DANVILLE

Town of Danville

Comprehensive Economic Development Plan

Adopted: June 21, 2016

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Final Report

Town of Danville 2016-2021 Comprehensive Economic Development Plan

The Economics of Land Use

Prepared for:

Town of Danville

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Prepared: June 8, 2016
Adopted: June 21, 2016

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1. INTRODUCTION

Economic & Planning Systems, Inc. (EPS) and Main Street Property Services, Inc. (MSPS) (collectively, the "consultant team") have completed a three-phase project to create a Comprehensive Economic Development Plan (CEDP) for the Town of Danville (Town). The three phases of the CEDP process included:

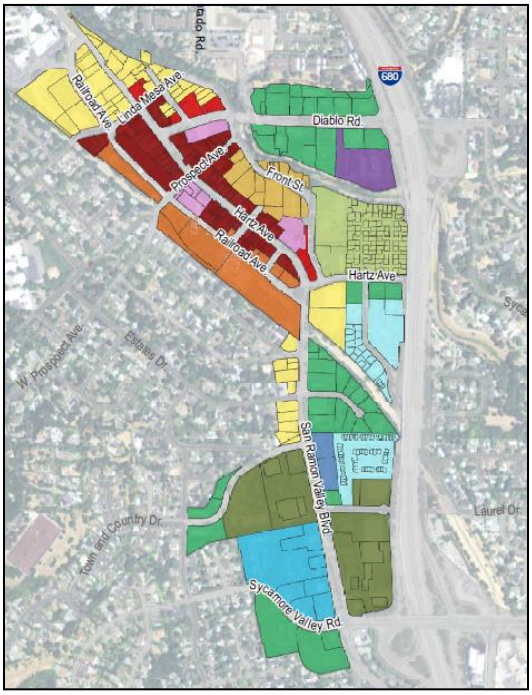
1. Define Opportunities and Challenges;
2. Identify Economic Development Strategies; and
3. Create an Economic Development Plan.

The CEDP builds on a framework that was developed through technical analysis and stakeholder engagement. To confirm the Town's guiding vision and goals for economic development and to build a corresponding set of objectives and strategies, the consultant team conducted supplemental research on best practices and case studies and evaluated initial stakeholder ideas and strategies presented in other Town documents (see **Appendix**). This research resulted in a plan framework that went through several iterations based on input gathered in various meetings with Town staff, the Danville Area Chamber of Commerce, Discover Danville Association, and the Town Council.

This Report presents the Town of Danville CEDP. The CEDP includes economic development strategies, implementation measures, timelines, and considerations for resources and performance measurement.

Context

Economic development in Danville must take a significantly different form than in other communities in the East Bay. While neighboring communities have the opportunity to focus on economic diversification through new commercial development and the competitive attraction of major employers and national retail chains, Danville is nearly built out with few strategic opportunities to improve and maximize underutilized properties and tenant spaces. The economic makeup, land use planning, and related development patterns primarily support small businesses in the retail, restaurant, personal services, and professional services industries. Rather than offering major business parks and retail centers, Danville is oriented toward smaller-scale commercial development throughout the Town. A distinguishing factor is the Town's historic downtown, a unique street retail district. Overall, the character and size of the community necessitate an economic development

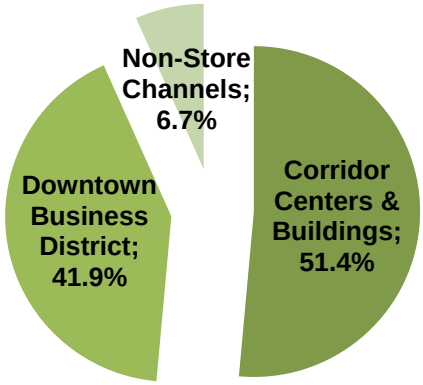


Downtown Business District Zoning Map

plan that emphasizes sustaining economic and fiscal health over aggressively growing the local economy.

Danville's fiscal health is highly dependent on sales tax, which accounts for a little more than one-quarter of General Fund revenue. Although exceptionally important to the character of the community, the Downtown Business District generates only about 42 percent of the total sales tax revenue. The majority of sales tax receipts are supported by the various corridor shopping centers and freestanding retail buildings in the community.

Share of Danville Sale Tax Receipts, Q2-13 to Q2-14

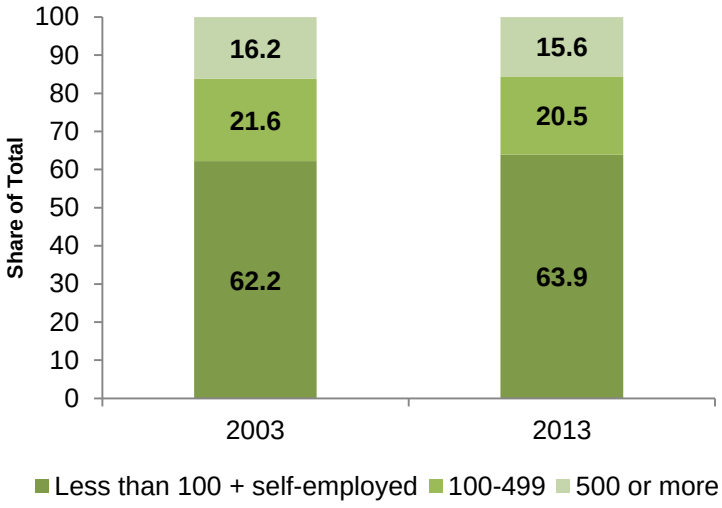


Source: MuniServies; MSPS; EPS

Taxable sales growth and low retail real estate vacancy rates suggest relative market stability in Danville. However, retail vacancy in the Downtown recently has risen to over 10 percent and broader market trends reveal volatility in consumer-based retail categories and business-to-business activities. Maintaining fiscal health requires that Danville retailers compete successfully with retailers in surrounding communities, as well as with online marketplaces. Across the nation, the retail industry is grappling with sophisticated new customer discovery and engagement models, with transactions occurring on desktop computers, mobile devises, and televisions, as well as through traditional in-store interactions. To succeed, Danville retail must be responsive to this evolution in the retail sector as well as broad market trends in demographics, consumer preferences, and technology. Particularly vulnerable to the evolving retail landscape are small, independent stores which increasing must compete by providing consumers compelling experience-based value that attracts and retains shoppers.

The local economy demonstrates a notable presence of small businesses and sole proprietorships, a segment of the economy which is increasingly responsible for job creation throughout the state. According to the Town's Economic Development Analysis, roughly 96 percent of Danville establishments can be considered "micro" or very small businesses (as compared with 79 percent in the Tri-Valley overall), with fewer than 25 employees, plus there are around 9,000 sole proprietors

California Jobs by Establishment Size



Soure: Your Economy; EPS

operating in the local economy.[1] The "consultant economy"—including financial, human resources, administrative, and marketing services—represents a key segment that has experienced healthy growth and serves both residents and businesses in local and regional markets.

In aggregate, small businesses and proprietors can support the same employment and local income as major employers. Furthermore, the presence of a diversity of small businesses reduces potential economic volatility associated with relocation and business instability, as compared with a local economy composed of a few large employers. Moreover, studies show that locally-owned businesses with close ties to their community are likely to expand and recirculate revenue within the local economy. Therefore, shoring up local business growth prospects through a supportive business environment will be important to sustaining economic health.

Quality of life and quality of place are key drivers of resident and business location decisions, with communities boasting an authentic character, attractive aesthetics, expansive social offerings, and valued services benefiting from associated, enhanced economic vitality. Danville has established a reputation as a community that supports a high quality of life, and has drawn a base of highly-skilled and educated residents with strong income levels.

With new ways of working and the increasing contribution of entrepreneurship and proprietors to economic health, quality of life is becoming even more closely attached to economic outcomes. A survey of Danville employers from the Economic Development Analysis reveals that quality of life was a factor in close to 70 percent of business location decisions. This factor also received a satisfaction rating of more than 90 percent in the survey. Leveraging and enhancing the Town's ongoing emphasis on quality of life and place is a fundamental aspect in creating the

Quality of Place and Economic Development

"The drivers that create emotional bonds between people and their community are consistent in virtually every city and can be reduced to just a few categories. Interestingly, the usual suspects—jobs, the economy, and safety—are not among the top drivers. Rather, people consistently give higher ratings for elements that relate directly to their daily quality of life: an area's physical beauty, opportunities for socializing, and a community's openness to all people. Remarkably, communities with the highest levels of attachment had the highest rates of gross domestic product growth."

- Gallup-Knight Foundation, Soul of the Community Project

Local and Regional Partner Examples:

- Danville Area Chamber of Commerce
- Visit Tri-Valley
- i-Gate
- Workforce Development Board of Contra Costa County
- Contra Costa Small Business Development Center
- SCORE East Bay
- East Bay Economic Development Alliance
- Real Estate Brokers and Developers
- Property Owners and Managers

[1] [bw] Research Partnership, Town of Danville Economic Development Analysis, December 10, 2013

conditions necessary to sustain fiscal and economic health.

The Town of Danville and local and regional partners offer programs and services that support economic development, particularly for local businesses. Town economic development activities have focused on marketing the community, providing business assistance, and offering various grants. At the local level, the Danville Area Chamber of Commerce expands the scope of programs and services that support economic vitality in the community. More broadly, there are other entities in the Tri-Valley, Contra Costa County, and the East Bay that provide programs and resources for economic and workforce development. While Danville businesses have access to a wide variety of resources, ensuring the available services meet the unique needs of Danville's businesses and retailers will be critical to supporting local fiscal and economic health.

Overall, Danville possesses several unique and valuable qualities, including its high quality of life and place, authentic downtown, distinctive retail environment, and breadth of small business activities. These attributes serve as a basis for the Town's economic development strategies. At the same time, the constrained commercial real estate market, competition from surrounding communities, modest growth expectations among employers, and changes in the retail sector could create new challenges in the future. Effective economic development strategies must leverage the strengths of the Town and address potential competitive threats.

Framework

Guiding Vision

The CEDP framework is organized around a guiding vision and four overarching economic development goals. The guiding vision is based on the economic development goals presented in the Planning and Development chapter of the Town's 2030 General Plan. Accordingly, the CEDP is well aligned with the General Plan, as well as the Town's 10-year outlook for fiscal sustainability.

Guiding Vision: Danville will maintain an outstanding quality of place by strengthening the community's economic and fiscal vitality and developing a unique role in the regional economy, which leverages the Town's strengths, responds to emerging trends, retains the essential character of the Town, and fosters prosperity throughout the community.

Economic Development Goals

The CEDP seeks to achieve four primary goals. These goals were developed from primary themes that were identified early in the CEDP process, through the evaluation of local economic and demographic characteristics and interaction with community stakeholders and the Town Council. The four goals reflect principles integrated in previous strategies, the General Plan, and Economic Development Analysis recommendations. The consultant team also gathered input on potential strategies from community stakeholders. The four goals are not necessarily mutually

exclusive, with overlap across many of the areas. Investment in specific implementation areas could result in positive outcomes across multiple goals.

CEDP Framework

The Town's economic development goals can be pursued through a range of objectives, using a variety of strategies. Under the framework, each goal includes several objectives under which a set of strategies is arrayed. The CEDP categorizes strategies as short-term and long-term initiatives. Short-term strategies will be integrated into the 5-year implementation plan for the CEDP. Long-term recommendations can be addressed following completion of the 5-year plan.

The CEDP Framework also takes advantage of the potential for public-private coordination, recognizing that collectively the Town and its local business community can bring meaningful resources to economic development initiatives for Danville. Accordingly, the CEDP considers whether the Town, or other partners and stakeholders, will have primary responsibility for specific strategies. The Town likely would take on a supporting role in the strategy items for which partners are the natural lead (i.e., private sector efforts). In these cases, it is anticipated that partners would take on implementation responsibility and engage the Town as needed. Another factor considered for implementation planning is the complexity of the strategy, an indication of how difficult or expensive the strategy could be to implement. The matrix below lays out the range of implementation characteristics considered by the CEDP framework.

Responsibility	Implementation Complexity	
	Town Responsibility, Low Complexity *Example:* *Data collection, analysis, and reporting*	**Town Responsibility, High Complexity** *Example:* *Urban planning and policy changes*
	Partner Responsibility, Low Complexity *Example:* *Strategic tenant recruitment*	**Partner Responsibility, High Complexity** *Example:* *Business Improvement District formation*

2. ECONOMIC DEVELOPMENT STRATEGY SUMMARY

This economic development strategy summary offers a high-level overview of the goals, objectives, and strategies that the Town of Danville may undertake to strengthen the community's economic and fiscal vitality. The CEDP is presented in full detail in the following section of this report (**Section 3. Economic Development Strategy and Implementation Plan**).

Goal 1—Fiscal Drivers: Support activities that have a positive impact on sales-tax generation across the community to sustain the Town's fiscal health.

Objective 1: Achieve corridor center shopping experiences that compete effectively against regional peers.

CEDP Strategies:

a. Support expansions of building footprints and parking supply as sought by key owners or anchors in corridor centers, consistent with Town character and scale (Town Responsibility, High Complexity).

b. Support and facilitate partner efforts to recruit and retain tenants in categories where local spending currently leaks outside the community (Town Responsibility, High Complexity).

Long-Term Recommendations:

c. Encourage and support property owners and managers seeking to invest in common area improvements that match local and regional quality (Partner Responsibility, Low Complexity).

Corridor Centers:

- Castle Square
- Rose Garden
- Green Valley
- Tassajara Crossings
- Village at Tassajara

Top Leakage Categories:

- Motor Vehicle & Parts Dealers
- Electronics & Appliance Stores
- Sporting Goods, Hobby, Book, & Music Stores
- General Merchandise Stores
- Miscellaneous Store Retailers
- Clothing & Accessories Stores
- Furniture & Home Furnishings Stores
- Office Supply Stores

Objective 2: Achieve a well-managed and engaging social, dining, and discretionary shopping environment in the Downtown Business District.

CEDP Strategies:

a. Integrate additional flexibility into the Sign Ordinance to encourage businesses to effectively promote themselves (Town Responsibility, Low Complexity).

b. Study transportation and parking strategies that could better optimize existing and potential future parking and mobility resources and management (Town Responsibility, High Complexity).

c. Support and facilitate the attraction and retention of high-performing, distinctive regional and independent retail and restaurant, and experience-based uses operators that are complementary to the characteristics of the Downtown Business District (Partner Responsibility, High Complexity).

d. Work with partners to advance business operations and best practices, including coordinated hours of operation, return policies, and internet presence, to address high customer service expectations (Partner Responsibility, High Complexity).

Long-Term Recommendations:

e. Support the business community in the study of a Business Improvement District (BID) that supplements resources and formalizes collective actions (Partner Responsibility, High Complexity).

f. Encourage investments that create continuous retail store frontages and pedestrian engagement along each downtown block (Partner Responsibility, Low Complexity).

Common Types of BIDs:

- Business-Based
- Property-Based
- Tourism Improvement

g. Work with partners to build a deliberate and collaborative merchandising approach to the Downtown Business District (Partner Responsibility, High Complexity).

Objective 3: Actively track retail and consumer trends and build market and business knowledge among merchants.

CEDP Strategies:

a. Regularly gather information on national and regional retail and consumer trends, and leverage expert networks to understand local implications (Town Responsibility, Low Complexity).

b. Work with partners to establish communication and education programs on current trends affecting retail merchants, property owners, and property managers (Town Responsibility, High Complexity).

Goal 2—Small Businesses and Proprietors: Foster supportive conditions and offer valuable resources to help small businesses and proprietors prosper and grow in the Town.

Objective 1: Enhance workplace amenities that integrate small businesses and proprietors into the community.

CEDP Strategies:

a. Conduct a feasibility study on coworking space and collaborate with local and regional partners to implement recommendations (Town Responsibility, High Complexity).

Coworking Models:

- Executive Suite
- Freelance
- Industry Focused
- Start-Up Oriented

Long-Term Recommendations:

b. Work with partners to establish an effective network of basic workplace-oriented ancillary support services and facilities that support small business and proprietor operations and preserve neighborhoods (Partner Responsibility, High Complexity).

c. Identify and support a physical resource hub with tools and programs specifically for small businesses and proprietors (Partner Responsibility, High Complexity).

Objective 2: Partner to provide resources targeting small businesses and sole proprietors.

CEDP Strategies:

a. Develop an overall community branding strategy, including reframing the "Shop Danville First" campaigns and resources to further showcase professional services in a similar manner as retail, restaurants, and personal services (Town Responsibility, Low Complexity).

b. Work with local and regional economic development partners to enhance tools and resources, host regional programs directly in the community, and actively promote available services (Partner Responsibility, High Complexity).

Long-Term Recommendations:

c. Conduct a needs assessment survey specifically for small businesses, proprietors, and establishments in the consultant economy (Town Responsibility, Low Complexity).

d. Develop local purchasing policies for the Town and work with public partners to encourage similar practices (Town Responsibility, Low Complexity).

e. Celebrate new business openings in Town communications efforts (Town Responsibility, Low Complexity).

f. Collaborate with local and regional partners and stakeholders to establish peer groups and roundtables around targeted business segments (Partner Responsibility, Low Complexity).

g. Explore options to participate in regional business-to-business (B2B) platforms for collaboration and sourcing, such as online directories that connect local buyers with local suppliers (Partner Responsibility, Low Complexity).

