DOWNTOWN MONTEREY
RETAIL REVITALIZATION

Prepared for:
Advanced Planning
City of Monterey

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EXECUTIVE SUMMARY
Downtown merchants have access to three segments of demand: tourism, downtown employees, and local residents. All three segments constitute large, healthy markets for potential sales and should be addressed. While downtown employees may be considered a captured market, downtown retail must compete with highly developed and sophisticated alternative shopping areas for the patronage of local residents and tourists. Each segment of demand has specific tastes and a successful strategy must employ specific tactics to attract each segment's patronage.

The downtown's "capture" of each of the three segments will depend on creating a synergy between shopping opportunities and attractions. This will require improving the mix of retail goods and services that would appeal to upscale visitors and local residents. The promotion of existing attractions and development of new urban design improvements that are intended to draw the same, upscale visitors and residents into the downtown. A synergy for attracting visitors combines specialized retail and more restaurants and cafes with the strong promotion of the historic adobes, better signage, and improved physical access into the downtown from Fishermen's Wharf. A synergy designed to attract local residents combines a mix of retail that does not compete directly with the malls with the proposed farmer's market and Performing Arts Center.

The list of recommended attractions and urban design improvements is divided into short- and long-term projects. Short-term measures are relatively low cost and depend for the most part on action by the downtown merchants and property owners (e.g. better signage, facade improvements, promotion of the historic adobes). Long-term projects require city cooperation and higher capital costs (e.g. farmer's market, additional parking, the Performing Arts Center).

The program implementation involves two actions: 1) hiring of a full time manager that would report to an advisory committee, and 2) taking an incremental approach that addresses the short-term solutions and self-help measures initially and then undertakes the long-term projects as the initial measures score gains and build confidence.
I. INTRODUCTION

The development of suburban shopping malls has drained patronage of Monterey's downtown over the past twenty years and left the city's once vibrant retail core with an ill-defined role as a retail center. It may not be an exaggeration to claim that most cities in the United States have experienced some degree of "downtown atrophy" due to competition from suburban retail centers. In most cases, this competition has apparently permanently diminished the role of the central business district as a mecca for comparison retail shopping. Unlike many urban centers which face almost insurmountable obstacles to revitalizing downtown retail activity, Monterey's central business district enjoys many advantages and few major constraints. During the initial phase effective organization and management may be sufficient to achieve some early success.

Effective organization and implementation pivots on both a realistic understanding of market forces and proactive management to implement a planned strategy. If this approach seems to take for granted the existence of practical ideas that will actually accomplish the objectives of Monterey's revitalization plan, it is because over the past ten years a great deal has been proposed in the way of various tactics to reverse the atrophy and redefine the role downtown could play in the city's economy and culture. Many of the ideas have considerable merit and this report will make use of them. What appears to be missing is a coherent plan to organize and implement the ideas. The substance of this report, therefore, will present what we believe should be understood about the critical market forces influencing downtown and how effective management would marshall these forces. Specifically, this report presents five parts of a downtown retail strategy.

Sources of Demand: Tap into abundant tourism at adjacent attractions, while retaining the downtown office employment market and encouraging affluent residents to patronize their downtown.
Retail Niche: Create a retail mix that will provide tourists, residents and employees with merchandise and services not offered by other Peninsula shopping areas, in particular not competing directly with the shopping centers.

Attractions and Design Improvements: Promote downtown Monterey's existing attributes, improve signage, and renovate facades while developing attractions and removing major disincentives to potential downtown shoppers.

Management and Implementation: Hire a full-time professional manager to implement the program. Recruit new retail merchants and carry out short-term projects to build confidence while lobbying for long-term urban design solutions and public attractions.

II. SOURCES OF DEMAND

Perhaps the most glaring distinction between downtown Monterey and other urban cores suffering a decline of their retail activity is the downtown's relationship to three highly desirable segments of demand: 1) its close proximity to extremely popular tourist attractions, 2) the healthy and "captured" employee market segment working in the central business district (CBD), and 3) centrally located with respect to the many of the area's affluent residential neighborhoods. Compared to more isolated "Main Street" cities, the immediate availability of strong sources of demand provides the downtown retail district with the easier task of tapping into this demand rather than attracting demand from distant sources. Tactics for diverting demand will be discussed below, but first some salient characteristics with regard to each of the three sources of demand should be understood.

