

COMMUNITY AND ECONOMIC DEVELOPMENT
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**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND
*AGENDA REPORT***

To: Office of the Agency Administrator
Attn: Deborah Edgerly
From: Community and Economic Development Agency
Date: January 23, 2007
RE: **Resolution Authorizing a Professional Services Agreement
with Conley Consulting Group to Develop a
Citywide Retail Recruitment Strategy and Implementation
Plan in an Amount not to Exceed \$436,720**

SUMMARY

At its January 31, 2006 meeting, Community and Economic Development Committee members directed staff to conduct a comprehensive Citywide Retail Recruitment Strategy and Implementation Plan of target retail areas selected by staff and amended by Committee members, analyze each area's attributes and readiness for an infusion of retail business, identify retail opportunities, and create a prioritized action plan for capitalizing on these opportunities. The completed Strategy and resulting implementation will satisfy consumer needs, enhance commercial district revitalization, and increase the City's sales and business tax revenue.

In May 2006, staff issued a Request for Proposals (RFP) and is returning to Council for approval of a proposed contract with Conley Consulting Group. The Conley team includes economic development specialists, retail real estate specialists and a retail design firm working in Europe, Latin America, Asia and the U.S., and currently designing a new street-oriented addition to the noted Forest City Victoria Gardens, a regional lifestyle retail shopping center in Rancho Cucamonga, CA.

Item: _____
Community and Economic Development Committee
January 23, 2007

At its November 28, 2006, meeting Committee members directed staff to explain how this strategy would be different from previous efforts and have more of a chance of being successful.

At the January 4, 2007 Rules and Legislation Committee, staff was directed to bring forward that part of the plan covering the Broadway Auto Row area due to auto dealer relocations and land for sale. The attached resolution and scope of work have been modified to accomplish this portion of the study first.

FISCAL IMPACT

Approval of the attached resolution will authorize the Agency Administrator to engage the services of Conley Consulting Group to coordinate development of a citywide retail recruitment strategy and implementation plan in an amount not to exceed \$436,720, which includes the following:

Consultant fee, including all possible optional tasks	\$424,000
Contract Compliance fee (3%)	<u>12,720</u>
Total	<u>\$436,720</u>

See Attachment A for Conley's project scope and budget.

Payment is apportioned to the various redevelopment and Neighborhood Commercial Revitalization (NCR) areas represented among the target retail study areas: Broadway/MacArthur/San Pablo, Central, Central City East, Coliseum, Oakland Army Base, and West Oakland redevelopment areas, and Area Team funds for the NCR areas.

BACKGROUND

In addition to the proposed targeted Retail Strategy, a study of Oakland's overall economic strengths and opportunities is being conducted for the Oakland Metropolitan Chamber of Commerce by McKinsey & Company. Though it will include some analysis of retail's role in the Oakland economy, the McKinsey study is much more general than the one proposed here, which will look at specific locations and suitable types of retail for each location. The McKinsey study along with prior City studies will be reviewed by the Consultant; a coordinated set of recommendations will then be forwarded to Council for consideration.

KEY ISSUES AND IMPACTS

I. Outcomes And Differences With Prior Studies

While past studies have indicated areas where the City might potentially recruit retailers, they did not lay out a strategy with specific retailers and incentives, nor convey how aggressive the City needs to be and what marketing strategies needed to be pursued. In other words, prior studies were strong on analysis—looking at demographics and sales tax leakage, for example—and weak on implementation. The closest full-scale strategy was the 2001 *Downtown Oakland Retail Strategy*, though it, too, spoke broadly and lacked specific actions on specific sites and was not citywide in scope.

