

bae urban economics

City of Grover Beach  
Final Economic Development Strategy

April 11, 2017



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# INTRODUCTION

## **Purpose**

The Grover Beach Economic Development Strategy was developed using a three-phase process that has been successfully implemented in numerous other communities and then tailored to meet the City's specific needs. The first phase identified Goals that reflect the community values and previously established guiding principles. The second phase built upon the first, adding specificity and detail by identifying supporting Strategies and actions based on the findings from the existing conditions analysis, the SWOT analysis, the financial feasibility analysis, and the public outreach process. The objective is to provide the City with a strategic framework, as well as a set of discrete implementing actions designed for completion by the City, and its strategic community partners, over the next five to ten years. The strategic framework is designed to facilitate the creation of annual work programs that identify the individual components to be undertaken, during a discrete period of time, to move the City towards fulfillment of the identified goals. As progress is made and economic conditions change, the City should periodically review the strategic plan, and update it as necessary, in consultation with key strategic partners and other important community stakeholders.

## **Relationship to Other City Policies**

The Economic Development Strategy builds upon a series of policy documents developed on behalf of the City of Grover Beach over the past decade and beyond. Two important starting points for development of the updated Economic Development Strategy include the 2004 Visioning Project and the previous Economic Development Strategy developed in 2008. The 2004 Visioning Project was intended to build "Consensus Vision" for the future of Grover Beach as part of a comprehensive update of the General Plan Land Use Element completed in 2010. The 2008 Economic Development Strategy similarly established the City's vision for economic development in Grover Beach and outlined a series of actions designed to achieve the identified goals. This updated Economic Development Strategy is designed to acknowledge and build upon the content of these historic documents, while recognizing the community's contemporary vision and changing economic conditions and opportunities.

In addition to these two foundational documents, the updated Economic Development Strategy also incorporates components of the 2010 Technology Master Plan and the 2011 West Grand Avenue Master Plan. The Technology Master Plan outlines the steps necessary to establish and successfully leverage a municipal broadband network, including establishing the infrastructure, managing the network, promoting internet based business development, and building a technologically competent labor force, among other key goals. The 2011 West Grand Avenue Master Plan establishes high-quality guidelines for architectural design and public streetscape enhancements along three strategic sections of West Grand Avenue to facilitate revitalization.

The updated Economic Development Strategy also acknowledges a number of broader regional economic strategies, including the 2010 Clusters of Opportunity Economic Strategy and 2015 Economic Strategy Update developed by the San Luis Obispo Economic Vitality Corporation.

## **Economic Development Strategic Planning Timeframe**

As mentioned previously, the City's prior Economic Development Strategy was adopted in 2008. Adoption of this updated Economic Development Strategy puts the City of Grover Beach on track to refresh its Economic Development Strategy approximately once every ten years. This is a reasonable time horizon for an economic development strategy, as it is long enough to give the City time to work on implementation and understand the results that are achieved, but not so long that the economic conditions, trends, and opportunities will fundamentally change before the next update. With an approximately ten-year time horizon in mind, this strategy focuses primarily on short- and mid-term actions that the City can take to strengthen the local economy.

## **Overview of the Economic Development Strategy Development Process**

Preparation of this economic development strategy followed a relatively streamlined process, as follows:

- **Preparation of a Background conditions assessment**, which was scoped to utilize existing information as much as possible, while also compiling new economic and demographic information.
- **Review of background information and discussion of economic development concerns with City Council.** The background conditions assessment served as the basis for a presentation and discussion with the Grover Beach City Council on June 20, 2016. BAE presented the initial background findings and solicited additional input from the City Council and members of the public.
- **Key stakeholder interviews.** Subsequent to the City Council meeting, BAE then conducted interviews with a range of key stakeholders, covering a range of local economic development topics.
- **Financial feasibility analysis for catalyst projects.** BAE also worked with City staff to define prototype development projects to analyze for financial feasibility, and deployed an online survey to obtain input on economic development topics from local business people.
- **Administrative Draft Economic Development Strategy.** BAE utilized the information from the research components, key findings from which are summarized in the following section, to prepare an Administrative Draft Economic Development Strategy for review and discussion with City staff.
- **Draft Economic Development Strategy.** BAE refined the Administrative Draft Economic Development Strategy based on City staff input, and prepared a revised draft for public review.

- **Review Draft Economic Development Strategy with City Council and finalize.** BAE and City staff presented the Draft Economic Development Strategy to the City Council at their March 20, 2017 meeting and solicited input from the public before obtaining direction from the City Council to finalize the Economic Development Strategy. BAE prepared the Final Economic Development Strategy for acceptance by the City Council at a future meeting.

## **Roles and Responsibilities**

### ***City Council***

The City Council's role in implementing the Economic Development Strategy is to provide policy direction and oversee City staff activities related to implementing programs and actions included in the strategy, authorize staff time, funding and other resources necessary to implement the strategy, and to make broader decisions for the community while keeping in mind the implications for success of the strategy.

