

Development Driven by Data

Menlo Park Downtown Market Study

January 2022

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About Us

In 2014, HdL Companies expanded its services to provide strategic planning and consulting services to assist local governments with economic development planning and execution. HdL ECONSolutions offers a variety of products and services for customized solutions based on a client's budget needs and specific development requirements.

The six person HdL ECONSolutions team has over 125 years of local economic development and community development experience in California. Most of the HdL ECONSolutions staff members have significant experience working for cities in executive level management positions as a city manager, assistant city manager, community and economic development director, or economic development manager. The HdL ECONSolutions Team has significant experience working with downtowns including being employed by a city and as a consultant with HdL ECONSolutions, including work with downtowns in the cities of Covina, Fontana, Lafayette, Menlo Park, Monrovia, Pacific Grove, San Dimas, Upland and Walnut Creek.

Barry Foster, the Principal/Managing Director for HdL ECONSolutions has helped facilitate more than 32 million square feet of development including industrial, distribution, logistics, retail, shopping centers, office, hotels, auto centers and medical healthcare. HdL ECONSolutions offers powerful data capability, an online GIS platform with state-of-the-art software for market analytics and the ability to leverage HdL's extensive databases systems. HdL ECONSolutions can engage in projects of every size ranging from data analysis to comprehensive studies to advisory support and to public/private collaboration.

HdL has the largest privately held sales tax database in the State of California with sales tax data for 99% of the state's businesses. The firm's proprietary sales tax/software system affords numerous opportunities to prepare economic development and revenue projection reports. HdL ECONSolutions has significant experience in retail, logistics, healthcare, and hotel and mixed-use development, along with possessing a strong understanding of these sectors within the California marketplace.

Introduction

In this Market Study, HdL ECONSolutions analyzes and evaluates Menlo Park's Downtown area, along with formulating recommendations to help assist in pursuing the enhancement and overall effectiveness of Downtown Menlo Park as a place to do business, as well as visit, shop, dine and live in. In evaluating Downtown Menlo Park, an extensive assessment of the make-up of the current environment was undertaken, including holding a number of focus group meetings to better understand Downtown Menlo Park, including the positive attributes and identifying challenges while exploring potential ways to enhance the Downtown Menlo Park experience.

Trade Area Overview

When performing a retail assessment, it is important to define the area you are evaluating. While this study is focused on the Downtown Menlo Park marketplace, it is also important to remember that a retail market extends beyond municipal boundaries and spills into nearby communities.

Developers, real estate professionals, and potential new businesses place value on factors like population density, demographics, psychographics, co-tenant quality, traffic volume & traffic flow patterns, and competition from other retail locations when looking to expand and/or invest in new locations or to

develop new projects. This market study will examine the make-up of the consumers and the retail marketplace within Downtown Menlo Park and its trade area. The maps below illustrate where Downtown Menlo Park is located.

Figure 1 – Menlo Park Maps



In the market study the market analytics, supply & demand, and sales tax market conditions for Downtown Menlo Park are carefully analyzed, along with the influence that other downtowns of neighboring cities in the Peninsula might have in competing with Downtown Menlo Park for consumer spending for retail, dining, and entertainment purposes. All of this can influence the dynamics of Downtown Menlo Park as a place to do business.

Menlo Park and the Peninsula

Menlo Park has a strategic location in the San Francisco Bay Area and within the Peninsula. Menlo Park is situated along U.S. 101 and is 30 miles south of San Francisco and 21 miles northwest of San Jose, along with easy access from the East Bay via the Dumbarton Bridge (SR84). Menlo Park is located in the heart of the world-famous Silicon Valley, the leading high technology area in the world. Below are some key observations about Menlo Park and their strong demographic composition:

- The City of Menlo Park has a population of 35,131
- Menlo Park has a good balance of jobs to housing with a daytime population of nearly 42,000 and a residential population over 35,000.
- Menlo Park has 13,297 households with 2.64 people per housing unit.
- Menlo Park residents are 84% White Collar and 16% Blue Collar.
- 54.8% of Menlo Park residents have a college degree.
- Average household income in Menlo Park is \$248,661 compared to the average household income in San Mateo County at \$165,184.
- Menlo Park is ethnically diverse with 56.6% White, 20.1% Hispanic, 9.3% Asian, 5.1% Black, 2.3% Pacific Islander and 6.6% Other.

Note: Demographic information from SDS-PopStats through an INSIGHT Market Analytics Report-11/15/2021



Menlo Park, founded in 1854 and incorporated in 1927, is home to several world-class, high-tech companies and more are situated in adjacent communities. Menlo Park offers a historic downtown area with unique retail opportunities and restaurant possibilities. Downtown Menlo Park is home to many successful boutique retailers and popular restaurants. Some of the popular stores include Cheeky Monkey, Draegers Market, Harvest Furniture, Menlo Hardwoods, Ruby Living Design, Trader Joe's, and Feldman's Books who recently relocated to the Downtown. Within a 20-minute drive of Downtown Menlo Park, the population reaches over 255,000 along with a daytime population of over 370,000. Other nearby cities within the trade area include Atherton, East Palo Alto, Los Altos, Los Altos Hills, Mountain View, Palo Alto, Portola Valley, Redwood City and San Carlos.

consumer opportunities for existing and prospective Downtown Menlo Park merchants. Additionally, the new residential units will hopefully expand the hours of the Downtown Menlo Park activity to more of a 15-hour to 18-hour downtown environment to better match what has happened in Redwood City and Mountain View, as well as other communities in the Bay Area. Being nearly ten years old, the specific plan could likely use a comprehensive review and update soon.

The year-round Menlo Park Farmers Market is held on Sundays at the Chestnut Street parking plaza, between Santa Cruz Avenue and Menlo Avenue and is sponsored by the Menlo Park Live Oak Lions Club. In addition to the Sunday Farmers Market, another new weekly outdoor street market was launched in October 2021 and is being held on Wednesdays (3-7 pm) in the center of Downtown Menlo Park in the 600-700 block of Santa Cruz Avenue. The goal of the French-inspired market, called Bon Marché, is to bring more people to the downtown area in the middle of the week. This pilot program is sponsored by local restaurant Bistro Vida and the Menlo Park Chamber of Commerce, and attendance has been producing strong numbers.



Entertainment hubs are critical to the local economy and the tax base as employers, tourism destinations and revenue generators for nearby businesses in a downtown such as restaurants, hotels, and retail (including direct, indirect and induced contributions from both theatre operations and event-night spending). Based on a 2020 study released by the National Endowment for the Arts, the arts remain a vital component of the U.S. economy. Data shows that in 2017, consumers nationwide spent \$26.5 billion on admissions to performing arts events including \$17 billion on theater/musical theater/opera performances and \$3.7 billion on music groups and artists (e.g., jazz, rock, and country music performances).



Construction of the “new” Guild Theatre is in its final stages. The Guild was first called the Menlo when it opened in 1926 as the first movie theater on the Peninsula, according to the Menlo Park Historical Association. The Guild Theatre is a not-for-profit music and event performance space, located at 949 El Camino Real at the northern end of the downtown area. Being entirely rebuilt and currently under construction, the venue will hold 500+ patrons and host a wide range of music, film, and special event programming. The Guild Theatre is envisioned to be a much-needed entertainment draw to the Downtown Menlo Park area. The Guild, along with new residential on El Camino Real and near the downtown will enable Downtown Menlo Park businesses to stay open later and pursue becoming more of a 15 to 18-hour environment.

Downtown Menlo Park is an easy walk from a Caltrain station stop just north of El Camino Real at 1120 Merrill Street. The Menlo Park Train Station was built in 1867 and is on the U.S. National Register of Historic Places, along with being California Historical Landmark No. 995.

