



Town of Moraga	Agenda Item
Study Session	3-A

Meeting Date: March 20, 2024

TOWN OF MORAGA

STAFF REPORT

To: **Town Council & Planning Commission**

From: **Afshan Hamid, Planning Director**
Barry Miller, Barry Miller Consulting

Subject: **Draft General Plan Economic Vitality White Paper & Proposed Economic Development Policies**

Recommendation

Review Draft General Plan Economic Vitality White Paper and Proposed Economic Development Policies and provide feedback to staff.

(CEQA: The Final Environmental Impact Report for the Comprehensive Advanced Planning Initiative was certified by Town Council on January 25, 2023 - State Clearinghouse No 2022020106. CEQA analysis for Phase II will be conducted as part of the Phase II scope of work)

Background

The Town is in the process of updating the Moraga General Plan 2040. This includes the mandatory update to the Housing Element, which was completed in 2023, and the update of the remaining elements of the General Plan, to be completed in 2024. The inclusion of an Economic Vitality Element was one of the key priorities expressed in the resident survey completed during the Housing Element process. At the October 10, 2023 General Plan 2040 Kick-Off Study Session, Town Council and Planning Commission directed staff to develop an Economic Vitality Element. This staff report and study session item focuses on the Economic Vitality Element.

Town Council and Planning Commission will also participate if future General Plan 2040 discussions. Future topics may include: Sustainability and Community Design.

The purpose of this Economic Vitality Study Session is to:

1. Seek input and feedback the from Town Council and Planning Commission.

2. Provide support to local businesses, property owners, and stakeholders.
3. Develop policies to support and strengthen economic development.
4. Provide recommendations based on data, stakeholder input, and best practices.
5. As a note, a Section 6.0 is a placeholder for financial implementation tools to facilitate development, that will be added at a later date.

The General Plan includes “mandatory” elements which are required by State law and “optional” elements which may be added at the Town’s discretion. In prior conversations about Moraga’s future, both the Town Council and the Planning Commission identified economic vitality as an overarching goal. Including an Economic Vitality Element provides an opportunity to express long-range planning policies that support the success of Moraga’s businesses and commercial districts, as well as the fiscal health of the Town.

A Draft Economic Vitality White Paper (Attachment A) has been prepared for Town Council and Planning Commission review. This document includes background data on Moraga’s economy, insights from community meetings and stakeholder interviews, and draft Economic Development Policies to be included in the General Plan.

Discussion

The following provides an executive summary of the draft Economic Vitality White Paper:

Overview of Moraga’s Economy

The first section of the White Paper (pages 2-7) provides a summary of the number and type of jobs in Moraga, employment characteristics of Moraga residents, and ratio of jobs to households over time. The report concludes that Moraga is a net “exporter” of workers, with more employed residents than jobs, and a workforce that primarily commutes in from other communities. Whereas many employed residents work in higher-paying occupations in management, health care, and professional jobs, most of the jobs physically located in Moraga are in services and education. These jobs tend to pay lower wages than those earned by local households, resulting in a housing supply imbalance and long commutes for much of the workforce.

The report also describes the characteristics of Moraga businesses, and the distribution of businesses by sector. While the Town’s largest employers are Saint Mary’s College and the two school districts, there are numerous small businesses in Moraga, including retailers, medical and dental professionals, consulting firms, and an array of service providers. These businesses tend to be local-serving and are often owned and operated by residents of the Lamorinda area. There is currently an imbalance between wages paid to persons working in Moraga and the affordability of housing in Moraga. Due to the absence of affordable housing, many workers will continue to face long commutes and increasing congestion, creating obstacles to Moraga’s economic success.

Moraga’s Retail Sector

Most of the White Paper focuses on Moraga's retail sector. This responds to the significant community interest in the topic, as well as the potential for retail/service to provide fiscal benefits, respond to gaps in the market, reduce traffic and greenhouse gas emissions (by reducing the need to drive out of Moraga for goods and services), and facilitate physical improvements to the Town's two commercial centers.

The retail section begins with a discussion of national trends in retail, such as on-line shopping and the shift toward "experience-based" retail environments. Today, successful retail environments emphasize experiences and entertainment rather than traditional comparative shopping. The retail section documents the considerable buying power in Moraga and Lamorinda in general. Moraga is part of one of the most affluent submarkets in the Bay Area, with high incomes, high home values, high rates of home ownership, and a large percentage of residents who have lived in the community for more than 20 years. Collectively, the three cities (referred to as Lamorinda) have roughly 60,000 residents and form one of the East Bay's Area's most affluent sub-markets.

The report describes the physical attributes of the town's two retail centers in detail. This includes not only the shopping centers themselves, but peripheral uses such as office buildings and service stations. The report describes the history of the shopping districts, current vacancy patterns, and opportunities for infill development. The data indicates that the Rheem Valley Shopping Center is performing at a much higher level than the Moraga Center, with nearly six times the number of visits per year and three times the number of visits per square foot. The Rheem Valley Shopping Center is a middle performer in the region in large part due to national brands such as CVS, TJ Maxx, Taco Bell and Home Goods.

Performance metrics for each retail center are provided, including annual visits, visits per square foot, and comparisons to similarly sized centers in California. The report also documents vacancy rates and rental rates, with comparative data for Orinda, Lafayette, Danville, Walnut Creek, and Concord. Comparative data is presented to show how Moraga measures up against other Contra Costa cities in terms of its taxable sales, both on a gross basis and on a per capita basis. The report finds that Moraga is performing well below cities like Walnut Creek and Pleasant Hill, which have more robust and region-serving retail centers. In Central Contra Costa County, only Clayton and Orinda have lower sales tax revenues per capita.

When adjusted for inflation, Moraga's sales tax revenues per capita have experienced a net decline in the last seven years. This also occurred in Lafayette, Orinda, and Danville. There has been some recovery since 2020, when the retail sector was disrupted by the pandemic. However, only Orinda has higher sales per capita now than it did in 2015.

The report breaks down sales tax revenues in Moraga by sector. Relative to Lafayette and Orinda, Moraga receives much less of its sales tax from food/beverage stores and restaurants and more of its sales tax revenue from clothing/accessories and gasoline stations.

The retail leakage analysis estimates the “buying power” of residents in Moraga, Lafayette, and Orinda based on local income and household characteristics. It compares this against the estimated sales by businesses in each community to determine the “capture rate”—in other words, how much potential buying power is currently being captured locally. The analysis found that Moraga is capturing 33 percent of its residents’ buying power. In Lafayette, the capture rate among that city’s residents was 45 percent and in Orinda it was 26 percent. In some sectors, like food service and drinking places (restaurants and bars), Moraga is capturing just 27 percent of potential sales. The data also shows that roughly 4.5 percent of the visitors to Moraga Center and 3.8 percent of the visitors to Rheem Valley Shopping Center come from Saint Mary’s College.

The retail discussion provides insights from stakeholder groups, including:

- A Focus Group comprised of the two shopping center owners and four local commercial real estate brokers (January 30, 2024)
- A Focus Group convened with the Moraga Chamber of Commerce attended by a dozen local businesses (February 28, 2024)
- Feedback from the 2022 Housing Element survey (specifically relating to the shopping centers)
- Input from civic groups and service organizations, including Rotary, Kiwanis, Lions, and several neighborhood groups
- A forum with Saint Mary’s College students (March 3, 2024)
- A forum with the Saint Mary’s Campus Facility and Planning Committee, comprised of faculty and staff (March 5, 2024)

The report provides a set of conclusions and recommendations based on the data, stakeholder observations, and best practices. These conclusions are reflected in the policies at the end of the White Paper.

Moraga’s Office Sector

This section (pages 37-41) documents the state of Moraga’s office market. It includes an inventory of local office buildings, including square footage and year of construction. This is followed by qualitative data on how this space is used, and quantitative data on vacancies, average rents, and changes in rent over time.

In the wake of the COVID-19 pandemic, Moraga’s office market has been relatively stable, although it is very small in terms of total square footage. Nearby markets still have very high vacancy rates (19 percent in Walnut Creek and 25 percent in Concord). Walnut Creek saw almost one million square feet of office space vacated between 2014 and

2023. By contrast, Moraga has a lower vacancy rate. This reflects a very small office space market that is local-serving nature of the office market, and its focus on “executive suites” serving small firms, medical practices, and specialized services such as insurance and tutoring.

The report concludes that there will continue to be a market for small office suites and local-serving office space in the Town for the foreseeable future. With a larger percentage of residents working from home, there is also a demand for amenities serving the remote workforce, such as shared conferencing facilities, co-working and temporary office facilities, and office-related services. In addition, there is interest in space for start-ups, entrepreneurs, and emerging small businesses.

Hospitality Uses

The White Paper briefly examines the market for hospitality uses. Specifically, it cites the growing demand for a boutique hotel or specialty lodging that serves local residents and the growing number of visitors to Saint Mary’s College and its associated events. Stakeholders observed that there is only one hotel located in the Lamorinda cities (Lafayette Park), effectively a market area of 60,000 residents. Many visitors stay in Walnut Creek or other locations in the I-680 corridor, a 20-minute drive away.

Proposed Economic Development Policies

The White Paper presents a draft set of proposed goals and policies for the new Economic Vitality Element. These policies are developed around the Town supporting local businesses, property owners and major stakeholders. The policies are organized under the following five goals:

1. Maintain a business-friendly environment that supports investment in Moraga.
2. Attract new businesses that meet the needs of Moraga residents and enhance the Town’s character.
3. Strengthen Moraga’s identity as a college town.
4. Modernize Moraga’s two commercial districts so that they become more vibrant town centers and gathering places.
5. Promote Moraga’s fiscal stability and capacity to provide essential services and infrastructure.

A total of 38 draft policies are included under these five goals. Town Council and Planning Commission feedback will shape land use and development decisions for the next 15 years. The policies align with the data and stakeholder input and are consistent with the direction provided by the Housing Element, the Moraga Center Specific Plan, recent zoning actions, and Townwide Goals and Policies. This is an opportunity for the Town

Council and Planning Commission to provide comments. Once Town Council provides direction on the draft policies, staff will then develop implementing actions.

Fiscal Impact

There are no direct financial impacts associated with this report. However, the intent of the Economic Vitality element is to contribute to Moraga's fiscal stability and increase its revenue base. The cost of both consultant and staff time to prepare this staff report has been incorporated into the adopted FY 2023-2024 General Fund Budget.

CEQA

The Town certified a program-level Environmental Impact Report (EIR) for the Comprehensive Advanced Planning Initiative Phase One on January 25, 2023. Findings of Fact and a Statement of Overriding Considerations were also adopted by the Town Council. The EIR covered all changes to the General Plan Land Use Map related to the Housing Element, as well as the Plan amendments for the Bollinger Canyon Study Area. Additional environmental review will be required for Phase Two. Town staff will determine the scope of this review closer to the publication of the Draft General Plan.

Next Steps

As directed by Town Council, staff will circulate latest version of the draft White Paper among stakeholder groups involved in its preparation, including Saint Mary's College, the Chamber of Commerce, commercial brokers, and the shopping center owners. Future revisions will be considered in the coming months. Staff will also develop a set of implementation measures for the Economic Vitality Element, including ongoing programs and specific actions that may follow Plan adoption.

Future study sessions with the Town Council and Planning Commission are being scheduled. These will occur in April through July, with the Draft General Plan published by early September. Staff is also working on a community wide meeting toward the end of April, potentially at Saint Mary's College. Public hearings on the General Plan will be scheduled for September, October, and November. Concurrently, staff is working on several Housing Element implementation programs, including zoning text revisions and illustrative guidelines for the Rheem Valley Shopping Center. Adoption of the General Plan 2040 by Town Council is anticipated to take place by the end of December 2024.

Attachments

Attachment A: Economic Vitality White Paper

Attachment B: October 10, 2023 Study Session Summary Notes

ATTACHMENT A

Economic Vitality White Paper



WORKING DRAFT

Moraga 2040 General Plan Economic Vitality White Paper



March 20, 2024

WORKING DRAFT

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This report was prepared by Barry Miller, FAICP as part of Moraga's Comprehensive Advanced Planning Initiative, Phase Two. Selected tables and charts, as noted in the sources listed beneath each exhibit, were provided by BAE Urban Economics.

1.0 Introduction

This White Paper provides baseline data on Moraga's economy. It is intended to inform policies and actions in a new Economic Vitality Element of the Moraga General Plan.

The White Paper begins by describing Moraga's economic base—in other words, the economic activities that occur within the town. This includes statistics on the Moraga workforce, as well as the employment characteristics of Moraga residents. Most of the report is focused on market conditions for retail and office uses. Market strengths and weaknesses are noted, and the effects of changing trends in working and shopping are described. Residential market conditions are not addressed here, as that topic was comprehensively addressed by the 2023-2031 Housing Element adopted in January 2023.

Data for Moraga is presented in the context of the town's relationship to the region around it. This includes the immediately adjoining cities of Lafayette and Orinda, as well as the broader regional market area that includes Walnut Creek, Danville, Pleasant Hill, and other parts of Central Contra Costa County. Multiple real estate industry sources are cited, allowing statistical comparisons between cities, a better understanding of trends over time, and quantitative benchmarks that can help shape new policies.

This White Paper is not a market study or fiscal analysis. Its intent is to provide insight into the economic opportunities and challenges that exist in Moraga today. In addition to providing baseline data, the report incorporates the observations of key stakeholders, including the owners of the town's two largest shopping centers, local commercial real estate professionals, small business owners and business organizations, civic groups and service clubs, and Saint Mary's College.

Based on zoning alone, Moraga appears to have a sufficient supply of commercial land to meet its economic needs for the 15-year horizon of General Plan 2040. The Town has over 140 acres zoned for commercial or mixed-use activities and a significant amount of gross leasable floor space. However, commercial land is not being used as productively as it might be. Key parcels have remained vacant for decades, and some of the existing buildings are underutilized.

The overarching goal of the new Economic Vitality Element is to invigorate the town's commercial districts in ways that support existing businesses, bring in new business, provide goods and services for Moraga residents, improve the Town's fiscal health and stability, and create vibrant, attractive places to live, work, dine, and shop. The Town has a unique opportunity to transform its two commercial centers in ways that strengthen Moraga's sense of place and create a more complete community.

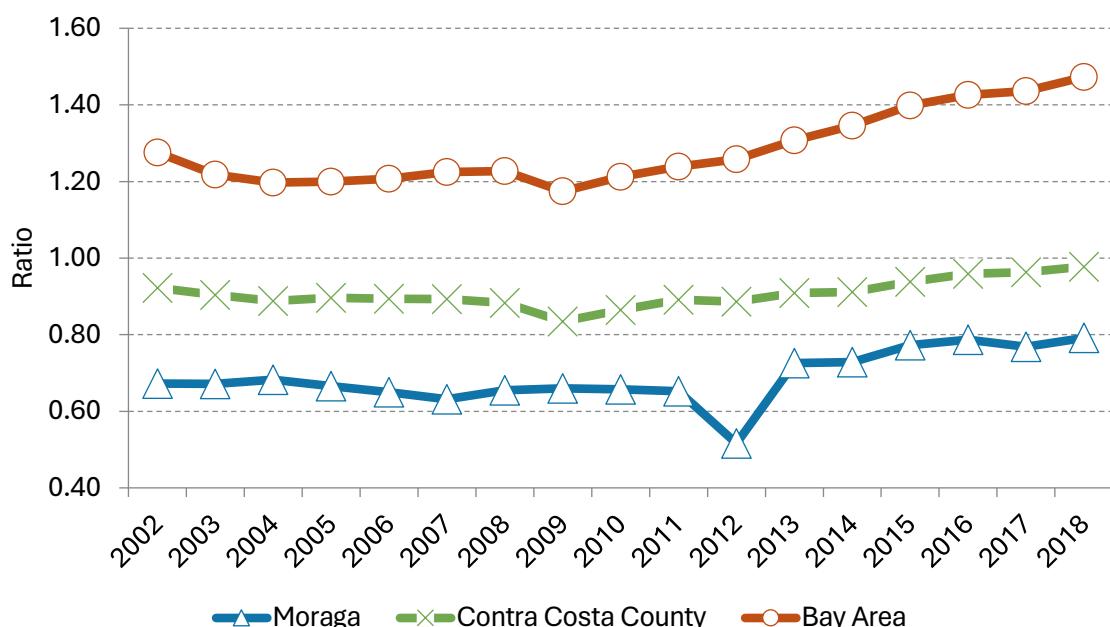
2.0 Moraga's Economy

2.1 *Jobs-Housing Balance*

Based on US Census (American Community Survey) data for 2015 to 2019, there are 7,419 employed residents and 5,754 persons working¹ in Moraga. The ratio of jobs to employed residents is 0.78; thus, Moraga is a net “exporter” of workers. On a typical workday, more people leave the town to go to jobs in other cities than arrive to work at jobs in Moraga. This data pre-dates the COVID-19 pandemic. In 2024, it is likely that a larger number of employed residents are teleworking and remain in the town during the workday.

The ratio of Moraga-based jobs to Moraga households is 0.97—this is well below the Bay Area average of 1.5. The ratio is consistent with Moraga’s role as a primarily residential community rather than an employment center. Most jobs in the town are associated with local goods and services or the education sector, including public schools and Saint Mary’s College. Chart 1 shows the jobs-households ratio in the Bay Area, Contra Costa County, and the Town of Moraga over a 16-year period between 2002 and 2018. Regionally, the ratio has increased faster than it has in Moraga and the county as a whole, creating increased pressure on the housing market as residential construction has lagged job growth.

Chart 1: Ratio of Jobs to Housing in Moraga, Contra Costa County, and Bay Area, 2002-18

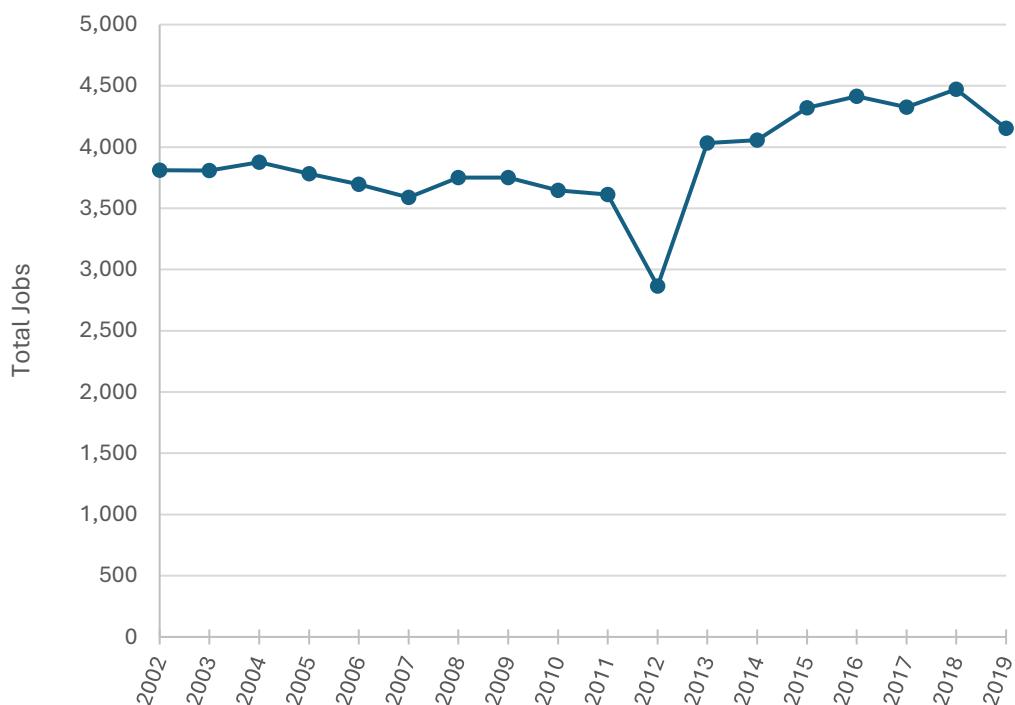


Sources: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, Workplace Area Characteristics (WAC) files (Jobs), 2002-2018; California Department of Finance, E-8 and E-5 (Households)

¹ “Employed residents” refer to people who live in a specific jurisdiction who are employed (they may work elsewhere). “Jobs” in a jurisdiction are counted by their primary location (the persons who fill those jobs may live elsewhere).