### ***City Staff***

City staff will be responsible for handling the day to day implementation of the Economic Development Strategy, including planning and managing programs and actions that are included in the strategy. City staff will also solicit the cooperation with other partner organizations, and coordinate with their staff as necessary to implement the strategy. City staff will also monitor progress in implementing the economic development strategy, report on progress to the City Council, and seek the Council's direction and authorization to pursue an annual economic development work plan, to implement the strategy in a deliberate manner, but also responding to priorities and opportunities as they arise.

### ***Other Organizations***

This document targets several partner organizations to assist the City in implementing the Economic Development Strategy. Part of the work in implementing the strategy will require that City staff reach out to representatives of the targeted organizations to solicit their cooperation and assistance in helping the City to implement the strategy, and to then coordinate the actual implementation actions. Key partner organizations include the Arroyo Grande/Grover Beach Chamber of Commerce, the neighboring Cities of Arroyo Grande and Pismo Beach, and the San Luis Obispo Economic Vitality Corporation.

## SUMMARY OF KEY FINDINGS

The following is a summary of key findings from the Economic Development Strategy Background Report, prepared as part of the process to develop this updated Economic Development Strategy. The detailed Background Report is available as a separate document, and includes an assessment of local demographic and economic trends, real estate market conditions, and real estate development feasibility. It also documents the results of stakeholder interviews, and findings from a local business survey. The Background Report identified strengths, weaknesses, opportunities, and threats to economic development in Grover Beach, which helped to inform the development of this updated Economic Development Strategy.

### **Economic Strengths and Competitive Advantages**

The following outlines the economic strengths and competitive advantages identified through background research that may be leveraged to facilitate and encourage economic growth and development within the City of Grover Beach over the next ten years.

- Located within the broader Five Cities and San Luis Obispo County market areas.
- In close proximity to multiple tourism destinations, including Pismo State Beach, Oceano Dunes State Recreation Area, and the Guadalupe-Nipomo Dunes National Wildlife Refuge.
  - Grover Beach is the “gateway” to Pismo State Beach and the Oceano Dunes.
- Housing costs are lower in Grover Beach compared to other communities throughout the Five Cities area and San Luis Obispo County, which is becoming an increasingly important competitive advantage in terms of promoting residential development and expansion of the retail sector, particularly in a climate of ever increasing regional housing costs.
- With a population that is somewhat younger than average, the city may be well positioned to leverage youth culture to develop a vibrant, walkable, neighborhood environment.
- The historically low countywide industrial vacancy may allow Grover Beach to position itself to capture spill-over demand, since the city is one of the few areas within the Southern San Luis Obispo County area that has undeveloped industrial land.
- Recent jobs growth in the Wholesale Trade sector indicates a potential competitive advantage in that industry, while growth in Manufacturing indicates an increase in specialization and the opportunity to capitalize in the land available in the business park area for business expansion and relocation.

- Transient occupancy tax revenue in Grover Beach recovered relatively quickly following the Great Recession, though somewhat more slowly than in San Luis Obispo County overall. This indicates a relatively stable and robust market for visitor accommodations, though Grover Beach remains somewhat less attractive to visitors, compared to nearby Pismo Beach. The development of the Grover Beach Lodge and Conference Center will provide Grover Beach with its first opportunity to promote beachside hotel accommodations.
- While unlikely to capture significant demand from large office users, the city is well positioned to capture spillover demand from local residents who work in the region's larger office markets, but are looking for smaller supplemental office spaces closer to home; however, the City should be cautious that too much part-time office space concentrated in any given area might not create a vibrant activity center.
- While the local retail market is largely saturated with existing local-serving establishments, brokers indicated that a few higher quality retail and food service establishments have entered the market and increased the city's regional draw (i.e., expanding the market).
- The residential market features a vacancy rate that is at the low end of what economists would typically consider normal, after adjusting for units held vacant for seasonal use. This indicates that the market is fairly healthy and that rents and prices are likely to increase. It also indicates that the City should work to ensure that the local housing market can expand, to accommodate new housing demand from employees of new or expanding businesses.
- Low comparative residential rental rates and home prices provide an opportunity for Grover Beach to market itself as an affordable option within an expensive regional market, which working families can afford beachside living.
- Grover Beach has a reputation as a business-friendly community with a local government that is fairly easy to work with, compared to other communities.

### **Economic Weaknesses and Competitive Disadvantages**

Alternatively, this subsection outlines economic weaknesses and competitive disadvantages that Grover Beach is likely to face while working to promote economic growth and development over both the near- and long-term.

- Relatively slow population and household growth indicates that Grover Beach is not as well positioned to capture residential growth, compared to San Luis Obispo, Pismo Beach and Arroyo Grande. The City does not have substantial amounts of vacant land to accommodate residential development. However, the availability of lower cost housing and infill development sites presents a distinct opportunity.