In an effort to support its local businesses during the Pandemic, the City of Menlo Park allowed businesses to operate and offer outdoor dining through a temporary operations use permit (TOUP) program free of charge. Many downtown businesses made adjustments which allowed them to continue offering residents and visitors reasons to enjoy the Downtown area. Restaurants including Amici’s, Bistro Vida, Camper, Coffeebar, Galata Bistro, Left Bank, Mademoiselle Colette, Roma, and Stacks offer attractive and comfortable outdoor dining experiences to keep customers coming back regularly.



The new temporary community space in front of Walgreen’s on Santa Cruz Ave. has become a popular destination for people to socialize and enjoy community activities. This space is part of the temporary street closure on Santa Cruz Ave.

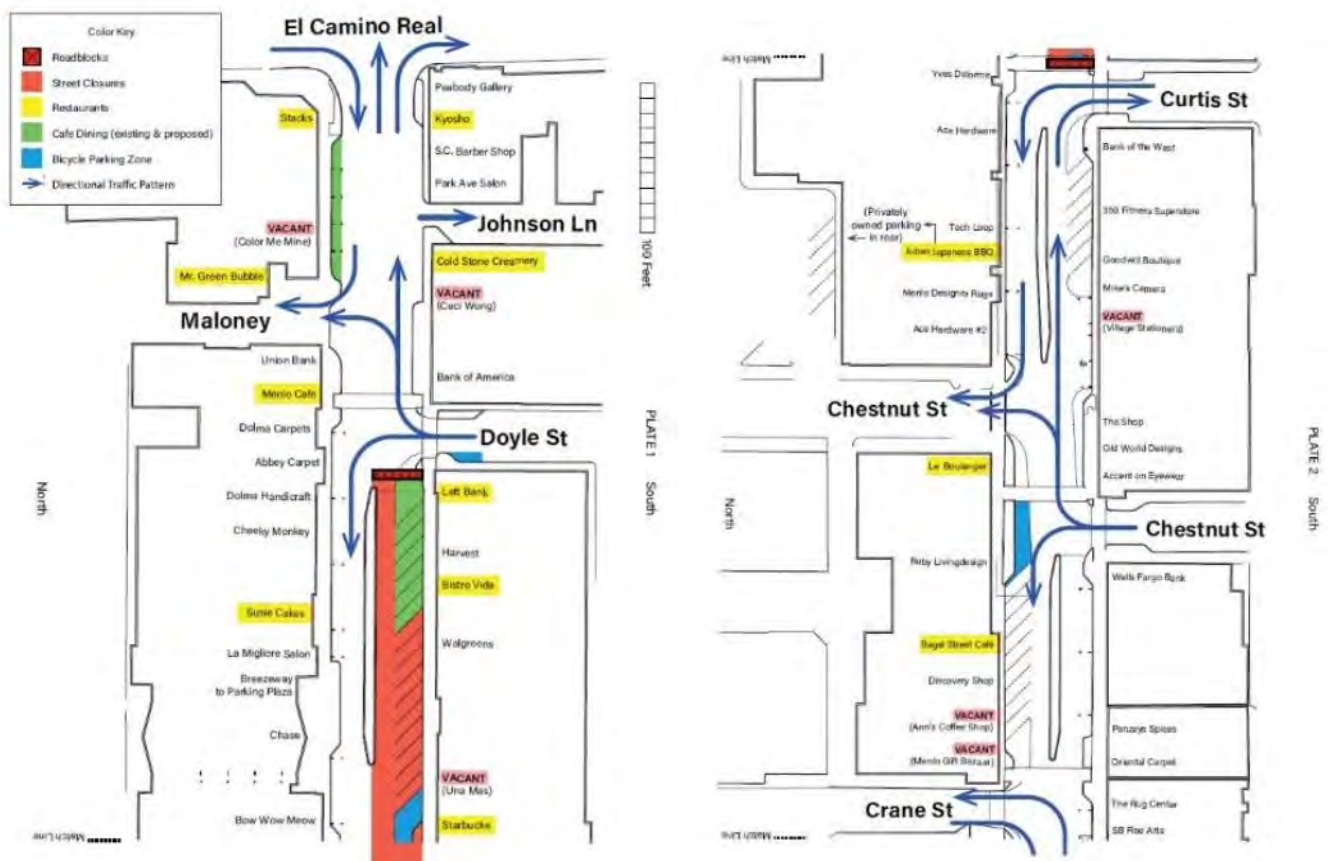
Over the years, Menlo Park has used two Design Charrettes (in 2005 and 2011) to help ‘imagine’ creating effective urban design concepts to establish the proper ‘sense of place’ for Downtown Menlo

Park and the area on El Camino adjacent to the Downtown area. Suggested elements that were deemed important for Downtown Menlo Park have included:

- Creating a focal point for the Downtown
- Using the intersection of Santa Cruz and El Camino Real as an identifiable gateway to the City of Menlo Park and Downtown Menlo Park
- Developing community gathering spaces and plazas, while enhancing pedestrian movements within the Downtown area
- Pursuing mixed-use development, with more residential opportunities for the Downtown
- Incorporating art/sculpture/water features into the Downtown
- Providing public restrooms
- Enhancing the effectiveness of public parking in the Downtown, while improving lighting and visibility aimed at providing a safe and inviting environment

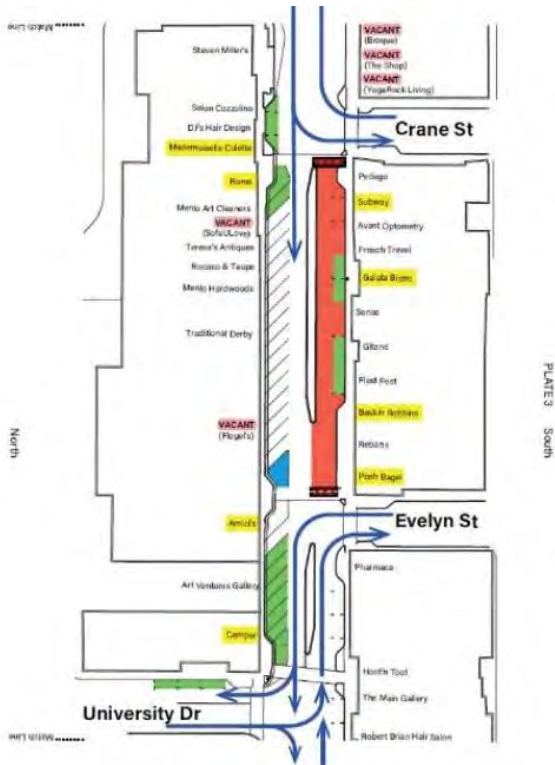
In spite of the Pandemic, new businesses have opened in the downtown area including Pedego Electric Bikes, 360 Fitness Superstore, Main Gallery, The Mandarin, Farmhouse Kitchen, The Rug Center and Philz Coffee. However, as of October 2021 there were still a number of vacancies in the downtown with a total of 11 spaces presently available. Please see the map provided by Menlo Park Chamber of Commerce that identifies the location of 11 vacant spaces on Santa Cruz Avenue that are highlighted in pink shade.

Figure. 2 & 3



Note: Vacant spaces are highlighted in pink

Figure.4



Other Competing Downtowns

Downtown Menlo Park competes with several other downtown areas in nearby communities including:

- Redwood City
- Palo Alto
- Mountain View
- Los Altos

The following provides brief summaries of the four downtowns.

Redwood City

Downtown Redwood City is a larger downtown area than Downtown Menlo Park. Downtown Redwood City is focused on the area from Main Street to Middlefield Road to El Camino Real to Brewster Avenue to Main Street. Downtown Redwood City also has a Caltrain Station stop (reportedly the sixth busiest station with an average weekly ridership of more than 3,200), as well as Redwood City Hall, the Public Library and the San Mateo County Courthouse,

which was constructed in 1910. Downtown Redwood City also has Town Square which offers many ongoing special events including music nights, market nights and other entertainment possibilities (including Music on the Square, Movies on the Square and the Magic Lantern 3D Light Show). Downtown Redwood City also has a Farmers Market on Saturdays that is operated by the local Kiwanis Club.

