

8. Economic Potential

Opportunities

El Dorado County is experiencing a healthy growth in visitation by capitalizing on its immediate access to the Sacramento Region and multitude of recreational and leisure pursuits. Though the County's historical visitor spending has been relatively sluggish, growing at an average annual rate of just 1.4 percent over the past 20 years, the outlook is more favorable for unincorporated areas. Tourism performance indicators in the unincorporated area of El Dorado County, reveals an annual increase in transient-occupancy tax (TOT) revenues of approximately 10 percent. Visitor spending is expected to grow by its current rate of approximately 1 to 2 percent per year countywide, but some popular areas (especially in the unincorporated portion of the county) may grow at much faster rates, possibly up to 5 to 10 percent, which could bode well for Diamond Springs and El Dorado.

Growth in Tourism

There are many popular attractions, amenities, activities, and programs that drive visitation to El Dorado County, such as agritourism (including wine-related tourism), historical tourism, and outdoor adventure tourism, including activities like hiking, rafting, boating, off-roading, equestrian, fishing, camping, etc. According to a survey conducted by the El Dorado Visitors Authority, the most popular activities or experiences in El Dorado County include dining, visiting wineries, and visiting popular geographic points of interest such as Main Street Placerville or South Lake Tahoe. A variety of other recreational experiences also were noted, such as visiting Apple Hill, visiting Coloma, hiking, camping, visiting museums, river recreation, fishing, skiing, golf, cycling, and others. Sectors of tourism that present the most opportunity for the Study Area, such as heritage tourism, agritourism, wine-related tourism, and adventure-tourism will be discussed separately in the sections to follow.



Diamond Springs Historic Landmark

History and Heritage Tourism

Heritage tourism (also known as “historical tourism”) is a key tourism market segment that has great promise for future growth. Heritage tourism worldwide is estimated to account for approximately 20 percent of total trips, and travelers classified as cultural and heritage tourists travel more frequently (on average 5.01 leisure trips per year versus 3.98 trips per year for non-cultural/heritage travelers according

to the U.S. Cultural and Heritage Tourism Study, prepared by Mandala Research, LLC, 2009). Baby boomers represent the most prominent market segment that is interested in heritage tourism. Because an ever-increasing proportion of the population is reaching retirement age and many are choosing to spend these years traveling, the prospects for enhanced heritage tourism from this consumer segment are strong. Since El Dorado County is a popular retirement area, efforts to increase heritage tourism would capture interest from Baby Boomer history buffs who are not willing or able to travel far from home.

Heritage tourism is among the more popular activities for El Dorado County visitors, and several historical towns near the Study Area, such as Placerville, Georgetown, Coloma, and others offer a variety of opportunities to experience historical mining operations, visit museums, or tour the historic downtowns. Coloma, in particular, is among the county's most popular tourism areas outside Lake Tahoe. This is the



El Dorado County Historical Railroad Park

location where gold was first discovered in California, and the town has been proactive and successful in drawing on its historical significance to draw visitors. The Marshal Gold Discovery State Historical Park hosts approximately 250,000 visitors per year, and quite a few tourism-oriented businesses and museums have been established in the area to provide a rich experience, making Coloma a popular place to visit.

El Dorado and Diamond Springs are well positioned to benefit from Placerville, Coloma, and Georgetown's tourism traffic because of their close proximity to those areas and similar Gold Rush background. El Dorado and Diamond Springs are already registered as California Historical Landmarks (#486 and #487 respectively). Both towns have a handful of historic buildings and sites of interest. Diamond Springs's notable historic sites include the cemetery, Odd Fellows Hall (1852), the former Campini butcher shop, old school house (now a barber shop), and Diamond Springs Hotel (1916) among others. Points of interest in El Dorado include Poor Red's (a former drug store built in 1856), a historic brick building built in 1857 (now a Harley Davidson agency), former merchant shop once owned by Tracy and Kinsel (now Gallery El Dorado, 1856-57). Strengthening their historic tourism image and improved marketing efforts would entice more visitors to add El Dorado and Diamond Springs as stops on their Gold Rush history tour.

By combining visits to historical sites with other activities such as dining, shopping, or outdoor recreation, a very compelling tourism experience can be provided to visitors of Diamond Springs and El Dorado. To the extent that additional complementary activities, attractions, and amenities can be added or enhanced, prospects for tourism and visitation will continue to improve. In particular, pedestrian and street improvements along Pleasant Valley Road (SR49) through historic El Dorado and Diamond Springs can

make this area of the community more appealing and accessible to tourists and residents, potentially spurring new business and economic development. Future commercial uses in the historic areas of El Dorado and Diamond Springs would do well to focus on creating an experiential district where the experience of the unique history and character of the area is marketed. Examples of appropriate venues in an experiential district could include restaurants, wine clubs, gift shops, boutiques, artisan goods retailers, entertainment and performing arts venues to name a few. Diamond Springs has got a jump start on this with the new Diamond Center commercial development at the intersection of Pleasant Valley Road (SR 49) and Fowler Lane, which has been carefully designed to recreate the historic Gold Rush character.

