

# ECONOMIC ELEMENT

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## Section 8.1

### INTRODUCTION AND PURPOSE

The Economic Element is intended to assist the City and the business community in establishing and maintaining an environment which encourages and facilitates business activity in the commercial and industrial areas of Sausalito. A healthy business community is critical to the continuing viability of the City. It not only provides significant business tax revenues that support a large part of the City's public services, but also provides jobs for residents and helps ensure a diversity of activity that makes Sausalito a uniquely pleasant city in which to live.

Sausalito, with its limited land space, cannot attract some of the businesses that require large amounts of office or land space. However, by promoting a business friendly environment, Sausalito's location and other natural attributes, the City can compete very well in attracting and maintaining a diverse cross section of businesses that will flourish. For business within the City to be optimized, a framework of mutual cooperation between the business community, City government, and City residents must be maintained. The resulting benefits that will accrue to both will help Sausalito to remain economically and socially healthy into the future.

## Section 8.2

### OBJECTIVES, POLICIES AND PROGRAMS

The Economic Element presents the City's objectives, policies and implementing programs for issues dealing with the type and rate of commercial development desired during the life of this General Plan. These issues are grouped by the following objectives:

- 1.0 *Establish a Working Relationship with Business.*
- 2.0 *Foster the Spirit of Cooperation with Business.*
- 3.0 *Encourage Business which Enhances Quality of Life.*
- 4.0 *Promote a Diversity in Commercial Usage in the Downtown Commercial Area.*
- 5.0 *Encourage Local Serving Commercial Uses in the Neighborhood and Resident Serving Commercial Areas.*
- 6.0 *Promote and Enhance the Economic Viability of the Marinship.*

#### *Objective E-1.0*

*Establish a Working Relationship with Business. Establish a working relationship with and maintain regular communication with business interests in the Community and in the County.*

#### ■ Policy E-1.1

**Business Committee.** Maintain a Sausalito Business Committee with membership from the City Council, Chamber of Commerce, resident community, and business community.

*Program E-1.1.1*

**Business Committee Establishment.** *Work with the Business Task Force to establish a structure and program for a permanent Business Committee.*

*Program E-1.1.2*

**Business Committee Funding.** *Consider allocating City funding for staff services to support the operation of a Business Committee.*

*Program E-1.1.3*

**Business Committee Reporting.** *Encourage the Business Committee to periodically report to the City Council on the business conditions of the City.*

■ **Policy E-1.2**

**Marin County Economic Commission.** Establish a working relationship with the Marin County Economic Commission.

*Program E-1.2.1*

**Participation in Economic Commission.** *Encourage Business Committee participation in the activities sponsored by the Marin County Economic Commission.*

*Objective E-2.0*

**Foster Spirit of Cooperation with Business.** *Foster the spirit of cooperation and understanding between government and business.*

■ **Policy E-2.1**

**Regulatory Processes.** Develop regulatory processes which advance the needs of business in Sausalito.

*Program E-2.1.1*

**Zoning Administrator.** *Activate the Zoning Administrator position to review and decide on routine discretionary business permit applications that are normally reviewed by the City's discretionary public hearing bodies.*

*Program E-2.1.2*

**Review Permitted Uses.** *Periodically review uses permitted in the Zoning Ordinance for all commercial, industrial, and waterfront districts.*

*Program E-2.1.3*

**Zoning Ordinance Update.** *Seek feedback from the Business Committee on proposed changes to the zoning ordinance regulations affecting business required to implement this General Plan.*

*Program E-2.1.4*

*Development Review Procedures. Investigate methods to streamline and improve development review procedures.*

■ Policy E-2.2

**Economic Information.** Consider available information on the state of the economy of Sausalito and Marin County when decisions which impact business are under review.

*Program E-2.2.1*

*Information Data Base. Maintain a data base of demographic and economic information as available from the Bureau of the Census, Marin County, and other sources.*

*Program E-2.2.2*

*Environmental Impact Reports. Include economic impact sections in Environmental Impact Reports prepared for major new development in Sausalito.*

*Objective E-3.0*

*Encourage Business Which Enhances Quality of Life. Encourage business in Sausalito which enhances the residents' quality of life.*

■ Policy E-3.1

**Existing Business.** Encourage existing businesses which produce high tax revenue per employee and produce minimum environmental impact to remain in Sausalito.