Public Partner Examples:

- San Ramon Valley Unified School District
- San Ramon Valley Fire Protection District
- Contra Costa County
- East Bay Municipal Utility District

Goal 3—Economic Development and Marketing: Deliver effective economic development programs and leverage local and regional partners to build a competitive role in the regional economy and improve local economic health.

Objective 1: Organize economic development around a proactive and connected system.

CEDP Strategies:

a. Build strong relationships with local and regional commercial real estate brokers and developers (Town Responsibility, Low Complexity).

b. Expand local business retention and expansion (BRE) efforts into a formal proactive program led by the Town (Town Responsibility, Low Complexity).

Typical BRE Program Components:

- Data collection tools
- Business outreach targets
- Business visitation schedule
- Customer relationship management database
- Follow-up protocols

Objective 2: Target vacant and underutilized properties for economic development opportunities.

CEDP Strategies:

a. Evaluate the Downtown Business District Ordinance and consider flexibility that would better facilitate and support experience-based businesses and development of specific land uses that attract consumers and foster desired economic development (Town Responsibility, High Complexity).

b. Articulate conceptual development scenarios that would activate sites and move nonresidential development opportunities forward for underutilized properties and appropriate Special Concern Areas (Town Responsibility, High Complexity).

Objective 3: Raise awareness of Danville among business, employees, and visitor target audiences.

CEDP Strategies:

a. Collaborate with local and regional partners to develop and implement a new coordinated overall community branding and marketing strategy that covers general messaging, including a website that promotes Town services, and updates "Shop Danville First" campaign tactics. (Town Responsibility, High Complexity).

Long-Term Recommendations:

b. Explore options to improve the image and visibility of Danville along the Interstate 680 corridor (Town Responsibility, High Complexity).

c. Work with stakeholders to better define and promote Danville's competitive position in the Tri-Valley and East Bay (Town Responsibility, Low Complexity).

d. Develop a formal social media plan and related policies for economic development activities (Town Responsibility, Low Complexity).

Objective 4: Emphasize performance measurement across all economic development activities.

CEDP Strategies:

a. Develop and implement an in-house economic development performance measurement program to track outcomes and manage resources for all economic development activities (Town Responsibility, Low Complexity).

b. Develop and administer community surveys that seek input on Town services, economic development, and quality of life (Town Responsibility, Low Complexity).

Long-Term Recommendations:

c. Track economic development performance metrics and compare to competitors and peers (i.e., "benchmarking") and communicate outcomes to stakeholders (e.g., using a "dashboard" or "scorecard" format) (Town Responsibility, Low Complexity).

d. Seek grant funding for applicable economic development activities using measurement to demonstrate needs and potential outcomes (Town Responsibility, High Complexity).

Goal 4—Quality of Place: Continue to enhance the character and functionality of the Town as a means of attracting visitors and supporting quality of life for residents and businesses.

Objective 1: Bolster the downtown experience for businesses, residents, and visitors.

CEDP Strategies:

a. Update the Downtown Master Plan and define short-term priority initiatives (Town Responsibility, High Complexity).

b. Integrate amenities and events that encourage lingering and gathering to increase visit lengths in the Old Town area (Town Responsibility, High Complexity).

Long-Term Recommendations:

c. Develop and implement strategies to further activate an "arts district" that is integrated into the fabric of the Downtown Business District (Town Responsibility, High Complexity).

d. Improve walkability and connectivity throughout the Downtown Business District (Town Responsibility, High Complexity).

Objective 2: Acknowledge importance of quality of place and augment social offerings and aesthetics in the community.

CEDP Strategies:

a. Maintain support for façade improvement programs and develop new programs to improve community aesthetics (Town Responsibility, Low Complexity).

Long-Term Recommendations:

b. Continue to integrate community character and quality of life into the core Town values and all future strategic documents (Town Responsibility, Low Complexity).

c. Work with partners to build and program civic and cultural amenities throughout the community (Partner Responsibility, High Complexity).

Objective 3: Increase lodging capacity in the Town across appropriate product types.

CEDP Strategies:

a. Work with partners to establish a set of target visitor audiences for overnight trips and gain an understanding of lodging needs (Town Responsibility, High Complexity).

Long-Term Recommendations:

b. Research the locational criteria and formats for various overnight accommodations and facilitate dialogue regarding potential site opportunities (Town Responsibility, High Complexity).

c. Conduct a comprehensive lodging feasibility study and work with partners to implement recommendations (Partner Responsibility, High Complexity).

Day Tripping in Danville

DISCOVER DANVILLE'S CAPTIVATING, HISTORICAL DOWNTOWN. THE VARIETY OF SHOPPING, DINING AND ACTIVITIES IS TRULY REMARKABLE FOR A TOWN THIS SIZE—AND PLENTIFUL FREE PARKING MAKES IT A PERFECT DAY TRIP DESTINATION.

Wear your walking shoes and spend some time exploring Danville. Start your day trip at Hartz and Prospect Avenues—the heart of downtown. Shopping and dining options mingle seamlessly with a genuine small-town charm, and refurbished historic, quaint homes—now shops, boutiques and spas—contribute to a feeling of authenticity. Frequent street festivals, art fairs and car shows are staged along Hartz Avenue. Between the annual Fourth of July Parade, weekly Saturday Farmers' Market on Railroad Avenue, productions at the Village Theatre, Music in the Park, and Moonlight Movies, there's always something going on in Danville.

Best Western Sycamore Inn – Dog Friendly

3. ECONOMIC DEVELOPMENT STRATEGY AND IMPLEMENTATION PLAN

This section presents the Town of Danville Comprehensive Economic Development Plan, including implementation tactics and action items that may be pursued. The section concludes with a proposed timeline for implementation.

The CEDP includes detailed Implementation Tactics and Actions. These recommended steps focus on the activities to be undertaken by Town, including for strategies that will be led by Town partners. Additional complementary tactics and actions may be pursued by public and private sector partners.

Goal 1—Fiscal Drivers: Support activities that have a positive impact on sales-tax generation across the community to sustain the Town's fiscal health.

Objective 1: Achieve corridor center shopping experiences that compete effectively against regional peers.

a. Support expansions of building footprints and parking supply as sought by key owners or anchors in corridor centers, consistent with Town character and scale (Town Responsibility, High Complexity/CEDP Strategy)

Tactic	Actions
Nurture relationships with shopping center owners and tenants.	• Meet regularly with property owners, managers, and tenants to collect and assess views on the strengths, weaknesses, and needs of centers. • Seek consensus on opportunities for improvement. • Support project proposals consistent with consensus, Town standards and character, and urban scale.
Pursue public improvement programs that promote site access and enable increases in leasable space and parking supply.	• Identify priorities for improvements. • Study feasibility of potential improvements. • Provide support for improvement projects, as appropriate.

b. Support and facilitate partner efforts to recruit and retain retail tenants in categories where local spending currently leaks outside the community (Town Responsibility, High Complexity/CEDP Strategy).

Tactic	Actions
Deepen relationships with commercial real estate professionals.	• Meet regularly to nurture long-term relationships with brokers and retailers. • Exchange information and ideas with commercial real estate community. • Identify potential opportunities for growth of existing and new businesses in corridor centers.
Promote promising retail growth opportunities.	• Assess willingness and ability of property owners to support new businesses. • Maintain information concerning lease expirations and other space-availability factors. • Align business opportunities with local sites in Danville.
Support tenant recruitment.	• Meet with prospective tenants to promote sites in Danville. • Provide data as needed to support recruitment and educate potential tenants. • Support tenants with permitting-related inquiries and process.

c. Encourage and support property owners and managers seeking to invest in common area improvements that match local and regional quality (Partner Responsibility, Low Complexity/Long-Term Recommendation).

Tactic	Actions
Identify and promote broadly-beneficial investments in commercial property improvement.	• Meet regularly with property owners, managers, and tenants. • Collect and assess views of owners and tenants on the strengths, weaknesses, and needs of centers. • Seek consensus on opportunities for improvement and support project proposals consistent with consensus, Town character, and urban scale. • Provide support for improvement projects, as appropriate.

Objective 2: Achieve a well-managed and engaging social, dining, and discretionary shopping environment in the Downtown Business District.

a. Integrate additional flexibility into the Sign Ordinance to encourage businesses to effectively promote themselves (Town Responsibility, Low Complexity/CEDP Strategy).

Tactic	Actions
Review existing signage regulations.	• Meet with property owners, managers, and retail tenants to collect and assess views on signage needs. • Consider signage policy in peer retail areas. • Seek consensus on opportunities for improvements that are consistent with Town character and scale.
Update Sign Ordinance, as appropriate.	• Support update of regulations based on consensus view of business and Town leadership.

b. Study transportation and parking strategies that could better optimize existing and potential future parking and mobility resources and management (Town Responsibility, High Complexity).

Tactic	Actions
Update Downtown Parking Assessment Study.	• Solicit local business organizations to provide input on potential parking strategies. • Implement recommendations from the Study
Study options to enhance mobility within and around Danville.	• Solicit and evaluate input on potential transit strategies.

c. Support and facilitate the attraction and retention of high-performing, distinctive regional and independent retail and restaurant, and experience-based uses operators that are complementary to the characteristics of the Downtown Business District (Partner Responsibility, High Complexity/CEDP Strategy).

Tactic	Actions
Foster relationships with commercial real estate professionals.	• Meet regularly to nurture relationships with brokers and retailers and exchange information and ideas. • Identify potential opportunities for growth of existing and new businesses Downtown.
Promote promising retail and restaurant growth opportunities.	• Assess willingness and ability of property owners to support new businesses. • Maintain information concerning lease expirations and other space-availability factors. • Align business opportunities with sites Downtown.

Tactic	Actions
Support tenant recruitment.	• Meet with prospective tenants to promote sites Downtown. • Provide data as needed to support recruitment and educate potential tenants. • Support tenants with permitting-related inquiries and process.

d. Work with partners to advance business operations and best practices, including coordinated hours of operation, return policies, and internet presence, to address high customer service expectations (Partner Responsibility, High Complexity).

Tactic	Actions
Encourage continuous improvement in retail practices among the merchant community.	• Engage the merchant community in discussions about the benefits of coordination of hours and other improvements in customer service quality and delivery. • Engage retail performance consultants as necessary to identify and communicate opportunities for retailer coordination. • Provide retailers with current and relevant best practice management principles.

e. Support the business community in the study of a Business Improvement District (BID) that supplements resources and formalizes collective actions (Partner Responsibility, High Complexity/Long-Term Recommendation).

Tactic	Actions
Conduct preliminary research concerning the potential benefits of a BID.	• Interview BID managers and members in the Bay Area; enroll key members of the Danville business community to participate. • Develop a preliminary Downtown business need assessment
Coordinate with local business community to establish and promote a private sector leadership group.	• Identify and support as appropriate a core leadership and advocacy group from the local business community. • Encourage and support the leadership group either to drive a BID formation effort, or to conclude otherwise.

f. Encourage investments that create continuous retail store frontages and pedestrian engagement along each downtown block (Partner Responsibility, Low Complexity/Long-Term Recommendation).

Tactic	Actions
Identify and promote commercial property improvement that enhance the pedestrian realm and encourage shopper engagement	• Meet regularly with property owners, managers, and tenants. • Collect and assess views of owners and tenants on the strengths, weaknesses, and needs of centers. • Seek consensus on opportunities for improvement. • Support project proposals consistent with consensus. • Identify priorities for improvements. • Study feasibility of potential improvements. • Provide support for improvement projects, as appropriate.

g. Work with partners to build a deliberate and collaborative merchandising approach to the Downtown Business District (Partner Responsibility, High Complexity/Long-Term Recommendation).

Tactic	Actions
Encourage continuous improvement in retail merchandising among the retail community.	• Initiate conversations among retailers about the benefits of sophisticated merchandising strategies. • Engage retail performance consultants as necessary to identify and communicate strategy opportunities for downtown district merchandising.

Objective 3: Actively track retail and consumer trends and build market and business knowledge among merchants.

a. Regularly gather information on national and regional retail and consumer trends and leverage expert networks to understand local implications (Town Responsibility, Low Complexity/CEDP Strategy)

Tactic	Actions
Maintain working knowledge of retail industry trends and evolving approaches to downtown retail.	• Leverage membership in the International Council of Shopping Centers (ICSC) and/or other professional groups to monitor market trends, build market knowledge, and consider downtown strategies. • Network with retail industry experts, including those with local, regional, and national perspectives. • Solicit, compile, validate, and summarize retail market perspectives.
Deepen relationships with local retail real estate professionals.	• Maintain relationships with commercial real estate professionals with expertise in the Danville market. • Solicit, compile, validate, and summarize Danville real estate market data. • Establish or participate in an annual real estate event.

b. Work with Partners to establish communication and education programs on current trends affecting retail merchants, property owners, and property managers (Town Responsibility, High Complexity/CEDP Strategy).

Tactic	Actions
Disseminate data and analysis of trends affecting Danville.	• Author an annual or biannual newsletter describing trends that affect Danville's retail community. • Find forums to discuss trends with merchants, owners, and property managers. • Connect merchants, owners, and property managers with industry resources, including professional organizations, data sources, and consultants.

Goal 2—Small Businesses and Proprietors: Foster supportive conditions and offer valuable resources to help small businesses and proprietors prosper and grow in the Town.

Objective 1: Enhance workplace amenities that incorporate small businesses and proprietors into the community.

a. Conduct a comprehensive feasibility study on coworking space and collaborate with partners to implement recommendations (Town Responsibility, High Complexity/CEDP Strategy).

Tactic	Actions
Assess local demand for coworking space.	• Meet with small business community to gauge interest. • Meet with brokerage community to gauge interest.
Investigate emerging coworking space businesses.	• Research the business models and real estate requirements of coworking space firms.
Assess the potential coworking space in Danville.	• Talk with brokers and coworking space firms to evaluate Danville's potential to support coworking.

b. Work with partners to establish an effective network of basic workplace-oriented ancillary support services and facilities that support small business and proprietor operations and preserve neighborhoods (Partner Responsibility, High Complexity/Long-Term Recommendation).

Tactic	Actions
Facilitate an assessment of local demand for business support services and facilities.	• Meet with small business community to gauge unmet business needs.
Investigate market potential for new business support services and facilities.	• Meet with brokerage community to gauge market potential for new business services • Research market potential and real estate requirements for new business services and facilities.
Assist with business attraction	• Support business attraction through Business Concierge program

c. Identify and support a physical resource hub with tools and programs specifically for small businesses and proprietors (Partner Responsibility, High Complexity/Long-Term Recommendation).

Tactic	Actions
Support local business groups seeking to establish a small business resource hub.	• Identify and support, as appropriate, a core leadership and advocacy group from the local business community. • Encourage and support the leadership group either to drive a resource hub effort, or to conclude otherwise.

Objective 2: Partner to provide resources targeting small businesses and sole proprietorships.

a. Develop an overall community branding strategy, including reframing the "Shop Danville First" campaigns and resources to further showcase professional services in a similar manner as retail, restaurants, and personal services (Town Responsibility, Low Complexity/CEDP Strategy).

Tactic	Actions
Evaluate current campaign.	• Review participating entities. • Consider potential additions to the campaign and probe for interest. • Assess Town resources for marketing and branding efforts. • Determine updates to campaign.
Implement updated campaign.	• Update the campaign to reflect additional participation, based on evaluation.

b. Work with local and regional economic development partners to enhance tools and resources, host regional programs directly in the community, and actively promote available services. (Partner Responsibility, High Complexity/CEDP Strategy)

Tactic	Actions
Deepen relationships with economic development partners.	• Nurture long-term relationships with partner entities. • Exchange information and ideas with the regional economic development community, particularly strategic partners. • Identify and prioritize existing and potential economic development initiatives that benefit Danville.
Promote promising economic development opportunities.	• Encourage partners to sustain and/or implement priority economic development programs. • Provide support and assistance to partners as necessary and appropriate to continue or implement priority programs.

c. Conduct a needs assessment survey specifically for small businesses, proprietorships, and establishments in the consultant economy (Town Responsibility, Low Complexity/Long-Term Recommendation).

Tactic	Actions
Conduct research and assessment.	• Survey small businesses to determine unmet local business needs. • Host a small business event to solicit input regarding local small business needs. • Summarize and communicate findings from research and assessment.

d. Develop local purchasing policies for the Town and work with public partners to encourage similar practices (Town Responsibility, Low Complexity/Long-Term Recommendation).

Tactic	Actions
Coordinate Town decision makers and staff to craft policy.	• Work with City staff to evaluate potential for buy-local policy. • Support policy recommendation and implementation steps, as appropriate.

e. Celebrate new business openings in Town communications efforts (Town Responsibility, Low Complexity/Long-Term Recommendation).

Tactic	Actions
Identify new local businesses and publicize their presence on Town website and other Town publications.	• Rely on Town business registry to identify new businesses. • Reach out to new businesses to establish relationships. • Announce new business opening on Town website and other Town publications.

f. Collaborate with local and regional partners and stakeholders to establish peer groups and roundtables around targeted business segments (Partner Responsibility, Low Complexity/Long-Term Recommendation).

