



MEETING DATE: 11-21-05

ITEM NO.

9

## COUNCIL AGENDA REPORT

DATE: NOVEMBER 21, 2005  
TO: MAYOR AND TOWN COUNCIL  
FROM: DEBRA J. FIGONE, TOWN MANAGER  
SUBJECT: ECONOMIC VITALITY PROGRAM UPDATE

### RECOMMENDATION:

Discuss and accept Economic Vitality Program Update.

### BACKGROUND:

In July, 2002, the Town Council approved the Town of Los Gatos Economic Vitality Program. The program is intended to serve as one of the many tools to implement the Town of Los Gatos General Plan and to enhance the fiscal stability of the Town. The program has a town-wide focus which encompasses all segments of the Town's commercial mix and business districts including the office and R&D area, downtown, Los Gatos Boulevard, and the four outlining neighborhood centers. In December 2004, Danielle Surdin was hired as the Town's new Economic Vitality Manager. Over the year staff efforts have focused on relationship building in the business community, creating Town-wide marketing programs, and actively working on business attraction, retention, and promotion. While no decision about the Town's Economic Vitality Program is needed at this time, staff seeks Council input on current and future business attraction, retention, and promotional efforts and on the Town's Economic Vitality Program in general.

### DISCUSSION:

This challenging fiscal time highlights the importance of the Town's Economic Vitality Program. Retaining and expanding existing businesses, and assisting others to locate in Los Gatos help to strengthen and diversify the Town's economic base. In particular, a strong business sector helps contribute to the Town's revenue base which funds services to the community. The Town's economically-sensitive revenues, such as sales tax, hotel/motel tax, interest income, and others, reflect the strength of the local economy as well as national economic trends. In addition to contributing to the Town's fiscal health, local businesses also provide employment opportunities and

PREPARED BY:   
DANIELLE SURDIN  
ECONOMIC VITALITY MANAGER

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Reviewed by: PSS Assistant Town Manager OK Town Attorney \_\_\_\_\_ Clerk Administrator  
SC Finance \_\_\_\_\_ Community Development Revised: 11/16/05 4:40 pm

Reformatted: 5/30/02

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MAYOR AND TOWN COUNCIL

SUBJECT: ECONOMIC VITALITY PROGRAM ANNUAL UPDATE

*November 21, 2005*

serve as a local source for goods and services in the community.

Over the past year, staff undertook many activities to enhance economic vitality town-wide. Attached is the Economic Vitality Program Update, highlighting current activities in the areas of business attraction, retention, and promotion, as well as future projects. This document also includes: a current vacancy snapshot of the Town's commercial climate; summary of the Town's holiday marketing program; and a copy of the Town's new annual business newsletter.

CONCLUSION:

Economic Vitality remains a priority for the organization. In these fiscally challenging times, it is increasingly important to help local businesses succeed within the boundaries of Town policies and programs, and the role of local government. The Economic Vitality Program update provides Council with information on staff's activities focused on achieving that goal.

ENVIRONMENTAL ASSESSMENT:

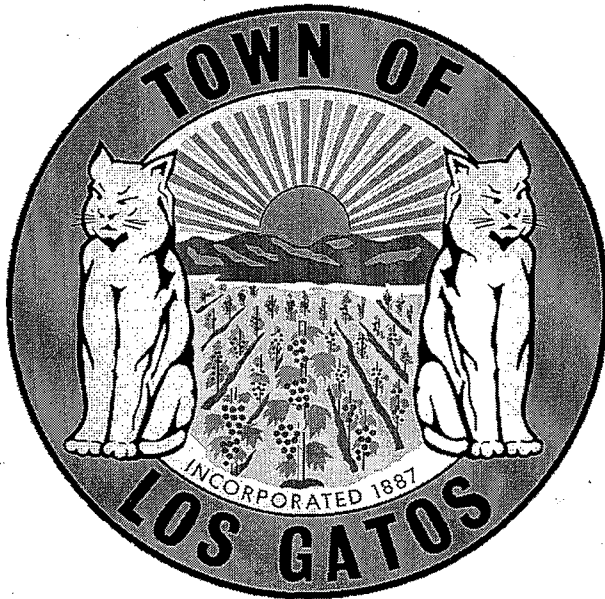
Is not a project defined under CEQA, and no further action is required.

FISCAL IMPACT:

No budget adjustments are proposed. As indicated in this report, the purpose of the Economic Vitality Program is to enhance the fiscal health of the Town.

Attachment:

2005-2006 Economic Vitality Program Update



**2005-2006  
ECONOMIC VITALITY PROGRAM**

PREPARED BY:  
DANIELLE SURDIN  
ECONOMIC VITALITY MANAGER

**ECONOMIC VITALITY  
UPDATE**

**ECONOMIC  
INDICATORS**

**ECONOMIC VITALITY  
PROGRAM UPDATES**

**UPCOMING PROJECTS**

**ATTACHMENT A  
VACANCY SNAPSHOT  
NOVEMBER 2005**

**ATTACHMENT B  
HOMETOWN FOR THE HOLIDAYS  
MARKETING PROGRAM**

**ATTACHMENT C  
BUSINESS NEWSLETTER**

## **ECONOMIC TRENDS**

Over the past year, staff has been working collaboratively to track key economic indicators including economically sensitive revenue and market trends affecting the Town's commercial districts and industry clusters. By monitoring these indicators, an economic snapshot is created which demonstrates current business growth, expansion of the local economy and job creation, and an indication of vacancy rates that signal unused capacity. Town staff continues to open communication channels with local business owners, property owners, property management companies, and commercial real estate brokers. Through these relationships, the Town is able to identify current needs and gaps in tenant mixes, implement effective business retention marketing programs, and build community awareness of the Town's Economic Vitality efforts.