*Program E-3.1.1*

*Business Interviews. Conduct interviews with representatives of existing companies to determine service needs and local government's ability to address those needs.*

■ Policy E-3.2

**New Business.** Encourage new businesses which produce high tax revenue per employee and produce minimum environmental impact.

*Program E-3.2.1*

*Action Plan. Establish as a task of the Business Committee the preparation of an action plan which identifies actions the City can take to encourage targeted new businesses.*

■ Policy E-3.3

**Other Businesses.** Encourage diverse business opportunities.

*Program E-3.3.1*

*Business License. Review business licensing procedures to determine whether they discourage small businesses in Sausalito.*

*Program E-3.3.2*

*Home Occupations.* Review land use regulations concerning home occupations to determine whether changes might be in order which consider the trend toward home businesses while still providing protection to residential neighborhoods.

*Objective E-4.0*

*Promote a Diversity in Commercial Usage in the Downtown Commercial Area.* Encourage the diversity and long term viability of the City's Downtown commercial area by working with area property and business owners to establish a commercial district that reflects the desires of the local community and visitors alike.

■ **Policy E-4.1**

**Downtown Uses.** Promote and enhance a diversity of uses in the Downtown area.

*Program E-4.1.1*

*Special Use District.* Investigate establishing a Special Use District in order to maintain a well balanced mix of desired commercial uses in the Downtown consistent with Policy LU-2.2 of the Land Use and Growth Management Element.

*Program E-4.1.2*

*Hotel Uses.* Encourage and promote small hotels and Bed and Breakfast accommodations in the Downtown area which are consistent with the scale and size of existing commercial buildings.

*Program E-4.1.3*

*Encroachments.* Continue to authorize outdoor dining on sidewalks in the Downtown where deemed appropriate by the City.

■ **Policy E-4.2**

**Access and Parking.** Provide sufficient access to the Downtown and parking at reasonable rates at the Downtown parking lots and meters.

*Program E-4.2.1*

*Parking Costs.* Investigate the possibility of developing a Downtown area assessment district for the purposes of eliminating parking meters and parking charges.

*Program E-4.2.2*

*Parking Lots.* Improve programs which encourage local residents to use the Municipal Parking Lots when visiting the Downtown area.

*Program E-4.2.3*

*Parking Garage.* Consider the construction of a low profile Parking Garage if included in the Downtown Master Plan referred to in Land Use and Growth Management Element Program LU-4.7.1.

*Program E-4.2.4*

*Parking Standards.* Eliminate the need for the provision of parking for all principally permitted uses in existing commercial spaces in the Downtown area.

*Program E-4.2.5*

*Parking Study.* Study the need for additional parking in the Downtown area.

*Program E-4.2.6*

*Employee Parking.* Explore alternative forms of transit service such as shuttle service from remote parking sites for employees of businesses in Sausalito as described in Circulation and Parking Element Program CP-3.3.1.

*Program E-4.2.7*

*Tour Buses.* Consider reevaluating the City's policy on tour bus operations.

■ Policy E-4.3

**Downtown Appearance.** Maintain and enhance the appearance of the Downtown to promote a clean and aesthetically pleasing shopping and visiting experience.

*Program E-4.3.1*

*Downtown Clean Up.* Consider a program for regular City washing of sidewalks and trash containers.

*Program E-4.3.2*

*Signage.* Review and modify the sign ordinance in order to establish a clear and simple review procedure consistent with Program CD-1.6.2.

*Program E-4.3.3*

*Garbage Collection.* Investigate the development of a garbage collection system that will eliminate the placement of garbage on sidewalks in the afternoon and evenings.

*Objective E-5.0*

*Promote Local Commercial Uses in the Neighborhood and Resident Serving Commercial Areas.* Promote and enhance the neighborhood commercial areas as local serving commercial areas.