- Historically, the City has had a weaker competitive position within the Five Cities and San Luis Obispo County market areas, in terms of retail sales capture, tourism accommodations, and food service and entertainment options.
- Limited ocean frontage, the height of the dunes, and the distance to the water make it more difficult to leverage the City's oceanfront location for economic development.
- Limited highway frontage, lack of larger vacant sites, and poor access to US 101 make it difficult for the City to capitalize on highway oriented development, such as big box retail.
- The pass-through nature of West Grand Avenue, with limited differentiation between Grover Beach and Arroyo Grande, hampers efforts to develop the corridor into a more complete retail and lifestyle destination.
- Lower levels of educational attainment in Grover Beach, compared to the county as a whole, indicate that the labor force may be less prepared for higher-wage, higher-skilled employment opportunities, compared to residents of other areas, like San Luis Obispo.
- Similarly, with a majority of Grover Beach residents employed in support-oriented occupations, like Office and Administrative Support, Sales and Related occupations, and Building and Grounds Cleaning and Maintenance, the workforce is not well positioned to benefit from higher-wage jobs growth within the broader San Luis Obispo County area.
- Grover Beach lost 550 jobs between 2004 and 2014, with only limited jobs growth in Wholesale Trade, Health Care and Social Assistance, and Real Estate Rental and Leasing.
- With below-average incomes compared to the rest of San Luis Obispo County, it may be difficult to support additional expansion of the retail sector while relying solely on demand from the local population.
- Subsequently, Grover Beach's primarily resident-serving retail sector achieves per capita taxable sales that are roughly half of the countywide per capita value.
- Based on the retail leakage analysis, the retail sector within the Five Cities area is largely saturated, with limited leakage in Food and Beverage Stores and of Sporting Goods, Hobby, Book and Music Stores likely being absorbed by the existing General Merchandise sector.
- The location of Grover Beach between the two primary office markets (i.e., San Luis Obispo and Santa Maria) mean that the city is not likely to capture significant regional office demand.

- Existing rental rates in both the residential and commercial markets are currently insufficient to justify the development of new leasable real estate, except in limited circumstances.
- Although much of the existing retail building stock is older and of lower quality compared to more newly developed product in Arroyo Grande and elsewhere, current market rents continue to provide income sufficient to justify the continued use of the buildings, due largely to the fact that many property owners have a comparatively low basis in the land and improvements.
  - Therefore, the price that a property owner would need to receive for their land in order to justify redevelopment of existing properties, including those that are heavily underutilized, may be higher than what new development can currently pay in order to undertake redevelopment projects.
- Grover Beach has historically lacked a strong business identity and has gone “under the radar,” without much regional awareness of what the city has to offer.

## **Opportunities for Economic Growth and Development**

Similar to the economic strengths and competitive advantages discussed above, this subsection identifies some of the discrete near- and long-term opportunities for economic growth and development in Grover Beach.

- Development of the Grover Beach Lodge and Conference Center will increase the number and quality of the tourist accommodations available in Grover Beach and provide an anchor for pedestrian and visitor-serving activities at the western terminus of West Grand Avenue.
- Ongoing investments in street improvements are helping to mitigate some of the less than favorable perceptions of Grover Beach as a lower-quality/cost alternative to Pismo Beach.
- Continued investments in line with the West Grand Avenue Master Plan (2011) will help to further improve the automotive and pedestrian environment along the corridor, and will help to build up new perceptions of West Grand Avenue in Grover Beach as a high-quality environment.
- Completion of the Municipal Broadband Project will introduce a comparatively scarce, high-quality amenity, which may be leveraged to help to attract new residents and businesses.
- There is an opportunity to develop stronger ties to Cal Poly San Luis Obispo, to connect business start-ups that are spun out of the university with Grover Beach’s lower cost facilities, high speed internet, and a beachfront lifestyle with comparatively low cost housing opportunities.

- There is an opportunity for Grover Beach to leverage its available business park land to attract small to mid-sized manufacturers and other light industrial businesses, including those that need to be relocated from elsewhere in San Luis Obispo County due to lack of viable expansion opportunities.
  - Grover Beach could position itself as the south county option for business expansion.
- Updates to the Development Code in 2012 have already removed considerable barriers to development and redevelopment in Grover Beach, particularly along West Grand Avenue.
- With a population that is somewhat younger than average, the City may benefit from activities designed to foster youth culture, including music, the arts, and technology.
- Coordinating industrial land availability with the fiber optic network may help to attract higher-end industrial users to help diversify the City's economic base.
- While current rental rates are too low to justify development of new residential and mixed-use projects, a moderate increase in residential rents would be sufficient to justify higher density residential development in the near-term, though mixed-use development may take longer to become a profitable development option.
- Grover Beach's reputation and public image have improved over the past half-decade or so, with notable streetscape improvements, the re-paving project, train station improvements, and the planned Grover Beach Lodge and Conference Center.
- As the City's commercial focal point, enhancements to West Grand Avenue are a key opportunity, including traffic calming, better pedestrian amenities, cleaning up signs and displays, and improving lighting and landscape treatments. Included in this was the desire to see additional nice restaurants and retail shops to attract visitors to the area.
- The City's efforts to proactively establish regulation for siting and operating cannabis related businesses may provide near-term opportunities for economic growth; and revenues from the recently approved cannabis tax should be considered for support of economic development in other sectors.
- Grover Beach may also benefit from efforts to market itself as an affordable location for small to mid-size companies that market lifestyle products and services that are compatible with the city's beachside location and lifestyle.

## **Threats to Economic Growth and Development**

Similar to the economic weaknesses and competitive disadvantages discussed above, this subsection identifies some of the discrete threats to sustained economic growth and development in Grover Beach.

