



chapter three
economic sustainability

3 economic sustainability



St. Helena's Central Business District is located along Main Street with shops, cafes, restaurants and offices.

3.1 Purpose of the Element

The Economic Sustainability Element is not a State-mandated General Plan element. This Element is included in the General Plan in recognition of the important role that economic sustainability plays towards achieving the overall community vision of “meeting present needs without compromising the ability of future generations to meet their needs.” By building on and protecting St. Helena’s authentic small-town character, the Economic Sustainability Element establishes a path to **enhancing the local quality of life while also recognizing the role of visitors in the local economy**. Policies and implementing actions in this Element should be considered in conjunction with policies in the other elements, particularly the Land Use and Growth Management, Circulation, and Public Facilities and Services elements.

The Economic Sustainability Element includes the following sections.

- **3.2 Economic Sustainability in St. Helena (p. 3-3).** Defines and frames key economic sustainability issues.
- **3.3 Key Findings and Recommendations (p. 3-5).** Identifies key findings and recommendations based on existing conditions analysis and extensive community outreach.

- 1 introduction
- 2 land use and growth management
- 3 economic sustainability**
- 4 public facilities and services
- 5 circulation
- 6 historic resources
- 7 community design
- 8 open space and conservation
- 9 public health, safety and noise
- 10 climate change
- 11 housing
- 12 parks and recreation
- 13 arts, culture and entertainment

- **3.4 Goals (p. 3-9).** Defines overarching goals to guide policies and implementing actions.
- **3.5 Policies and Implementing Actions (p. 3-10).** Identifies policies and implementing actions to strengthen and enhance the local economy.

3.2 Economic Sustainability in St. Helena

The St. Helena Local Economy and Economic Development Background Report was prepared as part of the first phase of the St. Helena General Plan Update process. The analysis presented in this study was used to inform development of the Economic Sustainability Element with respect to demographic trends, residential and commercial real estate conditions, retail market conditions, the local business environment, and policies and gaps in the current General Plan. Completed in 2007, this study does not reflect the economic climate and national recession that followed in 2008 and 2009. However, the General Plan document lays out goals, policies, and actions with a time horizon that extends beyond short-term economic cycles. The guiding principles established in this Element are intended to direct the community towards a sustainable economy that is responsive both to the current economic situation and longer-term community concerns and objectives.

Below is a brief summary of the 2007 Local Economy and Economic Development Background Report. More detailed discussion of the research and findings is provided in the report, which is included as an appendix to the General Plan document.

- St. Helena has historically exhibited slow population, household, and housing growth. In recent years, employment growth, while modest, has outpaced housing growth. This has led to an increasing shortfall in the number of homes available locally relative to the supply of local jobs.
- The City functions as an employment center for the region, with nearly two jobs per employed City resident. Furthermore, in 2000 nearly 80 percent of St. Helena workers commuted into the City for work but lived elsewhere,

and this pattern is expected to continue. More recently, a 2008 Napa County Transportation and Planning Agency (NCTPA) study included a similar analysis of commute data for the City of St. Helena and surrounding unincorporated areas. Findings from this study demonstrate that, even when expanding the study area beyond City limits, approximately 60 percent of employee commutes originated elsewhere in Napa County and the surrounding region.¹

- Housing affordability is a key issue in St. Helena. The minimum income required to afford to purchase a single family home in St. Helena is well over three times the City's median household income. Workforce housing availability may be a key constraint to further local economic development.
- Commercial space also experiences high demand and is in limited local supply.
- This study revealed existing tension between the desire to prevent St. Helena from becoming overwhelmed with tourist-serving businesses and activities and the reality that a substantial portion of the local employment base and the City's revenue base are dependent upon the flow of tourism dollars to St. Helena.
- Major challenges facing the City with regard to economic development include the constrained capacity of local infrastructure, primarily traffic and parking infrastructure, and the lack of available water supply.

