in this report; however, it’s absolutely something to keep in mind and be ready to activate down the road.

Special Use Tax

The legislature has granted California cities the authority to go to the voters to approve additional sales tax for general government (must be approved by 50% +1) and special purposes (2/3rds), such as economic development. It’s not common to go for “economic development”, and it’s a political campaign needing significant community support to even begin, but it is a legal option. However, at this point, Albany is at the Alameda County cap for local add-ons to the state sales tax. Unless or until one of the existing add-ons expires without being renewed, this is a theoretical discussion; the City Council is considering a proposal to renew an expiring half-cent local tax on the November 2018 ballot.⁵²

In theory, this option might be best deployed in the future in conjunction with a BID process. A new funding stream could be the City’s match for the private sector stepping up to develop a very high level of improvements or enhanced programming, especially if the programming meets other community goals like sustainability - consider this if a large, ongoing effort like a regular BART/in-town shuttle is sought. Albany voters might respond very positively to a partnership approach that will provide a tangible benefit for most of the population.

⁵² City Council 2017-19 Strategic Plan, Action 5.3.A.1.

Appendix D: Evolution of Retail

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As the United States became more auto-dependent, downtown shopping districts gave way to suburban shopping centers including enclosed malls and strip shopping centers as primary retail destinations. Over the past twenty-five years, the retail market has further evolved with department stores giving up market share to big box retailers that focus on value and have purchasing and distribution efficiencies. These include “category killers” such as Best Buy, Staples, and PetSmart, and discount mass merchants such as WalMart, Costco, and Target.

A few downtowns have staged a revival with mixed-use redevelopment and urban shopping and entertainment districts as consumers sought more authentic urban experiences. Many Main Street retail districts have had similar experiences to downtown shopping districts. On a wider scale, the Main Street retail districts in Albany, Berkeley, and Oakland are more the exception than the rule, most likely because of a combination of the higher densities in these communities, an existing street grid system as opposed to a master planned suburban street plan, few convenient regional shopping destinations, and like minded residents who prefer patronizing local merchants.

Many suburban communities are now faced with repurposing underperforming centers and malls, and trying to create denser, more walkable mixed-use centers as they compete for new residents and jobs with urban centers and other suburbs. Albany is in the enviable position of having much of the infrastructure other communities are seeking to create already in place.

Commodity and Specialty Retail

As downtown shopping districts and regional malls declined, and big box, category killer retailers proliferated, today’s “commodity” versus “specialty” paradigm described by the Urban Land Institute was born. At its essence, today’s environment is about convenience and price versus experience.

Commodity retail goods and services are those goods and services that are purchased and consumed on a regular basis from “primary” household funds, largely without emotional attachment by the consumer, and at retailers and retail shopping centers offering the consumer the combination of low price and convenience most suited to the consumer’s needs at a particular moment. Examples of commodity retailers include local convenience stores to drug stores, grocery stores, discounters and warehouse stores. A “commodity shopping center’s” primary purpose is the aggregation of a number of commodity retailers in one location, allowing for convenient cross-shopping. While habits may be developed over time (eg. shopping at the same grocery store), consumers tend to view these retailers as interchangeable and do not have a strong connection to a commodity retailer’s brand or to a commodity shopping venue. Internet shopping has been an option most closely associated with purchasing commodity goods and services, however, this distinction is blurring goods more commonly thought of as specialty goods are more frequently being purchased online.

The term “comparison goods,” which are goods that consumers do not purchase on a frequent basis (ie. daily or weekly), and are more likely to cause consumers to compare price, quality, and features than everyday items is often used interchangeably with “commodity” goods.



Specialty retail goods and services, by contrast, are those goods and services that are purchased on an optional basis by consumers using "discretionary funds" (ie. funds not designated for basics like rent, food, and transportation), and selected and often consumed during “free” or “discretionary” time (ie. when not working or tending to daily responsibilities). Successful specialty shopping venues deliver a unique and attractive combination of tenant mix and environment (ie. a sense of place), often reflecting the character of consumers in the market or trade area in which they operate. Equally as important, these specialty shopping areas lend themselves to extended consumer stays. An emotional "feeling" or “pleasure” derived from the overall shopping "experience" is an important part of the consumer’s point of reference. Successful specialty shopping venues, regardless of format, deliver a unique combination of "product" (ie. shops) and “place” (ie. physical and conceptual environment), unique and attractive to the consumer within the market or trade area in question.



