

## TABLE OF CONTENTS

Section	Page
Introduction to the Economic Development Element	1
Purpose of the Economic Development Element	1
Economic Factors Affecting the City	1
Scope and Content of the Economic Development Element	3
Economic Development Element Goals and Policies	5
Balanced Employment and Housing	5
Business Promotion	6
Fiscal Strength and Stability	7
Meet Local Retail Needs	8
Meet Visitor Needs	8
Promote Development of Doheny Village	9
Promote Development of Town Center	10
Cooperative Implementation	10
Coastal Dependent Uses	11
Related Goals and Policies	11
Economic Development Plan	14
Economic Development Strategy	14
Economic Development Initiatives	15

## LIST OF TABLES

		<b>Page</b>
Table ED-1	Economic Development Element Local Coastal Program Reference Matrix	12
Table ED-2	Economic Development Related Goals and Policies by Element	13
Table ED-3	City of Dana Point Annual Visitor Retail Sales Estimate (Worksheet)	21

## **INTRODUCTION TO THE ECONOMIC DEVELOPMENT ELEMENT**

This Economic Development Element of the General Plan is intended to guide economic development planning and initiatives. This Element is characterized under State planning law as an optional Element.

### **PURPOSE OF THE ECONOMIC DEVELOPMENT ELEMENT**

The purpose of this Economic Development Element (EDE) is to formulate an Economic Development Plan which can guide and shape important elements of Dana Point's economy, consistent with other Elements of the General Plan. The formulation of the economic development plan was based upon an extensive analysis of current development conditions, opportunities and constraints in Dana Point. This Element identifies the economic factors affecting the City, presents the economic development goals and policies, and formulates the Economic Development Plan.

### **ECONOMIC FACTORS AFFECTING THE CITY**

The economic development goals, policies and plan reflect the City's response to current and future economic conditions as described in the Economic Development Technical Report. The following items summarize the economic factors which most affect the City's economic development.

#### **Characteristics of the Local Economy**

- The subregional competitive strength of Dana Point is due to its coastal location and recreational resources. If well managed, these permanent features can be relied upon to provide continued long term development opportunities.
- Higher than average income households in Dana Point are a significant source of demand for local goods and services. However, an estimated 42% of all Dana Point household retail expenditures occur outside the City.
- Visitors to Dana Point are another important source of demand for local goods and services. Lodgings, restaurants

and retail stores which serve these visitors provide the largest share of jobs in the City.

### **Long Term Development Potential**

- Current household retail expenditure leakage can support an estimated 485,000 square feet of additional retail development in the City. Additional retail development may also be stimulated by attracting visitor serving specialty stores and commercial recreational businesses.
- Recreational visitors to Dana Point will continue to provide the largest source of growth of lodging guests, particularly for luxury destination hotels which can best use key undeveloped sites in the City.
- Long term demand for office development is limited to smaller professional offices serving local residents and businesses.
- Long term demand for industrial development is limited to mainly marine-oriented firms providing repair and equipment services to visiting and resident boat owners.

### **Development Opportunities and Constraints**

- There are only two significant undeveloped parcels and several smaller parcels in the City which may accommodate new commercial development. Given the long term development potential for Dana Point, it is clear that the City will need to redevelop some existing commercial areas to accommodate any significant portion of the market supportable commercial development potential.
- The City may select from a number of potential non-residential uses identified for the Monarch Beach site, the Headlands site, the Couplet area, and the Doheny Village area depending upon site availability and long term fiscal needs.
- Dana Point is constrained by the availability of sites to accommodate future non-residential land use. Besides the Monarch Beach and Headlands sites, any significant amount of non-residential development will require revitalization, a slow and incremental process for the newly incorporated City to establish, prepare projects, and induce revitalization.

