



CITY COUNCIL SPECIAL MEETING AGENDA

Tuesday, March 6, 2012

3:30 p.m.

701 Laurel Street, Menlo Park, CA 94025
City Council Chambers

3:30 P.M. STUDY SESSION

ROLL CALL

SS1. Council review and possible direction regarding the Business Development Division Business Plan, the Business Development Program Budget, and the Council Business Development Subcommittee ([Staff Report #12-035](#))

5:30 P.M. CLOSED SESSION (1st floor Council Conference Room, City Hall)

Public Comment on Closed Session item will be taken prior to adjourning to Closed Session

CL1. Pursuant to Government Code Section 54957.6 to conference with labor negotiators regarding labor negotiations with the Service Employees International Union (SEIU)
Attendees: Alex McIntyre, City Manager, Starla Jerome-Robinson, Assistant City Manager, Bill McClure, City Attorney and Glen Kramer

ADJOURNMENT

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COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: March 6, 2012
Staff Report #: 12-035

Agenda Item #: SS1

STUDY SESSION: Council Review and Possible Direction Regarding the Business Development Division Business Plan, the Business Development Program Budget, and the Council Business Development Subcommittee

RECOMMENDATION

Staff recommends that the City Council discuss the following in light of the Council Goal related to a Vibrant and Resilient Economy Supporting a Sustainable Budget:

- Business Development Division Business Plan (Attachment A), considering scope and staffing;
- Business Development Program budget and staffing; and
- Council Business Development Subcommittee mission and composition.

BACKGROUND

On February 28, 2012, the City Council adopted goals for calendar year 2012. One goal is related to a vibrant and resilient economy supporting a sustainable budget and reads as follows:

Promote a desirable level of economic growth to maintain an economically vibrant and sustainable community with a sustainable budget through implementing a comprehensive community supported business development plan for attraction and retention and through finalization of development projects currently in process.

The City Council first reviewed the Business Development Business Plan on November 18, 2008, and then reviewed an update on March 2, 2010 (Attachment A). The Business Plan includes four overarching goals and multiple objectives and strategies that are mainly organized around eight geographic economic activity centers, plus eight subareas for one of the centers. The Plan also identifies six high priorities for the short term. Although there is information in the Plan that needs to be updated to reflect accomplishments or changes to the economic landscape, such as Facebook's move to Menlo Park or the dissolution of Redevelopment Agencies, the Plan provides a solid framework to focus City efforts related to Business Development, especially business retention and attraction. Given the fluid nature of the subject matter, the Plan recognized the need for periodic updates.

Associated with the Council goal for a vibrant and resilient economy supporting a sustainable budget are various deliverables. One deliverable for this goal involves holding this study session to review the Business Development Plan and confirm priorities with an understanding that other deliverables would be developed as part of the study session. Other deliverables are related to the Council Business Development Subcommittee as follows:

- Evaluate idea for tech start up incubator with venture capital (VC) support
- Track progress on state level tool to replace Redevelopment Agencies (RDAs)
- Continue focus on major property and business owners to ensure business retention (Menlo Business Park, Prologis, Tyco, Bohannon, Downtown)

In addition to the Business Development Plan and the Business Development Subcommittee, it would be helpful for the Council to discuss the funding of the Business Development Program as it relates to the upcoming budget preparation for Fiscal Year 2012-13. The General Fund portion of the program budget for FY 2011-12 is \$196,416.

The current members of the Business Development Subcommittee are Council Members Cline and Fergusson. The Subcommittee has met twice since the first of the year and assisted in preparing for this study session item.

SUGGESTED STUDY SESSION PROCESS

Staff suggests that the City Council consider an agenda for the study session that would include the following:

1. Staff presentation
2. Council questions of clarification regarding the presentation
3. Public comments
4. Council discussion on each of the following topics:
 - Business Development Plan:
 - What are the highest priorities for the remainder of this calendar year?
 - Business Development Program:
 - Given the above priorities, how does the Council want to fund the program for Fiscal Year 2012-13?
 - Business Development Subcommittee:
 - Given the priorities and staffing funded above, what should the Subcommittee focus on for the rest of this calendar year?

Through this Council feedback regarding priorities and focus areas, staff would then work to identify the best tools and resource implications for achieving the desired results. Staff is seeking input from the entire Council with the understanding that staff could follow up on details with the Business Development Subcommittee.

The goal of the study session is to clarify expectations to ensure an efficient and effective use of limited resources that are available for the City's business development efforts. The study session also provides a forum to explore new ideas or expanded partnerships to pursue business development. For example, the Chamber of Commerce is embarking on a new initiative related to business retention and attraction efforts in the M-2 (General Industrial) zoning district.

IMPACT ON CITY RESOURCES

Any potential impacts on City resources will be considered as part of the Fiscal Year 2012-13 budget preparation process. Previously, Business Development was staffed with a Business Development Manager and a Business Development Specialist. Currently, the budget provides for a full time Business Development Manager and a half-time Business Development Specialist. However, roughly one-third of the funding was from the Redevelopment Agency, which is no longer available. Both positions are currently unfilled, pending budget evaluation, and input from the City Council regarding the criticality of Business Development activities, and the scope of those activities. The expectation of the outcomes from the Business Development Plan will dictate the level of personnel needed to fulfill the determined purpose. Or, Council could determine an acceptable level of staffing given budget constraints, and expectation of the outcomes would then follow at a commensurate level.

POLICY ISSUES

Dissolution of the Redevelopment Agency essentially eliminates one of the primary funding sources for staffing Business Development as well as the infrastructure improvements to increase the appeal of the M-2 area. The scope of the existing Business Development Plan far exceeds the capacity of a single employee.

ENVIRONMENTAL REVIEW

No environmental review is required for this agenda item.

Justin Murphy
Development Services Manager

PUBLIC NOTICE

Public notification was achieved by posting the agenda, at least 72 hours prior to the meeting, with this agenda item being listed.

ATTACHMENTS

A. [Business Development Business Plan, dated March 2, 2010](#)

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Business Development Plan

Business Development Division

City of Menlo Park

March 2, 2010



prepared by
City of Menlo Park
Business Development Division

VISION

To preserve and enhance Menlo Park's business climate to ensure the City is financially stable and partners with the community in its commitment to improve quality of life.

MISSION

To provide services and resources to the business and development communities with the purpose of retaining, attracting and expanding business and employment opportunities for area residents, stimulating the local economy and expanding local retail sales, transient occupancy, and commercial property tax bases, while maintaining a positive balance between growth, social equity and the economic vitality of the City.

VALUES

To adhere to the sound fundamental principles of traditional economic development: business retention, by supporting and retaining established businesses; business attraction, by actively pursuing private investment and new business; business expansion, by nurturing both established and emerging companies; and, all supported by improved public infrastructure vital to retaining, attracting and expanding business entities.

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EXECUTIVE SUMMARY

The Business Development Division's ("Division") Business Development Plan ("Plan") serves as the blueprint for policy considerations guiding the City's investment in economic development initiatives, programs, and projects. The Plan also provides direction in anticipating and responding to changes in the local economy. The Division will provide essential services and resources to the business and development communities that result in economic vitality to preserve and enhance the unique environment that contributes to the high quality of life in Menlo Park. Now that the Community Development Agency reports to Business Development Manager there will be emphasis on economic development in the redevelopment project area.