This report draws extensively on a survey recently completed by Pulse Research, the Commercial Business District Study (August 4, 1989), for the Monterey Business Association. Pulse Research completed 100 face-to-face interviews with visitors intercepted on downtown streets, 301 phone interviews sampled randomly from all households in Monterey, and 200 questionnaires from a diverse, randomly chosen group of 25 downtown businesses. The survey, in our opinion, was professionally carried out
and its results appear accurate and clearly reported. Its usefulness in this report will become self-evident.

There are two observations that we feel should be understood in evaluating the significance of the survey results and applying those results directly to corrective measures. First, the Pulse survey results are as interesting for what respondents did not say as for what they did say. None of the factors, businesses, or activities that would influence respondents' to shop or dine downtown more than they do presently received more than 54 percent. That level of interest was for employees that said they would be attracted downtown by a farmer's market. No other ideas received the support of a majority of any group. This high level of ambivalence does not indicate flawed results as most surveys will record lower enthusiasm than would be the case if opinions were solicited in a focus group or "conjoint" analysis. These latter methods stimulate participants to suggest reasons for their behavior or take a pro-active problem solving approach. Nevertheless, the survey results indicate accurately how each group ranks the issues.

The second observation involves examining the motivations of respondents. Typically, surveys of potential downtown improvements encourage respondents to exaggerate the significance of potential amenities that would influence their shopping or eating patterns. For example, 41 percent of the employees interviewed claimed a department store would influence their shopping downtown. But most large retailers believe such responses indicate more interest in lunchtime window shopping rather than lucrative comparison shopping done at malls. The same type of motivation tends to diminish the importance of merchandise that the respondent would prefer to buy at a mall, where comparison shopping affords better selection and some price competition.

These observations aside, our analysis of the three segments of demand presented below relies heavily of the results of the Pulse survey.
Downtown Employment

The concentration of financial, real estate, insurance and professional businesses generates a substantial demand for ancillary retail services and restaurants. The stability of these businesses has been closely linked to the overall economic health of the area although, according to some observers, most downtown businesses have become less dependent on the agricultural sector. The banks, thrifts, and insurance offices function for the most part as regional centers with "backroom" operations that employ a clerical and junior executive workforce.

According to the recent Pulse survey, 55 percent of the CBD employees are under 34 years of age. Overall, this group is the youngest of the three sources of demand (28 percent of both resident and visitor are under 34 years of age). Over 37 percent of the employees questioned worked in what may be loosely defined as the "office" sector (i.e., banking, financial, managerial, medicine, public service, and secretarial). Almost 30 percent of the remaining employees questioned identified their jobs in what may be loosely defined as ancillary services (i.e. sales and restaurants) that benefit from derived demand from office employment. Over 50 percent of downtown employees interviewed earned less than $35,000 annually compared to 36 percent for visitors and 55 percent for residents.

The downtown employees patronize primarily restaurants and basic services, while the more affluent residential and tourist segments contribute a larger share of the patronage of specialty retail stores. The services most patronized by downtown employees are banking (85 percent), restaurants (73 percent, at least monthly), and post office (72 percent). It is important to recognize that patronage does not indicate expenditures, which would be a more accurate indicator of retail success.

For the most part, downtown employees constitute a "captured" market segment. While existing downtown merchants and service providers should not indulge in the luxury of taking these clients for granted, maintaining the current level of employee patronage of
downtown retail will not require as sophisticated a strategy as must be implemented to attract more residents and tourists. Given the economic and demographic characteristics of the employee segment, their potential as an increased source of specialty retail demand will remain less significant compared to the residential and tourist segments.

Tourism
Monterey's downtown is within walking distance (or a short drive) of the most heavily visited attractions found between Los Angeles and San Francisco. Although tourism could be easily discounted as a segment of potential demand critical to the long-term revitalization of downtown retail, we suggest that a closer examination of this segment reveals its irreplaceable value to downtown merchants and to the overall vitality of the area. The millions of tourists that visit the Monterey Peninsula annually are not a monolithic group. The diversity Monterey's attractions brings a broad range of visitors that may be divided into segments of unique interests and demands. The plurality of interests, if understood and deliberately screened, will afford downtown merchants significant sources of demand without compromising the patronage of the residential and employee segments or diminishing the charm and historic character of downtown Monterey.

