



Memorandum

To: John Page, Dir., Planning, Zoning and Building
Veronica Close, Asst. Dir., Planning, Zoning and Building
Paul Castro, Zoning Administrator

From: Bill Brisson

Date: September 20, 2010

Subject: Study of "Town-Serving" Provisions, Deliverable 4.2

This memorandum is comprised of seven sections, as follows:

- I. Background material providing a summary of the basis for, and purpose of, the "Town-Serving" provision when initially adopted in 1980.
- II. A brief summary of the basic findings of the Commercial District Study prepared during the 1979-80 "Zoning Season."
- III. Discussion of the current mix of uses in the Town's commercial districts by type and square footage.
- IV. A comparison of the current patterns with those found during the 1979-80 Commercial District Study.
- V. A summary of the analysis of the information provided to us by the Town on special exception approvals granted for commercial uses involving greater than 2,000 square feet during the period from 1990 through 2009.
- VI. Brief discussion of other factors and changes since 1980 that are relevant to the "Town-Serving" provision as applied by the Town.
- VII. Conclusions and recommendations.

I. BACKGROUND TO THE "TOWN-SERVING" CONCEPT

At the Town Council meeting on January 9, 1979, Mrs. Barbara Hoffstot, representing the Garden Club, made a presentation to the Council concerning the changing condition of the Town and the Garden Club's dismay at the collapse of services to the residents including the then recent loss of small local oriented retail and service businesses. She noted the demise of a gas station, car repair shop, bakery, fish market, florist, hardware store, hotel, small restaurant, water/ice business and a landscape company. It was this initial presentation that ignited the Town Council's concern over what was perceived to be an evolving trend that was changing the character of the Town's commercial sector.

In April of 1979 the Town Manager provided a memorandum to the Town Council outlining the basis for adopting Ordinance No. 579 implementing a Commercial Moratorium. In this memorandum the following paragraphs described the purpose of the study of the Town's commercial development that ultimately formed the basis for the "Town-Serving" provision and associated limitation on gross floor area for commercial uses in the Town.

- "9. Review the existing composition of commercial development in the C-A and C-B Zoning Districts with the intent of encouraging and providing a necessary balance of 'personal service' commercial uses for residents of the Town and discouraging high-volume retail and other commercial uses whose principal purposes are to serve other than residents of the Town."
- "3. Via memoranda dated March 28 and April 3rd on topics of the 1980 Zoning Hearings, Mr. Adley has been requested to study and recommend on the creation of a new commercial zoning district(s) and other relevant techniques and approaches which would differentiate between various types of commercial uses and which would give different treatment to commercial uses providing services to the immediate residential neighborhood. ..."

In a memorandum dated April 28, 1979 from Harry C. Adley, President of Adley Associates, Inc., the Town's Planning and Zoning Consultant, to the Town Manager, the primary objective of the study to be conducted during the Commercial Moratorium was described as follows:

"1. Primary Objective: Modification of Character of Town's Commercial Areas

To halt, and where possible reverse, the trend by which the Town's commercial districts are changing from a "Town-Serving" function to a region-serving function, changes which are resulting in an increase in traffic congestion, parking demand, loss of convenience to the Townspeople and related problems."

II. BASIC FINDINGS: 1979-80 COMMERCIAL DISTRICT STUDY

Adley Associates, Inc. conducted its study of the uses in the Town's commercial areas during the late summer of 1979 and provided initial findings in October of that year. In December of 1979, the firm presented its "Summary of Research and Findings" for the Commercial District Study. These findings served as the basis for establishing the "Town-Serving" concept and requirement to obtain approval of a special exception to expand an existing commercial use, or establish a new commercial use, involving over 2,000 square feet of gross leasable area.

Market analysis based on population and spending patterns indicated that the square footage of retail and service type commercial uses in the Town were not likely supportable by the local population alone. It was also suggested that the recent loss of small local serving businesses was due to rising rents and property values spurred by competition from larger businesses eager to take advantage of a Palm Beach location and name.

Much of the original Commercial District study dealt with trying to determine the character of the Town's commercial sector and the extent to which "region serving" businesses were located in the commercial districts. However, early on it was suggested, based on general marketing patterns and local knowledge of the character and makeup of commercial establishments in the Town, that commercial uses of over 4,000 square feet were the uses most likely to be serving a market beyond the Town limits.

Inventory of the businesses in the Town indicated that between about 80% of the retail and service businesses in the Town contained 2,000 square feet or less of gross floor area. Consequently, the Town determined that it was prudent to set this as the threshold beyond which substantiation would be required to show that the majority of customers of the business could be expected to be "Townpersons". The definition of "Townpersons" included all full-time or seasonal residents living in, or employees working in, or visitors staying overnight in, the Town.

Businesses of 2,000 square feet or less were therefore automatically considered "Town-Serving" by virtue of their small size, which was the defining and predominant characteristic among businesses in the Town. A business over 2,000 square feet that could substantiate that the majority of its customers were "Townpersons," was also deemed to be "Town-Serving." While the investigation into the sizes and character of businesses in the Town in 1979-80 was limited to the type and sizes of retail and service businesses in the Town, it was also found that much of the competition for commercial space at that time was also due to demand for office space. Occupational license information for 1979 indicated that there were slightly over 400 office-type businesses in the Town. The gross floor area of these businesses was not identified at that time.