The Business Plan establishes a vital foundation, as it defines the Vision, Mission, and Values for the Business Development Division. The Plan is presented in six chapters:

I. Economic Development Fundamentals

- Answers to the question: Why is economic development important to Menlo Park?
- Defines the core values of economic development
- Establishes the essential components of a thriving local economy

II. Business Development Division Goals

- To build strategic relationships with external partners by fostering and supporting the business and development communities and with internal partners by cross-departmental coordination
- To monitor economic conditions and respond to opportunities and threats;
- To enhance key public and private assets
- To ensure the local business environment is dynamic, diverse, and thriving

III. Economic Activity Center Boundaries

Menlo Park has eight distinct economic activity centers where commercial and industrial activity takes place and where retail sales, transient occupancy (TOT), and commercial property tax revenues are generated. These commercial and industrial/research and development districts are located throughout the city and are clearly defined on page 8. They are generally known by these names:

- Downtown
- El Camino Real
- Sand Hill Road
- Willow Road – East

- Willow Road – West
- Willow and Middlefield Roads
- Menalto
- Industrial/Research & Development

IV. Economic Activity Center Objectives

Due to the uniqueness in size, location, and purpose of each of Menlo Park's eight economic activity centers, economic development objectives for each area have been developed. By developing specific objectives for each activity center Division staff is addressing the following needs:

- Identifying and responding to business retention, attraction and expansion
- Forming strategic partnerships with business representatives
- Facilitating development
- Maintaining full occupancy
- Maintaining public infrastructure
- Conducting marketing and outreach
- Generating new employment opportunities

V. Economic Activity Center Strategies

The strategies are the core of the Business Plan. They define specific economic development initiatives, programs, and projects. The strategies support the objective for each of Menlo Park's retail, commercial, and industrial/research and development economic activity centers. The strategies provide value, improve the business climate, and enhance the City's fiscal health by increasing municipal revenues. Currently, there are major strategies that include:

- Addressing business retention, attraction and expansion projects
- Promoting the City's "brand"
- Conducting regular outreach to business and property owners, developers, venture capitalists and other strategic partners
- Monitoring economic conditions and responding to opportunities and threats
- Leading the Community Development Agency in non-housing initiatives
- Facilitating tenant improvements and aiding in site selection
- Assisting developers with master plans for various sites
- Facilitating public infrastructure needs
- Ensuring Downtown, El Camino Real, and neighborhood shopping areas are vibrant, attractive, and competitive
- Ensuring full occupancy
- Promoting events, celebrations, and grand openings
- Supporting start-up business incubators

VI. Measuring Economic Vitality

Monitoring the economic health of the community is a critical component of the Plan. Effective reporting tools measure economic vitality, describe what is being measured, provide demonstrable evidence of progress, and ensure performance measures are linked to established goals. The measures are:

City Measures

- Retail Sales Tax Per Capita
- Retail Sales Tax Revenue Per Capita for Neighboring Cities
- Sales Tax by Business Sector
- Sales Tax by Economic Activity Center
- Growth from Business Licenses
- Business Environment Survey

Market Measures

- Commercial Vacancy Rate Trends
- Commercial Rent Trends
- Commercial Properties for Sale or Lease

Innovation Measures

- Venture Capital Invested in Menlo Park Companies
- Venture Capital Invested by Industry Classification
- Patents Issued in Menlo Park
- Start-ups and Early Stage Companies

Plan Summary

The Division's purpose is to maximize revenues from retail sales, transient occupancy, and commercial property taxes and to create employment opportunities for Menlo Park residents. This Plan is the initial instrument in achieving greater community knowledge of and involvement in the City's economic development issues and opportunities in pursuit of the overarching revenue and job creation objectives. In that regard, the following items represent the Division's highest priorities for the next six (6) month period:

- Downtown/El Camino Real Specific Plan – continue to work with Planning Department colleagues to further the Specific Plan, while ensuring steps are taken to include a quantifiable economic development component to the plan and that the focus on the Stanford University parcels receive primary attention
- Menlo Gateway – work with colleagues and stakeholders to develop a Development Agreement and related entitlement documents
- General Motors 22-acre Site – work closely with General Motors Corporation executives and its agents to sell this property and present a viable purchaser and development plan to the City Council

Business Development Plan
Menlo Park Business Development Division

- Haven Ave – now that funding for a land use study is approved, help launch this effort to prepare this highly visible and accessible Community Development Area for redevelopment
- AMB 55-acre Willow Park Site – continue work with property owners to complete the upgrade of this dated industrial property to focus on life science and clean technology enterprises
- Current Economic Crisis – continue efforts to reach out to major revenue producers to ensure staff and Council are doing all that can be done to understand threatening business situations and initiate appropriate retention efforts

The Business Development Division will collaborate, consult, and coordinate with City department colleagues, City Council and other civic leaders, business representatives, real estate and development communities, and other partners in this effort. The Plan should be reviewed annually to monitor progress, ensuring alignment with other initiatives and planning efforts within the City. In addition to an annual Plan update, the Division should provide regular economic vitality reports to the City Council regarding the state of the local economy. This reporting approach provides appropriate policy oversight for the efficient and effective delivery of local government services to Menlo Park's business and development communities.

The Business Development Plan's goals are grounded in essential economic development principals that emphasize connecting with business and commercial property owners, so that City stakeholders' ideas and concepts are continuously evolving, thereby producing a thriving community.



INTRODUCTION

The Business Plan is a Blueprint

This document serves as a guide for City policy considerations to shaping Menlo Park's economic growth. The Business Plan emphasizes economic vitality, as the City of Menlo Park pro-actively focuses on supporting the local economy's ability to adapt to changing conditions in order to thrive. This business plan links the vision of the Business Development Division with its mission and sets forth an action plan for continuous community renewal and growth essential to ensuring both short- and long-term fiscal stability.

The plan should be reviewed periodically to monitor progress, ensuring alignment with other planning efforts within the City. This approach enables efficient and effective local government services to be provided to Menlo Park's business and development communities. Efforts to improve local economic vitality will be measured by the quantitative and qualitative City, Market and Innovation performance measures established by the Division and adopted by the City Council.

As economic development professionals, the Business Development Division employs the fundamentals and best practices of local, regional, and state economic development programs. This plan reflects guiding values and principles for economic development by focusing on the fundamentals of business retention, attraction, expansion, and creating an attractive physical environment through infrastructure improvements.

The Importance of the City's Eight Economic Activity Centers

The City of Menlo Park offers amenities many businesses require for success. Its eight economic activity centers have attracted key firms to the City and have created ideal conditions for local firms to expand. While the downtown district is the center-piece and most visible economic activity center in the City, the industrial/research and development district currently generates most of Menlo Park's retail sales tax revenue and boasts the largest employment sectors. Business-to-business sales are a key component of this condition, requiring our constant attention to retain, attract and expand businesses in this extensive area composed of eight distinct sub-areas.

The City has eight economic activity centers: downtown, El Camino Real, Sand Hill Road, Willow Road east of US 101, Willow Road west of US 101, the Willow Road & Middlefield Road district, Menalto district and the industrial/research and development district (composed of eight sub-areas). Each of these areas is different in its land uses, size, and location within the City. The composition of revenue generating businesses in each area is also unique, requiring a distinct economic development objective. The plan begins with overarching elements, including the Division's vision, mission, values and goals, and ultimately focuses

on the objectives and strategies and their measures for the economic vitality of each individual economic activity center.

The General Plan: The community’s “Constitution”

This document represents the foundation for the City’s economic development plan. It is a legal document required by State law. As a result, any discussion of the direction of economic development for the community must begin at this point. While the current General Plan was adopted in 1994, its comprehensive, long-term, and detailed proposals for the physical development and land use for the community are valid today. The plan is designed to define the community’s economic goals with “low environmental and traffic impacts.”

The General Plan establishes specific policies, standards, and implementation strategies. It clearly defines the role economic development should play in maintaining Menlo Park’s special character by including definitive economic development goals in the two Plan “elements” covering land use and circulation/transportation. Those parts applicable to the mission of the Business Development Division can be summarized as follows:

“To provide guidelines for the development of the City’s remaining vacant land, for revitalization of existing development, and for development of a transportation system and other public facilities in a manner that ... minimizes the adverse impacts of development on the City’s public facilities and services..., promotes the rehabilitation of existing housing and commercial development..., allows for the orderly development of the City’s employment and commercial base..., and maintains and enhances the City’s economic vitality and fiscal health.”¹

Specific goals and policies within the General Plan related to commercial and industrial development are important foundational elements providing direction for the work performed by the Business Development Division. Those that directly relate to the Division’s goals, objectives, and strategies are found in the General Plan, Part I: Section I and II which are included in Exhibit A.

¹ City of Menlo Park. 1994. “General Plan Policy Document.” pg. 2-3.

ECONOMIC DEVELOPMENT FUNDAMENTALS

Why is economic development important to Menlo Park?

Economic development is more important than ever due to the current economic downturn, which necessitates proactive measures from Business Development staff. Stimulating the local economy, expanding the tax base, creating quality jobs, and maintaining a positive balance between growth and social equity creates a thriving economy and generates revenues for public services. The need to direct private investment toward projects, programs, and initiatives that results in generating new wealth within Menlo Park is a critical component of the City's General Plan. The General Plan serves as a long-range plan providing clear direction and an action plan for development policies that include economic development, among other standards and implementation programs.

