



CHAPTER 9
ECONOMIC
DEVELOPMENT

INTRODUCTION

The city of Napa is a significant force within the Napa county economy, which is in turn an integral part of the overall San Francisco Bay Area economy. While the historic strength of the regional economy is in agriculture and the wine industry, a number of emerging industries have begun playing an increasingly larger role in Napa's economy.

Each sector of the economy has an important role to play in building and maintaining a thriving community with an outstanding quality of life. Office-based businesses -- including high technology firms, financial services, and professional services -- generate a wide range of jobs and increase personal income, but have relatively modest fiscal impacts. The retail sector has relatively low wages, but is a major contributor to the City's budget since it has high sales tax revenues. The tourism/hospitality sector also has relatively low wages, but on a per-per-acre basis has the greatest positive impact on the City's budget.

Based on the City's Economic Strategic Plan, accepted by the City Council in July 1999, this chapter seeks to achieve a diverse blend of economic activity that benefits local residents while serving markets and visitors from around the world. The Economic Strategic Plan was developed through an extensive process with a working group of business and community leaders, as well as public workshops with the community, the Planning Commission and the City Council. The process was informed by numerous interviews with community members, and an in-depth analysis of the city's economy and market opportunities which may be found in the background report. (See Economic Element document).

Within the constraints of a limited land supply, the strategy calls for Napa to serve as the location of choice for a number of the nation's leading edge high technology firms and their suppliers, as well as a premier overnight destination for domestic and international visitors in Northern California. And, it is to offer a variety of retail goods and services to residents, workers and visitors alike. The overall goal is to continue to enhance the quality of life for Napa residents.

These major components of the local economy must be supported by a supply of housing affordable to the local workforce, quality education and training programs, adequate transportation and infrastructure systems, and a quality of life that is vibrant and attractive to the diverse population of the city.

Major Economic Development Objectives

- *An economic base that includes a broad mix of businesses that provides a range of employment types, career opportunities and wage scales.*
- *A balanced economic base that minimizes the impact of a cyclical downturn in one or more of the major sectors of the economy.*
- *An economic base that improves the quality of life for Napa residents.*

LAND DEVELOPMENT POTENTIAL

Napa’s physical expansion is limited by the Rural Urban Limit (RUL) established by this General Plan. Within the RUL, Napa is nearing build-out and has a limited supply of land available for commercial, clean industrial, and corporate development. Many vacant parcels have environmental or other constraints. Existing development on some parcels is reaching economic obsolescence. It is therefore critical that the city uses its land strategically. Accordingly, this section promotes efficient use of large vacant parcels, mixed-use development of land and buildings, full use of underutilized land, reuse of existing buildings, and provision of incentives for high employment-generating uses on key development/redevelopment sites.

GOAL To maximize the use of Napa’s limited non-residential land supply for employment-generating and revenue-generating uses.
ED-1

POLICIES

- ED-1.1 The City shall encourage the full and efficient utilization of vacant and underutilized parcels in appropriately designated areas to support the development and expansion of targeted industrial and commercial facilities.
- ED-1.2 The City shall encourage the reuse, recycling, and redevelopment of existing developed parcels in appropriately designated areas to support the development of targeted industrial and commercial facilities.
- ED-1.3 The City shall support the preservation and rehabilitation of existing historic structures for commercial use.
- ED-1.4 The City shall promote mixed-use development which combines in creative ways residential and non-residential uses within neighborhoods and districts, within single projects, or within individual structures.
- ED-1.5 The City shall encourage developers of larger commercial projects to provide for on-site mixed uses that would allow

employees and residents to make non-work-related trips (e.g., banking, lunch, dry cleaning, recreation, child care) without having to use their automobiles.

- ED-1.6 The City shall provide incentives for private reinvestment in underutilized commercial areas where adequate infrastructure exists.
- ED-1.7 The City shall encourage developers of appropriate types of larger commercial developments to include a residential component.

IMPLEMENTATION PROGRAMS

- ED-1.A The City and Redevelopment Agency shall undertake a study to further define mixed-use (e.g., by parcel or by area), identify mixed-use opportunities throughout the city, test the feasibility of various forms of mixed-use development, and provide guidance to property owners and developers on applying mixed-use concepts.