Chart 2 shows jobs in the Town of Moraga between 2002 and 2019 using data from the Census Bureau. The total number of jobs shown here (about 4,200) is smaller than the 5,754 jobs documented by the Association of Bay Area Governments (ABAG) due to differences in sampling, reporting (of part-time employment, etc.), and methodology. Chart 2 indicates that the number of jobs in Moraga increased by about 9 percent between 2002 and 2019, a slightly faster rate than population growth but a slower growth rate than was experienced in the Bay Area and Contra Costa County. The dip associated with the 2009-12 recession is evident, with Moraga's employment base dropping below 3,000 jobs in 2012. The town rebounded in 2013 and had a relatively constant number of jobs through 2019. While data is not available for 2020-2023, there was a regional loss of jobs in 2020 associated with the pandemic, followed by recovery in 2021-23. Moraga was more resilient than the region's larger employment centers during the pandemic, since it had a larger share of jobs in essential services, including education, retail trade, and health care.

Chart 2: Jobs in Moraga, 2002-2019



Universe: Jobs from unemployment insurance-covered employment (private, state and local government) plus United States Office of Personnel Management-sourced Federal employment

Notes: The data are tabulated by place of work, regardless of where a worker lives. The source data are provided at the Census Block level. These are crosswalked to jurisdictions and summarized.

Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, Workplace Area Characteristics (WAC) files, 2002-2019.

There is currently an imbalance between the wages paid to persons working in Moraga and the affordability of housing in Moraga. This imbalance has grown worse over time, making it harder for the workforce to find housing near their jobs. Many of those who work in Moraga face long daily commutes. In 2018, 70 percent of all jobs in Moraga paid wages that were below \$75,000/annually.² Even a household with two employed residents earning this wage would have difficulty buying a home in the town.

While rental housing is more affordable, the supply is very limited. The local market also includes Saint Mary's college students and staff, who likewise face a shortage of affordable housing options. Given the wages paid by local jobs, there is pent-up demand for additional rental housing supply as well as more affordable home ownership opportunities. In the absence of such housing, many workers will continue to face long commutes and increasing congestion, creating obstacles to Moraga's economic success.

2.2 Composition of Resident Employment

Based on recent (2022) Census data, about 46 percent of Moraga's employed residents work within Moraga. The other 54 percent commute to another city for work. Table 1 shows the employment sectors in which Moraga residents work using standard Census classifications. This includes all employed persons who are living in Moraga, whether they work inside or outside town boundaries. Data for Contra Costa County is provided for comparison.

Educational Services and Health Care is the largest sector in which Moraga residents are employed, with more than one in four employed residents in this part of the workforce. This sector is also the largest in Contra Costa County although its share is larger in Moraga than it is countywide. Professional, scientific, management, administrative, and waste management services represent the second largest sector, accounting for almost 24 percent of employed resident jobs. This is substantially larger than the share for the county, which was 17 percent.

Moraga has smaller percentages of residents employed in construction, manufacturing, transportation, and public administration than the county as a whole, reflecting the size and residential character of the community. It exceeds the county's share in wholesale trade, and finance, insurance, real estate, and leasing. Moraga has a smaller percentage of residents working in retail trade and arts, entertainment, and hospitality than Contra Costa County as a whole.

Other Census data tables indicate a relatively high percentage of employed Moraga residents who are in management occupations rather than service, sales, or manufacturing occupations. These include residents in business and financial operations, as well as legal, computer, engineering, and medical fields. Overall, the composition of employed residents reflects a primarily "white collar" workforce compared to the more diverse workforce countywide.

² American Community Survey, 2022, BAE, 2023

Table 1: Resident Employment by Industry in Moraga and Contra Costa County (*)

Economic Sector	Contra Costa County		Town of Moraga	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining	3,560	0.6%	8	0.1%
Construction	44,168	7.7%	168	2.3%
Manufacturing	35,661	6.2%	442	5.9%
Wholesale trade	11,875	2.1%	324	4.3%
Retail trade	57,850	10.1%	620	8.3%
Transportation and warehousing, and utilities	33,731	5.9%	236	3.2%
Information	14,165	2.5%	140	1.9%
Finance, insurance, and real estate; and rental and leasing	43,686	7.6%	938	12.6%
Professional, scientific, and management, and administrative and waste management services	98,469	17.2%	1,762	23.6%
Educational services, health care, and social assistance	130,630	22.8%	1,929	25.9%
Arts, entertainment, recreation, accommodation and food services	46,990	8.2%	517	6.9%
Other services, except public administration	28,017	4.9%	191	2.6%
Public administration	24,851	4.3%	185	2.5%
TOTAL	573,653	100.0%	7,460	100.0%

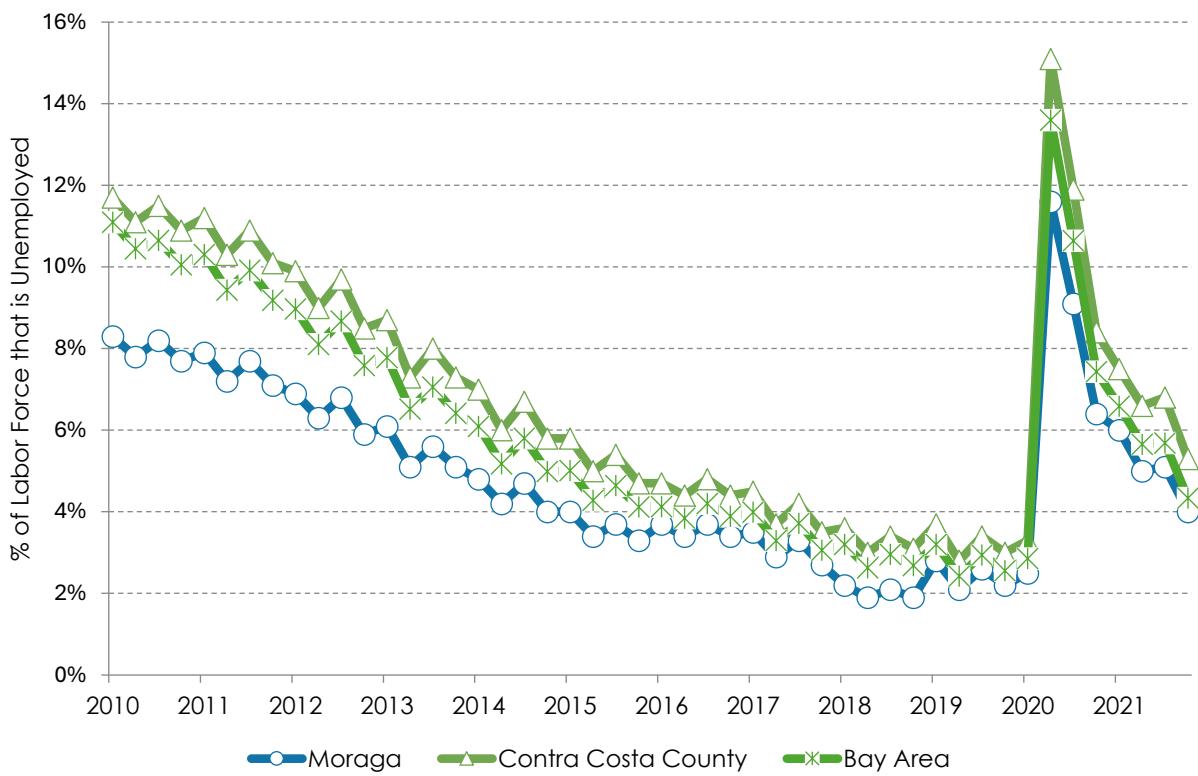
Source: American Community Survey, 2024 (for 2018-2022)

(*) Column 4 indicates the number of Moraga residents employed in each sector. The geographic location of these jobs is not necessarily in Moraga; many residents commute elsewhere to work.

2.3 Unemployment

As shown in Chart 3, unemployment trends in Moraga mirror those for the county and the Bay Area, declining gradually from the end of the Great Recession through the beginning of 2018. All three geographies showed a dramatic upward spike in unemployment due to impacts related to the COVID-19 pandemic, with general improvement and recovery beginning in the later months of 2020.

Moraga's unemployment rate is consistently below the Bay Area average, while Contra Costa County's rate is typically somewhat higher than the regional average. According to the California Employment Development Department (EDD), Moraga's unemployment rate in 2022 was 3.2 percent while the countywide rate was 3.5 percent.

Chart 3: Unemployment Rate

Source: California Employment Development Department, Local Area Unemployment Statistics (LAUS), Sub-county areas monthly updates, 2010-2021.

2.4 Local Business Characteristics

Table 2 provides data about Moraga businesses from the most recent available Economic Census (2017). This census is updated every five years, but 2022 data has not yet been published. The data indicates the number of establishments in the town by NAICS code—each code corresponds to a different business category. Where there are only a few businesses in a category the data is undisclosed by the census in order to protect the confidentiality of individual businesses. As a result, the total number of businesses in each column are less than the totals for the town as a whole.

The table provides a useful benchmark for evaluating Moraga's economy, including its prevalence of small independently owned businesses. The largest number of individual businesses is in the professional, scientific, and technical sector. The 68 businesses in this sector are small, with an average of just three employees per business. There are 24 finance and insurance sector

businesses, also averaging three employees per business. Retail businesses tend to be somewhat larger and include a combination of national chains and small locally-owned enterprises.

Table 2: Economic Census of Moraga Businesses

Sector	NAICS Code	# of Establishments	Sales, value of shipments or revenue	# of Employees
Wholesale Trade	42	9	\$ 12,201,000	31
Retail Trade	44-45	33	\$ 104,678,000	435
Information Services	51	UD	UD	UD
Finance and Insurance	52	24	UD	75
Real Estate, Rental, Leasing	53	9	\$ 5,278,000	20
Professional, Scientific, Technical	54	68	\$ 50,964,000	209
Admin Support/Waste Management	56	18	\$ 13,034,000	94
Educational Services	61	7	\$ 2,697,000	28
Health Care/Social Assistance	62	26	\$ 39,873,000	581
Arts, Entertainment, Recreation	71	7	\$ 6,118,000	91
Accommodation/Food Services	72	22	\$ 19,981,000	285
Other Services (except public admin)	81	26	\$ 43,535,000	234

Source: US Economic Census, 2017

NAICS = North American Industry Classification System. For a list of the specific businesses in each sector, click [here](#).

UD = Undisclosed by federal source to avoid disclosing data for individual companies

Table 2 excludes some of the largest employers in Moraga, as it is focused on private businesses and non-profits. It excludes Saint Mary's College, which is the largest employer in Moraga (about 700 employees). It also excludes public administration, including the Moraga Unified School District, Acalanes School District, and the Town of Moraga. Tax-exempt institutions such as churches also are excluded.

Among the employers listed in Table 2, the sector with the largest number of employees is health care and social assistance. There are 26 businesses in this sector, employing nearly 600 people. This sector includes physicians, dentists, optometrists, therapists, nursing homes, and other care providers. Retail trade is also a large sector, with 33 retailers and 435 local employees. The largest retailers in the town are Safeway, TJ Maxx, Dollar Tree, Home Goods, and Outdoor Supply Hardware. There are an estimated 22 accommodation or food service businesses, employing nearly 300 people.

3.0 Retail Market

3.1 *National Retail Trends*

Moraga's ability to attract and retain retail businesses is impacted by changes occurring at the global and national levels. In 2024, residents shop differently than they did in 2002 when the General Plan was last updated. Retail has been affected by long-term trends such as the rise of e-commerce and online shopping, as well as short-term trends such as the COVID-19 pandemic. The retail sector has had to adapt as demand for brick-and-mortar stores has declined. Today, successful retail environments emphasize experiences and entertainment rather than traditional comparative shopping.

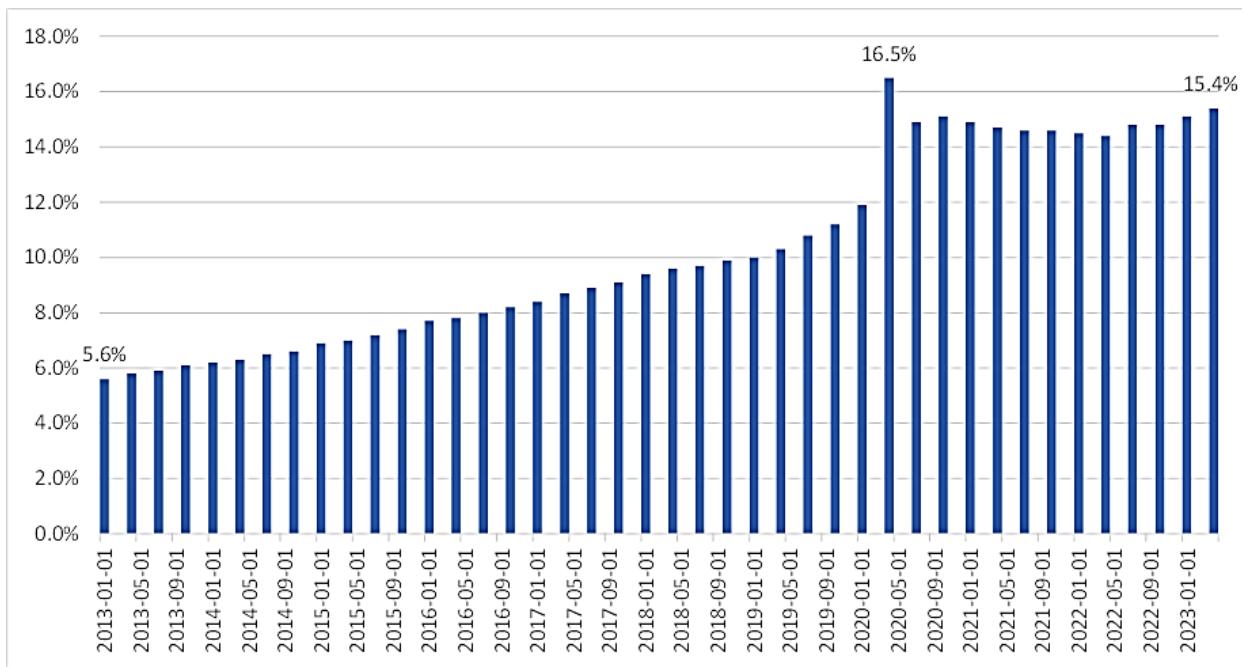
The COVID-19 pandemic completely disrupted the retail sector in 2020. While retail is recovering from the pandemic, the store closures and changing purchasing habits that occurred led to great economic uncertainty. Much of the retail square footage in the United States was temporarily closed. Most of this space has since returned to productive use. However, supply still exceeds demand in some markets, leading more space to be vacant or repurposed for new uses. COVID accelerated the shift to on-line sales, as well as on-line food delivery services. It also resulted in new trends such as outdoor dining, “contactless” menus, and curbside pickup.

Some sectors of the retail economy have fared better than others. Stores that meet non-discretionary household needs such as grocery stores and pharmacies are performing relatively well and have been less impacted by changing consumer habits and online sales. On the other hand, department stores, electronics, apparel shops, sporting goods, bookstores, personal care, home furnishings, and general merchandise stores have fared poorly and seen significant declines in employment in recent years. “Mid-priced” retailers have been harder hit than “value” retailers or “luxury” retailers. Emerging retail sectors in higher income markets are focusing on personalized products, niche goods, and exceptional customer service.

Chart 4 illustrates the growth of e-commerce in the United States over the last 10 years. In the first quarter of 2013, on-line sales accounted for 5.6 percent of total retail sales. By the first quarter of 2020, this had increased to 12 percent. The pandemic caused a spike in on-line sales during the second quarter 2020, with the share rising to 16.5 percent. This subsided only moderately as retailers reopened in 2021 and 2022. As of the first quarter of 2023, on-line sales account for 15.3 percent of all retail sales. The percentage is projected to top 20 percent by 2027.

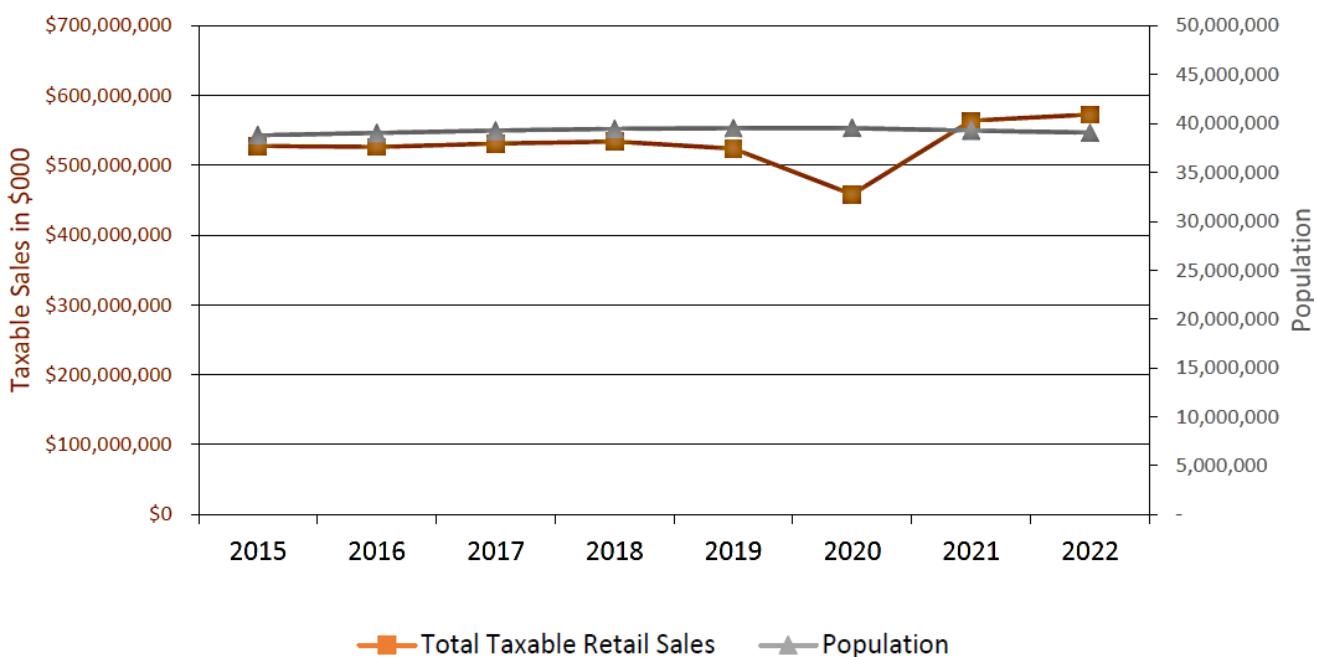
Chart 5 shows total taxable sales in California between 2015 and 2022, overlaid with population growth during that time period. The pandemic-related decline in 2020 is immediately apparent. Total sales rebounded in 2021 and 2022, exceeding their pre-pandemic levels even while California's population declined slightly. After peaking at 39.5 million in 2020, the state's population was estimated to be 39.1 million in 2023, a loss of 400,000 residents in three years. Taxable sales in 2022 were higher than they were in 2019, despite net migration out of the state in 2019-2022. The overall increase between 2015 and 2022 was roughly 10 percent.