### **ECONOMIC INDICATORS: ECONOMICALLY SENSITIVE REVENUE UPDATE**

The Town relies on a number of revenue sources that are dependent upon the health of the local economy. Each of these revenues is presented below in order of dollar impact to the Town:

#### **Sales Tax. (FY 2004/05 Actuals \$7,900,000)**

Sales Tax collections representing approximately 30% of Town General Fund operating revenues for FY 2004/05 finished approximately \$800,000 ahead of the mid-year revised estimates of \$7,100,000. The total increase in sales tax collections received from Town businesses from the prior year (FY 2003/04) was approximately \$1,000,000 or 14.4%. The increase was largely due to rapid sales growth from one internet commerce retailer located in the Town, and more moderate recoveries in taxable sales in many other business classifications from the sales tax "lows" experienced in the two previous fiscal years. Notable improvements from lows in recent years included businesses in the automobile sales & leasing, general retail, and restaurant classifications.

An important item to note is that sales tax collections received by the Town from Downtown businesses including Santa Cruz Avenue, University Avenue, and Main Street through the four quarters ending June 30, 2005 improved by \$641,829 or 10.6% from the previous four quarters. Four of six category classifications (general retail, food products, transportation, and miscellaneous) of downtown businesses reported sales tax collections for the quarter ending June 30, 2005 that were the highest quarterly collections in the past nine quarters. The Town tracks sales tax through contractual services with Mortgage Bond Insurance Associates (MBIA) muni-services company. MBIA analyzes sales tax reports from the State Board of Equalization for a variety of Bay Area cities.

#### **Ad Valorem Property Tax (FY 2004/05 Actuals \$5,302,061)**

General property tax collections representing approximately 26% of the Town's General Fund revenues reflect positive growth of 1.8% (not including the State's Property Tax "backfill" shifts). The growth in Property Tax, though positive, is less than the 4% growth experienced the prior fiscal year. However, the continuing growth trend does point to the Town's continued desirability as a place to live in the greater Santa Clara Valley. The growth in property taxes is largely attributable to the increase in assessed valuation that occurs upon the turnover of housing stock in the Town.

## **ECONOMIC INDICATORS: ECONOMICALLY SENSITIVE REVENUE UPDATE**

### **Business License Tax (FY 2004/05 Actuals \$1,056,814)**

Business License tax collections also reported a positive gain of \$14,845 or 1.4% from collections received the prior fiscal year, which reflects similar trends in previous years. Gains in business license revenue derive from increases in gross receipts from existing businesses and/or additions to the business base.

### **Transient Occupancy Taxes (FY 2004/05 Actuals \$868,908)**

Transient Occupancy Tax (TOT) revenues (the tax collected is 10% of the daily room rate) improved moderately from the prior year, possibly due to higher occupancy rates and local economic recovery. TOT revenue receipts are a function of the number of rooms in Town, the occupancy rate, and the price of the room for the night. These dollars are important, since they represent money infused into the local Town economy, originating largely from outside the community. TOT collections increased by approximately \$42,800 or 5.2% from the prior year, a positive trend compared to previous years in which declines were experienced. The increase occurred despite the loss in total rooms in the Town's portfolio due to the conversion of one local hotel to residential property in December 2004. A small decrease from \$900,000 to \$870,000 was budgeted for FY 2005/06, reflecting the loss in overall room capacity, offset by the expected continuation of moderate recovery in tourism and business travel. Additional loss of TOT revenue may occur this fiscal year due the closing of a downtown hotel. The property owner will be going through the rezoning process for future office use. Local business activity and tourism are an important component of the Town's economy. The Town partners on collaborative marketing opportunities with local hotels and the Chamber of Commerce to promote destination tourism. Monitoring TOT collections provide some objective data regarding Town trends in this area.

## **ECONOMIC INDICATORS: COMMERCIAL TRENDS**

Los Gatos commercial districts experience relatively low vacancy rates. Out of the eleven neighborhood centers, eight are fully leased, or have soon-to-be tenants making necessary tenant improvements to their future space. (Attachment A)

### **Office, R&D, Medical**

Office, R&D, and medical industries are an important component of the Town's dynamic commercial base. Many of these industries provide local jobs and opportunities for business-to-business sales tax generation, add to the daytime consumer base through employees that patronize local shops and restaurants, and offer Town exposure for future business attraction efforts. Currently the Town experiences strong industry clusters in the fields of entertainment, software development, wireless technology, alternative energy, fiber optics, nanotech and medical research. The Los Gatos Office and R&D parks have

### **Office, R&D, Medical (continued)**

shown a moderate rebound with several new businesses filling up past vacancies in the University office parks, and the small office parks surrounding the downtown central business district.

### **Downtown**

Downtown Los Gatos currently has five vacancies, four of which are above 2000 SFT. Staff defines vacant properties as active real estate sites that are open to accepting lease offers. Businesses closed for tenant improvements are not consider vacant until the property becomes listed or is marketed by the property owner. Given that lease rates for these properties are more than \$4.50 a square foot in some cases, the monthly lease costs

## ECONOMIC INDICATORS: COMMERCIAL TRENDS

### Downtown (continued)

total from \$12,000-\$17,000. It is staff's understanding through feedback from commercial brokers, property owners, as well as direct feedback from prospective tenants that increasing lease rates have made the recruitment of sole entrepreneurs more difficult. Vacancies in the smaller spaces in the downtown continue to turn around quickly. Currently there is one application coming through the community development process to obtain a permit to lease one of the largest vacant spaces in the central business district.

### Retail Mix

The tenant mix in the downtown central business district highlights opportunities to further diversify the existing retail mix. Current merchandising mix is as followed:

Women's Apparel: 26 (3 Unisex)	Men's Apparel: 5 (3 Unisex)	Kids 12-under: 5
Athletic (Unisex): 6	Home Furnishing/Décor: 16	Footwear: 4
Jewels & Accessories: 8	Culinary: 4	General Retail: 14*
Antiques: 6	Books/Stationary: 3	Cosmetics: 3
Galleries: 6	Crafts: 5	Eyewear: 3
Pets: 4		

\*General Retail includes miscellaneous retail not easily categorized i.e., camera stores, vitamins, electronics, etc.