This retail strategy is focused on specific actions that will result in quality retail uses and experiences in Oakland. In order to do that, City staff and Council need to think like retailers and address their needs. Retailers and retail developers need to know:

- What are the trade area boundaries of the target locations
- What are the demographic and lifestyle characteristics of the residents in the trade area
- Which retail categories are supportable at the target locations and how many square feet of each category are feasible, currently and in five years
- Which national, regional or local retailers best fit the trade area demographic characteristics
- Which infrastructure or other changes will be necessary to facilitate the development of the suggested supportable retail and bring customers to the site
- What does the City need to do to attract preferred retailers to the market

The answers to these questions are at the heart of this strategy. Another key difference of this strategy will be to make the findings and action steps clear and user-friendly; one of the products resulting from this strategy will be concise two-page reports recommending:

- Implementation action steps
- Development direction (local-serving retail, lifestyle retail, big box retail, mixed-use, etc.)
- Positioning (who is target customer), format and size of retail
- Projected sales and target capture rates
- Anchor retailers or other activity generators

- Retail mix and amount of square footage appropriate for each retail type, including specific types of retailers
- Specific infill opportunities
- Strengths and weaknesses of area
- Zoning direction (potential changes needed), including zoning changes and incentives, parking, priority permit processing, etc.
- Phasing of larger projects
- Urban design, store footprints and streetscape strategies
- Projected economic impacts
- Mixed-use guidelines

In addition to staff and consultant efforts, City leaders must officially embrace the final strategy, make it a staff priority, and allocate resources toward implementation in order to succeed.

The importance of leadership

Many people have posed the question: Why have past retail strategies not been implemented in Oakland? In short, no one has made implementing the strategies a priority. Moreover, to staff's knowledge Council has never officially adopted any retail strategy. In the past it wasn't necessary, as Oakland was historically a vibrant, regional retail destination. However, in the last 40 years—with the growth of the suburbs, BART construction and the 1989 earthquake—retail in Oakland has suffered and the City's retail scene needs help returning to its former vibrancy.

If the City of Oakland is to have a concerted retail strategy, City leaders need to own it and support it 100%, and have to agree to stay the retail course even if other opportunities arise. Oakland is often compared to its neighbor, Emeryville. There, it took a long-term concerted effort and heavy subsidies to achieve Emeryville's brownfields-to-retail successes.

The desire for more retail has a huge, diverse constituency in Oakland. There are people who don't have stores, restaurants and banks in their own neighborhood. There are people who shop at big box stores and at lifestyle shopping centers outside of Oakland because Oakland doesn't have them. Investing in Oakland retail is a win for the City on multiple levels:

- Satisfied constituents
- Increased sales, property and business tax revenue
- Safer, more vital neighborhoods
- More jobs

The importance of money

This strategy will have explicit recommendations and associated costs. Unlike prior strategies, this one will have specific provisions for staffing, consultant work, marketing and incentives needed to close deals. In addition to increased staffing and consulting contracts, in some cases public funds will be required in order to build infrastructure, assemble properties and/or provide tax rebates to developers and/or retailers. Existing incentives are limited to façade and tenant improvement matching grants, Enterprise Zone tax credits, and in some cases infrastructure improvements. For large-scale lifestyle or power shopping centers, or possibly even a grocery-anchored neighborhood retail development, more financial incentives will likely be needed. In leveraging the relatively modest amounts of public investment in the façade and tenant improvement programs, hundreds of commercial facades and retail interiors citywide have been refurbished, in many cases directly resulting in new retail tenants. It is evident that cash incentive goes a long way in achieving the City's retail development and revitalization goals.

II. Broadway Auto Row as a Priority Study Area

Based on concerns expressed at the January 4th Rules and Legislation Committee regarding the timing of recommendations for the Broadway Auto Row Area, staff is negotiating a new phasing of the work plan to produce a stand-alone retail recommendation and implementation plan for the Broadway Auto Row area. No changes to overall cost are expected. This direction is reflected in the accompanying resolution. As a result the Consultant will first focus efforts on the Broadway Auto Row area, and create a chapter with recommendations and implementation measures for retail and mixed-use. This will be a stand-alone piece of work, which will later be incorporated into the entire report addressing all potential retail areas. The schedule of work tasks has been negotiated to implement this approach which will allow the entire report to proceed, but with concentration on the Broadway Auto Row area as a prime concern area. The result will contain recommended actions the Council can choose to implement prior to the completion of the Citywide report.