Chart 4: On-Line Sales as a Percentage of Total Retail Sales in the U.S., 2013-2023



Sources: U.S. Department of Commerce, Quarterly Retail E-Commerce Sales; GRES, and BAE, 2023

Chart 5: California Taxable Retail Sales Trends, 2015-2022



3.2 Local Drivers of Retail Demand

Moraga households tend to have higher household incomes than Contra Costa County as a whole. Median household income in Moraga was \$193,707 (2022) and median family income was \$245,551 (2022). The comparable figures for Contra Costa County are \$120,020 and \$139,078. This gap has widened over the last 20 years. In 2000, the median household income in Moraga was 59 percent higher than the county average. In 2022, it was 62 percent higher.

Moraga is adjoined by two communities with even higher median incomes. In 2022, the median household income in Lafayette was \$219,250 and in Orinda it was over \$250,000. All three communities have extremely high rates of educational attainment; in Moraga, 79.9 percent of residents over age 25 have a bachelor's degree or higher. Collectively, the three cities (collectively referred to as Lamorinda) have roughly 60,000 residents and form one of the East Bay's Area's most affluent sub-markets.

The median age in Moraga is 41.3 years, which is lower than Orinda and Lafayette due to the larger number of college students residing in the community. About 17 percent of the town's residents are 18-24 years old, compared to 5.5 percent in Lafayette and 4.1 percent in Orinda. Nonetheless, Moraga's largest age cohorts consists of older adults. Approximately 21 percent of the town's residents are 65 years or older and roughly a quarter are 45-64. There are relatively few young families in the town, with just 11 percent of the population in the 25 to 39 age group (compared to 19 percent countywide). This reflects the high cost of housing in the community, as well as the limited supply of rental units and entry-level housing.

Home prices in Moraga are among the highest in Contra Costa County, though they lag Orinda and Lafayette slightly. Zillow reports the average sales price in 2023 was \$1,696,000 in Moraga, \$1,843,710 in Lafayette, and \$1,936,485 in Orinda. All of these figures are more than twice the countywide average of \$793,190. Moreover, Moraga's figure increased by 2.1 percent in 2023 while countywide prices were flat.

While many Moraga residents spend a disproportionately high share of their incomes on housing, there are also a substantial number of long-term residents who are enjoying the benefits of rising equity. Home prices have more than doubled since 2012. Approximately 31 percent of the town's homeowners have lived in their current residence since before the year 2000, and another 21 percent moved in before 2010.

One of Moraga's challenges is slow population growth, which is caused at least in part by the slow pace of housing construction. Between 1980 and 2000, the Town added nearly 800 housing units. Between 2000 and 2020, it added just 172 housing units. Nearly all were classified as "above moderate income" housing units. Population growth between 2000 and 2020 was just 2.9 percent, well below the 14.2 percent growth in the Bay Area as a whole.

3.3 *Retail Supply in Moraga*

Moraga has two commercial centers—one located in Moraga Center near the intersection of Moraga Way and Moraga Road, and the other located near the intersection of Rheem Boulevard and Moraga Road. The location of these two centers is shown in Figure 1.

A notable aspect of the town's land use and development pattern is that there are no free-standing commercial uses outside of these two areas (excluding activities such as wineries, swim clubs, and home-based businesses). The two commercial centers are both suburban in form, rather than urban or "village" like. They are among the first suburban shopping centers developed in the East Bay, and were both designed for convenient automobile access, with ample parking. Figures 2 and 3 show the footprint of each commercial area, including the major retailers present.

The primary trade area for these shopping centers has always been Moraga itself, with some draw from a secondary trade area that includes Lafayette and Orinda. Parts of southern Orinda are closer to Moraga Center than they are to Downtown Orinda or Lafayette. In general, the Town does not compete with regional centers such as Walnut Creek, which have a larger trade area and offer comparison goods such as appliances, home furnishings, and automobiles. Both the Moraga and Rheem Valley Shopping Centers fit the definition of community-scale shopping centers, in terms of their size (125,000 – 400,000 square feet) and tenant mix (general merchandise, discount stores, groceries, sporting goods, hardware, pharmacies, specialty stores, etc.).

A profile of each center is provided below.

Moraga Center

Moraga Center originated as a railroad-focused townsite in the early 1900s, with a few small businesses such as a hotel and mercantile. Commercial development was slow during the Depression and War years and was centered around agricultural activities such as packing sheds and a commissary. In 1953, the Moraga Ranch was sold to Utah Construction and Mining Company, which initiated plans to build 8,000 homes in the Moraga Valley. Later in the 1950s, Caltrans began planning a freeway from Oakland to Concord through Moraga, along with another freeway connecting Gateway Valley (west of Orinda) to Moraga.

In 1964, Russell Bruzzone acquired much of the Utah Construction and Mining Company's lands and began development of the Moraga Shopping Center. Shopping Center plans reflected the needs of a significantly larger number of homes than were actually built as well as anticipated regional access by freeways that were never constructed. The design of the new shopping center in the 1960s reflected best practices of the time, with attractive one-story buildings, ample parking, and a Mission Revival architectural theme.

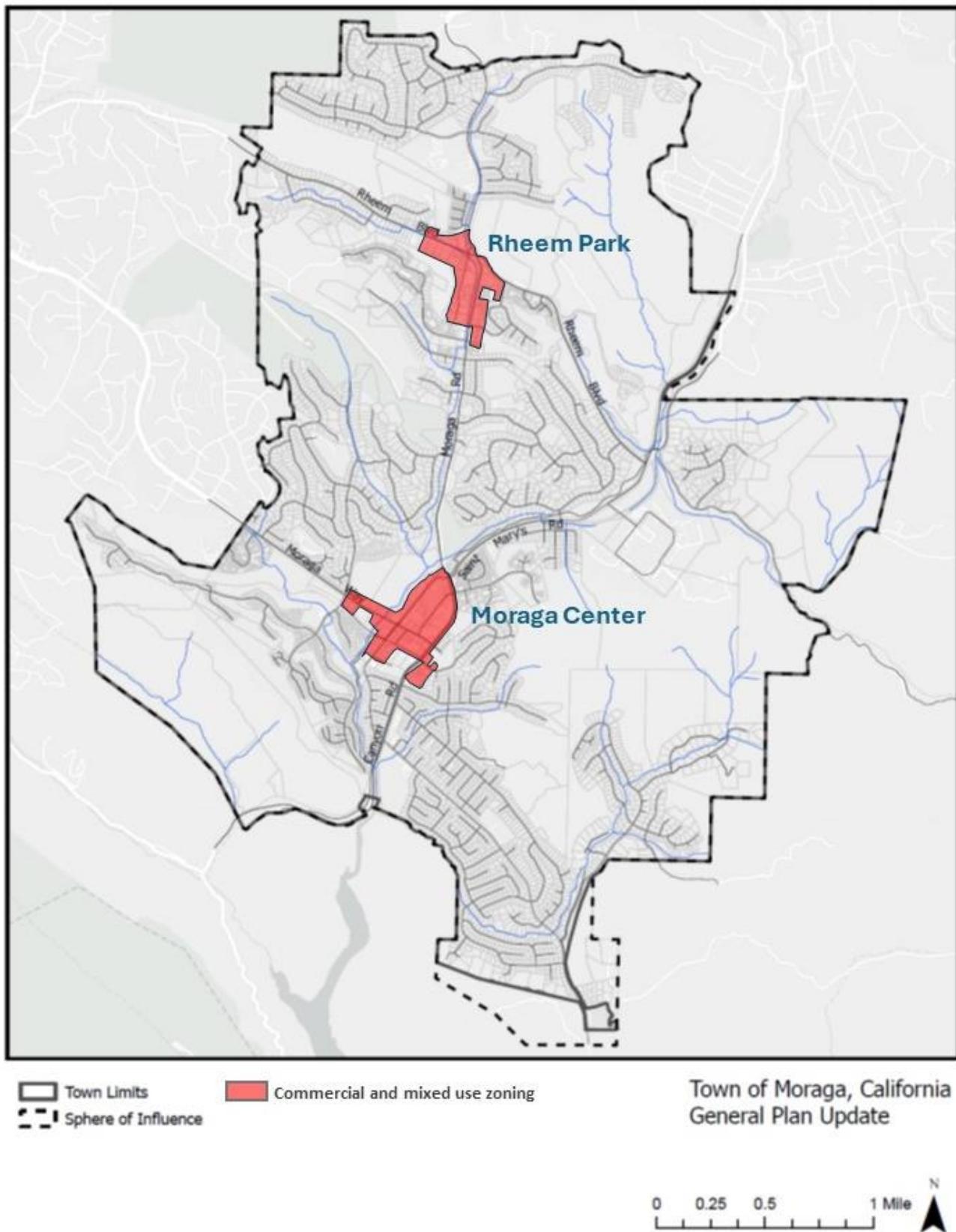


Figure 1: Moraga's Commercial Districts

Figure 2: Moraga Center Area



Figure 3: Rheem Valley Shopping Center Area



Today, Moraga Center includes approximately 125,000 square feet of retail space. It is anchored by a Safeway Store, which is currently the only full-service supermarket in Moraga. The shopping center also contains a hardware store, a liquor store, several restaurants and food service businesses, a UPS store, a hair salon, a beauty supply store, a dry cleaners, and miscellaneous other small retail and service businesses. A majority of the businesses are local “mom and pop” stores rather than national chains. Some of the space originally intended as retail or restaurant space has been converted to other uses, including a pre-school and a batting cage practice facility. Figure 2 shows retail tenants in the Moraga Center and environs as of January 2024.

Some of the retail space is vacant. The 22,000 square foot junior anchor space formerly occupied by McAulou’s Department Store is currently for lease. A vacant former fast food restaurant on Moraga Way is also for lease. The Moraga Garden Center was closed in 2021, after 50 years in business.

Based on responses to the 2022 Moraga Housing Element Resident Survey, residents appreciate and like the Moraga Shopping Center, but find it lacks the vitality it once had. Some residents commented that the center needed a “refresh,” including maintenance, paint, landscaping, and lighting improvements.

Moraga Center is complemented by other commercial uses around the shopping center. There are several free-standing banks on the perimeter and three gas / service stations along Moraga Road. There is a 44,000 square foot Outdoor Supply Hardware (formerly Orchard Supply Hardware) immediately south of the Shopping Center on Moraga Way. There is also a weekend Farmers Market that occurs in the Shopping Center parking lot.

One of the most successful recent additions to this commercial district is Canyon Club Brewery, operating at the corner of Country Club Drive and Canyon Road. Its outdoor dining areas and family vibe are a popular draw, and the restaurant has become a community gathering place. Some of the original Moraga Ranch buildings also house commercial uses, including the Ranch Café on School Street. Other parts of the Moraga Ranch are not accessible to the general public but are being used for commercial activities such as recreational vehicle storage.

Beyond the retail center, Moraga Center includes the town’s largest concentration of office space, primarily along Country Club Drive and School Street. There are also commercial service businesses in the area, including a dance studio, a café, and several veterinary clinics. Other uses in the area include the Saklan School and two churches.

Moraga Center also includes a substantial amount of vacant land, especially at the north end of School Street. This area presents opportunities for new housing, commercial, and mixed use development, as envisioned by the Moraga Center Specific Plan adopted in 2010. Initial rezoning of the area occurred in 2010, with supplemental zoning changes in 2020 (as part of the MCSP Implementation project) and 2023 (as part of the Moraga Housing Element). The 2023 Housing Element identified specific sites for 946 new units in Moraga Center, mostly on undeveloped land. This would expand the customer base for the Center and boost the market for retail space.

Rheem Valley Shopping Center

The Rheem Valley commercial district (referred to in the General Plan as Rheem Park) is 1.6 miles north of the Moraga Center along Moraga Road, the main thoroughfare linking Moraga to Lafayette. Donald Rheem began construction on the Rheem Valley Shopping Center in 1953, with the Rheem Theater completed in 1957. Like the Moraga Center, the Shopping Center was designed with the expectation that Moraga would be a much larger community than it is today. In the 1970s and 80s, the shopping center was complemented by professional office development on its perimeter, providing local services such as insurance, veterinary care, and real estate.

The Rheem Valley Center is a few years older than the Moraga Center, with most of the original retail buildings completed in 1955. The center is linear in layout, forming an “L” shape along Rheem Boulevard and Moraga Road. The Rheem frontage includes a separate dedicated public street (Park Street) between Rheem Boulevard and the store frontages, providing access to diagonal storefront parking. Similarly, the Moraga Road frontage includes a separate dedicated public street (Center Street) which separates the store frontages from the parking lots. Functionally, Center Street is a parking aisle rather than a formal street, providing access to diagonal storefront parking for the length of the shopping center.

The shopping center extends roughly 1,600 linear feet from north (Nation’s Restaurant) to south (Home Goods). It includes 165,000 square feet of floor space. Major tenants include CVS, Home Goods, TJ Maxx, Dollar Tree, and Dover Saddlery. The center is also home to Moraga’s post office and multiple smaller shops and restaurants. A portion of the center facing Park Street includes a second story with offices on the upper floor. Whereas the Moraga Shopping Center is almost entirely tenanted with “mom and pop” stores, the Rheem Valley Shopping Center includes a larger number of national chains.

The shopping center contains a substantial amount of surface parking between Center Street and Moraga Road. Several free-standing (“pad”) buildings are located in the parking lot, and on separate parcels facing Moraga Road. These include a Taco Bell and Starbucks, a private gym, a gymnastics studio, and several vacant buildings for lease. There are also plans for two new pad buildings, along with a plan to replace vacant space north of CVS with a new grocery store. The Moraga Road frontage includes a bank, a gas station, and two auto repair businesses.

Retail space outside the shopping center accounts for another 70,000 square feet within this district, including businesses such as 24-hour Fitness and the Rheem Theater. The Rheem Theater is functionally part of the shopping center but is a separate parcel under separate ownership. The 22,800 square foot building includes the theater, retail shops and restaurant space. Built in 1957, the theater façade is beloved by Moraga residents, and continues to show first-run films.

As in the Moraga Center, there are other commercial uses in this district that complement the shopping center. These include a 7-11 convenience store, a veterinary clinic, a dental office, a gas station, and a self-storage business on Moraga Road, several restaurants on Moraga Road and Rheem Boulevard, and a 24-hour fitness, convalescent home, and several office buildings on

Rheem Boulevard. There are also several civic uses in this District, including Town Offices (329 Rheem), the Town Council Chambers, and Moraga-Orinda Fire District (MOFD) station 42. This district also includes administrative facilities owned by Saint Mary's College, located in a converted Lucky's supermarket at the northwest corner of Rheem Boulevard and Moraga Road.

The Rheem Valley commercial district has the potential for additional commercial and residential infill development. As part of the 2023 Housing Element process, the district was rezoned for mixed use development, including housing at densities up to 24 units per acre. There is a precedent for such development in this district, as the former Rheem Valley bowling alley was redeveloped with 17 small-lot single family homes (Via Moraga) in 2017. The Housing Element estimated the potential for 366 additional housing units in this commercial district based on zoning and the presence of several vacant or underutilized sites.

3.4 Performance Metrics for Moraga's Retail Centers

A variety of metrics are used by real estate professionals to evaluate the performance of retail shopping centers. These include sales volumes, the number of visits (e.g., trips to the center), average time spent at the center, and the origin and destination of trips to and from the center. The metrics are tracked using big data and artificial intelligence (AI) through such smart phone tracking and similar technology. The data cited below is from Placer AI, an industry leader in this field. Placer AI data is filtered to distinguish between unique visits and regular visits for the trade area, which includes Lafayette, Moraga, and Orinda.

The data indicates that the Rheem Valley Center is performing at a much higher level than the Moraga Center, with nearly six times the number of visits per year and three times the number of visits per square foot. Rheem has also seen annual visits growing at a faster rate than Moraga Center. The average time a shopper spends visiting each center is about the same, while the demographics of visitors suggest a slightly older and more affluent customer base at Moraga Center.

Table 3 presents a comparison of metrics for the two centers. Square footage for the Moraga Center excludes the Safeway Store and consists of the retail buildings on either side of the central access aisle. Several of these buildings are vacant. Square footage for the Rheem Valley Shopping Center excludes the Rheem Theater, properties north of Rheem Boulevard and east of Moraga Road, and several of the independently owned properties within the shopping center complex.

Placer AI ranks and compares how well shopping centers are doing in comparison to other centers in the area. With 1.8 million annual visits, Rheem Valley Shopping Center has a relatively high number of visits relative to other shopping centers in central Contra Costa County. For instance, Village Square in Orinda attracts 724,600 visits a year while Sycamore Square in Danville attracts 779,700. Out of 16,833 comparable U.S. shopping centers in the "Strip/Convenience" category, Rheem ranks 447th in terms of annual visits. It is the 86th busiest center in California in terms of annual visits, out of a field of 2,168 centers. In a follow up discussion with the shopping center owner, it was shared that Rheem Valley Shopping Center is a top 50% performer. This is due in part to national brands such as CVS, TJ Maxx, Taco Bell and Home Goods.

By comparison, the Moraga Shopping Center's 330,800 annual visits place it at 8,431 among 16,833 convenience/strip shopping centers nationwide and 1,288th in California. Safeway is excluded from the Placer AI data for Moraga Center but is identified as a major driver of traffic to its businesses.

Table 3: Comparative Metrics for Moraga and Rheem Valley Shopping Centers for 2023

Basic Statistics	Moraga Shopping Center	Rheem Valley Shopping Center
Size (square feet)	83,400	163,600
Total Annual Visits	330,800	1,800,000
Visits Per Square Foot	3.97	10.87
Average Visit Time	47 minutes	51 minutes
Number of Annual Visitors	84,400	267,600
Median Household Income of Visitors	\$170,300	\$122,800
% of visitors with Bachelor's Degree or Higher	77.3%	65.2%
Median Age of visitors	44.0	40.3

Source: Placer.ai, Placer Labs, 2024

Table 4: Comparative Metrics for California Chain Store Tenants in Moraga in 2023

Center/Tenant	Annual Visits to Moraga Location	Rank Relative to All California Stores in Chain (by total visits)	Rank Relative to All California Stores in Chain (by total visits/ SF)
Moraga Shopping Center			
UPS Store	15,500	285/509	431/509
I-Tea	11,400	7/7	7/7
Rheem Valley Shopping Center			
TJ Maxx	445,200	63/97	89/97
Home Goods	337,800	49/72	60/72
CVS Pharmacy	251,500	194/741	292/741
Dollar Tree	122,900	494/619	445/619
Starbucks	102,800	1100/1800	1200/1800
Taco Bell	87,300	231/738	149/738
F45 Training	63,700	5/33	16/33
Mountain Mikes Pizza	26,600	105/216	107/216
US Post Office	21,100	267/590	567/590
Massage Envy	20,700	91/109	104/109
Dover Saddlery	20,300	2/3	3/3

Source: Placer.ai, Placer Labs, 2024

Table 4 provides data on the annual number of visits to the major chain stores in the Moraga and Rheem Valley Shopping Centers. It also compares the performance of each store to the company's other California locations. The data is provided on a gross basis (e.g., for the entire store) and on a square foot basis, to account for store size. Data is based on visits rather than sales, and is AI generated, which creates a potentially large margin of error. Nonetheless, it provides a useful benchmark for evaluating overall retail performance.