Downtown Redwood City offers a wide variety of street shopping—from eclectic clothing boutiques to family-owned grocery stores and hobby shops. Over the past 10 years many redevelopment projects have happened in Downtown Redwood City including significant mixed-use development incorporating new residential product types aimed at introducing more consumers into the downtown area and



helping increase more evening activity in Downtown Redwood City. Redevelopment of Downtown Redwood City has been guided by the Downtown Precise Plan adopted by the City in 2011. Incorporating significant new residential units into Downtown Redwood City has helped extend the environment of Downtown Redwood City to more of a 15 to 18-hour downtown as many more restaurants have located in the downtown area and extended hours to 10 pm or later.

Downtown Redwood City is host to a variety of events throughout the year. During the summer, there are outdoor concerts held weekly on the main square. There are also weekly movies, including one family friendly movie earlier in the evening and then an evening movie starting after 8pm. The Downtown hosts lots of family friendly events, such as Chalk Full of Fun and Zoppe Italian Family Circus. There are also a number of adult friendly events, including Oktoberfest and Pub in the Park.

Palo Alto

Downtown Palo Alto is an area focused on University Avenue, northeast to Alma Street to Webster and to Lytton/Forest. The City of Palo Alto has made significant investment into the Downtown by building a number of large public parking structures, while keeping a small-town accessibility, yet urban ambience. The street scape for Downtown Palo Alto has a small-town sense of place. Downtown Palo Alto has many casual and upscale restaurants, along with outdoor cafes and trendy coffee shops, along with well-known chain stores, art galleries, bookstores, independent boutiques and two movie theatres. Over the years, Downtown Palo Alto has evolved into an 18-hour environment with many of the restaurants and bars staying open until midnight or 1:00am with an assortment of eating and nightlife possibilities. Downtown Palo Alto has a Caltrain Station, as well as a Farmers Market on Saturdays that is managed by Pacific Coast Farmers Market Association.



Mountain View



Downtown Mountain View is an area focused on Castro Street, from El Camino on the south to the Central Expressway on the north and from Hope Street to the east and Franklin to the west. Downtown Mountain View provides a mixed-use, walkable city center for residents and visitors alike. Downtown Mountain View offers restaurants and shopping, easily accessible transit, a civic center and a very popular downtown plaza area. In recent years, considerable new residential projects have been developed in and adjacent to Downtown Mountain View that has provided many more consumers to frequent downtown restaurants, shops and services.

The City of Mountain View is presently considering three plans to transform Castro Street into a pedestrian and bicycle friendly area. A three-block area of Castro Street is already closed for outdoor parklets because of the Pandemic giving business owners and consumers a glimpse into what the permanent street closure of Castro Street would be for a 2 to 3 block area of Castro Street. Mountain

View has already approved extending its downtown street closure through January 2023, while it studies and seeks public input with three possible plans. Overall, the Mountain View City Council and over 70% of businesses surveyed support the closure of Castro Street, yet they have not determined how the design of the pedestrian mall should take shape.

Downtown Mountain View has a Caltrain Station situated at the north area of the downtown at 600 W. Evelyn Avenue. Mountain View has a Farmers Market on Thursdays. Additionally, there are a number of events held in and near the Downtown that bring in additional traffic, including events like the Taste of Mountain View and an outdoor concert and movie series. The Mountain View Central Business Association and the Chamber of Commerce are the Downtown's voice and a liaison to the City of Mountain View in helping create a marketing niche and unique identity of a sense of place for Downtown Mountain View.

Los Altos

Downtown Los Altos is a somewhat smaller downtown area that is focused on a triangle shaped area from Main Street to Edith Avenue to the southwest and on a to the Foothill Expressway and to San Antonio Road to the east. Downtown Los Altos has a Farmers Market on Thursdays that is managed by Pacific Coast Farmers Market Association. Downtown Los Altos hosts a "1st Friday" event with live music from 6-9 PM on the first Friday of each month; the event is sponsored by the Los Altos Mountain View Community Foundation.



Within a six-block block triangle you will discover more than 150 shops and wide array of restaurants. The tree lined streets of Downtown Los Altos are lush and green in the summer and present vibrant color change in the fall while evoking a quaint village atmosphere of small-town America. The City of Los Altos offers ample free parking with a combination of street parking and public parking plazas with easy and convenient access for residents to stroll the streetscape of Downtown Los Altos and its unique cafes and boutiques.

The Los Altos Village Association was founded in the early 1960's by merchants and property owners to help preserve the vibrancy of Downtown Los Altos from many new competing regional shopping centers. The Los Altos Village Association works closely with the Chamber of Commerce and the City of Los Altos in supporting the business environment of Downtown Los Altos to shop, dine explore and discover the downtown area.

What Makes a Successful Downtown?

What makes a downtown area successful? A 'downtown area' can be defined as a central or core commercial business area of a city or town. It is often the 'heart' of a city or town that provides significant activity with businesses, people, food and retail opportunities. A downtown is considered vibrant when measured against a number of criteria including:

- Walkability



- Retail & dining
- Popular nightlife
- Frequent community and special events
- A rising population
- Diversity in people and business offerings
- Strong economic opportunities

Successful downtowns have activity from the morning throughout the day and well into the evening by offering the combination of retail, dining, entertainment, work and living possibilities. Economic development professionals often use the term 18-hour downtown to describe a City that offers a variety of activity during the day and night; the City of Palo Alto was used as an earlier example of what a successful 18-hour downtown can look like. 18-hour downtowns are attractive alternatives to big cities for starting a new business, relocating an existing one, or investing in real estate. Millennials are drawn to the recreation and entertainment opportunities that an 18-hour downtown area offers; employers find that doing business in these areas is less expensive than in larger cities and in turn attracts large numbers of job seekers and entrepreneurs.



An 18-hour downtown is an ideal goal for a successful downtown, especially for one of small to mid-size, although this can be altered to somewhere between 15 to 18-hour environments to accommodate differing areas, such as Menlo Park. Downtowns should be a place where people spend more than just eight hours behind a desk and drive home; they should be a place to live, work, shop, visit and explore. Successful downtowns are gathering places that entice people to visit and explore, while spending an extended period of time.



There are many essential elements to creating a vibrant and successful downtown area when considering the expansion to a 15 to 18-hour downtown environment, including:

- Critical mass of successful businesses
- Mix of uses
- Provides evening & night life
- Offers gathering places and interesting spaces
- Walkable pedestrian connections
- Gateway features and wayfinding signage
- Regular special events schedule
- Residential components with diverse product types
- Uniform and evening store/restaurant hours
- Easy access and parking availability
- Branding



Placemaking



Placemaking, or creating the proper sense of place, is an important ingredient for a successful downtown. **Placemaking** capitalizes on local opportunities, it helps to attract residents, workers, shoppers, and visitors to a downtown, which in turn retains and attracts desired businesses to a downtown. **Placemaking** activities can include branding, events, wayfinding and entryway signage, as well as the creation of public spaces. The intention of **placemaking** is to promote the economic and social well-being of a community.

Successful downtowns engage in placemaking and offer a mix of uses that create an environment of activity during the day and well into the evening. A 15-to-18-hour downtown environment should be the goal for Downtown Menlo Park.

Market Analytics

Demographic data and market analytics are important when studying the marketplace for a downtown area. Real estate professionals, developers and site selectors consider many demographic variables and market analytics when making decisions on where to locate and grow their portfolios. Having credible consumer data allows a better understanding of short-term possibilities and the ability to set goals that can be attainable for business success in Downtown Menlo Park through desirable market analytics and a strong trade area. This section summarizes key demographics and consumer characteristics for the trade areas described above.