Insert map showing Worth Avenue and Royal Poinciana Areas

At the time the Commercial District Study was undertaken, there were only two commercial zoning districts in the Town, C-A and C-B. The C-B district encompassed only a very small area along Royal Palm Way between South County Road and South Ocean Boulevard. While there was, and still is, a small area of commercial zoning in the vicinity of South Ocean Boulevard and the Lake Worth Bridge, the primary commercial areas in the Town were located, as they are now in two areas of the Town. The Town center area included Worth Avenue, Peruvian Avenue, South County Road and Royal Palm Way, all zoned C-A, as well as the small area along Royal Palm Way zoned C-B. This area was referred to in the 1979-80 study as the "Worth Avenue" Commercial District. The northern commercial district centered mainly in the vicinity of the Royal Poinciana Plaza and along Royal Poinciana Way, Bradley Place, Sunrise and Sunset Avenues, and North County Road. This area was referred to as the "Royal Poinciana" Commercial District.

The number, type and scale of the larger retail and service establishments in each of these two areas are illustrative of each district's character. The "Worth Avenue" area was the larger of the two with about 450,000 square feet of retail and service space compared to about 180,000 square feet in the "Poinciana Area". The former was overwhelmingly devoted to shoppers' type goods and as can be seen in the table, more and larger retail anchor stores (except for the Publix supermarket which is considered a convenience-oriented retail outlet).

Table 1
Commercial Retail and Service Anchor Establishments
Major Commercial Areas
1979-80

"WORTH AVENUE" AREA		"ROYAL POINCIANA" AREA	
Anchor Stores	Square Footage	Anchor Stores	Square Footage
Saks Fifth Ave.	16,380	Publix	32,000
Brinkley's Grocery	9,750	Sara Fredericks	10,286
Bonwit Teller	9,576	Stanley Nelson Boutique	4,679
Frances Brewster	8,550	Worrills	10,136
Gucci	5,400		
Sara Fredericks	5,225		
Maus-Hoffman	4,320		
Stagg Ltd.	4,240		
Major Restaurants	Square Footage	Major Restaurants	Square Footage
Taboo	9,678	Restaurant Pappagallo	4,725
Nandos	6,300	Capriccio	4,679
Petit Marmite	5,796	Maurice	4,642
Mandarin	5,400	Testa's	4,125
Flame	4,500	O'Hara's	4,125
Source: 1979-90 Commercial District Study, Adley Associates, Inc. LaRue Planning & Management Services, Inc.			



The inventory taken in 1979 included only retail and service uses and excluded offices, financial institutions and hotels. Using raw data from the 1979 inventory of retail and service uses, the information in the following table indicates that about 76% of the uses were comprised of 2,000 square feet or less. This is reasonably consistent with the initial estimate of about 80% during the 1979-80 study.

Table 2
Square Footage of
Commercial Retail and Service Establishments
1979-80

	"WORTH AVENUE" AREA		"ROYAL POINCIANA" AREA		TOTAL	
Square Feet	Number	Percent	Number	Percent	Number	Percent
Up to 2,000	177	78.7	57	69.5	234	76.2
2,001 to 4,000	32	14.2	15	18.3	47	15.3
Over 4,000	16	7.1	10	12.2	26	8.5
Total	225	100.0	82	100.0	307	100.0
Average	1,598		2,243		1,770	
Median	1,080		1,332		1,152	
Source: 1979-90 Commercial District Study, Adley Associates, Inc. LaRue Planning & Management Services, Inc.						

III. CURRENT MIX OF USES BY ZONING DISTRICT, TYPE OF USE, AND SQUARE FOOTAGE

Since 1980, there have been five commercial zoning districts in the Town. The C-A district was divided into the first four districts listed below. The C-B district involves the same geographic area as in 1980. Map 2, on the following page, shows the delineation of the five districts listed below>

- C-TS, Commercial – Town-Serving
- C-WA, Commercial – Worth Avenue
- C-OPI, Commercial – Offices, professional and institutional
- C-PC, Commercial – Planned center
- C-B, Commercial – Offices

Insert map of five zoning district delineations.

Unlike the 1979-80 study which relied on physical visits to the site of each business to estimate its square footage based on a rough measurement of the geometry of the specific building or unit, the 2009 information is taken from the Town's computerized records of Business Tax Receipts. Obvious examples of businesses with multiple BTRs (e.g., a restaurant that also carried a BTR for its nightclub or catering operation, or for individual lawyers within a firm which had been issued a BTR), were deleted from the list. While hotels and the very largest banks and brokerage and administrative offices have been excluded from the inventory of the C-TS and C-WA zoning districts, smaller banks and offices up to 10,000 square feet are included in the 2009 inventory. This leaves 639 BTRs of which 473 (74%) contain complete information. It is these 463 businesses upon which the information in Tables 3 through 9 and associated analyses are based.

Table 3
BUSINESS SQUARE FOOTAGE
BY ZONING DISTRICT
2009

DISTRICT	TOTAL BTRs ⁽²⁾	BTRs WITH DATA ⁽¹⁾		TOTAL SQ. FT.	AVERAGE SQ. FT.
		NUMBER	PERCENT		
C-TS	266	180	68%	256,096	1,423
C-WA	233	181	78%	397,120	2,194
C-OPI	79	62	78%	193,640	3,123
C-PC	47	39	83%	105,718	2,711
C-B	14	11	79%	25,748	2,341
TOTAL	639	473	74%	978,322	2,068
⁽¹⁾ Based on active BTRs for which square footage data is available, but with obvious duplications removed.					
⁽²⁾ Includes BTRs without data, but with obvious duplications removed.					
Source: Business Tax Receipts, Town of Palm Beach, 2010 LaRue Planning & Management Services, Inc.					

