



Draft Economic Development Action Plan

The Economic Development Action Plan was developed through interviews, conversations and meetings with local stakeholders, the local business community, commercial brokers, property owners, site selectors, and regional leaders with 55 organizations. Learnings from industry conferences, webinars and other expert input was factored into the analysis. The economic development team has built a network of subject matter experts as well as local business leaders, which have helped inform the necessary components for an economically healthy and vibrant Walnut Creek. Additionally, three studies completed in 2022-2023 – Retail Strategy Study, Office Property Study, and Medical Office Building Study – help inform this work with data and current trends.

The goal of these strategies is to grow Walnut Creek’s office and retail base through promotion as a best-in-class location; increase the number of jobs in the City; support and grow our robust healthcare and auto industries, as well as explore other emerging industries; and work with internal and external partners to ensure business-friendly practices and policies.

The Action Plan takes a tactical, implementation-oriented approach, deploying 12 strategies and related tasks that will be executed over a two-year period, from 2023 – 2025. An expansive array of ideas was captured during the interview and discussion process. This plan uses those that were deemed most impactful and best accomplished by City staff to move forward the Walnut Creek economy. Further discussions will be held with our partners at Walnut Creek Downtown (WCD), the Chamber of Commerce and Convention and Visitors Bureau, and the Downtown Regional Arts Association (DRAA) on ideas that may better align with organizational focus and skill sets. The goal is to create momentum through complimenting each other's efforts, rather than duplicating.

The 12 draft strategies are as follows:

- 1. Promote Walnut Creek as the premier East Bay location for corporate office and satellite location, targeting mid-sized Finance, Insurance, Real Estate (FIRE) firms, Professional Services and Tech companies.**

Walnut Creek has been touted as **the** premier destination in the East Bay, a grade “A” city striving for “A+”, and is known as a regional shopping and dining destination. Additionally, with Class A office space on freeway frontage, an educated population, and quality of life features such as open space, walking trails and great schools, Walnut Creek also has the opportunity to become known as the premier location for office tenants.

Building upon existing strengths as a location for many mid-sized office-related companies, a more robust business attraction program will be launched.

- a. Develop messaging highlighting the following:
 - i. Corporate or satellite location for existing mid-sized companies
 - ii. Low cost of doing business compared to Oakland, San Francisco
 - iii. Access to educated workforce and regional population
 - iv. Available Class A space at competitive lease rates
 - v. Transportation access along intersection of major highway corridors, free local transportation, easy BART access
 - vi. Quality of life factors including local arts community, quality schools, and outdoor activities

- b. Create an economic development marketing brochure
- c. Launch new economic development website, improving brand and promoting message
- d. Create marketing campaign using print and digital ads in regional publications
- e. Attend regional industry conferences to connect with companies, site selectors, commercial brokers, and property developers to promote Walnut Creek as the place to locate new businesses
- f. Build upon existing network and communications for delivering the messaging
- g. Develop marketing package and events targeting commercial brokers, site selectors, and developers to aid in marketing Walnut Creek's location assets
- h. Host 2-3 Broker's Forums annually
- i. Continue to support new businesses through their entitlement and permitting processes.

2. Expand the existing Business Retention program.

In addition to seeking new businesses to locate in Walnut Creek, it is important to support the existing businesses located in our City. Launched in 2022, the Business Visits program has provided information on location factors for some of Walnut Creek's office and retail tenants, challenges faced, and industry growth trends. More importantly, it has helped build relationships with existing businesses and provided these businesses the opportunity to communicate their needs directly to the City. The information gained from these visits is shared with the relevant City departments to address. By expanding the number of visits conducted each month, staff's knowledge of business growth trends, and opportunities for industry cluster growth will continue to increase. Perhaps most importantly, it allows the City to build deeper relationships with Walnut Creek's business community.

- a. Maintain a list of businesses for visits based on industry cluster
- b. Gather information on opportunities and challenges
- c. Develop list of testimonials to aid in business attraction of similar, industry-related companies
- d. Follow up with previously visited businesses and consider an annual "check-in" survey
- e. Continue to support businesses that are expanding or relocating in Walnut Creek through their entitlement and permitting processes

3. Bring attention to the importance of coordinating all city efforts, programs, and projects in the Downtown and help facilitate these efforts.