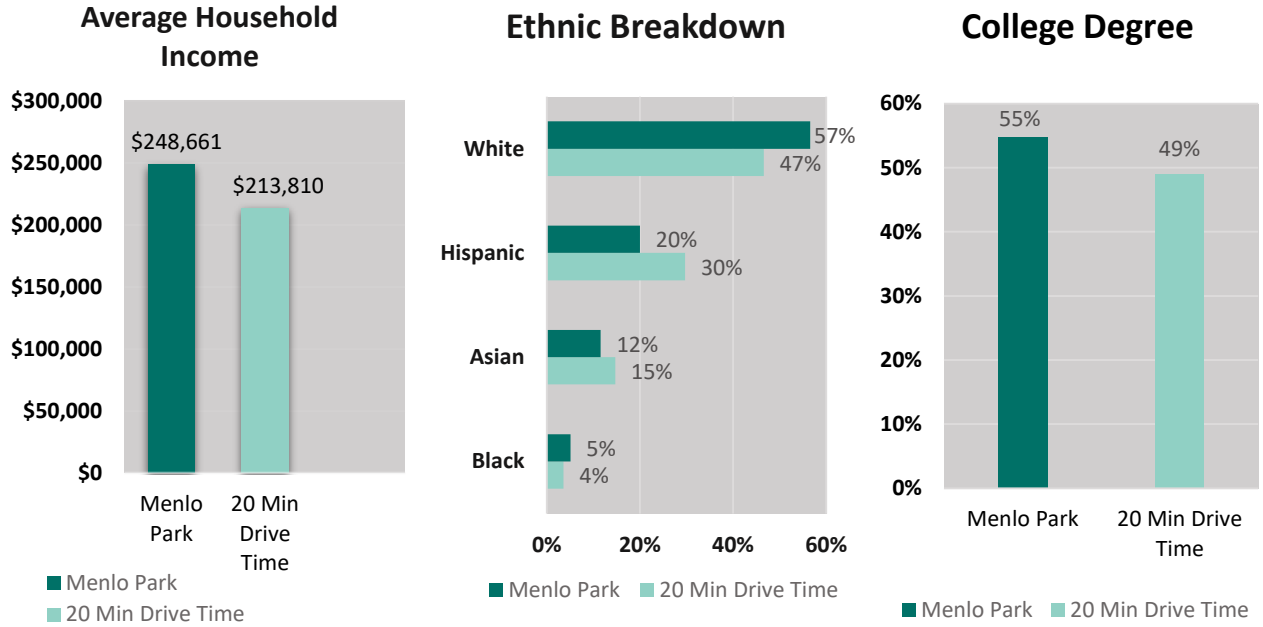
Demographics

Menlo Park is the 8th largest community by population size in San Mateo County. Currently, Menlo Park has a population of over 35,000 and is projected to grow 3.4% over the next five years according to demographic data provided by SDS-PopStats through an INSIGHT Market Analytics report.

Figure. 5 | Demographics

	Menlo Park	20-minute Drive Time
Population	35,131	255,144
5 Yr. Projected Pop Growth	3.4%	2.1%
Daytime Population	41,937	370,708
Households	13,297	90,023
Average Age	40.1	39.4
Average Household Size	2.6	2.8
Average Household Income	\$248,661	\$213,810
College Degree	54.8%	49.1%
Some College	10.9%	12.4%

Figure 6 | Demographics by Income, Ethnicity and Education



Figures 5 and 6 show the demographic data for the City of Menlo Park in comparison to the area within a 20-minute drive. All of the information is important in helping better understand your residents, however, average household income provides some significant suggestions about consumers in and near Menlo Park. Income is generally used to measure the economic well-being of residents and their community; average household income is the income that all households would make if the total combined income was distributed equally among each household.

The average household income for Menlo Park residents is 14% higher than the average income of the population within a 20-minute drive. The average income of Menlo Park suggests that there may be a significant existing pool of consumers already residing in the City.

It should be noted that the US Census Bureau lists that Menlo Park’s 2015-2019 median household income at \$160,784, meaning half of the residents have a household income somewhere below the median, while the other half are above the median. This gap between the average (\$248,661) and median (\$160,784) incomes is likely due to some number of high earners. Additionally, please note that the median household income of Menlo Park is 24% higher than the median of San Mateo County households.

Source: www.census.gov/quickfacts

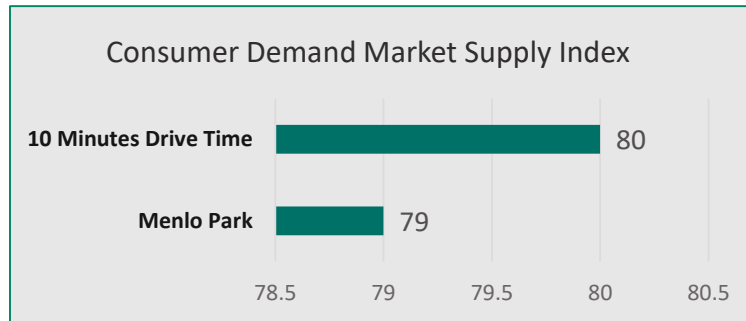
Consumer Demand & Market Supply Assessment

A Consumer Demand & Market Supply Assessment was used to provide a macro appraisal of the Downtown Menlo Park marketplace. The report utilizes consumer expenditures (demand) and retail trade reports (supply) from the U.S. Census and Bureau of Labor Statistics to show opportunity gaps and supply surpluses throughout a number of different categories. The analysis used to interpret these figures utilizes the assumption that supply, and demand are at equilibrium.

A Consumer Demand/Market Supply Index is used to show if a trade area is meeting the market demand by its residents. A result above 100 suggests demand is not being met and residents are likely traveling to retail areas outside of the defined trade area to fulfill their needs. A result below 100 suggests that demand is fully met for residents and the excess supply is likely to be fulfilling the needs of consumers from outside the defined area as well as by visitors/tourists.

The City of Menlo Park has a Consumer Demand/Market Supply Index of 79, and Downtown Menlo Park has a Consumer Demand/Market Supply Index of 80 suggesting that Downtown Menlo Park is meeting consumer demand nicely. In other words, Downtown Menlo Park retailers and restaurants are doing a good job of pulling in consumers from the adjacent communities to spend their dollars in Menlo Park.

Figure. 7



Menlo Park Retail Demand/Supply

The opportunity gap/surplus (%) represents the amount of demand under or over supply; therefore, a larger negative percentage represents a larger gap within that retail segment. Some of the categories that Menlo Park has the greatest opportunities are identified in the below chart. It should be noted that bars/drinking places that serve alcoholic beverages are required to obtain conditional approval from the Planning Commission in order to operate in the Downtown/Station Area Retail/Mixed Use and Main Street, and in the El Camino Real Mixed Use/Residential zoning districts. These facilities, which are referred to as “bars and lounges” within the City of Menlo Park Zoning Code and Specific Plan, may have no market supply due to the additional barrier that the conditional use process adds.

Figure. 8

City of Menlo Park By Establishments	Consumer Demand	Market Supply	Opportunity Gap/Surplus (%)	Opportunity Gap/Surplus (\$)
Bar/Drinking Places (Alcoholic Beverages)*	\$3,992,302	\$0	-100%	-\$3,992,302
Clothing Stores	\$31,614,752	\$15,207,187	-40%	-16,407,565
Building Material/Supplies Dealers	\$38,845,055	\$23,468,632	-40%	-\$15,376,423
Other General Merchandise Stores	\$77,438,638	\$53,694,707	-31%	-\$23,743,931
Full-Service Restaurant	\$54,519,861	\$45,436,160	-17%	-\$9,083,701
Casual/Limited-Service Restaurants	\$55,454,147	\$48,630,582	-12%	-\$6,823,565

*This use requires a Conditional Use Permit (CUP)

Sales & Use Tax

Sales and Use taxes have long been an important revenue stream for local governments in California; therefore, making retail and restaurant attraction a priority for cities such as Menlo Park in sales tax

revenue. This section analyzes the retail market and performance for the city of Menlo Park and Downtown Menlo Park. Please note this was a trend statewide.