Sixty-seven percent of the 100 tourists interviewed downtown said they had eaten or shopped downtown and 55 percent said they planned to do so. Out of the same 100 visitors, only 12 percent said they "...had trouble locating or hadn't found..." the kind of retail stores they were looking for, and only nine percent indicated this difficulty for restaurants. When asked (without being prompted) what stores and services they had visited or planned to visit downtown, 76 percent mentioned restaurants, 61 percent said gifts, 42 percent said clothing, and 32 percent identified food stores.

However, these responses should be compared to the overall low interest in shopping of this group of visitors. Specifically, when read a list of the 15 other shopping areas on the Peninsula, Carmel was the most often mentioned with only 47 percent and Cannery
Row was second with 35 percent. These results indicate downtown provides those visitors it attracts with what they are seeking, but they may also represent a group of tourists less motivated to shop during their visits than tourists patronizing the more popular areas. Furthermore, the results do not tell us about why the majority of tourists visiting adjacent attractions (i.e., Fishermen's Wharf, the Aquarium, the Custom House) stay away from downtown.

The recruitment of specific types and quality of retail combined with the promotion of certain downtown activities (described below) could draw the sophisticated and affluent segment of tourist into the downtown.

The Pulse Survey found only six percent of those interviewed mentioned the Aquarium as the primary reason for visiting Monterey. This result may indicate a polarization of the city's tourism between the Aquarium/Cannery Row and Fisherman's Wharf/Old Adobes attractions.

Fisherman's Wharf attracts millions of visitors annually. The profile of an average tourist visiting Fisherman's Wharf indicates a narrower range of interest in retail shopping and historic/cultural sites and activities. Such a visitor would be less likely to explore the historic adobes beyond the Custom House area. No data is available measuring the share of Aquarium visitors that have also visited Fisherman’s Wharf, although the remarkably high daily census at the Aquarium compared to the Wharf indicates many of the Aquarium visitor's skip the Wharf.

The historic adobes scattered throughout the downtown area attracted 156,893 visitors in fiscal year 1988/89. Total annual visitation has fluctuated. Two years ago (fiscal 86/87), 112,000 tourist visited park sites while last year the census totaled 180,000 (fiscal 87/88). The park has no data showing what other attractions park visitors frequent in the Monterey area or how visitors rank old adobes relative to other attractions. The Pulse intercept survey questioned only those tourists that were shopping or visiting downtown Monterey. Of the 100 visitors who were read a list of five historical
attractions, only 58 percent identified old adobes as an historical aspect of Monterey of which they were aware, compared to 99 percent for Cannery Row and 98 percent for the wharf area. When the same 100 visitors were asked to name (with no prompting) what historical sites they planned to visit, only 14 percent mentioned the old adobes while 86 percent named the wharf area and 81 percent identified Cannery Row.

**Local Residents**

Downtown comparison shopping will probably never compete successfully against the area's regional malls and suburban shopping centers for area residents. This lack of success relegates the local resident segment to a tertiary source of demand behind tourism and downtown employment. The Pulse survey interviewed (telephone) 301 households screened from randomly chosen City of Monterey residents. The screening consisted of administering an employee survey if the resident worked in downtown Monterey or terminating the interview if the resident was not familiar with the central business district.

Of the 301 respondents who competed resident surveys, 51 percent worked in Monterey. Although 55 percent of the respondents said they earned less than $40,000 annually, this result may not represent the affluence of the potential residential market since only residents familiar with downtown Monterey completed the telephone interviews. Given that the current mix of retail does not compete well with upscale stores in other areas, the current level of familiarity with downtown stores may be limited to a subset of total residents.