PROJECT DESCRIPTION

Initial assessment of target retail areas

Given the high number of prospective target retail areas—18 overall—and the long stretches of boulevards included in the group, staff and the Consultant will choose boulevard nodes, and will select the best prospects from the additional areas proposed by project area committee members and others. Priority will be given to areas in which there is the greatest potential for retail success and areas in which there is ample funding available for implementation.

Project timing

Having the Consultant look at Broadway Auto Row as the debut contract area represents a key area for the City to foster a regional-serving “lifestyle retail” type shopping area given the following factors:

- North-Central Oakland location is attractive to retailers and retail developers
- Large floorplate buildings and properties becoming available
- Attractive streetscape
- Excellent freeway visibility and good freeway access
- Good transit connections
- Dense surrounding neighborhoods
- Current lack of high quality non-auto retailers

The relocation of several auto dealers from Auto Row to the former Oakland Army Base is opening up land availability, and residential developers, as well as retail developers, are interested in the land. From staff’s viewpoint, the former can afford to pay much more for the land than the latter, therefore it is imperative that the City put into place a focused retail strategy for the area. While larger sites and large-scale redevelopments along this corridor require discretionary approval (conditional use permit, design review, CEQA), the smaller sites could be redeveloped with uses that are not conducive to an overall retail program. Therefore, zoning regulations and General Plan policies will be reviewed and considered as part of this effort.

SUSTAINABLE OPPORTUNITIES

Staff will strive to ensure that the Citywide Retail Recruitment Strategy and Implementation Plan project supports the City’s 3 Es: economy, environment and equity.

Economic. The overall goals of the Retail Strategy are to identify retail gaps in order to reduce sales tax leakage to locations outside Oakland, i.e., retain more sales tax revenue for the City of Oakland—so those funds will be available to provide additional services/programs in the City. The objectives of the Retail Strategy are to:

- Strategically analyze the overall current retail market in Oakland to identify gaps and specific categories of retail opportunities to reduce retail sales tax leakage and thus increase retail sales tax to support the City’s General Fund.
- Develop a step-by-step Implementation Strategy to recruit and locate tenants in the identified target areas.

- concentrate its efforts.
- Comprehensively assess the 18 target retail areas, which represent a wide range of commercial and geographic characteristics: Some are poised for major retail development today while others need significant “clean and safe” work, streetscape improvements and the like, and still others are somewhere in the middle of the spectrum.

Environmental. The overall goals of the Retail Strategy will identify retail gaps in order to reduce the amount of shopping Oaklanders do outside of Oakland. When City residents can shop closer to home, they won't travel as far, thereby using their cars less. Staff will also direct the Consultant to review the City's Zero Waste Strategic Plan and determine what can be incorporated into the Strategy. The Retail Strategy will be consistent with Smart Growth principles. The Consultant will be urged to use recycled and/or environmentally-friendly paper and office supplies.

Social Equity. Growing the retail base in Oakland, leading to more and larger retailers, will in turn provide increased employment opportunities, especially entry level jobs, as well as promote self-employment/entrepreneurship opportunities for Oakland residents.

DISABILITY AND SENIOR CITIZEN ACCESS

The Strategy itself does not look at issues affecting disabled and senior citizen access.

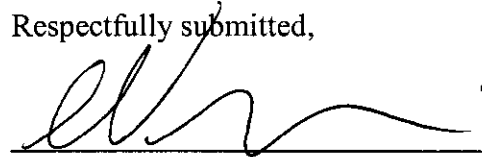
RECOMMENDATION AND RATIONALE

This report and resolution request authorization for the Agency Administrator to negotiate and execute a professional services agreement with Conley Consulting Group to coordinate the Citywide Retail Recruitment Plan and Implementation Strategy, in an amount not to exceed \$436,720, and directing staff to negotiate a phasing of work tasks to provide for the production of recommendations and implementation actions for the Broadway Auto Row area prior to recommendations for other target retail areas.