- Grover Beach lacks a clearly defined economic niche:
  - The city has a previous stereotype as a working-class bedroom community with poorly lit roads in deteriorating condition, haphazard signage along commercial corridors, mom-and-pop and fast food type businesses, and a small number of businesses catering to seasonal visitors to the dunes.
- While some identify the cannabis industry as a potential opportunity area, interview participants indicated that the industry should be dealt with cautiously, ensuring that new businesses are clean, well-maintained, and attractive.
- While Grover Beach is the gateway to Pismo State Beach and Oceano Dunes, many visitors to those attractions arrive in their own self-contained vehicles, with accommodations and supplies that limit their need to patronize local businesses when they visit.
- Similarly, the new retail project in Arroyo Grande, at Elm and East Grand Avenue, could compete with Grover Beach for shoppers and divert sales from an already weak Grover Beach retail sector.
- The scheduled closure of the Diablo Canyon Power Plant will likely impact Grover Beach, due to indirect impacts from local residents who could face job loss or relocation.
- Discussion regarding the potential closure of the dunes to vehicular recreation highlights concerns that changes in recreation patterns at the beach could dramatically impact the desirability of Grover Beach as a destination for recreation and overnight accommodations.

## **Real Estate Development Feasibility**

In addition to identifying broad strengths, weaknesses, opportunities, and threats, City staff requested a real estate development feasibility analysis to identify barriers to new construction and redevelopment in Grover Beach, particularly along West Grand Avenue. The following is a summary of key findings from that analysis, which is contained in the Background Report.

- Pro-forma financial analysis uses a simplified financial model to test the potential financial feasibility of a development concept and is often conducted as a preliminary step, prior to developing more detailed project specifications and a more sophisticated cash-flow financial feasibility model.
- While simplistic in nature, pro-forma models can help policy makers to better understand the economic realities impacting the decision to pursue real estate development projects within their jurisdictions.

- The two development prototypes used for this exercise assume construction of a three-story structure on a hypothetical 0.34-acre parcel, located mid-block on West Grand Avenue.
  - Note that mid-block parcels are more highly constrained in terms of development potential due to limitations on ingress and egress.
- The mixed-use prototype included two retail spaces covering 1,400 square feet each and nine residential units averaging 1,030 square feet each.
- The exclusively residential prototype included 13 units averaging 908 square feet each.
- All cost and revenue assumptions were identified based on a review of local market data and conversations with local real estate professionals and developers. Financing costs are based on prevailing market conditions and information provided by bank representatives from banks providing construction financing in the County.
- Under current market conditions, neither project would meet the minimum profitability requirement of at least a 15 percent return on cost identified by local developers.
- Both financial models indicate that residential and mixed use projects in Grover Beach are particularly sensitive to changes in average rental rates, particularly for residential projects, as well as changes in the capitalization rate.
  - For the mixed-use project, increasing the residential rental rate from \$1.52 per square foot (current market rate in Grover Beach) to \$2.00 per square foot (current market rate in Pismo Beach) increased the net developer return on cost to 15.3 percent.
  - For the residential project, increasing the residential rental rate from \$1.77 per square foot (current market rate in Grover Beach) to \$2.00 per square foot (current market rate in Pismo Beach) increased the net developer return on cost to 20.7 percent.
  - Note that the per square foot residential rental rates differ between the two prototypes recognizing differences in desirability between different sized units.
- The capitalization rates used in the analysis were fairly low, which reflects that investors do not have many other options to invest money at lower risk with equal or higher returns. However, some highly constrained housing markets with rapid price appreciation can command capitalization rates that are even lower.
- Where the traditional pro-forma models evaluate the decision-making process of developers, who purchase sites then build structures, City staff also requested an evaluation of the decision-making process of existing Grover Beach Property Owners.
  - This analysis recognizes that property owners receive revenue from existing buildings that are rented out or used to house commercial businesses.

- The value of new construction was compared to the capitalized value of a single-story commercial building, based on current market rents, which was divided by the lot size to estimate the minimum price per lot square foot that the property owner would need to receive to justify sale to a developer.
- The analysis assumes a 0.34-acre site with an existing 4,000 square foot strip retail building and a 16-space surface parking lot.
- The per square foot minimum sale price was then compared to the land price that could be supported by each of the prototype development projects.
- Based on recent land sales and interviews with developers, the prototypes assume a land price of \$35 per lot square foot, while the hypothetical property owner would need to receive at least \$64 per lot square foot to make sale for redevelopment economically attractive. This indicates that rents and sales prices will need to increase relative to development costs, before redevelopment will become widely attractive to owners of existing older buildings that can still generate rental income.

# STRATEGY FRAMEWORK

## Goals

The Economic Development Strategy establishes broad goals for what the City of Grover Beach wishes to accomplish with its economic development strategy, which are to attract more head of household jobs that pay enough for people to afford housing; increase economic opportunities for local businesses and workers; and create a stronger and more diversified local tax base that can help provide the municipal services necessary to maintain the City's high quality of life in conjunction with a mutually beneficial relationship with economic development.

