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**ECONOMIC DEVELOPMENT**





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## INTRODUCTION

An interdependence exists between local economic issues and the quality of life. Economic development can help to provide the community with the means to shape its destiny by ensuring that adequate levels of services will be provided in the future. The purpose of the Economics Element of the San Miguel Community Plan is to set forth goals, objectives, policies, and programs which support and encourage economic development and vitality. This is not an element required under the State guidelines, but instead an optional element that has been included as a means of identifying a roadmap for San Miguel's economic development.

### WHAT IS ECONOMIC DEVELOPMENT?

As described by the American Economic Development Council (AEDC), Economic Development is the process of creating wealth through the mobilization of human and financial capital and physical and natural resources to generate marketable goods and services. The economic developer's role is to influence the process for the benefit of the community through expanding job opportunities and the tax base.

For the purposes of this plan and relating these general tenets to San Miguel, Economic Development can be defined as achieving the benefits of increased consumer selection and price competitiveness in neighborhood commercial and retail shopping options; the realization of tourist industry development benefits, while balancing these pursuits with the policies expressed in other parts of this plan, with particular concern to the conservation of the community's historic, scenic, and natural resources.

### RELATIONSHIP TO OTHER ELEMENTS

The Economic Development Element is closely related to other elements such as Land Use; Housing and Population, Historic Preservation, Circulation, and the Parks and Recreation Element. As this element seeks to sustain a strong economic base, the Land Use Element also designates residential, commercial, and industrial uses throughout the community needed to support the policies specified in the Economic Development Element. The housing element includes policies which will make possible the growth of affordable housing in striving toward a healthier jobs housing balance, while supporting the demand necessary to decrease reliance on shopping for daily needs outside the community. The Parks, Recreation, and Community Services Element preserves substantial portions of the planning area as open space, protecting natural and visual resources for the future. In conjunction with the other elements, the Economic Development Element plays an important role in preserving the quality of life for the community's future.

## **PRIOR STUDIES AND RESEARCH**

As a foundation to planning for the most advantageous configuration of commercial zoning, and the generation of goals, objectives, and policies presented in this report, study methods included market feasibility studies, observations of community features, surveys, case study comparisons, input and collaboration from the community in workshops, and a look at historical trends. Background research that was collected and presented in *San Miguel: Existing Conditions and Future Prospects*, evaluated and reported on existing economic conditions and potential for growth. Findings from this document (summarized in portions of this plan), provided the initial foundations of analysis necessary to designate land for balanced community growth in the proper quantity and spatial distribution.

Additionally, the importance of information gathered through active cooperation and involvement of San Miguel residents at community workshops and on various other occasions cannot be understated. The public's contributions enrich the comprehensiveness of the background report, and underlie, or even directly inform the goals, objectives and policy statements presented in this report, that are intended to provide meaningful direction for San Miguel's economic vitality and overall quality of life.

## **ISSUES**

### **HISTORICAL TRENDS AND IMPENDING NEEDS**

San Miguel reached its economic peak in 1887 with more than 40 locally licensed businesses. Following a spike in economic activity from patronage that resulted from the opening and expansion of Camp Roberts in World War II, subsequent troop reductions and eventual decommissioning of the base has resulted in substantial economic decline. Recent trends in county housing market have sparked a renewed interest in San Miguel as an area of greater affordability. With realistic prospects of the community growing to build out, possibly within the next generation, balanced community growth that provides goods and services residents require for their daily needs increasingly becomes an issue of paramount importance.

### **CURRENT CONDITIONS**

San Miguel exists currently as a bedroom community with an extremely limited base of commercial activity. The community lacks even the most basic services such as banks, beauty salons, a large grocery store, a pharmacy, auto services, medical offices, etc. Although San Miguel possesses valuable historical resources such as the Mission, Adobe, and numerous historical structures, tourist activity contributing to the community's commercial base is at the present time, virtually non-existent. The outlook for San Miguel portends a bright future for economic development growing in conjunction with a housing market of increasing vitality.

## OPPORTUNITIES AND CONSTRAINTS

Contributing to San Miguel's prospects of enhanced economic development, opportunities and assets within the community exist.