Responsibility: Planning Department
Redev/Econ
Development Dept
Timeframe: FY 99-00; 00-01
- ED-1.B The City shall conduct a thorough inventory of vacant and underutilized land designated for commercial and industrial uses and identify opportunities for predevelopment (i.e., toxic investigation, site assembly, right-of-way improvements) to facilitate development of key sites.

Responsibility: Planning Department,
Redev/Econ
Development Dept
Timeframe: FY 01-02
- ED-1.C The City and Redevelopment Agency shall work with property owners, brokers, and local and regional organizations to develop a program of marketing strategies for key development/redevelopment sites.

Responsibility: Redevelopment/
Economic
Development
Department
FY 99-00; 00-01

ED-1.D To monitor site availability and to respond to inquiries from business marketing prospects, the City in cooperation with local property owners and real estate brokers, shall continue to maintain and regularly update the property database developed in Implementation Program ED1.B.

Responsibility: Redev/Econ
Development Dept,
Planning Department
Timeframe: Ongoing

ED-1.E The City and Redevelopment Agency shall develop a zoning incentive program (which may include flexible development standards, shared parking, fast-track processing, and the like) to facilitate development or redevelopment of key sites by high-employment-generating uses and high value-added businesses.

Responsibility: Planning Department
Redevelopment/
Economic
Development
Department
Timeframe: FY 01-02; 02-03

ED-1.F The City shall develop an information matrix to compare the economic and planning characteristics of the City's targeted economic sectors. The matrix shall provide indicators such as the following: the number and type of jobs generated by the type of development, expected wage levels, City revenues, traffic generation, parking requirements, and housing demand.

Responsibility: Planning Department
Redev/Econ
Development Dept
Time Frame: FY 00-01; 01-02 and ongoing

BUSINESS RETENTION/EXPANSION

One of Napa's most significant challenges is to maintain a diversified local economy with an extremely limited supply of land and workers. Business retention is the most cost-effective economic development strategy for meeting this challenge. The city has a diverse economic base comprising commercial, industrial, corporate, institutional, and governmental businesses. The city has a healthy business climate where many new jobs can be created through the expansion of existing businesses. Napa is also fortunate to be located in one of the most popular tourist areas in the state, which broadens the city's economic base. The existing business community will serve as the foundation for Napa's economic growth in the future.

GOAL ED-2 To retain existing businesses, particularly those that contribute to meeting Napa's strategic economic goals, and to facilitate their expansion as appropriate.

POLICIES

- ED-2.1 The City shall take a leadership role in developing a proactive business retention program that addresses issues affecting all business sectors.
- ED-2.2 The City shall support efforts of the local education and training agencies to create partnerships with businesses to train the local workforce with the skills needed to support business expansion. Such programs should include internship and mentorship opportunities as well as customized curriculum and training programs.

IMPLEMENTATION PROGRAMS

- ED-2.A The City shall work with the Napa Valley Economic Development Corporation, Chamber of Commerce, Napa Valley College Small Business Development Center, Napa Downtown Association, and educational institutions to implement marketing and educational programs supporting business retention strategies.

- Responsibility: Redev/Econ
Development Dept
Timeframe: Ongoing
- ED-2.B The City will review annually its available incentives, programs, and marketing materials to determine if they continue to be effective in helping retain and expand the existing businesses.
- Responsibility: Redev/Econ
Development Dept
Timeframe: Ongoing
- ED-2.C The City shall establish an Economic Development Action Team composed of key departments and outside organizations to respond to urgent or substantial needs of existing businesses.
- Responsibility: Redev/Econ
Development Dept,
City Manager
Timeframe: FY 00-01
- ED-2.D The City shall work with the Chamber of Commerce to create a business transition program so that viable businesses can more easily change ownership as the owners wish to sell.
- Responsibility: Redev/Econ
Development Dept
Timeframe: FY 00-01; 01-02
- ED-2.E The City shall work with the Chamber of Commerce to explore the possibility of creating a local business pool to develop a small business group benefits package.
- Responsibility: Redev/Econ
Development Dept
Timeframe: FY 00-01; 01-02
- ED-2.F The City shall conduct a survey of the businesses in the corporate park to determine their anticipated needs and relocation considerations, identify related businesses or other issues, and develop recommendations on how to respond.
- Responsibility: Redev/Econ
Development Dept
Timeframe: FY 00-01; 01-02

ED-2.G The City shall continue to work with Napa Valley Economic Development Corporation to implement its cluster program and add new clusters as appropriate.