The data indicates more robust chain store activity at Rheem Valley Shopping Center than Moraga Center, with a larger number of stores as well as visits. Moraga Center's tenants include a higher percentage of local, independently owned businesses, particularly restaurants. Rheem Valley includes a number of major retailers, the largest being TJ Maxx, Home Goods, and CVS. In most cases, the Moraga locations are in the middle to low range relative to other locations in the state. For instance, the TJ Maxx store ranks 63rd out of 97 locations in terms of total visits and 89th out of 97 in terms of visits per square foot. CVS ranks stronger relative to its other California locations, with the Moraga location performing in the top 50 percent. On a square foot basis, the local Taco Bell ranks 149th out of 738 California locations, placing it close to the top 20 percent.

Table 5 provides comparative visitor journey data for Moraga's two shopping centers. The data indicates the origin of incoming trips to each shopping center and the destination of visitors after they leave each center. Data for the two shopping centers are similar. Most patrons begin their trips at home and then return home after their visit. A much smaller percentage stop on their way to or from work. Roughly 4.5 percent of the visitors to Moraga Center and 3.8 percent of the visitors to Rheem Valley are coming from Saint Mary's College. The data also indicates that visitors often go to the Moraga Safeway before or after they visit the shopping centers, and often visit the Rheem Valley Center after visiting 24-Hour Fitness.

Visits to the Rheem Valley Shopping Center are highest on Saturday and lowest on Monday. However, the difference is relatively small, with roughly 300,000 annual visits on Saturdays and 225,000 annual visits on Mondays. The center tends to be busiest between Noon and 4 PM, with visits dropping off sharply after 6 PM and virtually no visits between 10 PM and 6 AM. Most trips to the Rheem Valley Shopping Center are on Rheem Boulevard (via Glorietta and Moraga Way for longer trips) and Moraga Road (northbound to Lafayette and southbound to Moraga Center).

Visits to the Moraga Center are much higher on Sunday than any other day of the week, due to the Moraga Farmers Market. About 90,000 visits a year occur on Sunday, compared to just 25,000 on Monday and about 35,000 on Saturday. The Center tends to be busiest between 10 AM and 7 PM, with visits peaking at 3 PM. Most trips arrive on Moraga Road and Moraga Way, with Saint Mary's Road providing a secondary access. While the average stay is 47 minutes, a relatively large number of visits are less than 30 minutes.

Table 5: Comparative Visitor Journey Data for Moraga and Rheem Valley Shopping Centers

Origin/Destination	Where visitor trips originate prior to arriving at the center		Where visitor trips go after leaving the center	
	Moraga Ctr	Rheem	Moraga Ctr	Rheem
Home	62.3%	61.4%	66.8%	67.2%
Work	5.9%	6.9%	3.6%	3.8%
Saint Mary's College	4.5%	3.8%	3.0%	2.3%
24-Hour Fitness	N/A	1.8%	N/A	N/A
Moraga Safeway	2.0%	1.2%	3.7%	2.0%
Moraga Commons Park	1.5%	N/A	1.9%	0.9%

Source: Placer.ai, PlacerLabs, 2024

3.5 Vacancy and Rental Rates

Data on retail vacancy rates specific to Moraga is inconclusive. Costar, which is one of the leading real estate data sources in the country, indicates that Moraga has 596,761 square feet of retail space and a vacancy rate of 0.7 percent. However, the actual amount of retail floor space in Moraga is roughly 75 percent of this amount, and the vacancy rate is much higher. Based on field observations and real estate listings at both centers, the observed vacancy rate appears to be approximately 20 percent.

By contrast, the retail vacancy rate reported for Walnut Creek at that City's 2023 retail forum was 6.7 percent, on a base of 2.3 million square feet of retail space in that city. Much of that vacancy was associated with three specific anchor stores. Commercial real estate firm CBRE reported that the overall retail vacancy rate in the Bay Area was 5.2 percent at the end of 2023, a considerably lower rate than is observed in Moraga. Data from NAI NorCal indicates that the retail vacancy rate in the East Bay dropped to just 4 percent in 2023, after several years of rising vacancy rates during the pandemic. Costar data indicates vacancy rates of about 4 percent in Orinda and Lafayette. However, given the inaccuracy of their data for Moraga, this information may not be reliable.

Data on retail rental prices appears somewhat more reliable. Table 6 compares Costar data on Moraga's retail rent per square foot in 2013, 2022, and 2023 with retail rents in Orinda, Lafayette, Walnut Creek, Danville, and Concord during those years. The data indicates that retail cost per square foot in Moraga is comparable to Orinda and Concord, and substantially lower than Danville, Walnut Creek, and Lafayette. Over a 10-year period, rents have increased more in Moraga than they have in the other cities, although there was a decline between 2022 and 2023. Again, the small number of properties tends to skew the data.

Table 6: Comparative Data on Retail Rents in Moraga and Nearby Markets

	Moraga	Orinda	Lafayette	Walnut Creek	Danville	Concord
Avg Asking Rent/SF Q4, 2013	\$1.59	\$2.25	\$3.15	\$3.28	\$2.64	\$1.57
Avg Asking Rent/SF Q4, 2022	\$3.76	\$3.01	\$3.24	\$3.42	\$3.60	\$1.71
Avg Asking Rent/SF Q4, 2023	\$2.50	\$2.35	\$3.67	\$3.56	\$3.72	\$1.99
% change, 10 years	57.2%	4.4%	16.5%	8.5%	40.9%	26.8%
% change, 1 year	-33.5%	-21.9%	13.3%	4.1%	3.3%	16.4%

Source: Costar, BAE 2024.

Based on recent commercial real estate listings, monthly retail rents in the Lamorinda area are generally \$3 to \$3.50 per square foot—in other words, a 1,000 square foot storefront would rent for \$3,000-\$3,500 per month. Available spaces in older commercial buildings and areas without pedestrian traffic are typically in the \$2 to \$3 per square foot range. The \$2.50/SF rental rate cited by Costar for Moraga in 2023 appears fairly accurate based on actual listings in the area.

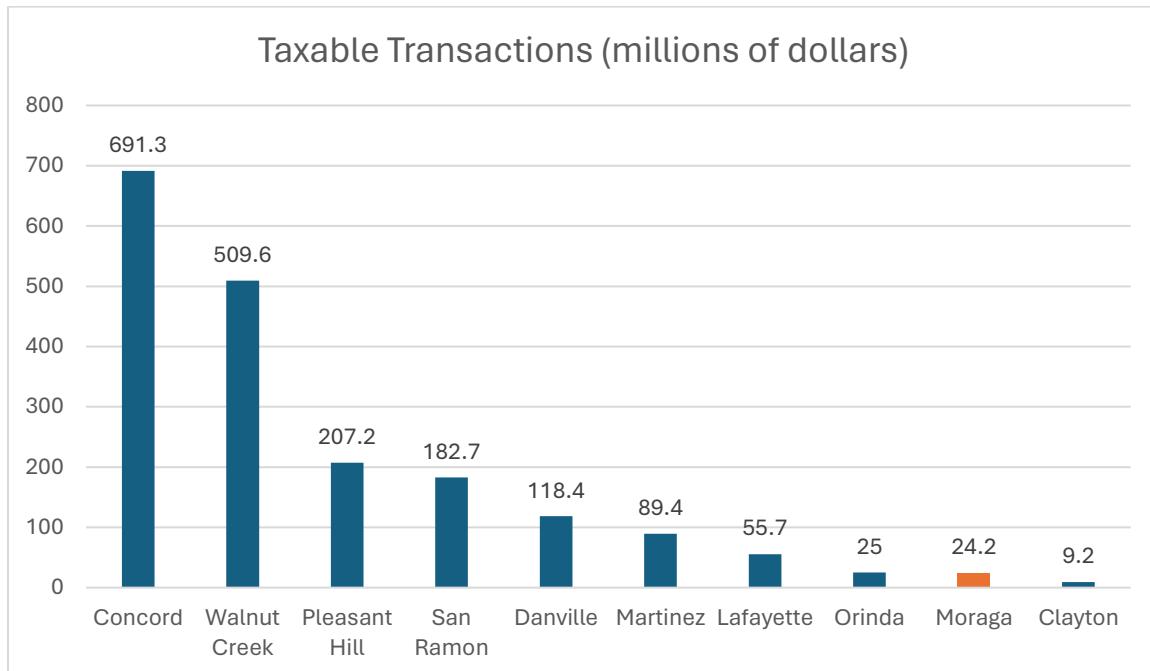
Rents in all three Lamorinda cities are below what is charged in premium retail districts such as Broadway Plaza in Downtown Walnut Creek. Downtown Walnut Creek commands significantly higher rents than the County as a whole, given its high volume of sales, traffic, and its role as a regional center. Pedestrian destinations such as Downtown Lafayette (Mount Diablo Boulevard near Oak Hill Road) and Danville (Hartz Avenue south of Diablo Road) have higher rental rates than the “strip style” shopping centers in Lafayette, Moraga, and Orinda, which tend to be more than 50 years old and lack modern amenities.

3.6 Comparison of Sales Tax Volumes

Charts 6 and 7 show a comparison of sales tax volumes among Central Contra Costa cities and towns during the most recent quarter for which data is available (2023, 3rd quarter). The cities/towns listed are Clayton, Concord, Danville, Lafayette, Martinez, Moraga, Orinda, Pleasant Hill, San Ramon, and Walnut Creek. Chart 6 shows total sales for all taxable transactions by jurisdiction. The highest grossing cities are shown first. Chart 7 shows total sales per capita, providing a more meaningful analysis of the data that takes population size into consideration.³ Chart 7 also includes the Contra Costa countywide average as a benchmark.

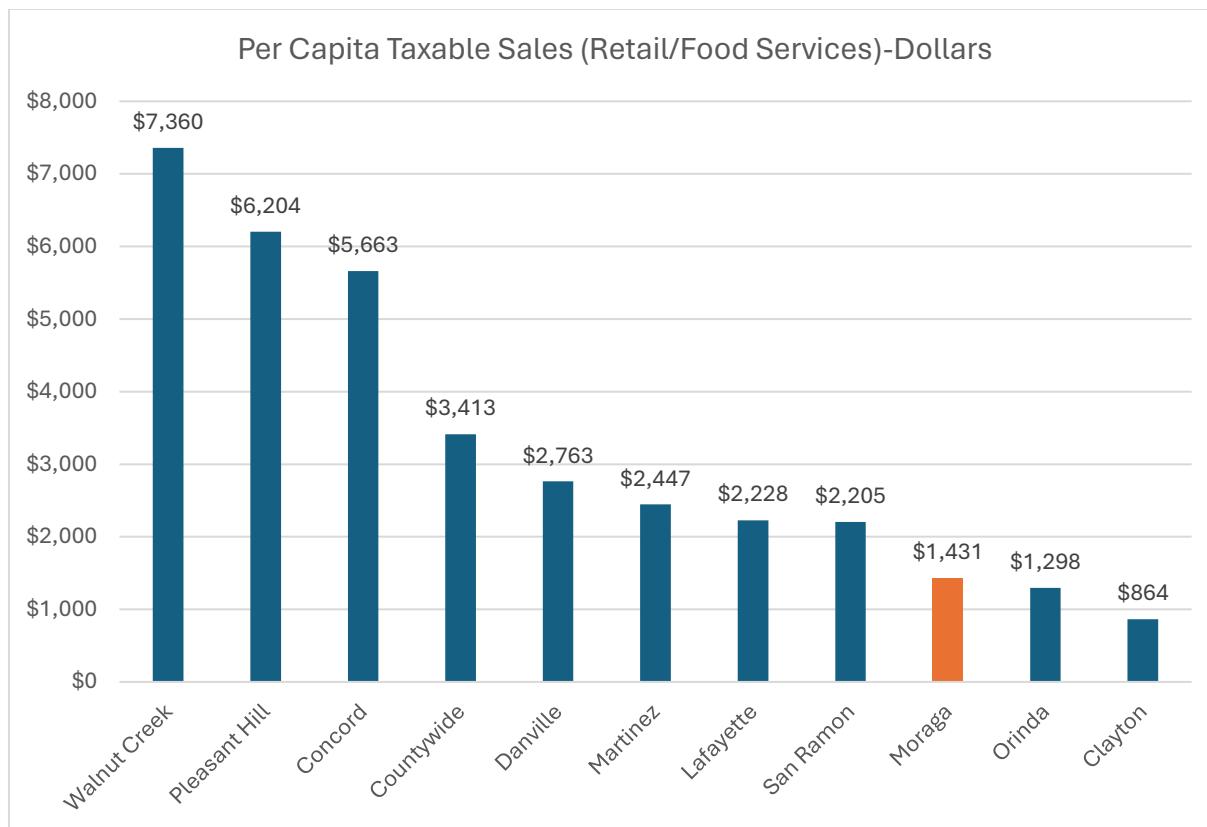
³ Sales per capita represents the total sales expenditures in a jurisdiction divided by the population of the jurisdiction. It is a common measure of the standard of living in an economy.

Chart 6: Total Retail and Food Taxable Sales by Jurisdiction, Central Contra Costa County Cities and Towns (3rd Quarter, 2023)



California Dept of Tax and Fee Administration, Taxable Sales by City 2024)

Chart 7: Total Retail and Food Taxable Sales Per Capita, Central Contra Costa County Cities and Towns (3rd Quarter, 2023)



California Dept of Tax and Fee Administration, Taxable Sales by City (2024), State Dept of Finance (2024)

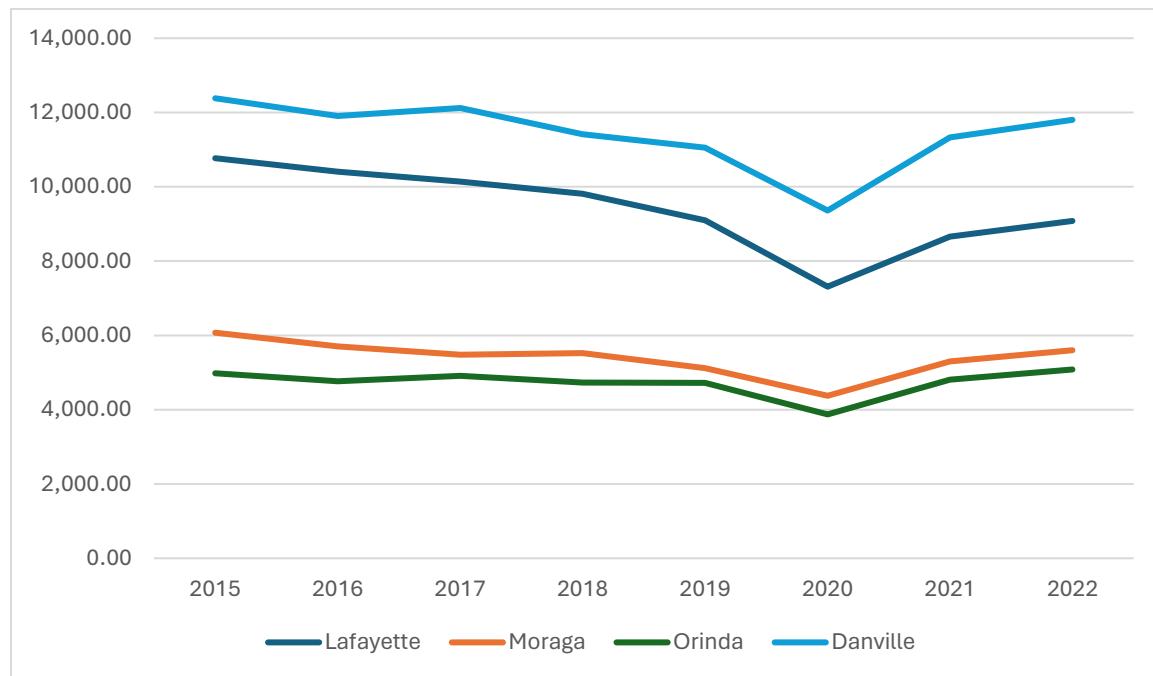
The data indicate that Moraga's retail and food services sector is at the lower end and is underperforming relative to the county as a whole. Among the 10 cities in the central part of the County, only Clayton had a smaller volume of taxable retail sales than Moraga. Moraga's total sales were slightly lower than Orinda's, though on a per capita basis they were slightly higher. Still, the sales volume of \$1,431 per capita in Moraga was substantially lower than Lafayette (\$2,228) and only about half of Danville (\$2,763). Even Lafayette and Danville are below the countywide average (\$3,413), reflecting their roles as community-focused markets rather than regional centers.

Chart 8 shows annual per capita retail sales tax data from Lafayette, Moraga, Orinda, and Danville from 2015 to 2022. In this case, the data has been adjusted for inflation—allowing a comparison of the effective change in sales tax revenue returned to each community over time. The data show that per capita spending in Moraga has declined slightly in real terms since 2015. While there has been a slight rebound since the pandemic, per capita sales were already in decline before 2020 and are now about the same level as they were in 2018.

Lafayette's per capita spending has consistently been much higher than Moraga's but declined at a faster rate than Moraga and Orinda in the last eight years. Between 2015 and 2022, per capita spending dropped 15.7 percent in Lafayette compared to 7.7 percent in Moraga and 4.7 percent in Danville. Per capita sales in Orinda increased by 2.0 percent during that time period. Thus, while Moraga is leaking retail sales to Lafayette, the retail market as a whole is losing ground as on-line sales increase and consumer spending patterns change. This is also evident in Danville, which has a stronger retail market than Lafayette but still experienced net decline over the period.

As illustrated in Chart 8, the “dip” associated with the pandemic was more significant in Lafayette and Danville than it was in Moraga. This reflects the larger variety of discretionary goods and services in those cities and Moraga's focus on essential services such as food and hardware.

Chart 8: Total Annual Sales Per Capita in Moraga and Nearby Cities, 2015-2022



California Dept of Tax and Fee Administration, BAE, 2015-2024

2015-2021 totals adjusted for inflation

3.7 *Source of Sales Tax Revenue in Moraga and Surrounding Cities*

Chart 9 compares sales tax revenue by category for Moraga, Lafayette/Orinda, and Contra Costa County as a whole. This enables a comparison of where Moraga's retail sector is strongest and weakest relative to the market area around it. The "Other Retail" category includes general merchandise, motor vehicle sales and related products, and home furnishings—State data for these individual categories is not available for Orinda and Moraga in order to protect the confidentiality of the small number of businesses in each sector. Some market insights can still be gained from data on food and beverage sales, food service (restaurant) businesses, building supplies, and gas stations.