## **Economic Development Issues**

- Since strong market conditions enable Dana Point to select the kinds of non-residential uses to allow in the City, the principal issue associated with economic development is one of identifying which non-residential land uses are most beneficial to the City and where they can be accommodated.
- How much commercial development to allow can be based upon an assessment of the City's long term fiscal needs, the need to provide greater local employment opportunities and the need to provide residents with convenient retail, goods and services.
- The amount and type of new visitor serving commercial development will need to balance the fiscal and employment requirements of the City with the visitor impacts upon the local quality of life for residents.

## **SCOPE AND CONTENT OF THE ECONOMIC DEVELOPMENT ELEMENT**

The Economic Development Element is intended as a dynamic component of the General Plan. The Element is directed at a wide range of economic issues that do not all need to be dealt with simultaneously, but at various stages of the community's evolution and even on a repetitive basis. Therefore, the economic goals and policies are of such general nature as to encompass the directed scope of specific initiatives described in the Economic Development Plan, whenever and as often as they must be undertaken.

The City intends to achieve three basic objectives as a result of stated economic development goals, application of policies, and implementation of program initiatives:

- 1) Promote balanced development of resident serving and visitor serving commercial uses to ensure sound fiscal health, diverse employment opportunities and a vital local economy.
- 2) Actively involve the business community to assist in shaping and implementing economic development initiatives.

- 3) Capitalize on market opportunities with significant economic, cultural, and social benefits for the City, its residents, and guests.

## **ECONOMIC DEVELOPMENT ELEMENT GOALS AND POLICIES**

The goals and policies of this Element address the broad range of long-term economic development issues faced by Dana Point. These goals and policies reflect the community's desired response to economic development issues that will be encountered over the planning period. The following goals and policies focus on achieving and maintaining a fiscally sound economic base, increasing local job opportunities, and capitalizing on market opportunities with significant economic potential for the City.

### **BALANCED EMPLOYMENT AND HOUSING**

Balanced economic development requires that there are both new employment opportunities and a local labor force to fill the jobs. Imbalances between employment and housing can create excessive commuting patterns as workers from adjacent communities fill local jobs or local workers commute to jobs outside Dana Point. Lack of an adequate labor force can also discourage firms from moving into worker scarce areas. Consequently, economic development of Dana Point needs to provide a balance between new jobs and suitable housing for a localized labor force.

The high cost of housing in Dana Point has limited the supply of affordable housing. This lack of affordable housing has limited the number of workers who can be employed locally, mainly in service related jobs. Therefore, to help avoid increased commuting and provide a more balanced labor force, the City can seek to support job growth and affordable housing growth.

**GOAL 1: Encourage a balance between housing and employment opportunities.**

**Policy 1.1:** Implement the goals and policies of the Housing Element of the General Plan.

**Policy 1.2:** Develop and implement short- and long-range programs to stimulate jobs and economic growth.

**Policy 1.3:** Develop long-term projections of growth in industrial and service-related employment.

**Policy 1.4:** Encourage the development of housing opportunities in targeted areas of the City.

## **BUSINESS PROMOTION**

Economic development is dependent upon the retention, attraction and expansion of business firms. Business growth in Dana Point can be stimulated and guided by creating more local opportunities for business development. Until now, all business promotion has been undertaken privately. As an incorporated city, Dana Point can now participate in promoting local businesses by making available a more comprehensive public/private approach to promote the kinds of businesses that are most beneficial to the community. Jointly promoting business development can bring greater public and private resources to bear and increase the opportunities to expand the economic base of the community.

**GOAL 2:** Develop a strategy for promoting the types of businesses and industries desired by the community.

**Policy 2.1:** Develop the physical design guidelines necessary to attract the desired types of business in specific locations.

**Policy 2.2:** Coordinate local programs with regional programs for economic development.

**Policy 2.3:** Consider the use of incentives to assist businesses which provide important benefits and contributions to the local economy.

**Policy 2.4:** Pursue methods to promote economic development opportunities beneficial to the City of Dana Point.

**Policy 2.5:** Establish revitalization project areas as needed by the City.

**Policy 2.6:** Promote a synergistic business environment by encouraging new businesses to locate where they can beneficially support adjacent businesses and discouraging new businesses that would be detrimental to the business environment.