Sales Tax Summary

Menlo Park sales tax revenues grew by 16% when comparing the annual sales tax revenue in 2014 with 2019 (calendar year), representing an increase of approximately \$856,009 for Menlo Park. In 2020, most business categories in Menlo Park experienced the impact caused by the COVID-19 Pandemic, and it is reflected in the significant decrease, around -24% in 2020 from 2019 sales tax revenues as shown in Figure. 8.

Figure. 9 | Sales Tax Growth for Menlo Park



Source: HdL Companies (2021)

Downtown Menlo Park Sales Tax Revenues

Downtown Menlo Park is an important part of Menlo Park because of the business offerings situated there, but also because of the sales tax revenue the businesses produce. There are 222 active businesses in Downtown Menlo Park that generate sales tax revenue. The map below provides a graphic illustration of the 222 point of sale businesses in Downtown Menlo Park that are producing sales tax revenue.

In Fiscal Year 2020/21 (period between July, 1 2020 to June, 30 2021) Downtown Menlo Park businesses produced a total of \$813,820 in sales tax revenue for the City of Menlo Park (this is the 1% the city receives in sales tax). This represented 16.8% of the total \$4,856,391 the city realized in sales tax revenue citywide.

The top major business types represented in Downtown Menlo Park for sales tax revenue generation (based on sales tax data for FY20/21) include:

- 1) General Consumer Goods: \$269,873
- 2) Restaurants & Hotels: \$235,641
- 3) Food & Drugs: \$213,108

Together, these three major business types produced 88.3% of the total sales tax revenue generated in FY 20/21 by Downtown Menlo Park businesses.



Top 20 Sales Tax Producers for Downtown Menlo Park

- Ace Hardware
- Amici’s Pizzeria
- Angela
- Bow Wow Meow
- Bistro Vida
- Cheeky Monkey Toys
- Chef Kwan’s
- Derby Interiors Design
- Draeger’s Market
- Fleet Feet Sports
- Gray’s Paint
- LB Steak / Camper
- Left Bank
- Mattress Firm
- Mike’s Camera
- Refuge
- Ristorante Carpaccio
- Stacks
- Trader Joe’s
- Walgreens

**Note: List is in alphabetical order, not in ranking.*

Per Capita Comparison

Sales dollars per capita (SDPC) is a macro approach to identify possible trends within a city, county or region regarding to spending habits. Average SDPC is derived by multiplying out the 1% total point of sales tax dollars and then dividing them by the population size of their community.

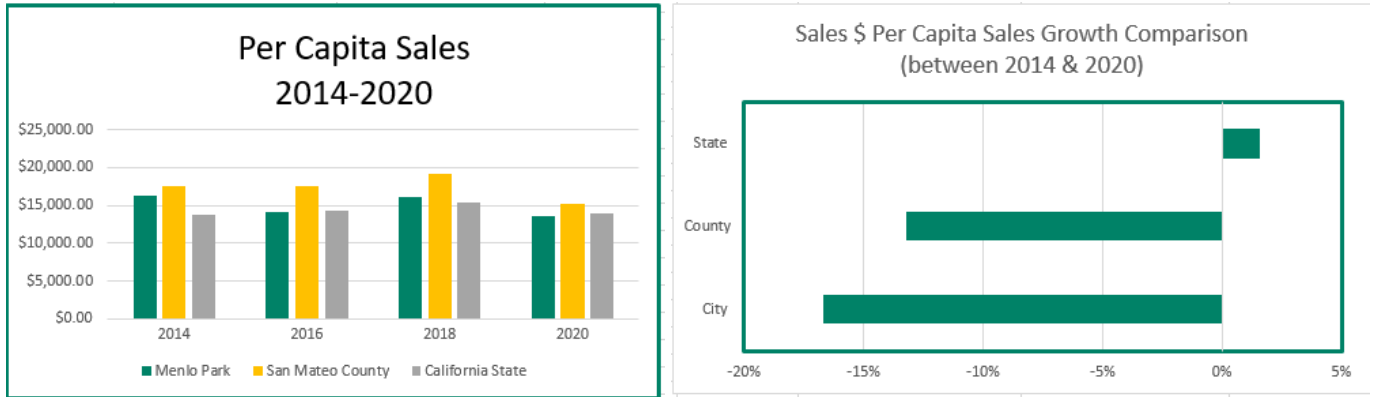
The methodology provides an overview of how retail in multiple areas compares to each other. If residents do most of their retail consumption outside of their local municipality, it results in a decreased SDPC value within their city. On the other hand, it will produce an increased SDPC value if a local municipality is a retail destination attracting non-resident shoppers. In summary, comparing average SDPC across multiple regions may show one of the following:

Below Average: Suggests resident do some shopping outside of the area; lack of local supply by preferred retailer and restaurant concepts

Above Average: Suggest consumers from outside the area are attracted to the local retail market; have preferred retailer and restaurant concepts.

San Mateo County had an average SDPC value of \$15,264.07 in 2020, while Menlo Park had a slightly lower average SDPC of \$13,551.81. Although Menlo Park’s average SDPC value from 2014 to 2020 was lower by -11% when comparing to the County average during those years, almost all industry sectors have higher SDPC in Menlo Park other than Auto & Transportation and General Consumer Goods, while Business & Industry and Restaurants & Hotels produced SDPC at least *two* to *three* times higher than the SDPC in San Mateo County. The information suggests that non-residents and visitors were staying in Menlo Park to fulfill much of their shopping and dining.

Figure. 10 & 11



Source: HdL companies (2021)

Focus Group Summary Report

Summary

As an essential part of the Market Study’s process, to gather information about the Downtown, a number of focus group meetings were scheduled with Downtown business owners/operators, key stakeholders, and commercial real estate brokers in assessing the Downtown’s strengths, as well as asking for suggestions and possible ways the Downtown could be enhanced or better positioned to compete with nearby downtown areas.



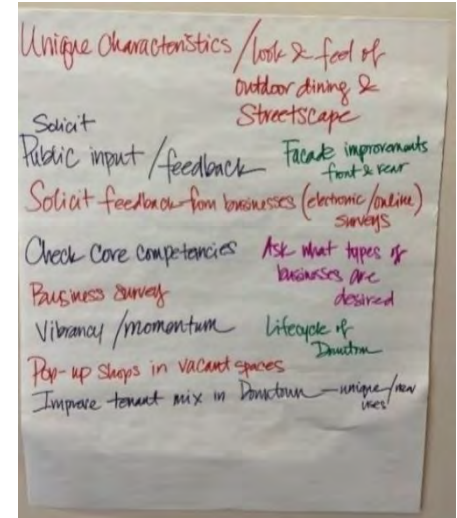
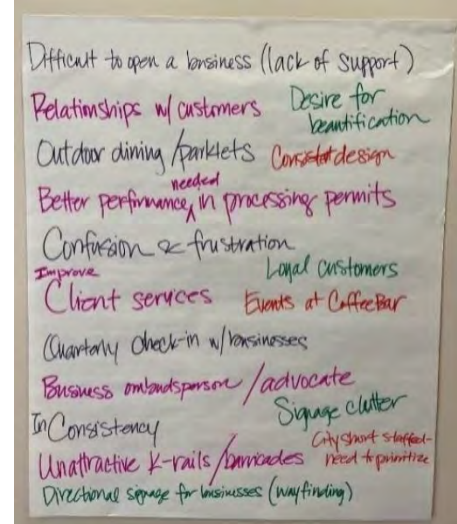
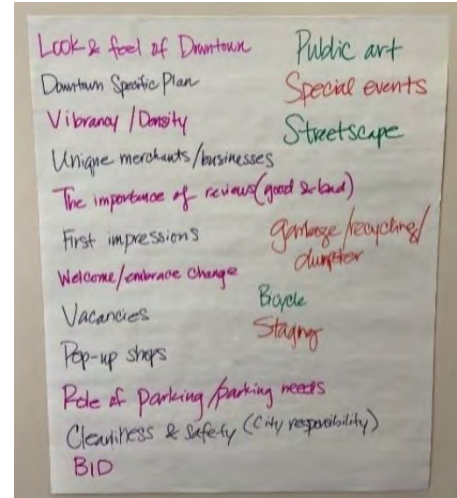
Initial meetings were held on Wednesday, July 28, 2021 at the following times and locations:

- 12:00 Noon-1:30pm at Trellis Restaurant
- 2:00pm-3:00pm at Menlo Park Main Library, Lounge Area
- 3:15pm-4:15pm at Menlo Park Main Library, Lounge Area

The findings from these focus groups were varied and provided much insight. Participants in all groups consistently shared many positive attributes of Downtown and the Menlo Park community overall. However, participants also provided examples of past struggles, ongoing challenges, and ideas for improvement.