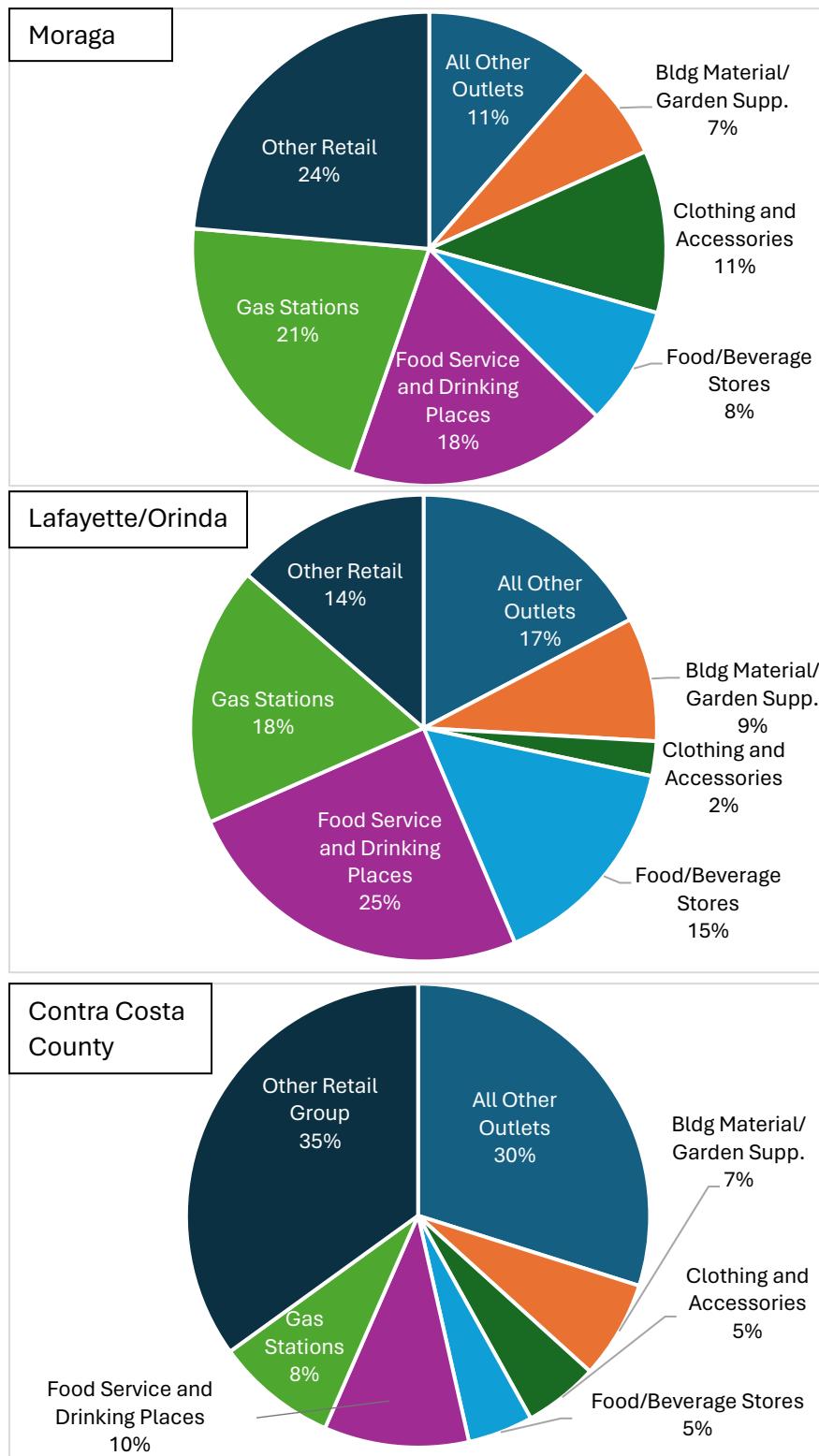
Moraga's share of food service and drinking places (e.g., restaurants and bars), as well as its share of food and beverage stores (groceries, liquor) is below the percentage for Lafayette and Orinda. However, it is higher than the countywide average. About 26 percent of Moraga's sales tax is generated by these two categories, compared to 40 percent in Lafayette and Orinda. Conversely, Moraga has substantially more sales tax generated by clothing and accessories than the other two Lamorinda cities, as well as the County as a whole. The Town's gas stations represent a slightly higher percentage of total sales tax than Lafayette and Orinda, and more than double the percentage for Contra Costa County. Building materials and garden supplies are comparable to the countywide average.

The "Other Retail" and "Other Outlets" categories are substantially larger in Contra Costa County than they are in the Lamorinda cities. These categories include many sales tax generators that are associated with regional centers (such as auto dealerships and department stores), as well as categories other than retail sales that are not present in the Lamorinda cities. Higher performing cities, such as Walnut Creek and Pleasant Hill, include numerous high-volume sales tax generators such as regional shopping centers, car dealerships, and big box stores. Those types of generators are mostly absent in Lafayette and Danville and entirely absent in Moraga.

Table 7 provides sales tax data by retail sector in Moraga for 2015 to 2023. Again, the table omits data for several categories due to State Board of Equalization confidentiality rules that suppress data when there are four or fewer outlets or sales in a category dominated by one store. These sales appear in the "Other Retail Stores" category, presenting a complete picture when all categories are totaled. Table 7 is most meaningful for those categories where data is available for each year. These categories include food and beverage sales, gasoline stations, clothing and accessories, and food service and drinking places.

Moraga's gas stations saw the greatest increase of any sector between 2015 and 2022, potentially because of a 41 percent increase in gas prices over that time period. Food service and drinking places saw several years of decline, bottoming out in 2020 and then recovering. In 2023, this category was 6.6 percent higher than it was in 2015. Clothing and accessory sales in Moraga declined by 11 percent between 2015 and 2023 and food sales declined by 13 percent.

Chart 9: Taxable Sales in Moraga, Lafayette/Orinda, and County, 2022



California Dept of Tax and Fee Administration, Taxable Sales by City and County (2024)

Table 7: Moraga Taxable Retail Sales Trends, 2015-2022

Total Sales (adjusted to 2022 dollars, in 000s)	2015	2016	2017	2018	2019	2020	2021	2022
Motor Vehicle and Parts Dealers	\$650	\$577	\$460	#	#	#	#	#
Home Furnishings and Appliance Stores	\$9,965	\$9,991	\$9,872	\$10,858	#	#	#	#
Building Material/ Garden Equipment and Supplies	#	#	#	#	#	\$9,880	\$9,356	\$7,367
Food and Beverage Stores	\$16,276	\$16,031	\$14,950	\$14,471	\$13,989	\$14,969	\$14,144	#
Gasoline Stations	\$17,080	\$14,235	\$16,048	\$17,699	\$17,320	\$11,616	\$17,906	\$22,714
Clothing and Clothing Accessory Stores	\$13,493	\$12,858	\$11,805	\$11,833	\$11,707	\$7,860	\$11,959	\$11,971
General Merchandise Stores	\$2,751	\$2,584	#	\$2,689	\$2,362	\$1,604	#	#
Food Services and Drinking Places	\$18,041	\$16,347	\$15,112	\$16,231	\$17,823	\$12,195	\$15,491	\$19,240
Other Retail Group	\$23,606	\$23,811	\$24,940	\$20,901	\$24,804	\$17,562	\$22,273	\$34,283
Retail Stores Total	\$101,862	\$96,435	\$93,186	\$94,681	\$88,005	\$75,686	\$91,128	\$95,575

See notes (a), (b) and (c) below.

Sales Per Capita (adjusted to 2022 dollars)	2015	2016	2017	2018	2019	2020	2021	2022
Motor Vehicle and Parts Dealers	\$39	\$34	\$27	#	#	#	#	#
Home Furnishings and Appliance Stores	\$594	\$591	\$581	\$634	#	#	#	#
Building Material/ Garden Equipment and Supplies	#	#	#	#	#	\$571	\$544	\$432
Food and Beverage Stores	\$970	\$948	\$880	\$844	\$814	\$865	\$822	#
Gasoline Stations	\$1,018	\$842	\$944	\$1,033	\$1,008	\$671	\$1,040	\$1,322
Clothing and Clothing Accessory Stores	\$805	\$760	\$695	\$690	\$681	\$454	\$695	\$702
General Merchandise Stores	\$164	\$153	#	\$157	\$137	\$93	#	#
Food Services and Drinking Places	\$1,076	\$966	\$889	\$947	\$1,037	\$705	\$900	\$1,128
Other Retail Group	\$1,407	\$1,408	\$1,467	\$1,220	\$1,443	\$1,015	\$1,294	\$2,010
Retail Stores Total	\$6,073	\$5,701	\$5,483	\$5,525	\$5,121	\$4,374	\$5,295	\$5,604

See notes (c) and (d) below.

(a) Retail sales have been adjusted to 2022 dollars based on the San Francisco Bay Area Consumer Price Index from the U.S. Bureau of Labor Statistics.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

(c) A "#" sign indicates data unavailability for the category due to SBOE confidentiality rules that suppress data when there are four or fewer outlets or sales in a category dominated by one store.

Suppressed sales have been combined with Other Retail Stores.

(d) Per capita sales calculated based on sales divided by population. Population estimates from CA State Dept. of Finance.

Sources: CA State Dept. of Finance; CA Dept. of Tax and Fee Administration; U.S. Bureau of Labor Statistics; BAE, 2023.

Chart 10: Food, Clothing, and Restaurant Sales Per Capita in Moraga, Lafayette, Orinda, and Danville, 2015-2023

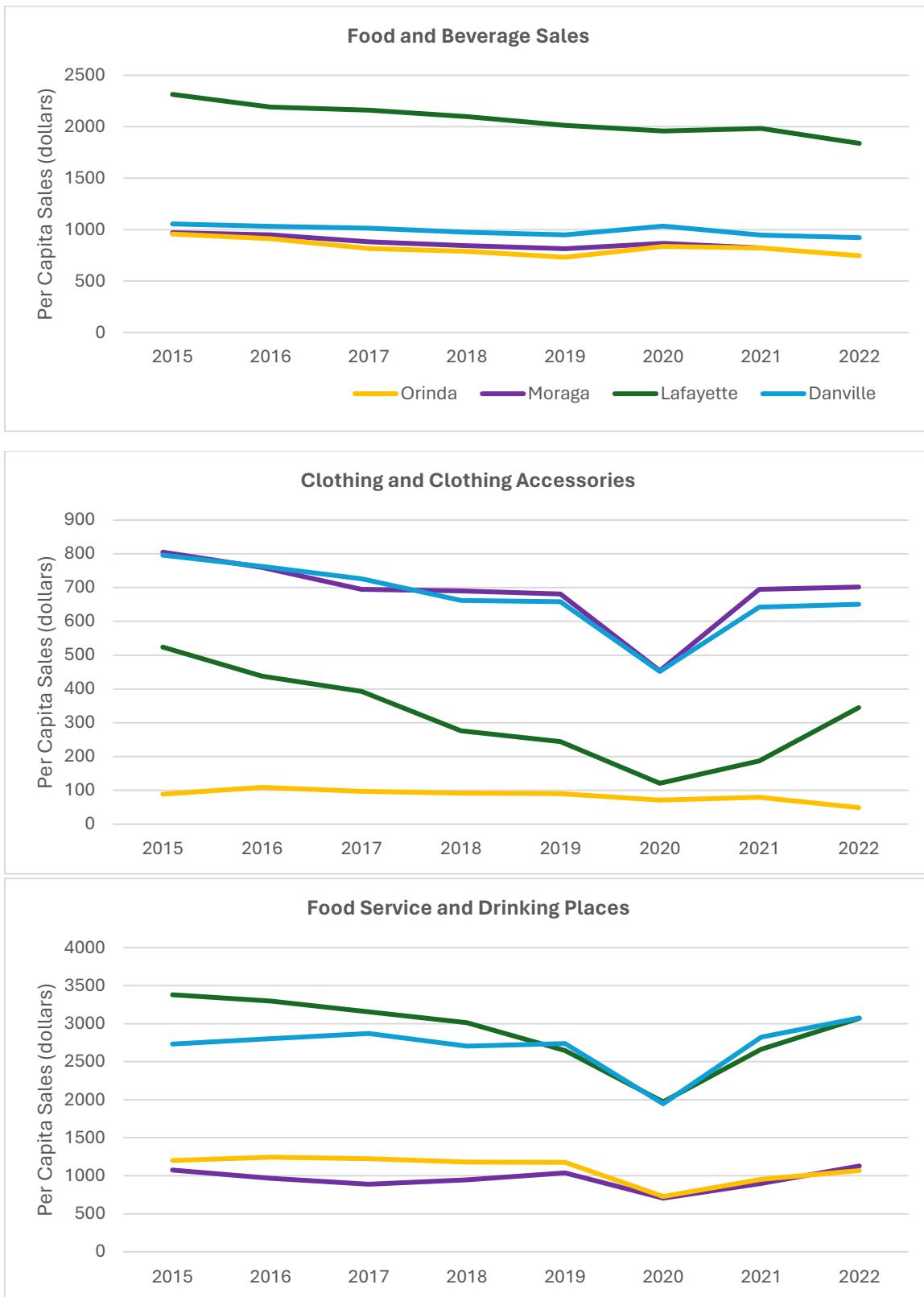


Chart 10 presents per capita sales data for the last eight years in three of Moraga's key retail sectors: food and beverage sales, clothing and clothing accessories, and food service and drinking places. Data for Lafayette, Orinda, and Danville is also presented for the eight-year period. These three sectors were selected because complete data is available for each city or town (in other words, there are no "blanks" due to confidentiality restrictions). The purple line in each chart represents Moraga, while the orange line is Orinda, the green line is Lafayette, and the blue line is Danville. The data for all years has been adjusted to 2022 dollars, accounting for inflation.

Food and beverage sales per capita were higher in Lafayette than they were in the other three cities but also declined over the period. All four cities saw a slight drop in per capita food and beverage sales between 2015 and 2019 followed by a levelling off (and in some cases a slight increase) during the pandemic. Data for Orinda and Moraga was almost identical throughout the entire period, with a net decline of about 10 percent in both communities between 2015 and 2022.

Clothing and clothing accessories represent a larger sector of Moraga's retail economy than they do in Orinda and Lafayette. On a per capita basis, Moraga and Danville are comparable in this sector. Both towns saw a sharp decline due to the disruption of this sector in 2020. As of 2022, Moraga's per capita clothing sales were slightly higher than Danville's, and much higher than Orinda's and Lafayette's. Lafayette saw considerable decline in per capita clothing sales between 2015 and 2020, although there has been recovery back to 2018 levels in the past few years. Orinda has historically had very low sales per capita in this category.

Food service and drinking places are more robust in Danville and Lafayette than in Orinda and Moraga. Between 2015 and 2022, Lafayette saw a slight net decline while the other three cities stayed about the same. Per capita food service and drinking sales in Moraga declined only slightly during the pandemic. More dramatic declines occurred in Danville and Lafayette. All four cities had about the same sales volumes in this sector in 2022 as they did in 2018.

3.8 *Retail Leakage Analysis*

Private "big data" vendors have developed software to model consumer behavior and estimate the gap between retail supply and demand in given marketplaces. These models compare the theoretical spending power and retail floor space demand of the population based on demographic characteristics with actual data on sales and retail square footage in the community. This is used to calculate the gap between the two, which is an indicator of retail leakage and opportunity. Data sources include the Consumer Expenditure Survey from the Bureau of Labor Statistics and the Census of Retail Trade from the U.S. Census Bureau. Expenditures and sales estimates are organized by retail store types and major merchandise line items.

As part of the General Plan White Paper, BAE Urban Economics acquired data from Environics Analytics (EA) to evaluate retail gaps and opportunities in Moraga. For comparative purposes, data for Lafayette and Orinda also was collected. All three communities experience retail leakage to some extent, meaning that they generate less sales per capita than the countywide average.

Table 8 provides the EA data for the three communities. Data is organized into more than 70 discrete sub-categories but has been aggregated into 13 higher-level categories for this report. The aggregation is necessary because the analysis becomes less reliable as it becomes more fine-grained.

The data is intended as a benchmark for comparing the three communities as well as Moraga's potential areas of opportunity. It is not intended to inform specific marketing and development decisions for the two shopping centers. Individual retailers use their own analytics and metrics to determine whether a Moraga location makes sense, while property owners may conduct their own market studies that consider the unique attributes of each site and available space.

All three communities could conceivably support more retail activity than they do now and are "leaking" retail spending to other cities. Of the three cities, Orinda is actually capturing the smallest share of local spending (26%), followed by Moraga (33%) and Lafayette (45%). Table 8 indicates that Moraga's existing retail square footage could theoretically support \$216 million/year in spending while the demand based on demographics (income, household characteristics, etc.) is \$663 million/year. Most of this potential is currently spent in other cities, or on-line (non-store retailers).

In terms of volume, the greatest gaps in all three Lamorinda communities are in motor vehicle and parts dealers, food and beverage stores, general merchandise, and food service and drinking places. The smallest capture rates in Moraga are in motor vehicle parts, furniture and home furnishings, electronics and appliance stores, and food service and drinking places. It is important to note that a low capture rate in a particular sector does not mean it is feasible for a community to attract businesses in that sector. For instance, motor vehicle sales will continue to cluster in locations such as Concord and Walnut Creek rather than in smaller cities like Orinda and Moraga.

The leakage data is most useful in sectors where expansion would be consistent with the locational needs of businesses in that sector. For instance, Moraga could feasibly support more restaurants and home furnishing stores but would be an unlikely location for new car dealerships or appliance stores. Despite high leakage numbers in all sectors, the town's strengths are in the sectors that meet the day-to-day needs of Moraga residents. These businesses are typically accommodated in neighborhood- or community-scale shopping centers or in "main street" environments, rather than regional commercial centers or highway-oriented strips.

A 2006 market study conducted by EPS (an economics consulting firm) made similar conclusions regarding retail leakage in Moraga. EPS found that Moraga's capture rate was just 24 percent, which is even lower than the EA data suggests. The lowest capture rates were in the home furnishings and motor vehicle sales categories, similar to the 2024 data. The capture rate was 27 percent for food stores and 17 percent for food service and drinking places, which are even lower than the estimated 2024 rates. The study concluded that very few non-Moraga residents shop in Moraga, while Moraga residents shop both inside and outside of the town.

Projected housing development will increase spending potential in the town. This creates the potential to support additional business activity while simultaneously increasing the capture rate.

