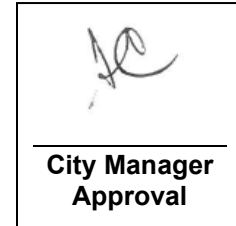


STAFF REPORT

MEETING

DATE: May 12, 2026

TO: City Council

FROM: Carla Hansen, Assistant City Manager
Katie Skjerping, Economic Development ManagerSUBJECT: **RECEIVE A PRESENTATION AND CONDUCT A STUDY SESSION ON THE
ECONOMIC DEVELOPMENT STRATEGIC PLAN****REQUEST**

Receive a presentation and conduct a study session on the Economic Development Strategic Plan (EDSP) process currently underway in alignment with Goal #5 in the Novato City Council Strategic Plan for 2023-2025, which states “Assess economic development needs and develop a strategy toward building a comprehensive, long-term economic development plan.”

DISCUSSION

In January, 2026, the City of Novato kicked off an Economic Development Strategic Plan process after the City Council approved the professional services agreement with Good City Co. and Strategic Economics at its January 13, 2026, meeting.

The plan is intended to serve as a practical roadmap for the City’s economic development efforts, helping to shape priorities and guide investments that support a strong local economy. While it cannot dictate market forces or compel decisions by private businesses or property owners, an economic strategy plays a key role in updating regulations, setting clear priorities, building on local strengths, and making it easier to start and grow a business.

By providing clear direction, consistent regulations, and responsive, committed City support, the strategy helps create a more welcoming environment for investment in Novato. Ultimately, this plan establishes a foundation for ongoing economic development fostering a dynamic business climate, an active downtown, and a resilient economy that attracts visitors and offers residents appealing options for shopping, recreation, and employment.

The process began with an in-depth economic analysis and review of existing resources. This included evaluating City assets and programs, analyzing quantitative data, identifying sites with redevelopment potential, and gathering input from key stakeholders.

Building on this work, the next phase focused on robust community outreach to better understand local perspectives, priorities, and opportunities.

Highlights from both phases are summarized below.

Following this City Council meeting, the consultant team will synthesize the findings, establish a strategic framework, and develop a set of actionable strategies. The resulting draft strategic plan will be brought back to the City Council for consideration and potential adoption in Fall 2026.

Economic Analysis Existing Conditions Overview

The first phase of the process included in-depth economic analysis to better understand trends, strengths and areas of opportunity. The findings point to a City that is evolving and positioned as an important employment center in Marin County.

Novato is home to approximately 24,000 jobs, with employment growth outpacing Marin County as a whole. This trend reflects the City's expanding role in the regional economy. At the same time, the community is seeing an influx of residents with specialized and advanced degrees, and median household income has nearly doubled from 2013-2023.

This growth is supported by a diverse set of industries. Manufacturing, Construction and Health Care and Social Assistance have driven much of the recent employment increase while sectors such as Life Sciences and Professional and Technical Services continue to gain traction. These industry clusters represent a key opportunity to attract and retain higher-paying jobs in Novato.

Consumer activity has also strengthened, with taxable sales growing faster than the regional average. Food and beverage establishments have played a particularly significant role in this growth. However, some sectors continue to face challenges. The hospitality industry has yet to fully recover from the impacts of the COVID-19 pandemic as seen in lower hotel occupancy and revenue per room.

Looking ahead, new development will play an important role in shaping the City's economic future. Novato's housing pipeline includes nearly 2,800 units, which will help support local businesses, attract a broader workforce and create opportunities for small businesses and the creative economy. At the same time, commercial real estate conditions remain mixed. While some neighborhood shopping centers are performing well, others face high vacancies and low rents, reflecting an uneven demand across the market.

Novato continues to serve as the primary location for industrial development within Marin County, with all industrial space built in the past decade located in the City. While this underscores Novato's importance in the regional industrial market, it also highlights a challenge, as some newer life science and biotech spaces can be difficult to repurpose once vacant.

These findings describe an economy with strong fundamentals, increasing diversity and meaningful opportunities for growth alongside targeted challenges to be addressed through the EDSP.

Community Outreach

The public engagement phase of the Economic Development Strategic Plan (EDSP) began on April 17, 2026, with a press release, the launch of a community survey, and initial promotion for the May 5, 2026, community workshop. Throughout this phase, participants were introduced to the existing conditions findings and invited to provide input on priorities and focus areas for the strategic plan.