Tactic	Actions
Coordinate with the local and regional economic development community.	• Follow local and regional economic development programs. • Network with partner entities to stay abreast of new and evolving peer groups and programs.
Connect local businesses to local and regional groups and resources.	• Communicate potentially beneficial local and regional opportunities to local businesses.

g. Explore options to participate in regional business-to-business (B2B) platforms for collaboration and sourcing, such as online directories that connect local buyers with local suppliers (Partner Responsibility, Low Complexity/Long-Term Recommendation).

Tactic	Actions
Research and evaluate business-to-business services.	• Identify and evaluate available services.
Disseminate valuable information.	• Create and distribute information concerning business-to-business services, through the Town website and/or other communications.

Goal 3—Economic Development and Marketing: Deliver effective economic development programs and leverage local and regional partners to build a competitive role in the regional economy and improve local economic health.

Objective 1: Organize economic development around a proactive and connected system.

a. Build strong relationships with local and regional commercial real estate brokers and developers (Town Responsibility, Low Complexity/CEDP Strategy)

Tactic	Actions
Engage real estate community.	• Maintain relationships with commercial and residential real estate professionals with expertise in the Danville market. • Share data and business information with real estate contacts, as appropriate. • Establish an annual real estate event in Danville.

b. Expand local business retention and expansion (BRE) efforts into a formal proactive program led by the Town (Town Responsibility, Low Complexity/CEDP Strategy)

Tactic	Actions
Communicate with business community.	• Conduct regular discussions with local businesses about economic conditions and business needs. • Provide resources and assistance with retention and expansion requirements, as appropriate.
Continue Town business promotion funding for marketing and events.	• Continue to adapt funding goals to best meet local business needs.

Objective 2: Target vacant and under-utilized properties for economic development opportunities

a. Evaluate the Downtown Business District Ordinance and consider flexibility that would better facilitate and support experience-based businesses and development of specific land uses that attract consumers and foster desired economic development (Town Responsibility, High Complexity).

Tactic	Actions
Study potential for increased intensity of land uses in select locations.	• Seek input from the commercial real estate community (inside and outside Danville) on opportunities for real estate intensification. • Work with Planning Department to assess opportunities for real estate intensification. • Provide support for projects that seek to intensify development that is consistent with identified opportunities.

b. Articulate conceptual development scenarios that would activate sites and move nonresidential development opportunities forward for underutilized properties and appropriate Special Concern Areas (Town Responsibility, High Complexity/CEDP Strategy).

Tactic	Actions
Prepare urban planning schemes for target sites.	• Engage urban planning professionals to develop high-level plans that illustrate development concepts considered desirable by the Town.

Objective 3: Raise awareness of Danville among business, employees, and visitor target audiences

a. Collaborate with local and regional partners to develop and implement a new coordinated overall community branding and marketing strategy that covers general messaging, including a website that promotes Town services, and updates "Shop Danville First" campaign tactics. (Town Responsibility, High Complexity).

Tactic	Actions
Review current marketing and branding.	• Assess current assets and practices. • Consider current marketing and branding as compared with competitive and peer locations. • Evaluate strengths and weaknesses of current marketing and branding. • Identify opportunities to broaden existing Town resources utilized for marketing and branding. • Seek opportunities to leverage existing marketing and branding assets.
Design and implement marketing and branding.	• Update marketing and branding to align with the vision of Danville. • Implement as appropriate.

b. Explore options to improve the image and visibility of Danville along the Interstate 680 Corridor (Town Responsibility, High Complexity/Long-Term Recommendation).

Tactic	Actions
Explore potential for improved signage.	• Research potential for updated signage. • Engage staff and elected officials in dialogue regarding potential updates.
Implement signage improvements.	• Support signage improvements, as needed and appropriate.

c. Work with stakeholders to better define and promote Danville's competitive position in the Tri-Valley and East Bay (Town Responsibility, Low Complexity/Long-Term Recommendation).

Tactic	Actions
Coordinate with business community on Town market positioning.	• Conduct regular discussions with local businesses about local economic strengths and opportunities. • Integrate findings into Town marketing and promotional materials.

d. Develop a formal social media plan and related policies for economic development activities (Town Responsibility, Low Complexity/Long-Term Recommendation).

Tactic	Actions
Plan and implement a social media strategy.	• Identify social media objectives • Assess current social media activities • Improve social media accounts • Establish a content plan

Objective 4: Emphasize performance measurement across all economic development activities.

a. Develop and implement an in-house economic development performance measurement program to track outcomes and manage resources for all the economic development activities (Town Responsibility, Low Complexity/CEDP Strategy).

Tactic	Actions
Identify quantifiable economic development metrics.	• Establish a range of economic development success metrics based on readily available data (e.g., employment levels, business openings, establishment sales). • Collect and summarize economic data to establish current conditions.
Establish ongoing tracking of metrics.	• Systematically collect and analyze economic development metrics on an ongoing basis. • Document summary statistics on a periodic basis and review data trends to identify performance gains or declines.

b. Develop and administer community surveys that seek input on aspects of Town services, economic development, and quality of life (Town Responsibility, Low Complexity/CEDP Strategy).

Tactic	Actions
Conduct efforts to track community wellbeing.	• Prepare, test, and administer original surveys concerning local business and economic factors (e.g., business confidence, customer satisfaction, event attendance/spending).
Communicate survey findings to local stakeholders, community leaders, and the public.	• Report survey results. • Review survey findings to assess business conditions, and consider implications for economic development action.

c. Track economic development performance metrics and compare to competitors and peers (i.e., "benchmarking") and communicate outcomes to stakeholders (e.g., using a "dashboard" or "scorecard" format) (Town Responsibility, Low Complexity/Long-Term Recommendation).

Tactic	Actions
Identify quantifiable economic development metrics available for Danville and competitors/peers.	• Establish a range of economic development success metrics. • Collect and summarize economic data.
Report performance metrics to stakeholders.	• Systematically collect and analyze economic development metrics on an ongoing basis. • Document summary statistics on a periodic basis and review data trends to identify performance gains or declines.

d. Seek grant funding for applicable economic development activities using measurement to demonstrate needs and potential outcomes (Town Responsibility, High Complexity/Long-Term Recommendation).

Tactic	Actions
Track economic development funding opportunities.	• Follow regional, state, and federal economic development programs. • Network with economic development entities to stay abreast of new and evolving funding programs.
Strategically pursue economic development funds.	• Identify priority investments which might qualify for grant funds. • Pursue grant funding as appropriate.

Goal 4—Quality of Place: Continue to enhance the character and functionality of the Town as a means of attracting visitors and supporting quality of life for residents and businesses.

Objective 1: Bolster the downtown experience for businesses, residents, and visitors.

a. Update the Downtown Master Plan and define short-term priority initiatives (Town Responsibility, Low Complexity/CEDP Strategy).

Tactic	Actions
Update Downtown Master Plan.	• Solicit stakeholders to provide input on potential strategies for Downtown improvements and economic sustainability. • Prepare updates to the Master Plan, with consideration of potential development and use flexibility that responds to market trends and a vision for the Town. • Provide guidance to study team, including local business data, such as regional competitiveness factors and perspectives from peer communities.
Implement Downtown Plan initiatives.	• Prioritize initiatives. • Identify and secure funding. • Implement initiatives as appropriate.

b. Integrate amenities and events that encourage lingering and gathering to increase visit lengths in the Old Town area (Town Responsibility, High Complexity/CEDP Strategy).

Tactic	Actions
Emphasize placemaking in Downtown planning.	• Solicit stakeholders to provide input on potential strategies for Downtown placemaking. • Leverage Downtown planning processes to study potential placemaking investments, including opportunities to integrate amenities with capital projects (e.g., parking and streets projects), as appropriate • Review town programs and resources for placemaking.
Explore potential for new events that create cross-business synergy.	• Solicit input from local business concerning desirable event types (e.g., May 4 scavenger hunt). • Explore opportunities with the Town Recreation Division to incorporate programing that engages merchant participation.

c. Develop and implement strategies to further activate an "arts district" that is integrated into the fabric of the Downtown Business District (Town Responsibility, High Complexity/Long-Term Recommendation).

Tactic	Actions
Explore potential to bolster the existing Downtown arts district.	• Leverage Downtown planning processes to study potential arts district investments. • Continue to work with current and new arts partners to identify and implement arts district capital improvements, programming, and marketing.
Implement Arts District initiatives.	• Prioritize initiatives. • Identify and secure funding. • Implement initiatives as appropriate.

d. Improve walkability and connectivity throughout the Downtown Business District (Town Responsibility, High Complexity/Long-Term Recommendation).

Tactic	Actions
Emphasize walkability in Downtown planning.	• Solicit stakeholders to provide input on potential strategies for Downtown walkability. • Leverage Downtown planning processes to study potential pedestrian and streetscape investments.

Objective 2: Acknowledge importance of quality of place and augment social offerings and aesthetics in the community.

a. Maintain support for façade improvement programs and develop new programs to improve community aesthetics (Town Responsibility, Low Complexity/CEDP Strategy).

Tactic	Actions
Review existing façade improvement program.	• Assess cost effectiveness of recent façade improvement grants. • Consider program criteria adjustments, as necessary.
Continue program implementation.	• Secure future funding allocations. • Implement program as appropriate.

b. Continue to integrate community character and quality of life into the core Town values and all future strategic documents (Town Responsibility, Low Complexity/Long-Term Recommendation).

Tactic	Actions
Underscore quality of life factors in Downtown planning.	• Solicit stakeholders to provide input on key quality of life attributes that benefit Downtown. • Leverage Downtown planning processes to sustain quality of life factors.
Stress quality of life strengths in future Town-wide marketing and branding efforts.	• Take advantage of future marketing and branding efforts to assess and promote the extraordinary quality of life in Danville.

c. Work with partners to build and program civic and cultural amenities throughout the community (Partner Responsibility, High Complexity/Long-Term Recommendation).

Tactic	Actions
Explore potential to bolster civic programming and cultural facilities.	• Leverage planning processes to study potential civic and cultural investments. • Continue to work with current and new partners to identify and implement civic and cultural investments, including programs and facilities.
Implement civic and cultural initiatives.	• Prioritize initiatives. • Identify and secure funding. • Implement initiatives as appropriate.

Objective 3: Increase lodging capacity in the Town across appropriate product types.

a. Work with partners to establish a set of target visitor audiences for overnight trips and gain an understanding of lodging needs (Town Responsibility, High Complexity/CEDP Strategy).

Tactic	Actions
Communicate with community members.	• Query resident and business groups to generally assess unmet local-driven demand for lodging. • Summarize and communicate findings from research and assessment.

b. Research the locational criteria and formats for various overnight accommodations and facilitate dialogue regarding potential site opportunities (Town Responsibility, High Complexity/Long-Term Recommendation).

Tactic	Actions
Investigate hotel market and site requirements.	• Research current hotel market characteristics and assess the potential for various lodging and hospitality formats in Danville.
Assess potential hotel sites.	• Evaluate potential project sites in the context of hotel market characteristics and site requirements.

c. Conduct a comprehensive lodging feasibility study and work with partners to implement recommendations (Partner Responsibility, High Complexity/Long-Term Recommendation).

Tactic	Actions
Engage hospitality professionals to verify potential hotel development concepts.	• Procure independent analysis or third-party review of hotel feasibility.
Promote promising hospitality development opportunities.	• Encourage property owners and real estate brokers to pursue Town-preferred hotel projects. • Provide support and assistance to private-sector partners as necessary and appropriate to progress hospitality development projects.

Implementation Timeline

The 21 CEDP strategies represent an ambitious body of work for the Town and its partners over the next 5 years. Because these strategies likely are additive in that they represent incremental activities layered on top of many existing programs and services, effective sequencing and prioritization will be important for successful implementation. Considering the possible scope of implementation, the Town may consider increasing staff and resources to maximize the potential for achieving goals.

The following matrices (**Figure 1** and **Figure 2**) array each of the Implementation Plan Strategies over the 5-year CEDP period. For purposes of further consideration of prioritization, the matrices also group the strategies in two additional ways. The first grouping uses three categories to describe the type of anticipated action:

1. **Best Practices** reflect activities and policies that typically are integrated into local economic development programs and should be implemented as a normal course of business.
2. **Studies** refer to items that will require additional analysis and planning efforts to assess feasibility, define recommendations, and identify priority implementation measures for economic development.
3. **Initiatives** demonstrate activities that address opportunities and challenges that are unique to Danville's fiscal and economic environment and have the potential to enhance the performance of the local economy.

The second grouping reflects the relative importance of each strategy, within each activity grouping. While all of the proposed strategies are viewed as priorities for the CEDP, certain activities are secondary in importance when viewed alongside other best practice items, studies, and initiatives.

Figure 1 Plan Framework—Town Responsibilities

Town of Danville Responsibilities

	Strategy Elements	Complexity	Importance	Year 1	Year 2	Year 3	Year 4	Year 5
Best Practices								
3.1.b	Business retention & expansion efforts	Low	Primary	<---------- ongoing ---------->				
1.1.b	Support efforts to recruit & retain tenants	High	Primary	<---------- ongoing ---------->				
1.1.a	Support appropriate real estate expansions	High	Primary	<---------- ongoing ---------->				
3.4.a	Implement performance measurement	Low	Primary	<---------- ongoing ---------->				
3.1.a	Commercial real estate relationships	Low	Primary	<---------- ongoing ---------->				
1.2.a	Sign ordinance flexibility	Low	Secondary				X	
4.2.a	Façade improvement programs	Low	Secondary	<---------- ongoing ---------->				
Studies								
4.3.b	Develop and administer community surveys	Low	Primary	<---------- ongoing ---------->				
4.1.a	Update Downtown Master Plan	High	Primary	X	X	X		
1.2.b	Update Parking Assessment Study	High	Primary	X	X	X	X	
2.1.a	Coworking feasibility study	High	Primary	X	X	X	X	
3.2.b	Conceptual development scenarios	High	Primary			X	X	
3.3.a	Branding and marketing strategy	High	Primary	X	X	X	X	X
4.3.a	Lodging needs assessment	High	Secondary			X		
Initiatives								
3.2.a	Evaluate Downtown ordinance	High	Primary	X	X			
2.2.a	Reframe shop local campaigns	Low	Primary	X				
4.1.b	Old Town amenities	High	Primary				X	X
1.3.b	Retail education programs	High	Secondary	<---------- ongoing ---------->				
1.3.a	Retail and consumer trends	Low	Secondary	<---------- ongoing ---------->				

Figure 2 Plan Framework— Partner Responsibilities

Strategy Elements		Complexity	Importance	Year 1	Year 2	Year 3	Year 4	Year 5
Initiatives								
1.2.c	Recruit and retain distinctive operators	High	Primary	<---------- ongoing ---------->				
1.2.d	Influence coordinated hours and service quality	High	Primary	X		X		X
2.2.b	Enhance tools and resources	High	Primary	<---------- ongoing ---------->				

APPENDIX

Summary of Research Efforts

Creating an effective Comprehensive Economic Development Plan (CEDP) requires an understanding of the primary challenges and opportunities for economic development in Danville and a framework that appropriately captures the breadth of potential strategies. The Town has several opportunities to create the conditions to help sustain economic and fiscal health but also faces challenges resulting from business, real estate, and retail trends and conditions. Positive outcomes will depend on the extent to which the Town and its economic development partners can align programs and services to take advantage of the opportunities and address the challenges.

The following findings from early-stage research efforts create the foundation for the goals and implementation strategies detailed in the main report:

1. ***Danville supports a relatively low jobs-housing balance with an employment base that is dominated by small firms in population-serving sectors.***

   Danville's economy supports roughly 10,000 jobs on payrolls, with proprietor employment estimated to capture another 9,000 jobs.[2] Some sources estimate employment in the Town could be as high as 24,000 jobs.[3] The community's jobs-housing balance is below the statewide and Contra Costa County averages, as well as measures for comparative cities. The majority of jobs in the community fall within industries serving the local population that include activities like retail, education, health care, and food service, with limited employment in export-oriented industries.

   Essentially all establishments in Danville can be considered "micro" or very small businesses with fewer than 25 employees, as compared with about 4/5^{ths} of businesses in the Tri-Valley overall. Consistent with volatility observed among startups and small businesses, Danville has seen a considerable amount of business openings and closings, which are reported to drive most employment changes. Overall, the community has experienced employment declines across nearly every major industry over the past 10 years. Although conditions have improved in recent years, short-term-growth expectations among local businesses generally are modest.

2. ***The notable presence of home-based businesses and strength of the consultant economy have been identified as unique features of the Danville economy.***

   A much greater share of Danville's employed residents work from home than in the state and county. As a result, a substantial portion of the Town's proprietor employment base is composed of home-based businesses, with recent home occupancy permit counts listing roughly 860 home-based business entities in Danville. The mix of home-based businesses is

[2] California Economic Development Department and BW Research Partnership.

[3] EMSI Zip Code analysis; estimate of Blackhawk employment removed from total.

weighted towards various personal services but also includes a notable amount of activity in management, professional, and technical services.