## Strategies

Economic development strategies emerged in response to strengths, weaknesses, opportunities, and threats identified through analysis of existing conditions and trends, the business survey, stakeholder interviews, and the financial feasibility analysis for new development. The strategy is organized around four primary strategies, which are intended to be mutually reinforcing, including:

1. Build on Local Assets
2. Enhance Local Quality of Life
3. Foster Collaboration
4. Build Image and Awareness

The rationale for each of the different strategies is explained within the Action Plan.

## Actions

The Action Plan explains the actions that are necessary for the City and its partners to make progress toward implementation of the strategies, in working towards the over-arching goals. The Action Plan also identifies implementation requirements for each Action, including costs or resources needed, timing for implementation, and potential implementation partners.

Following is a key for the costs/resources component:

**\$** = Actions handled within existing budget and staff work programs

**\$\$** = Actions requiring re-allocation of staff priorities and/or budget allocations under \$20,000

**\$\$\$** = Actions requiring budget allocations of \$20,000 to \$50,000

**\$\$\$\$** = Actions requiring budget allocations of more than \$50,000 and/or new staff

Following is a key for the timeframe component:

**Ongoing** = Actions that are currently underway and/or will be implemented on an ongoing basis

**Near-Term** = Actions that should be initiated within six to twelve months

**Mid-Term** = Actions that should be completed within one to five years

**Long-Term** = Actions that may require five to ten years to complete

Table 1 summarizes the Actions associated with each of the Strategies.



**Table 1: Summary of Strategies and Actions**

	<u>Implementation Timing</u>	<u>Costs and/or Staff Resources</u>	<u>Potential Partners</u>
<b>Strategy 1: Build on Local Assets</b>			
Action 1A: Grover Beach Lodge and Conference Center	Near to Mid-Term	\$\$\$\$	Pacifica Companies; CA State Parks
Action 1B: Commercial Medical Cannabis	Ongoing	\$\$\$\$	CA Cannabis Industry Assn.; Chamber
Action 1C: Promote the Benefits of Grover Beach's Broadband System	Ongoing	\$	Digital West; Chamber
Action 1D: Promote the City's Train Station	Near-Term; Ongoing	\$	Amtrak; Chamber; Pacifica Companies
Action 1E: Build on the City's Business Friendly Reputation	Near-Term; Ongoing	\$	Chamber; local businesses
Action 1F: Capitalize on Beach Visitors	Mid to Long-Term; Ongoing	\$\$\$	Pacifica Companies; Chamber; California State Parks; local businesses
<b>Strategy 2: Enhance Quality of Life</b>			
Action 2A: Enhance West Grand Avenue	Ongoing; Long-Term	\$\$\$\$	Chamber; West Grand Ave. businesses; SLOCOG
Action 2B: Homeless Assistance	Ongoing	\$\$\$	County; PB; AG; homeless advocacy organizations
Action 2C: Arts Initiative	Near-Term; Ongoing	\$\$	Arts Council; art galleries, collectives, studios; LMUSD; Clark Center Foundation; Chamber
Action 2D: Expanded Family Activities	Near-Term; Ongoing	\$\$	YMCA; local sports leagues/organizations
<b>Strategy 3: Foster Collaboration</b>			
Action 3A: Continue to Participate in Countywide Tourism Business Improvement District	Ongoing	\$	Visit SLO CAL; Chamber
Action 3B: Develop Collaboration Between Grover Beach, Arroyo Grande, and Pismo Beach	Near to Mid-Term; Ongoing	\$\$	AG; PB; Chamber; Central Coast Tourism Council; Visit SLO CAL
Action 3C: Develop Collaboration Between Local Businesses	Near-Term; Ongoing	\$	Chamber; local businesses
<b>Strategy 4: Build Image and Awareness</b>			
Action 4A: Marketing Initiative	Near-Term; Ongoing	\$\$\$\$	Local businesses; SLOEVC; Chamber; Central Coast Tourism Council; Visit SLO CAL

**KEY**

\$ = Actions handled within existing budget and staff work programs

\$\$ = Actions requiring re-allocation of staff priorities and/or budget allocations under \$20,000

\$\$\$ = Actions requiring budget allocations of \$20,000 to \$50,000

\$\$\$\$ = Actions requiring budget allocations of more than \$50,000 and/or new staff

Ongoing = Actions that are currently underway and/or will be implemented on an ongoing basis

Near-Term = Actions that should be initiated within six to twelve months

Mid-Term = Actions that should be completed within one to five years

Long-Term = Actions that may require five to ten years to complete

Chamber = AG/GB Chamber of Commerce

SLOEVC = San Luis Obispo Economic Vitality Corporation

SLOCOG = San Luis Obispo Council of Governments

LMUSD = Lucia Mar Unified School District

AG = City of Arroyo Grande

PB = City of Pismo Beach

# ACTION PLAN

## Strategy 1: Build on Local Assets

Grover Beach, like most small communities, has limited resources that it can tap to implement a local economic development strategy. Therefore, a critical strategy for the City will be to leverage the local economic development assets that are endemic to the location or in which the City has already invested, including:

### ***Action 1A: Grover Beach Lodge and Conference Center***

In collaboration with California State Parks and Pacifica Companies, continue to work towards development of the Grover Beach Lodge and Conference Center, which was approved by the City Council in 2014. The City should finalize its financial assistance to facilitate development of the proposed project, based on the broad economic benefits to the City and its residents, such as numerous employment opportunities, real estate and business taxes, and tourism development opportunities. The City should work to ensure the provision of these public benefits, as well as continued public access to the beach and connectivity between the Lodge and other parts of the community, coordinating development of the Lodge with redevelopment and improvements along West Grand Avenue, in particular.