¹ Napa County Transportation and Planning Agency. *Napa's Transportation Future, Horizon Year 2035. Second Public Draft. 2008.*



The community supports maintaining locally owned and operated businesses, such as Steve's Hardware and Houseware.

3.3 Key Findings and Recommendations

There are several challenges and opportunities facing St. Helena related to economic sustainability. The following key findings and recommendations are based upon comprehensive existing conditions analysis and community input.

- The community is supportive of maintaining the high quality of existing commercial establishments. There is wide community consensus that St. Helena should continue to prohibit large retail establishments, chain retailers, and formula fast food establishments. There is some support for retaining the requirement that commercial uses be operated by independent owners. Maintaining the City's existing prohibition of formula restaurants, outlet and chain stores, and large-scale retail businesses can ensure that St. Helena's businesses continue to complement its small-town character.
- Among community members, there are divergent ideas regarding regulations that attempt to differentiate between local-serving and tourist-serving activities. Some community members feel that General Plan goals and policies should continue to make this distinction between local and tourist-serving uses, but that policies and accompanying regulations require more specific definitions. The General Plan Update Steering Committee (GPUSC) generally expressed support for "broadly local-serving" businesses. These are businesses that provide shopping opportunities for residents of the

local area, including residents of St. Helena itself and residents of surrounding parts of the County who have traditionally visited the City to shop and obtain services. The 1993 General Plan did not achieve the goal of maintaining and/or creating a strong local-serving central area. The general consensus among the local business community is that businesses require the support of both local residents and visitors in order to survive. Therefore, the attempt to differentiate between local and tourist-serving businesses does not address St. Helena's economic vitality and sustainability needs. Pursuing a more balanced economic development approach that targets the shopping and service needs of visitors as well as local residents can help the City establish a stronger Central Business District.

- Local business leaders have expressed concerns regarding traffic issues in St. Helena, the availability of adequate parking, and water resources. The City must address the adequacy of local infrastructure and its impact on economic development in order to achieve its long-term economic sustainability goals.
- To attract desirable businesses that are compatible with St. Helena's sustainability goals, the City needs to strengthen its relationship with the business community and improve its business relations image.
- The lack of workforce housing greatly impacts the economic sustainability of St. Helena businesses. In the past, local business owners have found it difficult to fill open positions. This difficulty has negatively impacted their business operations. Increasing the supply of affordable workforce housing is critical to maintaining St. Helena's quality of life and long-term economic sustainability.
- St. Helena's identity as a historic, small city with a strong agricultural heritage is a unique economic development resource that local policies and regulations should protect and enhance. City policies should encourage promotion of St. Helena's authentic small-town character in order to enhance economic opportunities for local businesses.
- The wine industry is the key driver of the economy of the entire Napa Valley. Continuing to support the wine industry is essential to maintaining the economic health of the community and the Napa Valley. Furthermore, diversifying St. Helena's economy to create new, compatible commercial activi-

ties and employment opportunities beyond the wine industry can greatly strengthen the economic vitality of the City.

- Tourism generated by the wine industry supports local businesses, the incomes of many local households, the wineries and agricultural operations of the Napa Valley and local government revenues. The Napa Valley's draw as a tourism destination will impact St. Helena regardless of local policies. By promoting sustainable tourism practices, the City can enjoy the economic benefits of tourism while maintaining the City's authentic, small-town qualities. Over the past several years, St. Helena has lost some tourism market share to nearby communities in the Napa Valley, while the Valley has lost market share to neighboring Sonoma County. Economic sustainability in St. Helena can be enhanced by both low-impact, high-end tourism, as well as economic diversification in other sectors for which the City has competitive advantages, such as the arts, healthcare and financial services sectors.
- High demand for commercial space and corresponding high commercial rents impact the ability of some businesses supplying low-cost, everyday goods and services to locate or stay in St. Helena. Non-retail uses occupying ground-floor retail spaces, such as real estate offices, further drive up demand and rents for commercial space in St. Helena. By limiting the non-retail use of ground-floor spaces in key commercial areas, the City can provide a more supportive environment for commercial uses that meet residents' everyday shopping needs.
- St. Helena serves as a commercial and business center for the surrounding towns and unincorporated areas, including Calistoga, Angwin, Deer Park, Rutherford and the unincorporated area south of St. Helena. However, the population base is still not sufficient enough to support some types of commercial retail and services and it should be expected that residents will continue to travel to larger communities, like the City of Napa or beyond, to shop for certain types of goods and to obtain certain services. Developing and implementing an Economic Sustainability Strategy can help diversify local economic activities and strengthen St. Helena's role as a commercial center for the surrounding area.