The City of Menlo Park and the Division have a keen interest and legitimate role to play in economic development efforts aimed at increasing economic vitality and the overall quality of life for Menlo Park residents, employees, and visitors. A successful economic development program will produce results, including a thriving and growing economy, economic and employment opportunities, a competitive environment for the business and development communities, and revenue growth for City-wide services.

According to the California Association of Local Economic Development (CALED), "Economic development is a concerted effort on the part of the responsible governing body to influence the direction of private sector investment toward opportunities that can lead to sustained economic growth."² Moreover, economic development should yield real net positive impacts on business and development growth, or at the very least, the potential for growth with the outcome of producing economic opportunity and prosperity.

The Division partners with the business and development communities to spawn private investment generating wealth through increased employment opportunities, local tax base expansion, new development, and raising property values. Public and private partnerships are essential to the success of the economic development program. It is important to add that private investment, if done correctly, is the only viable way to increase tax revenues and public services for local community benefit without increasing taxes.

Core Values

Economic development will continue to help shape the future of Menlo Park by employing guiding values and principles of business retention, attraction, expansion, and infrastructure improvements. Business *retention* is the process of supporting and retaining established businesses in order to achieve a reliable

² California Association of Local Economic Development, et. al. 2003. "Economic Development Handbook: Second Edition." pg. 10.

and diverse revenue stream that continually improves the City's fiscal health. Business *attraction* includes actively pursuing private investment and new businesses aimed at stimulating the local economy and generating employment opportunities. Business *expansion* capitalizes on both established and emerging companies that are prepared to grow and invest in their operations. Lastly, improvements to public *infrastructure* strengthen staff's ability to create an environment that results in retaining, attracting, and expanding business.

These aforementioned core values and guiding principles are practiced daily by the Business Development Division in assessing the strengths, weaknesses, opportunities, and threats to the businesses located in Menlo Park.

The Components of a Thriving Local Economy

A major component to Menlo Park's economic development plan is ensuring that businesses and developers compete in a healthy environment. Locally, a sustainable economic base will be measured by the ability of Menlo Park to retain and attract local-serving and export-oriented business sectors resulting in a greater return on investment of staff time and limited resources. Local-serving businesses provide residents the opportunity to conveniently obtain goods and services from eateries, bookstores, banks, dry cleaners, home furnishing stores, convenience stores, pharmacies, etc.

Export-oriented businesses sell goods and services to consumers anywhere outside our community. Office supplies stores and home furnishing stores are good examples of both local-serving and regional exporters of goods. Software, micro-electronics, medical device companies and firms providing services with a national and global presence are examples of export-oriented companies.

The difference between the local-serving and export-oriented sectors is critical because they depend on distinct revenue bases and infuse wealth into the local economy in different ways. It is expected that both sectors will grow and thrive, if Menlo Park's local economic environment is nurtured and competitive.

BUSINESS DEVELOPMENT DIVISION GOALS

Goals are integral parts to any business plan. Goals state the specific outcomes an organization expects to accomplish in support of its vision and mission. All strategies and action items comprising the output of the Business Development Division are aimed at achieving its four principal goals.

- I. To build strategic relationships: with *external partners* by fostering and supporting the business and development communities, and with *internal partners* by cross-departmental coordination.
- II. To monitor economic conditions and respond to opportunities and threats.
- III. To enhance key public and private economic assets.
- IV. To ensure the business environment is dynamic, diverse, and thriving.

These four broad goals provide the framework for Council direction in connecting with key stakeholders, assessing and evaluating situations and circumstances related to local and regional economic development. In the end we must address the needs of the community by caring for and expanding the physical environment for commerce, a key component in ensuring the vibrancy of the Park's local economy.

To understand these concepts better, the goals are further defined below.

GOAL: Build strategic relationships: with external partners by fostering and supporting business and development communities and with internal partners by cross-departmental coordination

The outcome of this goal is to establish clear, effective, and on-going communication internally and externally resulting in realistic expectations and objective solutions. Externally, Division staff will listen, learn and link with top revenue producing businesses, commercial real estate brokers, local developers, and property owners. Listening to and proactively responding to the ideas of the business and development communities will provide City staff and civic leaders' critical information to develop flexible policies, programs, and services supporting Menlo Park's reputation as a sought after and competitive commercial, industrial, and technological environment.

Internally, enhanced cross-departmental coordination by collaborating, consulting, and coordinating will provide the internal cooperation necessary for all aspects of the economic development equation to work together toward achieving common goals with our civic leaders. It is apparent that we need to empower City staff to take ownership of projects from concept to completion is an

essential goal. In doing so, we provide the community a reason to build strong and active relationships with staff for better coordinated communication and effective, timely execution. Employees are better positioned to be more creative and committed to achieving defined economic development goals and initiatives in this environment.

GOAL: Monitor economic conditions and respond to opportunities and threats.

By building effective strategic relationships the Division will be better positioned to proactively monitor the local and regional business climate. The Division in executing this goal will continue managing sensitive relationships and information. Staff will review all relevant reports, data, and economic trends, gaining a better understanding of the strengths and weaknesses of the economic base within Menlo Park for a more strategic response.

In addition, to more effectively monitor current economic conditions locally and regionally, the Division will participate in selected industry alliances, seminars and workshops to stay abreast of best practices and innovations in our profession for the benefit of the City and its stakeholders. A key component of this is the staff's membership in the Silicon Valley Economic Development Alliance (SVEDA). As we now know, "The world's top competitors and collaborators are not cities, states or countries per se, but regions. Economic regions are defined not by political boundaries, but economic resources such as industry concentrations, labor markets, and common infrastructure."³

The principle of this goal is to identify impediments to local economic growth that can be resolved at local and regional levels; to provide a forum for identifying opportunities and threats to Silicon Valley; and to garner reliable information about the region's business climate for effective local decision-making by City staff, as well as business executives making relocation and expansion decisions.

GOAL: Enhance key public and private economic assets.

The key economic assets of the City are its eight economic activity centers. All commercial activity generating revenue for the City takes place in these centers comprised of both public and private assets. The private economic assets are the local serving and export-oriented businesses calling Menlo Park home, the talented local workforce, and Menlo Park's institutions, such as Stanford Research Institute (SRI), the development and venture capital communities, and the real property that houses their operations.

³ Doug Henton, Collaborative Economics, 2008. "[The Innovation Driven Economic Development Model: A Practical Guide For the Regional Innovation Broker.](#)" pg. 4.

Public economic assets include public resources such as City staff, land uses, zoning, parking, public works infrastructure, and community facilities. The purpose of this goal is to ensure the economic activity centers and the components that comprise them are evolving and thriving. The Division is committed to creating a physical business environment that is attractive, safe, and relatively easy to travel to and from in an efficient manner. The City's public infrastructure is a key asset that Division staff will ensure is viable, sustainable, and meets the needs of the business community.

The City's Community Development Agency now reports to Business Development. It has direct responsibility for the non-housing section. Redevelopment is one of the most effective economic development tools stimulating new business, private development, and enhancing key public economic assets. By leading the Community Development Agency and enhancing economic assets, Business Development staff is better positioned to achieve site assembly, implement public infrastructure improvements, improve transportation networks, generate employment opportunities, and develop available land to reinvigorate the business climate within the industrial/research and development area. Exhibit B contains more information on the Las Pulgas Community Development Agency Project Area Plan and its economic development strategies.

GOAL: Ensure the local business environment that is dynamic, diverse, and competitive.

Ensuring that Menlo Park's business environment is dynamic, diverse, and competitive is the culmination of successfully achieving the three previous goals. Building internal and external strategic relationships, monitoring local and regional economic conditions, understanding strengths and weaknesses, responding to opportunities and threats, and enhancing key economic public and private assets will achieve the desired outcome to stimulate the local economy.

Economic vitality is created by an ever-changing, competitive, and market-driven environment in which businesses have the opportunity to grow and prosper. The entire City must be an important resource to the business and development communities by being more flexible and business-friendly.

ECONOMIC ACTIVITY CENTER BOUNDARIES & MAPS

The City of Menlo Park has eight distinct areas (see map on page 10 and economic activity center maps in Exhibit C) where commercial and industrial activity takes place. They are officially identified as zoning designations C-1 (Administrative and Professional District), C-2 (Neighborhood Shopping), C-3 (Central Commercial), C-4 (General Commercial), and M-2 (Light Industrial). These commercial and industrial districts are located throughout the community and are generally known by the names and boundaries identified below.