This segment's contribution to retail sales and interest in cultural activities, however, could become more significant if certain steps are taken to adapt the future retail mix, sponsor a farmer's market and develop the Performing Arts Center. The discussion of an optimal mix of retail and cultural activities below will elaborate on the larger role residential demand may play in the future of the downtown.
III. RETAIL NICHE

While the role once played by Monterey's central business district as a hub for comparison shopping has been lost to suburban malls like Del Monte Center and the Salinas Northgate Mall, a niche exists for specific types of retail that will serve the three segments of demand: downtown employment, tourism, and residential. Even an optimal retail mix by itself cannot attract critical levels of tourist and residential demand. The Pulse survey found negligible interest from residents and employees for more specialty shops. The downtown must present residents and tourists with a synergy between an optimal retail mix and sophisticated attractions. For example, such a synergy is forming between the Aquarium, the Tin Cannery, and Cannery Row; this is extending the length of time visitors to the Aquarium stay in the City and results in an increase of their expenditures.

The downtown can increase its retail activity by tying itself with the historic adobes. The combination could be promoted to attract relatively sophisticated tourists from the Aquarium and the Wharf. If the retail mix is adapted to the upscale tastes of these tourists, some will shop in stores offering unique merchandise and eat at sit-down restaurants and cafes. Such a synergy between historic attractions and upscale retail would not occur as readily for the tourists attracted Fisherman's Wharf that are drawn by its amusement value and a retail mix offering T-shirts, souvenirs and other impulse-buy items. At the same time, an upscale mix of retail and restaurants combined with vigorous promotion of the historic adobes would attract some Aquarium visitors put off by the atmosphere at the Wharf. In combination with some urban design improvements (discussed below), an optimum mix of retail would play upon the old adobe theme (galleries and craft stores) but still co-exist and even reinforce upscale resident-serving retail.

The Aquarium/Cannery Row example applies to tourist demand because it is the Aquarium that attracts most of the tourists who then stay to shop. For residential
demand, the shopping should draw residents and the possible attractions such as the farmer's market and the performing arts center will add aesthetic and cultural value to a resident's trip downtown. The retail mix must provide what malls do not offer because of higher rents or restrictions required by a mall's anchor tenants (e.g., Safeway prohibits malls from leasing space to fruit markets and bakeries).

The optimum mix of retail should not so much compete with Del Monte Center or Carmel as it should capture residents looking for those services not generally provided by malls or convince them to combine lunch and a visit to the bakery with their trip to the bank or eye doctor. Examples of specialty stores with the potential for success in downtown Monterey are:

- high-end kitchenware
- gifts
- linens and household items
- specialty food
- art and craft galleries
- hair salons
- children's clothes
- wine/liquor
- restaurants
- cafes
- furniture
- fabric
- gourmet coffee
- bakery
- musical instruments
- book stores
- creative children's toys
- antiques
- delicatessens
- bars, pubs, taverns etc.

The demand generated by downtown employment is more or less captured by the existing mix of downtown retail. While particular stores may need to improve their selection and prices, downtown employees will continue to patronize downtown restaurants, office supply, banking and other ancillary business services. While we do not recommend that downtown merchants try to compete with the comparison shopping available at the suburban malls, upscale merchandise and highly personalized services could divert some downtown employees who do their day-to-day errands at malls or neighborhood shopping centers. Lower prices and more outdoor seating for downtown restaurants, delicatessens, cafes, and bars could draw more employees at lunch and lure some to stay after work for drinks and dinner. The planned swim gym will provide another reason for downtown employees to remain in the area after work and draw local additional local residents to the downtown.
IV. ATTRACTIONS AND DESIGN IMPROVEMENTS

Design improvements include a range of projects from remodeling building facades to additional parking and street realignments. They may be loosely organized into short- and long-term projects. Short-term projects are primarily intended to overcome physical barriers that impede access (e.g., the Doubletree, Custom House Plaza) or disincentives that discourage interest (e.g., lack of signage and promotion of historic adobes, shabby or dreary building facades). Long-term projects should improve the area’s aesthetic and cultural character and add attractions (e.g., Performing Arts Center, maritime museum, farmer’s market). These attractions form a synergy with an optimal mix of retail. Short-term measures could be implemented without large capital outlays, while long-term projects are somewhat beyond the control of merchants, property owners or city staff and would require public financing and more detailed design concepts.

Short-Term Projects
The short-term projects recommended here are in some cases already being implemented or have been available to downtown property owners for some time. In our discussion of implementation we suggest some specific methods that property owners and merchants can bring these projects to fruition.