- There already is a strong county wide tourist base in the County. San Miguel could capitalize on this existing tourist industry by attracting tourists already visiting the area.
- The community is also conveniently situated on U.S. Highway 101 on the outskirts of San Luis Obispo County. San Miguel has great potential to capitalize on this primary transportation corridor that includes the Union Pacific rail line.
- San Miguel's rural character and unique location on the Salinas River have the potential to attract tourists for outdoor recreation. Ideas for a horse trail at the local Advisory Board meeting implies community interest in cultivating recreational activities to suit the needs of tourists and residents.
- San Miguel's growing population will provide further support for a burgeoning economy. In addition, support from the nearby Camp Roberts, an active military base, will further augment the community's ability to support new commercial development.
- There are currently  $8.9 \pm$  acres of commercial land used for residential uses, 61% of which are on land designated as office professional. The existing supply of residences on commercial land could allow for an interesting opportunity of creating a work-live environment, where offices or low impact commercial uses can operate out of existing residences.

Challenges to San Miguel's prospects for economic development:

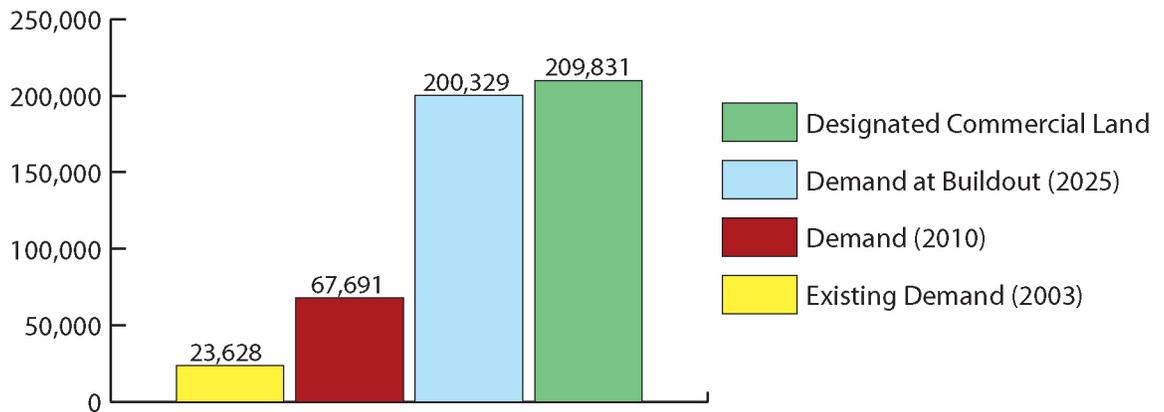
- The problem of sales leakage (community dollars spent outside), and the limited inventory of developed commercial land constrain the ability of local entrepreneurs to start up businesses that would enhance local choices for the daily needs of residents.
- Due to the limited inventory of viable commercial structures, new businesses entering the San Miguel market will require large initial investments to improve the land with buildings and services.
- The current small size of the local population generates investor doubt in the ability of local purchasing power to offset initial start up costs. Congruently, many of the existing structures, for both operating and vacant properties, require renovation or new development for future business expansion.

- San Miguel needs to retain sales from its residents that are usually lost to nearby communities such as Paso Robles. Nearby regional shopping centers, create difficult competition for smaller businesses, identifying the need for future commerce in San Miguel to fit a sales niche that will provide a unique service unmet by other communities.