These are the only areas in the City where retail sales, transient occupancy and commercial property tax revenues are generated. For these reasons the health and vitality of these economic activity centers is essential. The location and boundaries of the City's eight economic activity centers areas are:

Downtown (C-3 Zoning Designation)

The area between El Camino Real, University Drive, Oak Grove Avenue, and Menlo Avenue, including Santa Cruz Avenue, the central business district's primary, commercial arterial

El Camino Real (C-1-A, C-3, C-4 and PD Zoning Designations)

El Camino Real between the city limits of the City of Palo Alto on the south and the Town of Atherton on the north

Sand Hill Road (C-1-X, C-1-C, C-2 Zoning Designations)

Sand Hill Road between Highway 280 and Sharon Heights Road

Willow Road – East (C-2-B and C-4 Zoning Designations)

Willow Road east of Highway 101 to Bayfront Expressway

Willow Road – West (C-2, C-3, and C-4 Zoning Designations)

Willow Road west of Highway 101 to Gilbert Avenue

Willow Road & Middlefield (C-4, C-1A, and C-1 Zoning Designations)

The extended intersection of Willow and Middlefield Roads between Woodland Avenue and Ringwood Avenue on Middlefield and Willow Road west from Middlefield to Willow Place

Menalto (C-2 Zoning Designation)

Menalto Avenue at Gilbert Avenue

Industrial/Research & Development (R&D) (M-1 and M-2 Zoning Designation)

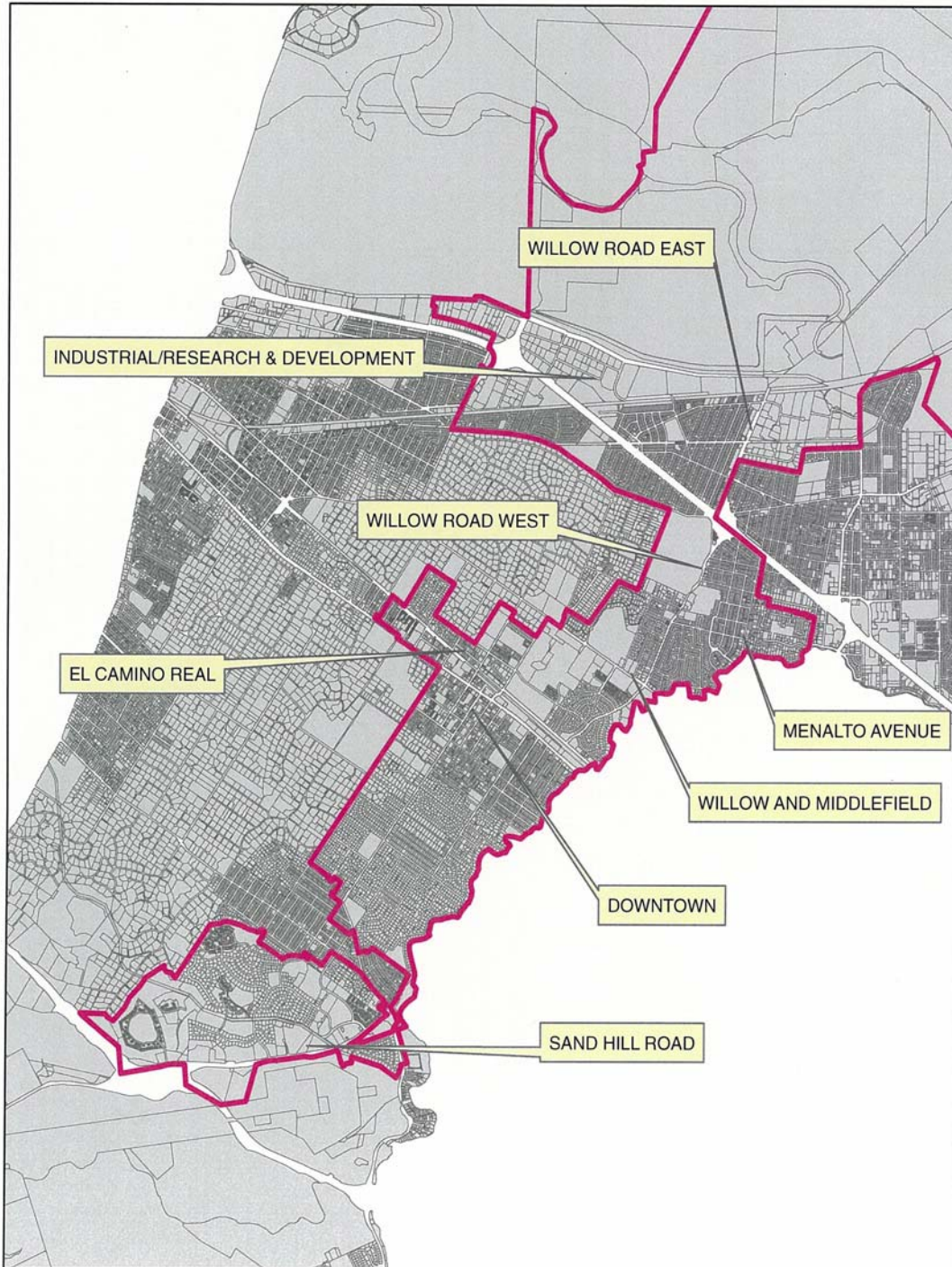
There are eight light industrial/R&D "sub-areas" along Haven Avenue, Bayfront Expressway, Highway 101, Willow Road, and O'Brien Drive (see map; page 11)

Business Development Plan
Menlo Park Business Development Division

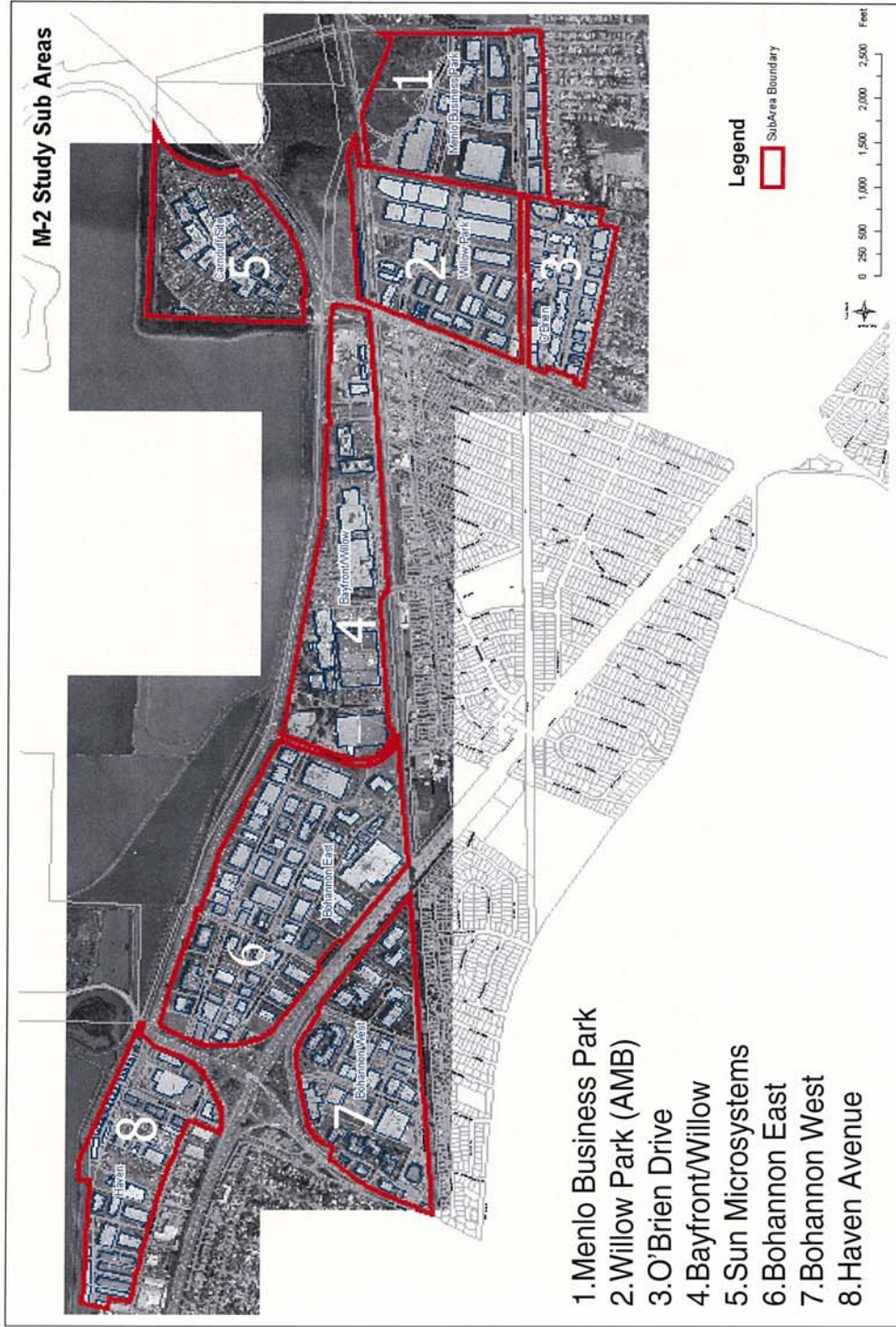
- Menlo Business Park – O'Brien Drive from Adams Drive to University Avenue
- Willow Park – AMB property on Hamilton Avenue, Hamilton Court, and Willow Road
- O'Brien Drive – O'Brien Drive from Willow Road to Adams Drive
- Bayfront/Willow – Intersection of Bayfront Expressway and Willow Road including the General Motors and Tyco Electronics sites
- Sun Microsystems Campus – East side of Bayfront Expressway at the intersection of Willow Road
- Bohannon East – Independence Drive to Chilco Street and Bayfront Expressway to Commonwealth Drive
- Bohannon West – Scott Drive, Campbell Avenue, and Bohannon Drive near Highway 101 southbound
- Haven Avenue – East side of Haven Avenue at the intersection of Marsh Road