Promotion of Historic Adobes
The Custom House attracts the largest number of visitors of all sites in the Monterey State Historic Park. Park officials link its popularity to its proximity to Fishermen’s Wharf and its free admission. The Pacific House is second, due in large part to the school groups that visit frequently. The Stevenson House and Cooper-Molera Complex each receive equal number of visits although they are widely separated. The Parks Department will be issuing new public information in the form of a "Path of History" ($2.50) and "Discover Monterey" pamphlets. A new book presenting the history of park
sites will be forthcoming shortly. Park officials feel their greatest barrier to overcome is visitors’ expectations of finding all facilities grouped together rather than scattered through the modern central business district.

In order to stimulate greater interest from Wharf and Aquarium visitors in the historic adobes, it will be essential to begin wide distribution of promotional pamphlets, establish information kiosks and initiate joint promotional efforts with the Wharf and the Aquarium. These relatively inexpensive measures taken together, all of which have been suggested before this report, should draw tourist circulation to the edge of downtown. A redesign of Custom House Plaza would multiply the effect of other short-term measures.

**Improved Wharf/Doubletree/Downtown Access**

The sterility of Custom House Plaza, the lack of signage and promotion of the Park at the Wharf, and poor access routes to the Plaza and from the Custom House to downtown all present major impediments that discourage tourists visiting Fisherman’s Wharf from continuing toward downtown Monterey. The Pulse survey’s results showing a low level of awareness and interest in the historic adobes (only 58 percent of the visitors interviewed said they were aware of the historic adobes and 14 percent planned to visit them) confirms the real effect of these impediments.

It is difficult to ascertain to what extent this poor access has impeded the tourist traffic in downtown. The current lack of tourist-serving or upscale retail means there is little to attract tourists visiting the Custom House area to the downtown. The Pulse survey of tourists intercepted those tourists already downtown and therefore does not indicate what kept others away or, stated another way, what would have been required to draw them downtown.

The improved signage, increased promotion, and better access to the Park’s attractions will probably not draw many tourists who have only little interest in historic sites and who have been drawn to Fishermen’s Wharf for its amusement value. The objective is to encourage tourists with stronger interest in historic sites to venture through the Plaza.
and into the downtown area. These tourists are more likely to be interested in the proposed mix of upscale retail.

**Renovation and Improvements of Store Facades**

We do not recommend that downtown Monterey try to compete for visitors shopping in Carmel. However, the popularity of Carmel’s shopping cannot be ignored when considering long-term urban design measures. While many attributes contribute to Carmel’s popularity with tourists, its attractive store-fronts and upscale mix of unique retail shops distinguishes it from other Peninsula shopping areas. The improvement of store facades has been a comparatively in-expensive and effective measure for small and mid-sized cities trying to attract tourists downtown.

The City’s existing low-interest loan program available to renovate facades will probably require aggressive promotion and coordination in order to stimulate much interest from current property owners. This measure would have limited impact on the residential and downtown employment segments. When asked to give three of the most important reasons for not shopping downtown, only seven percent of the residents and 17 percent of the downtown employees surveyed mentioned atmosphere. As a corollary, all three groups gave downtown’s cleanliness, attractiveness and safety higher marks than its atmosphere.

**Long-Term Projects**

The development of historic and cultural attractions should form a synergy with downtown retail. The list of possible attractions includes a farmers market, the Performing Arts Center, and the Maritime Museum, that when combined with an optimal mix of retail, would attract greater demand to downtown. A farmer’s market, more parking, the Performing Arts Center and a better mix of retail and restaurants were the most often mentioned attributes both residents and employees would like to see more of downtown. While the Farmer’s Market was ranked first for both these
groups, the ranking of other attributes varied between residents and employees. Not surprisingly, residents ranked the Performing Arts Center a close second while employees placed the retail mix (i.e., retail stores, clothing stores, restaurants, fests and fairs, and gourmet food) after the Farmer’s Market.

Maritime Museum
The Maritime Museum, when combined with better access, will help motivate Wharf visitors to investigate the Parks’s southern-most attractions, drawing visitors through the presently sterile space between the Wharf and the Custom House. The poor access to downtown from the Wharf discourages tourists from venturing past the Doubletree. Short-term improvements, such as better signage, kiosks, promotion, cooperation between the Wharf and Park Service, will not fully remedy the physical barriers to downtown.