Tourism generated by the wine industry supports local businesses throughout St. Helena.

CONCEPTS, TRENDS AND IDEAS

Sustainable Economic Development

Smaller cities, like St. Helena, often employ local economic development (LED) strategies to increase their economic capacity and prosperity. LED approaches reach beyond traditional business attraction and retention and growth models to include longer-term enhancements to the local economy and prosperity into the future. Typical measures can include strategies to minimize retail leakage, support local artisans and small business owners, and enhance workforce development programs in key sectors of the local economy. In addition, LED models emphasize strengthening ties between the private, public and non-profit sectors to ensure a collaborative approach to creating better conditions for economic growth and investment.

A sustainable economic development strategy builds upon traditional and LED economic models to include long-term enhancements to local quality of life measures and the environment. In this way, economic sustainability extends the scope of economic growth models beyond the goal of achieving annual fiscal gains. Implementation approaches and measures vary according to the needs of the local economy, but may incorporate additional emphasis on local arts and cultural expression, educational improvement, public health and environmental sustainability.



Local economic development (LED) strategies include supporting local businesses and niche markets, such as culinary businesses and wineries.



St. Helena is dedicated to enhancing local-serving businesses that meet residents' needs.

3.4 Goals

The goals of the Economic Sustainability Element are:

Meet Residents' Needs.

St. Helena is dedicated to meeting the basic needs of residents of the City the surrounding service areas, including Calistoga, Angwin, Deer Park, Rutherford and the unincorporated area south of St. Helena. The City recognizes that residents will continue to travel to larger cities in the region for certain goods and services. Through its adopted local policies and actions, St. Helena will strive to increase the proportion of residents' employment, housing, entertainment, and basic shopping and services needs that can be satisfied locally.

Balance the Benefits and Effects of Visitors.

St. Helena will promote sustainable tourism practices that allow the City to enjoy the economic benefits of visitors to the region while maintaining the authentic small-town quality of life.

Generate Revenue.

St. Helena will promote economic development initiatives that generate diversified revenues to support local services and move towards greater self-sufficiency.



3.5 Policies and Implementing Actions

A range of policies and implementing actions are outlined below and organized into the following topic areas:

1. Economic Diversification;
2. Sustainable Tourism; and
3. City Government.

The policies mandate, encourage or allow certain actions to be pursued throughout the duration of the General Plan. Together, they serve as strategic directions for City staff and partners, highlighting where time and resources should be focused.

topic area

1 ECONOMIC DIVERSIFICATION

The following policies and actions aim to guide St. Helena towards a more robust local economy by creating a long-term, proactive approach to define and achieve local economic priorities.

Policies

ES1.1 Maintain central St. Helena as the social, cultural and economic heart of the City by supporting infill and redevelopment of vacant and underutilized parcels in the central St. Helena area.

ES1.2 Identify and expand economic sectors in which the City has competitive advantages, and capitalize on these strengths in order to diversify local economic activities and strengthen St. Helena’s role as an agriculturally-based service center for the surrounding area.