ECONOMIC ACTIVITY CENTERS



Industrial-R&D Zoning District Sub-areas



ECONOMIC ACTIVITY CENTER OBJECTIVES

Due to the uniqueness in size, location, and purpose of each of the City's eight economic activity centers, the Business Development Division has developed an economic development objective for each area. These objectives maximize each center's potential, address specific infrastructure issues, and focus marketing and outreach to fit the specific needs of each revenue producing center. The economic development objective for each economic activity center is:

Downtown

Continue to work closely with interested stakeholders to ensure this center of economic activity is fully occupied, vibrant, clean, attractive and includes a diverse array of retail and commercial establishments serving the local and regional communities.

El Camino Real

Ensure that economic development activities for *short-term* development focus on sustainable revenue inflows via attractive facilities with functional infrastructure, while helping complete the border-to-border visioning process for the *long-term* vision and development.

Sand Hill Road

Help ensure this western gateway arterial to the City maintains its world-wide brand as the "Capitol of Venture Capital" by helping to promote the brand, while supporting local-serving retail for Sharon Heights neighborhood residents.

Willow Road East

Work with retail business and property owners to ensure full occupancy of primarily local-serving retail users and ensure that the City has on-going involvement with stakeholders and residents in determining retail and mixed-use development opportunities.

Willow Road West

Maintain attractive streetscape for this gateway arterial to Menlo Park, while ensuring commercial businesses in this redevelopment area are continually improving, predominately local serving, and fully occupied.

Willow & Middlefield Roads

Work with property owners to ensure full occupancy, building improvements to minimize infrastructure impacts, and revenue producing businesses are considered as part of the tenant mix. Assist with new development opportunities on two vacant parcels on Middlefield Road.

Menalto

Work closely with property owners to sustain full occupancy and to maintain an attractive and safe shopping district.

Industrial/Research & Development

The overall objective for this exceedingly important revenue producing area is to focus on the needs of existing businesses in order to grow the tax base and generate revenue for the City, and create job opportunities. The Division will also help keep vacant properties occupied with an infusion of new businesses in the technology industry that keeps Menlo Park on the cutting edge of innovation. Moreover, City staff will actively advance ideas and facilitate development of vacant land and at facilities whose economic life is ending. Resurrecting positive elements of the Commercial Zoning Ordinance Update initiative could play an important role here.

In addition to this general objective, which applies to the entire industrial/R&D area, there are objectives for each “sub-area” within this zoning district. The objective for each “sub-area” is:

Menlo Business Park – In addition to a review of the campus Master Plan, work with Menlo Business Park to improve infrastructure and evaluate project processing in order to retain and attract high income generating tenants on the cutting edge of technology and innovation and to further develop its life science, clean tech, and green tech tenant mix.

Willow Park - Work with AMB Property Corporation to further refine its preliminary design concepts including sustainable, green redevelopment with the goal of repositioning the property to focus on life science and clean tech enterprises, while upgrading or replacing selected buildings with green construction components, and providing new quality jobs.

O’Brien Drive - Work with individual business owners and property owners in this transitioning sub-area to improve its attractiveness by utilizing tax increment funds to improve the streetscape with the specific goal of retaining existing revenue generating business and attracting new ones.

Bayfront/Willow (this sub-area has two significant property owners, and therefore two objectives) - Continue to work with General Motors’ executives and its agents to ensure that the sale and/or development of its 22-acre parcel provides the maximum benefit to the City; and, continue to work with Tyco Electronics to help with the expansion and improvement of its property to ensure that it continues its own successful operation and the operations of its important revenue producing tenants.

Oracle-Sun Microsystems Campus (formerly Carnduff site) - Continue to work with Oracle/Sun Microsystems on its campus development plans.

Bohannon East – Continue to work with all of the sub-area stakeholders to resolve the issue of maintaining the existing, revenue producing, industrial district or altering a portion of the sub-area to an alternative, revenue producing use, while continuing to retain existing businesses and attract new ones to available space with a focus on innovation driven technology companies.

Bohannon West – Work with property owners to develop an overall vision for this sub-area with particular attention to the freeway onramp frontage property along Scott Drive, while keeping abreast of property improvement projects and the goal of maintaining full occupancy of existing buildings.

Haven Avenue - Work with property owners and Planning staff to develop a viable plan for a portion of this blighted, yet visible and accessible, sub-area into revenue producing retail site and destination.

ECONOMIC ACTIVITY CENTER STRATEGIES

Strategies are an integral part of business plans. A strategy is a plan of action, method, process, or specific step taken to accomplish an objective in a business plan. There are usually multiple strategies employed to accomplish a given objective. The following major strategies support the objectives established for each of Menlo Park's retail and commercial economic activity centers and are indicators of the results to be achieved. Please note that since the industrial/research and development zoning district is composed of eight distinct "sub-areas," individual sub-area strategies have been developed, in addition to overall strategies applicable to the entire industrial/research & development district.

In the major strategies defined below, dates have been added where the deliverables and the target dates are known.

Downtown

- Further develop real estate broker relationships and related business attraction efforts in order to maintain a full commercial occupancy rate.
- While focusing on independent businesses as the preferred tenants, strive to strike a balance with appropriate regional or national brands to achieve the optimum tenant mix.
- Assist City staff in the Specific Plan process by including economic development issues in the final product that address business growth and profitability.
- Continue to help improve pedestrian and vehicular infrastructure, such as, improvements to Parking Plaza 2 by August 2010 and utility undergrounding concepts by year-end 2010. Downtown merchants will continue to be engaged as stakeholders for improvements.
- Be an active participant or promoter of events, celebrations, task force(s), retail workshops with SVEDA and CALED, and forums, such as the Downtown Merchants Group, Block Parties, Acorn Awards, Chamber Mixers, Holiday Committee, and new business grand openings.
- Provide expertise and help tenants/property owners maintain and improve their businesses and properties.
- Assist City staff and business owners through permit processes, signage, and other types of permits.
- Work with Transportation Division and other stakeholders to facilitate the Council approved Downtown Parking Study.
- Facilitate the proposed landscape beautification project along Santa Cruz Avenue with downtown merchants, property owners, Sunset Publishing, and other stakeholders.

