



# City of Millbrae, California

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## 2013 Economic Development Plan

February 12, 2013



# City of Millbrae, California 2013 Economic Development Plan

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**Prepared for the City of Millbrae by**





**City of Millbrae**  
**2013 Economic Development Plan**  
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## **City of Millbrae**

### **2013 Economic Development Plan**

# **Executive Summary**

When the State of California decided to assert control over locally-generated redevelopment tax increment revenue, most small to medium-sized cities that came to rely on these funds began turning to other methods to promote their communities and create a business-friendly economic environment. Many of these cities have sought to actively reassess permit processes and fee regulations, establish closer ties with local real estate brokers, re-prioritize capital improvements, seek out grants, work with merchants to establish business improvement districts, and challenge certain long-standing zoning assumptions.

The purpose of the Millbrae 2013 Economic Development Plan is to take a snapshot of the City's current status relative to its recent economic development goals and activities, to assess local and regional trends, to examine current growth opportunities, and to introduce a series of tools that the City may employ on a "go-forward" basis to help remain focused on addressing commercial, retail and industrial development.

The 2013 Economic Development Plan provides an analysis of City's current economic profile, identifies certain financial issues facing the City that are interrelated with economic development, assesses the relative strengths, weakness, opportunities and threats that are perceived by community stakeholders, and offers short-term and long-term strategies for addressing economic needs. The Plan is based on the following underlying assumptions:

1. That the City is largely built out, thereby limiting the opportunities for any new, large-scale commercial development.
2. That because of the absence of large developable sites, the City must focus its efforts on adaptive property reuse, parcel consolidation and rehabilitation.
3. That there are at least 10 existing retail centers in proximity to Millbrae that address regional shopping needs and that these centers will continue to affect the City's ability to attract customers across jurisdictional boundaries.
4. That the revitalization of the Downtown Area, Millbrae Station and El Camino Real corridor should be a major priority for the City.
5. That because of the City's current zoning and land use distribution, there are limited opportunities to attract new industrial and/or manufacturing businesses.

6. That tax increment financing and other redevelopment-related funding sources will not be available to the City for the foreseeable future.

## **Economic Profile**

The City's consultants, Kelly Associates Management Group (KAMG) examined data from the 2000 and 2010 U.S. Census along with five-year demographic estimates provided by the Census Bureau. In addition, information was obtained from the State of California Departments of Finance and Economic Development, the San Mateo County Economic Development Association, the County of San Mateo, the Association of Bay Area Governments (ABAG), and various Internet-based search sites. Major findings and conclusions from the data analysis include:

- **Population** – While Millbrae's overall population has increased moderately over the past 10 years (3.9%), the City has witnessed a notable cultural shift in the percentage of Asian population.
- **Age** – The median age of Millbrae residents in 2010 was 44.8 years which is slightly older than the 2000 census (42.3 years). Regionally, Millbrae's population is older than the median age in San Mateo County (39.3 years).
- **Education** – The levels of educational achievement continues to improve with notable increases in the number of residents with college education and a decrease in the numbers who fail to finish high school.
- **Income** – Based on a five-year running estimate, the median household income in Millbrae is \$83,992 which is slightly below San Mateo County (\$87,663) but much higher than the State of California (\$61,632). The City has seen a 9.2 percentage point increase in households with incomes over \$100,000 since 2000.
- **Employment** – Based on the most recent data from the State of California, Millbrae's unemployment rate of 3.1% is second best in San Mateo County (the County's overall unemployment rate was 6%). The resident workforce in 2011 (those 16 years and older) was slightly under 10,000 and remains largely service-oriented with professional and educational industries most often represented. In contrast, businesses in Millbrae employ nearly 4,600 people with the major industries including Accommodation and Food Service (31.4%), Retail Trade (17.9%) and Health Care/Social Assistance (15.9%).

## **Financial Issues**

Much of the City government's ability to influence the course of local economic events depends on its own fiscal health and stability. Whether it's providing desired services, facilities or infrastructure, the City plays a key role in defining the overall quality of life. One of the key indicators of the challenge facing the City is its reliance on four key revenue sources that are

heavily influenced by outside economic conditions. These include Property Taxes, Transient Occupancy Taxes, Sales Taxes, and Fines & Forfeitures. Together, these sources constitute some 80% of all General Fund revenue used to support ongoing services.

In 2011, a Five Year Financial Forecast was presented to the City Council which sought to develop factual, accurate, timely and objective information about the City's financial condition, provide an opportunity to identify financial trends/shortfalls, and proactively address potential issues. This Forecast was intended to serve as a device to highlight significant issues or problems that must be addressed if goals are to be achieved, service levels maintained, and long-term fiscal health/viability of the City insured.

The forecast projected a "revenue gap" over the next five years, which is not the same as a "budget deficit." In this context, cumulative expenditures are projected to exceed cumulative available resources by as much as \$7.3 million by fiscal year 2016-17 if nothing is done to take corrective action.

## **SWOT**

As part of the process for developing the 2013 Economic Development Plan, KAMG and City staff reached out to community stakeholders to solicit their insights, opinions and suggestions. Known as a SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats), the goal was to insure that there was broad input before any decisions or directions were chosen. In order to be successful, an economic development plan needs public participation at the outset to help insure community acceptance. The stakeholders who participated included:

Millbrae School District	Lion's Club
San Mateo High School District	City Commissioner and Board members
Millbrae High Schools (Capuchino and Mills)	SSF Scavengers
New Vision Methodist Church	First National Bank of Northern California
St. Dustan Church	Local Brokers and Realtors
Peninsula Chinese Business Association	Millbrae Historically Society
Downtown Process Committee	Millbrae Youth Advisory Committee
Millbrae Chamber of Commerce	

As a result of these meetings, a list was compiled that identified the community's strengths from which to build the 2013 Economic Development Plan, weaknesses that could serve as potential impediments to maximizing economic opportunities in the future, economic development-related policies, programs, activities, improvements and initiatives that are currently available to the community or may become available in the future, and factors in the

community that could serve to inhibit the crafting of effective economic development strategies. The complete list is shown in Section IV of this Plan.

## **Goals & Strategies**

Based on the community outreach efforts, SWOT analysis, and examination of the current economic environment, the following Mission Statement and Goals for the community's 2013 Economic Development Plan are suggested:

**Mission:**

To achieve and maintain a dynamic and robust business climate in the City of Millbrae.

**Goals:**

1. Maximize City's regional role and perception as a major transportation center.
2. Aggressively pursue all avenues of growth for new and existing businesses.
3. Increase sales and property tax base.
4. Enhance the community's quality of life.