ACTION REQUESTED OF THE CITY COUNCIL

Authorize the Agency Administrator to negotiate and execute a professional services agreement with Conley Consulting Group to coordinate the Citywide Retail Recruitment Plan and Implementation Strategy, in an amount not to exceed \$436,720.

Respectfully submitted,



DANIEL VANDERPRIEM
Director, Redevelopment, Economic Development
and Housing
Community and Economic Development Agency

Prepared by:

Keira Williams, Urban Economic Analyst III
Business Development Unit

APPROVED FOR FORWARDING TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:


Office of the City Administrator

Attachments: Attachment A Consultant's Project Scope and Budget, 9/21/06

Attachment A **Consultant's Project Scope and Budget, 9/21/06**

Scope of Work - REVISED

PHASE I. ASSESSMENT OF CURRENT RETAIL ENVIRONMENT

Task 1. Project Initiation

The CCG team will meet with key Community & Economic Development Agency (CEDA) staff members to confirm the project goals, scope of work and project timeline, and to affirm the communications process and internal and external expectations. The meeting will also be an opportunity for the CCG team to receive copies of all relevant prior work and to be briefed by staff on known opportunity sites, tenant interest in Oakland, related ongoing efforts and known private development plans. The kickoff meeting will also include a briefing on the City's GIS system capabilities and requirements and discussion of how use of this resource might contribute to the retail analysis.

Meeting: First meeting with City staff

Task 2. Upper Broadway Strategy

Task 2.1 Analyze Site Availability

The team will review available information on site ownership and the planned long-term use of the automotive sales and service sites in the Upper Broadway area. The team will coordinate with the City's ongoing Auto Mall development effort to identify the auto dealers now planning to relocate to the Auto Mall and the possible timing of that relocation, thereby identifying sites that will become available for alternative uses. Other key sites and the timing of their availability will be identified from City sources. Current land prices will be assessed from available data. Any known development plans for the sites and evidence of assemblage activity will be identified.

Task 2.2 Analyze Market Opportunities

The expenditure potential from visitors, employees and residential trade area that could be served by new retail in the Upper Broadway area will be identified. The expenditure potential will be projected based on trade area demographic characteristics that, in turn, are based on a methodology acceptable to retail tenants. The trade area will be divided into segments to more accurately reflect the spending patterns. A demographic profile of the trade area will be prepared in a format acceptable to retail tenants. The current shopper patterns and preferences of the trade area will be defined based on industry intelligence. If the City chooses to include it in the scope of work, *the optional web-based consumer survey shown in Task 7.2 would amplify the team's knowledge of existing shopper patterns.*

Task 2.3 Evaluate Development Opportunities

The larger parcels within the Broadway corridor are opportunities for multiple-tenant projects including restaurants, office space, housing and structured parking. Potential development sites will be evaluated according to their suitability for retail uses, in a matrix format using the retail evaluation criteria developed in Task 6.3. The team will identify retail concepts, representative tenant types, amount and square footage of retail use, parking requirements and other location fit requirements, and infrastructure requirements for the available sites.

Incorporating individual site diagrams, an illustrative area plan will be created to demonstrate a design and tenancing vision for the entire Upper Broadway area that will make the area competitive, particularly with Bay Street in Emeryville and Broadway Plaza in Walnut Creek. The illustrative area plan will provide for a destination that will offer (a) necessary critical mass, (b) the type of retail space desired by tenants, (c) a pedestrian-oriented urban experience, (d) good integration with surrounding neighborhoods, and (e) representative retail tenants consistent with the vision for the Upper Broadway area.