**Policy 2.7:** Assure that local amenities and open spaces are maintained and expanded in order to assist and attract new businesses and promote economic vitality.



**Policy 2.8:** The City will endorse and support the creation of a good business oriented infrastructure.

**Policy 2.9:** Encourage new business to locate in Dana Point.

## **FISCAL STRENGTH AND STABILITY**

Municipal revenues are a function of the success, vibrancy and development of business enterprises within the City. Since the City has a choice among alternative market supportable commercial uses, it can select to promote those uses which can help provide greater fiscal strength and stability to the City. Consequently, it will be important to assess what amount of municipal revenues are needed in order to help coordinate local fiscal needs with desired commercial development.

**GOAL 3:** Provide for the long term fiscal viability of the City.

**Policy 3.1:** Ensure that the City has substantial fiscal surplus to assure sufficient financial resources during slow economic periods when revenue generation may be low.

**Policy 3.2:** Analyze net fiscal impacts of non-residential land use types proposed for development.

**Policy 3.3:** Identify the types of industrial, office and commercial uses that are desired by the community and assess the market demand for those types of uses.

**Policy 3.4:** Continue with existing plans for revitalization within areas of the community where revitalization is warranted.

**Policy 3.5:** Promote conference and visitor activities to ensure the long term viability of this major revenue generator. (Coastal Act/30213)

## **MEET LOCAL RETAIL NEEDS**

Expenditure patterns for Dana Point were analyzed in the Technical Report and show a 42% retail sales leakage to stores outside of the City. This leakage indicates an absence of certain kinds of stores in Dana Point which are available outside of the City. This leakage can be reduced by promoting retail goods and services that are not currently available in the City including automobiles, general merchandise and food stores. Promoting new retail stores helps the City in many ways. New stores make shopping more convenient for residents by eliminating the need to drive outside the City to purchase identical items. New stores also generate greater municipal revenues and local employment.

In addition to attracting new retail stores to serve residents, specialty retail stores serving visitors can also be attracted to stimulate additional employment and municipal revenues. In combination, residents and visitors can be better served when the range of retail goods and services expand to meet local needs.

**GOAL 4: Promote development to meet the retail needs of the community.**

**Policy 4.1:** Promote development of retail uses which serve local needs and diversify the selection of conveniently located goods and services.

**Policy 4.2:** Promote visitor serving retail uses to serve the growing demand for harbor, beach and coastal facilities, especially day use visitors.  
(Coastal Act/30213, 30220, 30221, 30223, 30224, 30234, 30250)

**Policy 4.3:** Promote the overlap between visitor and resident serving retail uses by encouraging retail goods and services which serve both market segments.

## **MEET VISITOR NEEDS**

Visitor expenditures for lodgings and retail goods and services account for a significant portion of the Dana Point economic base. Though not without drawbacks, visitors support a large share of the local employment and generate needed municipal revenues. Visitors to the coastline, harbor and beaches can serve as a long term source of business, jobs and revenues to the Dana

Point economy. This economic resource needs to be carefully monitored and encouraged.

**GOAL 5: Encourage development to meet visitor needs.**

**Policy 5.1:** Encourage the early development of community visitor-serving and resort properties at the Headlands site. Consider the positive economic impact that eco-tourism may generate on this site. (Coastal Act/30213, 30250)

**Policy 5.2:** Encourage the early development of resort properties at the Monarch Beach site. (Coastal Act/30213, 30234)

**Policy 5.3:** Encourage a balanced mix of visitor serving uses to complement the marine environment and commercial activities. (Coastal Act/30220, 30221, 30223, 30224, 30234)

**PROMOTE DEVELOPMENT OF DOHENY VILLAGE**

The Doheny Village area is an older mixed use area which can benefit from development. Economic development can be stimulated in this area by creating opportunities for residential and commercial development. Much of the area is not feasible for private development due to the many small parcels. Revitalization assistance to consolidate and prepare suitable development sites can create the conditions to attract desired uses to the area.