Once the overall goals are identified, the next step is to establish a framework of objectives to guide policy and program development. These objectives are organized into five major activity areas:

1. Retail enhancement
2. Job diversification
3. Business retention and expansion
4. Improved development processing
5. External communications

Finally, in order to put the goals and objectives into play, a series of strategies are developed that identify specific actions and assignments that should be pursued. For the purpose of this Plan, short-term strategies are those which should be accomplished within one to two years. Long-term strategies would be addressed over two-plus years. It is also necessary to assign specific responsibility and accountability to insure the accomplishment of these strategies.

Section V of this plan includes a series of tables that illustrate all of the recommended goals, objectives and strategies.

## **Conclusion**

Millbrae has historically chosen to place its economic development emphasis on the El Camino Real corridor and the Downtown business area. Although this has largely been a reflection of the City's desire to build on the character and quality of its existing assets, it also speaks to the practical reality that there is very little developable land in the city and that much of the major retail opportunities have already been captured by neighboring communities.

The fact that Millbrae is predominately built out imposes certain constraints on the kinds of opportunities that exist or can be achieved. Numerous comments were made during the SWOT Analysis that Millbrae has missed out on regional economic development opportunities as evidenced by the fact that surrounding cities captured the traditional major retail stores. That being stated, Millbrae will need to embrace programs that entice unique, boutique, services and retailers. With the Multi-Modal Center being a major transportation magnet, the City's goal needs to be to maximize that opportunity.

Millbrae continues to be a mature, family-oriented residential community that reflects higher-end median household incomes, a commitment to education and a growing cultural diversity. The City has established high standards for development, public amenities and facilities. All of these attributes will work well to begin an aggressive economic development "Renaissance".



## **City of Millbrae**

### **2013 Economic Development Plan**

# **Section I - Introduction**

With the elimination of redevelopment in California, cities throughout the state have been seeking creative and innovation alternatives to promote commercial activity and to attract/retain businesses. For many years, much of the economic development focus at the local level emphasized financial incentives through redevelopment. These include the acquisition and disposal of real property, funding for loans and grants, marketing and promotion, property and structural rehabilitation (i.e., façade improvements, seismic retrofit, code enforcement, etc.), public capital improvement projects, and the development of affordable housing. Agencies frequently utilized tax increment funds to enter into public-private partnerships in order to encourage business growth and eliminate blight.

Since the State of California has opted to assert control over locally-generated tax increment funds, most small to medium-sized cities that came to rely on these funds must now turn to other methods to promote their communities and create a business-friendly economic environment. Many of these cities have begun to actively reassess permit processes and fee regulations, establish closer ties with local real estate brokers, re-prioritize capital improvements, seek out grants, work with merchants to establish business improvement districts, and challenge certain long-standing zoning assumptions.

The purpose of the 2013 Economic Development Plan is to take a snapshot of Millbrae’s current status relative to their recent economic development goals and activities, to assess local and regional trends, to examine current growth opportunities, and to introduce a series of tools that the City may employ on a “go-forward” basis to help remain focused on addressing commercial, retail and industrial development.

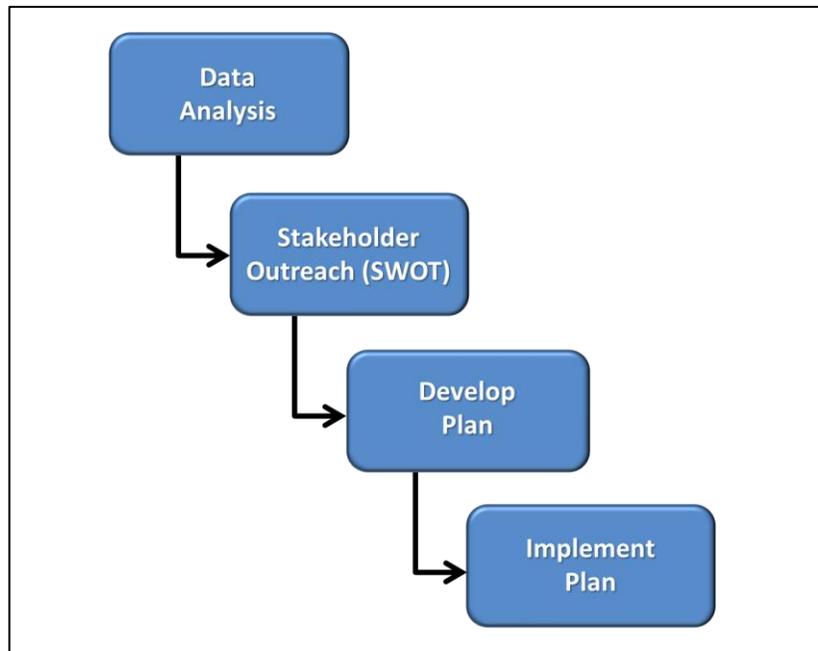
### **Plan Development Process**

The process that Kelly Associates Management Group (“KAMG”) followed for creating the 2013 Economic Development Plan for the City of Millbrae involved empirical data research as well as outreach to the City Council, City Commissioners and staff, and several community stakeholders identified by the City. Among the groups contacted were local school districts, business groups, real estate professionals, and religious and financial institutions. KAMG’s goal for these outreach sessions was to engage in a SWOT analysis (strengths, weaknesses, opportunities, threats) aimed at gauging overall stakeholder perceptions about the state of Millbrae’s local

economy and to elicit suggestions and recommendations about the course of future potential City programs. The results of this SWOT analysis are presented in Section IV.

Exhibit 1 below illustrates KAMG's four-step plan development process:

**Exhibit 1**  
**Economic Plan Development Process**



### Major Plan Assumptions

The crafting of the 2013 Economic Development Plan incorporated the following underlying assumptions:

1. That the City is largely built out, thereby limiting the opportunities for any new, large-scale commercial development.
2. That because of the absence of large developable sites, the City must focus its efforts on adaptive property reuse, parcel consolidation and rehabilitation.
3. That there are at least 10 existing retail centers in proximity to Millbrae that address regional shopping needs and that these centers will continue to affect the City's ability to attract customers across jurisdictional boundaries.
4. That the revitalization of the Downtown Area, Millbrae Station and El Camino Real corridor should be a major priority for the City.

5. That because of the City's current zoning and land use distribution, there are limited opportunities to attract new industrial and/or manufacturing businesses.
6. That tax increment financing and other redevelopment-related funding sources will not be available to the City for the foreseeable future.



## City of Millbrae

### 2013 Economic Development Plan

# Section II – Economic Profile

From Darius Ogden Mills' first country estate in the mid-1800s to incorporation as a city in 1948 to today, Millbrae has been seen as a desirable destination for those seeking quality family life. Also, with the El Camino Real and State Highway 101 serving as the main conduits linking the communities of the San Francisco Peninsula, Millbrae has successfully parlayed its proximity to San Francisco International Airport, and its historic reputation as a major rail hub, to become one of the Bay Area's preeminent transportation centers. Together, these factors constitute the foundation for the City's economic development strategies.