The distinction between commodity and specialty goods may be nuanced: For example, in the case of Whole Foods, the Apple Store, or Bass Pro sporting goods, each sells commodities, however, the product and brand positioning, merchandising strategies, and environment or “theater” are specialty in nature.

Active and Inactive Uses

Another important way to think about retail is in terms of active and inactive uses. “Active uses” refers to situations where shoppers or pedestrians interact with built spaces even if they don’t go inside to buy a good or service. Examples would include specialty retailers, restaurants, some grocery or drug stores, and even a karate studio, art gallery, or real estate agency.



In contrast, “inactive uses” refer to situations where the flow of a retail district is broken so there is a significant gap or in some other manner so that pedestrians don’t interact with the built environment. Even active uses with limited hours may become inactive uses when they close and become “dark” during non-business hours. Examples include offices, medical facilities, auto repair, big box stores without outward-facing interactive displays (e.g. Costco, some supermarkets and drug stores, some big-box retailers). Inactive uses can also be created through poor design.



Internet Sales and Multi-channel and Omnichannel Retail

E-commerce is well beyond its infancy and both internet and traditional retail is undergoing rapid changes as sticks and bricks retailers compete with e-retailers such as Amazon and eBay. While there were early fears that physical stores would be obsolete, and many retailers disappeared or suffered sharp decline in sales. This year has seen thousands of announced store closures. By contrast other retailers have adapted and are promoting sales through never before seen strategies such as pop-ups, and showrooms at which merchandise may only be purchased for delivery.

Multiple channels, including physical stores, retail websites, social media, devices and other media that offer the consumer a consistent shopping and customer experience are often referred to as “omnichannel retail.” One of the best examples of an extremely successful omnichannel retailer is Apple which offers a consistent experience whether online, on a device, or in a store, and also a consistent customer service experience.

For the past several years, commodity retailers have typically used multiple channels to compete for purchases on price while specialty retailers typically use different retail channels to drive traffic to bricks and mortar stores. The conventional wisdom has been that specialty retail goods are not purchased online. Recent adaptations by online retailers have proven that

conventional wisdom outdated. More and more, particularly younger shoppers are taking advantage of online resale platforms like thredUp, and subscription clothing services like Trunk Club.

Furthermore, clever marketing such as “buy local” campaigns or “garage sales” are employed by chain retailers to create an air of uniqueness, authenticity, and differentiation in an otherwise homogeneous chain retail environment. Other retailers, both bricks-and-mortar and virtual, are exploring ways to leverage e-commerce portals to drive sales while utilizing physical stores as part of their fulfillment center strategy for both order pick-up and returns.

Many cite the still small percent of overall retail sales captured by online retailers, however, these same analysts and pundits fail to acknowledge the rate of growth of online sales, particularly by traditionally specialty retailers. The consensus among retail analysts is that brick and mortar will continue to be the foundation of omnichannel retailing since stores provide a sensory experience of the offered goods as well as convenience. Fostering a physical environment (ie. areas having the attributes required for commodity and specialty retail respectively to be successful) is important to any community’s economic development strategy.

Appendix E: Peer Cities Tax Revenue Comparison

Because Albany is part of a larger region, the plan is cognizant both of activities in nearby cities, and how successful they might be in terms of generating revenue to support public services. The Albany trade area has strong buying power and the local retail and restaurant sector are good sales tax generators (detailed later in the plan), but those data points need context in the region. Pinole, Hercules, and El Cerrito are Albany's neighbors with similarly-sized populations in the I-80 corridor, so looking at their tax revenue can provide a useful benchmark for Albany's performance in the region. Without framing it as a competition, the fact is that today's consumers are mobile and savvy, willing to cross city limits to get the products they want, at the price they want.

To put the revenue in perspective for each city, the share of sales tax and property tax contributing to each city's general fund was analyzed. The local sales tax rate in the peer cities varies, from the high of 9.75% in Albany and El Cerrito to a low of 8.75% in Hercules. To control for that when looking at performance, taxable sales per capita were researched, as well as sales tax received per capita.