A joint project of the El Dorado County Historical Museum and the El Dorado Western Railway Foundation is attempting to attract history and heritage tourists to the area by offering excursion rail rides from El Dorado to Shingle Springs in the Sacramento-Placerville Transportation Corridor.

Agriculture and Agritourism

Agritourism is a strong and growing tourism segment in El Dorado County. The Apple Hill area, in particular, is an extremely well-organized collection of growers, bake shops, food stores, wineries, and other attractions that hosts large quantities of visitors each year. These visitors partake in the exploration of a variety of agricultural goods, fresh baked goods, Christmas tree farms, wineries, and many other items. Local residents have suggested that El Dorado and Diamond springs could build off of this model, providing specialty crop visitor-oriented operations centered on pears, cherries, or other local crops.

There is a concerted effort to further organize the various agritourism activities in the county, and the El Dorado County Farm Trails Association (EDCFTA) is one organization helping to facilitate this effort. The EDCFTA helps to publicize local farmers' markets in the county and publishes farm trail maps and directories to help visitors find their way among the various agricultural options.

Viniculture and Wine-Related Tourism

The wine industry is another growing segment of economic activity in El Dorado County, which includes more than 2,200 acres in wine grape production (as of 2010). These wine-growing operations raise the profile of the county's wine-related activities, and there were more than 60 bonded wineries in El Dorado (as of 2010), ranking El Dorado as one of the largest wine regions in the state. El Dorado County and neighboring Amador County have emerged as very strong areas in the wine-related segment and are seen as a more cost-effective and convenient alternative region to visit compared to the booming wine culture that exists in the Napa and Sonoma Valleys.

Diamond Springs and El Dorado are on the doorstep of a number of nearby wineries in Fair Play, Pleasant Valley, Camino, Gold Hill, and Apple Hill making the entire area a popular and emerging destination for wine enthusiasts. Though already strong, the wine-related segment can be strengthened with the

provision of more dining options, enhanced transportation accessibility (such as through organized “wine tours”), the provision of additional lodging options for visitors to stay, and through other related efforts.

Outdoor Recreation and Adventure Tourism

According to the Adventure Travel Trade Association, “adventure tourism” can be defined as tourism that involves two of the following three elements: (1) interaction with nature, (2) interaction with culture, or (3) a physical activity. Adventure tourism is deemed one of the fastest growing segments in the travel industry, with recent estimates indicating 65-percent growth in each year from 2009 to 2012 (according to the “Adventure Tourism Market Study,” published by the Adventures Travel Trade Association and George Washington University, 2013). This tourism segment has great existing pull and future potential for the Study Area, as there are a variety of adventure tourism opportunities throughout El Dorado County that the area could benefit from economically.

El Dorado County’s vast open spaces and outdoor terrain make it a haven for a variety of adventure tourism activities, including river rafting, hiking, horseback riding, camping, fishing, golfing, snow sports, etc. There are several river rafting companies located in El Dorado County that offer guided tours for various skill, ability, and thrill levels, and river-related activities are a very popular attraction that drives substantial visitation to the county. There are many other aspects of adventure tourism available to El Dorado County visitors, such as rock climbing, mountain biking, geocaching, camping, hiking, boating, and many more. Given El Dorado County’s host of superb outdoor recreational options, this tourism segment is likely to thrive long into the future.

Challenges

There are a number of challenges associated with the future development of EL Dorado and Diamond Springs including:

Historic Integrity and Neighborhood Design

Though this area has a rich and interesting history based on Gold Rush era and western settlement, few historic buildings have been preserved. As discussed previously, many have been destroyed by fire, removed due to severe dilapidation, or remodeled. Significant private investment will be required to fully restore the historic charm of this community. This can begin with an effort to “fill in the gaps” in the neighborhood design, building up a contiguous store front experience along key segments of Pleasant Valley Road.



