



## Staff Reports

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**To:** Honorable Mayor and Members of City Council

**From:** Vin Smith, Community Development Director

**Prepared By:** Neal Harrison, Development Project Coordinator

**TITLE:**

Economic Development Division Update

**RECOMMENDED ACTION:**

Receive a report providing an overview of the Economic Development Division's recent activities and future strategy.

**DISCUSSION:**

Economic Development is central to supporting our businesses, spurring development and improving the quality of life for our residents. The purpose of this item is to update the City Council on the status of actions being taken by the City's Economic Development Division in response to the COVID-19 pandemic and future strategies.

**COVID-19 RESPONSE**

On March 18, 2020, Napa County Health Officer directed a shelter at home Order to slow the spread of COVID-19. This Order was issued in accordance with the March 4, 2020 Proclamation of a State of Emergency issued by Governor Gavin Newsom, and Napa County continues to follow State direction for loosening and tightening restrictions on activities.

The Economic Development Team has led a solutions-driven response to the COVID-19 pandemic. The Team developed and compiled resources for businesses and the community, including: a website portal to host businesses available for delivery and takeout; developed flyers containing tips for consumers and businesses to help our business community; and, created additional website links to additional resources. The Team also formed the Small Business Recovery Taskforce with key business service providers: The Small Business Development Center, Workforce Alliance of the North Bay, the Napa County Hispanic Chamber of Commerce, City of Napa Chamber of Commerce, and the Downtown Napa Association. This group shared information on weekly calls, surveyed local businesses on COVID-19 impacts, shared resources and challenges, and developed communication strategies on spreading critical information to help businesses navigate the pandemic.

The Team coordinated and advocated for City programs such as the Pick-Up Priority Zone and Al Fresco programs. The Team was critical in launching the downtown parklets with the Downtown Association and the closure of Main Street with the Napa Chamber of Commerce. The Economic Development Division recommended commitment of a total of \$7,500 to the Napa Chamber of

Commerce in order to support the closure of Main Street.

Finally, the Economic Development Team has also launched two new programs in support of small businesses. The first, the “City of Napa Small Business COVID-19 Mini-Grant Fund” in partnership with the Napa Valley Community Foundation and Working Solutions administers \$5,000 grants to City of Napa businesses with 1-10 employees. This program has already yielded additional matching funds from the Bank of Marin and will allow for other donors to contribute funds and expand the current balance of \$92,500 in grant funds.

The second program is the “City of Napa’s COVID-19 Micro-enterprise Small Business Grant Program.” This program will disburse \$185,000 in grant funds to support low-and-moderate income entrepreneurs that have suffered proven financial losses of 25% since January 2020. Each grant award will be for a total \$5,000 to micro-enterprise business owners (businesses with 0-5 employees). This program is funded with Community Development Block Grant (CDBG) funds generated through the Coronavirus Aid, Relief, and Economic Security Act or CARES Act.

Through these programs, the Team has developed a partnership with Working Solutions, a Community Development Finance Institute, the Napa Valley Community Foundation, and the Napa Chamber of Commerce to administer a total of \$285,000 CDBG and CARES Act grant funding.

## STATE OF ECONOMIC DEVELOPMENT

The business community has been deeply impacted by COVID-19. From often confusing and rapidly changing guidance on openings to evolving deployment of federal and state resources (PPP and EIDL), businesses have been struggling sustain their operations in this climate. Despite this, businesses have found ways to adapt and innovate their business models. Early in the pandemic we saw food-based businesses act as small markets selling household goods and raw materials. Seamstresses and tailors began fabricating, selling, and donating cloth masks. Distilleries began to produce, sell, and donate hand sanitizer. Many businesses shifted their practices to target local patrons. These are only a few examples to highlight the resiliency of the City of Napa’s small business community.

Policy interventions such as the Al Fresco Program, the expansion of outdoor operations and pick-up priority areas directly supported businesses in shifting their operating models. Our local trends suggest that few businesses have closed, despite sustaining 30%-50% losses in revenue. That said, it is challenging to understand at this juncture the affect recent wildfires, the upcoming rainy season, and uncertainty of a new round of federal stimulus funding will have on local businesses.

