City Council Study Session
Retail Market Analysis

SANTA CRUZ REDEVELOPMENT AGENCY

November 29, 2011
Economic Development & Redevelopment
City of Santa Cruz

Background

- Robert Gibbs
  - Founding New Urbanist
  - Principal of GPG Consulting
  - Collaboration now in its third year
    - 2009 Chamber Business Fair speaker
    - 2010 Retail workshops
    - 2011 Market Analysis
      - Field visits
      - Council presentation of findings 09/27/11

Retail Market Analysis

- Purpose
  - Assess the viability of additional retail sales for existing business and for the development of new retailers
  - Best estimates for the amounts and types of retail tenants that should be supportable in the study area through 2016
  - Not a planning document, an analysis of the community's retail expenditure / potential
  - Potential Sales Growth Summary

$237,600,000		Estimated potential retail sales
943		Potential # of jobs created
$2,376,000		1% sales tax General Fund

Sales Tax Leakage

- The amount of ***sales*** tax revenue a ***city*** loses when its residents shop elsewhere
- Estimated Trade Area retail expenditure of$2.16 billion
- Estimated retail receipts of $312.3 million
- 85.5% leakage = $1.8 billion in gross sales tax loss ($18 million in General Fund sales tax loss)
- Potential loss of up to 7,146 jobs

Leakage: Apparel, Shoes & Accessories

- 2010 potential of $351 million in sales
- 2010 receipts of$47.4 million
- 13.4% capture
- 86.6% leakage

Leakage: Food and Restaurants

- 2010 potential of $495.1 million
- 2010 receipts of $54.2 million
- 31.1% capture
- 68.9% leakage

Leakage: Specialty Goods
(i.e. Electronics, Bedding, Appliances)

- 2010 potential of $1.29 billion
- 2010 receipts of $97 million
- 7.5% capture
- 92.5% leakage

Demographics

- Demographic and Psychographic Profile of the Community
  - Primary-Tertiary Trade Area includes 163,600 people and 64,740 households
    - 17,000 University Students
    - 33,600 downtown / regional workers
    - Median household income $74,600
    - 1/3 of households reporting more than $100,000 in household income
  - Defined trade area is well above state and national averages

Reasons for Retail Leakage

- Confusing one-way street network downtown
- Ineffective signage
- Lack of retail anchors
- Other urban conditions
- Large number of commuters
- Competition with larger shopping areas

Why change at all?

- Vital retail strengthens the economic base of the community and enhances the quality of life
  - Jobs
  - Increased sales and property tax collections
  - More shopping and eating options
- 85% retail leakage is bad for the local economy
  - Indicator that areas are not defined as primary shopping areas
  - Santa Cruz at risk for greater leakage/loss of critical mass for downtown

Why change at all?

- Current retailers are "over-performing" based on the current conditions, not sustainable for the long term
- Major anchor could define a shopping area, creating a boost of as much as 20% to sales of existing retailers

Downtown Opportunities

- Potential to support up to 91,500 gross square feet of retail totaling $43.9 million in additional annual sales
- Up to 25-30 new businesses
- Up to 174 additional jobs

Downtown : Ongoing Goal

Action	Steps Taken / Required	Fiscal Impact
Secure an Anchor Tenant to the Downtown Area	Hired urban broker. Major retailer lease pending for downtown and major hotel in escrow (outside downtown).	Up to 20% increase in retail sales resulting from implementation

Downtown Short Term Goal: Continue Security Patrols in Downtown Area

Action	Steps Taken / Required	Fiscal Impact
Continue security patrols in the downtown area	Determine fiscal impact and source of sustainable funding.	$90,000 year, currently funded by Police, RDA and Downtown Management Corporation

Downtown Short Term Goal: Tree Trimming

Action	Steps Taken / Required	Fiscal Impact
Tree trimming to improve visibility of signage and businesses	Work with Parks and Recreation to limb up trees on Pacific (eastern side of street) to improve visibility.	Up to $10,000

Downtown Short Term Goal: Cooperative Marketing

SANTA CRUZ CHAMBER OF COMMERCE

Action	Steps Taken / Required	Fiscal Impact
Conduct retailer workshops regarding hours, store lighting and signage improvements	Work with DTA and Chamber to present findings on retailing hours, cooperative marketing and neighborhood branding.	Minimal, within existing budget

Downtown Medium Term Goal: Improve Signage & Wayfinding

Action	Steps Taken / Required	Fiscal Impact
Analyze and implement signage improvements / Develop ordinance and return to Council in six months for further consideration	City wide signage ordinance/improvements currently being developed by planning.	Staff time TBD