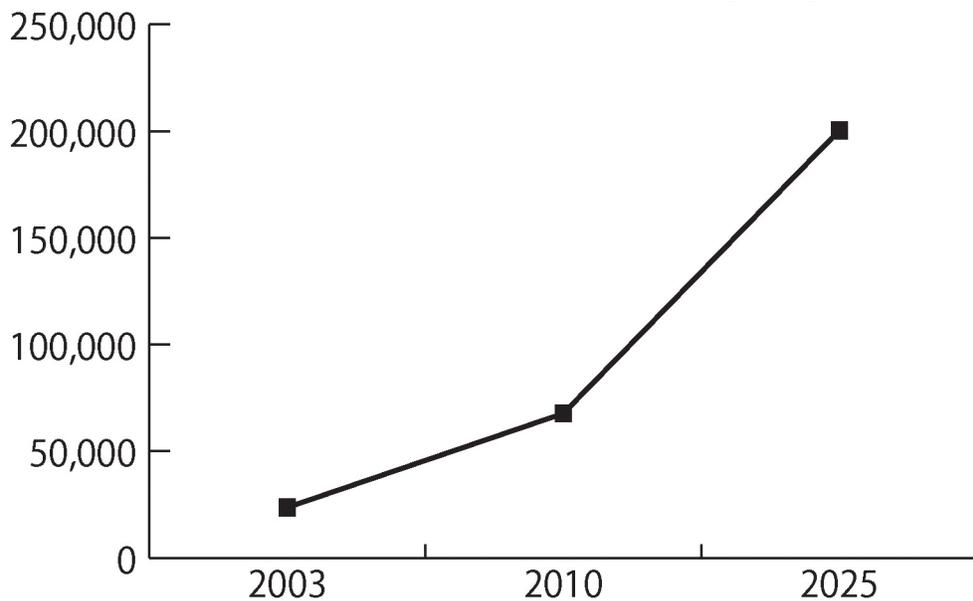
### ZONING FOR ECONOMIC GROWTH

While existing commercial uses are lacking, the provision of land designated for commercial use is plentiful. Market feasibility studies conclude that the proposed San Miguel Community Plan provides the necessary commercial land needed to accommodate community demand at full buildout in 2025 (Figure 7-1 and 7-2, Appendix 9-1).

**FIGURE 9-1: DEMAND FOR COMMERCIAL (SQFT.) VS. DESIGNATED COMMERCIAL LAND (SQFT.)**



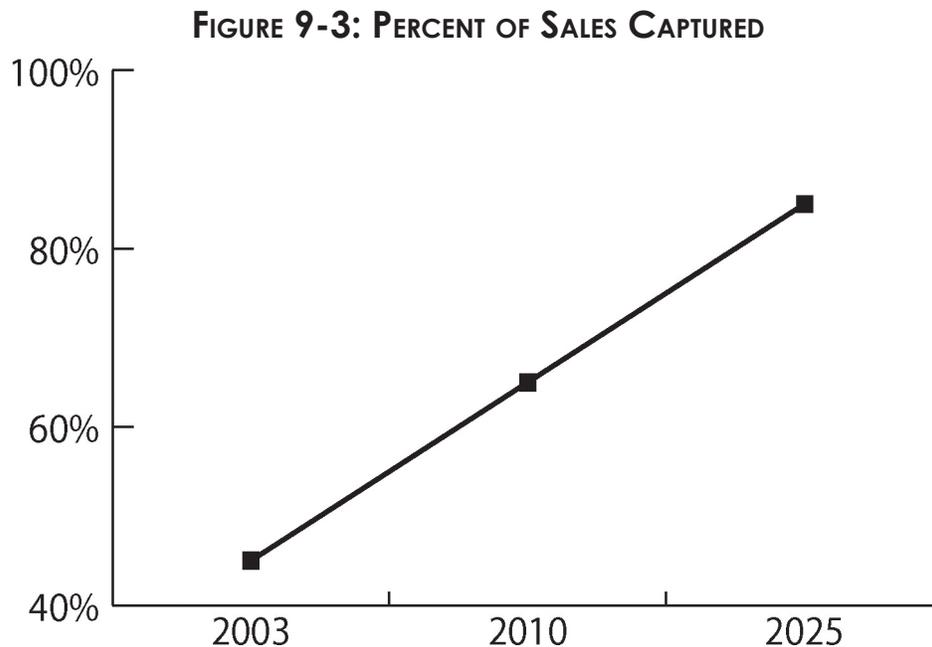
**FIGURE 9-2: TOTAL PROJECTED DEMAND (SQFT.)**



## 'CAPTURE RATE' AND 'LEAKAGE'

The concept of capture rate and leakage are important considerations to projecting economic growth and planning for enhanced business vitality. Capture rate is the percentage of residential expenditures spent within the community. While leakage, expressed as a percentage of total sales, based on potential income of the subject community being captured by another economy. When people living in one town conduct most of their shopping in a neighboring town; money “leaks” out of the community in the form of resident expenditures.

The projected demand of San Miguel is based on an increasing capture rate. For existing commercial demand in 2003, the capture rate was determined as 45% since the local economy is currently unable to provide commercial services needed by residents, and most sales are leaked to Paso Robles. As population increases however, additional commercial activity can be supported with additional purchasing power. The size and quantity of commercial services would then expand to accommodate this additional demand and render shopping options as more viable and convenient within San Miguel. Therefore, as San Miguel approaches buildout based on the proposed modifications in land use densities and intensities, it is estimated that capture rates would rise to 65%. If the community successfully created a tourist industry, furthering their economic development, the capture rate could increase to 75% by 2020. (Figure 7-3)



## NEIGHBORHOOD COMMERCIAL AND RETAIL DEMAND

The above chart displaying estimates of supportable development indicates at current population and income levels, the community already possesses more total square footage in certain retail sectors than can be maintained as viable according to BLI statistics (Table 7-1).

