



## Staff Report

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### Honorable Mayor and Members of the Hermosa Beach City Council Regular Meeting of September 28, 2021

#### **ECONOMIC DEVELOPMENT COMMITTEE PROGRESS REPORT**

(Community Development Director Ken Robertson)

#### **Recommended Action:**

Staff recommends City Council receive and file the Economic Development Committee Progress Report.

#### **Executive Summary:**

At the August 10, 2021 City Council meeting, Councilmember Mary Campbell requested Council consider directing staff to bring an item before City Council to provide a report and presentation on the activities of the Economic Development Committee to allow for a discussion and questions from City Council. As requested, this report summarizes the Economic Development Committee actions since establishment, from June 2020 through September 2021, and also outlines the future work program.

#### **Background:**

At its April 8, 2020 meeting, the City Council officially established the Economic Development Committee as a standing committee consisting of two Councilmembers and two Planning Commissioners. On June 1, 2020, the committee held its first monthly meeting and formed the Stakeholders Advisory Working Group. This progress report summarizes the committee's activities since inception and was originally presented to the Economic Development Committee on July 12, 2021.

There are three primary goals of the Economic Development Committee:

1. To respond to the economic challenges facing the local business community during the pandemic, including business recovery support through emergency orders and other tools available to the City;
2. Establish an Economic Development framework and program to establish communications, resources, and programs to help retain, attract, and grow Hermosa Beach businesses; and
3. Develop an Economic Development Strategy to recommend for adoption by the City Council that includes short, medium, and long-term actions and an annual progress review.

### ***Past Council and Planning Commission Actions***

<b>Meeting Date</b>	<b>Description</b>
March 4, 2020	A joint meeting of the City Council and Planning Commission was held to discuss a vision for the Downtown District, among other topics. At that meeting, it was suggested that a subcommittee be formed, comprised of two City Councilmembers and two Planning Commissioners to focus on Economic Development.
April 21, 2020	Planning Commission selected Peter Hoffman and David Pedersen to be appointed as Planning Commission representatives to the proposed subcommittee.
April 28, 2020	City Council established the Economic Development Committee and selected Mary Campbell and Michael Detoy to be appointed as City Council representatives, with a two-year sunset date.
June 1, 2020	Economic Development Committee held its first monthly meeting to begin work on short-term economic recovery goals and long-term Economic Development goals to benefit the Downtown and citywide business districts. At the first meeting, the Economic Development Committee determined that a Stakeholders Advisory Group be formed to represent a variety of businesses and commercial districts.
July 12, 2021	Economic Development Committee Progress Report covering activities from June 2020 through September 2021 presented at a regular meeting of the Economic Development Committee.
August 10, 2021	Under Future Agenda Items, Councilmember Campbell requested Council consider directing staff to bring back an item to provide a report and presentation on the activities of the Economic Development Committee to allow for a discussion and questions from City Council. The request was supported by Mayor Massey and Councilmember Armato.

### **Analysis:**

#### ***Stakeholder Advisory Working Group***

The Stakeholder Advisory Working Group meets twice a month. This diverse group of business representatives includes retail shop owners, restaurant owners, hotel manager, salon owner, personal service owner, commercial property owners, commercial real estate brokers, Chamber of Commerce representatives, and others to assist and inform the Economic Development Committee. Economic Development Committee members rotate attendance at these meetings.

The Stakeholder Advisory Working Group has provided valuable feedback on City projects, including parking, land use, tenant mix, outdoor dining decks, shared streets, and monthly topics determined by the Economic Development Committee. They were updated and provided feedback on the Zoning Code parking updates. Member speakers have shared local information on topics such as Hermosa Beach commercial real estate trends and hospitality to inform the group and City staff. Members have become a resource to the City, assisting in areas including making suggestions for the recent community survey for outdoor dining and lane reconfigurations and a forming a subcommittee to help with the outdoor dining pilot program.

Formation of the Stakeholder Advisory Working Group has created a forum for two-way communications and synergy with businesses, establishing relationships between each other and with the City.