This Section will provide an analysis of key data regarding local and regional socioeconomic trends that influence the crafting of economic development strategies.

## Demographics

KAMG examined data from the 2000 and 2010 U.S. Census along with five-year demographic estimates provided by the Census Bureau. In addition, information was obtained from the State of California Departments of Finance and Economic Development, the San Mateo County Economic Development Association, the County of San Mateo, the Association of Bay Area Governments (ABAG), and various Internet-based search sites.

## Population

The 2010 U.S. Census established the City's population at 21,532. Table 1 depicts changes since the 2000 Census and how these figures compare with State and County populations.

**Table 1**  
**Millbrae Population Comparison**

	<b>2000</b>	<b>2010</b>	<b>Change</b>
Millbrae	20,718	21,532	+3.9%
San Mateo County	707,161	718,451	+1.6%
State of California	33,871,648	37,253,956	+10.0%
<i>Source: U.S. Census Bureau American Fact Finder</i>			

It should be noted that the California State Department of Finance estimated that Millbrae had a population of 22,069 as of January 1, 2012.

Since the 1990 Census, Millbrae has seen an overall population growth of 5.5%. During this same 20-year period, San Mateo County realized a 10.6% population increase. These trends suggest that regional population will grow at a moderate pace in the future while Millbrae’s population base will continue to show slight growth towards an ultimate build-out population of 24,860.<sup>1</sup>

The distribution of Millbrae’s population among racial and ethnic categories (Table 2) shows a significant shift in the City’s Asian population since the last Census. The data shows that Asians made up 42.8% of Millbrae residents in 2010 compared to 27.3% in 2000. The 15.5 percentage point increase is in stark contrast with the overall increase in San Mateo County’s Asian population of 4.8 percentage points during the same period (in 2010, Asians represented 24.8% of County residents).

**Table 2**  
**Racial and Ethnic Population Breakdown**  
 (Percent of Total Population)

Category	2000	2010	Change
White	63.0%	47.3%	-15.7%
Asian	27.3%	42.8%	+15.5%
Two or More Races	3.9%	4.4%	+0.5%
Other Race	3.6%	3.6%	0%
Pacific Islander	1.1%	1.0%	-0.1%
African American	0.8%	0.8%	0%
Native American	0.2%	0.2%	0%
Hispanic or Latino	11.5%	11.9%	+0.4%
Non-Hispanic or Latino	88.5%	88.1%	-0.4%

*Source: U.S. Census Bureau American Fact Finder*

In contrast, the City’s Hispanic/Latino population registered only a 0.4 percentage point increase while overall, San Mateo County realized a 3.5 percentage point bump in this category.

**Table 3**  
**English Only Spoken at Home**

	2000	2010
Population Over 5 Years of Age	19,741	20,516
English Only Spoken at Home	11,213	10,338
Percent English Only	56.8%	50.4%

*Source: U.S. Census Bureau American Fact Finder*

Another indicator of changing cultural patterns is the number of people who only speak English at home (Table 3). The data suggests that in 2010, slightly less than half of Millbrae residents

<sup>1</sup> City of Millbrae *General Plan Housing Element* (adopted January 24, 2006)

were either bi-lingual or spoke little or no English with languages relating to the Asian/Pacific Islander population most prevalent (29.8% of the Millbrae population over the age of 5).

The median age of Millbrae residents in 2010 was 44.8 years which reflects a slight 2.5 percentage point increase from the 2000 Census. As the data in Table 4 shows, the distribution of the population by age did not changed significantly during this 10-year period.

**Table 4**  
**Population Age Breakdown**  
 (Percent of Total Population)

Category	2000	2010	Change
Under 5 Years	4.6%	5.0%	+0.4%
5 to 17 Years	16.0%	15.1%	-0.9%
18 to 64 Years	58.6%	60.2%	+1.6%
65 Years and Over	20.8%	19.7%	-1.1%
Median Age	42.3	44.8	+2.5%

*Sources: U.S. Census Bureau American Fact Finder, Association of Bay Area Governments*

In San Mateo County, the median age in 2010 was 39.3 years. The older population in Millbrae is most evident in the category of “65 Years and Over” where the County’s percentage is 13.4% versus Millbrae at 19.7%.

The 2010 median age in California was 35.2 years.

## Education and Income

The Census Bureau provides Educational Attainment data for those in the population that are age 25 years or older. Table 5 highlights the distribution of educational attainment for these Millbrae populations.

**Table 5**  
**Educational Attainment**  
 (Percent of Total Population)

Category	2000	2011*	Change
No High School Diploma	12.9%	9.3%	-3.6%
High School Graduation	23.7%	20.4%	-3.3%
Some College or Assoc. Degree	29.6%	31.1%	+1.5%
Bachelor’s Degree	22.9%	26.2%	+3.3%
Graduate Degree	10.9%	12.9%	+2.0%

*Source: U.S. Census Bureau American Fact Finder*

*\* American Community Survey Five-Year Estimates (2007 through 2011)*

The trend represented by the data suggests a more educated population with less than 10% of the residents failing to have at least finished high school. Countywide, 11.6% of the population over 25 years of age does not have a high school diploma. It is also interesting to note that while 39.1% of the target population in Millbrae has a Bachelor’s or graduate degree, the Countywide percentage for 2010 was 43.9%.

Both the City and the County (along with the State of California) have also realized significant changes in median household incomes in the years since the 2000 Census. Table 6 summarizes this growth:

**Table 6**  
**Median Household Income**

	<b>2000</b>	<b>2011*</b>	<b>Change</b>
Millbrae	\$68,404	\$83,992	+22.8%
San Mateo County	\$70,819	\$87,633	+23.7%
State of California	\$47,493	\$61,632	+29.8%

*Source: U.S. Census Bureau American Fact Finder*  
*\* American Community Survey Five-Year Estimates (2007 through 2011)*

Table 7 shows the differences in Millbrae’s household incomes at various levels:

**Table 7**  
**Millbrae Household Income**  
**(Percent of Total Households)**

	<b>2000</b>	<b>2011*</b>	<b>Change</b>
Under \$10,000	5.6%	3.9%	-1.7%
\$10,000 to \$49,999	30.1%	23.8%	-6.3%
\$50,000 to \$99,999	35.3%	30.9%	-4.4%
\$100,000 to \$199,999	23.8%	28.9%	+5.1%
Over \$200,000	5.2%	12.4%	+7.2%

*Source: U.S. Census Bureau American Fact Finder*  
*\* American Community Survey Five-Year Estimates (2007 through 2011)*

While household incomes at the upper levels have shown marked increases, the percentage of Millbrae households, at or below the federal poverty threshold, has actually increased from 2.2% in 2000 to 4.3% in the 2011 American Community Survey Estimate. This is consistent with San Mateo County where 4.5% of families had poverty-level incomes in 2011.