Key findings from the focus groups include:

- Aesthetics
 - the importance of the “look and feel” of Downtown
 - first impressions
 - attractive streetscape design
 - cleanliness and safety
 - vacant/unattractive storefronts
 - unattractive street barricades/k-rails
 - façade improvements needed for front and rear of buildings
 - signage clutter (too many signs)
- Public Engagement
 - more special events throughout the year to draw people/families to Downtown
 - public art
 - increase density
 - create momentum
 - attract unique businesses
 - encourage bicycling and provide bicycle racks
- Business Operations
 - difficulties in opening a business
 - confusing City processes
 - perceived lack of support from City
 - need for a business ombudsperson/advocate
 - desire for quarterly check-ins with businesses
 - City is short-staffed, but needs to prioritize
- Suggestions and Ideas
 - solicit input and feedback from businesses and residents on a regular basis
 - City to check core competencies
 - City to improve performance in processing permits
 - City to improve client services dealing with businesses
 - encourage community to welcome/embrace change
 - encourage pop-up shops in vacant storefronts
 - improve parking
 - improve tenant mix in Downtown – work with property owners and commercial brokers
 - develop consistent outdoor dining parklet designs
 - provide garbage and recycling dumpsters for businesses (have the ability to lock to prevent residents from dumping)
 - wayfinding signage for businesses



A subsequent focus group meeting was held on Thursday, August 26 from 9:00am-11:00 am with the Menlo Park Chamber of Commerce Board of Directors via Zoom. The Chamber’s Board of Directors consists of key stakeholders representing a variety of sector types, such as retail, restaurant, high-tech,

consulting, and healthcare. In advance of the call, Chamber President Glen Rojas asked Directors to be prepared to discuss the following questions:

1. What do you feel is missing from our downtown that would create a more vibrant/sustainable atmosphere?
2. With the number of vacancies currently being experienced downtown how can we (Chamber and City) make this an opportunity to attract more sustainable businesses? What strengths does the downtown possess that we should capitalize on? What improvements can we consider that would improve economic development opportunities?
3. How can we better collaborate with the property owners and brokers downtown?
4. Do you feel the community/residents support local businesses? Would a survey be beneficial to determine this?
5. What other downtown areas are competitors to Menlo Park? How does Menlo Park compare?
6. Let's discuss some ways to better connect with the Belle Haven area businesses.

The feedback and ideas from this group included:

- historically parking is difficult to find Downtown during lunchtime
- consider building parking garages like Mountain View and Redwood City
- street closures have been confusing – consider closing Santa Cruz Avenue entirely to create a walkable plaza area
- Downtown is “tired” and needs to be upgraded and refreshed
- A broader mix of business types and uses are needed relevant to current trends – maybe doggie day care, gyms, day spas
- More quick casual dining needed – there is currently a limited variety of price points for food
- Will the future trend be a hybrid approach for businesses? Delivery services for Downtown businesses?
- City needs to develop a new master plan for Downtown. What is the best tenant mix? Should concentrate the energy into one area or street. Mixed-use housing will encourage residents to work from home and hang out Downtown.
- Having music will draw people Downtown, like Redwood City. Kepler's Plaza or the area behind Springline are good for musical performances.
- People want an experience when shopping.
- Support for more residential in Downtown to create a 15 to 18-hour environment.
- The Downtown has a small town feel and is walkable.
- The Guild Theater will be a draw when it reopens. Possibly have City and Chamber partner on promoting the reopening.
- Vacancies in Downtown are likely due to high lease rates (some property owners are not willing to reduce rates).
- TOD is important given the close proximity to Stanford. Easy access can attract Stanford employees and students.

- The new Springline and Middle Plaza projects will be good indicators of Menlo Park's ability to attract retail and residents – a true mixed-use development project.
- STRENGTHS: many restaurants, convenient, unique businesses, hub of home furnishings businesses, nice open plazas good for entertainment.
- Strong demographics of high household incomes and disposable income if also including Atherton (neighboring city).
- City parking lots need to be improved – currently in poor condition.
- The Downtown currently does not have a concerted effort for PR. A shop local/shop Downtown campaign is needed.
- Broker lunch was a good idea to engage.
- POSSIBLE QUICK FIXES: require vacant spaces to cover windows, façade improvement grant program
- Use Downtown Burlingame as an example of redevelopment that has paid off.
- Hold more special events Downtown.
- Consider pop-up shops, like Los Altos.
- Revisit the Downtown Specific Plan, because not working and outdated. Need to identify new short-term and long-term goals.
- San Carlos recently built a parking garage.
- Business retention is important.

Commercial Marketplace Recap

Menlo Park is part of the dynamic and highly desirable San Francisco Peninsula retail marketplace, which is bordered to the north by the City of San Francisco, to the east by the SF Bay and to the south by Santa Clara County. The Silicon Valley market boasts one of the highest concentrations of life science companies in the world.

Menlo Park is an established community that offers a prominent downtown area. According to CBRE, the Peninsula area provides an attractive retail market for new retail and restaurant opportunities. Downtown Menlo Park, with its strategic location should be well positioned for new retail and restaurant possibilities. Downtown Menlo Park has a solid foundation on which to build upon in pursuing ways to enhance Downtown Menlo Park, while enabling Downtown Menlo Park to better compete with downtown environments in Redwood City, Palo Alto, Mountain View, Los Altos and other cities on the Peninsula.

Recommended Next Steps

The following are the recommended next steps to help enhance Downtown Menlo Park. The recommended next steps are broken down into a matrix below and grouped into four categories:

- 1) Placemaking & Enhancing a Sense of Place for Downtown Menlo Park
- 2) Creating More Activity in the Downtown Area & Producing More Consumer Demand
- 3) Infrastructure Improvements
- 4) City Planning & Economic Development

The matrix identifies estimated, or suggested, timing considerations. Providing suggested timeframes for the Recommended Next Steps will aid in proper planning and budgeting for funding of these work items. The timing considerations include: Near-Term (within 6 months); Short-Term (within 1 year); Mid-Term (within 1 to 2 years); and Longer-Term (2 to 3 years).

Additionally, for each recommended next step we have identified key partners and the magnitude of effort (light, moderate, or high) that the item may require in terms of such things as cost, time, staff, etc. There are several key partners that will be essential in moving forward with the recommended next steps. The second column refers to those key partners and stakeholders that will likely need to be involved in the planning and implementation of the recommended items, such as the Chamber of Commerce, Downtown Business Alliance, Downtown property owners, developers, and local commercial brokers.

Lastly, the third column of the matrix indicates the magnitude or level of effort (light, moderate, high) that each recommended item may require in terms of things such as cost, time, and other important resources. A light level of effort indicates that the recommended item is cost efficient and does not require too much additional resources. A moderate level of effort indicates that there is some additional cost and resources that are needed to complete the step. A high level of effort requires more funding, time, and additional personnel.

Timeline and Performance Metrics

For Near and Short-Term recommendations specifically, we identified additional information to help guide the City in prioritizing the recommended implementation items including **launch dates** and suggested **success metrics**. The suggested **launch dates** are broken out into standard calendar year quarters. The intent of the suggested launch dates is to help the Menlo Park City Council and Staff set goals for start dates and then the 6-month to 1-year estimates can be used to set deadlines for completing the recommended item. The **success metrics** are proposed to measure the performance of the recommended item during implementation.