Downtown Diamond Springs

Access

To some visitors, the Diamond Springs and El Dorado area could be considered a bit hidden and “off the beaten path,” which is one of the areas charms but is also a challenge from a tourism marketing perspective. Though it does get exposure from travelers on SR 49, bypassers on US 50 rarely venture just the couple miles south to explore this community. Granted, this seclusion appeals to many residents and is a defining aspect of the community’s character, but from an economic development standpoint, the community could benefit from expanding its marketing and wayfinding efforts to overcome what it lacks in visual access from US 50. Diamond Springs and El Dorado should partake in a regional marketing initiative collaborating with Placerville, Coloma, and other neighboring communities to organize such things as wine, farm, or history tours and events. Interviewed stakeholders suggested incorporating more lodging opportunities such as Bed & Breakfasts in these communities as another way to maximize the economic benefit of visitors to the area. Visitors who have overnight accommodations in the local area are more apt to explore and experience the various facets of the community and spend more money doing so.

Lacking Cohesive Sense of Community

Local business owners have voiced concern over the lack of opportunities for networking and community organizing within each town and collectively as the combined El Dorado/Diamond Springs area. Business associations are not as active as they used to be, and there is a need for community members and business owners to come together with a renewed effort to showcase what this area has to offer. The proposed transportation improvements from the Community Transportation Plan offer an opportunity to spark revived business owner interest and pride in the Diamond Springs and El Dorado business districts. Though the transportation improvements will be instrumental, it is ultimately the choice of the business owners and residents to take advantage of the economic opportunities those improvements offer to expand and enhance the economic wellbeing of their community.

Economic Benefit of Transportation Improvements

The transportation improvements posed as part of the Community Transportation Plan will provide many economic benefits to the community, including improved quality of life and safety, higher property values, increase in revenue from sales tax and TOT. The addition of sidewalks, bike lanes, and shared use trails mean children will have safer routes to school, employees will have alternative commute options, and recreation enthusiasts and tourists will be more inclined to get out and explore the area. Enhanced streetscapes improve the overall appearance of the community and send a signal to investors and potential employers that this is an area worthy of their investment. Several studies have indicated walkability and access to trails and open space have a positive impact on residential and commercial property values. Retail in particular benefits from pedestrian oriented infrastructure improvements, as it can encourage patrons to linger and explore an area longer, thus leading to increased sales. From the perspective of many businesses, the volume of pedestrians can be as important as absolute counts of

vehicular traffic. Restaurants, cafes, and gift shops are examples of businesses that stand to benefit more greatly from amenities that enhance the overall appeal of an area where customers can park once and explore on foot the many offerings the area provides.

Perspectives on Effects of Transportation Improvements on Local Economies

The impact of a transportation improvement project on a town's local economy depends on many factors. To provide additional perspective, Economic & Planning Systems, Inc. (EPS), conducted professional and case-study research to identify lessons learned from other areas that have undergone similar changes to their roadway linkages, such that high-volume traffic was reduced to allow a more inviting, pedestrian-friendly, and tourism-oriented district. While it is important to recognize that no two projects are exactly alike; some instances involve a more formal "bypass," which removes traffic altogether; and others (like the Community Transportation Plan) require a more nuanced shift in roadway alignment, best practices and economic effects that can be studied and applied to the circumstances in El Dorado and Diamond Springs. Though the Diamond Springs Parkway (a proposed connection between SR 49 and Missouri Flat Road) is not proposed as a project in the Community Transportation Plan, but is shown as a proposed El Dorado County project, the effects of the Diamond Springs Parkway project must still be considered a part of the future transportation network. Prominent examples arising from case study research are detailed below:

- **Livermore, California:** The city of Livermore, on the outskirts of the San Francisco Bay Area, implemented a roadway bypass project that aimed to reroute a large portion of vehicle traffic that traveled along the four-lane highway through the center of downtown. The remaining downtown core was revitalized by introducing new sidewalk amenities, street furniture, open space, and historical points of interest, leading to the creation of a more appealing, walkable downtown environment with a host of dining, shopping, and other options. This project has been touted as a tremendous success in revitalizing the downtown, and even during a very difficult economic period, during which overall statewide sales tax revenues declined by 10 percent, downtown Livermore saw retail sales grow by 15 percent.



Livermore, CA

- **Sutter Creek, California:** The city of Sutter Creek, in the gold country foothills of Amador County, underwent a bypass to SR 49, which was a heavily traveled and often-congested regional

thoroughfare traveling directly through the center of town. This project was a true “bypass” that created an entirely new highway alignment that avoided Sutter Creek altogether and caused a significant reduction in vehicular trips. Major elements of this project included installing prominent signage at both ends of the bypass, conducting marketing/public relations campaigns,



Sutter Creek, CA

and creating open space and streetscape projects in the downtown area to enhance its appeal once the vehicular impediments were removed. The Sutter Creek realignment has been successful in changing the character of the downtown area and in driving tourism and visitation to the area. An analysis by EPS indicates overnight visitation in Sutter Creek (as demonstrated by annual TOT increased by 45 percent in the years following construction of the SR 49 bypass.