Among the 473 businesses included in the analysis, the average size was computed to be 2,068 square feet of gross leasable area. As would be expected based on the intended character of the zoning districts, the lowest average is found in the C-TS district and the highest in the C-OPI and C-PC districts. Because of the small number of uses in the C-B District data for this district has little significance in this analysis.

As can be seen in Table 4, almost 78% of the businesses contain 2,000 square feet or less and almost 89% contain fewer than 4,000 square feet. Again the C-TS District has the largest percentage of small businesses with over 84% not exceeding 2,000 square feet and just under 92% of the businesses have less than 4,000 square feet. A substantial majority of businesses in all districts have less than 4,000 square feet of gross leasable area.

Table 4
DISTRIBUTION OF BUSINESSES BY SQUARE FOOTAGE CATEGORY
BY ZONING DISTRICT
2009

SQUARE FEET	C-TS	C-WA	C-OPI	C-PC	C-B	TOTAL		
						NUMBER	PERCENT	CUMULATIVE
2,000 & Under	152	145	39	23	9	368	77.8%	77.8%
2,001– 2,999	9	12	5	5	1	32	6.8%	84.6%
3,000 – 3,999	4	6	9	1	0	20	4.2	88.8%
4,000 – 4,999	6	3	0	3	0	12	2.5%	91.3%
5,000 – 5,999	2	4	2	4	0	12	2.5%	93.9%
6,000 – 6,999	4	2	1	1	0	8	1.7%	95.6%
7,000 – 7,999	2	1	1	0	0	4	0.8%	96.4%
8,000 – 8,999	0	0	0	0	0	0	0.0%	96.4%
9,000 – 9,999	0	4	0	0	0	4	0.8%	97.3%
10,000 – 12,999	0	1	1	2	0	4	0.8%	98.1%
13,000 or more	1	3	4	0	1	9	1.9%	(1)
TOTAL	180	181	62	39	11	473	(1)	
2,000 or less	84.4%	80.1%	63.9%	59.0%	81.8%	77.2%		
Less than 4,000	91.7%	90.1%	86.9%	74.4%	90.1%	88.8%		

(1) Parts to not add to 100.0 due to internal rounding.

Source: Business tax receipts, Town of Palm Beach, 2010
LaRue Planning & Management Services, Inc.



C-TS, TOWN-SERVING DISTRICT

The average square footage of retail and service businesses in the C-TS District is 1,427 and the vast majority of uses contain 2,000 square feet or less and almost 92% contain less than 4,000 square feet (See Table 5). The largest retail and service uses in the C-TS are the Palm Ballroom at 235 Sunrise Avenue and the Bank of America at 140 North County Road. Including the Palm Ballroom (which holds BTRs for restaurant, catering and nightclub operations) there are six restaurants in the C-TS District. Restaurants are the most prevalent uses with over 4,000 square feet in the C-TS District.

Table 5
GROSS LEASABLE AREA OF BUSINESSES
C-TS DISTRICT
2009

LARGEST FIRMS	SIZE (sf)		NUMBER	PERCENT
Club Collette	6,734	2,000 & Under	152	84.4%
Café L'Europe	6,774	2,001 – 2,999	9	5.0%
Palm Beach Historic Inn	7,000	3,000 – 3,999	4	2.2%
Bank of America	7,700	4,000 – 4,999	6	3.3%
The Palm Ballroom	14,000	5,000 – 5,999	2	1.1%
		6000 – 6,999	4	2.2%
		7000 – 7,999	2	1.1%
		8000 – 8,999	0	0.0%
		9000 – 9,999	0	0.0%
		10,000 – 12,999	0	0.0%
		13,000 or more	1	0.6%
TOTAL			180	(1)
TOTAL SF		256,096		
AVERAGE SF		1,423		
(1) Parts to not add to 100.0 due to internal rounding				
Source: Business tax receipts, Town of Palm Beach, 2010 LaRue Planning & Management Services, Inc.				



C-WA, WORTH AVENUE DISTRICT

Table 6 provides data for businesses in the C-WA, Worth Avenue District. Worth Avenue remains primarily a location for high end shopping goods. Larger businesses are more prevalent and of considerably greater size in the C-WA District than in the C-TS District. The average square footage is over 1 ½ times that prevailing in the C-TS District. There are 18 businesses with over 4,000 square feet in this District. The largest are Neiman Marcus (49,917 square feet) and Saks Fifth Avenue (48,661 sf). Both are located on Worth Avenue east of South County Road. Neiman Marcus was first approved in 1998 and Saks, which was relocated from its prior location further west on Worth Avenue, was also approved in 1998. Fourteen (14) of the businesses with 4,000 or more square feet are merchants, two are restaurants and two are banks.

Table 6
GROSS LEASABLE AREA OF BUSINESSES
C-WA DISTRICT
2009

LARGEST FIRMS	SIZE (sf)		NUMBER	PERCENT
Tiffany and Company	11,360	2,000 & Under	145	80.1%
Polo Ralph Lauren	15,816	2,001 – 2,999	12	6.6%
Neiman Marcus	49,917	3,000 – 3,999	6	3.3%
Saks Fifth Avenue	48,661	4,000 – 4,999	3	1.7%
		5,000 – 5,999	4	2.2%
		6000 – 6,999	2	1.1%
		7000 – 7,999	1	0.6%
		8000 – 8,999	0	0.0%
		9000 – 9,999	4	2.2%
		10,000 – 12,999	1	0.6%
		13,000 or more	3	1.7%
TOTAL			181	(1)
TOTAL SF		397,120		
AVERAGE SF		2,194		
(1) Parts to not add to 100.0 due to internal rounding				
Source: Business tax receipts, Town of Palm Beach, 2010 LaRue Planning & Management Services, Inc.				