Downtown Medium Term Goal: Collect / Maintain Statistics

Action	Steps Taken / Required	Fiscal Impact
Compile database on pedestrian and traffic counts in the downtown	Data would need to be collected at least semi-annually (peak and shoulder seasons)	$5,000-10,000/ annually. Funding source needs to be identified

Downtown Medium Term Goal: Study Circulation

Action	Steps Taken / Required	Fiscal Impact
Further evaluate the feasibility of both one-way and two-way street options and return to Council in six months.	Gibbs states "Maintenance of the status quo one-way street system would result in a significant reduction of the 91,500 additional supportable sq ft of retail" Additional testing/analysis of larger vehicle and fire and emergency access/parking req.	$15,000-20,000 including staff time and traffic engineer analysis. Up to 20-30% increase in retail sales

Downtown Medium Term Goal: Expand Downtown Café Extensions

Action	Steps Taken / Required	Fiscal Impact
Analyze costs/feasibility of expanding café extension areas - return to Council in six months	Work with PL / PW to analyze an expansion of the café extension program and explore development in t-intersection abutments.	Estimated $10,000 in staff time

Downtown Long Term Goal: Parking

Action	Steps Taken / Required	Fiscal Impact
Evaluate existing downtown parking / fee structure and return to Council for further consideration within a year.	Examine existing parking model/programs, and analyze existing fee structure. Current parking study underway for South of Laurel area, consider expansion of current study	Potential to add scope to existing contract underway, estimate of $10,000-$15,000

Downtown Long Term Goal: Circulation

Action	Steps Taken / Required	Fiscal Impact
Improve linkages with beach area through wayfinding and signage	Report Page 39: "Linkages between the waterfront and downtown area are challenging and require five unmarked turns and two river crossings." Design contract for city-wide wayfinding	Currently budgeted-RDA funded, contract pending redevelopment stay outcome

Beach Area Opportunities

- Can support 87,000 new square feet of retail
- $37.8 million in additional annual sales
- Up to 150 additional jobs

Beach Area Ongoing / Underway

Action	Steps Taken / Required	Fiscal Impact
Complete Riverside Avenue Improvements	Conceptual design approved. RDA and Public Works collaborating on undergrounding. PG&E has started the utility design component and is evaluating easements.	Design funded/budgeted
Implement trolley between downtown and beach area	Implemented as a pilot program in summer 2011. 22,000 users in trial period	

Beach Area Short and Medium Term Goals: Beach Area Trolley

Action	Steps Taken / Required	Fiscal Impact
Approve long-term operating revenue for Trolley -$10,000/yr from general fund , renewable annually based on ridership/survey analysis, explore options for wharf businesses (employees) to ride trolley in peak season	Limited funding secured via Air District Grant (MBUAPCD) for 2012/2013 -Prepare survey for summer 2012 data analysis	$10,000 from General Fund, over $10,000 increase in General Fund revenue received in increased retail sales

Beach Area Medium Term Goal: Complete Monterey Bay National Marine Sanctuary Exploration Center

Action	Steps Taken / Required	Fiscal Impact
Monterey Bay National Marine Sanctuary Exploration Center	Construction Underway. Opening in May, 2012	Funded though state and federal grants, donations and RDA public art contributions

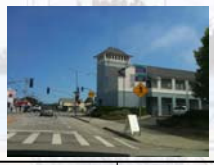
Beach Area Medium Term Goal: Commence Motel Façade Improvement Pilot Program

Action	Steps Taken / Required	Fiscal Impact
Improve façades of existing retailers and motels	Existing façade improvements (Beach Street Inn & Suites) and Implement Pilot Motel Façade Improvement Program.	RDA funds Façade Improvement Program and Motel Pilot Improvement Program.

Beach Area Long Term Goal: Conference Facility

Action	Steps Taken / Required	Fiscal Impact
Develop new or improved hotel conference meeting facilities	Preliminary Discussions underway with developers / property owners	$20-$30,000 for feasibility study future council consideration – RDA funded.