Albany's sales tax revenue, taxable sales, and taxable sales per capita were the third lowest of the peer cities, ahead of only Hercules. This aligns with the online survey findings that Albany residents purchase taxable goods outside town. However, Albany, Hercules, and El Cerrito were all at the same share of sales tax in their general funds, around 20%. Municipal finance expert Michael Coleman has estimated that the average full-service city in California gets around 25-30% of its discretionary revenue from sales tax.⁵³

The comparison shakes out slightly differently for property tax revenue. Albany is second to El Cerrito in property tax revenue and property tax per capita, but ahead of both Pinole and Hercules. In the future one could expect to see the rapid increase in home resale prices in El Cerrito and Albany eventually reflected in an even greater gap between those two cities, and Pinole and Hercules, for property tax revenue. But Pinole, El Cerrito, and Albany are all have property tax contributing about a third of the General Fund, consistent with what Coleman estimates for full-service cities.⁵⁴ Pinole and El Cerrito also have hotel tax contributing to their General Funds.

⁵³ ["A Primer on California City Revenues"](#), League of California Cities, 2016, p.10.

⁵⁴ Ibid.

City 2014-15 pop. ⁵⁵	Sales Tax Revenue to General Fund	ST per cap	ST rate	ST / GF	Taxable sales 2015 ⁵⁶	Taxable sales per cap	Property Tax Revenue to General Fund	PT per cap	PT / GF	Hotel Tax	Total General Fund (GF)
Albany 19,249	\$3,508,838	\$182	9.75%	21%	\$211,703,606	\$10,998	\$5,863,823	\$305	35%	-	\$16,887,342
El Cerrito 23,546	\$6,408,016	\$272	9.75%	22%	\$320,122,619	\$13,596	\$9,927,028	\$423	34%	\$114,712	\$29,106,145
Pinole 18,946	\$6,120,157	\$323	9.25%	38%	\$314,440,606	\$16,597	\$5,016,239	\$265	31%	\$391,165	\$16,175,509
Hercules 25,314 ⁵⁷	\$2,693,075	\$106	8.75%	20%	\$178,895,615	\$7,067	\$1,173,026	\$46	9%	-	\$13,569,000

After looking at the revenue generated in the peer cities group, one conclusion is that while Albany's sales tax performance could certainly be better, it's not dire, especially given Albany's lack of large-format retail prevalent in Pinole and El Cerrito. Its handful of major sales tax generators keep Albany afloat, while the smaller contribution from specialty retailers and increasing number of upper-end restaurants helps. Getting that per capita sales tax figure up will be important in balancing the General Fund contribution from rising property tax revenue, due to the rise in housing costs. The recommendation for a marketing campaign targeting residents is one example of a strategy to increase taxable sales.

⁵⁵ Data from each city's 2015 CAFR unless otherwise noted.

⁵⁶ Taxable sales data from [State of California Board of Equalization](#), point of sale, all outlets, not county/state pools.

⁵⁷ Population estimate on July 1, 2015, from U.S. Census Quick Facts.

Appendix F: Opportunity Sites

The following list of opportunity sites suitable for new commercial and/or housing development is from the adopted City of Albany 2015-2023 Housing Element.⁵⁸ As included and edited for space here, the list includes the sites that are not zoned strictly residential, and are at least 6,000 SF.

Vacant

- 1245 Solano Ave, 6,000 SF

“This site is one of the few remaining vacant lots on Solano Avenue. It consists of two adjacent narrow parcels, approximately 3,000 square foot each. The parcels are in common ownership and are zoned Solano Commercial, a designation which encourages housing over ground floor retail-service uses. The site is seasonally used for Christmas tree sales but has no improvements.” (Table 4-4, p. 4-14)

Underutilized

- 1451 Solano - California Bank & Trust, 13,000 SF
- 934 San Pablo - parking lot, 7,500 SF, previously proposed for multifamily with ground floor retail in 2007-08.
- 1061-63 SPA - Hertz, 15,000 SF
- 433 SPA - Goodyear, 29,323 SF
- 665 SPA - Pho restaurant (former Sizzler), 25,000 SF
- 805 SPA - Mechanics Bank, 22,000 SF
- 398 SPA - Kaady Kar Wash and dry cleaner, 31,000 SF
- 1107-1111 SPA - restaurant & auto shop, 18,500 SF
- 501-505 SPA - Goodwill, 20,000 SF
- 911-13 San Pablo & 922-926 Kains - Mary & Joe’s building and adjacent parcels, 26,400 SF
- 950 SPA - Albany Town Center shopping center (Round Table Pizza), 42,000 SF

(All of these sites are listed in Table 4-5, beginning on p. 4-20)

⁵⁸ <http://albanyca6.visioninternet.net/home/showdocument?id=27308>