Another unique feature of Danville's economy that is being driven both by its home-based and traditional businesses is the strength of what the 2013 Economic Development Analysis report calls the "consultant economy." According to the report, four components of the consultant economy represent the bulk of activity, including:

- Investment Advice & Portfolio Management;
- Human Resources Consulting Services, Administrative Management & General Management Consulting Services; and
- Marketing Consulting Services.

This segment of the economy integrates strengths of the Town's resident labor force and provides valuable services to residents and businesses, and helps enhance the daytime customer base for other local businesses.

3. ***Most working residents leave the area for high-wage, high-skilled work, with a little more than half replaced by an inflow of workers in low- and moderate-wage jobs.***

   Danville functions as a bedroom community with a considerable resident worker out-commute. Nearly 91 percent of the Town's working residents commute outside the community for employment, commonly traveling to relatively high-wage, high-skilled jobs (e.g., management, professional, and technical) throughout the greater Bay Area. Danville acts as a valuable workforce resource for the rest of the greater Bay Area, a region that is seeing increasing demand for highly skilled and educated workers.

   Only about 60 percent of the out-commuters are replaced by workers traveling into Danville. This worker inflow is primarily filling low- and moderate-wage jobs in the retail, food service, and personal service industries. Danville's quality of life has drawn a high-skilled resident labor force, but its local economy does not support the types of employment opportunities for these high-skill workers and is not fully benefitting from the local purchasing power. These commute dynamics not only shrink the daytime population base in the Town, but the profile of the local employment base moderates the daytime spending potential of local workers.

4. ***The Town is nearly built out and historically has enjoyed relatively low commercial vacancy rates and high rents across all markets.***

   The Town's employment base depends in large part on the amount and composition of real estate available for business establishments. The community essentially is built out, and real estate indicators show that vacancy rates are below East Bay and county levels, including retail, office, and industrial space types (though recent 2016 data reveal a spike in Downtown retail vacancy). With limited space availability, the market supports rents above the Contra Costa County averages. Further, constraints on commercial real estate likely are limiting the size of the employment base and types of employers present in Danville. The 2013 Economic Development Analysis report found that local businesses often expressed frustration associated with finding appropriate space. This frustration was more pronounced among those businesses in the consultant economy, a unique strength of the local economy.

5. ***Sales tax accounts for about one-quarter of General Fund revenues, with a large share derived from retail, restaurants, and other entities outside the downtown core.***

   Danville is highly reliant on sales tax as a revenue source for its General Fund. At roughly one-quarter, the share of General Fund revenue attributable to sales tax is greater in Danville than in many communities across the state, where the average is roughly 20 percent. Total taxable sales per capita in Danville are around $11,000, which is below the statewide and county averages, as well as below the average observed among similar cities. Almost 75 percent of Danville's sales tax revenue is generated in the retail and food categories, which is a much larger share than the statewide average. Business-to-business (B2B) and transportation sales account for a much smaller share of sales tax revenue than the statewide average. Over the past 10 years, Danville's taxable sales growth exceeded the state and county benchmarks. Although taxable sales trends and low retail real estate vacancy rates suggest relative market stability in Danville, detailed sales tax revenue data indicate recent sales tax growth in consumer-based categories has been modest, while B2B sales have declined sharply.

6. ***Restaurants and other prepared food businesses are showing strong performance in suburban markets, while other categories are becoming dominated by large-scale merchants. Danville exemplifies these larger trends.***

   Restaurants and food service establishments (referred to as "Food & Beverage" retail in this report) have seen a proliferation of new formats, including various extensions of the quick service format. There has been a proliferation of very competent independent operators and small regional chains in the coastal metropolitan regions of California. Food & Beverage accounts for around 22 percent of sales tax activity in Danville and is the largest category in the Downtown Business District, capturing 46 percent of the sales tax receipts with particularly strong sales in the Old Town area. Danville's retail mix downtown is consistent with a broad trend of increasing Food & Beverage businesses in street retail and downtown districts. Meanwhile, other retail categories are becoming dominated by large-scale merchants that are able to integrate new forms of electronic commerce and adapt to the swift change in consumer spending habits in favor of discount and value-oriented stores. Accordingly, Food & Beverage establishments, and (to a lesser extent) grocery stores and personal services, have come to dominate most retail space outside of luxury malls and discount centers.

7. ***The importance of Danville's historic downtown shopping district to the spirit of the community exceeds its economic contribution.***

   Historically, a community's downtown often acted as its core center of economic activity and played a critical role as a community meeting place and asset supporting the local quality of life. Today, Danville's downtown still offers the highest concentration of business establishments, plays host to the Town's farmers' market and other events, and is home to the Village Theatre and other community facilities. Noting this role, past strategies have placed heavy emphasis on the Downtown Business District and particularly the Old Town area. Commercial real estate data concerning downtown also reveal the area's popularity,

with historically lower office and retail vacancy rates and higher rents than space in the rest of the Town. However, sales tax data indicate that only about ten to 18 percent of town wide activity is generated in the Old Town area.[4] Large-format businesses are unable to locate in downtown Danville because of space constraints. Further, Downtown is perceived by retailers to have relatively low visibility (exposure to vehicle and pedestrian traffic) compared with competitive retail locations in the Bay Area. Even though its direct economic contribution has become constrained over time, it is important that the downtown succeed. A healthy and vibrant downtown is central to Danville's character and is an important component of local economic sustainability because of its dual role as a business center and contributor to the spirit and sense of place in the community.

8. ***The Town and its partners offer a variety of economic development programs and services, but outcomes are difficult to measure.***

   The Town's recent and ongoing economic development activities have focused on programs that assist new and existing businesses, market the community and business resources, and provide funding for business improvement and promotion. Danville's adopted budget funds economic development at approximately $353,000. This budget includes basic administration, materials and supplies, and contracted services, along with funds for local and regional partners, cooperative marketing, and business promotion. Part of Danville's economic development emphasis also is reflected in its focus on organizing and coordinating more than 30 direct and co-sponsored annual events and celebrations that support local quality of life and draw attention to the community. In addition, the Town's economic development objectives are reflected in its provision of public infrastructure and services.

   Further, the Town uses its land use power with great discretion to regulate built form, new development, parking, and other private improvements with the purpose of coordinating private investment towards a supportive business environment. Moreover, the Town participates in various local and regional economic development-related organizations that expand the scope of programs and services that support economic vitality in the community. Its primary local and regional partners include the Danville Area Chamber of Commerce, Discover Danville Association, Visit Tri-Valley, i-Gate, and the East Bay Economic Development Alliance. Performance measurement would facilitate future evaluations of the effectiveness of economic development investments and related outcomes.

9. ***Various trends in the retail market may present strong opportunities for Danville, while competition from surrounding communities potentially is a threat.***

   Danville has received notable acclaim and external visibility for its culinary offerings, which plays to the strength of the Food & Beverage retail segment in the Bay Area and increasing consumer demand for prepared foods. At the same time, merchants in other segments of the retail sector are exposed to increasing competition from large-format retailers, shifting internet shopping preferences, and the changing interests of various consumers groups (e.g., millennials, retirees, and foreign investors). Some brick-and-mortar retailers have

[4] Town of Danville and MSPS estimates.

responded to these dynamics by taking advantage of consumer demand for unique social and experience-based offerings.

Other communities throughout the Bay Area, including several near Danville (e.g., Livermore, Pleasanton, Walnut Creek, and Dublin), have seen the creation of shopping environments that respond to and recognize these general retail trends and have made investments that have attracted significant private-sector interest. A notable portion of the spending leakage across nearly all retail categories in Danville appears to be attributable to this type of market competition.

10. The framework for the CEDP revolves around four primary themes: fiscal drivers, small businesses, economic development and marketing, and sustaining Town character.

The 2030 General Plan, 2013 Economic Development Analysis recommendations, and previous economic development strategies reflect several common principles that are still relevant in the current economic and fiscal context. The CEDP organizes these principles around four themes, which provide a framework for CEDP goals, with accompanying objectives and strategies arising from stakeholder input, previous reports, program research, and best practices. These four themes were tested with community stakeholders and the Town Council and received consistently positive reactions:

1. **Fiscal Drivers** relate to activities that impact fiscal sustainability with a primary focus on sales tax from sources across the community.
2. **Small Businesses and Proprietors** include strategies aimed at creating conditions and offering resources to help businesses in this category prosper and grow in the community.
3. **Economic Development and Marketing** considers delivering programs aimed at sustaining economic vitality, as well as leveraging local and regional partnerships for services and marketing efforts.
4. **Quality of Place** focuses on activities that can enhance the character and function of the Town as a means of supporting its quality of life and drawing visitors.

Organization of Research Appendix

The remainder of this **Appendix** provides additional information on the key findings and other important considerations for economic development in Danville. The first section provides an overview of the local economic and fiscal context, including information on employment characteristics, real estate market conditions, and retail trends. The second section discusses economic development and related programs in Danville and the region. The third section offers a summary of the Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis, including internal and external factors that can help inform the plan strategies.

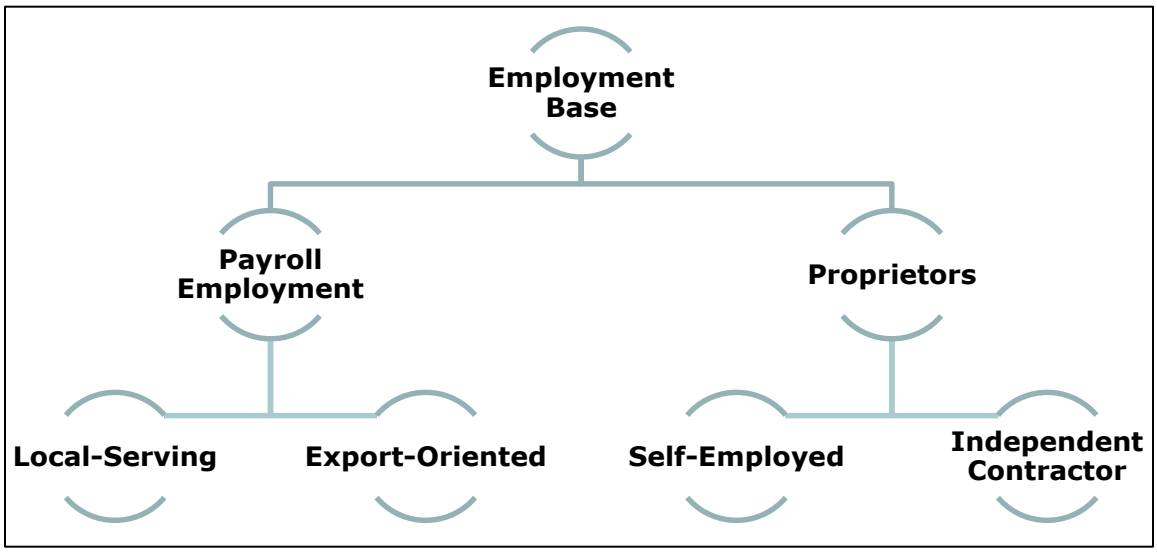
Economic and Fiscal Context

Employment Base

The level of employment supported in a local economy (i.e., the "employment base") is one of the most widely used measures of local economic vitality because it serves as a proxy for local business performance. Employment levels also relate to wages and salaries that support household spending. There are two distinct elements of the employment base: (1) payroll employment supported by establishments that focus on serving the local market or exporting to domestic and international markets, and (2) proprietor employment that covers self-employed workers and independent contractors.[5]

Economic development efforts tend to focus on export-oriented payroll employment because it generates net new wealth and drives growth in other areas of the economy—this segment of the economy typically is referred to as the "economic base." Proprietor employment has garnered increasing attention in economic development because of shifts toward self-employment that were accelerated during the recession. In addition, the surge in self-employment is being driven by the integration of new generations in the workplace, where workers have been shown increasingly to demand flexibility and different professional experiences. However, proprietor employment is difficult to measure compared to payroll employment that is tracked closely by several government sources, leading to a heavy emphasis on payroll employment for measuring economic vitality. Nonetheless, gaining some understanding of proprietor employment is important for economic development purposes.

Appendix Figure 1 Categories of Local Employment

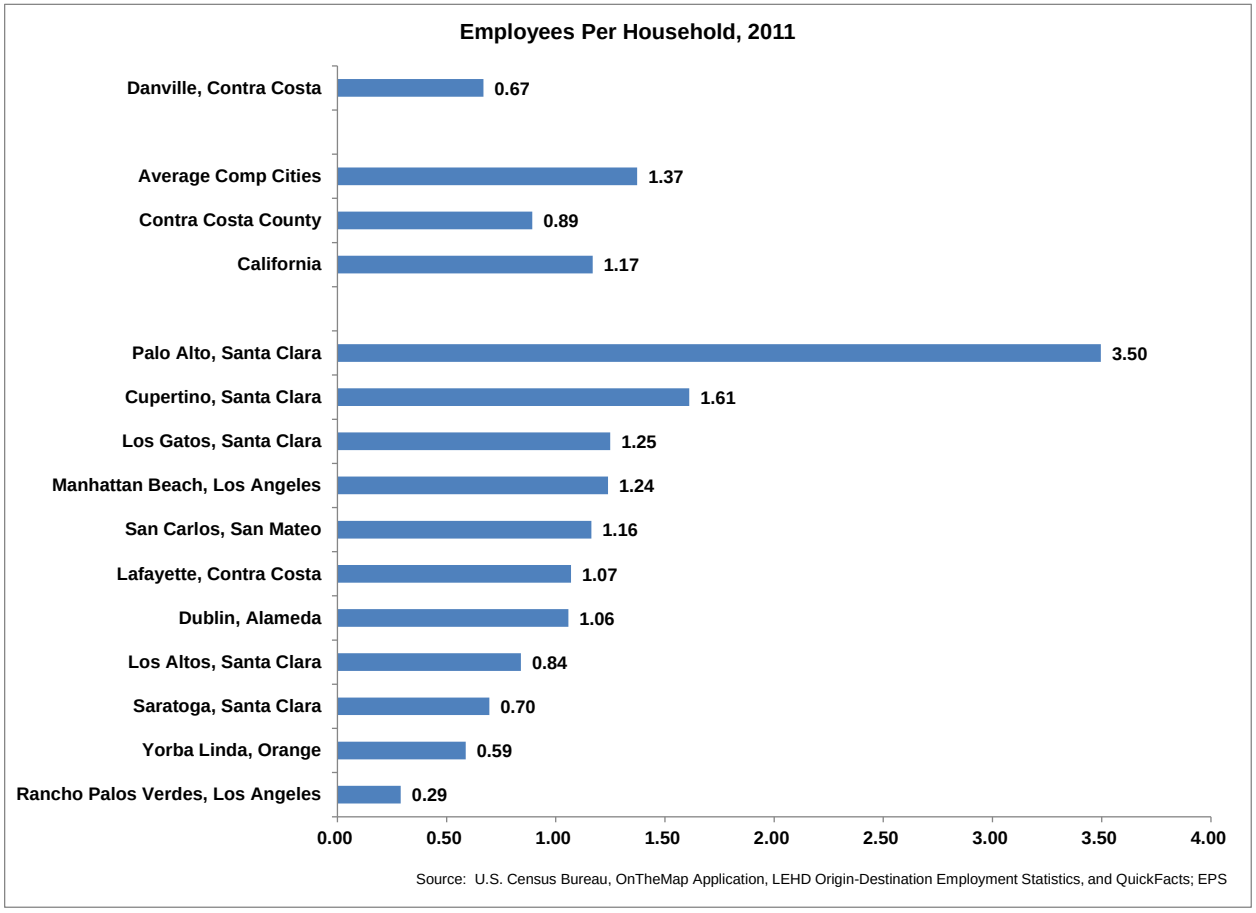


In 2011, establishments in Danville supported roughly 10,000 jobs on payrolls. With approximately 15,000 households, the community's employees-per-household ratio of 0.67 was

[5] Proprietor employment often is local- or regional-serving, but, in some cases, also can be export-oriented, particularly in the domestic market.

well below benchmarks and what is often pointed to in published studies as an ideal level of above 1.0. **Appendix Figure 2** presents employees-per-household ratios for Contra Costa County, the state, and several comparative cities.[6] Although several of the comparative cities support ratios lower than Danville, the average across all 11 comparative cities is 1.37, which is above the state and county averages. This demonstrates that, relative to the potential level of activity from the community's households and resident workers, the Danville economy does not support the employment base that can serve as a primary engine for vitality. The community is relatively housing-oriented compared to similarly sized and affluent cities.