**Cost/Resources Needed:** \$\$\$\$

**Timing:** Near- to Mid-Term

**Potential Partnerships:** Pacifica Companies; California State Parks.

### ***Action 1B: Commercial Medical Cannabis***

Complete the process of adopting the ordinances and use the early adoption of cannabis policies to facilitate recruitment of new high quality cannabis-related businesses. The City should actively monitor how the amended land use ordinance and commercial cannabis taxes are received by the industry, as well as how local residents, existing businesses, and visitors respond to the introduction of these new businesses into the community, making adjustments to the ordinance as necessary to mitigate potential conflicts or concerns. The City and its partners should leverage the City's pioneering actions on cannabis to develop the Grover Beach brand and industry identify, through concerted marketing efforts directed at the broader medical cannabis industry (see Action 4A, below). Special care should be taken to monitor and align the City's policies and taxing mechanisms with implementation of statewide cannabis regulations and taxes.

**Cost/Resources Needed:** \$\$\$\$

**Timing:** Ongoing

**Potential Partnerships:** California Cannabis Industry Association; Chamber of Commerce.

***Action 1C: Promote the Benefits of Grover Beach's Broadband System***

The City has made an investment in bringing the broadband system to the industrial area and West Grand Avenue. The City, in conjunction with Digital West, needs to promote this investment as a valuable amenity for businesses that are tied to the internet and need high speeds at relatively low cost.

**Cost/Resources Needed:** \$

**Timing:** Near-Term; Ongoing

**Potential Partnerships:** Digital West; Chamber of Commerce.

***Action 1D: Promote the City's Train Station***

Grover Beach is fortunate to host an Amtrak train station that links the community to other destinations for train travelers throughout the state and the nation. The City should develop a plan to promote the City as a tourism destination for people who prefer to travel by train, and back that with actions that will allow train travelers to spend time in Grover Beach without depending on a car, such as the walkability enhancements recommended in Action 1A, integrating train station access in promotional materials for the Grover Beach Lodge and Conference Center as well as a larger marketing initiative (Action 4A), and shuttles and bike share programs that could serve the station.

**Cost/Resources Needed:** \$ (most costs would be embedded in other Actions 1A and 4A)

**Timing:** Near-Term; Ongoing

**Potential Partnerships:** Amtrak; Chamber of Commerce; Pacifica Companies (Grover Beach Lodge and Conference Center).

***Action 1E: Build on the City's Business Friendly Reputation***

A business friendly reputation is a valuable asset that the City can enhance, by implementing projects to make it easier for businesses to interact with the City, including:

- Online information on regulations
- Online permit center
- Other resources to assist businesses

In addition, the City should continue to collect valuable feedback from local businesses regarding their needs and their perceptions of the local business environment. This can be done efficiently through future online surveys such as the one conducted as part of the economic development strategy process and/or through direct outreach to targeted businesses. For example, background analysis for this study ascertained that just 25 five businesses account for two-thirds of the City's taxable sales.

**Cost/Resources Needed:** \$

**Timing:** Near-Term; Ongoing

**Potential Partnerships:** Chamber of Commerce; local businesses.

***Action 1F: Capitalize on Beach Visitors***

Large numbers of visitors are attracted to the Oceano Dunes every year, and the development and operation of the Grover Beach Lodge and Conference Center will expand and diversify the beach visitor population. To maximize the local economic benefits from this local visitor traffic, the City should develop a program to connect with those visitors and encourage them to spend time and money within the City as part of their beach visits. Specific actions to consider include:

- Build up the 4<sup>th</sup> Street and West Grand Avenue intersection as a visitor-serving node targeted to visitors who use 4<sup>th</sup> Street to access the beach and dunes. Provide signage at that node to encourage visitors to explore the entire West Grand Avenue commercial district.
- Attract a vendor to rent beach umbrellas, boogie boards/surf boards, beach toys and other gear, to diversify the crowd that is currently primarily focused on motor vehicle recreation.
- Develop a cross-promotional program between the Grover Beach Lodge and Conference Center and various dunes-related recreational activities.
- Develop a program to better inform beach visitors of the retail, dining, and service options that are available in Grover Beach to support their visits. This could include exploration of placing a visitor information kiosk at a location on the Grover Beach Lodge and Conference Center site that would be visible to passersby.

**Cost/Resources Needed:** \$\$\$

**Timing:** Mid- to Long-Term; Ongoing

**Potential Partnerships:** Pacifica Companies (Grover Beach Lodge and Conference Center); Chamber of Commerce; local businesses.