CB, OFFICE DISTRICT

The C-B District was retained from the original zoning in 1979. It was intended to provide for office type uses in structures compatible with nearby residential neighborhoods. It is fully developed in office type uses including banks, law, real estate, business and administrative offices. It is also the home of the Heart of Palm Beach Hotel. Because of its small size and limited scope of uses, it has little relevance to this study of the “Town-Serving” provision. The data provided on Table 7, following, are provided to support this assertion.

Table 7
GROSS LEASABLE AREA OF BUSINESSES
C-B DISTRICT
2009

LARGEST FIRMS	SIZE (sf)		NUMBER	PERCENT
Palm Beach Board of Realtors Inc	2,970	2,000 & Under	9	81.8%
U S Trust	13,300	2,001 – 2,999	1	9.1%
		3,000 – 3,999	0	0.0%
		4,000 – 4,999	0	0.0%
		5,000 – 5,999	0	0.0%
		6000 – 6,999	0	0.0%
		7000 – 7,999	0	0.0%
		8000 – 8,999	0	0.0%
		9000 – 9,999	0	0.0%
		10,000 – 12,999	0	0.0%
		13,000 or more	1	9.1%
TOTAL			11	100.0%
TOTAL SF		25,748		
AVDERAGE SF		2,341		

Source: Business tax receipts, Town of Palm Beach, 2010
LaRue Planning & Management Services, Inc.



C-OPI, OFFICES, PROFESSIONAL AND INSTITUTIONAL DISTRICT

The C-OPI District is located along both sides of Royal Palm Way, the central entrance to the Town from the mainland via the Royal Park Bridge. It is characterized by banks and other financial institutions, law and real estate firms, and business and administrative offices. In prior years some restaurants were located in this district, but have since been replaced by office type uses. This district has the highest average size per business (3,123 square feet) a considerably lower percentage of businesses of 2,000 square feet or less than the neighboring C-TS and C-B districts and the nearby C-WA District. Except for the Rehabilitation Center, the largest businesses are all financial and related institutions.

Table 8
GROSS LEASABLE AREA OF BUSINESSES
C-OPI DISTRICT
2009

LARGEST FIRMS	SIZE (sf)		NUMBER	PERCENT
UBS Financial Services Inc	11,000	2,000 & Under	39	62.9%
Merrill Lynch Pierce Fenner & Smith	14,164	2,001 – 2,999	5	8.1%
Morgan Stanley and Co Inc	14,318	3,000 – 3,999	9	14.5%
JP Morgan Securities	22,185	4,000 – 4,999	0	0.0%
Rehabilitation Center for Children and Adults	30,000	5,000 – 5,999	2	3.2%
		6000 – 6,999	1	1.6%
		7000 – 7,999	1	1.6%
		8000 – 8,999	0	0.0%
		9000 – 9,999	0	0.0%
		10,000 – 12,999	1	1.6%
		13,000 or more	4	6.5%
TOTAL			62	100.0%
TOTAL SF		193,640		
AVERAGE SF		3,123		

Source: Business tax receipts, Town of Palm Beach, 2010
LaRue Planning & Management Services, Inc.



C-PC, PLANNED CENTER DISTRICT

The Poinciana Plaza is considered a planned commercial center and its most recognizable fixture has been the Royal Poinciana Playhouse which was recently given Landmark status by the Town. Apart from the Playhouse, the C-PC District is largely devoted to office type uses including administrative/business, real estate and property management, law, consulting and banks (19) and medical offices (11). The remaining uses are retail merchants (9), services (5) and restaurants (3). The largest use is the law firm of Alley Maass Rogers & Lindsay with 12, 256 square feet (see Table 9) While most of the uses (59%) do not exceed 2,000 square feet in gross leasable area, this percentage is even less than that recorded for the C-OPI District.

Table 9
GROSS LEASABLE AREA OF BUSINESSES
C-PC DISTRICT
2009

C-PC DISTRICT				
LARGEST FIRMS	SIZE (sf)		NUMBER	PERCENT
Palm Beach Grill	6,515	2,000 & Under	23	59.0%
Island Hospitality Mgt Inc	10,000	2,001 – 2,999	5	12.8%
Alley Maass Rogers & Lindsay PA	12,256	3,000 – 3,999	1	2.6%
		4,000 – 4,999	3	7.7%
		5,000 – 5,999	4	10.3%
		6000 – 6,999	1	2.6%
		7000 – 7,999	0	0.0%
		8000 – 8,999	0	0.0%
		9000 – 9,999	0	0.0%
		10,000 – 12,999	2	5.1%
		13,000 or more	0	0.0%
TOTAL			39	(1)
TOTAL SF		105,718		
AVERAGE SF		2,711		
(1) Parts do not add to 100.0 due to internal rounding.				
Source: Business tax receipts, Town of Palm Beach, 2010 LaRue Planning & Management Services, Inc.				