■ Policy E-5.1

**Neighborhood Commercial Uses.** Promote and enhance a diversity of local serving commercial uses in the neighborhood commercial areas of the City.

*Program E-5.1.1*

*Permitted Uses.* Revise the list of permitted uses in the Caledonia Street area consistent with Land Use and Growth Management Element Policy LU-2-10.

*Program E-5.1.2*

*Retail Uses.* Retail/service uses should be favored over office uses on the ground floor.

*Program E-5.1.3*

*Parking.* Continue to develop new parking and traffic approaches to support the residential and commercial activities in the Caledonia Street area as described in Policy LU-2.11 of the Land Use and Growth Management Element.

■ Policy E-5.2

**Pedestrian Environment.** Promote and enhance the pedestrian environment along Caledonia Street.

*Program E-5.2.1*

*Encroachments.* Continue to authorize outdoor dining on sidewalks where deemed appropriate by the City.

*Program E-5.2.2*

*Street Beautification.* Establish a beautification program for the Caledonia Street area.

*Objective E-6.0*

*Promote and Enhance the Economic Viability of the Marinship.* Promote and enhance the Marinship area as a location for future commercial and industrial growth.

■ Policy E-6.1

**Marinship Uses.** Promote and enhance the long term economic viability of the industrial, waterfront, and existing commercial areas of the Marinship.

*Program E-6.1.1*

*Marinship Specific Plan.* Review and revise, as necessary, the uses and regulations identified in the Marinship Specific Plan after the completion of the General Plan and Zoning Ordinance update program.

*Program E-6.1.2*

*Applied Arts.* Consider expanding the list of "applied arts" in the Marinship Specific Plan.

■ Policy E-6.2

**Assessment District(s).** Encourage the formation of Assessment District(s) within the Marinship with a goal of creating an improved circulation system in the area.

*Program E-6.2.1*

*City Assistance.* Provide appropriate incentives and assistance to the property owners in the Marinship for the creation of assessment districts.

### *Section 8.3*

## **ECONOMIC ELEMENT BACKGROUND**

**T**he Economic Element Background section describes the economic conditions of Sausalito and the impact of plan policies on future economic conditions. This section outlines the current economic trends and the changes necessary to accommodate changing needs in the community. Finally, it describes the need for and intent behind the economic policies and their implementing programs.

### **■ Element Preparation**

In October 1992, the Sausalito City Council was petitioned by the Sausalito Chamber of Commerce to include, as a part of the comprehensive Sausalito General Plan update, an element which addresses the City's future economic condition. The City Council recognized the formation of and authorized the participation in the Chamber of Commerce's Business Task Force. The objective of the Task Force was to produce an economic report from which policy recommendations benefiting the business community could be drawn and incorporated into the 1995 General Plan.

The Business Task Force (BTF) consisted of ten individuals from the business community and Sausalito City government. The BTF met from October 1992 to November 1994. Members of the BTF reviewed data, economic conditions, sources of revenues, survey results, ordinances and plans. They solicited input through surveys of business owners and commercial landlords, advertisement in the local newspaper, community meetings, the Chamber of Commerce, and both Downtown and Caledonia merchant groups. The BTF also hired a private consultant to compile and analyze facts and figures reflecting Sausalito's business environment. In November 1994, the BTF released their report on the City's current economic conditions and the policy recommendations to improve Sausalito's economy.

### **■ Sausalito Population and Jobs Projections**

The rate of growth in Sausalito has been slow. Between 1980 and 1990, the Census data shows that the total population of Sausalito actually decreased by 186 persons. Based on the 1992 Association of Bay Area Governments (ABAG) projections, the General Plan anticipates a very modest growth to approximately 7,500 persons by the year 2000. A population of 7,500 in the year 2000 would be a 4.6% increase in population from 1990.

In 1990, Sausalito households averaged 1.75 persons per household, which are the smallest in Marin County. According to ABAG, the employed resident per household ratio was 1.22 employed residents per household. Based on the 1990 census of total housing units in Sausalito, the number of employed residents in 1990 totaled approximately 5,300 persons.