Responsibility: Redev/Econ
Development Dept
Timeframe: Ongoing

RETAIL/DOWNTOWN

Retail development is a vital part of the city of Napa's economic well being. The Economic Strategic Plan envisions a prosperous commercial sector catering to the consumer preferences and tastes of current and future residents as well as outstanding venues for a variety of cultural, recreational and entertainment experiences.

A strong retail sector is important to the City of Napa to improve shopping convenience and selection for local residents and to reduce the need for Napers to leave the community for significant purchases. Retail development also provides a significant contribution to the City budget. Although retail businesses create many jobs, the income levels are generally lower. They do, however, provide an important source of entry-level and part-time work opportunities.

Napa is the regional commercial center for all of the communities up valley. Napa is particularly successful in capturing sales in certain apparel categories, office equipment, home improvements, and autos. This creates the opportunity to provide a better selection of shopping opportunities for local residents than would otherwise be possible. However, despite its regional market position, the city is estimated as of 1997 to lose about \$377 million in sales leakages. The market area spending is projected to grow about 25 percent by 2002 and by 70 percent out to the year 2020. As of 1997, it is estimated that existing retail businesses could capture nearly \$170 million of the current leakage through a variety of expansion opportunities. This may include expanded facilities, but in many cases better marketing, product selection, and pricing would help to increase sales.

Downtown plays a central role in Napa's economy both geographically and functionally. It serves the needs of both residents and visitors in an attractive pedestrian environment. With the completion of the Flood Protection Project and the development of the American Center for Wine, Food and the Arts, and the possible redevelopment of the Napa Valley Expo, Downtown should play an increasingly important

role as the tourism/hospitality hub of Napa, attract additional hotel development and cultural and entertainment revenues, and expand its retail offerings for both residents and visitors.

GOAL To attract a diversity of retail uses throughout the city that complements and broadens the existing mix of retail uses.
ED-3

POLICIES

- ED-3.1 The City shall work to improve the retail mix in the city to better serve the resident population and to reduce sales leakages.
- ED-3.2 In its business recruitment efforts, the City shall emphasize retail development that complements and expands the existing mix of retail uses in Napa.
- ED-3.3 The City shall support the physical enhancement of the auto sales industry along Soscol Avenue.
- ED-3.4 The City shall support the development and expansion of specialty food stores and restaurants to meet the varying tastes of the diverse population of the region as well as the growing number of visitors to the area.
- ED-3.5 The City shall support the development and expansion of specialty retail businesses in Downtown that cater to visitors and residents alike. Off-price and discount stores are discouraged in Downtown due to high square footage and parking requirements that are unlikely to be accommodated there.
- ED-3.6 The City shall support the development of neighborhood-serving commercial uses adjacent to residential areas which provide quality, convenient and community-serving retail choices in a manner that does not impact neighborhood character.
- ED-3.7 Recognizing the importance of Downtown to the city’s image, the City shall ensure that Downtown infrastructure, public facilities, and public areas are well maintained. The

City shall also provide ongoing code enforcement in Downtown.

- ED-3.8 The City shall support creative public and private solutions to providing parking facilities and non-automobile access to Downtown. The City shall strive to maintain an adequate inventory of parking facilities Downtown.
- ED-3.9 The City and Redevelopment Agency shall work closely with the Napa County Flood Control and Water Conservation District and U.S. Army Corps of Engineers to ensure the Downtown Reach of the Flood Protection Plan is consistent with the City’s waterfront vision, maximizes pedestrian access to the riverfront, and ensures continuity of design among all the flood protection features including the river trail, bypass channel, flood walls, bridges, and Veteran’s Park.
- ED-3.10 The City shall work closely with the Napa County Flood Control and Water Conservation District, property owners, and businesses to minimize the potential disruption to businesses caused by the extensive construction that will be a part of the Flood Protection Project.
- ED-3.11 The City shall support the development of additional entertainment venues, special events, and recreational opportunities in the downtown area.
- ED-3.12 The City shall continue to recognize the importance of historic downtown residential neighborhoods as an asset to the economic viability of the downtown commercial area and foster an improved physical relationship between these two areas while preserving the qualities of the historic neighborhoods.
- ED-3.13 The City shall encourage high-quality public and private development throughout the City through design review.