### General Trends

Another interesting trend to note, many local businesses that are relocating or expanding choose to relocate to an existing center with the Town of Los Gatos. Though some businesses are lost to outlining communities, the majority of businesses that have recently moved for expansion or relocation reasons have chosen to stay in Los Gatos.

## ECONOMIC VITALITY PROGRAM UPDATES

### BUSINESS ATTRACTION

Economic vitality attraction efforts have focused on monitoring business sector trends, key industry growth or declines, and Town-wide vacancies. One of the roles of the Economic Vitality Manager is to build relationships with amenable commercial brokers. Through these valued relationships we can help identify gaps in existing tenant mixes while serving as the link between local government and the private sector to help facilitate recruitments for vacant commercial properties. It is important to note, that the Town does not have a direct role in the tenant recruitment process to ensure no sense of entitlement is conveyed to incoming applicants coming through the Town development process. Town staff continues to highlight needs and gaps to local commercial brokers who serve as the front end liaisons of the recruitment process. Other key objectives include tradeshow participation for future recruitment efforts in retail, R&D, medical, and office developments. The following are business attraction efforts undertaken by staff over the past year:

#### ▪ Tradeshow Participation - BayBio 2005 Gene Acres Conference

Partnering with the Silicon Valley Economic Development Alliance, the Town of Los Gatos along with Palo Alto, Menlo Park, Mountain View, Santa Clara, and Sunnyvale showcased their individual cities to interested biotech firms looking to expand or relocate to the Bay Area.

## ECONOMIC VITALITY PROGRAM UPDATES

### BUSINESS ATTRACTION (CONTINUED)

- **Development of a Recruitment Packet**

Created a recruitment packet which highlights the Town's demographics, available commercial space, corporate client list, relevant community development information, and downtown guides for prospective businesses requesting information on the Town of Los Gatos.

- **Los Gatos Business Webpage**

As part of the Town's web redesign a business section has been created to highlight Town demographics, steps to starting a business, required development and license applications, business resources, and contact information. Also under development is an available properties feature that will showcase Los Gatos commercial properties with images, commercial broker contact information, and general zoning information.

- **LG Commercial Snapshot Update**

Data collection and tracking of commercial trends occur on an ongoing basis to keep up-to-date on current lease rates, vacancies, and market movement.

- **Business Assistance**

Provide guidance in coordination with the community development department on the economic vitality impacts of incoming businesses. Additionally, provide prospective businesses interested in coming into Town with demographics, marketing materials, and personalized customer service for navigating through the development process.

- **Relationship building/Targeted Outreach**

To keep up-to-date on current real estate market activities and tenant lead generation, staff maintains ongoing communication with the commercial real estate community, individual property owners, and property management companies.

### BUSINESS PROMOTION

Business promotion takes a multi-faceted approach working in collaboration with the Chamber of Commerce and the local business community to promote Los Gatos as an exceptional shopping, dining and travel destination. The Town allocates approximately \$25,000 annually to support town-wide marketing efforts and collaborative marketing efforts with the Chamber of Commerce. In addition to these marketing dollars, staff also provides additional technical expertise by participating in the Chamber's destination marketing committee. To this end, the following represent a variety of marketing programs that have or will be implemented:

- **Town-wide marketing programs**

*Summer in Los Gatos:* May – September 2005

Target Market: Local and regional focus

Program: Coordinated co-op advertising opportunities & Town event calendar in *Mercury News*, *San Jose Magazine*, *Los Gatos Daily*, *Los Gatos Weekly/Saratoga News*, and *Discover Silicon Valley*. Ad campaign was very successful. Many participating merchants continued to co-op advertise after the program ended due to the significant amount of customers gained.

## BUSINESS PROMOTION

### ▪ Town-wide marketing programs (CONTINUED)

#### *Summer in Los Gatos:* May – September 2005

To complement the summer co-op advertising program, the Town launched its first “shop local” campaign called the “Hometown Advantage” program. Over 13,000 directories and resident rewards cards were mailed to all Los Gatos residents. Follow-up surveys indicate participating businesses were satisfied with the program and would participate again. This program was also recognized as an Economic Vitality best practice at the Annual Municipal Management Association of Northern California Conference in October 2005.

#### *Hometown for the Holidays:* November – December 2005 (Attachment B)

Target Market: Local and regional focus

Program: Highlights all commercial districts, local special events, and provides additional promotion for local businesses that extend their weekday holiday hours until 8 p.m. or later to accommodate holiday shoppers. The Economic Vitality Manager, Sergeant Layne Davis and Executive Director Ronee Nassi from the Chamber of Commerce have made door-to-door presentations to encourage participation in the Holiday marketing program. General destination marketing ads will also be run in the *San Jose Mercury News*, while more detailed ads providing additional promotion for businesses with extended hours will occur in the *Los Gatos Weekly Times/Saratoga News*, *Los Gatos Daily*, and *Wave Magazine*. The “Hometown for the Holidays” advertising campaign will also include Comcast commercials running on Bravo, Food TV, A&E, and Lifetime television from 11/21-12/19. These commercials will provide a visual reinforcement that Los Gatos is a great holiday shopping destination. Holiday posters will also be distributed to participating merchants upon request.

Valet parking will also be available beginning November 25th - December 24th. Hours of operation are from 9:00 a.m. to 9 p.m., Tuesday - Saturday. Valet for Sunday and Monday will begin the week of December 18th.

### ▪ Chamber of Commerce Hospitality Committee

Serving as a liaison from the Town, the Economic Vitality Manager attends a monthly roundtable with stakeholders from the hotel industry and restaurant industry to identify and plan joint destination marketing efforts.

### ▪ Los Gatos Visitors Webpage

As part of the Town’s web redesign, a visitor’s page is under construction to highlight local dining options, hotel accommodations, wineries, shopping, and recreational choices. Also under development is a downtown shopping map which highlights local downtown businesses, available parking lots, and community events.