Appendix Figure 2 Employees per Household



Compared to the employment centers in surrounding communities throughout the Tri-Valley and East Bay, Danville functions as a bedroom community with a considerable resident worker out-commute. Based on annual data for the 2002 to 2011 period from the U.S. Census Bureau, on

[6] The comparative cities were selected using population and median household income ranges based on U.S. Census Bureau data. The selected cities range in population from approximately 25,000 to 67,000 and in median household income from $112,000 to $159,000. The average population and household income across the selected cities are roughly 43,000 and $130,000, respectively, which is close to Danville's characteristics.

average, nearly 91 percent of the roughly 16,000 working residents in Danville commute outside the community for employment. These working residents commonly travel to relatively high-wage, high-skilled jobs (e.g., management, professional, and technical) throughout the greater Bay Area, which is in line with the affluent and highly educated nature of the Town's population. As a result of the linkage to the greater Bay Area labor market, the unemployment rate among Danville residents has remained below the county and statewide averages. In essence, Danville acts as a valuable workforce resource for the rest of the greater Bay Area, a region that is seeing an increasing demand for highly skilled and educated workers. Only 60 percent of the out-commuters are replaced by workers traveling into Danville. This worker inflow primarily is oriented toward low- and moderate-wage jobs in the retail, food service, and personal service industries. These commute dynamics not only shrink the daytime population base in the Town but also change its daytime characteristics with the inflow of retail and service workers that travel from communities offering a lower cost of living. The profile of the local employment base moderates the daytime spending potential of local workers.

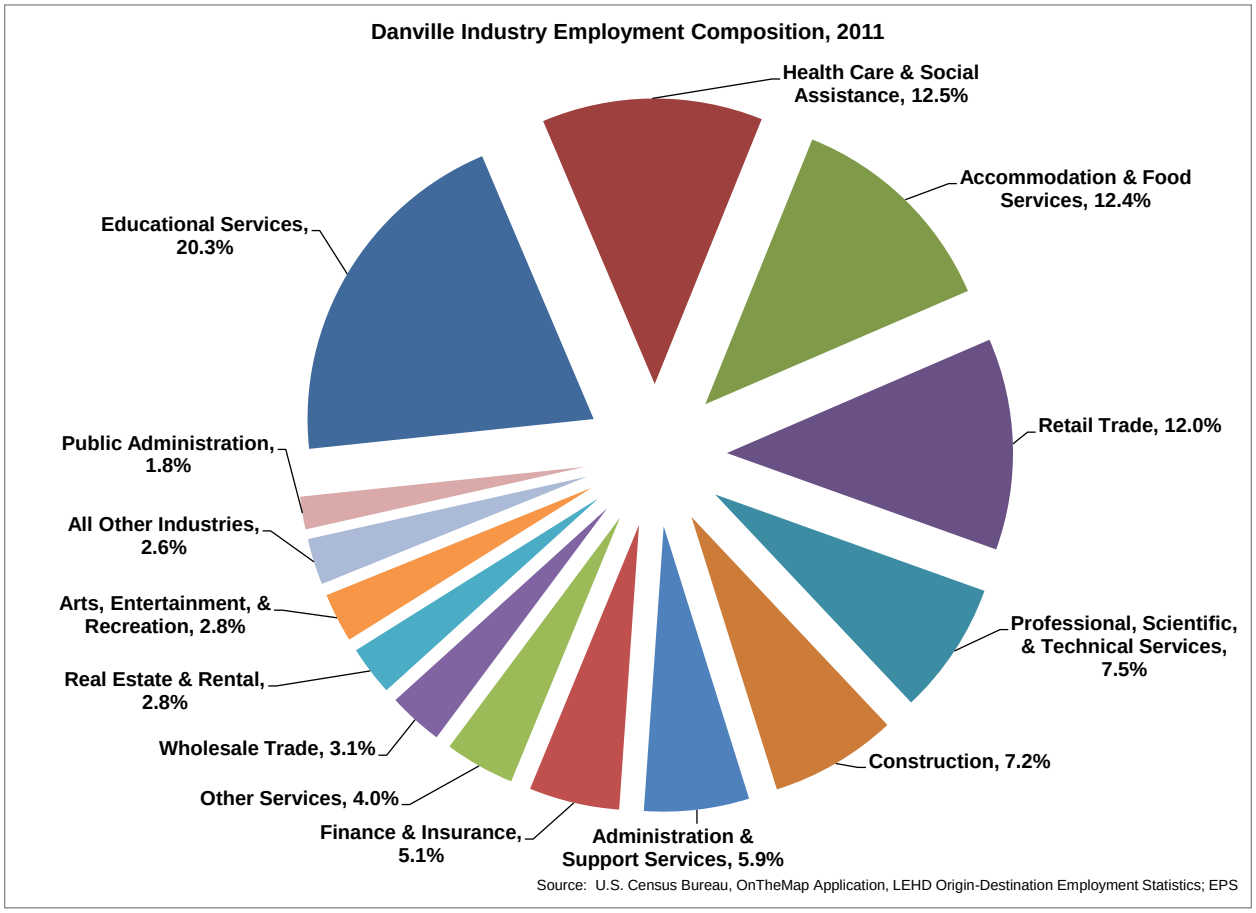
Danville's 2013 Economic Development Analysis report revealed 87 percent of establishments in the local economy support fewer than 10 employees, with another 9 percent supporting in the range of 10 to 24 employees. Overall, 96 percent of establishments in Danville can be considered micro- or very small businesses. The share of micro-businesses in Danville (fewer than 10 employees) notably is greater than in the Tri-Valley and statewide, where 79 percent and 82 percent of establishments are in this size range, respectively.

Appendix Figure 3 shows the industry composition of payroll employment in Danville. Almost two-thirds of all payroll employment falls within these five industries: Educational Services, Health Care & Social Assistance, Accommodation & Food Services, Retail Trade, and Professional & Business Services. Among these large industries, the Danville economy supports a greater share of employment than the statewide average in Educational Services, Accommodation & Food Services, and Retail Trade. While these industries likely draw consumers from throughout the region, they primarily serve the local market. In fact, the 2013 Economic Development Analysis report indicated 60 percent of all jobs in the Town are in purely population-serving industries, with another 20 percent in mixed population-serving and export-oriented industries. With limited employment in export-oriented industries that generate net new wealth, the local economy is highly dependent on its population base as a driver of economic vitality.

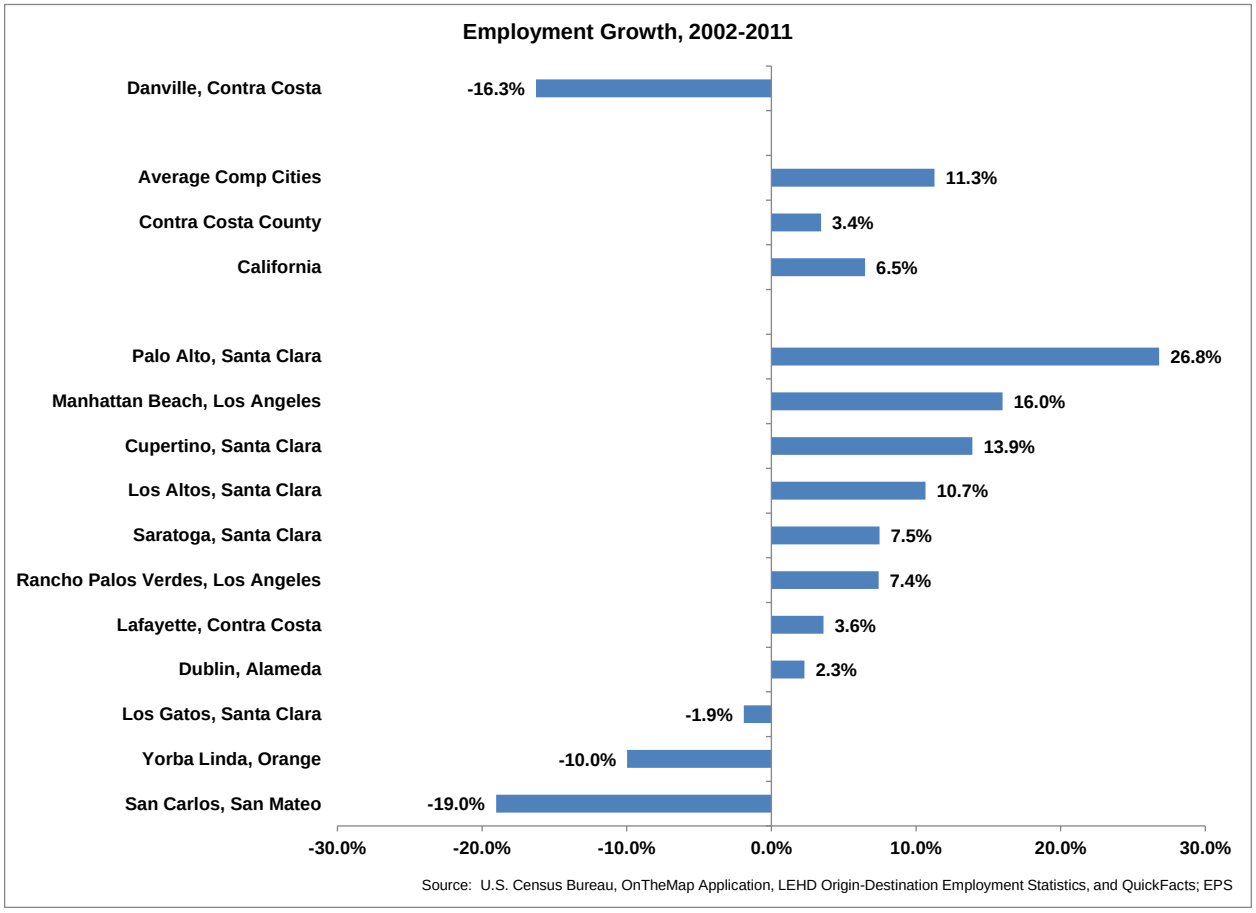
Between 2002 and 2011, Danville experienced a 16-percent decline in payroll employment, a loss of more than 2,000 jobs, in stark contrast to job gains observed in comparative cities, the region, and statewide. As shown in **Appendix Figure 4**, most of these areas saw payroll employment increase in this period. The majority of the job declines in Danville fell within the Educational Services and Construction industries, but all but 7 of the 20 major industries lost jobs in this period. In fact, 8 of these industries posted declines of more than 100 jobs each. Among Danville's 4 largest industries, Educational Services, Retail Trade, and Accommodation & Food Services lost a combined 1,200 jobs between 2002 and 2011, while Health Care & Social Assistance added about 300 jobs. The 2013 Economic Development Analysis report points out that the population-serving industries, which represent the greatest share of all jobs in the local economy, were most likely to lose jobs during the most recent economic cycle. During the recession, unemployment increased, wage growth was stagnant, and home values collapsed throughout the state, leading to a reduction in disposable income and waning consumer

confidence. These factors impacted population-serving sectors like Retail Trade and Accommodation & Food Services, which have been slow to recover in several communities. The benchmark areas also posted job declines across several industries in the same time period (including many population-serving industries); however, in most cases, the losses are not as pronounced, and gains are more widespread compared to Danville. Even in the case of the communities that also experienced overall job losses in this period, Danville posted weaker performance in its largest sectors. These local trends and conditions were not fully examined in the 2013 Economic Development Analysis report and deserve further investigation to better understand industry and establishment dynamics and their implications for economic development.

Appendix Figure 3 Danville Industry Employment Composition



Appendix Figure 4 Employment Growth



Also, it is important to note that the 2013 Economic Development Analysis indicates that most of the employment changes in the local economy are a result of business openings and closings, with limited influence from business expansions and contractions. In fact, the 2030 General Plan highlights that Danville's rate of 16.3 new firm starts per 1,000 residents was the highest among Tri-Valley cities.

With a declining payroll employment base, job changes driven by establishment churn, and a relatively low number of jobs per household, Danville could face some challenges related to the health of its local economy moving forward. Although the 2013 Economic Development Analysis report suggests improved performance in more recent years and slow but positive short-term future growth, it also reveals that less than one in five Danville businesses expect to increase employment in the next 12 months, with the majority anticipating stable employment levels.

The 2013 Economic Development Analysis report captures information related to proprietor-based employment and estimates an additional roughly 9,000 jobs in Danville in what is defined as the self-employed and extended proprietor category. A significant portion of proprietor employment in the community is composed of home-based businesses, with recent home occupancy permit counts listing approximately 860 business entities in Danville. In examining the characteristics of working residents, the 2013 Economic Development Analysis report also shows that around 9 percent of employed residents work from home, which is almost double the

county and state benchmarks (5.6 percent and 5.1 percent, respectively).[7] While the report demonstrates that the majority of this employment provides a mix of population-serving personal services, there also is a notable amount of economic activity in management, professional, and technical services. The report states that employment in this category is expected to remain flat over the next several years based on forecast data and surveys. Accounting for proprietor-based employment improves the employees-per-household ratio and brings the local share of regional employment closer in line to its population share. Although proprietor-based employment can be quite volatile, considering the trends in new ways of working, the characteristics of the local labor force, and the notable amount of activity in the area, this segment of the economy could add some upside potential that balances the challenges associated with the payroll employment dynamics.

The 2013 Economic Development Analysis report emphasizes the strength of Danville's consultant economy, which is evident across the small business, proprietor, and home-based business segments. According to the report, four components of the consultant economy represent the bulk of activity: Investment Advice & Portfolio Management, Human Resources Consulting Services, Administrative Management & General Management Consulting Services, and Marketing Consulting Services. The report estimates that the consultant economy accounts for around 5 percent of all payroll and proprietor jobs in the community, with all segments experiencing healthy growth in recent years. The consultant economy could serve as an area of concentration for local economic development efforts based on its performance and desirable attributes that align with community strengths. With a reported orientation toward a local resident and business customer base, the ability of this segment of the economy to serve an expanded customer base will be an important consideration moving forward. While the local area offers the most immediate opportunities, it is a fairly small market with notable competition. If this segment of the economy is to expand, businesses likely will need to access extended markets in the Bay Area, other domestic locations, and even internationally.

Importance of the consultant economy:

- Connects educated and entrepreneurial workforce with employment opportunities in Danville.
- Remained strong through downturn and poised for future growth.
- Enhances the daytime customer base for local restaurants and retail stores.
- Serves local and regional residents and businesses.

-Economic Development Analysis

Nonresidential Real Estate

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[7] The home-based business dynamic is evident across the entire Tri-Valley region. The recent Tri-Valley Rising: Its Vital Role in the Bay Area Economy report points out that workers in this region are more likely to work from home than in other parts of the greater Bay Area. Over the recession and subsequent recovery, the proportion of home-based workers (which include telecommuters, small business owners, and consultants) in the Tri-Valley increased considerably, reaching 8 percent. This proportion is double what is seen in the Silicon Valley.

The Town's employment base depends in large part on the amount and composition of nonresidential space available for establishments. **Appendix Table 1** shows the inventory, vacancy rates, annual absorption, and asking rents for the retail, office, and industrial/flex markets. Essentially, the community is built out and with positive absorption and vacancy rates below standard East Bay equilibrium and county benchmark levels. The constrained nonresidential real estate market has pushed rents above Contra Costa County benchmarks across all categories. Standard square feet per employee ratios in industries aligned with the office and retail markets (categories with the most local inventory) generally range from 250 to 350 square feet per employee, making available space an important consideration. A constrained nonresidential real estate market can limit the size of the employment base and the types of employers present in a community. The 2013 Economic Development Analysis report presents evidence that the constrained real estate market is affecting the local economy as surveyed local businesses expressed frustration with finding appropriate space. This frustration was more pronounced among those businesses in the consultant economy. Although the small and home-based business segment usually supports smaller space footprints, these establishments tend to be highly cost sensitive and will choose to remain in home settings or seek space in other locations if local rent structures cannot be supported in their business model. Without adding a significant amount of space, the constrained nonresidential real estate market conditions likely will persist and could present a challenge for local economic vitality. The constrained market also necessitates a level of sensitivity to moderate- and long-term forecasts that show an expanded employment base such as those presented in the 2013 Economic Development Analysis report and 2030 General Plan.

> "While nearby communities aggressively pursued business parks, corporate headquarters, and regional shopping centers, Danville established an economic niche that leveraged its small town charm and historic ambiance. Today, the Town's economic base reflects that emphasis. It is characterized by neighborhood and specialty shopping, hospitality uses such as food service and lodging, and local-serving offices and service providers."
>
> *–Danville 2030 General Plan*

Appendix Table 1 Real Estate Market Indicators, 2010-2014 Average

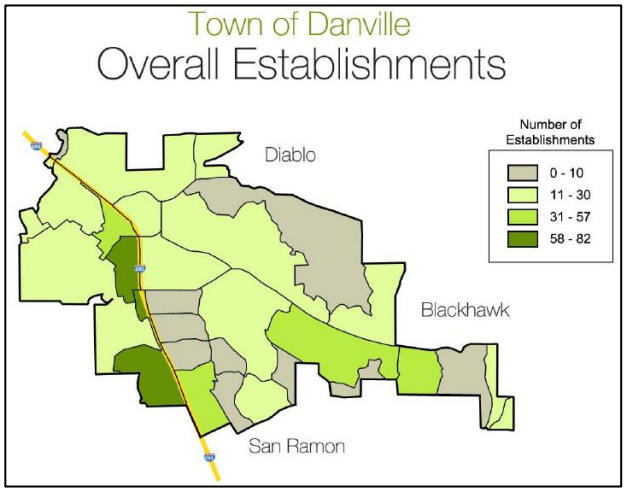
Market/Measure	Danville	Contra Costa County
Retail		
Inventory SF	1,812,582	46,793,931
Vacancy Rate	3.7%	5.4%
Annual Absorption SF	12,536	217,220
NNN Rent Per SF	$2.55	$1.69
Office		
Inventory SF	1,277,688	39,427,214
Vacancy Rate	8.2%	11.4%
Annual Absorption SF	7,562	-36,563
Gross Rent Per SF	$2.26	$1.97
Indusrial/Flex		
Inventory SF	49,071	45,357,236
Vacancy Rate	0.3%	10.3%
Annual Absorption SF	0	-67,917
Rent Per SF	$1.25	$0.72

"mkt"

Source: Costar; EPS

Downtown Role

A community's downtown often serves two important functions: (1) it acts as a core center of economic activity, and (2) it plays a critical role as a community asset supporting the local quality of life. Danville's downtown certainly fits this description. Analysis of 2012 business license data in the 2030 General Plan indicates there were more than 800 establishments in the Downtown Business District, while the 2013 Economic Development Analysis report shows downtown as one of the areas with the highest concentration of establishments. Commercial real estate data concerning downtown also reveal the area's popularity, with notably lower office and retail vacancy rates and higher rents than space in the rest of the Town. In addition to shopping, dining, and business opportunities, the downtown hosts the farmers' market and other events, and contains the Village Theater and other community facilities. The 2013 Economic Development Analysis report acknowledges the area's role as an important contributor to local quality of life, which was shown in the survey to be one of the most important elements in resident and business location



decisions. Considering its important functions, the Town's ability to support a healthy and vibrant downtown will continue to be an important component to sustaining the local economy.