**Action 1G: Leverage Public Infrastructure Investments**

The City of Grover Beach invested in infrastructure improvements in support of the Holiday Inn project on El Camino Real. In addition to serving the hotel project, these improvements can facilitate further development of underutilized property along El Camino Real. The City should work with property owners, real estate brokers, developers, and interested businesses to identify and attract suitable uses, with a goal of creating signature development that will support economic development and enhance the City's identity along Highway 101.

**Cost/Resources Needed:** \$

**Timing:** Near-Term

**Potential Partnerships:** Property owners; real estate brokers; developers; businesses.

**Strategy 2: Enhance Quality of Life**

Communities and economic development practitioners recognize that economic growth is increasingly knowledge-driven, meaning that economic growth depends upon a highly educated and skilled workforce. Businesses seek locations for their operations where a high quality of life helps to attract and retain a talented workforce. Thus, investing in maintaining, enhancing, and improving the local quality of life is a key strategic ingredient for economic development.

**Action 2A: Enhance West Grand Avenue**

As Grover Beach's central business district, its main East-West artery, and gateway from Highway 101 and gateway to the dune, West Grand Avenue is critical to supporting the quality of life for Grover Beach businesses, residents, and visitors. Input gathered throughout the strategy development process pointed to the need for continuing efforts to improve the street, including:

- Implement the West Grand Avenue Master Plan.
- Lighting on West Grand Avenue, to make the street more inviting at night.
- Traffic calming, to slow traffic down and improve visibility of stores; consider a project with diagonal parking or other methods to also increase parking capacity.
- Sidewalks/walkability; ensure that West Grand Avenue is a comfortable walking route, connecting to the lodge and conference center; in addition, the walking route could be extended to tie into the butterfly grove, and other attractions.
- Focusing commercial activity in key nodes and establishing those nodes as target areas for use of resources to help improve the feasibility of private mixed-use

development, including public investments, fee waivers or deferrals, design assistance, relaxation of development standards, and other incentives.

- Sign ordinance update and enforcement to improve aesthetic views along the corridor.

**Cost/Resources Needed:** \$\$\$\$

**Timing:** Ongoing, with Long-Term completion

**Potential Partnerships:** Chamber of Commerce; West Grand Avenue businesses, SLOCOG.

***Action 2B: Homeless Assistance***

Homelessness is a problem that is not likely to be fully resolved in the near- to mid-term, yet it is one of the major concerns raised throughout the process of developing this Economic Development Strategy. In order to minimize the adverse impacts to all involved, the City should take steps that are within its control to help address the homelessness problem, including:

- Continue building on recent Council ordinances to address vagrancy issues and Police Department initiatives to clear illegal camps.
- Explore options to provide homeless with services in appropriate locations where problems will not spill over to commercial and residential areas.
- Consider the potential role of a South County homeless service center in improving the situation.

**Cost/Resources Needed:** \$\$\$

**Timing:** Ongoing

**Potential Partnerships:** San Luis Obispo County; City of Pismo Beach; City of Arroyo Grande; 5 Cities Homeless Coalition and other non-profit homeless advocacy organizations; Community Action Partnership of San Luis Obispo County; Homeless Foundation of San Luis Obispo County.

***Action 2C: Arts Initiative***

Research for this strategy identified that Grover Beach has a history as an artist community; however, arts have not been a very visible component within the City in recent years. Many other communities have recognized development of the arts as important ingredients to both economic development and improving quality of local quality of life. Components of a City arts initiative could include:

- Public art program

- Establish a utility box painting program - public art in cooperation with School District, paint merchants, and other business sponsors, with students as artists.
- Other public art
- Temporary use of underutilized retail spaces as artist studios; City could rent a space to jump start the program; reach out to artists who work out of their homes to occupy the spaces and increase their visibility
- Periodic open studios/arts walks; similar to the SLO County Arts Council or possibly using the Parks & Recreation Department's annual garden tour or similar event as a model
- Establishing a public art fund

Ideally, the City would partner with local artists and arts groups to develop a detailed plan for arts initiative and collaborate on implementation.

**Cost/Resources Needed:** \$\$

**Timing:** Near-Term; Ongoing

**Potential Partnerships:** San Luis Obispo County Arts Council; Local art galleries and art collectives; Lucia Mar Unified School District; Clark Center Foundation; Chamber of Commerce; local performing art studios.

***Action 2D: Expanded Family Activities***

To encourage young entrepreneurs and established business people to choose Grover Beach as a business location, it will be important to bolster Grover Beach's reputation as a family-friendly community. The City should seek to expand the range of activities and amenities for families and children. One specific suggestion is to study the possibility of establishing a permanent space for the YMCA to utilize as a base to provide programs within the City, building on their involvement in managing the City's skatepark.

- Reach out to the YMCA to explore the expansion or addition of youth programs.
- Continue to publish an up-to-date activity guide for children and young adults that identifies the organized activities and facilities available for use, with contact information and costs.
- Explore additional facilities and programming necessary to satisfy unmet needs and which would make Grover Beach more desirable to young families.