As the population grows future retail growth should be coupled with policies that will increase the strength of the retail sector to meet the shopping needs of local residents, and to tap into the market potential of tourists.

## GOALS, OBJECTIVES, AND POLICY RECOMMENDATIONS

GOAL EC.1: EXPAND NEIGHBORHOOD COMMERCIAL AND RETAIL SECTORS TO BETTER PROVIDE FOR BASIC SERVICES OF DAILY NEEDS (E.G. LOCAL GROCERY STORES, PHARMACY, BANK, HARDWARE STORE, MEDICAL OFFICES, AUTO SERVICE)

**TABLE 9-1: ESTIMATE OF SUPPORTABLE DEVELOPMENT (2003)**

Retail Use	Annual sales/ sq.ft.	Existing Demand (sq.ft.)	Existing (sq.ft.)	Total Additional Demand (sq.ft.)
Apparel Stores	\$138.54	2,869	1440	1,429
General Merchandise Stores	\$177.23	2,039	3700	-1,661
Drugstore/ Pharmacy	\$270.46	1,837	0	1,837
Food Stores	\$290.55	2,425	7600	-5,175
Packaged Liquor Stores	\$246.92	402	0	402
Eating & Drinking Places	\$228.12	2,257	7992	-5,735
Home Furnishings	\$187.06	1,787	900	887
Hardware Stores	\$119.17	2,198	0	2,198
Auto Dealers	\$397.10	2,070	0	2,070
Service Stations	\$405.57	2,272	2000	272
Other Retail Stores	\$156.73	1,470	3635	-2,165
<b>Total</b>		<b>21,625</b>	<b>27267</b>	<b>-5,642</b>

OBJECTIVE EC.1.1: ENCOURAGE BALANCED GROWTH IN HOUSING THAT CAN SUPPORT INCREASES IN BASIC SERVICES IN THE COMMUNITY, AND PROVIDE INFORMATION OF INTEREST TO PROSPECTIVE RETAILERS INTERESTED IN KNOWING THE SIZE OF THE MARKET FOR THEIR PRODUCTS OR SERVICES, AND HOW TO EFFECTIVELY PENETRATE THAT MARKET.

*Policy Recommendation EC.1.1.A: Support land use policies that promote balanced growth in San Miguel's housing market.*

Enough growth in the population of San Miguel is necessary to provide the supportable demand needed to attract and render viable neighborhood and commercial service sectors.

*Policy Recommendation EC.1.1.B: Provide demographic data to retailers, such as: population, income, age, and ethnicity.*

As the population grows, and the provision of basic services transitions to more viable with increased consumer demand, this information will assist in attracting retail and service business interest by demonstrating minimized risk as a site of sales potential. Additional information that helps potential retailers includes, housing and employment trends, transportation data, Mix of existing retail, entertainment, and services in the area local and regional competition including location and square feet.

*Policy Recommendation EC.1.1.C: In order to get retail prospects to visit and evaluate the community, the community's marketing program needs to integrate high quality advertising, direct mail, trade show participation and personal contact.*

Regional business and real estate publications can also be useful in reaching brokers and developers.

*Policy Recommendation EC.1.1.D: Prospects should be personally invited to tour the community.*

They should be offered a complete tour including stops at possible retail sites, competitive retail locations, residential neighborhoods, and employment centers. Local property owners, lenders, government officials, and other retailers can be part of this welcoming effort. After the visit, it is important to be prepared for follow up information requests.

*Policy Recommendation EC.1.2.E: Develop programs to encourage people to shop locally.*

Incentives and local marketing could assist in raising the "capture rate" in the community, keeping more dollars within San Miguel, and enhancing competition to keep prices low and provide for greater selection.

GOAL EC.2: PROMOTE AND ENHANCE SAN MIGUEL AS A TOURIST DESTINATION

OBJECTIVE EC.2.1: CONTINUE TO PROMOTE EXISTING EVENTS AND CREATE NEW TOURIST ACTIVITIES IN SAN MIGUEL.