Almost every commercial real estate brokerage house highlighted that the amenities offered in Downtown Walnut Creek are our major competitive advantage, and ultimately help to bring employees back to the office from previous work-from-home scenarios. Phase 1 of the Retail Strategy Study focused on the retail environment of downtown and positioned the area as a regional destination and a strong sector for the city. Many voices expressed that it is not clear the City is coordinating across departments and it would be helpful to have a unified approach to the various City efforts Downtown. NOTE: the Downtown is defined as having the same boundaries as the recently adopted Overlay District for Outdoor Dining.

Given the strength of the Downtown and the opportunity to utilize its assets for ongoing business attraction and the direct impacts on existing businesses, a strategic emphasis needs to be placed on all activity occurring in the Downtown, with a dedicated effort on curating a Downtown environment supportive of business growth.

- a. Coordinate with City departments to ensure success of outdoor dining, streetscape improvements, future construction, and zoning and entitlement processes
- b. Coordinate with the Police Department to ensure ongoing safety and messaging of a safe downtown
- c. Explore opportunities for partnership with Arts and Recreation department and Diablo Regional Arts Association to support downtown art
- d. Support 2023-2024 City Council Priority for Economic Development in the sub-action item of “Enhance Downtown Attractions and Infrastructure”

4. Bring forward proposed Municipal Code amendments to better support businesses.

As identified in studies and by multiple voices, there are some straight-forward changes to existing code and Specific Plans that could have significant impact on the ability to repurpose and tenant spaces. Ultimately, some of these spaces will redevelop, but in the interim some of these changes would help keep spaces from sitting vacant until market forces allow for new construction.

- a. Revisit Zoning and Specific Plan changes to:
 - i. Expand uses in 2nd floor office spaces
 - ii. Allow for daycare in office spaces
 - iii. Allow office in single story buildings with mixed-use zoning until redeveloped
 - iv. Allow for short-term pop-ups in vacant spaces

5. Review Zoning in the West Downtown Specific Plan (WDSP) and North Downtown Specific Plan (NDSP) to minimize over-saturation of ground floor retail zoning, utilizing strategies from Retail Strategy Study.

A recommendation from the Phase 1 Retail Study was the need to examine the WDSP and the NDSP’s proposed amounts of retail and ground floor commercial to understand its feasibility and likely impact on existing product. Phase 3 of the Retail Strategy Study highlights the need for balance in ensuring retail development and supply is sustainable and proportionate to typical residential population demand.

- a. Partner with City departments to review, address and potentially implement any proposed changes

6. Ensure new commercial office, retail, and restaurants in mixed-use projects are set up for success for long-term leasing.

Critical to the success of tenancy is the right type and layout of physical space to accommodate space needs. This includes ceiling heights, appropriate depths, HVAC space, and

accommodations for ventilation and exhaust. Poorly designed spaces today become tomorrow's hard to fill vacancies.

- a. Create retail, restaurant, and office standards that developers need to adhere to when developing commercial space as part of mixed-use development
- b. Create a process whereby Economic Development reviews proposed commercial space to ensure use is conducive to market demand

7. Further analyze opportunities for Class B and Class C office spaces both in the short and long-term (20-30 year) horizons.

The Office Study and Medical Office Building (MOB) Market Study provided insights into available office properties, along with the demand for medical office space as driven by the cancer centers. As continued demand for housing pushes for more commercial properties to explore converting, it is important that a sufficient amount of commercial land is maintained for the long-term (20-30 years in the future) for future residents to enjoy a healthy jobs-housing balance and avoid extensive commutes. Additionally, conversations with commercial real estate brokers as well as commercial real estate data reveal strong interest in mid-sized ownership options, which may create an opportunity to convert existing Class B and C office spaces into more desirable condo properties though limitations exist.

- a. Complete a location viability analysis to understand which Class B and Class C sites are the most important to preserve long-term
- b. Host Office Broker Forums for information exchange and to maintain access to information on tenant searches and office property deals
- c. Explore strategies for possible conversion of Class B and Class C office space into medical office buildings or condos, supporting healthcare industry with options in medical office property
 - i. Conduct detailed site review to explore viability to convert to medical office, identifying specific sites and properties
 - ii. Explore changes in code that would help with conversion, including possibly allowing for on-street parking to meet zoning parking requirements for MOB

8. Explore creation of "Wellness Corridor" along mid-Ygnacio Valley Road, supporting healthcare sector through opportunities for expanded services.