IV. COMPARISON OF 1979 and 2009 PATTERNS

The information in the 1979-80 Commercial Study is not directly comparable to that collected for 2009. This is because there was only one major commercial zoning district in 1979, the C-A District. Consequently, the 1979 data was developed on a geographic basis, separating the southern commercial area from the northern commercial area. The current zoning pattern incorporates five zoning districts one of which, the C-TS District, is located in both the northern and southern areas. The southern area contains the C-WA, C-TS, C-B and the C-OPI Districts. The northern area now contains the C-TS District and the C-PC District. The following discussion, will however, compare these areas to the extent that valid comparisons can be made.

SOUTHERN COMMERCIAL AREA

Because the C-B and C-OPI districts are limited primarily to office type uses for which we have little 1979 data, for the purposes of this analysis these districts are excluded. The southern commercial area includes all uses in the C-WA District as well as uses in the C-TS District along Peruvian Avenue, South County Road and parts of Phipps Plaza.

As can be seen in Table 10, overall the average business size in this area has increased by 18% since 1979. This is largely due to changes along Worth Avenue where average size has increased by 28%. The new Nieman Marcus store and the expansion and relocation of Saks Fifth Avenue combined with other large stores, although not of the scale of the aforementioned, has resulted in a 64% increase in businesses of 4,000 square feet or more since 1979. More dramatic, however, is the fact that the total square footage associated with these types of businesses has risen to almost 2 ½ times what it was in 1979, from 81,738 square feet to 197,480 square feet.

A listing of retail and service businesses of 4,000 square feet or more located in the C-WA District in 1979 and 2009 is provided in Table 11.

Change in the C-TS district has been relatively modest, with average square footage per business increasing less than 7% since 1979. A listing of retail and service businesses of 4,000 square feet or more located in the southern C-TS district is provided in Table 12.



Table 10
NUMBER AND SIZE OF BUSINESSES BY ZONING DISTRICT
SOUTHERN COMMERCIAL AREA
1979 AND 2009

C-WA DISTRICT				
GLA (SF)	1979		2009	
	Number	Percent	Number	Percent
2,000 & Less	106	80.9%	145	80.1%
2,001 – 3,999	14	10.7%	18	9.9%
4,000 & Over	11	8.4%	18	9.9%
TOTAL	131	100.0%	181	(1)
AVERAGE	1,715		2,194	
C-TS DISTRICT				
2,000 & Less	70	77.8%	118	84.9%
2,001 – 3,999	17	18.9%	10	7.2%
4,000 & Over	3	3.3%	11	7.9%
TOTAL	90	100.0%	139	100.0%
AVERAGE	1,345		1,434	
TOTAL SOUTHERN AREA				
2,000 & Less	176	79.6%	263	82.2%
2,001 – 3,999	31	14.0%	28	8.8%
4,000 & Over	14	6.3%	29	9.1%
TOTAL	221	(1)	320	(1)
AVERAGE	1,577		1,864	
(1) Parts do not add to 100.0 due to internal rounding.				
Source: 1979 Commercial District Study, Adley Associates, Inc., 1980 Business tax receipts, Town of Palm Beach, 2010 LaRue Planning & Management Services, Inc				

Table 11
C-WA DISTRICT
BUSINESSES BY TYPE AND SQUARE FOOTAGE
2009 and 1979

1979		
BUSINESS NAME	GLA (sf)	TYPE
Saks Fifth Avenue	16,380	Merchant
Frances Brewster	8,550	Merchant
Taboo	9,678	Restaurant
Bonwit Teller	9,576	Merchant
Wally Findlay Galleries Inc	8,073	Art Gallery
Petit Marmite	5,796	Restaurant
Gucci	5,400	Merchant
Sara Fredericks	5,225	Merchant
The Flame	4,500	Restaurant
Stagg Ltd.	4,240	Merchant
Maus & Hoffman	4,320	Merchant
Number	11	
Total Square Footage	81,738	
2009		
Neiman Marcus	49,917	Merchant
Saks Fifth Avenue	48,661	Merchant
Polo Ralph Lauren	15,816	Merchant
Tiffany And Company	11,360	Merchant
Chanel	9,526	Merchant
Mary Mahoney	9,200	Merchant
Escada	7,100	Merchant
Taboo	6,334	Restaurant
Brooks Brothers	6,000	Merchant
Trevini Restaurant	5,243	Restaurant
Maus & Hoffman Inc	5,200	Merchant
St John	5,200	Merchant
Wally Findlay Galleries Inc	5,140	Art Gallery
Giorgio Armani	4,683	Merchant
Giorgio's Of Palm Beach	4,100	Merchant
AB Levy Palm Beach	4,000	Merchant
Number	16	
Total Square Footage	197,480	
Source: 1979 Commercial District Study, Adley Associates, Inc., 1980 Business tax receipts, Town of Palm Beach, 2010 LaRue Planning & Management Services, Inc		

Table 12
C-TS DISTRICT (Southern Area)
BUSINESSES BY TYPE AND SQUARE FOOTAGE
2009 and 1979

1979			
BUSINESS NAME	GLA (sf)	TYPE	ADDRESS
Brinkleys	9,750	Grocery	354 S. County Rd
Mandarin	5,400	Restaurant	323 S County Rd
Courtyard Plaza Interiors	4,125	Interior Decorator	240 S County Rd
Grill & Bar	2,700	Restaurant	264 S County Rd
Number	4		
Total Square Footage	21,975		
2009			
Cafe L'Europe	6,774	Restaurant	331 S County Rd
Club Collette	6,734	Restaurant	215 Peruvian Ave
C Orrico	5,500	Merchant	336 S County Rd
Amici Ristorante & Bar	5,270	Restaurant	375 S County Rd
264 The Grill	4,816	Restaurant	264 S County Rd
Church Mouse	4,759	Merchant	374 S County Rd
Number	6		
Total Square Footage	33,583		
Source: 1979 Commercial District Study, Adley Associates, Inc., 1980 Business tax receipts, Town of Palm Beach, 2010 LaRue Planning & Management Services, Inc			

NORTHERN COMMERCIAL AREA

The northern commercial area includes all uses in the Royal Poinciana Plaza (the C-PC District) and along Royal Poinciana Way, Bradley Place, Sunrise and Sunset Avenues, and North County Road (C-TS District).