Task 2.3.a. Infill Retail Opportunities

The team will determine the suitability of tenants for particular infill retail opportunities based on parcel size, location, access and visibility as well as parking/service requirements and urban design considerations. A map of retail opportunities and potential tenant types on infill sites will be prepared.

Infill retail opportunities, and a list of tenants to be recruited for those opportunities, will be identified along with the market and location requirements for these retail options. The expenditure potential that could be captured by retail in the Upper Broadway area will be delineated.

Task 2.3.b Mixed-Use Retail Opportunities

The team will identify potential opportunities for development of retail in a mixed-use configuration that incorporates other uses, along with the requirements for successful realization of these options, such as site assemblage, zoning, and other location factors that support this type of development. The expenditure potential that could be captured by retail in the Upper Broadway area will be delineated.

Product: Illustrative area plan for Upper Broadway area

Task 2.4 Develop Mixed-Use Development Guidelines

The team will develop detailed guidelines that will help identify where mixed-use development is appropriate or should be encouraged or required. Specific development guidelines for

ceiling heights, fenestration, street interface and entrance requirements for retail and other uses, servicing requirements, core depths, provision of utilities, parking, and signage will be included.

Product: Mixed-use development guidelines for Upper Broadway area

Task 2.5 Develop Upper Broadway Retail Recruitment Action Plan

The team will develop an action plan that will describe the retail opportunities and implementation requirements for successful recruitment in the Upper Broadway area. Key implementation activities and action steps will be delineated, along with the resources required. The potential of the Upper Broadway retail development(s) to meet the City's retail needs and to capture demand now lost as leakage to other communities will be identified along with those retail uses that present the strongest and most realistic opportunities for the City. This evaluation will include estimates of potential sales tax generation.

The draft Upper Broadway Retail Recruitment Action Plan will be presented to staff in electronic format. The Action Plan will use a consistent format that clearly identifies demographics, market potential, potential retail opportunities based on location fit, and actions for addressing barriers and constraints. Five bound, hard copies and a reproducible master of the final Action Plan will be presented within two weeks of receipt of the City's comments on the draft in the form of a single marked-up draft or other similar format.

Product: Upper Broadway Retail Recruitment Action Plan, incorporating the result of the previous Task 2.3 with supporting exhibits and graphics, presented to City staff and to City Council

Meetings: Second meeting with City staff; first meeting with City Council to review findings and recommendations

Task 3. Retail Supply and Performance

Task 3.1 Define Existing Retail Nodes

As outlined in the RFP, several of the City-designated Retail Districts include more than one functional retail district or center (node). In order to accurately determine the potential of different nodes, it is necessary to distinguish distinct retail areas from one another. The CCG team will assess existing retail nodes in the 18 Retail Districts plus other selected key retail concentrations within the city. The team will define and map retail nodes for use in further analysis and for further assessment and discussion of priority nodes.

Task 3.2 Create Citywide Competition Map

The team will map existing major retail outlets citywide, including geographic boundaries, anchor stores and shopping centers. The map will provide a perspective on current retail throughout the City.

Task 3.3 Inventory Retail Square Footage (OPTIONAL TASK)

As an optional task, the team would provide a rough estimate of the existing retail square footage by category in the districts, using parcel maps from the City's GIS system, Google Earth images, business license data and existing use data from the City. The team would map each district by retail category and built space.

Product: GIS map of existing retail inventory by districts (OPTIONAL)

Task 3.4 Analyze Sales Performance Trends by District/Node

The team will analyze sales revenues by district and retail category over time using retail sales tax revenue data provided by the City. The team will assess performance and potential of each node to help identify areas that warrant further analysis. Results will be presented in graphic format.

Products: Map of distinct retail nodes in the districts, map of existing major retail competition, sales performance by retail node, inventory of estimated retail square footage by category for each district or node (optional).