The Medical Office Building (MOB) Market Study spotlighted the demand for medical office within a two-mile corridor along Ygnacio Valley Road. With the existing hospitals and medical centers, the healthcare industry in Walnut Creek is a major job generator. The growth and expansion of healthcare sub-sectors and companies create a healthcare ecosystem, with supply chain and complementary businesses co-locating to nearby medical centers.

- a. Work with Urban Land Institute (ULI) and Chamber of Commerce to define parameters for using a ULI Technical Assistant Panel (TAP) study for this topic
- b. Leverage data from MOB Market Study to market mid-YVR properties as healthcare-related spaces, with access to nearby medical centers

- c. Create marketing program to target specific healthcare-related companies, including medtech, telehealth, oncology support services
- d. Attend healthcare industry conferences and tap into local experts to learn even more about industry factors that contribute to location decisions, building those factors into marketing messaging
- e. Evaluate creation of a Wellness Corridor zone or overlay with expedited permitting times and parking flexibility
- f. Explore potential for a hotel in this corridor to support hospital visitors

9. Support the growth of the auto industry through outreach and dialogue to gain better understanding of auto industry trends.

The automotive industry is a major employer and sales tax generator in the community. It also attracts people to visit Walnut Creek and is an amenity for local residents. The industry appears to be in a state of flux with mixed indicators on where it is headed. It is important for Walnut Creek to understand these trends and work with automotive leaders to best position us for the future.

- a. Understand future of showroom and full dealership space
- b. Market the Auto District/Auto Row
- c. Work with existing auto dealers to understand current needs
- d. Market sites for auto dealers providing EV options, including identifying prime sites for land assembly
- e. Explore and identify sites for “eco-gas station”, delivering traditional fuel station environment but with EV chargers

10. Conduct workforce analysis to gather data on Walnut Creek residents’ occupations and skill sets, to aid in developing targeted business attraction list.

Interviews and conversations with site selectors shed light on the importance of knowing the workforce characteristics of the community. Data on the existing jobs and skills of Walnut Creek residents will help in curating and targeting the right list of companies to market to, while also supporting 2023-2024 City Council Priority-Economic Development and Job Creation sub-priority for Improved Jobs-Housing Balance by targeting their employers toward creating a Walnut Creek location.

- a. Through partnership with site selectors, determine what skill sets and workforce strengths exist among Walnut Creek residents
- b. Use results to create targeted industry list for business attraction purposes, using marketing messages and campaigns
- c. Use Broker’s Forums to share results and targeted industry list

11. Based on 2023-2024 City Council Priorities, support the City’s efforts to ensure business-friendly entitlement and permitting process.

As a sub-priority of the 2023-2024 City Council Priority-Economic Development and Job Creation, significant effort will be made by the city to improve processes. Economic Development staff will support the establishment of clear and competitive timeframes for delivery of entitlements and permits.

12. Publish Economic Indicators Update for City Council, with periodic updates on key indicators impacting Walnut Creek business trends.

As the economic development team continues conversations and meetings with commercial brokers, developers and property owners, local businesses, and glean insight from industry events, key and relevant information will be shared with City Council to keep them updated on current trends.

- a. Provide updates through data updates as well as anecdotal information and insights gleaned through industry network and connections
- b. Highlight any business trends that could indicate a change in the market that may impact Walnut Creek, e.g., evolution in work-from-home, office market over-corrections due to current vacancies, key feedback from Business Visits Program, etc.

Partnership Ideas

Economic Development is a team effort and there are activities that staff believes are best sponsored by other organizations in the community. Following are three ideas and implementation options that staff see as having the opportunity to make significant impact in the next two years. We will be discussing these and other ideas with our partners to identify what they are willing to take the lead on, with the City taking a supporting role.

IDEA A: Partner with Walnut Creek Downtown to maintain a critical mass of shopping options including supporting and growing independent retail base and maintain Downtown’s status as the premier destination.

Findings from the Retail Study showed that the retail sector in downtown is generally strong, with competitive strengths that make the area a regional destination for shopping and dining. The “historic core” of Downtown is especially unique, with an opportunity to grow and support independent retailers – with the core drawing upon Broadway Plaza, and Broadway Plaza and the surrounding area thriving from the character and charm of the adjacent historic core. Specific ideas include:

- Promote best-in-class, regional strength as a shopping, dining, and entertainment destination through continued partnership with WCD, Broadway Plaza, the Leshner Center and other property owners
- Continue to support beautification of the Downtown and “Instagram moments” through small art, banners, holiday decor and events
- Build social media channels, with messaging to highlight assets and amenities
- Explore strategies to attract and support independent retailers like retail incubators, etc.
- Work with City on flexibility to allow for short term, pop-up shops in vacant spaces

IDEA B: Partner with the Chamber of Commerce to support the Shadelands Property Business Improvement District (PBID) implementation plans and vision for future of Shadelands.