### *Economic Development Work in Progress*

Community Development and City Manager's Office staff work together to support the Economic Development Committee. Staff has been directed to concurrently identify opportunities for improved service to the business community to become more business friendly to retain our existing businesses and assist new businesses. Working with the Stakeholder Advisory Group, staff is continuously improving services and step-by-step working to support and build a more vibrant business community. Some actions underway include:

- Improved communications with businesses through establishment of the Outdoor Dining Permits, Stakeholder Advisory Group, email notifications for grant announcements, and health order updates. These proactive communications are building positive relationships with businesses;
- Website updates and expanded social media help support businesses and provide timely updates on health orders;
- Business friendly initiatives include a single point of contact Business Liaison at the City and a new email [business@hermosabeach.gov](mailto:business@hermosabeach.gov);
- Welcome letters to new businesses from the City Manager;
- City Council approval of small business grants utilizing Community Development Block Grant (CDBG) funds;
- City Council-approved urgency ordinance to allow pre-recorded and live music as a pilot program; and
- Process Improvements Workshop with architects and contractors.

*2020-2021 Economic Development Committee Progress*

The Economic Development Committee was initially focused on urgent business recovery efforts and changing health orders affecting local businesses. At its October 5, 2020 meeting, the Economic Development Committee directed development of a long-term Economic Development Strategy, which is a goal of PLAN Hermosa and currently the major focus of the Economic Development Committee.

A summary of Economic Development Committee actions is provided for the meetings held from June 2020 through September 2021.

DATE	ACTIONS
June 1, 2020	Economic Development Committee (EDC) voted to approve then-Mayor Mary Campbell as Chair and Commissioner Peter Hoffman as Vice Chair.
	EDC approved creation of a Stakeholder Advisory Working Group.
	EDC determined that Preservation of Downtown Restaurants and Retail on First Floor would be a standing agenda item.
July 6, 2020	EDC confirmed Stakeholder Advisory Group and agreed that it should meet twice a month with a rotating committee member liaison to attend meetings.
	Reviewed past economic market study consultant reports prepared to inform Downtown Revitalization Strategy and PLAN Hermosa.
	EDC recommended consultant quotes for an updated economic and market analysis with citywide focus and recommendations to preserve first floor restaurants and retail.
	EDC recommended working with Stakeholder Advisory Group and Chamber of Commerce on a Shop Local campaign and to determine best actions to support local businesses.
	EDC reviewed LAEDC list of incentive provided by LA County cities.
August 3, 2020	EDC received report about Stakeholder-led initiatives including a Downtown Hermosa Beach GoFundMe campaign and a stakeholder who offered payment of Temporary Outdoor Dining Permit fees.
	EDC considered Economic Recovery Principles and added suggestions, including tracking with PLAN Hermosa.
	Staff reported on Economic Market Study RFQ.
	EDC discussed Pop-up retail as a tool for preservation of restaurants and retail on the first floor, which is identified in PLAN Hermosa.
	EDC approved recommendations for business-friendly fees and new simplified processes for certain Planning applications and recommended referral to Planning Commission for consideration (later approved by Planning Commission and City Council).
August 31, 2020	Received a Real Estate Trends Presentation by Stakeholder Advisory Group member Tony Cordi.
	EDC approved Economic Recovery Principles.
	Reviewed Traffic Concepts on Pier Avenue and Hermosa Avenue.
	EDC received summary of Redondo Beach Artesia and Aviation Corridor Plan.
October 5, 2020	EDC approved initiation of Economic Development Strategy as identified in PLAN Hermosa.
	EDC approved Business Friendly/Concierge Initiatives and recommended working with Stakeholder Advisory Group to identify needed actions.
	Economic Market Study RFQ resulted in 3 consultant submittals.
Nov. 2, 2020	Stakeholder Advisory Group subcommittee to work with Staff on business survey.