Farmer’s Market
The Pulse survey found that a farmer’s market would be the most likely new business/activity to attract residents and employees downtown. While the concept fits extremely well with our strategy to link the mix of retail with attractions, it is uncertain how much a farmer’s market in and of itself will contribute to downtown sales. Some of the most "successful" markets (e.g., Boston’s Haymarket) do more for civic pride than retail sales. The San Luis Obispo’s Thursday night farmer’s market, the farmer’s market probably most relevant to Monterey, has only a modest impact on Thursday evening sales (except for eating and drinking establishments) but the merchants feel it contributes, to a certain degree, to sales at other times as well. Although a farmer’s market could be considered a short-term project because of its modest cost of implementation, its organization and execution will require an experienced manager.
Performing Arts Center
While the final location of the Performing Arts Center remains beyond the control of downtown merchants and property owners, its siting downtown would have extremely positive effects on the proposed retail revitalization strategy. The Pulse survey found residents ranked the Performing Arts Center a close second after a farmer's market as a new business/activity that would attract them downtown. As a psychological boost to downtown's image, it would give property owners a strong incentive to renovate or upgrade their building facades and encourage shop keepers to target their merchandise toward affluent and sophisticated theater go-ers. The planned swim gym project will a similar effect (although smaller) impact as the potential effect of the Performing Arts Center.

Downtown Parking
Both residents and employees ranked more plentiful and convenient parking as the most important factor influencing their decision to patronize more shops and restaurants. The extent and impact of insufficient and inconvenient parking on downtown's economic health has been understood for some time. However, its role in the downtown's competitive position vis-a-vis suburban malls has been overblown. For example, the Pulse survey found parking was by far the most important factor influencing respondents' avoidance of downtown restaurants and shops. However, significantly less than a majority of respondents (40 percent of the residents and 30 percent of the employees) claimed more parking would influence their patronage of downtown. These statistics imply that more parking would not influenced the majority of potential downtown patrons.

Nevertheless, the construction of additional parking is an integral component of the long-term urban design projects recommended above, and will become of increasing importance if the short- and long-term projects are implemented and successful at drawing more people (and traffic) into downtown. The parking and traffic circulation
solutions under study reflect the City's willingness to move ahead and need no further comment in this report.

V. PROGRAM IMPLEMENTATION

In our introduction we stated most if not all of the ideas presented in this report have been proposed by others over the past ten or twenty years. The implementation of these ideas, however, has been difficult for a host of reasons that may be loosely grouped into financial, managerial and political issues. Overcoming these issues may not be a great deal easier than in the past, but the employment of a professional, full-time manager and the adoption of an incremental approach to the implementation of the program may overcome many of the most severe obstacles.

Full-Time Management
The implementation of our recommendations requires professional, full-time management. The manager must have experience with retail marketing and should have been involved in a major and successful "Main Street" program. However, the current situation in downtown Monterey cannot be considered equivalent to any Main Street city in California. Monterey's annual visitor business alone provides the city's economy with revenues far in excess of the typical Main Street projects. In addition, its comparatively low retail vacancy rates, well maintained buildings, cleanliness, safety, historical attractions, and other attributes give the downtown most of the conditions and advantages that Main Street programs are designed to develop. However, it is these relatively good conditions that make the implementation of the remedies proposed in this report more complex.

The presence of strong residential, employment and tourist demand within or immediately adjacent to downtown is the critical difference between Monterey and most
Main Street cities. This presence means that the strategy proposed in this report is
designed to attract demand from visitors at nearby destinations rather that attract it
from distant sources. More precisely, the strategy draws specific segments of demand
with a deliberate combination of attractions and retail mix. The recruitment of the
optimal mix of retail requires a sophisticated understanding of the market forces driving
upscale tourists, affluent residential shoppers, and downtown financial services
employees. Some specific tasks required of such a manager include:

- Recruitment of appropriate retail
- Promotion of historic adobes and other attractions
- Inventory of existing retail activity and vacant space
- Organization of fests and fairs
- Liaison between property owners, merchants, and city government
- Promotion and advertising of downtown activities and attractions
- Pushing for access improvements
- Develop community education and senior citizen programs in
downtown facilities
- Initiation and assistance with low-interest rehabilitation loans for store fronts
- Oversight of urban design projects
- Organization of farmer’s market
- Lobbying for civic projects (e.g., Performing Arts Center)