## Employment

As of the end of December 2012, the State Department of Employment Development computed an overall unemployment rate for San Mateo County of 6.0% based on an estimated

labor force of 394,800. Table 8 shows the distribution of employment data to the 17 cities in the County as well as unincorporated areas:

**Table 8**  
**San Mateo County Employment**  
(December 2012)

Area Name	Labor Force	Employment	Unemployment	
			Number	Rate
San Mateo County	394,800	371,000	23,800	6.0%
Town of Atherton	3,200	3,100	100	3.3%
City of Belmont	15,200	14,400	800	5.2%
City of Brisbane	2,400	2,100	300	10.6%
Broadmoor CDP	2,200	2,000	200	9.6%
City of Burlingame	16,500	15,800	700	4.4%
City of Daly City	56,500	52,300	4,300	7.5%
City of East Palo Alto	13,700	11,700	2,000	14.5%
El Granada CDP	3,600	3,400	100	4.2%
City of Foster City	17,300	16,500	800	4.4%
City of Half Moon Bay	6,600	6,200	400	6.2%
Town of Hillsborough	4,900	4,800	100	2.6%
City of Menlo Park	16,600	15,800	800	4.9%
City of Millbrae	10,200	9,900	300	3.1%
North Fair Oaks CDP	8,200	7,200	1,000	12.7%
City of Pacifica	23,600	21,900	1,600	6.9%
City of Redwood	43,800	41,100	2,600	6.0%
City of San Bruno	23,200	22,000	1,200	5.2%
City of San Carlos	16,200	15,500	700	4.1%
City of San Mateo	52,000	49,500	2,500	4.8%
City of South San Francisco	33,100	30,600	2,500	7.5%
West Menlo Park CDP	2,000	1,800	100	7.5%

*Source: State of California Employment Development Department*

For the period, Millbrae had the second lowest rate of unemployment in San Mateo County at 3.1%.

The State Employment Development Department shows Millbrae with an employed workforce of 9,900 as of the end of 2012. The data in Table 9 shows a distribution of the employed workforce among the various major industries (Note: This data is derived from the U.S. Census reports for 2000 as well as the American Community Survey Five-Year Estimates for 2007-2011).

**Table 9**  
**Millbrae Residents Employment by Industry**  
**(Percent of Employed Population 16 Years and Older)**

Industry	2000	2011*	Change
Civilian employed population 16 years and over	9,651	9,991	+340
Agriculture, forestry, fishing and hunting, and mining	0.3%	0.3%	0.0%
Construction	8.1%	8.8%	+0.7%
Manufacturing	8.4%	5.2%	-3.2%
Wholesale trade	4.9%	3.6%	-1.3%
Retail trade	11.6%	10.1%	-1.5%
Transportation and warehousing, and utilities	8.6%	8.6%	0.0%
Information	3.9%	2.0%	-1.9%
Finance and insurance, and real estate and rental and leasing	8.6%	10.2%	+1.6%
Professional, scientific, and management, and administrative and waste management services	14.4%	13.8%	-0.6%
Educational services, and health care and social assistance	15.1%	17.0%	+1.9%
Arts, entertainment, and recreation, and accommodation and food services	8.1%	10.2%	+2.1%
Other services, except public administration	4.3%	5.5%	+1.2%
Public administration	3.9%	4.7%	+0.8%
<i>Source: U.S. Census Bureau American Fact Finder</i>			
<i>* American Community Survey Five-Year Estimates (2007 through 2011)</i>			

The trends shown in Table 9 suggest that the occupations of employed Millbrae residents have not appreciably changed since the 2000 Census. The community’s workforce remains largely service-oriented with professional and educational industries most often represented.

In terms of employment opportunities within the City of Millbrae, the U.S. Bureau of Labor Statistics estimated that in 2010, some 4,575 individuals worked in 484 establishments in the City. Table 10 breaks down these figures by North American Industry Classification System (NAICS) designation.

**Table 10**  
**2010 Millbrae Employment by NAICS Code**  
 (Total Employees = 4,575)

NAICS Code	Industry Description	No. of Estab.	No. of Empl.	Empl % of Total
23	Construction	48	228	5.0%
31	Manufacturing	4	38	0.8%
42	Wholesale Trade	26	153	3.3%
44	Retail Trade	59	819	17.9%
48	Transportation and Warehousing	10	49	1.1%
51	Information	7	153	3.3%
52	Finance and Insurance	36	220	4.8%
53	Real Estate and Rental and Leasing	28	137	3.0%
54	Professional, Scientific and Technical Services	53	199	4.4%
56	Admin, Support, Waste Management, Management of Companies and Enterprises	21	168	3.7%
61	Educational Services	10	23	0.5%
62	Health Care and Social Assistance	51	728	15.9%
71	Arts, Entertainment and Recreation	7	84	1.8%
72	Accommodation and Food Services	84	1,435	31.4%
81	Other Services (Except Public Administration)	40	141	3.1%

*Source: U.S. Bureau of Labor Statistics, California Employment Development Department, CLR Search*

The major employment industries in Millbrae in 2010 include:

- Accommodation and Food Service (31.4%) - Nearly one-third of people working in Millbrae in 2010 were employed in these industries including full- and limited-service restaurants (60 of the 84 establishments)
- Retail Trade (17.9%)
- Health Care and Social Assistance (15.9%) – 19 of the 51 establishments in 2010 were dentist offices.

Table 11 shows a listing of the major employers in the City during 2010.

**Table 11**  
**2010 Millbrae Principal Employers**

Principal Employer	No. of Employees	% of Labor Force
Millbrae School District	173	1.8%
A & C Health Care	135	1.4%
San Francisco PUC	300	3.1%
City of Millbrae	141	1.5%
Best Western-El Rancho	150	1.6%
Mills High School	125	1.3%
Magnolia of Millbrae	101	1.1%
Starwood Hotels & Resorts	440	4.6%
Millbrae Serra	135	1.4%
Green Hills Country Club	115	1.2%
Orchard Supply Hardware	100	1.0%
Safeway	100	1.0%
World Journal Inc.	100	1.0%