WORKING DRAFT

Table 8: Retail Leakage Analysis by Sector: Moraga, Lafayette, and Orinda

Retail Category	MORAGA (in millions of dollars)				LAFAYETTE (in millions of dollars)				ORINDA (in millions of dollars)			
	Demand	Supply	Gap	Capture	Demand	Supply	Gap	Capture	Demand	Supply	Gap	Capture
Motor Vehicle and Parts Dealers	\$133.3	\$34.5	\$98.8	26%	\$225.9	\$41.8	\$184.1	19%	\$183.1	\$20.2	\$162.9	11%
Furniture and Home Furnishings	\$13.3	\$1.4	\$11.9	11%	\$22.4	\$10.8	\$11.6	48%	\$18.7	\$4.9	\$13.8	26%
Electronics and Appliance Stores	\$9.2	\$1.7	\$7.5	18%	\$15.8	\$12.5	\$3.3	79%	\$12.6	\$5.7	\$6.9	45%
Bldg Material and Garden Equipment	\$45.6	\$16.6	\$30.0	36%	\$78.6	\$40.4	\$38.2	51%	\$65.3	\$19.1	\$46.2	29%
Food and Beverage Stores	\$81.9	\$42.9	\$39.0	52%	\$141.2	\$88.4	\$52.8	63%	\$112.5	\$29.1	\$83.4	26%
Health and Personal Care	\$33.9	\$14.5	\$19.4	43%	\$58.8	\$36.4	\$22.4	62%	\$47.2	\$22.1	\$25.1	47%
Gasoline Stations	\$44.4	\$17.1	\$27.3	39%	\$77.7	\$42.6	\$35.1	55%	\$60.9	\$26.0	\$34.9	43%
Clothing and Clothing Accessories	\$28.2	\$14.7	\$13.5	52%	\$48.1	\$36.6	\$11.5	76%	\$38.6	\$22.5	\$16.1	58%
Sporting Goods, Hobby, Music, Book Stores	\$9.6	\$2.8	\$6.8	29%	\$16.4	\$9.0	\$7.4	55%	\$13.5	\$3.5	\$10.0	26%
General Merchandise	\$73.2	\$26.6	\$46.6	36%	\$126.2	\$68.8	\$57.4	55%	\$101.2	\$29.7	\$71.5	29%
Misc. Store Retailers	\$12.5	\$3.6	\$8.9	29%	\$21.4	\$11.9	\$9.5	56%	\$17.5	\$4.6	\$12.9	26%
Non-Store Retailers	\$101.5	\$19.0	\$82.5	19%	\$174.5	\$50.0	\$124.5	29%	\$141.0	\$21.3	\$119.7	15%
Food Service and Drinking Places	\$75.9	\$20.5	\$55.4	27%	\$128.0	\$60.9	\$67.1	48%	\$104.8	\$29.7	\$75.1	28%
TOTAL	\$662.6	\$215.8	\$446.8	33%	\$1,135.2	\$510.2	\$625.0	45%	\$917.1	\$238.4	\$678.7	26%

Source: BAE, Environics Analytics (EA), 2024. Blue shaded cells are the top five sectors in each column in terms of volume. Yellow shaded cells are the five sectors with the lowest capture rates.

3.9 Moraga Speaks: Community Perspectives

Given Moraga's small market area and limited inventory of commercial space, real estate industry data and analytics tell only part of the story about market conditions. Research for this White Paper also included General Plan 2040 outreach meetings with commercial real estate brokers, local business owners, the Chamber of Commerce, service organizations, neighborhood groups, and Saint Mary's College students and faculty. The perspectives of Moraga residents were also considered, both through direct input and through the resident survey conducted as part of the Housing Element Update in 2022.

Commercial Real Estate Professionals and Property Owners

The Town convened a focus group on January 30, 2024 to solicit input from Moraga-based commercial real estate brokers and the owners of the Moraga and Rheem Valley Shopping Centers. The group discussed a range of topics, including Moraga's strengths and weaknesses as a retail location, trends in the retail industry, how much retail the community could realistically support, and the steps the Town might take to remove obstacles for new businesses.

The brokers agreed that Moraga's retail was underperforming and had the potential to be more vibrant. The town's primary strengths and positive qualities for retailers are its high-income, family-oriented atmosphere, safety and low crime, proximity to outdoor recreation, and natural beauty. The major challenges are its distance from the freeway and relatively low through-traffic volumes, aging infrastructure, lower rents (for investors), and the high cost of construction. There is also a perception problem, in that the town is regarded by some as historically resistant to change.

It was acknowledged that Moraga is unique among Contra Costa cities and towns that it lacks direct access to freeways and BART. In some respects, the town is more akin to Marin County cities (Mill Valley, Tiburon, San Anselmo, Larkspur, etc.), which have downtown areas that are several miles from freeways and are serving communities with similar demographics. There are success stories in these communities, such as Marin Country Mart (formerly Larkspur Landing), that Moraga might emulate. The brokers also observed that Moraga has the potential to draw customers from southern Orinda and Lafayette, including the Glorietta and Burton Valley neighborhoods.

Placemaking is an important part of any retail strategy; elements such as landscaping, lighting, outdoor seating, common space, walkability, and architecture that reflects Moraga's character are important. None of the brokers thought Moraga should aspire to be "the next Walnut Creek." The town is special and unique, and this should be recognized in its retail design.

A key driver and catalyst in retail revitalization is the introduction of multi-family housing and townhomes to the centers. In addition to the benefit of providing more places to live, multi-family housing can create collateral benefits. It provides more housing options for the local workforce and reduces long commutes. It benefits Saint Mary's students, faculty, and staff and helps that institution achieve its academic mission. It provides more customers for local businesses,

improving the performance of existing business while enabling new businesses to open. It also signals to investors and developers that Moraga is amenable to reinvestment.

At the same time, the brokers cautioned that the Town must be realistic. Retail transformation takes time and requires a “story line” of successes that convince others to invest. It also requires that the Town be a partner in re-investment, working with investors, owners, and tenants to facilitate permitting, address obstacles such as aging infrastructure, and where possible provide gap financing and similar tools that reduce development costs. Cities with dedicated economic development staff typically have much larger population and employment than Moraga (for example, Walnut Creek and Concord). However, programs such as “business concierge” services that assist businesses in navigating the permitting process could be explored. Danville has implemented such programs successfully, but its population is more than twice Moraga’s.

Conditional use permit (CUP) requirements were singled out as a potential obstacle. While many commercial activities are permitted by right, others require a CUP. This introduces an element of uncertainty, since CUPs are discretionary. CUPs also require additional hearings, potentially expensive technical studies, and costly conditions of approval. As an example, it was suggested that businesses with low volume drive-through windows (such as pharmacies) should not be subject to the same requirements as high-volume drive-throughs (such as fast food). It was further stated that clarity and certainty were critical in the permitting process. Unanticipated submittal requirements and multiple rounds of sequential hearings can make a project infeasible and discourage prospective tenants. Simpler requirements for tenant improvements also were encouraged.

The panel noted that utility connections were another constraint. PG&E in particular was mentioned as having a long turn-around time for new connections. Water service connections were also mentioned. Panelists appreciated the benefits of voter-approved Measure K in covering pavement maintenance costs, reducing a potential cost-burden for commercial development.

On the topic of the types of retail that Moraga might support, participants mentioned restaurants, a second grocery store, and activities geared toward youth and families, especially sports and athletic facilities. It was also observed that Saint Mary’s is an underutilized community asset, with most students and faculty going to Lafayette or Walnut Creek for dining and entertainment rather than Moraga. The Moraga Farmers Market was mentioned as a potential “magnet” for complementary activities that could draw shoppers and diners to Moraga Center. The group had mixed views on food trucks, with some panelists expressing that they were “cool” and attracted patrons and others expressing that they hurt sales of brick and mortar restaurants and did not pay their fair share of taxes and fees.

Local Businesses

A focus group of dozen Chamber of Commerce members was convened on February 28, 2024. Attendees included the proprietors of businesses in the Rheem Valley and Moraga Shopping Centers, as well as the owner of a local winery. Following a presentation about the General Plan,

attendees were asked how the Town of Moraga could facilitate their success as local small businesses and plan for the economic vitality of the town. Responses included providing more affordable housing options for the workforce, activating the shopping centers with concerts and special events, and making it easier to provide outdoor dining spaces. Several attendees commented that their employees had very long commutes due to the high cost of housing in Moraga. This led to high turnover, with employees regularly leaving for jobs closer to their homes.

Other attendees brought up concerns about being displaced due to shopping center redevelopment. Transportation also was an issue, including the lack of connectivity from the shopping centers to nearby neighborhoods, and limited provisions for pedestrians and cyclists.

The business representatives also brought up the challenges created by competition from big box and large format retailers, such as Costco, Walmart, and Target. As these stores now sell groceries as well as general merchandise, many Moraga residents forego shopping locally and go to regional centers. One attendee observed that once a resident leaves Moraga, they are likely to do all their shopping in the city of their destination, rather than making some purchases in Moraga and some elsewhere. Participants also identified a need for more entertainment venues, arts venues, and recreational activities such as bowling.

In terms of the Town's role, participants felt the town could expedite permitting, make it simpler to use outdoor spaces, encourage temporary use of vacant space, adopt more business-friendly noise regulations, improve connectivity between the Rheem Valley and Moraga Centers, and work with property owners to upgrade and modernize the shopping centers.

Resident Perspectives

The need for improvements to Moraga's two commercial centers was frequently raised during Housing Element workshops in 2022-2023 and continues to be raised during the 2040 General Plan outreach process. For example, a presentation to the Youth Involvement Committee in February 2024 led to a discussion about the need for more restaurants, shops, and places to "hang out" in the Rheem Valley and Moraga Shopping Centers (similar comments were made by Saint Mary's students, as noted in the next section). Meetings with the Kiwanis, Rotary, and Lions Service Clubs likewise included comments from participants about the need to upgrade the retail centers. The issue has also been raised regularly during Planning Commission and Town Council study sessions on the General Plan.

Table 9 provides excerpts from the 2022 Moraga Resident Survey conducted as part of the Housing Element. While the focus of this survey was on housing, residents had the opportunity to provide written comments on other topics, including Moraga's economy. Improvement of the shopping centers was raised frequently, with commenters suggesting the town attract better restaurants, more entertainment venues, and higher-quality shops. Many survey respondents supported the idea of multi-family housing in the commercial centers. However, there continue to be concerns about impacts on roads, schools, evacuation, and community character.

Table 9: Selected Quotes from the 2022 Moraga Housing Element Survey

- “The Town’s two shopping centers are abysmally underused and under serving our town. Whatever current barriers to entry (exist) for small businesses need to be addressed immediately. The businesses and services of the town are decades behind...”
- “So many empty stores. Retail space needs updating and better restaurants.”
- “I’d prefer for more business to move in (vs housing), so we can keep our dollars local, and cut down the commuting for household supplies and family activities, shopping and good restaurants.”
- “If we improved the shopping center we would have more taxes. Our shopping center is blighted and vacant. How can we change poor leasing skills. Must be done with ordinance that sets a maximum empty storefront number. It’s terrible. That center is depressing home values.”
- “The Town does nothing to drive the owners to improve the shopping centers into tax generators. So homeowners pay extravagant property taxes and go out of town to do their shopping.”
- “The vacant retail locations in Moraga take away from the charm of the city - Moraga is not vibrant or “happening.” Moraga doesn’t need to be these things, but it also doesn’t have much small town charm given the empty/aging retail spaces.”
- “I’m all for adding businesses that Moragans want—not discount stores and nail salons, but good restaurants and good retail. Our shopping centers are atrocious given our demographics. I fully support retail/ housing in a town center project. That would be the best thing to happen to Moraga since it became a town and it would add housing, which the state would impose on us whether we like it or not.”
- “If you increase housing, PLEASE increase retail. There is definitely a lack of stores, restaurants, fast food, etc.... Moraga is losing so much money by forcing residents to shop in neighboring towns.”
- “So many buildings empty or partially used - includes retail and business “centers” around School Street and by the other center along Rheem.”
- “Would like to see town center grow and a facelift to provide more commercial food options, and retail to be placed in town center.”
- “Terrible lack of grocery stores in Moraga. Can’t really support the current population, let alone expansion. Everyone I know here goes to Lafayette, Orinda and Walnut Creek to shop.”
- “We need to build infrastructure and fill in the empty store fronts that are currently empty.”
- “No doubt Moraga can use more resources for food, including grocery stores and restaurants.”
- “The Town needs to create more shopping/restaurants and therefore increase revenue.”
- “We seem to continually lose businesses. Lack of new retail, restaurant, service businesses add to issues.”
- “A Town Center for Moraga near Safeway and in the pear/walnut groves and other vacant lots would give Moraga more of a cohesive feel with a ‘real’ downtown while providing easy access to groceries, gas, restaurants for those new residents.”
- “We need to become a more vibrant town like Lafayette. The current “small town” feel is actually better described as “sad and empty” with a severe lack of restaurant and grocery choices.”
- “Shopping in Moraga/outdoor evening entertainment vibe hasn’t really changed in the almost 20 yrs I have lived here. Lots of our money goes to Walnut Creek, Lafayette and Pleasant Hill. Canyon Club is the best thing that has happened in Moraga in 20 yrs.”
- “My family and neighbors would like to shop locally and have a walkable town. Grow a more sustainable Moraga by leaving our cars at home.”

The comments in Table 9 are consistent with a 2016 on-line survey by the Moraga Chamber of Commerce focused on the Rheem Valley Shopping Center. That survey was completed by over 1,000 people, including nearly 200 Saint Mary's students. It concluded that residents wanted the center to function as more of a community gathering place, with a wider selection of stores, more child- and family-friendly stores, more outdoor dining, and better restaurants.

Saint Mary's College

Saint Mary's College is the largest employer in Moraga and has been an integral part of the community since 1928. The College is not only an important stakeholder in discussions about economic vitality, it is also an economic driver, consumer of goods and services, and potential community partner. Throughout the General Plan Update, there has been an interest in strengthening the “town-gown” connection and leveraging the benefits of having a highly regarded academic institution within town boundaries.

Town staff convened discussion forums with students and faculty/staff to solicit input on the General Plan. A discussion with the Student Senate occurred on March 3, 2024 and a discussion with the Campus Facility Planning Committee occurred on March 6, 2024. While these meetings covered multiple topics, economic vitality was a recurring theme.

During the student forum, participants noted that shops and restaurants in Moraga seemed to cater to an older, more affluent crowd rather than college-aged students. They further noted the difficulties of getting to the two shopping centers without a car, particularly on foot, bicycle or bus. Poorly lit streets, a lack of sidewalks, and high-speed traffic were all mentioned as obstacles. Students indicated that Moraga did not offer much for them on weekends or in the evenings, given that most establishments close by 8 PM. The students suggested that businesses such as coffee houses, healthy fast-food, a student-oriented bar, and an additional grocery store would all be helpful. The need for more evening and weekend recreation activities also was raised. It was also suggested that businesses might consider student discount programs, college nights, and other incentives to attract student patrons.

During the staff/ faculty discussion, the need for affordable housing and better transportation between the college and the commercial districts were recurring topics. The limited supply of on-campus and off-campus apartments and townhomes is acute and makes it difficult to attract and retain staff and faculty. Moraga will be challenged to cultivate a college town vibe if the students, faculty, and staff at the college cannot afford to live in the town. Being unable to live in Moraga not only means long commutes—it makes it harder for the academic community to be vested in Moraga and contribute to its culture and civic life.

Participants further noted that the shopping centers themselves felt like purely “transactional” places that were not conducive to community gathering or student patronage. Participants noted the contrast between Moraga and places like San Luis Obispo or New England’s college towns, where there was much more integration between campus life and community life. The need for transportation improvements was raised again, with ideas such as shared e-bikes, a Rheem

Boulevard bike lane, and shuttle service to the two centers. Participants also suggested a small boutique hotel, noting that the college generated a high volume of overnight visitors who currently stay at the Lafayette Park Hotel. Specific ideas for the shopping centers included more evening activities, places to hang out, affordable restaurants, outdoor dining, coffee shops, and usable open spaces.

3.10 Looking Ahead

Moraga has the potential to recapture some of the local-serving activity that is currently “leaking” to Orinda, Lafayette, and other communities. Community-serving retail, including restaurants, bars, and groceries, are underperforming relative to demand. Ample space exists within the two commercial centers to capture some of this demand. Because of its location and size, the Town is less well-positioned to compete for regional retail uses such as those in Walnut Creek and Concord. This is not to say that Moraga cannot attract shoppers from these cities, as it has the capacity to be a destination for niche goods and restaurants as well as a local-serving retail market.

Opportunities will also grow with the addition of new housing units within the two commercial centers over the next decade. New residents will drive demand for additional retail, dining, and entertainment options at the same time that existing residents can benefit from more local options.

Moraga also has a unique opportunity relative to its proximity to Saint Mary’s College. In 2023, the college employed more than 700 people and had an enrollment of more than 2,800 students. The college draws significant numbers of visitors to special events and athletic activities. This presents the potential for complementary activities serving students, staff/faculty, and visitors, including casual dining, live music or arts venues, entertainment, and youth-oriented shopping experiences. Such businesses could help solidify Moraga’s identity as a college town while enhancing the student experience at Saint Mary’s and creating new local activities for residents.

Moraga also stands to benefit from the growing share of the workforce that is no longer commuting five days a week, but rather working remotely from their homes full-time or part-time. The commuting workforce that once fueled demand for restaurants, business services, and shopping in places like Downtown San Francisco and Oakland could sustain more daytime spending in Moraga. This could include co-working and mobile office space as well as new restaurants, brewpubs, health and fitness establishments, and business-focused services in the two commercial centers.

Given its high disposable income, Moraga is also well positioned to attract business that sell experiences rather than simply merchandise. Day spas, restaurants, family-oriented entertainment centers, and similar activities can enliven existing shopping centers and have collateral benefits for existing businesses. Moraga Center has a unique assembly of older ranch buildings that could potentially be refurbished and repurposed for new commercial uses. The Town will also need to adapt its retail centers – including parking areas, loading areas, and internal circulation – to make them more attractive and functional as community gathering places. Features such as public art, landscaping, and common open space will become more critical.

The addition of multi-family housing creates an opportunity to catalyze this transformation, as more residents will live, work, and shop in close proximity. Over the next 20 years, the centers will also need to adapt to new technologies, including electric vehicles and e-bikes, as well as an increased number of pedestrians living nearby. Zoning should support such changes, providing the flexibility to adapt to a changing retail environment.

Moraga could be challenged because it is further from the freeway and BART than Lafayette and Orinda and has less “through-traffic.” At the same time, these attributes can become opportunities for businesses that are unique, or that offer experiences that make them destinations. Moreover, the town has never had a traditional “walking” street like Hartz Avenue in Danville or College Avenue in Oakland’s Rockridge District. As infill and new development occur, the opportunity to create such spaces at the two shopping centers will increase.

At Rheem Valley Shopping Center, Center Street could be transformed from what is effectively a parking aisle into a real “Main Street” with outdoor dining, plazas, entertainment, and residential uses above active ground floor uses such as restaurants and shops. At Moraga Center, the 2010 Specific Plan laid out a vision for a “town center” north of Safeway, including an extension of School Street with mixed use development on both sides. These spaces can be uniquely designed and branded to differentiate Moraga from Lafayette, Orinda, and other nearby downtowns in ways that make Moraga a destination of choice for visitors as well as residents.

4.0 Office Market

4.1 Context

Moraga’s office market is local-serving and largely comprised of small firms and medical offices in executive-suite buildings constructed in the 1970s and early 1980s. An inventory completed as part of the General Plan indicates approximately 150,000 square feet of floor space in about 20 buildings, with about one-third of this space in the Rheem Valley area and the remainder in Moraga Center. This total excludes administrative space associated with the Town of Moraga and Saint Mary’s College, as well as veterinary practices and storefront offices within shopping centers.

Table 10 provides a list of office buildings in Moraga, along with their square footages and year of construction. Prior to 1970 there was very little commercial office space in the town, with most of the inventory in the Rheem Valley area. About 80,000 square feet of office space was constructed in the 1970s, almost all of it along Country Club Drive and School Street in the Moraga Center area. Three more “executive suite” type office buildings were added in the 1980s, including the Moraga Executive Plaza at 346 Rheem Boulevard and the professional offices at 1100 and 1150 Moraga Way in the Moraga Center area. The only office development since the 1980s is a medical office condo development at 533 Moraga Road completed in 2010 (12,500 SF).