	EDC approved Economic Development Strategy topics: 1-Explore Formation of a Downtown Business Improvement District, 2-Initiate Development Assistance Committee/Development Review Committee for project pre-application meetings, and 3-Develop Business Visitation Program.
	Economic Market Study consultant selected and contract in process.
	EDC received report on sales tax data previously provided to City Council.
	EDC received business survey results from Beach Cities Health District indicating impacts on regional businesses from pandemic.
Dec. 7, 2020	EDC approved Economic Development Strategy topics: 1-Explore Making the Expanded Outdoor Dining Areas Permanent, and 2-Encourage Retail Attractiveness for Competitive, Strengthened Retail.
January 4, 2021	EDC received progress report for first six months of work. EDC approved Economic Development Strategy topics: 1-Focused Update of Downtown Revitalization Strategy, including Preservation of Downtown Retail and Restaurants on First Floor Develop Identity/Vision for the Downtown, 2- Develop Identity/Vision for Hermosa Beach, and 3-Introduce and Facilitate Downtown Experiences (activate public spaces, add interest for residents and visitors).
Feb. 1, 2021	EDC received a presentation on Gateways and Corridors and directed Gateways and Corridors as the topic for study by Stakeholders Group.
March 1, 2021	EDC received Preliminary Economic and Market Report presentation from Economic and Planning Systems and directed Stakeholders to continue Gateways and Corridors discussion.
April 5, 2021	EDC received Chamber of Commerce business survey presentation from Jessica Accamando and an update on CDBG Business Grants EDC approved Economic Development Strategy topics for Gateways and Corridors: 1-Beautification Program, including gateway entries and funding sources, 2-Façade Improvement Program, and 3-Wayfinding Signs.
May 3, 2021	EDC received presentation on Hermosa SHINES comprehensive recovery program, including Economic Development work begun by EDC. EDC approved Economic Development Strategy topics for Music and Entertainment, including: 1-Long Term Policies to Allow Outdoor Music in Business Locations, 2- Program to Allow Outdoor Music in Public Spaces, and 3- Explore Music Events and Activities to Celebrate Hermosa Beach Music History and Provide Musical Experiences for Community and Visitors.
June 7, 2021	EDC received Economic and Market Report presentation from Economic and Planning Systems. EDC approved Economic Development Strategy topics for Arts and Culture, including:

	1-Beautification Awards and 2-Consider Arts in Public Places Program.
July 12, 2021	EDC received One-Year Progress Report. EDC approved Economic Development Strategy topics for Business outreach Plan/Commercial Property Owner Engagement, including: 1-Annual Commercial Property Owner Forum, 2-Regular Staff Communication with Key Property Owners and Chamber of Commerce to Encourage Reinvestment and Provide Support as Needed, and Periodic Community Survey to Determine What Types of Shops or Goods are Desired or Residents Drive Out of Town to Patronize.
August 1, 2021	EDC received Tourism presentation from Staff, Chamber of Commerce, and representatives from hotel and retail businesses and an update on the Zoning Code parking amendment status.
September 13, 2021	EDC approved Economic Development Strategy topics for Tourism and Special Events, including: 1-Partnership with Chamber of Commerce to enhance Visitors Bureau to develop and promote the Hermosa Beach brand and provide visitor resources, 2-Include beautification-related projects in the <a href="#">City</a> budget and CIP to add value and for residents and visitors to enjoy. Investment in the public realm improves community quality of life and welcomes visitors, and 3- Provide Hermosa Beach business information to event promoters to encourage use of local vendors and distribution to participants.

### *2021 Work Program*

The primary focus for the July through December 2021 work program is development of the Economic Development Strategy, a strategic action plan with specific goals, timelines, assignments, and performance measures aligned with PLAN Hermosa. This includes working with the Stakeholders Advisory Working Group on Economic Development Strategy objectives and actions. Economic Development Strategy goals will be identified for short-term, mid-term and long-term implementation and is expected to include an annual progress report to the City Council to ensure implementation. A summary of approved Economic Development action topics is attached to this report.

It is anticipated that a draft Economic Development Strategy will be completed by year-end, including actions and PLAN Hermosa support for each topic. Once approved by the Economic Development Committee, it will be recommended to the City Council for consideration and adoption.

In addition to the Economic Development Strategy, staff will continue its Economic Development work



to provide business resources, streamline processes, and continuously improve services to become increasingly business friendly.