ABAG projects that in the year 2010, the employed resident per household ratio will decrease to 1.18 employed residents per household. Assuming that the potential maximum residential development in accordance with the 1995 General Plan (434 units) is realized, the number of employed residents will increase by 512 persons to a total of approximately 5,800 persons. Assuming that the 1995 General Plan policies concerning maximum commercial and industrial development are achieved, a total of approximately 241,000 new square feet of commercial and



191,000 new square feet of industrial development could occur in Sausalito. This amount of square footage may result in a total of approximately 770 additional jobs (the square footage to jobs ratio is based on the CalTrans Trip Generation Research Counts).

Using 1990 census data, Sausalito, currently has a jobs to employed resident ratio of .91 jobs to employed residents. Assuming maximum development of the City in accordance with the 1995 General Plan policies is realized, the jobs to employed residents ratio will increase to .97 jobs per employed resident. Sausalito has the opportunity to grow increasingly self sufficient in employment opportunities.

## ■ Existing Economic Characteristics

### *Taxable Sales Trends*

Of the five largest Southern Marin cities, Sausalito has the second largest taxable sales per household, second only to the City of Corte Madera which contains several major shopping centers. During the five year period, 1986-1991, Sausalito experienced a 21.9% taxable sales increase, the third highest percentage rate among the five major Southern Marin cities. However, in 1992, sales declined by 7.1%, compared to a slight overall Countywide decline of .3%.

While Sausalito has only 3% of Marin County population, the City captures nearly 6% of the County's annual taxable sales. This is disproportionately high sales activity considering Sausalito's small resident population; and indicates the impact which visitors and tourists have on the local economy. Sausalito taxable sales per household are \$31,269, which is 30% higher than the Marin County average of \$23,905. Non-resident taxable sales in Sausalito have a major impact on the City budget. The 1% sales taxes going to the City totals approximately \$1.5 million per year (1991), and represents 20% of Sausalito's general fund revenue. If Sausalito annual sales tax revenue were to drop by half to the City's 3% population share of the County, each of Sausalito's 4,400 households would have to make up \$150 per year to equal the City's present visitor swollen tax revenue.

### *Taxable Sales Sources*

According to the State Board of Equalization, there were 876 Sausalito businesses with taxable sales permits in 1991. Of this total, 239 are retail outlets which represent 27% of taxable sales establishments and generate 67% of City taxable sales. The remaining 637 outlets are wholesale, professional and other non-retail taxable sales enterprises. Non-retail sales generate the largest single portion (37%) of all Sausalito taxable sales revenue. The second largest sales volume generator is specialty retail stores, providing 27% of total City sales volume. Third largest category, with 20% of total sales volume, is eating and drinking places. The dominant role of eating and drinking places in local taxable sales is shown by noting that while these outlets represent only 5% of total taxable sales establishments, they generate 20% of the City's taxable sales revenue. Similarly specialty retail stores comprise only 12% of taxable sales outlets, but generate 27% of Sausalito taxable sales revenue.

Table 8-1

**Southern Marin Cities 1992 Taxable Sales Per Household**

<u>CITY</u>	<u>TOTAL TAXABLE SALES (\$000)</u>	<u>TAXABLE SALES PER HOUSEHOLD</u>
Corte Madera	\$299,707	\$80,405
Larkspur	\$110,569	\$17,736
Mill Valley	\$113,963	\$18,438
Sausalito	\$137,520	\$31,269
Tiburon	\$34,064	\$9,609
Marin County	\$2,431,673	\$23,905

Source: State Board of Equalization

***Sales Tax Generation by Commercial Area***

A survey of the City's sales tax revenue was undertaken in order to determine the amount of sales tax generated by geographical areas. The areas surveyed were the various commercial sectors of the City. The sales tax data which was the subject of the survey was limited to the first three (3) quarters of 1994. The results of the survey clearly indicate that two commercial areas of the City predominate in generating sales tax revenue for the City. Those two commercial areas are the Downtown and Marinship commercial areas respectively. Comparing the three quarter sales tax revenues from each commercial area, the Downtown commercial area accounts for 27.2 percent of the total generated sales tax revenue. The Marinship area accounts for 26.7 percent of the total generated sales tax revenue. Located within these two areas are nineteen (19) of the top twenty five (25) sales tax generating companies of Sausalito.