## BUSINESS RETENTION

The Town’s business retention and outreach program is designed to preserve and enhance the Town’s business environment. The Town recognizes the importance of a strong and varied business community. To this end, the Town places high value in maintaining an ongoing supportive dialogue with the business community, recognizing the role local businesses have in making Los Gatos a unique and desirable community, and providing education and awareness about available resources to help their businesses prosper. The following are business retention efforts undertaken by staff over the past year:



## **BUSINESS RETENTION**

### ▪ **Business Newsletter**

As a means to open additional communication lines with the business community, staff has developed an annual business newsletter. The goals of the newsletter are to express an appreciation for the important role local businesses have in our community's vitality, highlight upcoming Town and Chamber marketing programs, and educate business owners on a variety of Community Development "How to's" or frequently asked questions. The business newsletter will be mailed each year prior to the annual license renewal mailing. (Attachment C)

### ▪ **Chamber Newsletter**

The Chamber and Town are partnering to provide a new Los Gatos commercial center feature in the bimonthly chamber newsletter. Article highlights include overviews of the centers' tenant mix and history.

### ▪ **Town Council Business/Community Recognition Program**

Coordinate business recognition program wherein businesses receive recognition at a Town Council meeting.

### ▪ **Relationship building with local business community**

Meet, and provide assistance to local business owners on an ongoing basis. Work with property management companies, chamber of commerce, and individual property owners to educate local businesses on Town Economic Vitality programs and marketing opportunities through neighborhood center presentations and direct outreach.

### ▪ **Silicon Valley Workforce Investment Program/SCORE**

In August, Council approved MOU with the Silicon Workforce Investment Network to provide additional workforce development opportunities to Town businesses. These programs are promoted on the Town's website, business newsletter and through direct one-on-one contact.

## **UPCOMING PROJECTS**

### ▪ **Outreach to Los Gatos automobile industry cluster**

Inform local auto dealers of the Town's new commercial design guidelines, and how these guidelines can be used during future showroom remodels. Build on previous relationship efforts to encourage future participation in coordinated marketing opportunities. Currently, auto dealers make up 30% of the Town's total sales tax base.

### ▪ **Ongoing development of Los Gatos Business & Visitor Webpage**

### ▪ **Retail industry tradeshow participation**

### ▪ **Establish guidelines for Town news racks**

### ▪ **Develop plan for directional kiosks & downtown shopping guide**

**ATTACHMENT A**

**VACANCY SNAPSHOT  
NOVEMBER 2005**





# LG Commercial Snapshot

NOVEMBER 2005

## Vacancy Counts & Service/Retail Ratios UNIVERSITY/DOWNTOWN/WINCHESTER

### OFFICE

- 634 N. Santa Cruz—Shadman Plaza
  - Vacancies: 4
  - Predominate Uses: Professional Office (Some Retail)
- 644 N. Santa Cruz
  - Vacancies: 0
  - Predominate Uses: Professional Office
- 654 Showers Park
  - Vacancies: 1
  - Predominate Uses: Professional Office
- 501 N. Santa Cruz—Colonial Center
  - Vacancies: 0
  - Predominate Uses: Professional Office
- 540 N. Santa Cruz—Sara Center
  - Vacancies: 1
  - Predominate Uses: Personal Service
- 718 University Avenue
  - Vacancies: 2
  - Predominate Uses: Professional Office
- 720 University
  - Vacancies: 1
  - Predominate Uses: Professional
- 750 University
  - Vacancies: 1
  - Predominate Uses: Professional/Mfg.
- 805 University
  - Vacancies: 0
  - Predominate Uses: Retail & Professional
- 973-983 University
  - Vacancies: 0
  - Predominate Uses: Professional & Retail
- Los Gatos Business Park/Winchester\*
  - Vacancies: 15,000-100,000 SFT
  - Predominate Uses: Office/ R&D

\*Decreased slightly since May 2005 Vacancy Counts

### OFFICE

- 987 University Avenue
  - Vacancies: 1
  - Predominate Uses: Office
- 102-105 Cooper Court/University
  - Vacancies: 0
  - Predominate Uses: Professional/Mfg.
- 16400 Lark Ave
  - Vacancies: 0
  - Predominate Uses: Professional Office
- 16780 Lark & University
  - Vacancies: 1
  - Predominate Uses: Professional Office
- 16795 Lark
  - Vacancies: 2
  - Predominate Uses: Professional Office

**Hwy 9 Office Vacancies have not been included in this report.**

*• Currently there are over (4) vacancies ranging in small office suites to larger office spaces.*

### ACTIVE COMMERCIAL REAL ESTATE BROKERS/

#### DOWNTOWN

- Prime Retail Inc.
- Colliers International
- Federal Realty Trust
- Individual Property Owners

### ACTIVE REAL ESTATE BROKERS/UNIVERSITY &

#### WINCHESTER

- Boccardo Leasing
- Cooper & Company
- Colliers
- BT Commercial
- CPS

### COMMERCIAL

- Old Town
    - Vacancies: 1 (office)
    - Ratio: Service 30%/ Retail 70%
  - Opera House
    - Vacancies: 0
    - Ratio: Service 40%/ Retail 60%
  - Lyndon Plaza
    - Vacancies: 1 (office)
    - Ratio: Service 80% Retail 20%
  - Los Gatos Shopping Center
    - Vacancies: 2
    - Ratio: Service 90%/ Retail 10%
  - Safeway Center
    - Vacancies: 0
    - Ratio: Service 90%/ Retail 10%
  - Los Gatos Camera Center
    - Vacancies: 0
    - Ratio: Service 50%/ Retail 50%
  - Northside Plaza
    - Vacancies: 1
    - Ratio: Service 40%/ Retail 60%
  - 51 University
    - Vacancies: 1 (office)
    - Ratio: Service 60%/ Retail 40%
  - 501 N. Santa Cruz—Sara Center
    - Vacancies: 1(Retail)
    - Ratio: Service 90%/ Retail 10%
- INDIVIDUAL DOWNTOWN/SIDE STREETS
- 5 Retail Vacancies/Non-Formula Retail

### RELEVANT RATIOS

#### C-2 ZONE/DOWNTOWN

CURRENT RETAIL BUSINESS MIX

FORMULA RETAIL: 18%

NON FORMULA RETAIL: 82%

\*INFORMATION COLLECTED FROM ACTIVE BUSINESS LICENSE DATABASE & FIELD WORK.