**GOAL 6: Promote the revitalization of the Doheny Village area.**

**Policy 6.1:** Encourage a balance in the development of commercial uses.

**Policy 6.2:** Encourage and assist in the preparation of sites suitable for commercial development.

**Policy 6.3:** Promote the development of a transportation center with adjacent commercial and small office uses.

**TABLE ED-1  
ECONOMIC DEVELOPMENT ELEMENT  
LOCAL COASTAL PROGRAM REFERENCE MATRIX**

Required Component/Issue Area (Coastal Act Section)	
Shoreline Access (30210-212.5)	Agriculture (30241-242)
* Visitor Serving and Recreational Facilities (30213)	Soil Resources (30243)
* Water-Oriented Recreation (30220-224)	Archaeological/Paleontological Resources (30244)
Water and Marine Resources (30230-232)	* Locating and Planning New Development (30250, 252, 255)
Diking, Filling and Dredging (30233)	* Coastal Visual Resources (30251)
* Commercial Fishing and Recreational Boating (30234)	Hazard Areas (30253)
Shoreline Structures/Flood Control (30235-236)	Public Works (30254)
Environmentally Sensitive Habitat (30240)	Industrial Development and Energy Facilities (30260-264)
* Indicates that the Coastal Act issue areas described in this table are included in the Economic Development Element.	

A number of goals and policies included in other elements support the goals and policies of the Economic Development Element, either directly or indirectly. These supporting goals and policies are identified in Table ED-2.

**TABLE ED-2  
ECONOMIC DEVELOPMENT RELATED  
GOALS AND POLICIES BY ELEMENT**

Economic Development Issue Area	Related Goals and Policies by Element								
	Land Use	Urban Design	Housing	Circulation	Noise	Public Safety	Conservation/ Open Space	Public Facilities And Growth Management	Economic Development
Balanced Employment and Housing	1.7	6.6	All						
Business Promotion	5.5, 5.10, 6.1-6.6	2.2, 3.1-3.8, 5.1-5.6, 6.2, 7.1							
Fiscal Strength and Stability	3.4	3.1, 6.3							
Local Retail Needs	6.1, 9.1-9.3								
Visitor Needs	5.5, 5.10, 8.6-8.8, 8.10, 8.12			1.8					
Development of Doheny Village	7.1-7.7								
Development of Town Center	6.1-6.6	3.1-3.8							
Cooperative Implementations	3.2						7.4-7.6		
Coastal Dependent Uses	1.5, 3.3, 4.3, 5.9	7.1-7.3		8.1					

## ECONOMIC DEVELOPMENT PLAN

The Economic Development Plan describes the approach to be used in implementing the Economic Development Element goals and policies. The economic development goals and policies provide direction to address economic, cultural, and social needs of Dana Point. These specific goals and policies provide for continued growth of the City's economic and employment base and increase its fiscal strength and stability. In order to fully realize these goals and policies it will be necessary for the City to undertake active steps by implementing initiatives designed to capitalize on opportunities as they develop.

This Economic Development Plan presents a broad strategy to help relate and detail the many initiatives which can help the City achieve its economic development goals and objectives. These initiatives are undertaken separately or in concert to direct the City's economic development with available resources.

### ECONOMIC DEVELOPMENT STRATEGY

The economic development strategy for Dana Point seeks to promote balanced non-residential land use development to meet the needs of the City, its residents, and visitors. This strategy is intended to establish an ongoing and continuous process able to respond expeditiously to take advantage of future opportunities and avoid future problems.

The economic development strategy recognizes that specific future actions can best be carried out if some or all of the following conditions are realized:

- Identify a responsible group to oversee and direct economic development initiatives;
- Maintain a current information base able to accurately characterize important economic conditions;
- Relate economic development initiatives to other City activities such as planning, housing and cultural.
- Maintain communications with property owners, businesses and governmental bodies to ensure cooperation and coordination;

- Development of a promotional program in partnership with the Chamber of Commerce which addresses the needs of local businesses and consumers.
- Attempt to anticipate future needs and opportunities in order to act in a proactive, rather than a reactive, manner.