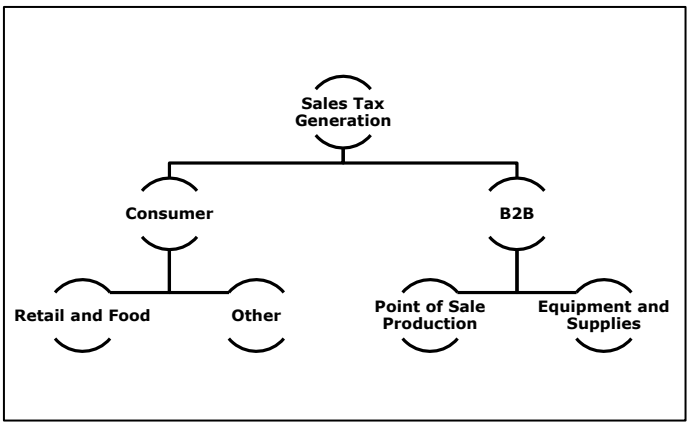
Sales Tax Revenue

Sales tax generation is a widely monitored measure of both the local economy and fiscal health of the community, particularly in California where political trends over the past several decades have created revenue constraints and limited the ability to rely on other sources. Because sales tax has become such an important contributor to the local tax base, the performance of the local retail economy is linked increasingly to local governments' capacity to provide services, maintain facilities, and promote a high quality of life.

Trends creating local revenue constraints:

- Proposition 13 (1978) restricts the ability of local governments to raise revenue
- Proposition 218 (1996) effectively eliminated the use of Assessment Districts
- Dissolution of the Redevelopment Agencies (2012)
- Shifting of infrastructure funding responsibilities from state and federal to local sources
- Unfunded policy mandates

There are two main elements of sales tax generation: (1) consumer-based sales from retail, food, and other purchases; and (2) B2B sales derived from point-of-sale production and provision of equipment and supplies. In communities with capacity to support both elements of sales tax generation, economic development efforts commonly focus on major sales tax generators across categories (e.g., auto malls and point-of-sale manufacturing or distribution facilities). However, many smaller communities do not have the capacity to support these types of businesses and must look to maintain a balance that considers local market characteristics and related demand. While high-level data on taxable sales is available from government sources, many communities have mined internal and proprietary data to help gain an understanding of their retail performance.



Sales tax is an important component of the Town's budget, emphasizing the need for a heightened understanding of the retail environment. The 2013 Economic Development Analysis report highlights the fact that a little more than one-quarter of 2013 General Fund revenue was generated through sales tax, which is just above the average for all cities in the state (20 percent), according to data from the State Controller.[8] The report

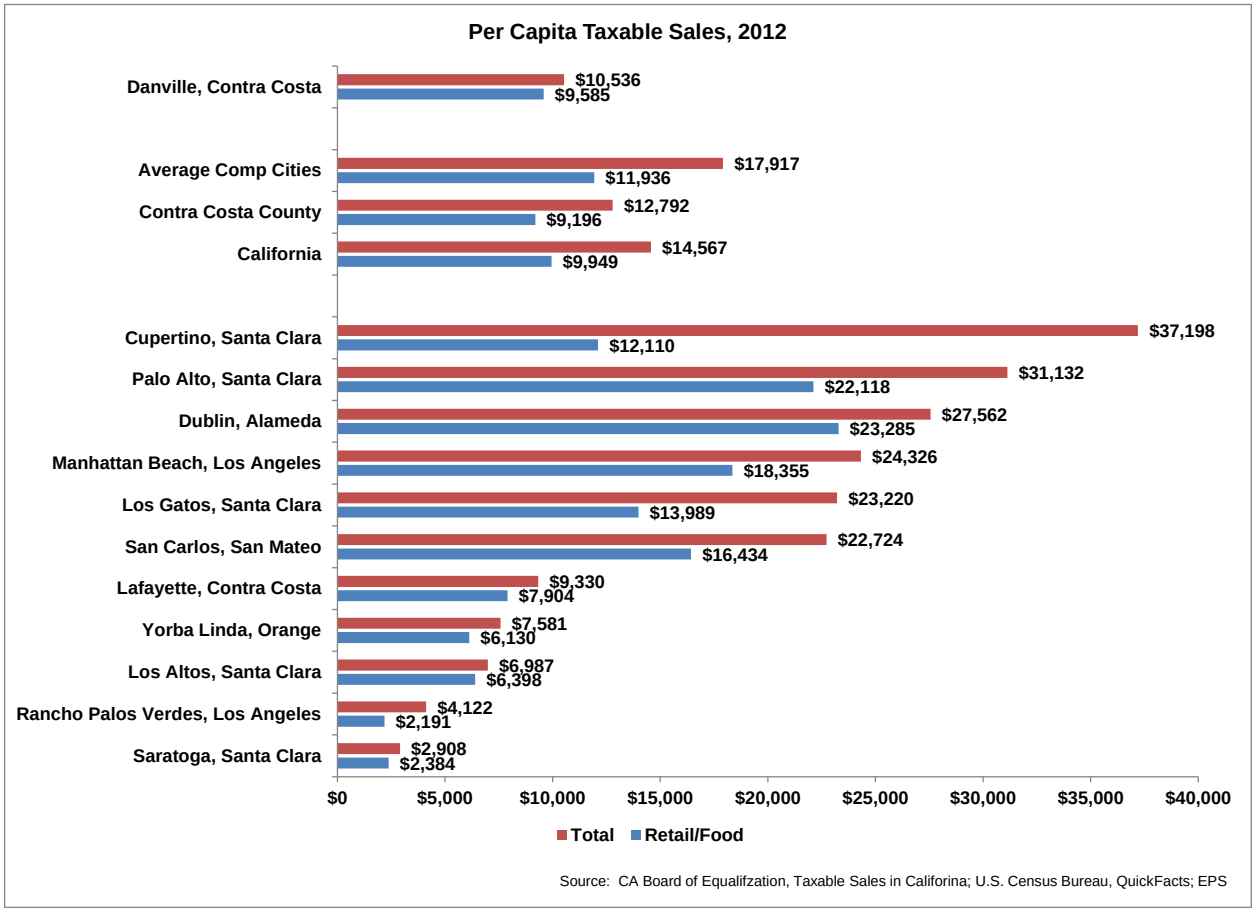
[8] Examining the most recent available adopted budgets from the comparative cities shows that, on average, sales tax accounts for 22 percent of General Fund revenue, with a range from 12 percent to 33 percent.

indicates that almost 75 percent of sales tax revenue is generated in the general retail and food categories, which is a much larger share than the statewide average. On the other side of the spectrum, categories like B2B and transportation account for a combined 25 percent of sales tax compared to a statewide average of 42 percent. Danville's sales tax revenue data (from MuniServices) show that gross sales tax from the general retail, food products, and transportation categories have increased modestly in the past couple years, while B2B has declined significantly.[9] Conversely, growth at the greater Bay Area and statewide levels has been more pronounced in the general retail, food products, and transportation categories, with B2B keeping up with positive growth seen in the other categories.

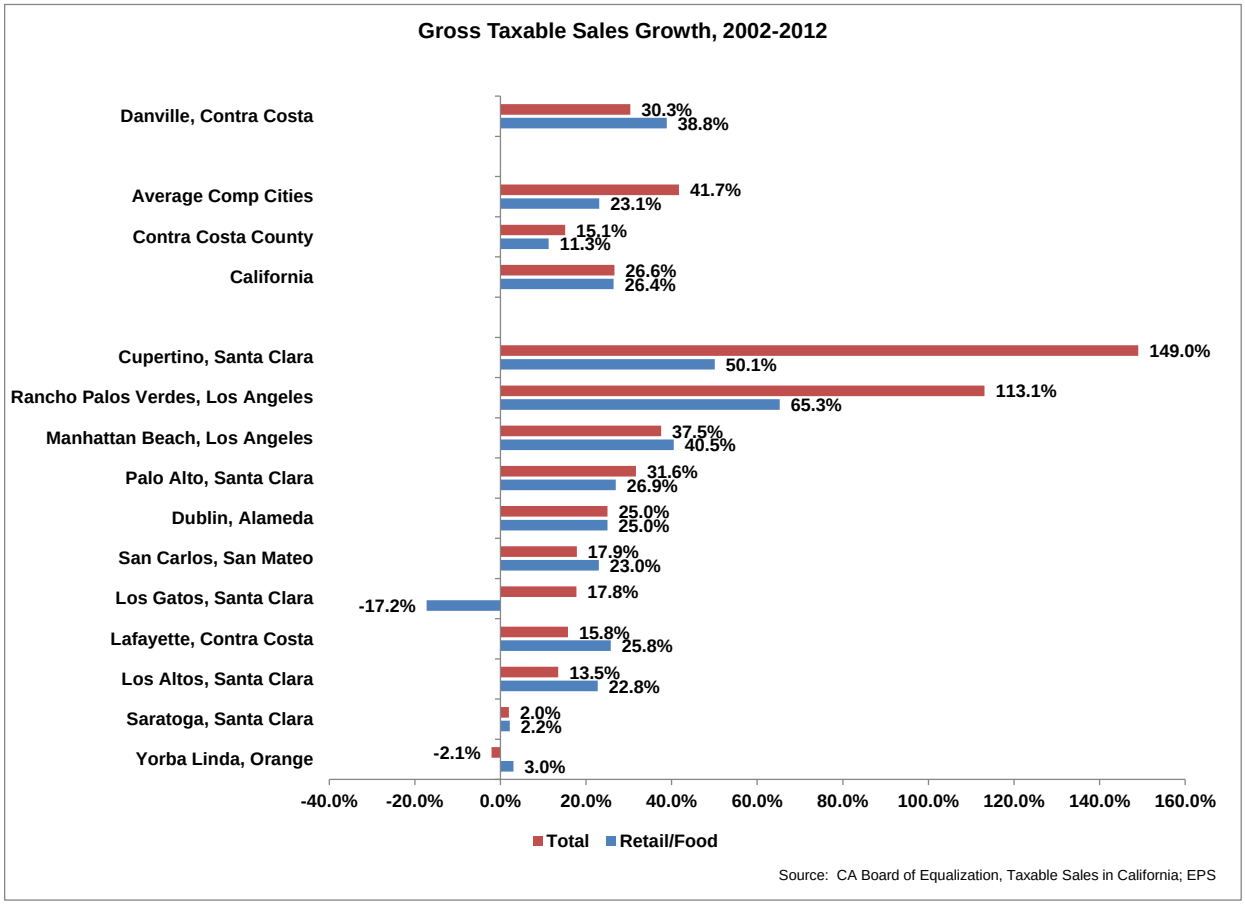
Looking more broadly at taxable sales dynamics reveals that Danville is below benchmarks in terms of general activity but has seen stronger growth in the past 10 years. In 2012, total taxable sales per capita in Danville were around $11,000, which was below the statewide, county, and average comparative city levels, as shown in **Appendix Figure 5**. Danville also was below the comparative city and statewide benchmarks when isolating the retail/food category, but was just above the county average. Taxable sales growth from 2002 to 2012 in Danville exceeded the state and county benchmarks in both total taxable sales and in the retail/food component, as shown in **Appendix Figure 6**. Danville's growth in retail/food also exceeded the comparative cities average but fell short in terms of total taxable sales growth compared to this benchmark.

[9] Note: decline is attributable to one company.

Appendix Figure 5 Per Capita Taxable Sales



Appendix Figure 6 Gross Taxable Sales Growth



Although taxable sales dynamics and low retail real estate vacancy rates suggest relative market stability in Danville, detailed sales tax revenue data indicate that recent sales tax growth in consumer-based categories has been modest and below benchmarks, while B2B sales tax growth has declined sharply. Town staff report that a notable portion of the B2B-related decline could be the result of a single company losing a large contract, and detailed sales tax data show declines for the majority of entities in this category. Competition from surrounding communities and the associated sales leakage in most segments (as shown in **Appendix Figure 7**) is a point of concern for Danville and its retailers and could introduce challenges for the local retail environment.[10]

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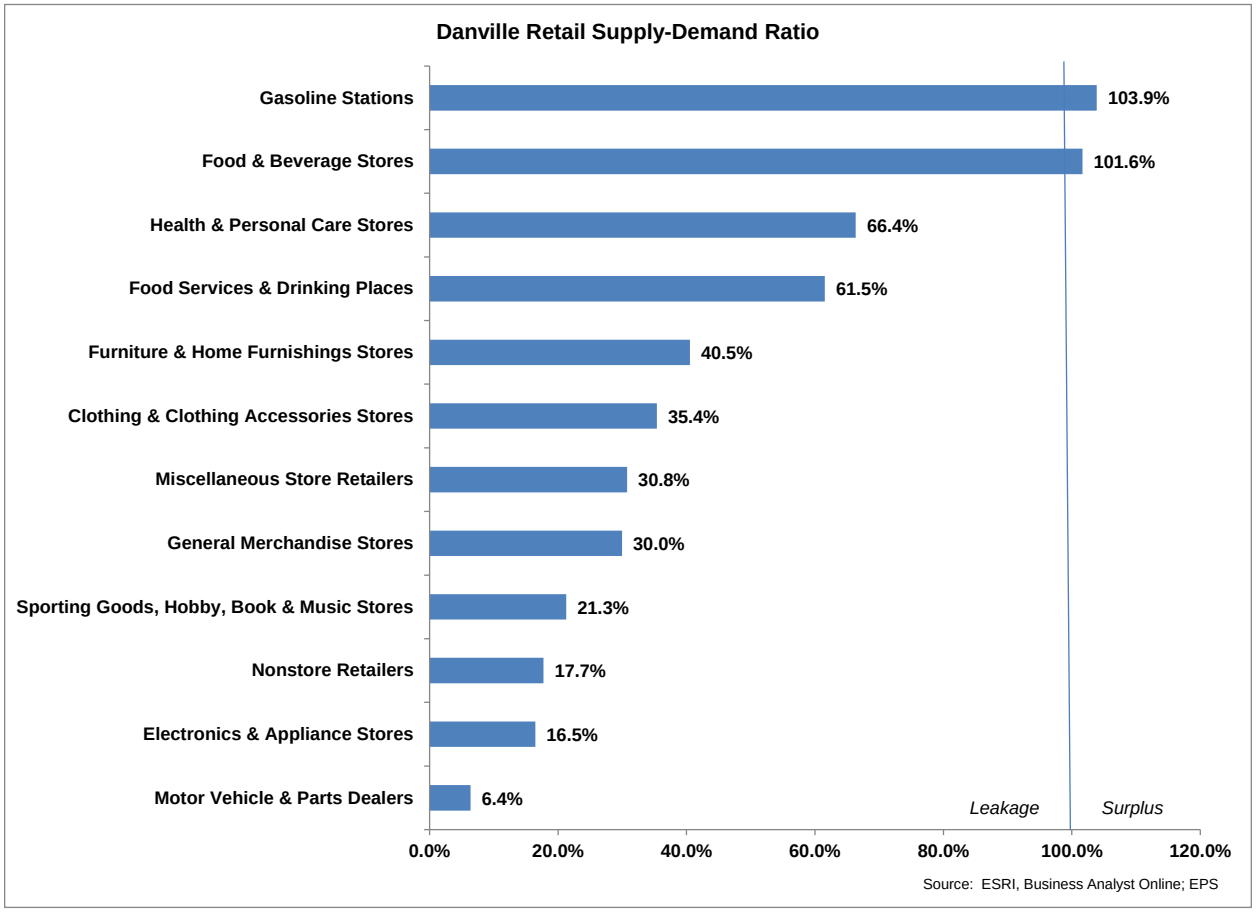
[10] Like many residential communities, Danville is not self-contained with respect to retail. Town staff and stakeholders report that Danville residents travel to surrounding communities for distinct shopping experiences or to obtain a very wide selection of goods and services on multipurpose trips at convenient times. For example, the retail environments in Walnut Creek and Livermore have experienced a tremendous revitalization in the past 10 years, while San Ramon is planning a new town-center development. The many Danville residents who commute to work out of town also spend at merchants near their employers.