#### ECONOMIC DEVELOPMENT COMMITTEE TIMELINE

September/October 2021	Complete Economic Development Strategy Initiative Identification
November/December 2021	Prioritize and Finalize Economic Development Strategy Initiatives for Recommendation to City Council
January 2022 Meeting	Receive Comprehensive Progress Report and Planning Meeting for 2022 Work
January – June 2022	Implement Priority Economic Initiatives for Recommendation to City Council

#### General Plan Consistency:

PLAN Hermosa, the City's General Plan, was adopted by the City Council in August 2017. The Economic Development Committee and Economic Development Strategy support several PLAN Hermosa goals and policies that are listed below.

#### *Governance Element*

#### **Goal 6. A broad-based and long-term economic development strategy for Hermosa Beach that supports existing businesses while attracting new business and tourism.**

##### Policies:

- **6.1 Long-term economic development.** Support the development and implementation of long-term economic development strategies that seek to establish and keep new businesses and a strong middle class in Hermosa Beach over the decades to come.
- **6.2 Regional presence.** Encourage economic development strategies that will make Hermosa Beach a driving force and jobs center behind the regional economy of the South Bay region.
- **6.3 Diversified Economy.** Encourage economic development strategies that allow the city to move beyond reliance on its two main industries - accommodation and food service and retail trade - and transform itself to a mature mix of economic activity and job opportunities.
- **6.4 Business support.** Support the Chamber of Commerce, retailers, tourist service businesses, artists, and other agencies to develop an aggressive marketing strategy with implementation procedures.
- **6.5 Creative economy.** Prioritize strategies that will create an economy full of diverse talents, trades and goods for the city. For long lasting economic success, a range of services, arts,

entertainment and retail should be supported on all scales of the city's economy.

- **6.6 Pop-up shops.** Develop plans and programs for underutilized spaces, such as vacant buildings, utility corridors, parkways, etc., for temporary retail, restaurant, and community promoting uses.
- **6.7 Retail base.** Encourage economic development reflective of the character of Hermosa Beach with small and medium scale retail development within Hermosa Beach in order to create a stronger tax base and increase the City's tax revenue.

### *Land Use Element*

#### **Goal 1. Create a sustainable urban form and land use patterns that support a robust economy and high quality of life for residents.**

Policies:

- **1.1 Diverse and distributed land use patterns.** Strive to maintain the fundamental pattern of existing land uses, preserving residential neighborhoods, while providing for enhancement of corridors and districts in order to improve community activity and identity.
- **1.4 Diverse commercial areas.** Promote the development of diversified and unique commercial districts with locally owned businesses and job- or revenue-generating uses.
- **1.5 Balance resident and visitor needs.** Ensure land uses and businesses provide for the needs of residents as well as visitors.
- **1.8 Respond to unique characteristics.** Enhance the unique character and identity of the city's neighborhoods, districts and corridors through land use and design decisions. Allow policies and programs to be focused on each unique character area of the city.

#### **Goal 3. A series of unique, destination-oriented districts throughout Hermosa Beach.**

Policies:

- **3.1 Unique districts.** Encourage the development of local and city-wide districts and centers that address different community needs and market sectors and complement surrounding neighborhoods.
- **3.3 Diverse retail and office centers.** Provide incentives to transform existing single-use commercial properties that are accessible into retail destinations by adding a diversity of uses, providing new pedestrian connections to adjacent residential areas, reducing the visual prominence of parking lots, making the centers more pedestrian-friendly and enhancing the definitions and character of street frontage and associated streetscapes.
- **3.3 Diverse employment sectors.** Strive to create districts that support increased employment activity, particularly for growing or emerging economic sectors.
- **3.4 Compact office formats.** New employment uses should be designed in a compact format with minimal front setbacks from the street, typical lease spans of 40 feet or less, and where feasible, combined with other commercial uses.

#### **Fiscal Impact:**

There is no fiscal impact associated with the recommended action. Potential adoption and implementation of an Economic Development Strategy would be expected to increase City revenues and strengthen the local economy.

**Attachments:**

1. Economic Development Strategy Initiatives Approved by Economic Development Committee Through September 2021
2. [Link to July 12, 2021 Economic Development Committee Meeting](#)

**Respectfully Submitted by:** Christy Teague, Senior Planner

**Concur:** Ken Robertson, Director of Community Development

**Approved:** Suja Lowenthal, City Manager