Table 10: Moraga Office Buildings

WORKING DRAFT

Address	Square Footage	Year Built	Description
RHEEM CENTER (est. 48,400 SF gross leasable area)			
333 Rheem	2,800	1958	Occupied by Brightstar (Home care providers)
346 Rheem	17,600	1984	Moraga Executive Plaza. 82% occupancy. 2 story building comprised of small office suites. Recently marketed for sale as a high-density housing opportunity.
350 Rheem	8,885	1964	Campus of three one-story office buildings. Former Orion Academy; recently converted to Montessori School
370 Park St	6,600 (est)	1958	Office space on 2 nd floor within Rheem Valley Shopping Center; square footage is approximate.
533 Moraga Road	12,500	2010	Eight office condos—mostly dental/ other medical
<i>Excludes St. Mary's administrative facility and veterinary clinic on Moraga Road</i>			
MORAGA CENTER (est. 105,200 SF gross leasable area)			
1100 Moraga Way	8,109	1984	2-story office at Moraga Way and St Andrews
1150 Moraga Way	9,516	1986	2-story office at Moraga Way and St Andrews. Lower floor was vacant and for lease as of Jan 2024.
1600, 1620, 1640, 1660 School St	25,580	1979	Moraga Office Park. Four one-story campus-style office buildings, each approximately 6,400 SF. Most of site recently proposed for reuse with multi-family housing.
1605 School St	5,990	1969	2-story office with misc. small tenants at SE corner of School St and Country Club Drive
1635 School St	6,480	1976	Building occupied by Y&H. Soda Foundation
1675 School St	3,783	1972	Building occupied by Society for the Promotion of Buddhism
920 Country Club Dr	9,000	1972	Langan Building, with misc. small tenants and office suites
1550 Viader Dr	2,542	1974	Small 2-story building. Tenants include a home care service
925 Country Club Dr	3,325	1914	Moraga Barn, converted to office use
1001 Country Club Dr	5,365	1970	NW corner Moraga Rd and Country Club Dr; misc. medical and general office tenants
1024 Country Club Dr	4,885	1973	Adjoins Hillside Terrace Professional Ctr & Vet Clinic
1016 Country Club Dr	4,066	1971	Hillside Terrace Professional Center
1030, 1036, 1042 Country Club Dr	16,524	1973	Moraga Professional Center. Consists of three adjacent 5,500 SF buildings
<i>Excludes veterinary clinics, banks, and pre-schools in the Moraga Shopping Center</i>			

Sources: Barry Miller Consulting, 2024; Contra Costa County Assessor, 2024

4.2 *Characteristics of the Moraga Office Market*

Moraga's office buildings generally consist of one- or two-story buildings surrounded by surface parking and landscaping. Several are arranged in campus configurations, with multiple buildings similar in design and appearance. Floor area ratios are typically less than 0.5, and most buildings are between 4,000 and 10,000 square feet.

Most of the inventory is comprised of multi-tenant buildings, occupied by numerous firms with fewer than ten employees. Since the 1970s, the town's office inventory has provided space for medical and mental health professionals serving the local population (dentists, optometrists, counseling, etc.); business such as financial planners, real estate agencies, and insurance brokers; and consulting firms (marketing, engineering, architecture, education, etc.). The market for such space has been consistent, with local offices providing a resource for Moraga residents operating small businesses near their homes, and professionals providing services to Moraga residents.

Moraga weathered the COVID-19 pandemic better than regional centers like Oakland and San Francisco. Due to the local-serving nature of the office market, vacancy rates are relatively low. The town's office supply provides a pleasant and attractive environment for small firms, relatively low rents, easy parking, and good proximity to the two adjacent retail districts. Given the small floor plate of the town's office buildings and its distance from the freeways and larger business districts of the East Bay, Moraga is less well-positioned for larger firms and headquarters-type operations.

Table 11 provides comparative data for Moraga, the three Lamorinda cities, Walnut Creek, and Concord. The table indicates an inventory of 238,154 square feet in Moraga, suggesting that it includes space such as veterinary clinics and non-commercial office space. As of the fourth quarter of 2023, real estate data service Costar indicates a vacancy rate of 5.0 percent in Moraga, which is a lower rate than the three Lamorinda cities as a whole (7.3 percent). Again, the Costar estimates do not align with observed vacancy rates, which are higher.

Collectively, the three cities have 1.8 million square feet of office space—more than two-thirds of that space is in Lafayette, while the remainder is split roughly equally between Orinda and Moraga. Vacancy rates were much higher in Walnut Creek (19.1 percent) and Concord (25.7 percent). These cities have substantially higher inventories and have been more impacted by the pandemic and shift to remote work.

Costar indicates that Walnut Creek saw nearly one million square feet of office space vacated between 2014 and 2023 (almost 10 percent of its total), whereas Moraga experienced a positive absorption of 725 square feet during that time period. The data indicates that Moraga's office market is stable, despite changes at the regional level. At no time since 2014 has Moraga's vacancy rate exceeded five percent. In post-pandemic Moraga, the vacancy rate is just one percentage point higher than it was in 2019.

Table 11: Office Market Overview for Moraga, Lamorinda, Walnut Creek and Concord (*)

Variables	Moraga	Lamorinda	Walnut Creek	Concord
Total Inventory	238,154	1,818,295	11,053,995	6,289,158
Vacant Stock	11,996	132,000	2,115,488	1,615,295
Vacancy Rate	5.0%	7.3%	19.1%	25.7%
Average Asking Gross Rents Q4 2013	\$2.02	\$2.65	\$2.21	\$1.59
Average Asking Gross Rents Q4 2023	\$2.28	\$3.55	\$3.14	\$2.32
% change 2013-2023	12.9%	24.0%	42.1%	45.9%
Avg Asking Gross Rents Q4 2022	\$2.25	\$3.40	\$3.19	\$2.34
Avs Asking Gross Rents Q4 2023	\$2.28	\$3.55	\$3.14	\$2.32
% change 2022-2023	1.3%	4.4%	(-1.6%)	(-0.9%)
Net Absorption, Q1 2014- Q4 2023	725	(-18,140)	(-998,044)	(-1,271,619)

Source: Costar, BAE 2024

(*) Note: CoStar is a real estate information company headquartered in San Francisco. While they are considered a reliable and trusted data source, it should be acknowledged that the quantity of office space listed here for Moraga significantly exceeds the roughly 150,000 square feet inventoried by the town in its field survey. The quantity for Lamorinda likewise exceeds the total reported by other industry sources. Other sources indicate Lamorinda's total office inventory at 1.1 million square feet. Also, the vacancy rates observed in Moraga are higher than the 5.0 percent rate indicated here.

Average gross rents in Moraga during the fourth quarter of 2023 were reported by Costar to be \$2.28 per square foot. This compares to \$3.55 in the three Lamorinda cities collectively, indicating that Moraga office rents were substantially lower than those in Lafayette and likely lower than those in Orinda. Costar further indicates rents of \$3.14 a square foot in Walnut Creek and \$2.32 in Concord. Additionally, rents for Moraga office space increased by 1.3 percent between 2022 and 2023, while they increased by 4.4 percent in the three Lamorinda cities as a whole and decreased by 1.6 percent in Walnut Creek. On the other hand, over the last decade rents in Moraga have increased more slowly than in the rest of Central Costa County. Average office rent was just 12.9 percent higher in 2023 than it was in 2013, whereas rents increased by more than 40 percent in Walnut Creek and Concord.

A review of office space advertised for rent was conducted to confirm the accuracy of Costar price data. The data found the following:

- A 210 SF office marketed at \$575 a month (\$2.73/SF)
- A 1,430 SF office suite marketed at \$4,200 a month (\$2.93/SF)
- An 805 SF office suite marketed at \$1,811 a month (\$2.25/SF)
- A 920 SF office suite marketed at \$1,932 a month (\$2.10/SF)
- A 710 SF office suite marketed at \$1,600 a month (\$2.25/SF)

The figures generally align with the Costar data. They further support the observation that office space in Moraga is largely comprised of executive suites suitable for small firms.

4.3 Looking Ahead

Demand for small, local-serving office space is expected to remain consistent in Moraga in the coming decades. The town is well-positioned to capture locally generated demand for executive suites providing space for local service providers requiring an office environment. This includes dentists, optometrists, counseling, consulting firms, real estate professionals, management and financial services, and others in the professional services sector. Despite the growth of telework and home offices, there continues to be demand for office space outside the home. There may also be growing demand for space serving residents who work from home but need the amenities and services of an office on a temporary or part-time basis. This could include coworking space, shared office space, or space with features such as gyms, coffee shops, and childcare.

At the same time, there is evidence that the demand for housing and high value of residential land could result in the replacement of some of Moraga's existing office space with multi-family residential use in the coming years. There is at least one project in the pipeline that would replace an existing office space and replace it with housing. In another instance, another Moraga office building for sale is actively being marketed as a multi-family housing site. As the supply of existing office space is reduced, there could be demand for additional space serving the same types of businesses. Such space could potentially be incorporated in mixed use development, paired with new housing, new retail and service uses, or both. There will be opportunities to replace some of Moraga's existing office inventory with space that is more contemporary, designed with technology and telework in mind, and adaptable to the modern workplace.

Future demand will continue to be highly localized and Moraga-focused. The town is not expected to begin competing with regional centers like Walnut Creek and San Ramon, nor is it expected to become a corporate headquarters or home to new "Class A" type office buildings. As infill and redevelopment of the two shopping centers takes place, there will likely be opportunities to incorporate a limited amount of office space that rounds out the mix of uses in each center and responds to the needs of a growing population.

5.0 Hospitality

There are no hotels or motels located in Moraga or Orinda. In fact, the only hotel in the three Lamorinda communities is the Lafayette Park on Mount Diablo Boulevard in Lafayette. This 138-room hotel opened in 1986 and was renovated in 2001. It is a four-story building visible from the Highway 24 freeway featuring French-style architecture and courtyards. The Lafayette Park is considered a full-service luxury hotel, with meeting and banquet facilities, high-quality furnishings, a spa and fitness center, and an on-site restaurant. Lafayette's only other hotel—the 64-room Hillside Inn and Suites---closed in the early 2000s and has since been redeveloped as housing.

The largest concentration of hotel rooms in Central Contra Costa County is in Walnut Creek, with additional hotels along the I-680 corridor extending north through Pleasant Hill and Concord. A 2018 market study commissioned by the City of Walnut Creek reported an inventory of 1,025 rooms in Walnut Creek, including 764 rooms in higher-end facilities such as the Marriott and Embassy Suites. Walnut Creek also has budget and economy hotels, as well as smaller independent hotels. Occupancy rates were approximately 80 percent prior to the COVID-19 pandemic. Several new hotels have been added since 2018, including a 160-room Residence Inn and a 127-room Hilton Garden Inn (now under construction).

Moraga likely does not have the employment base or volume of business travel to support a major corporate hotel (e.g., a hotel with 100+ rooms operated by a major US chain), and its location several miles from the freeway could be an impediment. However, the town does experience considerable demand for overnight accommodation given the presence of Saint Mary's College. In addition, the Lamorinda market as a whole is underserved, with only one hotel serving a community that effectively has over 60,000 residents. It is also an affluent market with considerable spending power, potentially supporting hotel-based services such as day spas, tennis clubs, fitness centers, and banquet/wedding facilities. Additionally, Saint Mary's College is currently evaluating construction of a new rugby stadium which will double as a wedding venue. The College is also partnering with "The Town FC" (a professional soccer club) and the San Jose Earthquakes to bring its Major League Soccer (MLS) NEXT Pro-affiliate to campus starting in 2024.

These conditions suggest potential demand for a specialty lodging facility or smaller boutique hotel rather than a national chain. Such a facility could be oriented toward Saint Mary's visitors (including the visiting families of students, guest speakers, visiting faculty, and visitors to athletic events, etc.), as well as the families and friends of Moraga residents. There are also events such as golf tournaments at the Moraga Country Club, weddings at the Hacienda, as well as athletic events at Campolindo and Miramonte High Schools, that bring visitors to town.

A 2006 Market Assessment for the Moraga Center concluded that demand could be sufficient for a small boutique hotel and/or bed and breakfast. Such a facility could either be developed on a vacant site, or through the renovation or adaptive reuse of an existing vacant building. However, investment in a hotel would likely follow investment elsewhere in the commercial centers, as this would build confidence in the renewal and future success of these centers.

A hotel is less likely to be the initial catalyst than it is to follow new housing, mixed use, and retail development within the centers. As new development brings more visitors to Moraga for shopping, dining, and entertainment, the viability of a hotel would become more evident. While Moraga is not currently a tourist destination, a boutique hotel could become a destination in itself, attracting local visitors for overnight stays that showcase the town's scenic qualities and small-town charm.

It is also worth noting that Moraga currently allows visitors to be accommodated in short-term rentals through such services as AirBNB and VRBO. In January 2024, a search of AirBNB listings indicated 13 properties available in Moraga. Some of these were entire houses, but most were individual rooms in private homes renting for \$80 to \$150 per night.

Another segment of the hospitality market with the potential for growth is the entertainment sector. Moraga currently has one movie theater, with four screens. While movie theaters in general have been adversely impacted by the pandemic and shift to streaming media, other types of entertainment venues are growing in popularity and becoming an important element of successful commercial centers.

The success of Canyon Club Brewery indicates a need and desire for places that are fun, family-friendly, affordable, and multi-generational. Such spaces also help create a sense of community and impart a hip, upbeat vibe that communicates a more youthful image for the community. This is especially beneficial in Moraga, given that it is a college town. Surveys conducted as part of the General Plan Housing Element in 2022 found that residents wanted more sports bars, live music venues, fine dining, cafes, and places to "hang out" and meet friends. Currently, most residents leave town for such activities. There may also be interest in sports-oriented facilities, as well as wineries and other "farm-to-table" type activities that leverage Moraga's agricultural and viticultural heritage.

6.0 Potential Economic Development Resources

Editor's Note: This section will be included in the final version of this Working Paper and will be covered by the "Implementation" chapter of the General Plan. It will address the range of infrastructure, affordable housing, resiliency, environmental, and financial tools that have been created to help local governments facilitate redevelopment and private investment. These tools would benefit both private property owners and public projects and include Community Facilities Districts, Enhanced Infrastructure Financing Districts (EIFDs), Community Revitalization and Investment Authority (CRIA) Districts, Economic Resiliency Districts, and other tools used throughout California. It will also address the importance of coordination with the County and adjacent cities in economic vitality and infrastructure financing efforts.

7.0 Draft Goals, Policies, and Actions

The 2040 Moraga General Plan will advance the Town's vision of a more economically vital Moraga. A preliminary set of goals and policies has been prepared to support this vision. This is intended as the starting point for discussion, rather than a final product. Input from the Town Council, Planning Commission, and community will be solicited to refine this draft prior to publication of the General Plan in Fall 2024.

The policies are oriented around the following five goals:

1. Maintain a business-friendly environment that supports investment in Moraga.
2. Attract new businesses that meet the needs of Moraga residents and enhance the town's character.
3. Strengthen Moraga's identity as a college town.
4. Modernize Moraga's two commercial districts so that they become more vibrant town centers and gathering places.
5. Promote Moraga's fiscal stability and capacity to provide essential services and infrastructure.

Goal EV-1:

Maintain a business-friendly environment that supports investment in Moraga.

Policy EV-1.1: Technical Assistance

Provide technical assistance to businesses to facilitate permitting, licensing, code compliance, and orientation to Moraga. Work collaboratively with businesses to support tenant improvements, new construction, and site improvements.

Policy EV-1.2: Development Review Procedures

Provide a high level of certainty with regard to the Town's regulations, procedures, and expectations for businesses seeking to locate or expand in Moraga. This includes development and design standards, public hearing requirements, permitting processes, infrastructure improvements, and other requirements that may affect project costs and feasibility. Procedures and standards should be clearly communicated and remain consistent throughout the approval process.

Policy EV-1.3: Business Relations

Develop and sustain working relationships with local businesses, business organizations, and the real estate community. Regularly solicit input on local business needs and priorities, and potential ways the Town can support the business community. Where appropriate, amend Town policies and procedures in response to market changes.

Policy EV-1.4: Image and Messaging

Work with local media, business organizations, and retailers to promote Moraga's image as a business-friendly community. This could include marketing materials that support economic development in Moraga, on-line data bases listing leasing and development opportunities, and networking and outreach to potential retailers.

Policy EV-1.5: Partnerships

Encourage partnerships between local businesses, the Town of Moraga, local service organizations, schools, and civic groups in support of the Town's economic development goals.

Policy EV-1.6: Business Continuity

Work with businesses who may be impacted by construction or demolition activities to minimize disruption and to support continuity of operations. This includes requirements to reduce the effects of construction on parking, access, and visibility, and assist businesses who may be displaced.

Policy EV-1.7: Shop Local Initiatives

Encourage initiatives to support local shopping and spending (e.g, "Shop Moraga First").

Policy EV-1.8: Workforce Housing

Support local affordable housing development and other housing programs that make it easier for persons working in Moraga to also live in Moraga. Explore community preference policies and other tools that match available housing units to the Moraga workforce.

Goal EV-2:

Attract new businesses that meet the needs of Moraga residents and enhance the town's character.

Policy EV-2.1: Local-Serving Orientation

Maintain the local-serving orientation of Moraga's commercial districts. Discourage large format "big box" uses and region-serving retailers that may generate excessive traffic or external impacts. Focus instead on smaller-scale businesses that are primarily oriented to Moraga residents, workers, and visitors.

Policy EV-2.2: Reducing Retail Leakage

Encourage businesses that reduce the need for residents to travel outside of town for basic goods and services, such as additional grocery stores, restaurants, and entertainment venues. Develop business attraction strategies that are focused on uses that are currently missing or under-represented in Moraga.

Policy EV-2.3: Brand Identity

Establish a stronger brand identity for Moraga that recognizes the town's natural setting, demographics, excellent weather, small town charm, agricultural past, and proximity to regional parks and outdoor recreation. Use architecture, signage, and placemaking to define an image for the town that is distinctive, unique, and pedestrian-focused.

See Goal EV-3 and the Community Design Element for additional guidance on shopping center design

Policy EV-2.4: Celebrating Moraga's Heritage

Celebrate Moraga's heritage as an agricultural community through events such as the annual Pear and Wine Festival and the weekend Farmers Market. Promote the town as a prospective location for farm-to-table restaurants, equestrian activities, agritourism, and other businesses that spotlight Moraga's rural heritage and open spaces.

Policy EV-2.5: Arts and the Local Economy

Recognize the economic contribution of arts and culture to the town, including local institutions such as the Rheem Theater and Saint Mary's College Museum of Art, cultural sites such as the Hacienda de las Flores, and local businesses such as dance schools and art galleries. Invest in arts programming and special events to attract visitors and support spending at local businesses.

Policy EV-2.6: Office Space

Maintain a sufficient supply of office space in Moraga to meet the needs of small firms, professionals, health care practices, and other locally oriented service providers. Support the inclusion of local-serving office space in new development, including mixed use projects with housing and commercial space.

Policy EV-2.7: Flexible Workspace

Encourage the development of flexible workspaces that can accommodate co-working, telework, start-ups, live-work, and entrepreneurial space, along with amenities and businesses supporting the remote workforce.

Policy EV-2.8: Visitor Accommodation

Support additional visitor accommodation in Moraga, such as a boutique hotel or specialty lodging. Adopt transient occupancy taxes that provide a municipal revenue source from such development.

Policy EV-2.9: Recreation, Sports, and Entertainment

Pursue the development of additional family-friendly recreation, sports, and entertainment facilities and activities oriented to families, children, and youth.