El Camino Real

- Partner with Stanford University to implement a short-term occupancy plan and long-term development plan for its five parcels on El Camino Real.
- Assist City staff in completing the Specific Plan process by implementing economic development strategies that stimulate business growth and profitability through project adoption.
- Assist City staff and Sandhill Property Company executives regarding the development for the 1300 El Camino Real, specifically as it pertains to the configuration and occupancy of approximately 51,000 square feet of proposed commercial space.
- Help guide the 20,000 square foot retail space component of the Derry project, if project is resubmitted.
- Assist City staff and property owner in resolving interest in pursuing the soon to be expiring 1460 El Camino Real mixed use project.
- Continue to pursue electric auto dealers for 550 El Camino Real.
- Continue to encourage development for the Park Theatre site with the property owner.
- Work with other property owners on El Camino Real to ensure full occupancy emphasizing retail sales tax generating establishments.
- Help ensure remaining new retail space (two of seven storefronts) at Safeway Shopping Center is occupied with local serving businesses.
- Work with Planet Auto to create a parking plan to make way for the 389 El Camino Real residential project.

Sand Hill Road

- Work with Rosewood Resort staff to help ensure 70% occupancy goal.
- Work with property owners to ensure Sharon Heights retail complex is fully occupied with local serving tenants and help coordinate required permits.
- Further develop strategic relationships with Venture Capitalist firms to ensure funded firms have opportunity to locate in Menlo Park.
- Continue activities with the VC Task Force and the Western Association of Venture Capital by assisting in event coordination and pitching investment sessions for start-up firms seeking funding.

Willow Road – East

- Work with General Motors at its 22-acre site to maximize industrial/R&D and/or retail component at this location.
- Work with AMB on its proposed 55-acre property redevelopment with the goal of adding revenue generating mixed use development (ground transportation transit center and retail) along the Willow Road corridor.

- Work with local stakeholders and developer of the new Police Substation retail space (2,500 square feet) to ensure appropriate local serving tenants occupy the new retail space.
- Continue efforts to attract a community serving grocery store, such as Grocery Outlet or other potential candidates.
- Organize merchants for more effective marketing and development growth in the district by year-end 2010.

Willow Road – West

- Utilize Community Development Agency tax increment financing for infrastructure improvements.
- Organize merchants for more effective economic activity center marketing by year-end 2010.
- Regularly contact Veterans Administration or its agents regarding status of property and possible future development potential and plans.
- Facilitate development of a soon to be proposed commercial use development at 812-888 Willow Road (Mi Rancho market complex).

Willow & Middlefield Roads

- Evaluate the potential for revenue generating business opportunities in this district by final year-end 2010.
- Focus new commercial development attention on remaining vacant parcel at 40 Middlefield Road by further pursuing the property owners this fiscal year.
- Continue to monitor and help facilitate development proposal for office tenants at 100 Middlefield Road (former Chevron station site at Willow Road).

Menalto

- Continue to regularly meet with commercial property owners regarding full occupancy and issues impacting adjacent residents.
- Continue quarterly property owners' meetings to plan upgrades and review safety concerns.
- Evaluate effectiveness of public and private improvements to date by fiscal year-end.
- Work with the Police Department and others to help evaluate and resolve any security issues.

Industrial/Research & Development

Major Strategies

- Develop an appropriate brand for the industrial/research and development district by drawing on the uniqueness and character (i.e., life sciences, medical device, clean energy, and green technology), of the sub-areas and continue to foster this part of Menlo Park as a “*Habitat for Innovation.*”
- Develop a marketing approach and unique selling proposition for each sub-area culminating in business attraction outreach by December 2010.
- Initiate periodic roundtables for the purpose of keeping businesses up-to-date on developments affecting their sub-area, and to initiate frequent communication to build strategic relationships, learn about site assembly, facilitate tenant improvements, improve public infrastructure, and determine business retention, attraction and expansion opportunities.
- Meet regularly with top tax revenue producers and businesses poised for growth, since most of Menlo Park retail sales tax revenue currently is generated from this area.
- Employ tax increment financing strategies for ED-related activities, including infrastructure improvements in selected sub-areas.

Major Sub-Area Strategies

Menlo Business Park

- During fiscal year 2010-11, continue deployment of Community Development Agency “dark fiber network” pilot initiative for an improved infrastructure as a major market differentiator for attracting or retaining high tech companies to this sub-area.
- Based on the outcome of the pilot initiative above, develop a plan and timeline for further deployment of “dark fiber” to other industrial/R&D sub-areas.
- Continue periodic strategy sessions with property owners and City planning staff to identify areas where plan and permit processing can be improved.
- Assist property owners in tenant selection for current vacancies.
- Encourage innovation and creativity for the 21st century economy by supporting Menlo Labs business incubator in promoting growth in start-ups or early stage companies, and to ensure that they graduate and locate within the Menlo Business Park or another local industrial sub-area.

Willow Park

- Continue to work with AMB executives to further execute interior and exterior improvements for its 55-acre industrial park, which may include mixed-use, transit-oriented development, and research and development.
- Ensure that consideration in any proposed AMB master plan includes adding local and regional serving businesses along its frontage on Willow Road, possibly in a mixed-use development format.
- Partner with AMB and new tenants, such as Pacific Biosciences, Renovia, and 3V Bio to ensure amenities exist to retain new businesses.

O'Brien Drive

- Evaluate the tenant mix to determine marketing and branding potential.
- Launch dark fiber network, based on outcome of pilot project, for larger bandwidth and faster internet services for more efficient business operations by employing approved tax increment financing.
- Conduct sub-area meeting with businesses before June 2010 to share benefits of dark fiber network pilot program, business-to-business partnerships, and resource sharing.
- Investigate partnering with JobTrain (formerly OICW) to ensure local job seekers are matched with local employers in solar-related and construction jobs.

Bayfront/Willow

General Motor's 22-acre site:

- Keep stakeholders informed regarding the progress and direction on the sale of this property by maintaining regular contact with General Motors' agents.
- Continue the effort to have General Motors use the site for alternative fuel vehicles sales and service.
- Work with prospective property buyers to assist with the due diligence process and provide value-added information to properly evaluate the site for purchase.
- Continue to market the site as a possible headquarters location for a technology or life sciences firm.

Tyco Electronics' 61-acre site:

- Continue to assist City staff and Tyco representatives with existing projects to ensure that site improvements, noise abatement, related facility upgrades, and other issues conform to City standards.
- Keep abreast of Tyco's master planning considerations through contacts at its Harrisburg, Pennsylvania, headquarters.
- Work with leasing agents to ensure that revenue producing tenants are always a consideration in the Tyco tenant mix.

Oracle/Sun Microsystems Campus (formerly Carnduff site)

- Step-up ongoing efforts to retain Sun Microsystems headquarters in Menlo Park.
- Consider alternatives for the site.

Bohannon East

- Help complete the Menlo Gateway hotel and office complex development-related reports, agreements, and other activities by their designated due dates so that the City Council and the Planning Commission have appropriate information for making informed decisions about the overall project.
- Provide information for and draw on information from the Menlo Gateway project Environmental Impact Report (EIR) and Fiscal Impact Analysis (FIA) to complete this item.
- Support The Foundry and ForSight business incubators as innovation catalysts by promoting the growth of start-ups or early stage companies within the medical device and ophthalmic sectors to ensure that they graduate and locate within the industrial/research and development district.

Bohannon West

- Work with commercial brokers to attract the appropriate tenant mix at 4040 Campbell Avenue.
- Conduct a cluster analysis to determine potential for attracting related businesses into the sub-area by July 2010.

Haven Avenue

- Continue to play a leading role in defining the site assemblage issues with the four principal property owners regarding the possibility of developing a large freeway visible, revenue generating project, if found feasible in the land use study.

Business Development Plan
Menlo Park Business Development Division

- Initiate meetings, if warranted, with property owners to review and consider alternative concepts that may result in a master development plan.
- Ensure that properties not considered for redevelopment are occupied with tenants beneficial to the City and that upgrades and improvements are completed according to City standards.
- Utilize tax increment financing for economic development strategies including infrastructure improvements, site assembly assistance, business retention/attraction, and upgrades to the street lighting system with LED lights.
- Work with Community Development Department to launch the Council approved Haven Avenue land use study.