These tasks will require a talented manager who must appear as an objective
professional to the city council, merchants, property owners, city staff, and other
Peninsula attractions and shopping destinations. While the job will require political
skills, it should not become politicized and thus lose its access to critical players.
The talent and long tenure of the professional manager will be critical to the success of the program's implementation. An insufficiently skilled manager may not only reduce the program's success, but actually prove counterproductive if the manager alienates merchants, property owners, and city council members. While a sufficient salary is no guarantee of hiring and retaining good talent, it is certainly a prerequisite to attracting qualified applicants. We understand the top-rated Main Street managers in California earn $40,000 to $60,000 annually.

In addition to a full-time manager, the position will need part-time clerical staff and a budget for promotions and advertising. The specific amount of financial support required for a manager, part-time clerical staff, and a promotional budget requires careful study of the competitive positions elsewhere and is beyond the scope of work of this report. However, an approximate estimate of clerical support and a first year promotional budget would total $40,000.

**Incremental Approach**

The discussion of urban design solutions organized revitalization measures into short- and long-term projects. The short-term projects (e.g., signage, promotion of historic adobes, facade improvements, and retail recruitment) should produce some immediate improvement in retail sight-seeing and shopping traffic. The measures are meant to build confidence and demonstrate the potential of downtown's shopping district, while asking property owners, merchants, and the City to cooperate on relatively low risk projects. A long-term goal of an incremental development program may involve a unified urban design extending from the Aquarium to Cooper-Malera.

Our recommended approach is meant to be incremental rather than a "critical mass" approach where the City and property owners are expected to undertake a massive renovation of the central blocks or the aggressive recruitment of a major anchor tenant (i.e., department store, hotel) to downtown. While some of the long-term projects would provide immediate benefits if constructed in short order (e.g., additional parking), most
of the long-term projects (e.g., farmer's market, the proposed Performing Arts Center, maritime museum) will receive more public support and produce greater impacts once short-term measures are in place and producing results.

Some degree of control over land use within the downtown area will be critical to a manager's effectiveness. A successful program will increase competition for well, located store front space. A scarcity of such locations would favor relocating some professional, financial, and other non-retail activities to side streets and second floor space. A recent surge in new retail leasing has significantly reduced store front vacancies. Although this recent trend has probably not created a critical level shortage, the need to optimize the use of prime location may not be far off. Such land use control should include selecting retail tenants the reinforce the retail niche strategy discussed above. Some discretion over land use, therefore, should be given to a downtown manager.

The timing of short-term projects should be left to the discretion of the full-time manager, although we can make a few observations that should help illustrate the critical role implementation and timing will play in the program's success. For example, no amount of plentiful and convenient parking will draw people to downtown if they cannot find merchandise or services that would make the trip worthwhile. Using the same logic, patrons of a farmer's market or performing arts center will not be as likely to linger to shop or eat if find a lack of appropriate restaurants and shops.

While the timing of the various projects and improvements is somewhat a "chicken or egg" problem, residents, tourists, and employees must find the selection of shops, restaurants, and services or they have little incentive to venture downtown in the first place. Therefore, the strategy requires that retail recruitment and the renovation of exiting stores must be simultaneous with improvements to signage and promotional activities. These latter measures will have significant and immediate impacts on demand for the existing and new downtown goods and services, while long-term projects are being developed.
DOWNTOWN PARKING INCENTIVE PROGRAM
(Approved by City Council 9/17/96)

Priority 1: Parking validation for development of new movie theaters on the C-21 Site. The validation program will have the following provisions:

a. Validation will be reimbursed from Redevelopment tax increment funds.

b. There will be a return on investment test to determine if incentives should be offered. The intent is to assist projects that could not develop without an incentive. The project return on investment would be compared to the prevailing market return to determine if an incentive is needed.

c. For weekday daytime hours, the validation will be two hours which (in addition to the first hour free) will give three hours of free parking. A theater stub or receipt would be given to the parking attendant to enable validation. For evenings and weekends which are pay-as-you-enter, the theater patron would give the ticket stub to the theater cashier. The theater would deduct the cost of parking from the movie admission and would submit receipts to the City for reimbursement. This essentially gives unlimited free parking for evenings and weekends. All validation would be reimbursed by Redevelopment tax increment funds.

d. The program costs will be monitored quarterly.

e. This program will be available only for theaters on the C-21 site. It is exclusive to the C-21 site because this is new construction with theaters as a downtown anchor use. It also provides space for conference use.