Transforming Next Steps into Action Items

The Menlo Park Downtown Market Study ends with two proposed achievable action items to consider for the immediate future. While all of the recommended next steps should be considered to enhance Downtown Menlo Park, we believe that the two action items presented can be completed within a reasonable timeframe (6-months to 1-year) with existing resources.

Placemaking & Enhancing a Sense of Place for Downtown Menlo Park

Near-Term (within 6 months)	Key Partners	Level of Effort	Near Term Launch Dates	Suggested Near Term Success Metrics
<ul style="list-style-type: none"> Consider continuing and expanding the Santa Cruz Street Café parklet program with modifications to establish consistent design standards to include beautification of street barricades. 	City; Chamber of Commerce (Chamber), Downtown Business Alliance; Downtown property owners	Light effort	Quarter 1, 2022	-Investments in local businesses to meet improved parklet program standards
Short-Term (within a year)	Key Partners	Level of Effort	Short Term Launch Dates	Suggested Short Term Success Metrics
<ul style="list-style-type: none"> Explore ways to work with property owners, commercial brokers, and the Menlo Park Chamber of Commerce to use vacant spaces with interim uses such as ‘pop up businesses’ (examples are Los Altos, Danville, and Santa Cruz) or for a business incubator program, as well as requiring property owners to install a temporary store front look for vacant building spaces. 	City; Commerce; Downtown Business Alliance; Downtown property owners; Menlo Park Public Art (nonprofit group); Allied Arts Guild	Moderate	Begin meeting with property owners and commercial brokers Quarter 2, 2022	-Percent of vacant spaces with temporary store front installation -Total vacancy rate
Mid-Term (within 1 to 2 years)	Key Partners	Level of Effort		
<ul style="list-style-type: none"> Create more appealing signage for Downtown including banners, wayfinding signs, as well as designing/installing an entryway arch at the intersection of El Camino Real and Santa Cruz Avenue. 	City	Moderate		
<ul style="list-style-type: none"> Consider developing design guidelines for Downtown Menlo Park to enhance and provide a more consistent look to the streetscape appearance with architectural aspects, design elements, public hardscape and landscape features. 	City	Moderate		
<ul style="list-style-type: none"> Enhance hardscape improvements including sidewalks, parking plaza, and pedestrian walkways between the streetscape and parking plazas. 	City	High		

Longer-Term (2 to 3 years)	Key Partners	Level of Effort	
<ul style="list-style-type: none"> Partner with the Chamber of Commerce, Downtown Business Alliance and local businesses to consider the idea of closing two blocks of Santa Cruz Avenue to create a pedestrian mall environment and make the Downtown more walkable, while expanding outdoor dining opportunities for restaurants in this area. Would suggest the closure to be from El Camino Real to Curtis Street. 	City; Chamber; Downtown Business Alliance	Moderate	

Creating More Activity in the Downtown Area & Producing More Consumer Demand

Near-Term	Key Partners	Level of Effort	Near Term Launch Dates	Suggested Near Term Success Metrics
<ul style="list-style-type: none"> Establish a shop local marketing campaign 	City; Chamber; Downtown Business Alliance; Downtown property owners; San Mateo County	Light	Quarter 1, 2022	-Dollars spent in locally owned businesses -Retail sales per capita -Percent of businesses participating in marketing campaign
<ul style="list-style-type: none"> Work with the Menlo Park Chamber of Commerce and Downtown Business Alliance on creating more special events for Downtown Menlo Park including farmer’s markets, street fairs, music nights, summer concerts, food events, art festivals & more. 	City; Chamber; Downtown Business Alliance; Menlo Park Farmers Market; Arts Guild; Pacific Fine Arts Festivals; partner with local hotels to promote events	Light	Begin planning in Quarter 2, 2022 with new event(s) launch date in Q-4 2022 and 2023	-Number of events created -Tourism revenue on event date(s) -Retail sales on event date(s)
Short-Term (within 1 year)	Key Partners	Level of Effort	Short Term Launch Dates	Suggested Short Term Success Metrics
<ul style="list-style-type: none"> City and the Chamber of Commerce to work more closely with real estate brokers and property owners to improve tenant mix in the Downtown, including holding regular broker events. 	City; Chamber; Downtown property owners; local and regional real estate brokers	Moderate	Schedule initial broker event in Quarter 2, 2022	-Occupancy rate by type of tenancy -Number of annual broker events -New business started

<ul style="list-style-type: none"> Drive more families to Downtown Menlo Park through tenant mix and the special events being held in the Downtown area. 	City; Chamber; Downtown Alliance; Springline management; partner with local hotels to promote events	Moderate	Quarter 3, 2022	<ul style="list-style-type: none"> -Number % of family friendly events -Number of businesses catering to families
<ul style="list-style-type: none"> Work with the Guild Theatre ownership and their marketing firm to attract quality events to the new Guild Theatre to generate business for the theatre and produce more consumer demand in downtown Menlo Park. 	City; Guild Theatre; Chamber	Light	Quarter 1, 2022	<ul style="list-style-type: none"> -Number of events held at Guild Theatre -Percent tickets sold for Guild Theatre events -Retail sales on event days / weekends
<ul style="list-style-type: none"> Work with the Chamber of Commerce and Downtown Business Alliance in undertaking a brand development process 	City; Chamber; Downtown Business Alliance	Light	Begin in Quarter 1, 2022 in conjunction with the creation of shop local campaign	<ul style="list-style-type: none"> -Number % of businesses participating in brand promotion
<ul style="list-style-type: none"> Work with the Chamber of Commerce to continue and expand restaurant possibilities with more outdoor dining opportunities in Downtown Menlo Park, along with introducing more quick service and casual restaurant uses. 	City; Chamber	Moderate	Quarter 2, 2022	<ul style="list-style-type: none"> -Percent of restaurants in Downtown Menlo Park offering expanded services, measured by type of service -Percent of restaurants in Downtown Menlo Park offering outdoor dining -Investments in outdoor dining improvements
Mid-Term (within 1 to 2 years)	Key Partners	Level of Effort		
<ul style="list-style-type: none"> Pursue more entertainment uses for Downtown to build upon the coming opening of the Guild Theatre. 	City; Chamber; Downtown Business Alliance; Guild Theatre	Moderate		
<ul style="list-style-type: none"> Pursue more of a 15-to-18-hour environment for Downtown Menlo Park, including expanding the use mix and adding more mixed-use development in the Downtown including more residential development. 	City; Chamber; Downtown Business Alliance; property owners; developers	Moderate		
<ul style="list-style-type: none"> Work with the Chamber of Commerce to promote Downtown Menlo Park as a 	City; Chamber	Light		

preferred location for Design/Home Furnishings/Furniture uses.			
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Infrastructure Improvements

Near-Term	Key Partners	Level of Effort	Near Term Launch Dates	Suggested Near Term Success Metrics
<ul style="list-style-type: none"> Develop a plan to install more bicycle racks, trash/recycling containers/public restrooms in the Downtown area and to evaluate the need for additional handicap or senior parking accommodations 	City	Light	Quarter 3, 2022	-Annual dollars invested in public infrastructure
Short-Term (within 1 year)	Key Partners	Level of Effort	Short Term Launch Dates	Suggested Short Term Success Metrics
<ul style="list-style-type: none"> Develop a schedule to improve public hardscape improvements including streets, sidewalks, parking plazas & light enhancements (for safety, aesthetics, etc.). 	City	Light	Quarter 2, 2022	-Percent of planned investment in Downtown infrastructure relative to all capital investments
Mid-Term (1 to 2 years)	Key Partners	Level of Effort		
<ul style="list-style-type: none"> Create a master wayfinding signage program for Downtown Menlo Park. 	City; Chamber; Downtown Business Alliance	Moderate		
Longer-Term (2 to 3 years)	Key Partners	Level of Effort		
<ul style="list-style-type: none"> Study developing parking structures on city-owned/operated parking plazas in combination with mixed-use projects of affordable housing and retail at street level. 	City	High		