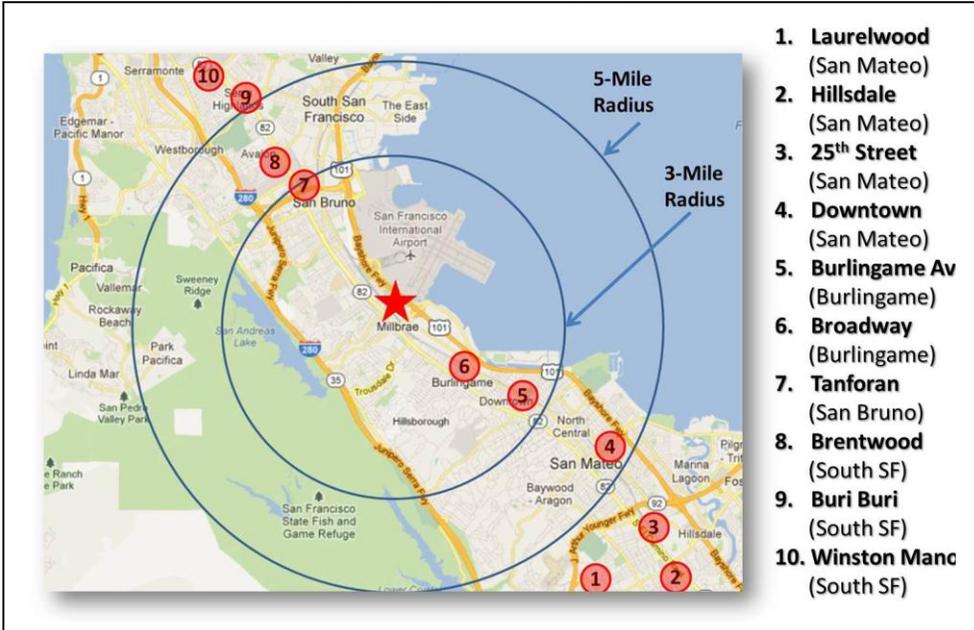
*Source: City of Millbrae - 2011 Comprehensive Annual Financial Report*

## Local and Regional Considerations

For many years, cities throughout California have focused their economic development programs on establishing and promoting better retail opportunities in order to maximize local sales tax revenue. Using the leveraging power of redevelopment tax increment, cities and agencies have aggressively competed with one another to attract the next great “big box” retailer, car dealership, shopping mall, etc. The elimination of redevelopment has brought most of these efforts to an end.

Millbrae has historically chosen to place its economic development emphasis on the El Camino Real corridor and the Downtown business area. Although this has largely been a reflection of the City’s desire to build on the character and quality of its existing assets, it also speaks to the practical reality that there is very little developable land in the city and that much of the major retail opportunities have already been captured by neighboring communities. This is illustrated in Exhibit 2 which shows the proximity of regional retail shopping centers to Millbrae.

**Exhibit 2  
 Proximity of Regional Shopping Centers**



While the City may be limited in its ability to attract large scale retail development, it has spent many years pursuing an economic vision which has identified several sites that are in varying stages of physical transition. Exhibit 3 depicts these major focus areas.

**Exhibit 3  
 Economic Development Focus Areas**



To date, the City and its former Redevelopment Agency have addressed long-range planning goals through the development of the “Downtown Millbrae Market Analysis and Action Agenda” in 1996 and the “Millbrae Station Area Specific Plan” in 1998. These studies envisioned certain public and private improvements in both the Downtown and Station Areas along with design and development standards.



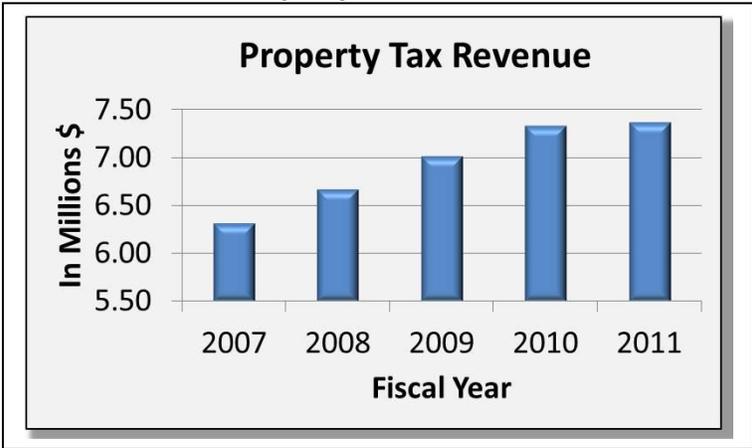
**City of Millbrae**  
**2013 Economic Development Plan**  
**Section III – Financial Issues**

While the goal of an economic development plan should be to create and promote a thriving and responsive business community, much of the City’s ability to influence the course of events depends on its own fiscal health and stability. Whether it’s providing desired services, facilities or infrastructure, the City plays a key role in defining the overall quality of life. This Section will provide an overview of Millbrae’s fiscal status including key indicators of the challenges facing the City Council and staff.

**Major Sources of General Fund Revenue**

Historically, nearly 80% of the revenue that flows to City’s General Fund to finance most day-to-day services stem from the four sources depicted in Exhibits 4 through 8 below. It is significant to note that all of these revenue sources are highly susceptible to local, regional and national economic fluctuations:

**Exhibit 4**  
**Property Tax Revenue**



In 2011, Property Taxes made up 40% of the City’s General Fund revenue. Because these revenues are based on the assessed value of residential and commercial property, and because the City does not have the ability to levy its own tax rate, the annual production of revenue is heavily influenced by annual property sales (turnover) and real estate prices for those parcels on the market.

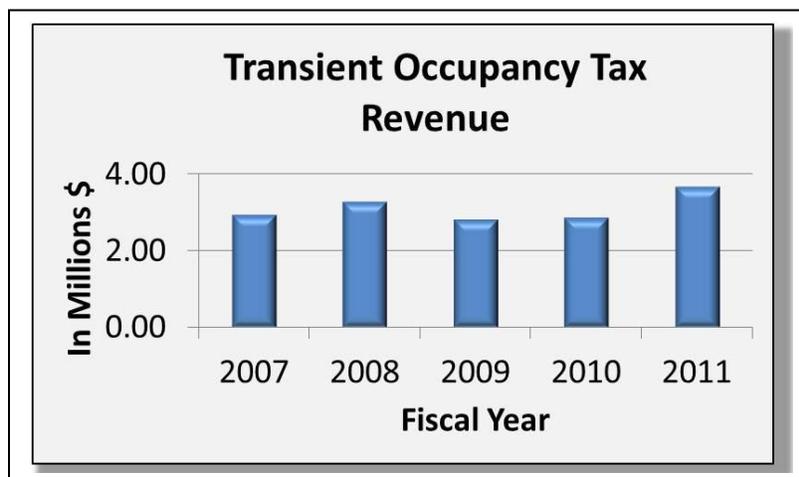
Table 12 shows the City's top 10 property taxpayers for fiscal year 2010-11:

**Table 12**  
**2011 Top 10 Millbrae Property Taxpayers**

Company/Taxpayer	2011 Assessed Value	Percent of City Assessed Value
Westin Bay Hotel Company	68,597,285	1.88%
OR Property Holdings	33,762,500	0.93%
Magnolia of Millbrae, Inc.	27,399,115	0.75%
Zhi Chen	21,690,000	0.59%
Marymount Greenhills LLC	21,264,798	0.58%
Green Hills Country Club	16,891,612	0.46%
Simeon SPFVEF LLC	14,984,065	0.41%
Friend Friend and Friend	14,532,967	0.40%
Wilson Plaza LLC	11,739,607	0.32%
Real Property Storage LLC	11,338,597	0.31%
<b>Total</b>	<b>242,200,546</b>	<b>6.63%</b>

*Source: City of Millbrae - 2011 Comprehensive Annual Financial Report*

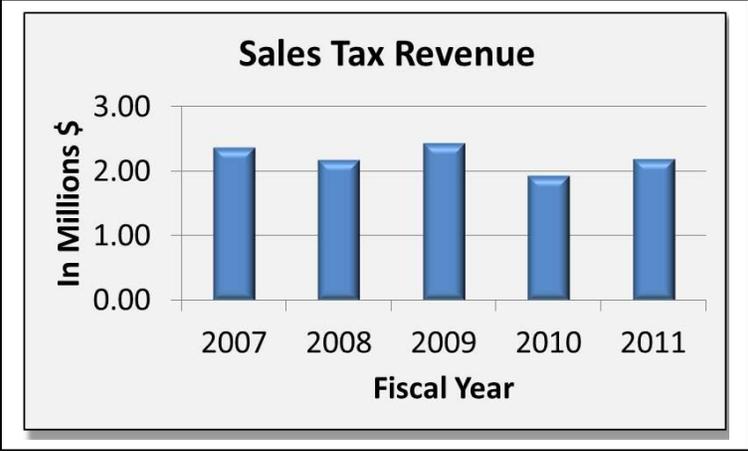
**Exhibit 5**  
**Transient Occupancy Tax Revenue**



The City of Millbrae has seven hotel/motel establishments. In 2011, these accommodations generated some \$3.7 million in Transient Occupancy Taxes (TOT) which represented 20% of all General Fund revenue. The TOT, which is based on 12% of an establishment's room rental charge, has become a significant income source for the City due to the Millbrae Station and the City's proximity to San Francisco International Airport. However, as a source of income, it also

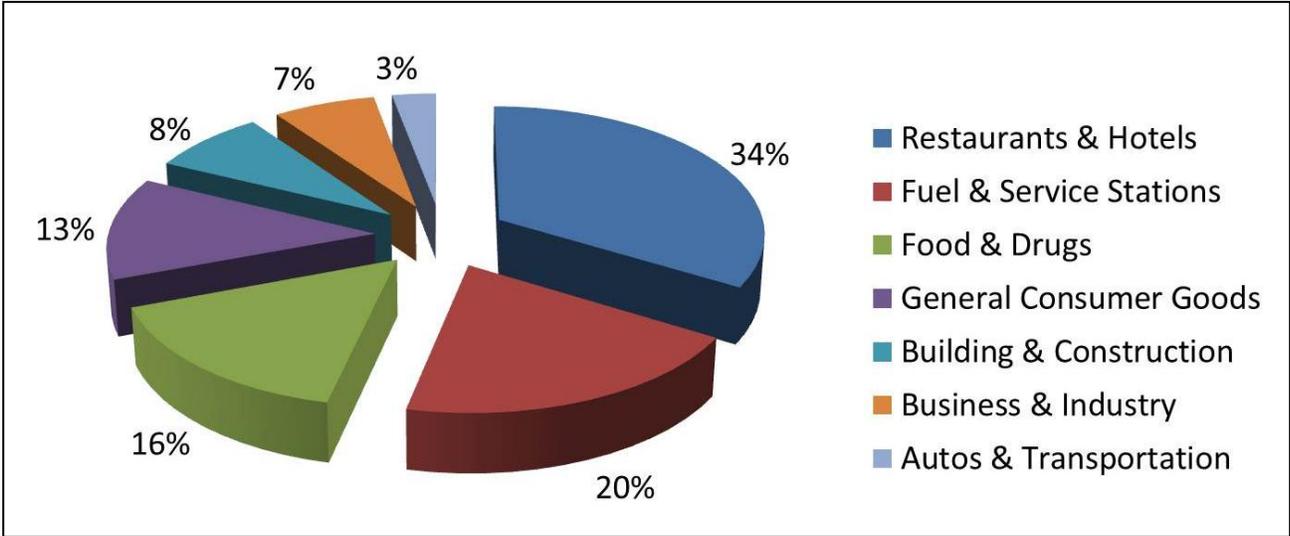
has considerable volatility since the ebb and flow of economic conditions generally assert great influence over individual travel patterns.

**Exhibit 6**  
**Sales Tax Revenue**



Perhaps no other City revenue source is more heavily influenced by the economy than Sales Taxes. Representing nearly 12% of Millbrae’s General Fund, Sales Tax revenue is generated by a broad representation of the City’s retail establishments. Exhibit 7 shows the distribution of Sales Tax revenue for the 4<sup>th</sup> Quarter of 2011 by major industry group:

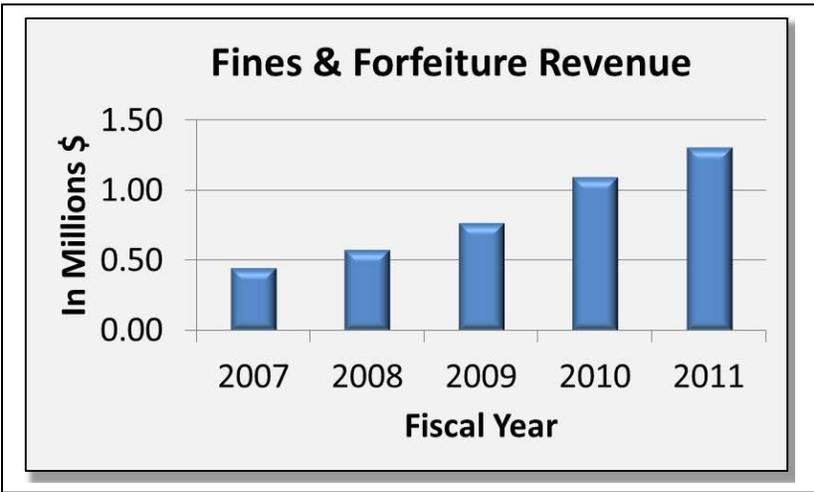
**Exhibit 7**  
**Distribution of Sales Tax Receipts**



With the adoption of Proposition 13 in 1978, cities and counties in California could no longer rely on property taxes to finance on-going operations and capital expenditures. Sales taxes became one of the only sources of revenue that local officials could influence, largely through the practice of economic development. While most of these officials would decry their jurisdiction's reliance on such highly volatile sources to meet demand for services, government's flexibility to pursue alternatives has also been severely restricted.