IMPLEMENTATION PROGRAMS

- ED-3.A The City shall work with the Napa Valley Economic Development

Corporation, the Napa Downtown Association, brokers, property owners, retailers, and lenders to develop a recruitment/marketing strategy for a diversity of retail businesses in the city, including specific retail recruitment targets, locational requirements, available sites, and possible incentive packages. Initial targets should include: restaurants/ specialty food stores; home furnishings; home improvements; new cars; and apparel, shoe, gift, jewelry, music, cameras/electronic stores, and entertainment venues.

Responsibility: Redev/Econ
Development Dept
Timeframe: FY 99-00; 00-01

ED-3.B The City shall establish a Downtown maintenance fund with revenue generated by new hotels.

Responsibility: Finance Director,
City Manager,
City Council
Timeframe: FY 00-01; 01-02

ED-3.C The City shall regularly evaluate parking and access needs Downtown in light of the growing local- and visitor-shopper base.

Responsibility: Redev/Econ
Development Dept
Planning Department
Public Works
Department
Timeframe: Ongoing

ED-3.D The City shall coordinate efforts with the Chamber of Commerce, the Napa Downtown Association, and Napa Valley Economic Development Corporation to provide information and assistance to existing merchants in terms of market trends affecting their businesses and developments at competitive commercial centers in the region.

Responsibility: Redev/Econ
Development Dept
Timeframe: Ongoing

ED-3.E The City shall prepare a mitigation plan aimed at minimizing the potential

disruption to businesses caused by the construction that will be a part of the Flood Protection Project. Among other issues, the plan shall provide for ample notice to property owners and tenants of construction schedules and disruptions.

Responsibility: Redev/Econ
Development Dept
Public Works
Department
Timeframe: FY 00-01 and ongoing

ED-3.F The City shall designate an ombudsman to assist property owners and tenants throughout the construction process in addressing the impacts of the Flood Protection Project.

Responsibility: Redev/Econ
Development Dept
Timeframe: FY 00-01 and ongoing

ED-3.G The City and Redevelopment Agency shall adopt and implement design guidelines requiring high-quality public and private development along the Downtown riverfront, Soscol Avenue, and Silverado Trail, and in the Oxbow District.

Responsibility: Redevelopment/
Economic
Development,
Planning Department
Timeframe: FY 99-00 and ongoing

ED-3.H The City shall investigate the formation and marketing of a downtown arts and cultural district.

Responsibility: Redev/Econ
Development Dept,
Planning Department
Timeframe: FY 00-01; 01-02

TOURISM/HOSPITALITY

The city of Napa is blessed with many amenities such as its natural beauty, small town atmosphere, and distinguished wine industry which attracts many visitors to the area every year. If the City is to capitalize on the benefits of spending from these visitors, it must continue to develop into a destination in its own right. The tourist/hospitality sector attracts visitor spending that generates additional sales taxes

and a wide range of job opportunities, as well as creating demand for cultural attractions that enhance the quality of life for residents.

Visitors who stay overnight in the city bring much greater economic benefits than those who simply visit while staying elsewhere in the wine country. In addition to creating jobs and bringing visitor dollars into the city, this type of development is needed to help maintain a positive balance in the City budget. The best fiscal benefit for the City per acre of development is derived from hotel uses that pay transient occupancy taxes (TOT) and also generate retail spending from visitors. A key strategy for this industry countywide is to encourage existing visitors to extend their stays and increase their spending in the area. This generates additional income for the local economy while minimizing the added congestion that more visitors would bring.

The policies and implementation programs in this section focus on capturing visitor activity in the city by expanding the hotel market, creating additional conference and convention space, and promoting Napa as a visitor destination.