Task 4. Citywide Leakage Analysis Update

Task 4.1 Update Expenditure Potential

The team will prepare an updated estimate of the citywide expenditure potential for 2007 and 2012, based on Oakland's current and estimated future population and demographic characteristics. The analysis will include the expenditure potential of residents of the trade area, visitors and employees. The expenditure potential estimates will be based on expenditure pattern data acceptable to major retail tenants and will delineate demand by type of retail good. All values will be in constant 2007 dollars.

Task 4.2 Map Existing Sales

The team will use the City of Oakland's extensive GIS mapping supplemented with Bob's Wolf's recent digital mapping of 13 retail districts to map existing sales on an aggregated basis, built up from data collected on a parcel-by-parcel basis. All retail will be mapped incorporating City GIS data and the sales tax collection data. Mapping will differentiate regionally

competitive destination retail from local-serving retail. The strongest neighborhood-serving and destination retail nodes will be designated.

Task 4.3 Update Leakage Analysis

Citywide demand and existing sales data will be compared, and retail sales potential presumably lost as leakage will be identified. The estimated leakage will be used to estimate the foregone sales taxes to the City, as well as the amount of retail space that could theoretically be supportable if the leakage could be recaptured. Recapturable retail space will be reported by type of retail outlet, e.g. lifestyle convenience, etc. The likely recapturable space and sales tax dollars will be estimated. Using the updated leakage analysis, the team will identify any trends or implications for retail opportunities in the city.

Task 5. Retail Typology

The team will identify types of retail that could be attracted to Oakland and describe each type based on minimum size/critical mass issues, minimum site size requirement, access and parking issues, adjacency requirements, key tenant types and size of anchor tenants. This typology will give decision-makers and project planners a consistent vocabulary and framework with which to evaluate retail opportunities along with representative examples of the types of retail. Development prototypes will be developed in this task which will be used for simplified site planning exercises for all of the nodes to be studied, including Upper Broadway.

Task 6 Retail District Priorities

Task 6.1 Identify Key Retail Sites

Recognizing the importance of market timing as well as limitations on the City's resources and tools, the team recommends using the assessment process to identify priority districts that have the strongest potential for retail recruitment. As part of the process of determining priority retail districts, the team will conduct a windshield survey of the districts to provide a contextual picture of retail opportunities and the environs, determine the nature of the retail therein and the functions served, identify physical barriers and constraints, evaluate location fit, and analyze any other unique factors.

The team will also interview major property owners, City staff, merchants and their representatives, the Chamber of Commerce and developers as directed by City staff. This proposal assumes up to 20 interviews will be conducted for this purpose.

Task 6.2 Determine District Viability

As part of the assessment process in Task 6.1, retail recruitment opportunity nodes will be identified. These nodes may be a block or a specific site. (There is no guarantee that every district will have an opportunity node.)

Task 6.3 Designate Priority Districts

The team will identify criteria by which to evaluate the retail recruitment potential of the districts based on typical retail tenant location requirements, market data and information from the leakage analysis, and other factors. These criteria will be used to determine the priority districts for retail recruitment and development opportunities.

Task 6.4 Identify Revitalization Strategies

For those districts or retail nodes for which less potential for attracting new retail has been determined and a lower priority assigned, the team will identify other appropriate revitalization strategies, including business technical assistance, physical improvements, and marketing and promotions, based on an understanding of the city's ongoing retail efforts.

Product: Technical memorandum including a narrative assessment of each district, priority rating matrix, designation of high-priority districts, and revitalization activities for lower priority areas.

Task 7. Public Outreach and Meetings

Task 7.1 Conduct Four Public Outreach Meetings

The team will develop a format and agenda for the outreach meetings to be approved by staff. The team will conduct the meetings, providing a recorder for the meetings and a written summary of the comments received at each meeting. City staff will be responsible for identifying the constituencies (residents and/or businesses) for the four meetings, inviting the attendees and issuing public notices, and making the venue arrangements (e.g., booking the location, providing supplies and audio-visual equipment). If simultaneous translation is desired, staff will provide equipment and personnel to facilitate translation as required.