DIVISION ADMINISTRATION

The Business Development Division performs, coordinates, and/or directs many administrative duties and responsibilities that allow the staff to operate effectively and efficiently. In addition, there are several internal initiatives aimed at coordinating or improving permit processing and nurturing the general business environment. In that regard, the Division performs a broad range of administrative duties, including, but not limited to the following:

- Consultant to Finance Director in matters involving quarterly sales tax summary, transient occupancy tax (TOT) and other revenue issues
- Analysis and follow-up on quarterly MBIA retail sales data
- Upgrade commercial and industrial/research and development property tracking system by contracting with LoopNet
- Revamp and implement monthly updates for the Division's webpage
- Participate in marketing/outreach through the Chamber of Commerce
- Participate in regional Silicon Valley Economic Development Alliance (SVEDA) organization, its Marketing Taskforce, and events with Silicon Valley Association of Start-Up Entrepreneurs (SVASE)
- Create and distribute brochures, FAQ's, etc.
- Initiate actions to streamline economic development processes
- Participate in Organizational Plan, Design Review Team, Development Agreement Team, Downtown/EI Camino Real Specific Plan Process, and Organizational Development Initiative meetings as required
- Review contracts, development agreements, Planning Department documents, design plan sets, fiscal impact analyses, traffic studies, etc.
- Help facilitate Code Enforcement on parking, graffiti, and other ED-related issues
- Maintain a business database
- Perform department-head operational duties and responsibilities
- Participate in relevant economic development, redevelopment, and land use seminars and workshops
- Coordinate economic development volunteers program
- Provide information and follow-up on City Manager requests
- Answer community questions through Direct Connect (Comcate)
- Perform records management and fulfill public information requests
- Prepare and present periodic Economic Vitality Reports to City Council
- Participate in weekly Executive Team meeting

MEASURING ECONOMIC VITALITY

An important component of the City's economic development Business Plan must include an effective way to evaluate progress to see if the benefits expected are being delivered at a cost the community is willing to pay. Staff's desired evaluation outcomes are to:

- Provide tools to measure the health of the local economy.
- Describe what is to be measured and methods used.
- Make certain performance measures are linked to goals.

It is also important to produce trend data for the local economy so that policy makers can identify advancing or declining indicators early on and adjust direction or create initiatives based on that input. The Council should adopt a set of reports and measures serving this purpose.

The measures recommended provide a complete picture of the health of the local economy. The list was carefully compiled based on MBIA business sectors in other internal reports, local economic activity center definitions, and other readily recognized indicators of economic activity. The reports will show data over a time horizon, including measurements against specific goals or in relation to other jurisdictions or benchmarks.

There are a variety of ways to measure economic activity. The measures listed reflect outcomes associated with Division goals, objectives, and strategies. The measures reflect feasibility; cost of acquiring data on a regular and cost-effective basis, as well as staff time involved which include:

CITY MEASURES

Retail Sales Tax Per Capita – illustrates progress against Menlo Park's "pre-bubble" per capita retail sales benchmark amount of \$251 per capita.

Retail Sales Tax by Business Sector – shows the performance of Menlo Park's five business categories generating retail sales tax; business-to-business, transportation, food products, general retail, and construction.

Retail Sales Tax by Economic Activity Center – provides a geographic version of the retail sales data above by showing the current and past revenue generating performance of Menlo Park's eight economic activity centers.

Retail Sales Tax Revenue Performance for Neighboring Cities – shows whether or not the City is getting its "share of the regional economic pie" by calculating Menlo Park's percentage of total San Mateo County retail sales tax revenue and comparing that to selected cities in San Mateo County.

Net New Business and Revenue Growth from Business Licenses – indicates a growing or declining local business climate, in addition to being an important revenue stream for the City.

Commercial Building Permits – measures commercial building permits issued and permit valuation.

Business Environment Survey – measures the overall perception of the City’s environment by business owners licensed in Menlo Park by a mail survey conducted at the time of the annual business license renewal.

MARKET MEASURES

Commercial Vacancy Rate Trends – illustrates the commercial vacancy rates for the City’s major geographic areas; a business attraction issue, for downtown, Sand Hill Road, and the US 101 Corridor.

Commercial Rent Trends – presents average commercial rental rates for the City’s major geographic areas; a business retention and attraction issue for downtown, Sand Hill Road, and the US 101 Corridor.

Commercial Properties for Sale or Lease – shows available commercial properties in Menlo Park; a significant business attraction issue.

INNOVATION MEASURES

Venture Capital Invested in Menlo Park Companies – illustrates venture capital invested in Menlo Park-based companies by funding amount and number of companies.

Venture Capital Invested by Industry Classification – measures local venture capital activity in specific emerging industry sectors and specialized growth niches, such as biotechnology, and medical devices.

Start-ups and Early Stage Companies – illustrates business incubator activity and number of companies that have “graduated” from two local business incubators.

Patents Issued in Menlo Park – indicates local technological innovation and related economic growth for the community and the region.

These measures will be developed by staff establishing realistic benchmarks as targets for sustainable growth. It is staff’s intent to provide periodic reports to the Council regarding local economic development.

Business Development Plan
Menlo Park Business Development Division



APPENDIX

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Exhibit B – Las Pulgas Community Development Project Area Plan (Applicable Excerpts)	30
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Exhibit A

CITY OF MENLO PARK

GENERAL PLAN POLICY DOCUMENT

Adopted November 30 and December 1, 1994

(Applicable sections to Business Development)

PART I SECTION I: LAND USE

COMMERCIAL

Goal I-B: To strengthen Downtown as a vital and competitive shopping area while encouraging the preservation and enhancement of Downtown's historic atmosphere and character.

Policies

I-B-1 The Downtown should include a complementary mix of stores and services in a quality design, adding natural amenities in the development pattern.

I-B-2 Parking which is sufficient to serve the retail needs of the Downtown area and which is attractively designed to encourage retail patronage shall be provided.

I-B-3 New development shall not reduce the number of existing parking spaces in the Assessment District, on P-zoned parcels, or on private property where parking is provided in lieu of Assessment District participation.

I-B-4 Uses and activities shall be encouraged which will strengthen and compliment the relationship between the Transportation Center and the Downtown area and nearby El Camino Real corridor.

Goal I-C: To encourage creativity in development of the El Camino Real Corridor.

Policies

I-C-1 New and upgraded retail development shall be encouraged along El Camino Real near Downtown, especially stores that will complement the retailing mix of Downtown. Adequate parking must be provided and the density, location,

and site design must not aggravate traffic at congested intersections. The livability of the adjacent residential areas east and west of El Camino Real and north and south of Downtown must be protected.

I-C-2 Small-scale offices shall be allowed along most of El Camino Real in a balanced pattern with residential or retail development.

Goal I-D: To encourage the rehabilitation and continued use of viable and appropriate neighborhood commercial uses or collections of stores servicing surrounding residential neighborhoods.

Policies

I-D-1 Special attention should be given to strengthen the neighborhood shopping centers throughout the city. This can be done by continuing the existing policy of removing marginal uses or vacant commercially-zoned properties from the present commercial zoning and placing them in a residential land use category or rezoning to the P District.

I-D-2 Expansion of operations in neighborhood shopping centers shall be prohibited if they disrupt residential areas. Subject to obtaining a use permit or rezoning to a P District, development of additional parking spaces may be permitted to alleviate parking problems on residential streets caused by existing businesses which lack the required number of parking spaces.

Goal I-E: To promote the development and retention of commercial uses which provide significant revenue to the City and/or goods or services needed by the community and which have low environmental and traffic impacts.

Policies

I-E-1 All proposed commercial development shall be evaluated for its fiscal impact on the City as well as its potential to provide goods and services needed by the community.

I-E-2 Hotel uses may be considered at suitable locations within the commercial and industrial districts of the city.

I-E-3 Retention and expansion of auto dealerships in the city shall be encouraged. Development of new auto dealerships or combined dealerships in an auto center shall be encouraged at suitable locations in the city.

I-E-4 Any new or expanded office use must include provisions for adequate off-street parking, mitigating traffic impacts, and developing effective alternatives to

auto commuting, must adhere to acceptable architectural standards, and must protect adjacent residential uses from adverse impacts.

INDUSTRIAL

Goal I-F: To promote the retention, development, and expansion of industrial uses which provide significant revenue to the City, are well designed, and have low environmental and traffic impacts.

Policies

I-F-1 Industrial development shall be allowed only in already established industrial areas and shall not encroach upon Bay wetlands.

I-F-2 Establishment and expansion of industrial uses that generate sales and use tax revenues to the City shall be encouraged.

I-F-3 Modifications in industrial operations required to keep firms competitive should be accommodated, so long as any negative impacts on the environment and adjacent areas are satisfactorily mitigated.