As can be seen in Table 13, the average size of businesses in this area has not increased appreciably since 1979. For example, in the C-TS portion of this area, the average was 2,109 in 1979 and 2,113 in 2009. In the C-PC District it was 2,842 in 1979 and 2,711 in 2009. However, we have less confidence in the data for the northern C-TS district than other areas of the Town because only 59% of the businesses with BTRs include square footage information for 2009. Nevertheless, while there does not appear to have been a significant change in size of businesses in this area, there has been a marked shift in the character of the Royal Poinciana Plaza from retail/service orientation to more of an office complex.

A listing of retail and service businesses of 4,000 square feet or more located in the northern commercial area in 1979 and 2009 is provided in Table 14.

Table 13
NUMBER AND SIZE OF BUSINESSES BY ZONING DISTRICT
SOUTHERN COMMERCIAL DISTRICT
1979 AND 2009

C-TS DISTRICT				
GLA (SF)	1979		2009	
	Number	Percent	Number	Percent
2,000 & Less	64	69.6%	34	81.0%
2,001 – 3,999	19	20.6%	3	7.1%
4,000 & Over	9	9.8%	5	11.9%
TOTAL	92	100.0%	42	100.0%
AVERAGE	2,109		2,113	
C-PC DISTRICT				
2,000 & Less	10	58.8%	23	62.2%
2,001 – 3,999	3	17.6%	6	16.2%
4,000 & Over	4	23.5%	10	21.6%
TOTAL	17	(1)	39	100.0%
AVERAGE	2,842		2,711	
(1) Parts do not add to 100.0 due to internal rounding.				
Source: 1979 Commercial District Study, Adley Associates, Inc., 1980 Business tax receipts, Town of Palm Beach, 2010 LaRue Planning & Management Services, Inc.				

Table 14
NORTHERN COMMERCIAL AREA
BUSINESSES OF 4,000 AND MORE SQUARE FEET
BY TYPE AND SQUARE FOOTAGE
2009 and 1979

1979			
BUSINESS NAME	GLA (sf)	TYPE	ADDRESS
C-PC DISTRICT			
Sara Fredericks	10,286	Merchant	Royal Poinciana Plaza
Stanley Nelson Boutique	4,679	Interior Deco.	Royal Poinciana Plaza
Cappriccio	4,679	Restaurant	Royal Poinciana Plaza
C-TS DISTRICT			
Publix	32,000	Supermarket	265 Sunset Avenue
Restaurant Pappagallo	4,725	Restaurant	107 Bradley Place
Maurice	4,642	Restaurant	Bradley Place
Testa's	4,125	Restaurant	223 Royal Poinciana Way
Ohara's	4,125	Restaurant	128 North County Rd.
2009			
C-PC DISTRICT			
Alley Maass Rogers & Lindsay Pa	12,256	Law Firm	Royal Poinciana Plaza
Island Hospitality Mgt Inc	10,000	Adm. Office	
Palm Beach Grill	6,515	Restaurant	Royal Poinciana Plaza
Innkeepers USA Trust	5,620	Adm. Office	Royal Poinciana Plaza
Brown Harris Stevens Of Palm Beach	5,125	Real Estate	Royal Poinciana Plaza
Suntrust South Florida NA	5,020	Bank	Royal Poinciana Plaza
Island Dermatology Laser & Anti-Aging	5,000	Medical	50 Cocoanut Row
Michael R McCarty's	4,648	Restaurant	50 Cocoanut Row
Sotheby's International	4,100	Real Estate	Royal Poinciana Plaza
Murphy Reid LLP	4,062	Law Firm	Royal Poinciana Plaza
C-TS DISTRICT			
Publix	32,000	Supermarket	265 Sunset Avenue
Palm Ballroom	14,000	Caterer, Nightclub, Restaurant	235 Sunrise
Bank of America	7,700	Bank	140 North County Rd.
Echo	4,585	Restaurant	230 Sunrise
Island Hotel, Inc.	4,360	Unclassified	235 Sunrise
251 PB	4200	Restaurant	251 Sunrise
Source: 1979 Commercial District Study, Adley Associates, Inc., 1980 Business tax receipts, Town of Palm Beach, 2010 LaRue Planning & Management Services, Inc			



V. APPROVALS OF SPECIAL EXCEPTIONS BETWEEN 1990 & 2009 FOR BUSINESSES OVER 2,000 SF

The Town provided a handwritten list of 191 special exceptions, each involving more than 2,000 square feet of commercial floor area, that were approved by Town Council during the years 1990 through 2009. Data for the Heart of Palm Beach Hotel was provided but was excluded because hotels were not included in the 1979-80 study. Of the 191 businesses, 161 contained sufficient data for analysis.