The 2022 Office Study was commissioned to provide data on office property vacancies as well as office lease rates in comparable and nearby communities, including Shadelands office and flex space. This combination of data helps inform our competitive advantage and marketing strengths. Discussions and work with property owners and developers also note the opportunity for a broad range of office-related uses at Shadelands, keeping it as a key jobs center for Walnut Creek and the region.

- Continue to provide the PBID with access to real estate trend data to provide direction on development opportunities
- Work with Chamber leadership and staff on the items outlined in the implementation plan
- Support efforts to attract a healthcare-oriented university location

IDEA C: Partner with Chamber of Commerce and Convention and Visitors Bureau (CVB) to identify opportunities for increased hospitality industry offerings.

Walnut Creek’s assets that make it a regional destination also aid in tourism for weekend getaways, corporate visits and corporate events which leads to people visiting local shopping and restaurants. Multiple voices noted a perceived opportunity for additional hotels in multiple locations (Downtown, Shadelands, near John Muir Hospital) to accommodate additional corporate visits and visitors seeking medical or oncology treatment.

- Identify opportunity sites, and conduct developer/broker tours of sites and downtown with hotel developers
- Host hotel forum, partnering with CVB to attract hotel brands

Future Actions, Ideas and Considerations

The Economic Development Action Plan is meant to be a two-year, short-term plan. However, there are other areas that will be impactful to the Walnut Creek economy on a longer-term basis. These areas are also under consideration by staff for just beyond the two-year plan and will be revisited as potentially part of a four-year plan.

FUTURE #1: Improve walkability and connectivity between BART and the Golden Triangle to the Downtown core to support office tenant growth by connecting to amenities.

The interviews provided insights into the benefits of being connected or in close proximity to downtown amenities to aid in tenanting space and bringing employees back into office environments. The 2022 Office Study substantiated this with data showing vacancy rates in offices close to downtown versus those further away from nearby amenities. Interestingly, proximity to a BART station is a lesser factor in office tenancy than it was before the pandemic, though this may evolve as work-from-home trends change.

Given these changed dynamics, ways to connect to and minimize distance between office and amenities could be explored.

- a. Partner with WCD, the Chamber and local transportation providers to explore options to improve connections to downtown, the Golden Triangle office buildings, area hotels and first-last mile connection to BART
- b. Explore streetscape improvements to enhance walkability between BART and Downtown

FUTURE #2: Working with property owners and the Community Development Department, build strategies for the creative repurposing of large format vacant retail spaces.

As identified in the Phase 2 Retail Study of citywide neighborhood centers, while overall occupancy is very strong, several large format (20,000+ sf) retail vacancies exist. Some will be easier to demise (split into smaller uses) than others, but all centers would benefit from creative assistance from the City in evaluating options.

- a. Schedule meetings with four key property owners with large format vacancies to discuss options already explored and unique challenges for their spaces

FUTURE #3: Revise current signage plan, creating a business-friendly update of sign code.

Signage is an important component to a business' operations and promotional package. Brokers have shared that having highly visible signage adds significantly to the lease amount that businesses are willing to pay. An updated and business-friendly sign code and approval process is important to business success and supports business attraction efforts.

- a. Working with a sign code consultant co-selected by Community Development and Economic Development, staff will work to create a revised Sign Code for City Council review and adoption. Activities will include:
 - i. Review existing Walnut Creek sign code as well as sign codes of comparable cities
 - ii. Conduct surveys of business community to gather data on optimal sign program
 - iii. Work with Community Development Department to make changes where needed
 - iv. Review with Design Review Commission

FUTURE #4: Identify development opportunities on North Main Street.

The 2022 Office Study identified North Main (between Parkside Drive and Geary Road, outside of the North Downtown Specific Plan area) as a potential area for development, supporting a broad range of office, auto, or flex uses. A further examination of the area including property conditions, land use, and industry targets would help determine the viability of the area for business attraction efforts.

- a. Gather data required
- b. Review the plans for this area and current field conditions to understand the possibilities, including the North Downtown Specific Plan, transportation plans, height restrictions, zoning and land ownership
- c. Create a shared vision
- d. Use Broker's Forums to share findings and promote potential development sites