*Policy EC.2.1.A: Promote local businesses as part of tourism promotion efforts that will include advertise local businesses in tourism magazines and support group marketing efforts of local businesses throughout the Country.*

Significant advertising dollars can be saved through co-operative marketing. This approach can allow local business exposure with co-op ads in a variety of publications in visitor markets at substantial discounts. Visibility to out of town customers can be enhanced with brochures displayed at the Visitor Information Center, at trade shows, and listed in visitor-directed publications.

*Policy EC.2.1.B: Assist in continued improvement and possible expansion of the activities of the Farmer's & Crafts Market.*

The barn could serve as an excellent location for shops and other permanent uses. An indoor/outdoor weekly farmers market could also be held here. A covered structure will assist in viable year around operation. Assisting in these aims further, propositions have been considered to close K Street for weekends or special events.

*Policy EC.2.1.C: Organize walking tours and brochures highlighting the districts historically and culturally significant places, buildings, and murals.*

*Policy EC.2.1.D: Establish a regional equestrian center with a trail riding focus to capitalize on this activity which is currently experiencing resurgence in popularity.*

Connecting to the future Salinas River Trail and connecting to proposed recreational trails, San Miguel is poised to successfully support this tourist and resident recreation activity with features not found at most established equestrian center locations. San Miguel's Equestrian Center could provide access to the downtown, and interconnected trails in the community's open space areas. Equestrian shows could be held year around, and unlike some other sporting or entertainment venues, patrons spend several days at a time at the host community, staying in local hotels and patronizing local restaurants and shops.

*Policy EC.2.1.E: The establishment of equestrian or "Bridle" trails will build off the equestrian facility providing an additional amenity for equestrian enthusiasts.*

These trails could be connected to the San Miguel trail system carrying users through open space and even into the downtown area for access to restaurants and bars.

*Policy EC.2.1.F: Concentrate tourist oriented shops, restaurants, entertainment, and events into the downtown area along Mission Street.*



See Policy  
Recommendation  
PR.1.2.B

An eclectic mix of these uses should be established meeting the needs of different submarkets including local residents, employees, tourists and other visitors. Downtown has a turn of the century buildings which will be further restored and supplemented with additional development that is compatible with clusters of historic buildings.

*Policy Recommendation EC.2.1.G: Encourage vineyards and wineries surrounding San Miguel to develop facilities, amenities, and attractions that cater to tourists.*

Such facilities include wine tasting, tours, gift shops, banquet facilities, eateries, and related parking for cars and tour buses.

OBJECTIVE EC.2.2: ENCOURAGE THE DEVELOPMENT OF STRUCTURES AND PHYSICAL IMPROVEMENTS THAT ACCOMMODATE AND FURTHER EMPHASIZE THE HISTORIC PAST OF SAN MIGUEL, THEREBY ACHIEVING RESULTS OF AN ENHANCED PHYSICAL APPEARANCE IN THE BUILT ENVIRONMENT WHICH SUPPORTS AND STRENGTHENS THE COMMUNITY'S DRAW TO ATTRACT "HERITAGE TOURISM."

*Policy EC.2.2.A: Determine the feasibility of providing support for the expansion of existing and the creation of new public facilities that support the tourism industry such as a visitor's center and a local museum and cultural center.*

Included in the San Miguel Community Plan is a proposal to establish a cultural/historical center adjacent to the Mission.

*Policy EC.2.2.B: Implement the goals, objectives, and policies within the Urban Design Element that address development standards and aesthetics improving strategies that will improve the community's physical environment and make San Miguel an attractive destination, such as unique street designs and furniture and landscaped corridors and entrances to the community.*

As a design vision, some ideas posited in this plan include the construction of distinctive sidewalks formed with stamped concrete and inlaid with artwork painted into them, along with the reestablishment of historical facades composed of the Western/Historical motif. Future retail growth requires improvements in the built environment and the circulation system to create an attractive pedestrian environment that promotes walking and window shopping.

