



JOINT CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA REPORT

DATE: 11/21/11

AGENDA OF: 11/29/2011

DEPARTMENT: Economic Development

SUBJECT: Study Session on Retail Market Analysis Recommendations. (ED)

RECOMMENDATION: 1) Consideration of short, medium and long-term recommendations for the downtown, eastside, westside (including Harvey West and Mission Street) and the beach area based on retail market analysis and field research conducted by the Gibbs Planning Group, 2) City Council motion approving staff recommendations as presented and discussed in the study session and, 3) City Council motion directing staff to return in six months after the completion of initial recommendations for review and further consideration of longer-term policy decisions involving the downtown and other commercial retail areas.

BACKGROUND: On December 14, 2010 the Agency Board authorized the Executive Director to advertise, select, and execute a contract with a consultant firm to conduct a retail market analysis of the primary commercial retail areas in Santa Cruz, with an emphasis on improving and maintaining long-term retail sustainability for the downtown. Following a public bidding process, the Agency selected the Gibbs Planning Group on March 7, 2011 to conduct a retail market analysis for the Santa Cruz commercial districts including the downtown, eastside, westside (including Harvey West and Mission Street) and the beach area. The completed analysis and recommendations were presented to the Agency Board for consideration on September 27, 2011. At that meeting, Council directed staff to conduct a special study session on the findings of the report for further council discussion and consideration.

DISCUSSION: The purpose of the retail market analysis was to assess the viability of additional retail sales for existing businesses and the potential for development of new retailers in the commercial district areas of Santa Cruz. The report quantifies the retail sales potential of the community and summarizes the relevant demographic characteristics of each trade that can support an increase in retail market share and overall economic performance.

In addition to preparing the retail market analysis, Mr. Gibbs has made several trips to Santa Cruz over the last year and has held a series of workshops for retailers, property owners and brokers on optimizing retail sales and marketing of retail businesses and properties. During his visits, Mr. Gibbs conducted field research on existing retail conditions in Santa Cruz and identified a number of suggested improvements and policy considerations focused on increasing retail sales and sustaining vibrant retail environments in the prime commercial corridors in Santa Cruz. The findings contained in the retail market analysis report and the suggestions made by Mr. Gibbs resulting from his visits to Santa Cruz are intended to provide an objective analysis from a leading retail planning consultant team on the amounts

and types of retail that could be supported in Santa Cruz over the next five-year period and policy considerations for long-term retail sustainability.

During his trips to Santa Cruz over the last year, Mr. Gibbs stated that we already have an outstanding downtown, among the top in the country, and that several of our commercial districts are vibrant and contain exemplary retail including many locally-owned businesses that add to the unique character of our community. Mr. Gibbs also noted that we do an excellent job of maintaining our parks, streets and parking garages and that our public art is a major attraction to the downtown and greatly enhances the pedestrian and shopping experience for visitors to our community. He further emphasized that his observations and analysis are provided to help inform our future planning and decision-making regarding the sustainability of our current retail and existing retail shopping areas, the potential for future retail growth and the internal and external market factors that may impact retail growth and sustainability in the future.

In addition to identifying specific reasons why we are not currently capturing a greater retail market share, Mr. Gibbs highlights in the retail market analysis overall assumptions for the greater Santa Cruz area for the purposes of projecting our potential retail market share. These findings and assumptions, combined with additional observations provided by Mr. Gibbs from his Santa Cruz visits comprise the attached recommendations for council consideration. Overall, of particular interest is the importance of developing an improved connection between the downtown and the beach area to stimulate increase retail revenue from visitors, improving wayfinding citywide, improving visibility and branding for the City's retail districts and increasing the walkability of retail environments. The study also calls out the need to examine circulation and parking downtown to support a robust retail environment into the future.

The specific recommendations for consideration by the Council and Agency Board are listed on the attached table and include a brief overview of the recommendation, recommended time period for implementation, departmental responsibility for implementation, estimated fiscal impact to implement and the estimated potential impact on future retail sales. During the study session, staff will present an overview of each recommendation or policy consideration by retail area for implementation within the short- (1-3 months), medium- (3-6 months) and long-term (over 6 months) time frames and take direction from Council on the prioritization of the approved recommendations.

FISCAL IMPACT: The fiscal impact associated with implementation of each recommendation is estimated on the attached table along with the estimated future retail sales impact where appropriate. Where necessary, budget adjustments associated with specific recommendations will be brought before the Council and/or Agency Board for future consideration. Several of the recommendations, if approved, including the additional analysis of the current downtown street configuration, will require future council actions and an analysis of those potential costs will be included in future policy discussions.

Submitted by:
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Development

Attachment A: Recommendations for Council/Agency Board Consideration