As can be seen in Table 15, the average approval involved 5,956 square feet. The largest number of approvals was at the lower end of the spectrum. A little less than half (46.6%) involved floor area of less than 4,000 square feet and more than 70% of the approvals involved less than 6,000 square feet.

Table 15
APPROVALS
BUSINESSES IN EXCESS OF 2,000 SQUARE FEET
TOWN OF PALM BEACH, FLORIDA
1990 – 2009

TOTAL SQUARE FEET	958,895		
NUMBER OF APPROVALS	161		
AVERAGE SF PER APPROVAL	5,956		
Percent			
Square Footage	Number	By Bracket	Cumulative
2,001 to 2,999	46	28.6%	28.6%
3,000 to 3,999	29	18.0%	36.6%
4,000 to 4,999	26	16.1%	62.7%
5,000 to 5,999	13	8.1%	70.8%
6,000 to 6,999	12	7.5%	78.3%
7,000 to 7,999	6	3.7%	82.0%
8,000 to 8,999	5	3.1%	85.1%
9,000 to 9,999	4	2.5%	87.6%
10,000 to 12,999	12	7.5%	95.1%
13,000 SF or more	8	5.0%	(1)
TOTAL	161	(1)	
(1) Parts do not add to 100.0 due to internal rounding.			
Source: Town of Palm Beach, 2010 LaRue Planning & Management Services, Inc.			

The establishments with the greatest amount of floor space were two retail stores, Saks Fifth Avenue and Neiman Marcus. Both were approved in 1998 and are located on Worth Avenue east of South County road. These involved 48,661 and 49,917 square feet, respectively.

While retail/service uses are by far the most prevalent in the list of approved special exceptions, banks and financial institutions consistently involve the greater floor areas. In fact, if the two largest retail approvals cited above are excluded, all retail/services, offices, and restaurants average in the range of 4,000 to 5,000 square feet, whereas banks and financial institutions together average 8,994 square feet, almost twice that of the average of all other uses (4,527).

Table 16
SPECIAL EXCEPTION APPROVALS
BUSINESSES IN EXCESS OF 2,000 SQUARE FEET BY TYPE OF USE
TOWN OF PALM BEACH, FLORIDA
1990 – 2009

Type of Use	#	Avg. SF	Largest (SF)
Banks	24	8,545	19,852 and 22, 185
Financial	9	10,188	16,088
Offices	29	4,760	20,730
Restaurants	31	4,409	7,074
Retail/Services	64	5,833	48,661 & 49,917
House of Worship	2	4,072	3,820 & 4,323
TOTAL	159	5,944	
Source: Town of Palm Beach, 2010 LaRue Planning & Management Services, Inc.			

Most of the special exception approvals were for businesses located in the C-TS District, followed by the C-WA District. The average square footage was the lowest in the C-TS, followed by the C-WA District, with the highest average occurring in the C-OPI District. There were an inconsequential number of approvals in the C-PC District and none in the C-B District.

Whereas the slim majority of approvals in the C-TS and C-WA Districts involved less than 4,000 square feet, less than half of the approvals in the C-OPI District involved less than 8,000 square feet

Table 17
SPECIAL EXCEPTION APPROVALS
BUSINESSES IN EXCESS OF 2,000 SQUARE FEET BY ZONING DISTRICT
TOWN OF PALM BEACH, FLORIDA
1990 – 2009

Zoning District	#	Avg. SF	Adjusted Avg. Basis for Adjustment
C-TS	81	4,950	Excludes Publix, 52% < 4,000 sf; 85% < 6,000 sf
C-WA	56	6,405	52% < 4,000 sf; 68% < 6,000 sf; 80% < 8,000 sf
C-OPI	21	9,013	10% < 4,000 sf; 19% < 6,000 sf; 48% < 8,000 sf
C-PC	2	NA	Approvals were for 3,000 sf and 4,648 sf
TOTAL	160		
Source: Town of Palm Beach, 2010 LaRue Planning & Management Services, Inc.			

VI. OTHER RELEVANT FACTORS AND CHANGES SINCE 1980

Since the 1979-80 Commercial District Study was conducted and the "Town-Serving" provisions were incorporated into the Town's Zoning Code, eight new shopping malls have been constructed in Palm Beach County. These include:

The Gardens Mall
City Place
Legacy Place
Downtown at the Gardens
Town Center at Boca Raton
Mizner Park
The Mall at Wellington Green
Boynton Mall

While a number of these include some retail outlets that are located in the Town of Palm Beach, two, The Gardens Mall and Town Center at Boca Raton, are high end malls that cater to the same type of customer as shops in the Town of Palm Beach, particularly those on Worth Avenue. As such, they represent competition for customers other than "Townpersons" who, in the past, had no alternative other than Palm Beach in order to patronize such high-end retailers. High-end tenants in these malls that could be expected to be competition to Worth Avenue merchants include:

The Gardens Mall

Gucci
Hamilton Jewelers
Tourneau
Nordstrom
Louis Vuitton
Lilly Pulitzer

Town Center at Boca Raton

Neiman Marcus
Cartier
Tiffany & Company
Louis Vuitton
Michael Kors
Lilly Pulitzer
Ralph Lauren

The advent of such competition could reduce the extent to which Worth Avenue shops attract residents of, and visitors to, areas outside of the Town of Palm Beach.



VII. CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

The following address each of the issues required to be addressed as set forth on page 3 of the Scope of Services.