## **ECONOMIC DEVELOPMENT INITIATIVES**

The economic development initiatives are designed to support the City's economic development strategy, to take advantage of future opportunities and to avoid future problems.

### **Establish a Group to Oversee Economic Development Initiatives.**

Designation of a body responsible for considering economic development policies and initiatives in detail is necessary. This body may be a permanent committee, a temporary commission, a public-private organization, or other type of body capable of considering economic development initiatives and recommending actions to the City Council. This body serves as the focal point for discussion by public officials, local businessmen, local organizations, City staff, residents and the community at large.

- Establish an Economic Development Commission with members representing the City Council, Planning Commission, the chambers of commerce, the business community, residents and other constituencies, as necessary. The purpose of this Commission is to make recommendations to the City Council on the need for a permanent body, its composition, and its role in promoting local economic development.
- City staff facilitates Economic Development Commission business by making materials available, convening meetings, and preparing Commission reports to the City Council.
- The Economic Development Commission considers how best to detail, select and implement the initiatives contained in this Economic Development Plan.

- Among the activities that the Economic Development Commission considers undertaking are:
  - 1) Obtaining input from the business community as to the best means for assisting local businesses, attracting new businesses and maintaining a healthy business environment.
  - 2) Monitoring key sites and advising the City Council and Planning Commission on how best to proceed with their development.
  - 3) Preparing marketing information targeted to attract new businesses to the City.
  - 4) Overseeing the business registration procedure for the City.

### **Closely Monitor Key Sites**

Because the Headlands and Monarch Beach sites are critical components for commercial development in Dana Point, the City is concerned with factors which can shape the ultimate development of these sites. Lines of communication are maintained between the owners/developers of the sites and the City in order to discuss development plans and conditions on a timely basis.

- City Planning staff continues to formally monitor the development plans of the owners/developers of the Headlands and Monarch Beach sites.
- City Planning staff continues to meet informally with the owners/developers of the two sites in order to discuss the City's aspirations for the sites, hear the owner's/developer's objectives, and create a mutually beneficial channel of communication.
- City Planning staff works with site owners/developers to create new opportunities for developing the sites as soon as possible in mutually beneficial ways.
- City Planning staff keeps the City Council, Planning Commission and the Economic Development Commission apprised of any changes of status for the sites.



## **Analyze Fiscal Needs**

A detailed fiscal study is helpful in evaluating the long term revenue requirements for the City in light of anticipated municipal service and maintenance costs. Such a study can reveal the amount of additional revenues that may need to be generated by new commercial development to secure the fiscal stability of the City.

- The City initiates a fiscal study to determine the amount of future revenue needed to maintain municipal services and maintenance. Such a study considers future municipal revenues and costs at buildout. In addition, estimates of capital improvements paid for by the City are noted.
- The fiscal study yields a net estimated surplus or deficit for the City at buildout. This estimate serves as the basis for determining the fiscal needs from development of the key sites and revitalization areas.

## **Maintain Information Base**

Current and accurate economic development information is essential to help the City Council make decisions on economic development goals, policies, strategy or initiatives. A monitoring program is established to gather, estimate and analyze key economic development measures.

- A standardized information base is to be designed to build upon and provide annual updates for the information presented in the Economic Development Technical Report.
- The types of useful information that are to be annually updated from Technical Report tables include:
  - 1) Inventory of retail centers (Table 9-5);
  - 2) Inventory of lodging facilities (Table 9-6);
  - 3) Inventory of major office (Table 9-7) and industrial development.

These three inventory items are to be updated by annually adding or deleting projects for which a building permit or demolition permit has been issued.

- 4) Inventory of existing businesses (Table 9-2);
- 5) List of the largest employers in the City.