Policy EV-2.10: Medical and Health Care Services

Encourage the continued presence of medical/dental offices and other health-related services in Moraga to reduce the need to travel to regional centers for basic care services.

Goal EV-3:

Strengthen Moraga's identity as a college town.

Policy EV-3.1: Saint Mary's College as an Economic Driver

Recognize Saint Mary's College as a driver of economic activity and increase the economic benefits of the college to local businesses and the Town of Moraga.

Policy EV-3.2: Collaborations and Partnerships

Work with Saint Mary's College to address shared issues such as housing, transportation, fire safety, evacuation, and trail access.

Policy EV-3.3: College-Oriented Businesses

Consider potential opportunities for additional college-oriented businesses and activities that are oriented toward students, faculty, and staff. Such businesses might include youth-oriented restaurants and bars, student supplies, bookstores, recreation activities and coffee shops.

Support programs such as student nights at local restaurants, and local business discounts for Saint Mary's students.

Policy EV-3.4: Town-Gown Connections

Provide outreach to Saint Mary's College for Town events and activities to foster a "hometown" connection between the college and Moraga. Students, faculty, and staff should feel vested in Moraga and be encouraged to experience community life. Consider agreements that support college access to Town facilities and reciprocal Town access to college facilities.

Policy EV-3.5: Connectivity

Pursue bicycle, pedestrian, transit, and street lighting improvements that better connect the college to the two commercial districts. Explore the feasibility of a shuttle connecting the college to key destinations in Moraga and/or the Lafayette and Orinda BART stations.

See also infrastructure maintenance and improvement policies in the CSF Element

Policy EV-3.6: Internship Programs

Support student internships, tutoring, and training programs that build connections between Saint Mary's College, local governments, and Moraga businesses and schools.

Goal EV-4:

Modernize Moraga's two commercial districts so that they become more vibrant town centers and gathering places.

Policy EV-4.1: Upgrading the Centers

Work with property owners and businesses to improve the economic performance of the Rheem Valley and Moraga Shopping Centers, including their accessibility, physical condition, design, and vitality.

Policy EV-4.2: Main Street Moraga

Create more of a “Main Street” character in the commercial centers that enables each center to become a more attractive community gathering place. This could include new pedestrian amenities, high-quality architecture and infill development, seating areas and plazas, public art, specialty uses, greater programming of events and activities, and other measures that enhance shopping and dining.

Policy EV-4.3: Mixed Use Development

Support mixed use development combining commercial and residential uses in the Rheem Valley and Moraga Center areas, increasing the customer base for local businesses while creating new housing opportunities for residents and the workforce.

Policy EV-4.4: Development Opportunities

Monitor commercial development opportunities, including vacancies and leasing activity. Work with property owners, real estate brokers, and local businesses to attract new tenants and investment, and adapt vacant space to meet modern needs.

Policy EV-4.5: Circulation Improvements

Improve pedestrian and bicycle connectivity within the commercial centers, and between the centers and adjacent residential neighborhoods, parks, schools, Saint Mary’s College, and other destinations.

Policy EV-4.6: Infrastructure

Pursue infrastructure improvements in the commercial centers to ensure that they remain economically viable and attractive to business. This could include grant applications, private investment, coordination with utility providers, and new financing tools such as Enhanced Infrastructure Financing Districts.

Policy EV-4.7: Activation of Outdoor Space

Support the use of outdoor spaces adjacent to restaurants and other commercial establishments for open air dining and entertainment. Allow programmed outdoor activities such as live music subject to a permitting process that addresses the potential for off-site impacts.

Policy EV-4.8: Temporary and Mobile Uses

Encourage temporary events, displays, and pop-up or mobile activities at Moraga’s shopping centers to fill vacant spaces, draw patrons, and create a more vibrant atmosphere. Temporary and mobile uses should be managed in ways that create synergy between different activities, while ensuring that existing businesses and residents are not adversely affected.

See the Community Design Element for additional policy guidance on the design of commercial and mixed use buildings, and changes to the commercial districts to make them more walkable, pleasant, and successful.

Goal EV-5:

Promote Moraga's fiscal stability and capacity to provide essential services and infrastructure.

Policy EV-5.1: Revenue-Generating Uses

Encourage economic activities that generate sales tax, property tax, and other revenues that enable the Town to provide a high level of service to Moraga residents and businesses. Consider the fiscal impacts of new businesses and developments on the Town during the development review process.

Policy EV-5.2: Prudent Fiscal Policies

Continue to implement prudent fiscal policies that avoid excessive debt. Use the Town's budget process to evaluate Moraga's fiscal health and develop cost-effective service delivery strategies.

Policy EV-5.3: Transparent Budgeting and Spending

Develop the capital improvement program, biennial budget, fee schedule, and other Town financial tools in ways that are transparent, fiscally responsible, and responsive to input from residents and businesses.

Policy EV-5.4: Grants and External Funding

Regularly apply for grants and other funding sources to support economic development activities, including sustainability and resiliency initiatives and infrastructure maintenance, repair, and modernization. Work with the State of California, Contra Costa County and other local governments to develop and implement financing tools and strategies that facilitate future redevelopment and infill development strategies.

Policy EV-5.5: Priority Development Area (PDA) Grants

Leverage the designation of Moraga Center and Rheem Valley as priority development areas (PDAs) to support grant applications.

Policy EV-5.6: Fee Updates

Periodically update the Town's fees to reflect actual costs, maintain fiscal stability, provide Town services and operations, and implement budget priorities.

Policy EV-5.7: Lamorinda as a Market Area

Consider multi-jurisdictional approaches to economic development that engage Lafayette and Orinda and treat Lamorinda as a cohesive market area made up of complementary sub-markets.

ATTACHMENT B

October 10, 2023 Phase2 Kickoff-Summary Notes

SUMMARY OF OCTOBER 10, 2023 “KICKOFF” JOINT PLANNING COMMISSION & TOWN COUNCIL STUDY SESSION ON THE TOWN OF MORAGA 2040 GENERAL PLAN

Town Council: *Mayor Sos, Councilmembers Onoda, Hillis, Shapiro (Woehleke joined 7:03 p.m.)*

Planning Commission: *Chair Helber, Commissioners Bode, Luster, Lentell, Mapel, Polsky (Thiel joined 6:56)*

Staff: *Mitnick, Hamid, King, Knapp, Mele, Murphy (BWS)*

Consultant: *Barry Miller with Barry Miller Consulting*

The meeting was called to order by the Mayor at 6:04 p.m. Following the pledge of allegiance, the Mayor provided an opening statement.

Mayor: Phase One of this project had a number of important takeaways---one was a commitment to focus future development in the two centers and revitalize these areas. The other was a commitment to public input and creative engagement of the entire community. The Mayor introduced staff.

Afshan Hamid and Barry Miller presented a PowerPoint to frame the conversation.

General Questions (6:30 PM)

Mapel: Has Town looked at what consultants Orinda and Lafayette used for their evacuation studies and how Orinda and Lafayette did their studies (for efficiency, coordination)? *(Staff noted that it had been coordinating with these cities and discussing those efforts, and that this was primarily a transportation scope of work)*

Hillis: noise study—is that part of this effort? *(Staff noted that the results of the noise study could inform General Plan policies)*

Luster: Will the Economic Vitality Element impose new regulations or make it easier for business? Will it support community partnerships? *(Staff noted that the intent was to support business development)*

Helber: What are the benefits of including an Economic Vitality Element in the General Plan? *(Staff responded that it establishes economic development as a Town long range priority and communicates to businesses that the Town encourages their success.)*

Polsky: what is semi-rural? Is it defined? *(Staff indicated that the term is not formally defined but could be in the General Plan)*

Luster: Evacuation Plan must be coordinated with neighboring cities. *(Mayor replied that this was underway as a regional effort. The Town is currently working on smart signals and coordinating transportation with Lafayette, Orinda, and the County—this work can't be done in a silo).*

Onoda: The concept of Economic Vitality needs to be fleshed out more—does it mean we are creating a new staff position? If we identify actions to be completed, who will do the work? Is this a Planning Department function, a Town Manager function, a new department? Can you clarify? *(Mayor responded that this is really about stating community priorities, e.g., working with Saint Mary's College (SMC) and revitalizing shopping centers. The General Plan is not intended to be a detailed work plan.)*

Hillis: Questioned if the 2002 “values” are still current? The major focus seems to be to enhance what is already there, rather than thinking forward. They mention shopping and services but there are no policies or economic strategy in the Plan. Is the question before us now if we want a separate element or do we want to enhance the existing elements to address economic development issues?

Bode: Questioned the premise of the Evacuation Study and asked where are we evacuating to? He sought assurance that the study would not stop at the town boundaries and would include the adjacent cities we rely on for access. If the evacuation study is limited to only Moraga, then we are talking about sheltering in place.

Polsky: Attended a meeting on Firewise community and it was recommended to go to Highway 24 or Campolindo High School. He thought the General Plan needed to provide historical narrative and the original vision for Moraga—it was designed to be a suburb served by freeways, which is why big shopping centers were developed there. However, the highways never came. This is why we find ourselves in the situation we are in today, with empty retail and a lot of gas stations. It is important to educate the community and explain the history. *(staff agreed this was a good point and we could make it more prominent in the updated Plan)*

Onoda: Looking at General Plan, does evacuation go under the Safety Element *(staff: yes)*.

Mapel: Slide 4 referenced disadvantaged communities—what is a disadvantaged community? *(Staff explained how these are defined (by the state). There are none in Lamorinda)*. Could we get such areas in the future if we build a lot of affordable housing? *(Staff indicated this is unlikely—income is not the only variable per the State)*.

Polsky: how many census tracts in Moraga? *(Staff: 6)*

6:49 p.m. Mayor opened for Public Comment: No comments were offered.

6:50 p.m. Closed public comments

Economic Vitality Discussion

Mayor asked for discussion of Question 1: Economic Vitality as a separate element or weave in?

Straw poll taken: 8 in favor of separate. Luster and Helber no.

Shapiro: We have two shopping centers with high vacancies. Maybe we can't support that much retail—should we encourage one vs the other? Should we create incentives to keep the space occupied, such as a vacancy tax? I have lived here 27 years and there is so much vacancy now—a vacancy tax would encourage landlords to rent out property. Rheem Center has unpaved areas and weeds. We want more growth in the shopping centers, but we haven't created incentives for owners. I realize a vacancy tax is controversial and just one potential tool.

Mayor: Let's not discuss vacancy tax tonight; it should be on a future agenda.

Lentell: Look at all options to incentivize businesses. Why aren't more businesses coming in? It's hard to do this if we're talking about 2040—the future is unknown. By 2040, we may be traveling in personal flying vehicles.

6:56 Commissioner Thiel arrived.

Mapel: Planning Commission had an informative Study Session with the Rheem owners. I think an Economic Vitality Element should look at how we can make places like Rheem successful and keep local dollars in Moraga. Keep the business here, and don't lose dollars to Walnut Creek or Lafayette. Don't merely aim to fill up space—look at what our local needs are and be strategic.

Hillis: Agree with everything that is being stated tonight. However, unlike every other community in Contra Costa County we have a major college here and we should focus on it as a major economic asset. Right now, it feels like it's an "accident" when we coordinate and integrate our work with SMC. We could potentially have a minor league soccer team. As Council members, we are often asked why we don't have more Canyon Club Brewery type businesses. Developing our economy in this way is an important value we should express in this Plan.

Luster: I am not against the concept of Economic Vitality; the only reason I hesitate to endorse it as a General Plan Element is that it needs to be data-driven. We should not have policies just for the sake of having policies. We need data to tell us what direction is feasible, why so many places are vacant, why businesses don't thrive, why we are a bedroom community—we need an economic study before we develop this element.

Polsky: I support the idea of an Economic Vitality Element, in order to drive improvement of our two commercial centers. The Element should describe the paradigm shift brought about by COVID—we are still a "bedroom" community but one with many more people working from home. We are a semi-rural community, but we are also modern. We need more places for people to gather, like the Canyon Club Brewery and Town Bakery. How can we best utilize the assets we have?

Councilmember Woehleke: arrived at 7:03 pm.

Bode: I support including Economic Vitality element. We previously had more retail with less population—what that says is we're losing potential sales. We should have objectives around certain themes. One of those themes is improving our competitive edge so we can reduce loss of revenue and bring business back from Walnut Creek, Lafayette and Orinda. They are our competition; Lafayette did a great job of taking our retail, let's bring it back.

Lentell: Case in point, my neighbor opened a Pilates studio in Lafayette. We have assets like SMC that can attract businesses. Now we need to identify what kinds of businesses we want to attract and develop incentives and programs to attract them.

Onoda: We should not look at the Moraga of 30 years ago. Amazon has fundamentally changed how we shop—we click and get delivery. How can we think 20 to 40 years out? I don't think we should aspire to be Lafayette. It was a sleepy town and it's changed. We need to create an environment that feeds the soul—not just another Pilates outfit.

Hillis: Lafayette is looking to leverage its proximity to SMC. If we don't take economic opportunities seriously by reflecting them in our governing documents, our assets are theirs (Lafayette).

Mayor Summarized feedback on the Economic Vitality Element:

- A majority are in favor of separate element.
- Create Incentives for businesses
- Look into a Vacancy Tax

- Find stop gap measures for short term until centers are developed
- Focus on what the community wants/ needs
- Leverage SMC—it makes us unique, socially and economically
- Incorporate background data and facts
- Keep the community competitive with Walnut Creek, Lafayette and Orinda
- Recognize our history
- Make Moraga unique within Contra Costa County

Evacuation Study

Mayor: What we heard earlier was to look at a holistic approach with multi-jurisdictional engagement; avoid planning in silos. Further input? The Mayor and Police Chief also noted that there was active planning on this topic occurring with neighboring communities.

Onoda: We need places in Moraga where people can go safely with electricity, internet, and phones. Just sitting in the Safeway parking lot doesn't cut it.

Hillis: Will the General Plan include proposals such as building a new road connecting Wilder (Orinda) to Moraga, or east to Danville via Bollinger Canyon? (*Staff indicated that no, the Plan would not consider these options. That would require a regional study*)

Mapel: With all the housing planned for Rheem and MCSP anticipated, is Safeway even viable as a shelter in place location? Hopefully we are not outgrowing our ability to stay alive.

Lentell: By 2040, there may be alternative ways to evacuate, such as in the air via flying cars.

Polsky: We should also address the adequacy of our warning systems (*Staff: we have notification systems via cell phones, sirens to alert people, Nixle alerts, etc.*)

Bode: I'd like to see us get the message that we are doing this study out to the community, the way we did with the Housing Element; need to do education, outreach and communication and help residents visualize what we are talking about. (*Mayor concurs*)

Woehleke: I'd like to make sure we leverage the work on this topic that has already been conducted. MOFD and PD have done a lot of work--don't reinvent the wheel, and include subregional coordination.

Thiel: How "microscopic" will this study be? Many of the facilities in Town such as assisted living facilities, schools and SMC, already have evacuation plans. (*Police Chief clarified that the Town has done work on this already and has developed a pilot program using Zonehaven (Genasys) that considers different scenarios. Town Manager clarified that evacuation protocol will depend on the particulars of each incident.*)

Staff: The Evacuation Study is primarily a quantitative exercise that looks at the number of people in each zone and the amount of time it will take to evacuate them under a particular scenario. It is a numeric calculation determined by a traffic model, not a detailed recommendation for operations. It is meant to make sure our decisions are informed by good data for current/future conditions.

Hillis: Based on data we can develop policies.

Mayor: As well as recommendations for shelters, technology, and communication.

Guiding Principles:

Mayor: Staff has made a recommendation on adding inclusion, climate, and resiliency to the principles—do others support that?

Onoda: Climate impacts are critical, and we need to reflect this in every topic area in the General Plan—not treat it as a silo.

Mapel: Agree, sustainability also. It should be in every element in the General Plan

Miller: Clarifies that the purpose of having guiding principles in the Plan is to define the common threads that underpin everything throughout the GP. This is why it's important to add climate and sustainability.

Mayor: Anything else to ADD?

Bode: #4 replace “shopping” with retail.

Some of the language sounds outdated. Rather than retail, maybe it's “economic vitality” (to align with the new element).

Woehleke: Value #7 public safety feels a little understated—I would like to see it moved forward so it is more prominent and clearer that everything relates to safety: the design of roads, density of development, recreation. It should be first, as it is our core principle and an overarching value.

Onoda: Clarifies that there is also an entire element of the General Plan that covers Safety, which gets that point across.

Luster: I also agree that Safety is paramount. One thing missing in the principles is infrastructure: storm drains, cell phone coverage—this is also the key to economic vitality.

Shapiro: #6 mentions SMC but doesn't really address what should we do with them. It doesn't say what can we do to enhance our relationship with them or what the next steps are. For instance, should we encourage them to have adult education? Should we encourage shops serving college students? There was a pool table business catering to students a few years ago but it closed.

Polsky: The principles seem very pie in sky, should they be more concrete? For instance, one principle implies it should be easy to drive and park, and another that we should have bike lanes everywhere. Currently riding down Moraga Road is difficult; consider more concrete actions.

Miller: Clarifies that the guiding principles are meant to be high-level aspirational statements that set the stage for policies and actions, which answer the questions just raised. With respect to SMC, the intent is simply to acknowledge that they are a valuable community asset that we want to nurture and leverage. The specifics come later. There is another issue with these statements, and that is redundancy. The 2002 Plan had both “values” and “principles” but the principles largely repeat the values with slightly different language in some cases. It may be that these can be consolidated into one set of statements, or that our “values” can be even more concisely stated—i.e., a safe, sustainable community.

Lentell: Typically, the corporate model is to update the mission, vision and values statements every year and not every 20 years.

Mayor: I like the idea of consolidating this a bit. In this case, less is more, and we can make these statements more tactical. Stating our “values” can get subjective and become a charged topic.

Hillis : Free parking, why is this a value? It is contrary to our efforts to encourage more biking and walking. *(Staff clarified the intent is that parking will remain in the General Plan, but in a chapter that is more appropriate)*

Woeleke: I looked at the General Plans for Danville, Lafayette and Orinda—there are no statements of “values” but there are principles. My concern is, if we remove the values, how will it affect the rest of the General Plan. How much will be reworked. *(Staff clarified that the values would not be lost—they would merely be restated as guiding principles, but edited to avoid redundancy)*.

Mayor Summarized: Seems to be a consensus to update the language as needed, remove redundancy, and consolidate values and principles.

Mayor: #8 Community Decision Making, implies that all citizens drive our decision-making; this is not a realistic expression of how it actually works. Reframe it so it is not misleading. Also, remove the antiquated references to traffic level of service.

Polsky: I prefer goals and objectives rather than guiding principles. The goals and objectives feel like more focused expressions of where we want to take this community.

Luster: But the Guiding Principles feed into the goals and objectives, which are more tactical.

Polsky: Make sure the language is forward-looking. There is a tone in the existing language that sounds like its Year 2000, the town is done growing, and the focus is on keeping it as it was. Don’t look backward—look forward. Think about the “21 solutions for the 21st century” podcast. This community will be a different place in 2040 than it is today.

The Council expressed its support for the General Plan Update process and urged staff to bring the Plan forward in time for adoption by December 2024, as there will be multiple new Council members seated in 2025.

The Mayor complimented staff on the staff report, and thanked the Planning Commission for their service to the Town and their insights and leadership.