Task 7.2 Conduct Web-Based Consumer Survey (OPTIONAL TASK)

As an optional task, the team would conduct a citywide web-based shopper preference/business survey. This approach is recommended in order to gain a broader understanding of the retail shopping preferences of residents and the top-priority issues of retail businesses already located in the city. The latter would help define barriers and constraints to retail viability. This survey would be distributed in English and in electronic format only.

Product: Technical memorandum that includes a written summary of the key questions and responses (OPTIONAL)

Task 7.3 Meet With City Staff

At this meeting, the team will present the findings of Tasks 6 and 7. Working with City staff, the team will develop a summary presentation of the key findings of Phase I. Appropriate graphics, charts and exhibits will be prepared for review by City staff. The team will solicit feedback and questions from City staff regarding implications of the findings and potential refinement of goals and objectives.

Product: Draft technical memorandum that includes a summary of the four outreach meetings as well as the key questions and responses.

Meeting: Third meeting with City staff

Task 7.4 Present Phase I Findings to City Council (OPTIONAL TASK)

If desired by the City, the team would present the Phase I findings to the City Council. The team would conduct the meeting in the form of an interactive workshop, with appropriate graphics, charts and exhibits.

Product: PowerPoint presentation and technical memorandum to accompany staff report to City Council (OPTIONAL)

Meeting: Meeting with City Council (OPTIONAL)

Task 7.5 Merchant Stakeholder and City Staff interviews

The consultant will interview up to 64 merchants in one-on-one sessions on one of two full days of stakeholder interviews. Interview logistics will be handled by a third party designated by City staff. Up to four consultants will be available over 2 one-day interview sessions to meet with merchants in a central location (to be secured by others). Up to eight 45-minute interviews can be done by each consultant in a day. No on-site interviews are contemplated in this budget. To insure candor, the results of the stakeholder interviews will remain confidential; only a summary of the major themes and concerns will be written up.

The consultant will hold a meeting in City offices with staff from planning, economic development, and redevelopment involved with the retail recruitment effort. The consultant will also interview key staff members to understand their current activities and capabilities with regard to ongoing and potential retail recruitment efforts. Meeting logistics, including identifying the relevant staff, invitations and follow on reminders, and securing a place for the meeting (possibly as a brown bag lunch) to be done by City staff.

Product: Summary memorandum of stakeholder interviews

Meetings: Up to 8 person-days of stakeholder interviews & one 2-hour meeting with staff

PHASE II. NEW RETAIL RECRUITMENT ANALYSIS AND PRIORITY-SETTING

Task 8. Selection of Priority Sites

Task 8.1 Determine Second-Level Selection Criteria

The team will determine criteria that will serve as a defensible rationale for selecting specific priority retail recruitment/development sites (which will be located in the priority districts selected in the previous phase). Drawing on its unique industry intelligence, the team will evaluate the sites' market and location strengths and weaknesses from the perspective of retailers. Recognizing that City resources and staffing must be used judiciously, the team will design this second round of analysis to produce a list of priority sites that have the best potential for short-term results. The second-level selection criteria will be used in a matrix evaluation to identify the priority development opportunities.

Task 8.2 Select Specific Retail Recruitment Sites

Using the criteria developed in Task 8.1, the team will identify the priority retail recruitment and development sites and the appropriate tenants for those sites. For each priority site, the team will provide a site summary package that describes the site and its location, general physical characteristics, tenant recommendations, and, if necessary, public incentives, resources and tools necessary to develop the preferred retail at that site.

Task 8.3 Evaluate Supply and Demand Characteristics

For the priority sites, the team will define a trade area and prepare market area demographic profiles in a format suitable for use in retail recruitment. The team will evaluate supply and demand characteristics of the potential trade area, considering the appropriate type of retail and the specific demographic characteristics.