1. Relevancy of the "Town-Serving" concept and continued need for a "Town-Serving" provision.

We believe the data and analysis contained in this report indicates that the "Town-Serving" concept is still relevant and useful, however less so, and perhaps in a different context, than was perceived to be the case at its inception.

The Town's commercial sector continues to be characterized by small establishments. Fully 78% of the businesses contain less than 2,000 square feet of gross leasable area and 89% contain less than 4,000 square feet. Despite the C-TS District being the subject of the greatest number of special exception approvals, there has been only a slight increase in the average size of establishments in this district.

However, while small shops still dominate the Worth Avenue Zoning District, it has undergone significant change, particularly with the addition of more and much larger anchor establishments than was the case in 1979. The most notable examples are Neiman Marcus and the new and relocated Saks Fifth Avenue, each with almost 50,000 square feet. With these, the 100 block of Worth Avenue is not of the same character as the area further west.

Looking at the C-OPI District, it appears clear to us that the current character of the District as well as the history of special exception approvals indicate to us that the "Town-Serving" concept has little relevance in the C-OPI District. The uses that predominate in this area are primarily financial institutions and professional offices. While they may rely on the aura of a Palm Beach address, the nature of modern banks and financial institutions in particular rely less and less on physical visitation by its customers, thereby possibly minimizing the potential effects of such businesses on the Town. The history of special exception approvals also indicates that the Town recognizes this characteristic, as the average square footage of such approvals is considerably higher than in other districts.

2. Ramifications of eliminating the “Town-Serving” provision.

C-OPI & C-B Districts: We do not believe that eliminating the “Town-Serving” provision in the C-OPI or C-B Districts will have any significant effect upon the Town. This is primarily because of the nature of the businesses located in these districts, specifically as described above. Further, there are already certain limitations in place in these districts on the size and/or appearance of structures in these districts that will inhibit an increase in the size of structures, although it would allow some increase in the size of businesses within them.

C-WA District: Eliminating the “Town-Serving” provision in the C-WA District could result in some increases in the size of businesses, but we find it difficult to envision, after the approval of Saks Fifth Avenue and Neiman Marcus, that any business could not demonstrate that it would meet the “Town-Serving” requirements. Further, with the advent of Gardens Mall and Town Center at Boca Raton in particular, larger retail establishments in the Town are likely to attract fewer persons not qualifying as “Townpersons” than may have been the case in 1979 because of the increased availability of high-end retail establishments in competing malls. These factors give credence to the possibility that the “Town-Serving” provision may no longer be necessary or effective in the C-WA District.

C-TS District: With regard to the C-TS District, we believe that, despite some approvals of larger establishments, the “Town-Serving” provision remains valuable, although it would appear that the threshold could be raised to 4,000 square feet without undue effect. A little over half the special exception approvals have been for uses less than 4,000 square feet. In fact, 85% of the approvals for retail and service uses (except restaurants) involved no more than 4,000 square feet. While there can be no objective confirmation, we believe the size limitation as applied in the C-TS District may have encouraged applicants to limit business sizes to less than may have been the case without the limitation.

C-PC District: There have been only two special exception approvals for businesses in excess of 2,000 square feet in the C-PC District since 1990. Therefore there is little basis for modifying the regulations of this district. In fact, the Town has expressed considerable concern in the past over the possibility of creating “increased development opportunities” in the C-PC District because of the possible effect upon a long-standing agreement between the Town and the Royal Poinciana Plaza with regard to the continued existence of the Royal Poinciana Playhouse. Consequently, we would not recommend changing application of the “Town-Serving” provision in this district.

3. Are there better alternatives to the “Town-Serving” provision?

The current use of gross leasable area allows for a degree of objectivity in determining whether or not a business qualifies as “Town-serving”. For this reason, we cannot recommend any alternative approach. We believe that the “Town-Serving” provision is still appropriate and useful in the Town in some instances but that some modification may be warranted. These modifications are incorporated into our recommendations, which follow.



RECOMMENDATIONS

1. **C-WA District:** Eliminate the “Town-Serving” provision in this district. If this is not acceptable, as an alternative we would suggest that the “Town-Serving” provision not apply in the 100 block of Worth Avenue, and that the threshold be increased to uses over 6,000 square feet for the balance of the district.
2. **C-TS District:** Retain the “Town-Serving” provision but increase the threshold to uses over 4,000 square feet, above which it becomes necessary to prove that the majority of its patrons will be “Townpersons”.
3. **C-OPI and C-B Districts:** Eliminate the “Town-Serving” provision in this district.
4. **C-PC District:** Retain the “Town-Serving” provision as it now exists.
5. Exclude short-term occupancy uses (hotels, motels, bed & breakfasts, and time-sharing) in commercial districts and multi-family residential districts from the “Town-Serving” provision. Such uses are by definition “Town-Serving”. Further, there are other regulations that limit the intensity of accessory commercial uses to hotels, etc. as well as the market to which the accessory commercial uses may be directed.
6. The “Town-Serving” provision is now applied to any special exception use. This becomes problematic when applied to a use that is not located in a commercial district or which use is not commercial in nature. We suggest that the “Town-Serving” special exception criteria should only be applied to commercial enterprises.
7. It appears to us that once a business has proven to the Town Council’s satisfaction that it is “Town-Serving” it should not be necessary to prove or certify each year that it continues to qualify. If the information provided initially was adequate, it is entirely likely that the business will be able to substantiate continued compliance. The Town, however, should retain the right to request substantiating documentation by the business if the Town has reason to believe that the business is not continuing to meet the “Town-Serving” criteria.