ES1.3 Ensure the long-term infrastructure needs and priorities of the community are met as part of an economic approach to economic vitality and sustainability. (Also see the Public Facilities and Services Element)

ES1.4 Encourage the creation of workforce housing to reduce the negative impacts of the City’s jobs-housing imbalance and support the local employment base. (Also see the Housing Element, Topic Area 1)

ES1.5 Encourage commercial uses that provide basic, everyday shopping and services for residents.

ES1.6 Support local arts and cultural activities that can contribute to the local economy while strengthening the local social fabric and enriching residents’ lives. (Also see the Arts, Culture and Entertainment Element)



Central St. Helena is the social, cultural and economic heart of the City.

Implementing Actions

ES1.A Develop, adopt and implement an Economic Sustainability Strategy that addresses economic diversification, as well as local fiscal and infrastructure priorities.

ES1.B Update the zoning ordinance to encourage businesses that are complementary to St. Helena’s small-town character and that provide goods at a range of prices. Update the zoning code to define and permit non-chain, discount-type stores. Maintain the existing provisions in the zoning code that prohibit formula restaurants or those that solely provide take-out service, outlet and chain discount-type stores, and retail businesses over 10,000 square feet in size. Continue to discourage businesses whose consumer base requires a population larger than St. Helena and its vicinity. For the purposes of the General Plan, “vicinity” is defined as the surrounding towns and unincorporated areas for which St. Helena has historically provided goods and services, including Calistoga, Angwin, Deer Park, Rutherford and the unincorporated area south of St. Helena.

ES1.C Develop a strategy to increase funding and resources to support arts endeavors and local arts and history institutions as part of the City’s overall economic development program. Additional policies and implementing actions regarding support for the arts may be found in the Arts, Culture and Entertainment Element. (Also see the Arts, Culture and Entertainment Element, Topic Area 4)

ES1.D Promote the establishment of a Business Improvement District in the downtown area.

ES1.E Amend the Municipal Code to limit certain non-retail uses, such as real estate offices, from occupying ground-floor retail space in Central St. Helena.



Events, such as the farmer’s market, support the economy while strengthening the local social fabric.

topic area

2 SUSTAINABLE TOURISM

A sustainable approach to tourism in St. Helena is intended to preserve the City's authentic, small-town character and quality of life and leverage tourism to sustain its vibrant economy. The following policies and actions strive to limit the adverse impacts of visitors on St. Helena, while recognizing the economic benefits that visitors bring and the potential for tourism to contribute to the diversity of the community's social and cultural life.

Policies

ES2.1 Support the development of responsible, visitor-serving components to the City's economy as a valuable source of jobs, tax revenues and cultural amenities.

ES2.2 Encourage visitor-serving uses oriented toward a more discriminating upscale market, consistent with the Valley's reputation as a producer of world-class wines. Discourage the introduction of uses that are dependent upon a mass tourist market.

ES2.3 (Alt.1) Maintain a cap on the number of restaurant uses and lodging rooms that are permitted in the City.

ES2.3 (Alt. 2) Ensure a diverse mix of uses that avoids an over-representation of any particular use, such as restaurants or lodging rooms.

ES2.3 (Alt. 3) Remove the cap on restaurants, but continue to prohibit formula restaurants.

ES2.3 (Alt. 4) Remove the cap on hotel and motel rooms, but retain the existing cap on bed and breakfast establishments.



Visitor-serving businesses bolster the City's economy and bring jobs, tax revenues and cultural amenities.

ES2.4 Encourage socially and environmentally responsible businesses that make positive contributions to the community and operate in an environmentally-sound manner.

ES2.5 Encourage sustainable modes of travel and reduce the number and length of vehicle trips generated by visitors to the community. Expand lodging in the downtown area to encourage walking, biking and alternative transportation modes in order to reduce the need for automobile trips. (Also see the Circulation Element, Topic Area 4)

topic area
3 CITY GOVERNMENT

Implementing Actions

ES2.A Continue to prohibit formula restaurants, outlet and chain discount stores and time-share lodging projects, as defined in the St. Helena Municipal Code (Section 17.48.060). Update the Municipal Code to define and prohibit restaurants that solely provide take-out service. Update the Municipal Code to define and regulate fractional ownership lodging.