GOAL To help local businesses capture visitor dollars that are not currently finding their way to the City of Napa, thereby increasing revenue to local businesses and the City.
ED-4

POLICIES

- ED-4.1 The City shall continue to promote the city of Napa as a visitor destination and to develop stronger links to regional and national tourist markets.
- ED-4.2 The City shall work with the Napa Valley Conference and Visitors Bureau and the local business community to develop programs to increase the development of the tourism industry in the area.
- ED-4.3 The City shall support the activities of the Napa Valley Expo to develop as a mixed-use facility with a conference center hotel that complements historic downtown. If the Napa Expo plans do not ultimately include a major convention and visitors facility, the City

shall promote the development of such a venue elsewhere in the city.

- ED-4.4 The City shall promote and facilitate hotel development within the city limits, particularly in Downtown. The City's hotel development strategy shall encompass a variety of lodging types to meet the needs of the diverse visitor market attracted to the Napa Valley. The City should specifically promote hotel development that includes meeting facilities for small conferences.
- ED-4.5 The City shall work with the Napa Downtown Association and the Napa Premium Stores to develop stronger linkages and referrals to local businesses.
- ED-4.6 The City shall encourage the development of bed and breakfast inns in historic structures.

IMPLEMENTATION PROGRAMS

- ED-4.A The City shall work with the Napa Valley Conference and Visitors Bureau Board and members to identify potential tourism-oriented market opportunities and to develop stronger links to regional and national tourist markets.

 Responsibility: Redev/Econ
 Development Dept
 Timeframe: Ongoing
- ED-4.B The City shall identify potential hotel site(s) within the city, particularly in Downtown; evaluate the hotel market to determine the best type of hotel(s) for the site(s); and work with the property owners to overcome potential barriers to development and market the site(s). The City shall consider conference space in conjunction with the evaluation of hotel uses.

 Responsibility: Redev/Econ
 Development Dept
 Timeframe: FY 99-00; 00-01
- ED-4.C The City shall work with the Napa Valley Expo to evaluate and facilitate a possible conference center and hotel

development. (See also NGPPD LU-11.11).

Responsibility: Redevelopment/
Economic
Development
Department
Timeframe: FY 99-00 and ongoing

ED-4.D The City shall work with the Napa Valley Conference and Visitors Bureau to develop and implement heritage tourism programs which promote the City's historic neighborhoods.

Responsibility: Redev/Econ
Development Dept
Timeframe: FY 00-01; 01-02

CORPORATE PARK/OFFICE

While retail businesses and the hospitality industry are the best sources of tax revenues for the City and create many jobs, the wage levels in these sectors are generally lower because many are entry level and part-time work opportunities. Conversely, heavy industry, high technology, and corporate and office development generally produce higher paying jobs. Attracting these types of firms can provide stability for the local economy and a solid working wage for local workers.

Technology business sectors currently enjoy a strong market with many expansion opportunities as well as secondary buyer/supplier networks. It is, therefore, an area with opportunities for small businesses as well as larger ones. Another business cluster with strong prospects in Napa is specialty food manufacturing, which complements the wine and hospitality sectors. There may also be cottage industry opportunities in this sector suitable for areas in and around Downtown. Larger operations could locate in the Corporate Park as well as along mixed-use corridors such as California Street. The Corporate Park has relatively few sites left, particularly in comparison to the large business park tracts developing near the County Airport, although the city has a small area zoned for these uses on Highway 29.

POLICIES

ED-5.1 Recognizing that business conditions are often turbulent in emerging, high technology industries, the City shall endeavor to maintain close links with corporate leaders to monitor business conditions and identify issues in which the City may be of assistance. Such communication may occur through a variety of means, including the industry cluster program, other regular meetings hosted by City officials, and website and e-mail contacts.

ED-5.2 The City shall encourage development of creative business models such as incubators and cottage industries that exemplify the abundant natural and economic resources in the region such as specialty foods, crafts and art, household items, and light manufacturing of components for both historical and emerging industries.

ED-5.3 The City shall work to remove barriers to development of constrained sites. Such efforts may include cataloging the issues that need resolution, providing technical assistance or referrals for title issues, easement or other minor real estate matters, or assisting in identifying funding sources for infrastructure improvements, hazardous materials clean-up, etc.

GOAL To attract and expand industrial, high technology, regional-serving office development that diversifies the local economy and produces higher-wage jobs.
ED-5