To reach a broad cross-section of the community, outreach materials including the survey, workshop information, project webpage, and flyers were distributed through multiple channels. These efforts included:

- More than 35,000 community members were reached via the City's email newsletter, with strong engagement indicated by 43%-59% open rates (well above the industry average of 20-30%)

- More than 44,000 community members were reached via Nextdoor
- More than 13,000 community members were reached across the City's social media accounts
- Social content generated 27,900 views, 143 shares, and 828 survey link clicks across platforms
- Direct personal emails to business and economic development stakeholders from Economic Development staff
- Direct invitation to the community workshop from the City Clerk to all Board and Commission members
- Outreach through Parks, Recreation and Community Services channels to program participants and senior center members
- Distribution to all NUSD families via Peachjar
- Flyers posted at community facilities and public locations throughout town
- Direct coordination with business groups, nonprofits, and community organizations

Community members were able to participate in several ways throughout the process, including:

- Focus group with employers, property owners, and developers (April 28, 2026)
- Focus group with small businesses and community organizations (April 29, 2026)
- Outreach at the Novato Farmers' Market (May 5, 2026)
- Community workshop (May 5, 2026)
- Presentation to the Economic Development Advisory Commission (May 7, 2026)

The May 5 community workshop combined a presentation of key findings with interactive activities and small-group discussions. Attendees shared their perspectives on Novato's economic future, including strengths, challenges, and opportunities, and provided feedback on an initial set of focus areas. The workshop also allowed the City to share progress to date and explain how community input will shape the next phase of the plan.

Additional input was gathered through the community survey, which was open from April 17 through May 10, 2026. As of the writing of this report, more than 750 responses had been received from residents, employees, and business owners. Respondents reflect a highly engaged community:

- 94% live in Novato
- 25% work in Novato
- 12% own or operate a business locally (including more than 90 business owners)
- 67% have been connected to Novato for more than 10 years

Survey responses point to a strong desire for a vibrant, locally focused economy, while maintaining quality of life and preserving natural assets. Respondents identified several key strengths that support a thriving business environment:

- Family-friendly community
- Natural beauty and quality of life
- Proximity to San Francisco and Sonoma County
- Access to transit, including SMART, bus service, and Highways 101 and 37
- A robust calendar of community events

At the same time, respondents highlighted clear opportunities for future economic growth, particularly in:

- Expanding retail, dining, and family-oriented activities
- Leveraging historic and cultural assets
- Investing in key corridors and areas near transit

- Supporting small businesses, makers, and incubator spaces
- Encouraging infill development and activating underutilized sites

Challenges identified through the survey were consistent and focused on a few key issues:

- Vacant storefronts and underperforming shopping centers
- Limited entertainment and activities for children, teens, and families
- Difficulty attracting new businesses
- Complex or unclear planning and permitting processes
- High costs of doing business

When asked where the City should focus its efforts over the next one to three years, respondents prioritized:

- Downtown Novato
- Shopping centers and retail corridors
- Redwood Boulevard corridor
- SMART station areas
- City-owned properties

In terms of broader priorities, respondents emphasized:

- Attracting new businesses and employers
- Supporting existing businesses
- Revitalizing retail areas
- Improving public spaces and placemaking
- Encouraging reinvestment in underutilized properties

Open-ended responses reinforced these themes. A total of 487 comments on potential improvements frequently pointed to the need for a more vibrant and walkable downtown, activation of vacant spaces, and a more efficient permitting process. Similarly, 493 responses regarding barriers to starting or expanding a business highlighted concerns related to costs and regulatory requirements.

Overall, this outreach effort reflects a high level of community participation and provides a strong foundation for the next phase of the EDSP, where this input will be translated into a strategic framework and actionable recommendations.

City Council Feedback Requested

The EDSP project team is currently developing the draft Vision and Goals for the EDSP based on the findings of the existing conditions analysis and the deep feedback received through the community engagement process. These draft Vision and Goals will be presented to the Council at its May 12, 2026, meeting for feedback.

Next Steps

Following the study session with the City Council's feedback, the EDSP project team will:

- Refine the focus areas, goals, and objectives based on community engagement and survey findings
- Develop implementation actions tied to each focus area
- Finalize performance metrics and baseline data
- Release a draft EDSP for review later this summer
- Return to City Council in fall 2026 for adoption of the final Plan

PUBLIC OUTREACH

This item was noticed per standard City of Novato City Council agenda noticing procedures including posting the agenda 72 hours in advance on the community bulletin board in front of City Administrative Offices located at 922 Machin Avenue, posting on the City's website at novato.gov/councilagendas and sending an email notification to all e-notification subscribers.

Extensive additional public outreach was conducted for the project as described above.

FISCAL IMPACT

The City Council approved \$145,500 for the development of the EDSP. This cost is included in the FY 25-26 budget.

STRATEGIC PLAN ALIGNMENT

This item directly accomplishes **Strategic Plan Goal 5: Economic Vitality, Workplan Item #19** *“Assess economic development needs and develop a strategy toward building a comprehensive, long-term economic development plan.”*

RECOMMENDATION

Receive the presentation and conduct the study session on the Economic Development Strategic Plan and provide feedback to staff and consultants for continued preparation of the Plan.

ALTERNATIVES

1. Provide alternative direction.

ATTACHMENTS

None.