These items are to be established with the implementation of an annual municipal business permit requirement which bases fees upon the reported type of business and the number of employees.

- 6) Retail sales leakage estimates by business type (Table 9-8).

Using the methodology presented in the technical report, retail sales leakage is to be estimated annually with retail sales reports published by the California State Board of Equalization.

- 7) Visitor Expenditure Estimates.

This estimate is based upon the combined lodging expenditures and share of retail sales by visitors. Each is briefly described as follows:

- a) Annual transient occupancy tax (TOT) is divided by the TOT rate to estimate gross room receipts.
- b) Visitor Share of Retail Sales

Retail sales attributed to visitors is calculated by first estimating the portion of retail sales that each type of business sells to visitors, and then summing the visitor share of sales for all business types. For example, the report estimates that 40% of all "eating and drinking" sales are to visitors while 10% of all "food store" sales are to visitors. These shares of sales to visitors by business type are based upon discussions with local merchants, observations on local supply/demand characteristics and knowledge of visitor related expenditure patterns. Multiplying the share of visitor expenditures and the total annual retail sales for each type of business will yield the estimated annual sales to visitors. A worksheet is provided at the end of this plan to assist in this analysis (Table ED-3).

- 8) Site Availability Inventory

This inventory lists all currently vacant and developable non-residential parcels along with basic characteristics of location, size, permissible/desired uses and other related information.

#### 9) Assemble Socioeconomic Characteristics

Household income, households, household size and related information is compiled from the U.S. Census, the California Department of Finance and private forecasting sources as available.

#### Promote the Development of Specific Uses

Certain types of commercial uses which are both market supportable and beneficial to the City have been identified in the Technical Report. Direct and indirect initiatives can be undertaken to promote development and attract new businesses to Dana Point.

- Initiate detailed investigation to determine the feasibility of a passenger train station located in the Doheny Village area.
- Work with key site owners/developers to detail specified land uses and promote early development.
- Establish and implement a marketing brochure to promote new non-residential development in the City.

#### Undertake Revitalization Activities

Dana Point can initiate revitalization activities and establish project areas. These actions are focused principally on the need to assemble larger commercial sites, improve off-site circulation and parking, and assist in promoting development. Revitalization actions are to be linked to other economic development initiatives in order to leverage local development opportunities.

- Upon establishment of a revitalization project area, work with staff to help formulate a revitalization plan which integrates revitalization activities with other economic development initiatives.
- Consider utilizing revenues to assist in other economic

**development activities such as planning, business retention,  
business attraction and infrastructure improvements.**

**ECONOMIC DEVELOPMENT ELEMENT**

**JUNE 27, 1991**

**(GPA95-02(c)/LCPA95-08)**

**TABLE ED-3  
CITY OF DANA POINT  
ANNUAL VISITOR RETAIL SALES ESTIMATE  
Year \_\_\_\_\_  
(Worksheet)**

Type of Store	Reported Annual Retail Sales <sup>1</sup>	Estimated Annual Retail Sales <sup>2</sup>	Visitor Share of Retail Sales <sup>3</sup>	Total Visitor Retail Expenditures
Building Materials			0%	
General Merchandise			20%	
Food Stores			10%	
Automotive Dealers			0%	
Gasoline Stations			30%	
Apparel Stores			25%	
Home Furnishings			0%	
Eating and Drinking			40%	
Drug Stores			15%	
Misc. Retail Stores			15%	
<b>TOTAL</b>				

## **Maintain Intergovernmental Coordination**

Some of the economic development initiatives require coordination with other governmental bodies including Federal, State and County governments and the Coastal Commission. Coordination among these public sector bodies helps create more efficient, effective and equitable economic development initiatives for the City.

- City staff brings intergovernmental issues, concerns and opportunities which affect economic development to the attention of the City Council, Planning Commission and the Commission for discussion and resolution, if needed.
- Communicate the City's economic development goals, policies, strategy, objectives and interests to other governmental bodies that may be affected by local decisions and actions.