Appendix Figure 7 Danville Retail Leakage



Retail Store Formats

Retail transactions that generate sales tax occur in five formats:

1. Shopping centers
2. Street retail district
3. Freestanding retail buildings
4. Small or home offices in non-commercial real estate
5. Non-store channels, such as internet shopping or other activity not associated with physical locations

About 57 percent of Danville's retail space inventory is in the shopping center format. As shown in **Appendix Table 2**, Danville has 11 shopping centers, with 8 classified as "neighborhood" centers, according to industry terminology, with grocery anchors. Among the three remaining centers, Castle Square is a "power" center anchored by a regional retailer with a large trade area. The Rose Garden is categorized as a "lifestyle" center, anchored by food service. The

Livery and Mercantile is considered a "community" center, with a soft-goods department store anchor and many restaurants. Downtown street retail accounts for another large share of the retail space inventory in Danville (41 percent), while only a minimal amount of space is part of the freestanding buildings category.

Appendix Table 2 Danville Shopping Centers

Center Name	Street Location	District	Format	GLA
Livery & Mercantile	SRV Blvd WS @ Sycamore Valley Road	DBD	Community	56,000
Sycamore Square	SRV Blvd ES @ Sycamore Valley Road	DBD	Neighborhood	40,000
Town & Country	SRV Blvd WS @ Town&Country Drive	DBD	Neighborhood	15,000
Crossroads of Danville	SRV Blvd ES @ Hartz Way	DBD	Neighborhood	33,000
Iron Horse Plaza	Downtown, Railroad Avenue S end	DBD	Neighborhood	25,000
Danville Square	Downtown, Railroad Avenue N end	DBD	Neighborhood	28,000
Castle Square	Fostoria Way @ Camino Ramon	SRV-680	Power	130,000
Rose Garden	Camino Ramon @ Sycamore Valley Road	SRV-680	Lifestyle	72,000
Green Valley	Diablo Road E of I-680	SRV-680	Neighborhood	40,000
Tassajara Crossings	Camino Tassajara SS @ ES Crow Canyon Road	TV-CC	Neighborhood	136,000
Village at Tassajara	Crow Canyon Road WS @ SS Camino Tassajara	TV-CC	Neighborhood	31,000

"centers"

Source: MSPS; EPS

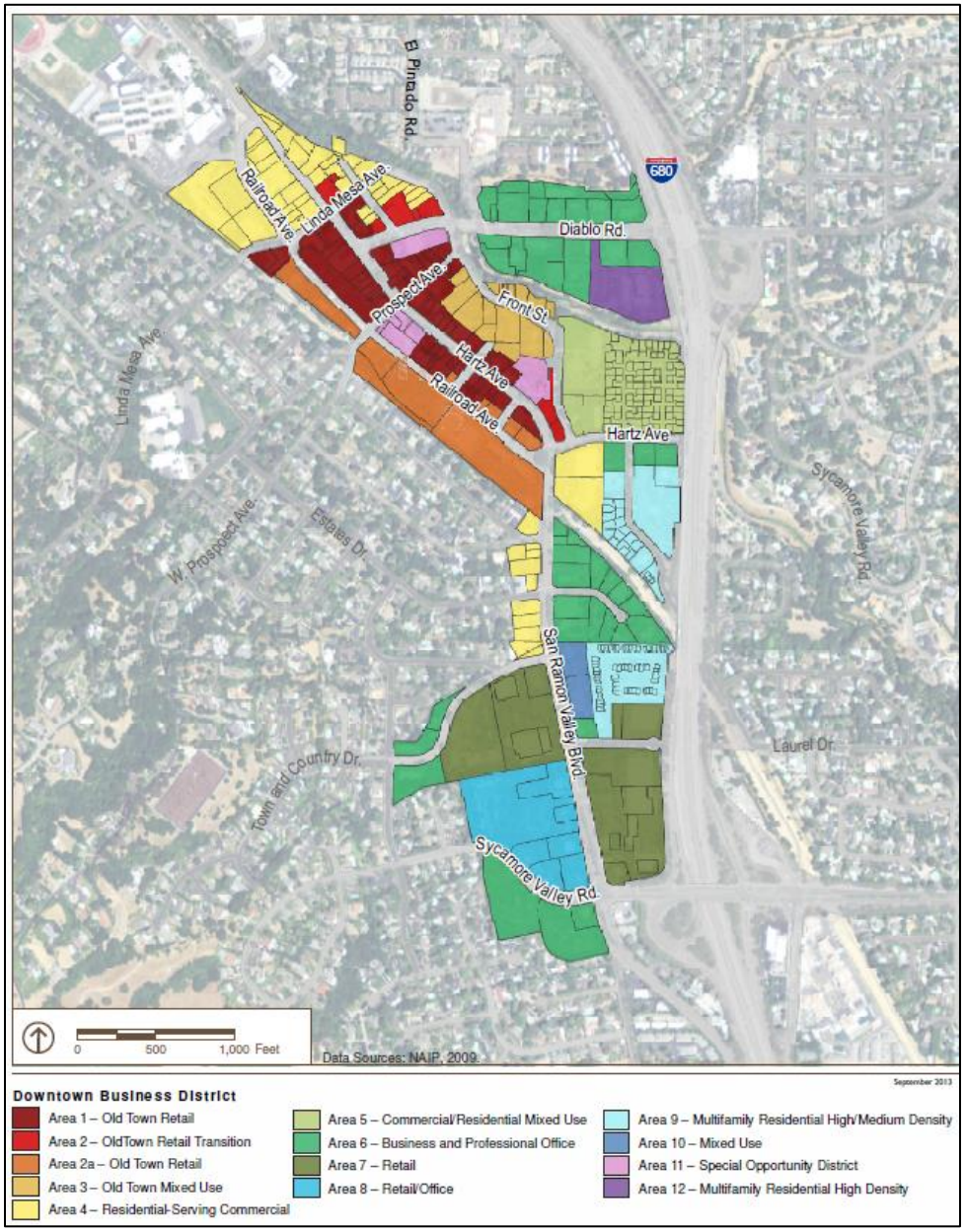
Danville's retail space is dispersed throughout the Town. Approximately 59 percent of the existing square footage is part of the Downtown Business District depicted in **Figure 8**. Street retail, primarily located in the Old Town area, accounts for about 69 percent of the space in the Downtown Business District. Just under one-quarter of the space is situated along the Interstate 680 and San Ramon Valley Road corridor. Another 16 percent of the space is in the Tassajara Valley corridor at Crow Canyon Road.

Annual sales tax receipts data (from MuniServices) for the period ending June 30, 2014, indicate that the greater Downtown Business District, which includes both shopping center and street retail formats, accounts for about 42 percent of total sales activity, with around 42 percent of that activity (roughly 18 percent of the town wide total) generated in the Old Town area.[11] This is an important data point, considering that past strategies have placed heavy emphasis on the Downtown Business District and particularly the Old Town area. In fact, activity in shopping centers and freestanding stores away from the Downtown Business District accounts for about 51 percent of sales tax receipts. Most of the top 25 sales tax generators are located in areas outside the Old Town area, with many outside the Downtown Business District. Non-store activity, such as from internet or other sales not associated with a physical location, comprises roughly nine percent of total sales tax.

Another important distinction is between managed shopping centers and other ownership conditions. Outside the Downtown Business District, sales are achieved predominantly in six managed shopping centers, which are distinguished from freestanding buildings and street retail districts. Overall, 57 percent of Danville's sales tax activity occurs in shopping centers, whether downtown or on the corridors. An additional 34 percent of activity occurs in freestanding buildings.

[11] Data analysis by MSPS.

Appendix Figure 8 Downtown Business District



Retail Store Types

General categories typically are used to distinguish the broad array of goods and services offered for sale to the general public for ultimate consumption. There are three categories of primary importance because of their size and the fact that, taken together, they represent the main reasons why people regularly shop:[12]

- General, Apparel, Furniture, & Other (GAFO), comprising businesses that offer durable goods but also including discount department stores (e.g., superstores and clothing stores).
- Food and Beverage (F&B) are businesses serving food on premises (e.g., bars and restaurants).
- Neighborhood Goods and Services (NG&S) are businesses trading in everyday needs (e.g., groceries and taxable personal services).[13]

Danville's predominant category is GAFO, with about 41 percent of all sales tax receipts in the annual period ending June 30, 2014. The second-largest category is F&B at around 22 percent of sales tax activity, as shown in **Appendix Figure 9**. However, F&B is the largest category in the Downtown Business District, accounting for 46 percent of the sales tax receipts with particularly strong sales in the Old Town area. In contrast, GAFO appears to dominate sales at shopping centers on the outlying corridors with close to three-quarters of all activity.

The F&B category has seen a proliferation of new formats and extensions of the quick service format. Scale economies of marketing and supplies are somewhat less important in this category, so a proliferation of very competent independent operators and small regional chains has emerged in the coastal metropolitan regions of California. Food service outside of the home is a more discretionary expense and is amenable to clever marketing, quality presentation, and well-run small-scale operations in the street retail format. Danville's category mix downtown reflects the rising strength of the F&B category in street retail districts.

Danville Retail Dynamics

Retailers see Danville as a local-serving market. This view is reflected in the configuration and tenanting of Danville's retail assets, which generally fit the classification of neighborhood and convenience shopping centers. The local-serving nature of Danville's retail chiefly is due to its location as an intermediate point on Interstate 680 and San Ramon Valley Boulevard. This does not command the strong crossroads position that naturally attracts regional traffic, which is of interest to regional or national retailers. Therefore, retail operators in Danville primarily address

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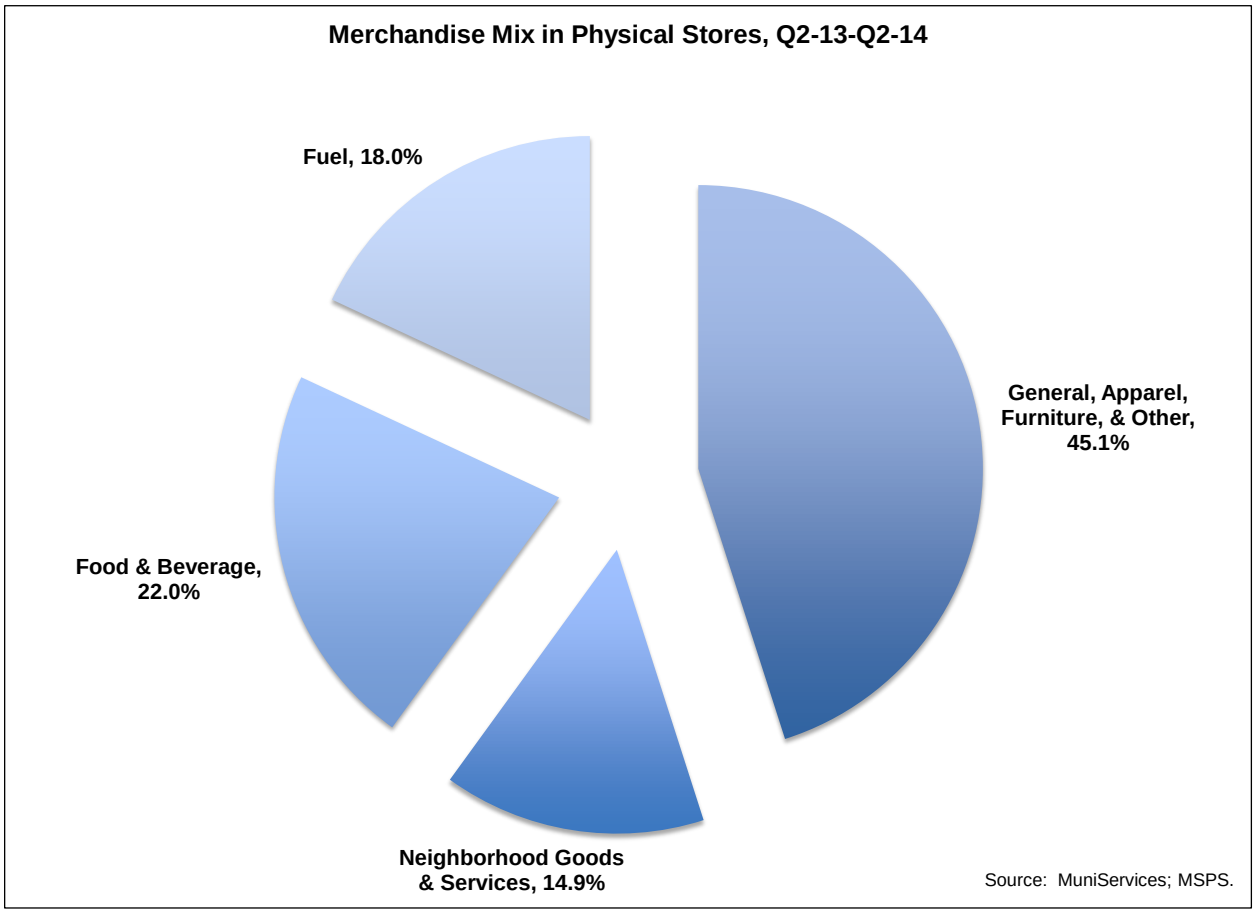
[12] There are four other categories of lesser emphasis either because of small contributions to the total or special nature of these businesses: (1) Fuel includes motor vehicle fuel and other fuel sales occurring in freestanding locations; (2) Manufacturing includes retail sales of manufactured goods; (3) Internet are on-line sales of all kinds that are assigned by the Board of Equalization to the Town through the County Sales Tax Pool; and (4) B2B are sales that generate sales tax from businesses, classified either as wholesale providers or service providers, to other businesses.

[13] Reporting detail does not break out grocery or other NG&S for stores selling in multiple categories, so the GAFO component most likely is somewhat smaller.

the market composed of local customers. Although this is inherently a limited natural trade area, this customer base is desirable because it is affluent, aspirational, and relatively uniform in its tastes.

Danville's residents tend to be more affluent, educated, older, and less ethnically diverse than the county and state populations. However, there seems to be a subtle shift in the profile of the typical Danville home buyer, according to local residential real estate representatives. A new generation of younger buyers successful in tech businesses, and buyers from overseas, may signal a shift in tastes and aspirations. The Danville residential quality of life proposition remains solid (according to 2013 Economic Development Analysis survey information) and compares favorably with many other Bay Area locations. Danville also offers a strong lifestyle proposition for empty nesters. Next-generation and generational-immigrant families, with broad exposure to more urban experiences, may prefer downtown and shopping center experiences that provide higher intensity of choice, more elements of surprise, and more reasons to spend their social time there.

Appendix Figure 9 Retail Store Mix



Historic Shopping Districts

Downtown holds Danville's small-town character, but more might be done to build a collective energy around this community center. In particular, a more optimal mix and layout of stores, collectively, could boost "discovery shopping." Currently, consumers may make a trip to purchase at one shop, but after that initial stop, the environment may not support shopper behavior to discover other retail offerings or what might be new nearby or around the corner. Conventional retailers are deterred from considering Downtown because it is perceived to have relatively low exposure to vehicle and pedestrian traffic compared with competitive locations in the Bay Area. Most shop spaces in the core downtown are not configured to suit current conventional retail operations. Such spaces might be better for complementary uses (e.g., exercise or art studios) rather than conventional retail. The current retail offerings, which tend to target female shoppers, and limited business hours (e.g., downtown businesses are open during school hours) mask an opportunity to capitalize on high-quality F&B, especially in the evenings. The importance of Danville's historic downtown shopping district to the spirit of the community exceeds its economic contribution. Nevertheless, it is important that the downtown succeed as an economic unit that is responsive to market forces. Over the next 5 years, brick-and-mortar retail increasingly will need to focus on experiences, comparison, personal service, social interaction, and quality of place to adapt to providing experiences and personal services, to survive in the current and evolving competitive market environment. Danville's downtown and shopping centers are extremely well-positioned to capitalize on these trends.

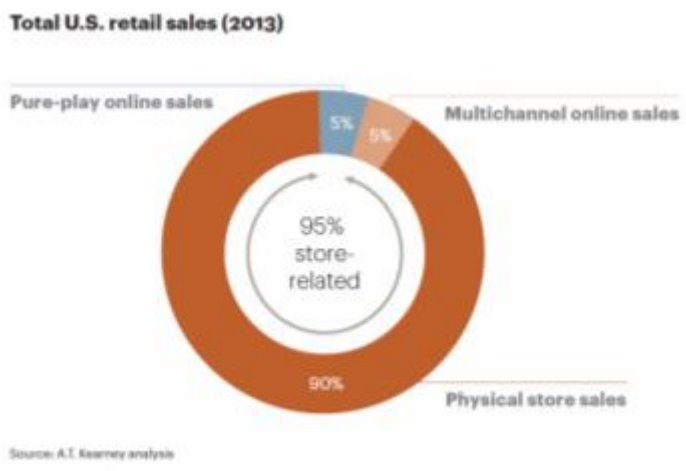
The strength of street retail is determined not by a particular mix of categories but by the competence of the operators, the combination of reinforcing merchandise and services, and by the quality of the public spaces in the shopping district. Access, visibility, and convenience are important but secondary factors. The street retail districts that do succeed are those that overcome the challenges of governance and common management.