Table 8-2

**Sausalito Taxable Retail Sales Portion of County Total (1987-1992)**

[Figures in \$000]

<u>YEAR</u>	<u>SAUSALITO SALES</u>	<u>MARIN COUNTY SALES</u>	<u>SAUSALITO PERCENTAGE</u>
1987	\$124,858	\$1,992,934	6.3%
1988	\$128,685	\$2,143,147	6.0%
1989	\$140,040	\$2,303,433	6.1%
1990	\$146,596	\$2,463,635	5.9%
1991	\$148,013	\$2,425,489	6.1%
1992	\$137,520	\$2,431,673	5.7%

Source: State Board of Equalization

Table 8-3  
**Sausalito Taxable Retail Sales Generators (1991)**

<u>TYPE OF USE</u>	<u>SALES (\$000)</u>	<u>PERCENT OF TOTAL SALES</u>	<u>NO. OF OUTLETS</u>	<u>PERCENT OF TOTAL OUTLETS</u>
Apparel stores	\$12,280	8.2%	37	4.2%
Food stores	\$6,238	4.2%	12	1.3%
Eating & drinking	\$29,669	20.0%	47	5.4%
Home furnishings	\$2,252	1.5%	20	2.3%
Building materials	\$2,292	1.5%	8	.9%
Other retail stores	\$40,573	27.4%	109	12.4%
<b>Retail Stores Total</b>	<b>\$93,304</b>	<b>63.0%</b>	<b>239</b>	<b>27.3%</b>
Non-retail outlets	\$54,709	37.0%	637	72.7%
<b>Overall Total</b>	<b>\$148,013</b>	<b>100%</b>	<b>876</b>	<b>100%</b>

Source: State Board of Equalization

***City Business License Profile***

According to the City of Sausalito records, a total of 1,053 business licenses were in effect in April, 1993. The single largest category is resident serving businesses and services (29% of total), followed by business, wholesale and general services (21% of total) and home-based businesses (15% of total). In 1992, there were 198 new business licenses issued, adding over 20% to the previous year's total.

City business licenses are an important revenue source for City services. Using the fiscal year of 1991-92 as a base indicator, the City has experienced a slight increase in business license fees. In fiscal year 1991-92, the City collected \$314,894 in license fees. In fiscal year 1992-93, the City collected \$315,728 in license fees. The City collected \$317,957 in business license fees during the fiscal year of 1993-94.

***Businesses by Size and Headquarters***

According to the 1991 Business Prospector survey of 821 Sausalito businesses, two-thirds had one to three employees, 29% had 4-15 workers, and only 4% of local businesses had 16 or more employees. This report shows 79% of Sausalito businesses are local and 13% are branches of businesses with headquarters elsewhere. A total of 61 Sausalito firms (7%) were headquarters companies with additional offices located in other cities.

Table 8-4  
**Sausalito Businesses by Size and Headquarters (1991)**

	<u>NUMBER OF BUSINESSES</u>	<u>PERCENTAGE OF TOTAL</u>
1-3 Employees	553	67%
4-15 Employees	234	29%
Over 15 Employees	34	4%
	<u>NUMBER OF BUSINESSES</u>	<u>PERCENTAGE OF TOTAL</u>
Local	651	79%
Branch	109	13%
Headquarters	61	7%
<b>Total Surveyed</b>	<b>821</b>	<b>(Not 100% due to rounding)</b>

Source: 1991 Business Prospector

***Business Employment by SIC Code***

The largest group of Sausalito employers in Sausalito is business and commercial services (SIC Code 739), with a total of 73 companies located in the City. Next in number are eating places (51), followed by mailing, reproduction, stenographic services (41) and miscellaneous retail shops (37). Table 8-5 is a profile of the 5 largest categories of businesses.