#### NEIGHBORHOOD COMMERCIAL

OCCUPANCY RATE: 95%

VACANCY RATE: 5%

#### OFFICE/R&D

OCCUPANCY RATE: 80%

VACANCY RATE: 20%

#### LOS GATOS BLVD.

OCCUPANCY RATE: 85%

VACANCY RATE: 15%

\* DOES NOT INCLUDE NEW DEVELOPMENT NEAR LOS GATOS BLVD & 85



# LG Commercial Snapshot

NOVEMBER 2005

## Vacancy Counts & Service/Retail Ratios

### LOS GATOS BLVD.

#### COMMERCIAL

- **Ace Hardware Center**
  - Vacancies: 0
  - Ratio: Service 50%/ Retail 50%
- **Blossom Hill Pavilion**
  - Vacancies: 0
  - Ratio: Service 40%/ Retail 60%
- **Cornerstone**
  - Vacancies: 2
  - Ratio: Service 55%/ Retail 45%
- **Chabad Center**
  - Vacancies: 1
  - Ratio: Service 90%/ Retail 10%
- **El Gato Village**
  - Vacancies: 1
  - Ratio: Service 70%/ Retail 30%
- **King's Court**
  - Vacancies: 0 (under going tenant improvements)
  - Ratio: Service 50%/ Retail 50%
- **Los Gatos-Jiffy Mart Ctr.**
  - Vacancies: 0
  - Ratio: Service 60%/ Retail 40%
- **Los Gatos Village Square**
  - Vacancies: 1
  - Ratio: Service 70%/ Retail 30%
- **New Town Center**
  - Vacancies: 1
  - Ratio: Service 80%/ Retail 20%

#### OFFICE

- **455 Los Gatos Blvd—Office Center**
  - Vacancies: 0
  - Predominate Uses: Medical
- **15405 Los Gatos Blvd.**
  - Vacancies: 2
  - Predominate Uses: Medical & Professional
- **15575 Los Gatos Blvd. Office Center**
  - Vacancies: 0
  - Predominate Uses: Financial & Professional
- **15585-95 Los Gatos Blvd. Office Center**
  - Vacancies: 1
  - Predominate Uses: Financial & Professional
- **15729 Los Gatos Blvd. Office Center**
  - Vacancies: 0
  - Predominate Uses: Finance & Professional
- **Pinnacle Fitness Center**
  - Vacancies: 1
  - Service Ratio 100%

### NEIGHBORHOOD CENTERS

#### COMMERCIAL

- **Downing Center**
    - Vacancies: 0
    - Ratio: Service 73%/ Retail 27%
  - **Harwood Center**
    - Vacancies: 0
    - Ratio: Service 70%/ Retail 30%
  - **Rinconada Center**
    - Vacancies: 0
    - Ratio: Service 55%/ Retail 45%
  - **Vasona Station**
    - Vacancies: 0
    - Ratio: Service: 80%/ Retail 20%
- \* 7 of the additional Town neighborhood centers are including under LG BLVD Commercial
- Cornerstone
  - King's Court
  - New Town Cener
  - LG Village Square
  - El Gato Village
  - Blossom Hill Pavillion
  - Ace Hardware Center

#### ACTIVE COMMERCIAL REAL ESTATE BROKERS

- Federal Realty Investment
- Cornerstone Property Management

#### ACTIVE COMMERCIAL REAL ESTATE BROKERS

- Meacham-Oppenhelmer/ David Taxin
- Colliers International/Steve Hunt
- CPS

#### ACTIVE COMMERCIAL REAL ESTATE BROKERS

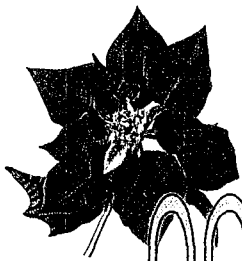
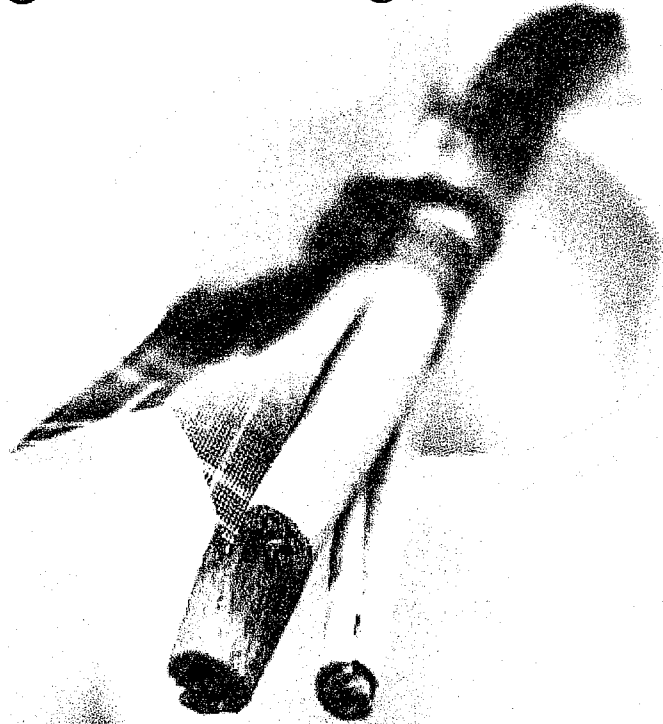
- Prime Retail Inc.
- Colliers International
- Cornish & Carey

**ATTACHMENT B**

**2005 HOMETOWN FOR THE HOLIDAYS  
MARKETING PROGRAM**



# Hometown for the Holidays



2005 Holiday Marketing Program





## 2005 LOS GATOS—HOMETOWN FOR THE HOLIDAYS

### I. 2005 Los Gatos Hometown for the Holidays—Marketing Objectives/Target Market Groups

- A. Los Gatos Residents/ SCC Santa County Residents
- B. Destination Development