In addition to a physical layout providing convenient access by automobile, the shopping center format provides great benefits stemming from common ownership and control of the selection, merchandising, operation, and management of multiple tenant businesses. It is this commercial coordination that gives the shopping center format a strong, permanent competitive advantage over a shopping district comprising multiple independent businesses. However, the shopping center is set apart from the residential fabric of the community. It is usually not regarded as integral to the spirit of the town. Sales performance in Danville's regional, neighborhood, and convenience shopping centers is determined chiefly by the operational, leasing, and property management competence of their sophisticated institutional ownerships and the demonstrated competence of the national chain retailers. Customers visit these centers from very local trade areas for daily needs and destination restaurants. Price and convenience (e.g., hours and store policies) matter most; closely followed by experience.

Retail Trends

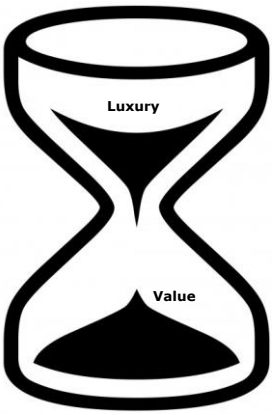
One of the most important trends in the retail environment is the rapid adoption of mobile devices and the proliferation of social media platforms. Few observers could have anticipated the profound impact of this change on the retail industry in just 5 years. The retail industry is now grappling with an emergent "omnichannel" world, in which sophisticated models of customer discovery, engagement, and transaction are deployed across desktop, mobile, television, and physical in-store interactions. Today, only the largest or most sophisticated retailers are

deploying this new generation of retail electronic commerce. The impact on smaller retailers and independents is especially complicated to anticipate. This size class does not have the capacity to develop, purchase, or operate complex customer-facing online commerce systems. On the other hand, smaller retailers and independent operators command a real advantage in being able to establish and grow personal relationships with customers and foster a service culture amongst their employees.



Although growing markedly, only about 5 percent of total retail sales volume is transacted purely online. A recent report from A.T. Kearney, *On Solid Ground: Brick-and-Mortar is the Foundation of Omnichannel Retailing*, revealed that 90 percent of all retail sales were generated through physical stores. This report is consistent with consensus among large retailers and retail industry analysts that physical stores will not be made obsolete by online sales. Two-thirds of customers purchasing online use the physical store before, during, or after the purchase. The value of stores for customers and retailers is far greater than the sales captured in them. Danville will be among the first communities to be challenged by their affluent and next-generation customers to compete on the basis of seamless electronic and physical relationships. However, stepping back, it is important to understand that even the most sophisticated national retailers are grappling with the challenge of multimedia retail and new sales channels. Local merchants can employ a real competitive advantage over sophisticated large-scale retailers simply by being local, building personal relationships with customers, and adapting to the consumers' needs.

Another key retail trend is the swift change in consumer spending habits in favor of discount and value-oriented stores. Following the recent recession, certain categories, such as soft goods, were suddenly subjected to competition either from national retailers, shifts in spending patterns, or competition from online channels. Many brands and retailers found themselves "caught in the middle" between high-end luxury and lower-end discount and value stores. Big box "power centers" suffered as the "category killer" retailers imploded. Today, spending on consumer durables and discretionary goods is markedly shaped like an hourglass between luxury and value. Retail serving daily needs has emerged as the humble but reliable asset class. Categories such as groceries, personal services, and especially food and beverage have come to dominate most retail space outside the luxury malls and discount centers. Danville's neighborhood shopping centers, anchored by the grocery stores with in-line shops that provide daily and weekly needs, are the type that have performed well. Neighborhood shopping centers, as a class, have emerged as the robust survivors. Although tenant turnover naturally occurs, vacancies are relatively low and can be expected to track the business cycle.



After the recent recession, the managers of grocery-anchored and neighborhood shopping centers, along with retail brokers, saw an abrupt and unmistakable shift towards personal services and food service. This shift in categories of successful and expanding retailers also has definitely extended to the street retail districts of the Bay Area. Within the context of national retail trends, the Bay Area is an extraordinarily dynamic economic region, with purchasing power and consumer tastes that especially favor "Internet-resistant" categories such as food and beverage, social activities, the new workplace, and omnichannel comparison shopping. The street retail format addresses this discretionary component of Bay Area consumer preference. Around the Bay Area, consumers can experience many street retail districts and can judge their quality personally.

Economic Development Overview

Local economic development encompasses a set of policies and programs that are directed at enhancing the economic well-being of the community. These policies and programs help create the conditions for businesses to prosper, economic growth, and improved quality of life. The economic, political, and fiscal dynamics are different in every community, leading to a wide range of approaches to economic development with varying goals and measures of outcomes. In most cases, resources are allocated to economic development policies and programs, with the objective of promoting a response from the private sector, which is the primary driver of economic well-being. The traditional measures of economic development include jobs and the tax base generated through the business community. There often is a disconnect between the traditional measures of economic development and the fact that companies generally are in business to make money, not to create jobs and pay taxes. As a result, several secondary measures have been incorporated in economic development over the past decade such as economic diversity, social equity, neighborhood revitalization, innovation, quality of life, and wealth creation.

> "Economic development creates the conditions for economic growth and improved quality of life by expanding the capacity of individuals, firms, and communities to maximize the use of their talents and skills to support innovation, lower transaction costs, and responsibly produce and trade valuable goods and services. Economic development requires effective, collaborative institutions focused on advancing mutual gain for the public and the private sector. Economic development is essential to ensuring our economic future."
>
> *-U.S. Economic Development Administration*
>
> "Simply put, economic development is the process of undertaking a specific set of actions with an end goal of creating the conditions for businesses to prosper. Different communities are at different stages in this process and all have unique economic development priorities."
>
> *-Ian Duff, McSweeny*

There are three key trends impacting the contemporary practice of local economic development across most communities. First, the practice has shifted from emphasizing the traditional disciplines—business attraction and marketing, business retention and expansion, and neighborhood and community development—to increasing integration of several contemporary disciplines. These contemporary disciplines acknowledge the impacts of labor force skills, globalization, and innovation, and include policies and programs around entrepreneurial and small business development, business finance, real

estate development, international trade, technology development and deployment, and workforce development. Second, economic development is moving to a performance-based system where the logic of policies and programs is clearly defined, and outputs and outcomes are measured, reported, and used to manage resources. With a competing demand for public resources across several important services and investments, economic development programs are being required to demonstrate their impacts. Third, and related, over the past several years there has been increasing scrutiny on the tools and incentives used by economic development. In California, this scrutiny resulted in the elimination of redevelopment and the demise of enterprise zones with successor programs that are much less robust, have a smaller impact on public resources, and are performance-based.

These trends are requiring local jurisdictions to define their role clearly in economic development by defining which levers they can pull to impact desired outcomes, the degree to which the political environment supports related policies and programs, and where it is appropriate to leverage local, regional, and statewide partners. Local jurisdictions directly dictate land use policies (e.g., zoning and building permits), regulations on business operations (e.g., business licenses and signage), provision of services (e.g., public safety and utilities), and the level of investment in infrastructure (e.g., roads and lighting). As a result, there is a clear role for local economic development in interacting with businesses to understand and navigate processes in these areas. The direct role for local jurisdictions is not as clear for programs that do not align exactly with these areas and stray into services that focus on building business capacity, marketing and promotion, and real estate development and reuse. Therefore, in determining which policies and programs to build into economic development, local jurisdictions must assess gaps in the market that require a public response, capacity among partners to integrate appropriate disciplines, and the magnitude of resulting outcomes.

Examples of partners:

- Utility providers
- Chambers of commerce
- Economic development organizations
- Workforce development entities
- Educational institutions
- Business associations
- Federal and state programs
- Convention and visitors bureaus
- Community development corporations
- Financial institutions

The amount of available resources in smaller communities generally limits their capacity to build robust economic development policies and programs. As a result, the emphasis of economic development in many smaller communities is simply to sustain local economic health. Moving further to the right on the basic options shown in **Appendix Figure 10**—revitalize and grow—typically requires a notably larger investment of resources. Larger communities with capacity for growth generally emphasize elements of all three options in their economic development policies and programs. For smaller communities to fully embrace one option and begin to integrate others usually requires an infusion of outside resources (e.g., government or private grants) and coordinated efforts with local and regional partners.

Appendix Figure 10 General Range of Local Economic Development Emphasis

Town Activities

Economic development in the Town flows across two main categories in its budget: economic development and special events. The adopted budget for 2015 funds economic development at approximately $353,000, with one full-time equivalent staff in the form of an Economic Development Manager. This budget includes basic administration, materials and supplies, and contracted services, along with funds for local and regional partners, cooperative marketing, and business promotion.

The Town's recent and ongoing economic development activities focus on programs that assist new and existing businesses, market the community and business resources, and provide funding for business promotion:

- *Business Concierge*—One-stop shop for new and existing businesses to provide assistance related to operating a business in Danville, understanding regulatory and permitting processes, and connecting to business resources and incentive programs.

- *Town Economic Development Web Site and Resources*—Web site embedded under the Administrative Services Department with information on the community, Town regulations, and local and regional business resources, as well as links to external sites including the Danville Area Chamber of Commerce, Downtown Danville Association, and Danville's commercial web site (Shop Danville First). The site includes a downloadable Resource Guide to Starting a Business in Danville, outlining 11 basic steps and related resources.

- *Shop Danville First Web Site and Marketing*—Independent branded Web site with information on community recreation and entertainment activities, dining and shopping, and gift card program. The site is tied to a broader shop local marketing effort with messaging focused on making a difference in the community. As part of this broader effort, various collateral items have been developed and distributed (e.g., calendars, shopping bags, and decals).

- *Retail Incentives Program*—Grant program for retail businesses targeted to provide marketing, façade improvements and fee waivers, and modified zoning for promotional signage and outdoor seating.
- *Online Media Mini Grants*—Grant program available to businesses and organizations to reimburse a small amount of online media marketing expenditures, with an emphasis on exposing businesses to social media and marketing.
- *Business Promotion Funds*—Funding for community partners to develop cohesive marketing of Danville that uses a combination of communications channels and takes advantage of the Shop Danville First Web site, as well as general business and marketing promotions that are advantageous to a broad range of businesses.

The Town's economic development objectives also are reflected in its provision of public infrastructure and services. Several programs in the capital improvement budget are aimed at improving streetscape and other facilities for the benefit of local businesses, particularly in the downtown core (e.g., beautification and parking). The Town also uses its land use power with great discretion to regulate the built form, new development, parking, and other private improvements with the purpose of coordinating private investment towards a supportive business environment.

Danville's 2008 Economic Development Strategy included three goals that focused on supporting retail and services, making capital investments, and promoting the community in the region. The Town accomplished many of the objectives presented in the plan with ongoing initiatives still guided by the direction outlined in the plan. Although the economic and retail context has changed, many of the issues being addressed by the strategies persist today and can be expected to continue and take new forms in the future. The 2009 Blueprint for Action built on the 2008 Economic Development Strategy with a marketing and branding program to promote the community as a shopping destination with an emphasis on the downtown area. The document outlined objectives with target markets and implementation recommendations around marketing and the merchant community. Like in the case with the 2008 Economic Development Strategy, the Town, in collaboration with its partners, made notable progress in implementing the recommendations and continue to organize programs around the included strategies. Consumer behavior and the retail environment has changed in notable ways since the document was developed, suggesting a need for a new strategy and scrutiny of ongoing initiatives.

2008 Economic Development Strategy Goals:

1. Promote and encourage a diverse and healthy local economy, within an appropriate scale and character, as a means of supporting an outstanding quality of life for all Town businesses and residents.
2. Promote economic and business development through appropriate capital investment.
3. Identify opportunities to integrate and promote Danville and Danville businesses within the sub-regional and regional economy.

Local and Regional Partners

The Town funds and participates in various local and regional economic development-related organizations that expand the scope of programs and services that support economic vitality in the community:

- *Danville Area Chamber of Commerce*—Business organization that serves Alamo, Blackhawk, Diablo, and Danville and organizes efforts around marketing and advertising, government relations, business referral programs, annual business outreach walk, business resources, networking events, and annual community events. Danville is a member of the organization and collaborates on a wide range of business outreach efforts.
-
- *Visit Tri-Valley*—Convention and visitors organization with a goal of drawing overnight visitors to the Tri-Valley through destination marketing and promotion of the region and individual communities. Danville representatives participate on the Board of Directors, and the Town provides funding for the organization with $33,000 of annual pass-through costs listed in the current budget.
- *i-Gate*—Economic development organization aimed at enhancing the innovation ecosystem and supporting emerging technology start-ups in the Tri-Valley by providing co-working space, mentoring, investor events, institutional and corporate partnerships, and tools and services.

- *East Bay Economic Development Alliance*—Economic development organization with a focus on marketing the East Bay region to attract business investment and leading regional strategies related to business development and resources, education and workforce development, international trade and investment, legislation and advocacy, and infrastructure. Danville is a member of the organization, and Town representatives participate in volunteer leadership positions.

Evaluation

Besides the most basic and readily available information, the Town and its local partners do not appear to have incorporated performance measurements into existing and past economic development efforts. As a result, it is not possible to conduct a full evaluation of the effectiveness of the local economic development programs and services beyond providing professional observations regarding the scope of offerings. Some of the basic information currently tracked includes Web site visits, impressions from advertising placement, business surveys (e.g., Economic Development Analysis and Business Walks), and allocation of incentive

and promotion funds. While this tracking provides some information on outputs, it does not take the next step to identify outcomes or results. For example, visitor counts and surveys have not been conducted for most community events, performance of companies receiving incentive funds is not assessed, and follow-up items from business visitations are not reported. In addition, there are certain benchmarks that can be used for evaluation of some of the basic information being tracked. For instance, Atlas Advertising produces an annual economic development benchmarking report that includes information on Web site visits. These data show that communities in the same population range as Danville see an average of between 8,300 and 9,100 unique Web site visits per year, which is significantly above the roughly 400 associated with the Town's economic development site and somewhat greater than the approximately 6,500 related to the Town's business services section.

Strengths-Weaknesses-Opportunities-Threats Analysis

An inclusive understanding of the internal and external factors impacting economic development in the community is important for informing the strategic direction and priorities for related policies and programs. The following SWOT analysis was compiled using published reports, stakeholder feedback, and the consultant team's professional observations. The analysis is organized by positive and negative internal factors (strengths and weaknesses) and external factors (opportunities and threats). Internal factors are those characteristics inherent to the community, some of which can be influenced by or integrated into economic development efforts in the short and medium term. External factors are those characteristics driven by outside forces and generally are beyond the influence of local communities. For purposes of creating the framework for the CEDP, strategies can be evaluated in terms of promoting strengths, addressing weaknesses, preparing for opportunities, and mitigating threats. It is important to note that the items for each element of the SWOT analysis are presented in no particular order and should be examined as a group as a means to describe the context for the plan.

Strengths

- Affluent and highly educated residents
- Workforce with professional and technical skills
- High quality of life driving resident and business location decisions
- Consultant/professional services and small/home-based business segments
- Positive changes in Town processes and programs
- Community events to draw local and regional audiences
- Commitment to economic development programs, strategies, and partnerships
- Legacy of disciplined physical planning
- Downtown design, amenities, and infrastructure
- Strong performance in F&B retail category
- Relatively low vacancy and turnover in shopping centers
- Presence of exemplary independent retail and technical entrepreneurs
- Free, convenient parking

Weaknesses

- Commercial real estate challenges with constrained market and limited hotel space
- Business churn major driver of job changes
- Low jobs-housing ratio with dominance of local-serving industries
- General Fund highly reliant on sales tax
- Low per capita taxable sales with retail leakage across categories
- Perceptions of parking challenges
- Business opinions of signage ordinances
- Significant out-commute and low daytime population base
- Inconsistent store management approaches
- Downtown merchandising not conducive to discovery shopping
- Downtown relatively low exposure to vehicle and pedestrian traffic
- Business difficulty recruiting highly skilled employees
- Citizens reluctant to support changes that impact economic environment

Opportunities

- Visibility of local culinary scene
- Recent interest from millennials and investors
- Tri-Valley-based marketing and economic development programs
- Dynamic East Bay growth with San Francisco and Silicon Valley spill over
- Social and experience-based retail trends
- Catalyst effects from Danville Hotel project and downtown beautification efforts
- Integration of technology into place and shopping experiences
- Expanding accessible customer base for consultant/professional service businesses

Threats

- Competition from surrounding communities
- Impact of Internet on retail, along with transition to mobile devices
- Distribution of regional economic development investments
- Large proximate employment centers
- Limited brand/identity recognition
- Shifts in structure of employment
- Town not on major retail tenant radar
- Hourglass spending with focus on luxury and value retailers
- GAFO and NG&S retail categories dominated by large-scale merchants

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