Beach Area Long Term Goal: Circulation & Wayfinding



Action	Steps Taken / Required	Fiscal Impact
Improve linkages with downtown through wayfinding and signage	Report Page 39: "Linkages between the waterfront and downtown area are challenging and it requires five unmarked turns and two river crossings…This is of the greatest importance in directing visitors to the downtown and, especially, in making it possible for visitors to the beach area to find downtown." Design contract for city-wide wayfinding pending redevelopment stay	Currently budgeted-RDA funded

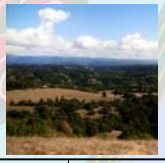
Eastside Opportunities

- 60,000 gross square feet in new retail
- 15-20 new retailers
- $20.3 million in additional sales
- Up to 80 additional jobs

Eastside Short Term Goal: Neighborhood Activation

Action	Steps Taken / Required	Fiscal Impact
Convene neighborhood meetings to share data and collect stories / feedback	Convene Neighborhood Meetings / coordination through existing retailers	Minimal, staff time

Eastside Medium Term Goals: Branding & Wayfinding



Action	Steps Taken / Required	Fiscal Impact
Development of branding identity and banner program	Gibbs states "Of critical importance is improvement of wayfinding signage and neighborhood identity. Wayfinding Phase I complete, fabrication and Phase II pending.	$20,000-$40,000 pending outcome of redevelopment stay, pending future Agency Board action
Implement wayfinding program	See status above	Currently budgeted-RDA funded

Eastside Long Term Goal: Address Off-Street Parking Challenges

Action	Steps Taken / Required	Fiscal Impact
Evaluate future parking solutions to address existing and future development issues and return to Council in one year.	Off-street parking requirements difficult given the legally nonconforming nature of many of the buildings in the district.	$10,000-$20,000, pending outcome of redevelopment stay, pending future Agency Board action

Eastside Long Term Goal: Continue to Enhance Walkability / Streetscape

Action	Steps Taken / Required	Fiscal Impact
Continue to enhance walkability by increasing pedestrian safety, signage and ongoing beautification efforts	Explore steps to enhance the walkability and desirability of the retail district based on assumptions (GPG Analysis pg. 9). Analyze existing crosswalks and other safety enhancements. Existing measures include banner program, street tree program and wayfinding effort	$100,000 currently budgeted annually from RDA Eastside Project Area

Westside Opportunities (including Harvey West and Mission Street)

- Largest area for potential retail expansion including 344,000 in new retail
- $135.7 million in additional sales
- Up to 539 additional jobs

Harvey West Short Term Goals: Neighborhood Activation and Additional Security Resources

Action	Steps Taken / Required	Fiscal Impact
Convene Neighborhood meetings to share data	Coordination through Harvey West Association.	Staff time
Additional public safety patrols or police presence through major retail areas	According to walkthrough notes "vagrancy is the biggest detriment to sales," in any retail setting. Will need to identify additional and sustainable funding source. PD has approved additional security through First Alarm for this area. (7am-3pm, 10-6pm shifts)	$65,000 annually

Harvey West Medium Term Goal: Complete Tannery Arts Center Complex

Action	Steps Taken / Required	Fiscal Impact
Complete Tannery Arts Center Phase II addition to local employment base	Tanyard and Beam House completed and preleased, occupancy pending EDA approval of master lease. Kron house renovation bid underway, completion estimated fall 2012	RDA currently budgeted

Harvey West Long Term Goals: Traffic Circulation and Major Retailers

Action	Steps Taken / Required	Fiscal Impact
Improve Highway 1 and Highway 9 interchange	Various operational and environmental studies reviewed and approved by Caltrans. Environmental document to be circulated in Spring 2012. Right-of-way acquisition and design to follow environmental approval.	Cost and funding reflected in CIP
Attract and assist a major retailer to move into the Harvey West area within next three year period	IG Zoning Overlay or GP amendments will be necessary. Gibbs quantifies need by stating: "annual sales of $135.7 million are achievable by 2016. These additional sales would require the development of several large format retailers."	*TBD

Westside Short And Medium Term Goals: Neighborhood Activation and Branding

Action	Steps Taken / Required	Fiscal Impact
Convene neighborhood meetings to share data and collect stories / feedback	First meeting convened by Council member Terrazas.	Minimal, staff time
Develop and improve on neighborhood branding/identity	Further existing joint marketing efforts with retailers and CVC , explore the development of a banner program	10,000 annually, RDA, pending outcome of redevelopment stay
Implement citywide wayfinding program	See status above	Currently budgeted-RDA funded

Westside Long Term Goals: Continue to Enhance Walkability

Action	Steps Taken / Required	Fiscal Impact
Continue to enhance the walkability through wayfinding signage (including gateway signage) and beautification efforts	Explore steps to enhance the walkability and desirability of the retail district based on assumptions (Report pg. 9). See status above regarding branding/identity. Existing measures include the development of a banner program, and wayfinding effort.	Current gateway signage budgeted in RDA, other costs from RDA pending outcome of redevelopment stay

Thank You/Questions?

CITY OF SANTA CRUZ

SANTA CRUZ REDEVELOPMENT AGENCY