One alternative that has seen broader application in recent years (if not much public acceptance) has been the assessment of fines and forfeitures. In Millbrae, these revenues made up more than 7% of the total General Fund in 2011.

**Exhibit 8**  
**Fines and Forfeiture Revenue**



**General Fund Revenue Gap**

The City's 2011 Comprehensive Annual Financial Report provided a discussion regarding the Five Year Financial Forecast that was presented to the City Council on November 15, 2011. This Forecast sought to develop factual, accurate, timely and objective information about the City's financial condition, provide an opportunity to identify financial trends/shortfalls, and proactively address potential issues. While the Financial Forecast was not a budget, it did serve as a device to highlight significant issues or problems that must be addressed if goals are to be achieved, service levels maintained, and long-term fiscal health/viability of the City insured.

The forecast projected a "revenue gap" over the next five years, which is not the same as a "budget deficit." In this context, cumulative expenditures are projected to exceed cumulative available resources by as much as 7.3 million by fiscal year 2016-17 if nothing is done to take corrective action. Table 13 shows the revenue gap during the five-year period:

**Table 13**  
**Five-Year General Fund Revenue Gap**

<b>Fiscal Year</b>	<b>Forecasted Gap</b>
2012-13	\$532,023
2013-14	\$701,186
2014-15	\$2,150,962
2015-16	\$2,088,905
2016-17	\$1,818,880
<b>Cumulative Total</b>	<b>\$7,291,956</b>

*Source: City of Millbrae - 2011 Comprehensive Annual Financial Report*

The City's reliance on revenue sources that are heavily influenced by outside economic conditions reflects a significant structural challenge facing the City in the very near future. Unless the economy performs considerably better than projected, or new revenue sources are developed and/or total expenditures are lowered, the City will need to further reduce day-to-day service levels in order to ensure long-term fiscal health and viability.



## City of Millbrae

### 2013 Economic Development Plan

# Section IV – SWOT Analysis

This section summarizes the Strengths, Weaknesses, Opportunities and Threats (SWOT) in Millbrae. The goal was to conduct meetings with the community to insure that as the process of creating an economic development plan began, there was input before any decisions or directions were chosen. In order to be successful, such a plan needs public participation at the outset to help insure community acceptance.

The City Council and City staff suggested community groups and individuals that represented a cross-section of the City. The parties invited included various ethnic, retail, business center, educational and religious institutions, as well as representatives from various City commissions and boards.

As discussed in previous sections, the fact that Millbrae is predominately built out imposes certain constraints on the kinds of opportunities that exist or can be achieved. Numerous comments were made that Millbrae missed out on regional economic development opportunities as evidenced by the fact that surrounding cities captured the traditional major retail stores. That being stated, Millbrae will need to embrace a program to entice unique, boutique, services and retailers. With the Multi-Modal Center being a major transportation magnet, the City's goal needs to be to maximize that opportunity (this will be explained later in this Plan).

The City of Millbrae has established high standards for development, public amenities and facilities. All of these attributes will work well to begin an aggressive economic development "Renaissance".

## Stakeholder Interview Process

A series of community meetings were held in order to solicit community involvement in the preparation of this Plan. These meetings were initiated in October and continued through the end of December 2012. These meetings included a broad, well represented spectrum of community groups and individuals. The following is a listing of attendees:

- Millbrae School District
- San Mateo High School District
- Millbrae High Schools (Capuchino and Mills)

- New Vision Methodist Church
- St. Dustan Church
- Peninsula Chinese Business Association
- Downtown Process Committee
- Millbrae Chamber of Commerce
- Lion's Club
- City Commissioner and Board members
- SSF Scavengers
- First National Bank of Northern California
- Local Brokers and Realtors
- Millbrae Historically Society
- Millbrae Youth Advisory Committee

The focus of the meetings was to solicit opinions and observation about Millbrae's economic development potential and obstacles. The sessions were conducted in a manner to allow interactive participation by conducting a SWOT exercise (strength, weakness, opportunities and threats).

### Summary of Stakeholder Input

The following is a summary of the comments received during the stakeholder interviews. They have been listed in the proper SWOT category:

#### **Strengths**

The stakeholders identified the following community strengths from which to build the 2013 Economic Development Plan:

- Multi-Modal Transit Center (largest west of the Mississippi River)
- Directly adjacent to San Francisco International Airport (SFO)
- Excellent residential neighborhoods
- Great public safety services (Police and Fire)
- Great parks, recreation and library facilities
- Highly educated residents
- Excellent public infrastructure (roads, water, sewer, electrical and gas services)
- Strong development standards and codes
- Excellent restaurants
- Streamlined development processing
- Weather
- Regional accessibility
- Excellent schools

- Diversity
- Small town feel

## **Weaknesses**

The following weaknesses were identified as potential impediments to maximizing economic opportunities in the future. While most of these problem areas could be addressed proactively, others (such as the loss of redevelopment and the reluctance of property owners to engage in development) present challenges which may be difficult, or impossible, to overcome.

- Lack of varied restaurant food choices
- Lack of available land or buildings for large scale development
- Loss of redevelopment
- Future city fiscal issues relative to containing costs while increasing revenue
- Land owners sitting on property and not motivated to develop
- Lack of private entertainment/recreational activities for all age groups
- Outdated buildings needing significant investments to stay functional
- The appearance of Downtown needs work (streets, landscaping, and benches)
- Lack of retail diversity in the Downtown (too many service uses)
- City web page needs to better address economic development opportunities
- Retail leakage to adjacent cities (Millbrae dollars going outside the city)
- Lack of recreational activities for the youth of the community
- Parking issues in the Downtown (enough spaces and enforcement matters)
- Lack of a community swimming pool
- No night life
- No destination points
- City entrances need more denotation/emphasis

## **Opportunities**

The stakeholders were then asked to identify and discuss economic development-related policies, programs, activities, improvements and initiatives that are currently available to the community or may become available in the future.

- Combining properties for larger development opportunities
- Development of the properties in the Millbrae Station area on a priority basis
- Work with the SFPUC on the redevelopment of the site on ECR to provide for a mixed use center (i.e., retail mixed with government offices)
- Opportunities to provide more local service/boutiques uses in the Downtown and on the ECR
- High incomes can support transitions to higher-valued retail

- Utilize City web site and local realtors and brokers to market the city
- Capture commuters at the Transit Center to stay, eat and play around the Station
- Participate in ICSC (International Conference of Shopping Centers) conferences and meetings
- Consider the formation of a Business improvement District (BID) for the Downtown
- Develop a “way finding” signage program to denote civic, cultural and business centers
- Develop “business owners groups” for designated commercial areas
- Develop a “shuttle service” for the hotels to circulate through the City
- Encourage “big box” developments
- Consider museum/art galleries and related uses
- Encourage wine/pub establishments
- Encourage research and development companies
- Encourage culinary school uses
- Encourage boutique coffee/tea stores
- Do a “food truck” night on a regular basis

## **Threats**

The stakeholders then sought to identify some of the factors in the community that could serve to inhibit the crafting of effective economic development strategies.