*Policy EC.2.2.C: As an anchor to business conglomerates, or "clusters" of specialty shops that appeal to "cultural tourists" establish as a future use an antique or specialty retail establishment at the Flour Mill.*

*Policy EC.2.2.D: Create gateways into San Miguel and those areas immediately surrounding Downtown.*

A coordinated theme should be developed for tourist signage and signs should be posted along major roadways and in town. Signs should convey a coordinated "San Miguel" theme with images, words, colors, and/or lettering that reflect those

  
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characteristics that contribute to the community’s identity. This unified theme would convey the message that San Miguel has a package of attractions that can be enjoyed over the course of a visit.

*Policy EC.2.2.E: Establishes a “Railroad Square” as an improvement to the Mission Street corridor in the downtown area to increase tourist interest, and as an amenity to local residents.*

A railroad museum or “boxcar diner” could be established as focal point of interest, and attractive landscaping and paths would encourage strolling and browsing.

**GOAL EC.3: RECOGNIZE SAN MIGUEL’S CULTURAL RESOURCES INCLUDING INSTITUTIONS, ART ORGANIZATIONS, TRADITIONS, HISTORIC RESOURCES, AND CREATIVE PEOPLE AS IMPORTANT CONTRIBUTORS TO THE COMMUNITY’S ECONOMIC VITALITY.**

**OBJECTIVE EC.3.1: USE CULTURAL RESOURCES AS A TOOL FOR STIMULATING ECONOMIC DEVELOPMENT IN THE COMMUNITY, AS THESE RESOURCES PROVIDE ATTRACTIONS THAT CAN DRAW PEOPLE TO AND ENHANCE THE PERCEPTION OF AN AREA.**

*Policy Recommendation EC.3.1.B: Erect and place plaques, directories, and markers identifying historically and culturally significant structures, sites, and murals throughout the district.*

*Policy Recommendation EC.3.1.C: Collectively market and advertise the area’s cultural facilities, museums, architectural and historic resources, and concerts in conjunction with the shops and restaurants in the commercial district.*

*Policy Recommendation EC.3.1.D: Continue to support and provide venues for private facilities such as art galleries and entertainment venues (i.e., piano bars, jazz clubs).*

*Policy Recommendation EC.3.1.E: Recognize San Miguel’s historic, cultural, and environmental setting in the design of public facilities and quasi public facilities such as museums and theatres.*

**GOAL EC.4: BUSINESS AND INDUSTRY SHALL GROW IN SUCH A MANNER AS TO NOT DENIGRATE THE LOCAL QUALITY OF LIFE BY ENGENDERING GROWTH IN THE ECONOMY THAT IS COMPOSED OF DESIRABLE BUSINESS AND INDUSTRY.**

**OBJECTIVE EC.4.1: NEW DEVELOPMENT SHOULD NOT JEOPARDIZE THE COMMUNITY’S QUALITY OF LIFE. BY TARGETING CERTAIN TYPES OF DEVELOPMENT, BUSINESSES AND INDUSTRY WHICH LOCATE IN THE AREA SHALL BE ENVIRONMENTALLY FRIENDLY, AND CO-EXIST IN FORM AND CHARACTER WITH SAN MIGUEL’S CHARACTER. THE COMMUNITY MUST BALANCE DEVELOPMENT WITH ENVIRONMENTAL CONSERVATION, OPEN SPACE PRESERVATION, AND GOOD SITE PLANNING.**

*Policy Recommendation EC.4.1.A: Light industrial, commercial and office establishments should cater to both passing motorists, and the local population. Local businesses which support existing area industries are strongly encouraged.*

*Policy Recommendation EC.4.1.B: Service businesses in the Community should cater to local needs and tourist services. This includes additional restaurants, and possibly small, locally owned retail stores.*

*Policy Recommendation EC.4.1.C: Encourage home occupations of a professional nature to take advantage of the internet and other technologies, permitting people to work from the privacy of their own homes.*

*Policy Recommendation EC.4.1.D: Concentrate moderate and small scale professional offices in proximity to residential areas, and the community core.*

This strategy of development reduces reliance of local employees on transportation and allows larger parcels located farther from residential uses to be reserved for larger scale commercial development (i.e. crushing facilities, shipping, packaging etc.).

*Policy Recommendation EC.4.1.E: Nature based businesses are encouraged in the San Miguel Community, and include: farmers markets, outfitters for outdoor enthusiasts, and pick-your-own farms.*

*Policy Recommendation EC.4.1.F: Development standards for new commercial and industrial development shall require limited outdoor storage (if any), control of unsightliness, generation of minimal traffic and noise, and require only minimal lighting and signage.*