### II. Brand Analysis—Hometown for the Holidays

- A. Los Gatos Residents/SCC Santa Clara County Residents
- B. Destination Development

### III. Phase I—Marketing Los Gatos Residents/ SCC Santa Clara County Residents

- A. Advertising/Print
- B. Television
- C. Promotions/Special Events
- D. Town Website Promotions

### IV. Phase II—Marketing Destination Development

- A. Advertising/Print
- B. Promotions/Special Events
- C. Town Website Promotions



## I. 2005 Hometown for the Holidays—Marketing Objectives & Target Market Groups

### Los Gatos Residents/SCC Residents:

- Encourage Los Gatos residents and Santa Clara County residents to Shop and Dine Los Gatos Holiday Season 2005: November—December 2005.
- Promote the benefits a “Hometown” shopping experience can offer including personalized customer service, unique goods and services, distinctive and diverse dining options, free valet parking in the downtown shopping corridor, convenient on-site parking on Los Gatos Boulevard and in the Neighborhood Centers, and an overall less “stressful” holiday environment versus traditional holiday shopping environments. Mentioning of the historic downtown with decorative lighting and carriage rides will add to the traditional holiday theme.
- Educate residents on the importance of shopping locally and appreciating the unique experience Los Gatos has to offer compared to other cities in the South Bay.
- Instill pride and appreciation by promoting holiday community events including the Tree Lighting Ceremony, Children’s Parade, Santa in the Park, and Horse Drawn Carriage rides.

### Destination Development:

- Many people travel to outlying communities during the holiday season to enjoy day trips or weekend-long excursions for shopping, dining, and special holiday events. Promotion of local hotels, shopping and dining options, and community events should be highlighted to promote Los Gatos as a desirable retail destination during the holiday season.
- Branding of Los Gatos as a premiere destination choice in the Bay Area comparable to Carmel, Marin, or Sonoma County.



## II. 2005 Holiday Brand Analysis—Hometown for the Holidays

### Los Gatos Residents/SCC Residents:

- Brand Platform—Distinguishes place and is at heart of what you promise the resident/visitor to experience:
  - Natural beauty of the Los Gatos shopping experience—emphasize the mountains that frame the Town
  - Unique and varied architecture, pedestrian friendly design, and small town charm gives the Town a true “European” feel
  - Quaint downtown offers a variety of retail shops, diverse restaurants, and hotels comparable to other cities in Santa Clara County and the greater Bay Area
  - Convenient parking options and freeway access to Highway 17, 85, 9
  - Distinctive holiday community events that truly offer a one-of-a-kind experience
  - Diverse neighborhood centers that offer substantial retail and service options for holiday shopping

### Destination Development:

- Brand Platform—Distinguishes place and is at heart of what you promise the resident/visitor to experience:
  - Natural beauty of the Los Gatos shopping experience—emphasize the mountains that frame the Town
  - Unique and varied architecture, pedestrian friendly design, and small town charm gives the Town a true “European” feel
  - Quaint downtown offers a variety of retail shops, diverse restaurants, and hotels comparable to other cities in Santa Clara County and the greater Bay Area
  - Convenient parking options and freeway Access to Highway 17, 85, 9
  - Distinctive holiday community events that truly offer a one-of-a-kind experience
  - Diverse neighborhood centers that offer substantial retail and service options for holiday shopping
  - Close proximity to the Santa Cruz Mountain Wineries— An heavily weighted recruitment tool for the Tourism industry



### III. 2005 Hometown for the Holidays Phase I—Marketing Los Gatos/SCC Residents:

#### Recommendations for Advertising & Print:

Co-op advertising and print for the past Summer in Los Gatos campaign varied in participation. The Los Gatos Weekly/Saratoga News, and Los Gatos Daily had the largest participation levels for the Town's co-op ad program. For the Holiday season the recommendation is for the Town create a broad non-co-op Hometown for the Holidays 2005 ad piece that highlights the benefits of Los Gatos as a holiday shopping destination including the natural physical beauty and personalized service experience, great shopping and dining choices, diverse commercial districts, convenient freeway access to Highway 85, 17, 9, and free holiday valet parking in the downtown core shopping district.

The Town of Los Gatos along with the Los Gatos Chamber of Commerce will also encourage business owners to extend their holiday shopping hours to accommodate the mid week, after work holiday shopper. All participating businesses that remain open until 8:00 p.m. or later during the weekdays will be listed in the Town's advertising program FREE of charge for the entire duration of the program.

#### Los Gatos Weekly/Saratoga News:

COST ESTIMATE NEEDED:\$3,000

1/2 Color Page Ad

Nov. 23 Dec. 7/14 /21

#### Los Gatos Daily Times:

COST ESTIMATE NEEDED: \$648

3x4 Black & White Ad

Nov. 28, 29th Dec. 1, 12, 14, 16, 19, 21, 23

#### San Jose Mercury News:

COST ESTIMATE NEEDED: \$1376

2x4 Black & White Ad—Saturday Main Mercury News Section

Nov. 26 Dec. 10

#### WAVE Magazine:

COST ESTIMATE: FREE

1/2 Page Ads in Nov & December Issues



### III. 2005 Hometown for the Holidays Phase I—Marketing Los Gatos/SCC Residents:

#### Television:

The Town of Los Gatos and the Los Gatos Chamber of Commerce created a holiday commercial for the 2003/04 Holiday season. The commercial ad piece is still very relevant and communicates the recommended holiday branding image. The 2005 Hometown for the Holidays program should incorporate this Television advertising piece. Channels run: Bravo, Food TV, Lifetime, Arts & Entertainment.