- Financial resources to facilitate private investment projects
- State taking more City funds
- Changing retail sales trends by retailers (smaller stores)
- City bureaucracy
- City’s image as being residential only



## City of Millbrae

### 2013 Economic Development Plan

# Section V – Goals & Strategies

Based on the community outreach efforts, SWOT analysis, and examination of the current economic environment, the following Mission Statement and Goals for the community's 2013 Economic Development Plan are suggested:

**Mission:**

To achieve and maintain a dynamic and robust business climate in the City of Millbrae.

**Goals:**

1. Maximize City's regional role and perception as a major transportation center.
2. Aggressively pursue all avenues of growth for new and existing businesses.
3. Increase sales and property tax base.
4. Enhance the community's quality of life.

**Transportation** - The ability to be a major player in regional transportation constitutes one of Millbrae's greatest assets, especially in terms of the multi-modal Millbrae Station and the City's proximity to San Francisco International Airport. The City has many great opportunities to guide and encourage transit-oriented development which will have numerous spinoff benefits in the larger retail and commercial sectors.

**Business Growth** - A well-rounded Economic Development Plan requires the City to work closely with the business and real estate communities to assess opportunities for both growing new businesses and marketing existing establishments.

**Tax Base** – The City's ability to encourage positive economic growth will depend in large degree on the extent to which it can continue to provide quality public services. Consequently, the Economic Development Plan must focus on securing a tax base that generates sufficient annual revenue to the City.

**Quality of Life** – All aspects of the Plan must focus on ensuring that Millbrae's historic high quality of life for residents and businesses is maintained.

## 2013 Economic Development Objectives

The development-specific objectives that are being recommended to implement the 2013 Economic Development Plan focus on five major activities:

1. Retail enhancement
2. Job diversification
3. Business retention and expansion
4. Improved development processing
5. External communications

### **1. Retail Enhancement**

RE1	Attract higher-end retail
RE2	Stem the outflow of Millbrae dollars by attracting local serving retail uses
RE3	Encourage a more diverse make up of restaurants
RE4	Intensify housing and retail around the Transit Center
RE5	Revitalize the Downtown area

### **2. Job Diversification**

JD1	Provide opportunities for local residents to work closer to home
JD2	Diversify the job base to encourage more local service and boutique activity centers

### **3. Business Retention and Expansion**

BE1	Acknowledge local merchants
BE2	Be proactive in the recruitment of new retailers
BE3	Track retail activities in the City and the region

### **4. Improve Development Process**

DP1	Implement code changes that will assist development
DP2	Train all city staff on their roles in economic development

### **5. External Communication**

EC1	Use the City web site to communicate with retailers and developers
EC2	Attend ICSC conferences and meetings to market the City

## Short Term and Long Term Strategies

In order to achieve the goals and objectives enumerated above, the following strategies identify specific actions and assignments that should be pursued. For the purpose of this Plan, short-term strategies are those which should be accomplished within one to two years. Long-term strategies would be addressed over two-plus years. The following designations are used to assign responsibility and accountability for accomplishing the strategies:

- CM – City Manager
- CDD – Community Development Department
- PWD – Public Works Department

### Short-Term Strategies

No.	Assignment	Description
ST1	CDD	Develop marketing material for the City web page and for a marketing brochure with handouts
ST2	CM, CDD & PWD	Review fee incentives/waivers to assist specific developments
ST3	CDD	Create a special drop-down link on the City’s website home page for “Economic Development” including links to the Chamber of Commerce, school districts, etc.
ST4	CDD	Continue attendance at local and regional ICSC events
ST5	CDD	Coordinate and maintain an inventory of all available retail commercial sites with appropriate contact information, both written and for the web page
ST6	CDD & PWD	Prepare street enhancement plans for the Downtown inclusive of additional landscaping, street furniture, flag, banners and other public improvements
ST7	CDD	Coordinate quarterly meetings with realtors and brokers to exchange information
ST8	CDD	Prepare an RFQ/RFP to facilitate the development of Site 1 to make this a priority project
ST9	CM & CDD	Facilitate the redevelopment of the SFPUC site on the ECR
ST10	CDD	Work with the Downtown merchants and owners to initiate street fairs, bazaars, car shows and related entertainment activities
ST11	CM & CDD	Review alternative passive land uses such as a driving range, dog park and other recreational uses for Site 7 of the Millbrae Station Area Specific Plan (the SFO-owned property at the southbound Highway 101 offramp at Millbrae Avenue)

### Short-Term Strategies

No.	Assignment	Description
ST12	CDD	Develop designs for new entry monument signs at the entrances to the City on ECR
ST13	CDD	Develop a way finding signage program for the City
ST14	CM, CDD & PWD	Initiate a program to actively research federal and state grants for financial programs
ST15	CM & PWD	Use the City CIP to facilitate and assist the key priority projects for infrastructure improvements
ST16	CDD	Perform a comprehensive update to the City's General Plan and Zoning Code (such update should include the creation of incentives for lot/property consolidation to provide greater development opportunities)
ST17	CM & CDD	Conduct training with appropriate City staff regarding their role in the economic development process
ST18	CM & CDD	Make public acknowledgement of City's top sales tax producers at a City Council meeting
ST19	CDD	Work with Downtown area property owners and businesses to attract more "boutique" retailers
ST20	CDD	Work with hotels to coordinate a shuttle bus service to and from the Downtown area and transportation centers (Millbrae Station and SFO)
ST21	CDD & PWD	Work with Downtown area property owners and businesses to identify and resolve issues relating to on-street and off-street parking
ST22	CDD	Encourage private family/recreational uses to locate in the City (i.e., Lucky Strike Bowling, Farrell's Ice Cream, etc.)

### Long-Term Strategies

No.	Assignment	Description
LT1	CDD	Evaluate the potential of a BID for the Downtown
LT2	CDD	Implement City entrance sign program (see ST12)
LT3	CDD	Implement way finding signage program (see ST13)
LT4	CDD & PWD	Implement Downtown enhancements (see ST6)
LT5	CM & CDD	Work with BART to maximize retail/office development around the Millbrae Station
LT6	CM & CDD	Prioritize the remaining sites in the Millbrae Station Area Specific Plan
LT7	CDD	Market the City's restaurant diversity as a visitor attraction