Table 8-5  
**Sausalito Business Categories Ranked by Size**

**SIC Code 739: Misc. Business and Commercial Services**

Total number of businesses: 73			
1-3 employees	62	Local	65
4-15 employees	11	Branch	5
		Headqtrs	3

**SIC Code 581: Eating Places**

Total number of businesses: 51			
1-3 employees	17	Local	39
4-15 employees	32	Branch	9
16 or more	2	Headqtrs	3

Table 8-5 Continued

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**SIC Code 733: Mailing, Reproduction, Stenographic Services**

Total number of businesses:	41		
1-3 employees	35	Local	35
4-15 employees	5	Branch	5
16 or more	1	Headqtrs	1

**SIC Code 594: Miscellaneous Retail Shops**

Total number of businesses:	37		
1-3 employees	22	Local	28
4-15 employees	14	Branch	6
16 or more	1	Headqtrs	3

**SIC Code 891: Engineering and Architectural Services**

Total number of businesses:	32		
1-3 employees	25	Local	31
4-15 employees	7	Branch	0
		Headqtrs	1

Source: 1991 Business Prospector

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***Expenditures by Visitors***

San Francisco Visitor and Convention Bureau estimates that a total of 13 million visitors visited the San Francisco Bay Area in 1991. A 1989 survey by Economics Research Associates indicated that Sausalito/Tiburon/Muir Woods was mentioned by forty percent (40%) of the total visitors as a planned part of their visit. Optimistic assumptions suggest that perhaps as many as one million visitors visit Sausalito annually.

Precise estimates for expenditures by Sausalito visitors are not available. However, using the geographical sales tax survey for the first three quarters of 1994, it is readily apparent that the Downtown benefits from a large amount of sales. Since the Downtown area is primarily oriented to providing visitor services, it can be reasonably assumed that the visitors to Sausalito account for a significant amount of the City's revenue.

**■ General Economic Objectives**

To further the spirit of cooperation between the City and the business community, the General Plan proposes to establish a Business Committee comprised of local business owners, residents and City Councilmembers. The purpose of this board will be to periodically evaluate the economy of the City and what changes should be made to promote the economic health of the business community.

The business community has expressed concern over the type and amount of regulation imposed on non-residential uses and structures. While recognizing the importance of continued regulation of commercial uses and structures, the General Plan calls for a regulatory and permitting process which balances community desires with local business needs.

### ■ Commercial District Economic Objectives

Sausalito consists of several distinct commercial areas. As such, the policies of the Economic Element have been separated to address specific policy objectives of the various commercial areas. The three areas identified by the Economic Element are: the Downtown, Neighborhood and Resident Serving, and the Marinship.

#### *The Downtown*

The Downtown area is to remain the predominately visitor serving commercial area of the City. The General Plan calls for the promotion and enhancement of a diversity of uses in the area. A potential process to promote diversity may include the establishment of a Special Use District in the Downtown. A Special Use District will identify allowed uses, determine the number of each allowed use which is appropriate and describe the process for granting approvals in the District. The Plan also calls for promoting the Downtown area for shopping and sightseeing. In order to promote the area, the City will eliminate the parking requirement for principally permitted uses in existing and newly constructed commercial space.

#### *Caledonia and Other Neighborhood and Resident Serving*

The Caledonia Street commercial area is to be a local serving commercial area with a mixture of residential and commercial uses. Like the Caledonia Street area, the other neighborhood and resident serving areas of the City are intended to promote those uses which are necessary for local residents or are needed on a neighborhood level. As is the case for the Downtown area, the requirement for principally permitted uses in existing and new structures may be eliminated after an analysis of the impact of the parking policy change on the Caledonia Street area is made.

#### *The Marinship*

The Marinship is Sausalito's area of greatest potential for commercial growth. This area is subject to the development and use regulations of the Marinship Specific Plan (MSP) which limits new uses to industrial and waterfront dependent types of uses. The MSP also permits "applied arts" uses to be located in the Marinship. Applied arts are those types of uses which may have an artistic quality. For example, architects and graphic designers are known as applied arts. The Economic Element suggests that without contradicting the intent of the MSP, the list of permitted applied arts may be expanded.

In light of the possible changed economic conditions of the City since the adoption of the MSP, the General Plan calls for the review and revision, as deemed necessary, of the Marinship Specific Plan.