

Special Report, Day 1: Marin's best growth bets

By Jim Welte, IJ reporter

Monday, May 02, 2005 - WANTED: clean, environmentally friendly businesses that can thrive in Marin County despite the region's daily traffic nightmare, sky-high housing prices, lack of developable land and business parks, and "not in my backyard" demeanor.

It's a tall order, but the Marin Economic Commission, a panel of business and civic leaders, says nurturing a sustainable, more balanced local economy is not an impossible mission.

Supervisor Charles McGlashan, elected last year after serving on the economic commission, said forging an appropriate economy is critical.

Marin needs companies "that can exist here within our very strict land-use rules and thrive, and thus provide jobs that reduce our ecological footprint," McGlashan said.

"If people think carefully about Marin, they'll realize that our current economic model is not sustainable," he added. "Marin can't put its head in the sand and assume that it can avoid change."

Roadblocks to building a vibrant business environment, from traffic to housing prices, are well-known, but must not be allowed to torpedo efforts to boost sustainable commerce, officials said.

"We're not interested in knowing what we've known for 30 years," said Northbay Family Homes founder and Chief Executive Officer Clark Blasdel, a veteran member of the commission. "The question is, 'What can we do to improve the economy despite all of that?'"

The 10-member commission is focusing on industry sectors - officials call them "clusters" - that can thrive despite Marin's constraints.

The commission hired a Berkeley firm to do a "targeted industries" study to identify business sectors, or clusters, that might be appropriate. After airing the study earlier this year, the commission decided to focus on three areas - life sciences and biotechnology; multimedia and digital arts; and green, environmentally friendly building - and follow up next year with a look at tourism and agriculture.

The commission is meeting with executives at companies in targeted sectors, asking them what can be done to keep them in business here - and attract others like them.

"Given the constraints that we have, what can we do to help?" said Commissioner Dennis Fisco, a partner at Seagate Properties.

Marin is a bedroom community, where people love to live but leave to work. In recent years, a host of innovative companies that blossomed in Marin decided to leave for more spacious, less-expensive quarters elsewhere in the North Bay.

As a result, Marin is becoming a community that exports jobs and imports products and services, Supervisor McGlashan noted.

One of those companies, Labcon, serves as a vivid reminder of that trend, according to Robert Eyler, director of the Center for Regional Economic Analysis at Sonoma State University.

In 2003, Labcon vacated its manufacturing space near West Francisco Boulevard in San Rafael for larger quarters in Petaluma. The building has been vacant for two years, but the city of San Rafael is close to approving plans for a 35,000-square-foot Best Buy store on the site.

The transition from manufacturing facility to a big box retailer is a perfect example of the over-arching economic trend in Marin, Eyler said. Local cities crave the sales tax dollars that retailers like Best Buy bring, he said.

But there is little space for big tenants: Only 22 percent of the land in the county is developable, with the St. Vincent-Silveira Ranch tract along Highway 101 the only large property likely to be developed, business leaders said.

Steven Leonard, a commercial real estate broker with Meridian Commercial Inc. of Larkspur, pointed to several examples involving plans for office parks that were scuttled, replaced by residential developments because property owners don't see the demand for commerce.

As a result, although the office vacancy rate has dipped below 15 percent for the first time since the dot-com bubble burst, big office parks appear headed for extinction.

The owners of the Hanna Ranch property in Novato, near the Vintage Oaks shopping center, once proposed a business park for the 19-acre site. But they have since revised plans and now want to build a 95-home subdivision with 25,000 square feet of retail space.

Robert Upton of Campus Properties knows about the trend firsthand.

In 1998, Upton and his partners bought a 44-acre property on Redwood Boulevard in northern Novato, hoping to build a 544,000-square-foot office park.

"Four years and a couple of million dollars later, we're nowhere," he said.

It's not for lack of trying, he said, but lack of demand.

"Marin is really just not a large-office market," he said. "The whole economic structure of the county doesn't lend itself to large office users."

So Upton might turn the project into a residential development. The market is dictating the change, he said.

"The thought of bringing in a major office tenant at this point is just about inconceivable," he said. "Why would they do it? Large office users want to be anywhere between here and Timbuktu - anywhere but Marin."

Leonard said the core of Marin's office market - the 2,000- to 5,000-square-foot tenant - remains solid.

Marin's business climate may be helped by voter approval last November of Measure A, which provides sales tax revenue for traffic and transit improvements that will combat freeway congestion. But there is little prospect for affordable housing for workers, in light of a median single-family home price that has ballooned to \$918,000. Housing prices show no signs of dipping.

There's an additional factor affecting the future of Marin's economy: the political will of Marin residents to become business-friendly.

Outgoing San Rafael Chamber of Commerce CEO Elissa Giambastiani said that will is sorely lacking.

"The problem is that this county has to get serious about attracting business," she said. "We give a lot of lip service, but there has not yet been a concerted effort to really get government and business together to talk about how we want to attract these kinds of businesses."

Giambastiani said that until counties and cities get together and propose specific business incentives - permit fee reductions, expedited permit processing or tax incentives, for instance - the lip service will continue.

"As much as we try, it seems to always come down to how is this going to affect me personally and everything else flies out the window," she said.

MARIN ECONOMIC COMMISSION

The Marin Economic Commission meets at 3 p.m. on the third Thursday of the month in the supervisors' chambers at the county Civic Center.

Serving on the panel are:

- Terry Hennessy, commission chairman, is legislative analyst for the Marin Builders Association. She served on the Tiburon Town Council.

- Patsy White, vice chairman, is an advocate for low-income housing for the League of Women Voters, Marin Housing Council and the Novato Housing Coalition. She serves on the board of the Novato Chamber of Commerce.

- Clark Blasdell founded Northbay Family Homes in 1978. He lives in Novato and represents the North Bay Council, a coalition of the region's top employers.

- Kay Moore, chosen as the top Realtor in 2004 by the Marin Association of Realtors, is an agent for Coldwell Banker in Greenbrae.

- Travis Sexton, a labor representative for the United Healthcare Workers, SEIU 250, is a member of the North Bay Labor Council, AFL-CIO.

- Marilee Eckert, executive director of the Marin Conservation Corps, serves on the board of the Center for Volunteer and Non-profit Leadership.
- Dennis Fisco, a partner at Seagate Properties, which owns several Kerner Boulevard buildings that will be vacated by George Lucas' Industrial Light & Magic in July, has served on the Mill Valley City Council since 1997.
- Andrew McCullough, vice president of business affairs at San Rafael's Century Theatres, is a member of the San Rafael Chamber of Commerce.
- Steve Quirt of Tomales is the organic and sustainable agriculture coordinator for the University of California Cooperative Extension in Marin.
- Roger Roberts, a former executive at Bank of America, serves on the Marin Conservation League board.

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