However, we have seen some notable new developments and business openings over the past year, which speaks to the resiliency and developer interest in the City of Napa. A few projects to highlight include:

- A 2.2-acre multi-use project to replace Downtown Kohls with retail, hotel, and housing is in the development review process. This will be a \$250 million dollar project with over 100 rental apartments and will create a highly activated public space.
- 10 new retailers and 3 under construction opening later this year or early 2021 in Downtown “First Street Napa”. There are 33 tenants in total, 19 of them are female owned and operated.
- 20,000 sq. ft coworking office, named Spaces, at “First Street Napa” that will have 250 desks, and is part of a global platform with over 3,000 locations worldwide. This is going to be their

first new post-COVID concept and will accommodate individual workers and small businesses. January 8th is expected to be final inspection.

- A 23,859 sq. ft two-story commercial building called West End, formally occupied by Exertec in Downtown has been approved. This will be a remodel and would establish 7 new tenants.
- A 24,590 square foot refurbishment of Food City on Jefferson Street, turning it into a “food hall” with eight tenants facing a common seating area, while bringing a variety of other tenants focused on local needs.
- Stanley Ranch Resort construction has begun on a 93-acre parcel in south Napa. This complex will include a 150-unit resort, 110 condominiums, and a 25,000 case winery.
- Braydon Apartment Complex recently completed 282 market-rate apartments and Phase 2 is seeking an additional 218 apartments just south of Downtown on the east side of the river. This will be Napa’s largest apartment complex and include amenities such as a fitness center and a dog park.
- New Affordable Housing projects include the opening of Stoddard West behind South Napa Marketplace with 50 housing units, and the construction of Manzanita Apartments, which will be 51 units. Occupancy expected to start within a year for Manzanita Apartments.

## FUTURE STRATEGIES

The Economic Development Team has undergone a strategic review process in response to COVID-19 changes and building on the foundation of the 2019 City of Napa Development Action Strategy, the General Plan Update, and other reports. These reports highlighted the need for the City to improve business assistance, promote local production, create spaces for innovation, and reimagine core areas around the City.

## FOCUS AREAS

Moving forward, the Economic Development Team will focus on four key areas. First, the Team aims to support small businesses by developing policies and programs to improve the business climate and experiences of our small business community.

The Team also is developing initiatives to add diversification and resiliency in the local economy. These will encourage and strengthen established industry clusters in healthcare and food and wine production, emerging sectors in ag tech, renewable energy, or others, and smart development. Thirdly, the Team is supporting cultural efforts and developing programs to make Napa more sustainable, beautiful, and equitable for its residents. This highlights the importance of place making and branding Napa as a great place to live and visit.

Finally, the Team is building partnerships to advance cooperation locally and regionally. These partnerships can help advance workforce development and centralize business support services.

## INITIATIVES

The Economic Development Team is developing new initiatives and moving existing projects forward to meet the goals of each focus area above. Examples of key initiatives include:

- Developing a Business Alliance Program to provide technical and financial resources to businesses, including the CDBG and CARES Act Microgrant funding.

- Streamlining permitting and pathways to start a business in Napa, including a business portal and flexible zoning.
- Forming a centralized network for business providers to improve support for small businesses. This network will include the Workforce Alliance of the North Bay, the Napa-Sonoma Small Business Development Center, the Chamber of Commerce, and other organizations.
- Strategy and outreach to attract new businesses to Napa. The aim is to partner with the Chamber of Commerce across the County to target specific industries in key industry clusters, such as healthcare or food and wine production.
- Promote local manufacturing and artisanal production. For example, the Team submitted a \$145,000 grant application to the Economic Development Administration to develop a Local Manufacturing Action Plan to advance entrepreneurship in production-related fields.
- Reviewing land-use policy to leverage tax increment financing and Opportunity Zones to spur development. The Team is reviewing additional ways to generate income to development parking garage, housing, and other infrastructure needs downtown.

Staff will provide a full presentation at the meeting.

**FINANCIAL IMPACTS:**

Individual initiatives may have financial implications. Staff would return to Council as necessary for actions related to implementation of initiatives.

**CEQA:**

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

**DOCUMENTS ATTACHED:**

None.

**NOTIFICATION:**

None.