City Planning & Economic Development

Near-Term	Key Partners	Level of Effort	Near Term Launch Dates	Suggested Near Term Success Metrics
<ul style="list-style-type: none"> Work with the Chamber of Commerce and Downtown Business Alliance to undertake a Survey of Downtown Businesses and 	City; Chamber; Downtown Business Alliance; Downtown Residents	Light	Quarter 2, 2022	-Percent of survey participants (residents, businesses, and property owners considered separately)

Residents to better understand their ideas to improve the Downtown.				
Short -Term (within 1 year)	Key Partners	Level of Effort	Short Term Launch Dates	Suggested Short Term Success Metrics
<ul style="list-style-type: none"> Partner with the Chamber of Commerce to adopt a formal business ombudsman or concierge program to improve communication between the City and Downtown businesses. 	City; Chamber;	Light	Quarter 2, 2022	<ul style="list-style-type: none"> -The addition or selection of an ombudsperson -Number of small businesses assisted as a percent of total businesses
<ul style="list-style-type: none"> City to look at ways to enhance the planning and entitlement process and improve ease and efficiency. 	City	Moderate	Quarter 3, 2022	<ul style="list-style-type: none"> -Time it takes for the City to review applications
Mid-Term (1 to 2 years)	Key Partners	Level of Effort		
<ul style="list-style-type: none"> Pursue a comprehensive review and update the nearly 10-year-old El Camino & Downtown Specific Plan. 	City	High		

Transforming Next Steps into Action Items

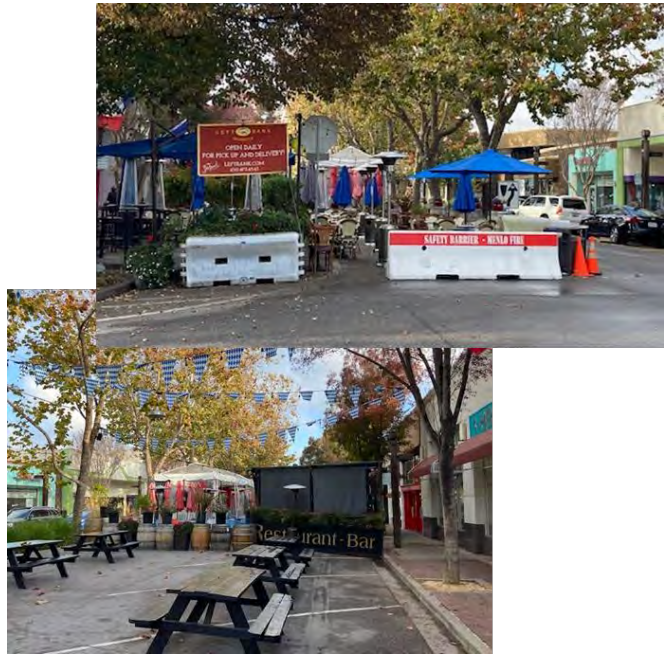
While all recommended next steps identified in the matrix above should be considered, we have identified two achievable next steps that will have immediate and measurable impact within the near to short term (6-months to 1-year). To transform these next steps into action items, we’ve provided a more thorough description and additional guidelines for implementation.

Action Item 1.

Expand the Santa Cruz Street Café parklet program, adding consistent design standards to include beautification of street barricades and the extension of the Santa Cruz Street closure.

Overview: During the Pandemic, many cities have made parts of the public right-of-way available as parklets or outdoor areas for businesses to operate. The City of Menlo Park Council adopted the Temporary Outdoor Use Permit (TOUP) program on June 19, 2020 to allow compliant businesses to operate parklets in public spaces for a temporary period of time. Parklets and similar uses have provided an economical solution for businesses to continue operating under public health restrictions, consumer demand and to take advantage of the area’s generally mild weather.

In response to public feedback, and because parklets are intended as an aesthetic enhancement to the overall streetscape, many cities have established parklet design guidelines. Guidelines range from basic with minimal requirements pertaining to health and safety issues to more prescriptive requirements that include allowed materials and dimensions. Consistent design guidelines and the beautification of street barricades will help create a more cohesive look and sense of place in the downtown.



In addition to the expansion of the parklet program, it is recommended that the City of Menlo Park extend the existing street closure for the 600-block of Santa Cruz Avenue. The Menlo Park City Council had initially approved the closure of both the 600- and 800-blocks of Santa Cruz Avenue through January 2022, however, the 800-block of Santa Cruz Street was reopened in early December 2021. Nearby cities such as Redwood City, Mountain View, San Carlos, and Palo Alto, have closed off vehicular access of major downtown thoroughfares and allowed businesses to expand dining areas and parklets into the streets. These street closures not only provide pedestrian access to the streets as walkways, but also encourages social distancing and enhances business opportunities to safely serve patrons.

Implementation: The level of effort to expand on the existing Santa Cruz Street Café parklet program and establish consistent design standards and beautify street barricades is light. Cities that have established design standards and guidelines include Alameda, Healdsburg, Pacific Grove, Palo Alto, San

Mateo, and Santa Barbara. Using these existing examples of design standard guidelines, it is reasonable to assume that a draft for Menlo Park could be completed in less than one-month. Including review by staff, boards, and other necessary stakeholders, design standard guidelines for temporary parklets and street barricades could be established within a three to four-month time frame.

Launch Date: We suggest that the drafting of the improved Santa Cruz Street Café parklet program guidelines begins immediately in **Quarter 1, 2022** with the goal to complete within 6-months.

Success Metrics: The success of Action Item 1 may be measured by examining investments in local businesses to meet improved parklet program standards.

Key Partners: City; Chamber of Commerce, Downtown Business Alliance; Downtown property owners

Action Item 2.

Establish a shop local marketing campaign for Downtown Menlo Park.

Overview: Shop local campaigns educate consumers on the economic and social advantages that local businesses bring to a community, as they can create a long lasting culture of support for local businesses to help them succeed. Effective campaigns result in healthier businesses, and in turn job creation and enhanced retail opportunities, plus opportunities for local Menlo Park residents to help local businesses to prosper and create a successful downtown environment.

“Choose Local San Mateo County (SMC)”, an app to promote shopping local in San Mateo County, was launched

To provide another example, “What’s open Los Altos” (whatsopenlosaltos.org/) is an online resource used to support local businesses in Los Altos, allowing consumers to order, purchase, and donate all in one place. This website is a collaborative effort lead by the Los Altos Chamber of Commerce, City of Los Altos and Los Altos Village Association, with the support of Downtown Los Altos property owners. Additionally, Los Altos and other nearby Cities with shop local campaigns such as Mountain View, Sunnyvale and San Jose have linked their shop local campaign websites to siliconvalleystrong.org/shoplocal/ to expand their outreach.

Implementation: Collaboration is key in implementing a shop local campaign; it’s imperative that partners such as the Chamber of Commerce and Downtown Business Alliance are involved in the creation of the shop local campaign, but also partners outside of the area such as local media or the previously mentioned Silicon Valley Strong Organization. The shop local campaign should be promoted on various platforms, as well as in-person, using real life examples of how spending locally helps the community. The various partners can help build a story that both educates consumers on why shopping local is important and creates relatable context built on conversations with local business owners or stakeholders. The City of Menlo Park’s American Rescue Plan Act (ARPA) funds may provide an opportunity to incentivize consumers by collaborating with local businesses to create a gift card program or special event promotion.



Launch Date: It is recommended that the Shop Local Campaign planning begin as soon as **Quarter 1, 2022** with a goal to launch the campaign within 6-months.

Success Metrics: The shop local campaign success may be measured by the following:

- Dollars spent in locally owned businesses
- Retail sales per capita
- Percent of businesses participating in the shop local marketing campaign

Key Partners: City; Chamber; Downtown Business Alliance and Downtown Businesses