Priority 2: Incentives for desired uses. The goal of this program is to encourage new construction in the downtown core area.

a. Incentives will be reimbursed from Redevelopment funds.

b. There will be a return on investment test to determine if incentives should be offered. The intent is to assist projects that could not develop without an incentive. The project return on investment would be compared to the prevailing market return to determine if an incentive is needed.

c. Incentives will be offered to retail, residential, and theater use in the downtown core area. The Planning Commission shall review retail uses and approve incentives only after a finding that the proposed use will improve the retail mix and economic revitalization of the downtown. Incentives will consist of payment of parking in-lieu fees. Maximum time period for incentives would be five years.
MONTEREY REDEVELOPMENT PROJECTS

I. CUSTOM HOUSE REDEVELOPMENT PROJECT

A. Location
   1. 40 acres
   2. See attached map

B. Purpose
   1. To preserve historical features of Old Monterey
   2. To renew and rehabilitate the project area

C. History
   1. Urban Renewal Agency created in 1957
   2. Urban Renewal Plan adopted in 1961
      a. Focused on major department store (Penny's)
   3. Plan failed in 1971 — Council took over
   4. Conference Center/Hotel Plan approved in 1972

D. Results
   1. Conference Center
   2. Doubletree Hotel (and mall)
   3. Marriott Hotel
   4. Osio Adobe restoration
   5. Paseo de Alvarado
   6. Portola Vista Senior Citizens' project
      a. See attached revenue stream
   7. Heritage Harbor
   8. Hotel Pacific
   9. Custom House Garages

E. Unfinished
   1. Maritime Museum
   2. Parcel C-21
II. DOWNTOWN REDEVELOPMENT PROJECT

A. Location
   1. 179 acres
   2. See attached map

B. Purpose
   1. To replace inadequate public facilities within and serving the Redevelopment Area
   2. To provide new public improvements
   3. See attached map/list

C. History
   2. Redevelopment Plan adopted in 1983

D. Results
   1. Dredged Lake El Estero
   2. Completed Recreational Trail
   3. Constructed Lake El Estero pump/outlet
   4. Alvarado Streetscape improvements
   5. Pearl Street Bridge
   6. Widened Del Monte Avenue (Washington - Lake El Estero)

E. Unfinished
   1. Remaining Del Monte Avenue widening
   2. Performing Arts Center
   3. Transportation Center
   4. Other street, parking, drainage improvements
FIGURE 3. LOCATION OF PROPOSED PUBLIC IMPROVEMENT PROJECTS

PUBLIC IMPROVEMENTS

A. Park and Open Space
   1. Acquire and develop park
   2. Dredge Lake El Estero
   3. Recreation trail (SPRR)

B. Public Facilities
   1. Performing arts center
   2. Acquire/restore historic site
   3. Transportation center

C. Storm Drains
   1. Major Sherman/Perry
   2. Washington Street
   3. Lake pump/outlet

D. Sanitary Sewer
   1. Cortes Street

E. Transportation
   1. Widen Del Monte Avenue
   2. Widen El Dorado Street
   3. Improve streetscape
   4. Traffic signals
   5. Replace bridge
   6. Widen Major Sherman/Lane
      and Perry Lane
   7. General improvements

F. Parking Facilities
   1. Acquire private bank lot
   2. Acquire private lots
   3. Deck Safeway lot
III. CANNERY ROW REDEVELOPMENT PROJECT

A. Location

1. See attached map

B. Purpose

1. To replace inadequate public facilities
2. Provide new public improvements
3. See attached list

C. History

1. Redevelopment Plan adopted in 1981

D. Results

1. Constructed CR-1 parking structure
2. Constructed Saunders lot
3. Recreational Trail

E. Unfinished

1. San Carlos Park
2. Cannery Row Streetscape
3. Irving, Dickman right-of-way landscaping