**Cost/Resources Needed:** \$\$

**Timing:** Near-Term; Ongoing

**Potential Partnerships:** San Luis Obispo County YMCA; local sports leagues and organizations.

### **Strategy 3: Foster Collaboration**

As a small city, with limited resources, Grover Beach is not in a position to undertake large economic development initiatives on its own. Rather, the City should seek opportunities to foster collaboration with neighboring jurisdictions, and also to encourage local businesses collaborate among themselves for mutual benefit.

***Action 3A: Continue to Participate in Countywide Tourism Business Improvement District***

The City should continue with this program, particularly as it looks to expand its hotel room inventory with the Grover Beach Lodge and Conference Center project and the new hotel on El Camino Real.

**Cost/Resources Needed:** \$

**Timing:** Ongoing

**Potential Partnerships:** Visit SLO CAL; Chamber of Commerce.

***Action 3B: Develop Collaboration Between Grover Beach, Arroyo Grande, and Pismo Beach***

Grover Beach and its neighboring cities along with the Chamber of Commerce should build on the regional marketing efforts by developing projects to collaborate on a sub-regional basis.

- Promote south county; position AG/GB/PB to compete regionally as a destination rather than go alone.
- Coordinate events/activities; such as PB/AG music series
- Improve coordination with Pismo Beach on beach-oriented events promotion and management

**Cost/Resources Needed:** \$\$

**Timing:** Near- to Mid-Term; Ongoing

**Potential Partnerships:** City of Arroyo Grande; City of Pismo Beach; Chamber of Commerce; Central Coast Tourism Council; Visit SLO CAL.



**Action 3C: Develop Collaboration Between Local Businesses**

The City should work with local business leaders to explore formation of a Grover Beach business association that can provide a unifying voice and a venue for local businesses to identify common interests and develop programs to address them. This could take the form of an informal business group that meets periodically to network, a more formal organization such as a business improvement district, or some other form. It is important that business leaders take the lead in such an endeavor, but the City could help support the initial formation of the groups, and consider providing ongoing support. Once established, such a group could be a conduit to the City to assist in identifying priorities for implementation of the Economic Development Strategy, and help to marshal resources to assist with implementation, such as expertise, volunteer labor, and in-kind donations.

**Cost/Resources Needed:** \$

**Timing:** Near-Term; Ongoing

**Potential Partnerships:** Local businesses; Chamber of Commerce.

## **Strategy 4: Build Image and Awareness**

One of the key findings from the research conducted for this study is that Grover Beach suffers within the regional marketplace from the lack of a strong identity or image, which means that the City is not often at the top of the list for businesses within the region that are seeking to relocate and/or expand their operations.

**Action 4A: Marketing Initiative**

Grover Beach should develop a story about why it is a great location for business and then effectively and consistently communicate that message to build awareness of what the City offers, including:

- Business park with land available for businesses that need to expand
  - Currently not visible or known outside of Grover Beach
  - Broadband that is faster and more economical than what is available in many other communities
- Recent positive steps, such as the street repair project and the broadband initiative
- Exciting new projects, including the Grover Beach Lodge and Conference Center
- Interesting new dining restaurants
- Affordability for businesses and employees
- Beachside community lifestyle with ample recreational and cultural opportunities

Specific targets for this messaging could include:

- Businesses within clusters identified by the San Luis Obispo Economic Vitality Corporation (SLOEVC) as part of the San Luis Obispo County Economic Strategy Project. This includes the following clusters:
  - Building Design and Construction
  - Knowledge & Innovation
  - Uniquely SLO County
  - Advanced Manufacturing
  - Health Services
  - Energy
- Briefings and business park tour for commercial real estate brokers who are active in the San Luis Obispo County area, so that they know what Grover Beach has to offer
- Growing small- to mid-sized manufacturing companies located in San Luis Obispo County that may be looking for a place to expand
- Specialty manufacturers who make products with lifestyle ties to local area
- Businesses that have heavy broadband needs (example is application developers, web site developers); the fiber's symmetrical speeds are important, particularly as more businesses use the cloud; businesses that need to access the Pacific Rim and South America with the shortest latency possible
- Businesses within the medical cannabis industry consistent with City regulations
- Second homeowners who have small businesses and could be encouraged to relocate the business to Grover Beach
- Local businesses, to promote business retention and expansion

The City can work with a graphic designer to develop collateral materials to use in business outreach activities, such as a general community background folder, along with cut sheets with information and messaging aimed at specific targeted business types that can be inserted in the folder as appropriate.

**Cost/Resources Needed:** \$\$\$\$

**Timing:** Near-Term; Ongoing

**Potential Partnerships:** Local businesses, including commercial real estate brokerages; SLOEVC; Chamber of Commerce; Central Coast Tourism Council; Visit SLO CAL.

***Action 4B: Enhance the City's Identity on Highway 101***

One of the challenges facing Grover Beach is the City's relatively low profile within San Luis Obispo County. One potential opportunity for the City to raise its profile is to project a stronger identity to travelers on Highway 101. The City should work with property owners, developers, and businesses involved with proposals to develop vacant land on El Camino Real in a way that incorporates signage visible to freeway traffic that announces the City of Grover Beach, as well as the business(es) located on the affected property.

**Cost/Resources Needed:** \$

**Timing:** Near-Term

**Potential Partnerships:** Property owners/developers/businesses.