ES2.B (Alt 1.) Establish a clear, transparent and non-discretionary procedure for capping restaurant uses and the number of lodging rooms. Annually review demand and adjust the cap as necessary. Create an Economic Sustainability Committee to study and recommend possible measures and indicators of when caps should be lifted and by how much. (Also see Action Item ES3.C)

ES2.B (Alt. 2) Establish a clear, transparent and non-discretionary procedure for permitting restaurant and lodging uses. Create an Economic Sustainability Committee to study and recommend possible caps or guidelines for the permitting of these uses, and to ensure that the requested permits will not result in adverse impacts on the surrounding community.

ES2.C Provide and maintain public restrooms in the Central Business District.

ES2.D Enhance the pedestrian environment within the commercial area, support the development of bicycle trails connecting to a countywide system and encourage the use of small vans for group wine tours in order to decrease tourist-generated traffic congestion. (Also see the Circulation Element, Topic Area 2)

The policies and actions in this topic area establish a path for St. Helena to develop a reputation for transparency in governance, characterized in part by predictable, streamlined processes that include built-in checks and balances and, to the extent possible, reduced uncertainty associated with required discretionary actions. By improving its reputation as a service-oriented City government, St. Helena will improve its ability to attract and retain businesses that are compatible with the City's goals.

Policies

- ES3.1** Establish and strengthen the reputation of St. Helena's City Government as service-oriented.
- ES3.2** Ensure clarity and transparency in local regulations, permitting processes and fee structures.
- ES3.3** Encourage partnerships between the City and private and nonprofit organizations to promote economic sustainability in St. Helena.
- ES3.4** Support regulations that address the goals of the General Plan and positively impact the viability of local businesses and the community's financial health.
- ES3.5** Support cultural diversity through economic sustainability initiatives.

topic area
3 CITY GOVERNMENT

Implementing Actions

ES3.A Continue Planning Department technical assistance for new projects requiring development and/or use permit applications. Partner with the local business community to ensure that the program effectively meets participants' needs.

ES3.B Develop a revised design review and/or form-based code process for commercial and industrial uses that establishes objective design guidelines and restrictions, including guidelines and restrictions for landscaping and water use. Guidelines for non-residential water use should be commensurate with water conservation measures imposed on residential development. (Also see the following elements: Community Design, Topic Areas: 2; Land Use and Growth Management, Topic Area 3; and Economic Sustainability, Topic Area 3)

ES3.C Create an Economic Sustainability Committee that involves a broad cross-section of community representatives, including business leaders, City staff and local residents, to guide an ongoing process to develop and update an Economic Sustainability Plan. Specific areas to be addressed as part of the Economic Sustainability Plan include:

- Developing a mechanism to annually review and adjust, as necessary, caps on restaurant seats and lodging rooms. The Economic Sustainability Committee will study potential indicators of increased demand, such as number of visitors, transactions, vacancy rates, sales volume and tax receipts, to develop a recommendation for a clear and objective measure to indicate when caps on certain uses should be lifted and to what extent.
- Studying current use permit restrictions and making recommendations for possible adjustments to current use permits for establishments that are already operating in the City, as well as guidelines for future use permits.
- Defining clear, objective use permit procedures and requirements based on the type of commercial or industrial use.



Partnerships between the City and private and nonprofit organizations can promote economic sustainability.

- Developing a list of businesses that would enjoy broad-based community support to locate in St. Helena as part of a business attraction program. Explore potential regulatory incentives such as: eliminating use permit requirements; fast-tracking the permitting process; implementing fee waivers, reductions, and/or deferrals; and identifying recruitment strategies if appropriate.
- Reviewing current permit processing procedures, application fees, development impact fees and processing times for commercial projects, and identifying mechanisms to streamline the process and increase clarity of regulations.