#### Comcast:

COST ESTIMATE NEEDED:\$2,112

Nov.—Dec. 2005

#### Community Events/Special Promotions:

The Town of Los Gatos, Los Gatos Chamber of Commerce, and the Los Gatos-Saratoga Recreation Department have a variety of holiday activities and community events throughout the months of November—December. Promotion of the Tree lighting Ceremony, Childrens Parade, Santa in the Park, and Horse Drawn Carriage Rides should be incorporated into the marketing program as they help build the unique Town experience.

Special 2005 Holiday Promotions will include the extended mid-week hours to accommodate after work and evening shoppers. All participating business owners in any commercial district throughout Los Gatos will be highlighted on all print advertising materials as well as the Town of Los Gatos website.

#### Town Website Promotion:

The Town's website will be utilized as an online marketing tool to promote all the various commercial districts in Los Gatos, and give additional promotion by listing the address, phone, and marketing tagline of businesses choosing to extend their weekday holiday shopping hours until 8:00 p.m. or later. Utilizing the website allows for 24/7 Holiday promotion and search engine optimization results for participating businesses.



### III. 2005 Hometown for the Holidays Phase II—Marketing Destination Development

#### Advertising & Print:

For the Holiday season the recommendation is for the Town create a broad non-co-op Hometown for the Holidays 2005 ad piece that highlights the benefits of Los Gatos as a holiday shopping destination including the natural physical beauty and personalized service experience, great shopping and dining choices, diverse commercial districts, convenient freeway access to Highway 85, 17, 9, wide range of hotel accommodations, wine tasting, convenient freeway access to 85, 17, 9, and free holiday valet parking in the downtown core shopping district.

For the 2005 Hometown for the Holidays marketing program, the San Jose Mercury News and Wave Magazine will serve as a two-channel marketing communication tool. San Jose Mercury News and Wave Magazine has distribution throughout the Bay Area and will reach outside markets within a 45 minute travel time to Los Gatos.

#### Community Events/Special Promotions:

The Town of Los Gatos, Los Gatos Chamber of Commerce, and the Los Gatos-Saratoga Recreation Department have a variety of holiday activities and community events throughout the months of November—December. Promotion of the Tree lighting Ceremony, Childrens Parade, Santa in the Park, and Horse Drawn Carriage Rides should be incorporated into the marketing program as they help build the unique Town experience.

#### Town Website Promotion:

The Town's website will be utilized as an online marketing tool to promote all the various commercial districts in Los Gatos, and give additional promotion by listing the address, phone, and marketing tagline of businesses choosing to extend their weekday holiday shopping hours until 8:00 p.m. or later. Utilizing the website allows for 24/7 Holiday promotion and search engine optimization results for participating businesses.



**ATTACHMENT C**  
**BUSINESS NEWSLETTER**





# Business News

Los Gatos Business Newsletter

Fall 2005



## MESSAGE FROM THE TOWN MANAGER

On behalf of the Town Council and staff, I would like to express the Town's appreciation for the many contributions our local businesses make to our community's vitality.

As a local business owner, you provide quality goods and services to meet the needs of our residents, act as our ambassadors to Town visitors, and donate your time and talents for the betterment of many civic organizations. The business community also generates tax revenues which fund Town services including parks, street maintenance, library services and more.

The Town recognizes these valuable contributions to the community, and has made a "business friendly" Town government a priority in Los Gatos. To support our local business community, the Town has created an Economic Vitality Program to help retain our local business base through shop local and destination travel promotions, targeted business attraction to diversify the Town's business mix, and relocation and expansion assistance.

This year, the Town launched a town-wide Shop Los Gatos campaign called the "Hometown Advantage" Program. The goals of this program were to promote town-wide awareness of our all our commercial districts, and to emphasize the link between shopping locally and community vitality. This program was open to all Los Gatos businesses for FREE. Each "Hometown Advantage" directory provided overviews of every commercial center, profile of each participating business, and summer community special event listings, and Town website promotion of all participating businesses. We direct mailed over 13,000 "Hometown Advantage" directories to every household in Los Gatos.

In closing, we want to wish you a prosperous holiday season. I encourage you to contact our Economic Vitality Manager Danielle Surdin at 408.399.5790 for any of your business assistance needs!

Sincerely,

Debra J. Figone  
Town Manager

## HOMETOWN FOR THE HOLIDAYS



The holiday season is a time to celebrate with family and friends. It is also one of the busiest shopping seasons of the year! As part of the Town's Economic Vitality Program, the Town of Los Gatos and the Los Gatos Chamber of Commerce will be launching the "Hometown for the Holidays" marketing program, designed to encourage Los Gatos residents and Santa Clara County residents to shop and dine Los Gatos during the holiday seasons.

The Town's coordinated marketing program will include a town-wide shop and dine Los Gatos promotion. Commercials will be aired on Comcast television and colorful print advertising will appear in Los Gatos Weekly/Saratoga News, Los Gatos Daily, San Jose Mercury News, and Wave Magazine. The Town's advertising message will emphasize the small town service, enchanting shops, and extraordinary restaurants in all our commercial districts.

Local business owners are encouraged to extend their holiday weekday evening hours to offer a highly desirable shopping alternative to other venues. Holiday shopping trends demonstrate that people prefer to incorporate holiday shopping through the work week to avoid the overwhelming weekend crowds. As a result, many large shopping centers extend holiday weekday evening hours to accommodate this additional foot traffic.

Any local business that extends its weekday evening holiday shopping hours until 8:00 p.m. or later will be listed in the print advertising campaign and web-promotion hosted on the Town's website under the "Hometown for the Holidays" directory. Each participating business will receive a complementary profile on the Town's website along with active web links. If your business is interested in participating in the "Hometown for the Holidays" marketing campaign please contact Economic Vitality Manager, Danielle Surdin at 408.399.5790, or email [dsurdin@losgatosca.gov](mailto:dsurdin@losgatosca.gov) to sign up. Let's give one more compelling reason to Shop Los Gatos this holiday season!