- Truckee, California:** The town of Truckee was involved in construction of a formal bypass program several years ago, which was meant to relieve traffic congestion along State Route 267 and improve the appeal of the downtown area. This reduction of vehicular traffic allowed the downtown area to enhance its walkable appeal and has helped to create a much more cohesive and attractive downtown destination. Visible indicators demonstrate that Truckee is doing very well since this transportation project, although the quantitative impact of this project is difficult to measure because retail spending data is only readily available on a town-wide basis. However, it should be noted that the town saw retail spending increase 45 percent from the time the bypass was constructed (in 2002) until 2007, after which the severe recession caused sales to decline. The town’s TOT revenues also have appreciated substantially since the bypass construction, rising 30 percent from 2002 to 2012. Overall, this project has been considered a great success in enhancing downtown appeal and market position as a visitor destination.

Other communities throughout the United States have demonstrated similar positive impacts resulting from roadway enhancements, and the strengthening of retail districts that can be achieved by increasing pedestrian activity. The City of Lodi, for example, experienced a 30-percent increase in downtown sales tax revenues resulting from the retrofit of five main street blocks in which sidewalks were widened; curbs were bulbed out at intersections; gateway features were constructed; and trees, lighting, benches, and other streetscape amenities were added (per “The Economic Benefits of Walkable Communities,” California Local Government Commission, Center for Local Communities). Other examples from a study prepared by the New York Department of Transportation further demonstrated the positive impacts that

better walking infrastructure provides on retail sales. This study showed an increase in retail sales of 49 percent in a case study neighborhood after bicycle traffic was enhanced through the addition of separated bike lanes, and more than 170-percent increase in sales adjacent to a former parking lot that was converted to a walkable pedestrian plaza (“Measuring the Streets,” New York Department of Transportation, 2012).

Recommendations to Support Project Success

The overall financial and economic impacts of the Community Transportation Plan will depend heavily on the ability of the Study Area to transform itself into a compelling attraction that will draw local residents to patronize the area, as well as foster a substantial increase in visitation. Concepts for consideration include the following:

Signage and Wayfinding

Signage and wayfinding improvements will be important both during construction activities and as a more permanent signage program. This will be especially important during the preliminary stages of roadway improvements when existing businesses are most vulnerable. One possibility would be to include prominent monumentation that guides visitors into the historic districts in particular, helping visitors to navigate the area and allowing them to reach their destination while enhancing traffic flow and economic performance of the communities. Specific details such as wording and placement should be thoughtfully considered with local input as appropriate, to maximize the success of the Community Transportation Plan. Funding for this type of program could come from funding sources such as TOT, a Business Improvement District, or others as appropriate.

Marketing, Management, and Programming

In addition to a signage program, a concerted marketing effort could greatly improve visibility of this area and help define its identity. To create long term success, the area will need to strengthen its community organizing efforts. This may be initiated by expanding its web presence and participating in regional marketing campaigns that include nearby communities such as Placerville, Coloma, Sutter Creek, etc. that have similar offerings in terms of agriculture, wineries, history, and outdoor adventure. The local community could also develop a comprehensive program of events, concerts, competitions, outdoor festivals, etc., that would help to attract all types of users to the Diamond Springs and El Dorado Area. All businesses in the district—including restaurants, retailers, lodging accommodations, etc.—stand to gain substantially from these types of activities. For this function to occur most efficiently, a single organization may need to be established to manage these events and programs.

Eliminate “Gaps” in the Neighborhood Design Fabric

The degree to which the Community Transportation Plan spurs economic development will depend not only on the quality and extent of transportation infrastructure but also on redevelopment of key nearby parcels and the introduction of new and compelling amenities. Large gaps at street level will significantly hinder the ability to construct a successful pedestrian-oriented district. Every effort must be taken to ensure that these gaps are minimized and eliminated over the long term. If the goal of the historic districts is to create an active, vibrant and exciting neighborhood core that will draw visitors and locals alike, some of the large underutilized parcels should be considered for redevelopment. Potential niche uses that would further enhance the area’s competitive advantage in tourism could include lodging, restaurants, artisan goods boutiques, and arts and entertainment venues. Revitalization of the historic cores may best be undertaken through a concerted community planning effort.



Diamond Center in Diamond Springs

Community Planning

One way the community could maximize leverage of Community Transportation Plan improvements would be to develop area plans for each community or the Pleasant Valley Road (SR49) corridor. The focus of this planning endeavor might be to refine the community vision for this corridor, reexamine appropriate uses, and develop design guidelines to help shape and organize the neighborhood design of the district. A fine grain examination with community member participation can be used to further identify key opportunities for site development along this historic route, helping it realize its future potential.

(This page intentionally left blank)