I-F-4 The City shall consider attaching performance standards to projects requiring conditional use permits.

I-F-5 Convenience stores and personal service uses may be permitted in industrial areas to minimize traffic impacts.

I-F-6 All new industrial development shall be evaluated for its fiscal impact on the City.

IMPLEMENTATION PROGRAMS

I-4 The City shall analyze the fiscal impacts of proposed development to determine the financial feasibility of providing needed services.

I-5 The City shall prepare and adopt an economic vitality element to the General Plan that sets forth policies and programs to assure continued economic vitality for the city and adequate municipal revenues for City services. The development of the economic vitality policies and programs shall be a cooperative effort between the City and a task force reflecting a balance of business people and residents throughout the city.

PART I
SECTION II: CIRCULATION & TRANSPORTATION

TRANSPORTATION DEMAND MANAGEMENT

Goal II-C To promote the use of alternatives to the single occupant automobile.

II-C-7 Commuter shuttle service between the industrial work centers and the Downtown Transportation Center should be maintained and improved, within fiscal constraints. The City shall encourage SamTrans and other agencies to provide funding to support shuttle services.

PARKING

Goal II-F To provide adequate parking in the Downtown area, especially for retail customers and Caltrain patrons.

II-F-2 Short-term retail customer parking shall be first priority for the allocation of parking spaces in Downtown parking plazas. Long-term employee parking shall be located in such a manner that it does not create a shortage of customer parking adjacent to retail shops.

Exhibit B

CITY OF MENLO PARK

AMENDED AND RESTATED LAS PULGAS COMMUNITY DEVELOPMENT PROJECT AREA PLAN

Adopted by Ordinance No. 826

Amended and Restated by Ordinance No. 826
September 10, 1991

(Applicable sections to Business Development)

III. Project Area Boundaries

Project Area Name – Las Pulgas Community Development Project

The original Spanish land grant for part of the Project Area was entitled Las Pulgas. To provide a specific name for the Community Development Project, which will differentiate, in name, Community Development activities from City activities.

IV. Community Development Project Goals

The State Community Redevelopment Law enables a local government to form a Community Development Agency when a determination is made that economic, physical or social blight or blighting influences encompass a broad spectrum, ranging from inadequate public improvements to physical characteristics that inhibit sound development of a particular site, as well as typical visual blight, such as deteriorated and dilapidated structures and facilities.

Further, the State Legislature has declared that one of the fundamental purposes of redevelopment is to “expand employment opportunities for the unemployed...” which is particularly important for this project given the high unemployment rate within the Project Area.

The Menlo Park Community Development Agency proposes to use the process of Community Development to eliminate blight and blighting influences presently existing within the City of Menlo Park and more specifically within the boundaries of the Project Area, as set forth in the Community Development plan.

This action is necessary because within parts of the Project Area there presently exists an undesirable mixture of residential, commercial, and industrial uses. In some parts of the Project Area physical decline in the integrity of building improvements is apparent and in some areas there exist advanced stages of physical deterioration. In other parts of the Project Area, an inadequate circulation system thwarts the development of vacant or underutilized land.

The Project Area is characterized by fragmented parcelization and multiple ownerships to the point that land assemblage for proper economic utilization of parts of the Project Area has been hampered. This misuse of land and the adverse effect the mixture of residential, commercial and industrial uses have in the Project Area taken as a whole, constitute a physical, social and economic blighting influence on the Project Area.

General Goals (*Only sections applicable to Business Development are shown*)

3. To encourage private sector investment together with the provision of additional public amenities.
4. To increase local employment opportunities and the expansion of existing commercial enterprises within the Project Area.
5. To promote commercial and industrial rehabilitation and infill construction in conformance with the Comprehensive Plan and Goals of this Plan.

Lines of Action

Goal 1 – Enhancement of the Project Area Living Environment

- D. The Agency should work with the City to continue and expand the successful efforts being undertaken by the City towards the undergrounding of utilities throughout the Project Area.

Goal 3 – Encouragement of Private Sector Investment and the Provision of Additional Public Amenities

- A. Overall improvement of the curbs, gutters, sidewalks and streets in the Area should be undertaken. This line of action will markedly enhance the appearance of the area. The City will assure that the maintenance costs of the City will not be unduly increased due to Agency undertakings.
- B. The Agency should work closely with local business interests and financial institutions to determine what type of public improvements will most effectively lead to further private sector investment.

Goal 4 – Increased Local Employment and the Expansion of the Existing Economic Base.

- A. The Agency should formalize a local hiring plan for new businesses building within the Project Area who avail themselves of any benefits provided by the Agency. The relatively unique and advantageous position of the Agency, in that there will be a substantial opportunity for additional employment due to the industrial development offers an opportunity to make this type of plan work. Further, the Agency should also pursue the possibility of encouraging various types of job training programs for the residents of the Project Area.
- B. The Agency should encourage local businesses to either form a Local Development Corporation or to work with the existing LDC in East Palo Alto.
- C. The Agency should make use of Industrial Development Bond tax-exempt financing for commercial and industrial rehabilitation and new construction. Use of the Agency general powers may make it possible for the Agency to provide financing at up to 35.0% below market for the specific business endeavors.

Goal 5 – Commercial Rehabilitation and In-fill Construction

Willow Road serves as one of the primary gateways to Menlo Park. As a major gateway, it should be fronted by successful and attractive commercial and residential development. Specific lines of action should include:

- A. A unified design for all rehabilitation and development along Willow Road, so that the entrance to the City of Menlo Park will work as a cohesive area which complements the balance of the community.
- B. The improvement of Willow Road, in a manner that complements the proposed development to be undertaken by Caltrans including the construction of curbs, gutters, sidewalks, complementary landscaping and, when appropriate, walls and fences.
- C. The rehabilitation of existing commercial uses as well as the selective redevelopment of certain properties that are not readily improved.
- D. The development of mixed-use housing-commercial along Willow Road to further stabilize the area.

Goal 6 - Promotion of Affordable Rental and Ownership Housing

- D. The City should consider the rezoning and redevelopment of underutilized industrial parcels along Hamilton Avenue to housing.
- E. Mixed use elderly housing with convenient shops may be encouraged in the Project Area, especially along Willow Road, Pierce Road, and Hamilton Avenue.

V. Development Techniques to Achieve Plan Objectives

The development of the Las Pulgas Community Development Project will be undertaken in accordance with the provisions of the California Community Redevelopment Law. At this time, it is anticipated that the use of financial and tax incentives will provide sufficient incentive to the private sector for realization of the improvement of the Project Area and the eradication of blighting influences.

The Agency proposes to strive for economic, social, and physical revitalization and beautification within the Project Area by:

- Installation, construction, or reconstruction of streets, utilities, landscaping, and other on-site and off-site improvements.
- Encouragement of development of land by private enterprise for use in accordance with this Plan.
- Limited acquisition of real property.
- Relocation assistance to displaced residential and non-residential occupants.
- Limited demolition or removal of buildings and improvements.
- Provision of financing to those projects in conformance to the Community Development Plan as well as all appropriate City Codes and Plans.
- Utilization of tax-exempt financing vehicles available to the Agency, and the City, including but not limited to those authorized by the Redevelopment Construction Loan Act, those available through the General Powers of the Agency, and those available via the Parking and Assessment District Statutes of the State of California.
- The possible creation of an SBA 503 Development Corporation to be utilized in conjunction with private or public financing or grants from the State or Federal government to facilitate various developments.

A. Participation by Owners and Business Tenants

The following part of the Plan is concerned with assuring that existing business owners and tenants will receive maximum opportunity to work with the Agency in improving their property and participating in the Community Development efforts.

1. Opportunities for Owners and Business Tenants

The Agency shall extend reasonable preferences to persons who own property or are engaged in business in the Project Area, to continue in or re-enter into business within the Project Area if they meet the requirements prescribed in this Plan and the Agency's "Rules for Business Tenant Preference and Owner Participation" ("Owner Participation Rules").

It is the policy of the Agency to encourage the participation of property owners and businesses within the Project Area, where consistent with achieving the goals and objectives of the Plan, as such is necessary if the development process is to be used in revitalizing the Project Area.

Exhibit C

MAPS OF EIGHT ECONOMIC ACTIVITY CENTERS

(To Be Included in the future)