## IMPORTANT DATES

- Day after Thanksgiving—Busiest Shopping Day of the Year! 11/25
- Annual Business License Renewals—Nov-Dec 2005
- Town Holiday Tree Lighting Ceremony—12/2
- Town Holiday Parade—12/3
- December 2005—Downtown Carriage Rides

**Small Town Service, Community Stewardship, Future Focus**

[www.losgatosca.gov](http://www.losgatosca.gov)



## PAINTING BASICS

By: Community Development Department

When considering paint colors for the exterior of a commercial building, time should be taken to ensure that the colors selected are appropriate to the architectural style of the building and are complementary to the colors of adjacent buildings. The relationship between architectural style and paint color can be confusing. Although the Town does not regulate the repainting of commercial buildings, property owners are encouraged to work with Town staff regarding the selection of colors. In addition, the Town's Historic Preservation Committee provides free color palette assistance to owners of historic buildings to help accentuate the building's historic architectural features.

Painted murals can add interest and character to an otherwise plain wall. Murals however can be construed as a business sign. Therefore, it is strongly recommended that a sketch of the mural be reviewed by Town staff to ensure that it meets Town Code requirements. It's also important to note that original stone and masonry surfaces should be maintained and not painted. Once painted, it is often not possible to remove paint from these surfaces.

Please refer to the Commercial Design Guidelines for development standards regarding exterior colors at [www.losgatosca.gov/downloads/cdguide.pdf](http://www.losgatosca.gov/downloads/cdguide.pdf). If you have any questions or wish to go before the Historic Preservation Committee, please contact the Community Development Department at 408.354.6872.

## SILICON WORKFORCE INVESTMENT NETWORK

Silicon Valley Workforce Investment Network is here to help the Los Gatos business community! SVWIN serves as a local business assistance resource group that works in collaboration with federal, state, and local government agencies to provide comprehensive workforce development programs.

Silicon Valley Workforce Investment Network has three "one-stop" locations to serve the communities in Silicon Valley, located in Campbell, San Jose, and Gilroy. Staff will also meet with local businesses in any of the eight cities in the consortium to provide on site assistance.

### PROGRAMS AND SERVICES INCLUDE:

Human Resource Assistance	Employee Retention Coaching
Skills Assessments	Onsite Employee Training
Business Plan Development	Leadership Development
Marketing Plan Development	Labor Laws Referrals
Business Management	Outplacement Services/Downsizing

For further information or assistance on the services listed please visit their website at [www.svwin.org](http://www.svwin.org), or call any of their "one-stop" service locations listed below.

San Jose	Campbell	South County-Gilroy
1775 Story Rd.	2450 S. Bascom	7800 Arroyo Circle
408.928.1300	408.369.3606	405.846.1480

**D**id you know that a majority of Los Gatos neighborhood centers operate at a less than 5% vacancy rate!

Business News © Town of Los Gatos 2005

Questions or Comments? Call Danielle Surdin  
Economic Vitality Manager 408.399.5790



## AWNING SENSE

By: Community Development Department

Visualize an early morning in downtown Los Gatos during the early 1900's, when shopkeepers would begin their workday by rolling out awnings in front of their business. These awnings not only played an important functional role, they helped define the visual character of our commercial streetscape. To this day, awnings continue to play an important role in our commercial areas as an attractive architectural building feature.

To ensure that the Town maintains its unique character, a careful balance is needed to preserve existing and new architectural features of commercial buildings while supporting the economic vitality that provides resources to the community. Special guidelines and regulations have been developed to maintain the high level of design quality that makes our community so special. If you are contemplating installing a new awning or replacing one you have, the following information may be of assistance to you.

### Existing Awning/Canvas Change Only

- Replacement of Canvas: Contact Julie Linney at Central Fire Protection District 408.378.4010 for information on flame retardant canvas
  - Changing color of the awning: Contact Planning Division of the Community Development Department at 408.354.6874.
  - Changing signage - A sign permit is required.\* Contact Roy Alba of the Community Development Department at 408.399.5720.
- \*See Section 29.10.100 through Section 29.10.140 of the Town Code regarding signage requirements at [www.losgatosca.gov/government/19.html](http://www.losgatosca.gov/government/19.html)

### New Awnings/Modification of Existing Awning

- Please refer to the Commercial Design Guidelines for awning development standards: [www.losgatosca.gov/downloads/cdguide.pdf](http://www.losgatosca.gov/downloads/cdguide.pdf).
- Architecture and Site approval is required and application must be submitted. If the building is historic, the Historic Preservation Committee will also review the application. Contact the Planning Division of the Community Development Department at 408.354.6874.
- Once Architecture and Site approval has been obtained, a building permit is required. Contact the Building Division of the Community Development Department at 408.354.6881 or 408.399.5711.
- A sign permit is required for any signage on the awning.\* Contact Roy Alba of the Community Development Department at 408.399.5720. \*See Section 29.10.100 through Section 29.10.140 of the Town Code regarding signage requirements at [www.losgatosca.gov/government/19.html](http://www.losgatosca.gov/government/19.html)



## Noise Ordinance Update

All gardeners and individuals who work within Town limits on outdoor gardening activities are encouraged to be sensitive to patrons of a commercial center and to adjacent neighbors, especially with the use of leaf blowers and other motorized equipment. Nonstationary gardening powered equipment, which includes electric or gasoline leaf blowers, is subject to the Town's Noise Ordinance. If it is necessary to use a leaf blower, please be aware of the following requirements:

- The use of nonstationary gardening powered equipment shall be operated only during the hours of 8:00 a.m. to 8:00 p.m. week days and 9:00 a.m. - 7:00 p.m. weekends and holidays in residential and noise sensitive zones, as defined below.
- The use of powered equipment in commercial, industrial or public space is not time limited unless it is in a noise sensitive zone.
- Noise sensitive zone means any place within Town limits where a person would require peace and quiet, including, but not limited to, all residences, hospitals, schools, churches, parks, nursing homes, child care facilities, hotels and motels.

If you have any questions about the Town's Noise Ordinance, please refer to Section 16.10.010 through Section 16.30.015 of the Town Code at or contact Roy Alba of the Community Development Department at 408.399.5720.