Task 8.4 Interview Retailers

In order to augment the current industry intelligence and validate major findings of the team's research, interviews will be conducted with decision-makers from up to 12 desirable retailers based on market and location fit. An important goal of the interviews will be to determine the retailers' views about the city as a desirable location for retail, specifically noting any perceived location and market barriers and gaps. In particular, the perceptions of these key retailers will help validate the concerns about the city's image and their impact on the city's ability to attract and retain stronger retail. The interviews will also help identify any actions that can be taken to address these concerns.

Task 8.5 Identify Site-Specific Retail Recruitment Opportunities

For the priority sites, the team will identify retail tenant types and representative tenants as recruitment targets. The team will evaluate whether stand-alone or assembled sites will accommodate the target tenants. The team will also identify the degree of difficulty perceived by desired retailers with respect to market timing and location barriers.

Task 8.6 Psychographic Analysis (OPTIONAL TASK)

The demographic analysis will be expanded to delineate the market sector clusters represented in the City as a whole and in the key nodes selected for retail recruitment. This delineation will include bundles of demographic information; e.g. household composition, education, income and age; that corresponded to customer types targeted by retailers actively seeking northern California sites.

Product: Technical memorandum with relevant data and industry information to support second-level criteria and evaluation of sites

Task 9 Requirements for Successful Recruitment

The team will identify the recommended tools and resources for recruitment of retail opportunities. These tools and resources will include but not be limited to incentives, zoning changes, site preparation and infrastructure improvements. The team will consider site availability and any barriers to retail recruitment, and the appropriate role for the City in the retail recruitment process. The team will identify types of retail that can support land prices and fit the location, notwithstanding known barriers and constraints. The team will also recommend actions for addressing these barriers and constraints.

Product: Technical memorandum
Meeting: Fourth meeting with City staff

Task 10. City Council Briefing

The team will present assessment findings for priority retail recruitment/assessment districts to the City Council. The findings will address strengths, weaknesses, gaps, opportunities, constraints and general directions for the Implementation Plan to be prepared in Phase III. Presentation materials for this session will include a summary of the technical memoranda prepared for previous tasks.

Product: PowerPoint summary of technical memoranda prepared for previous tasks
Meeting: Second meeting with City Council

PHASE III. RETAIL RECRUITMENT IMPLEMENTATION PLAN

Task 11. Final Retail Recruitment Implementation Plan

The team will present its assessment findings for priority districts in a Final Implementation Plan that addresses the following topics:

- Market strengths and weaknesses
- Retail gaps
- Financial gaps/need for assistance
- Opportunities for public assistance (redevelopment, other means)
- Key opportunities and constraints
- Recommendations for addressing gaps, constraints and opportunities
- Key milestones and timeline for implementation
- Who will do what – roles and responsibilities of internal partners (other City departments) and resources needed to implement the plan.
- Measurements of success

The Final Implementation Plan will follow a format that allows City staff to use the key findings to carry out the plan's recommendations expediently and successfully. The results of the interviews with and meetings with staff will be incorporated into an evaluation of the staffing needs for this strategy. Specific action steps, timing and sequencing will be addressed. The draft Retail Recruitment Implementation Plan will be presented to City staff in electronic format. Five bound copies and a reproducible master of the final Retail Recruitment Implementation Plan will be presented within two weeks of receipt of the City's comments on the draft plan in the form of a single marked-up draft or other similar format.

Product: Final Implementation Plan

Task 12. Final City Work Session

The purpose of this meeting will be to guide staff through the final Implementation Plan, take feedback and answer any questions about the assessment findings and plan recommendations, timeline and implementation. The team will also establish the format and content for the final presentation of the plan to the City Council.

Meeting: Fifth meeting with City staff

Task 13. Final Presentation to City Council

The team will provide a briefing to the City Council on the findings and recommendations of the Retail Recruitment Implementation Plan and the recommended activities for the City to take to improve the retail sector in Oakland.

Product: City Council briefing materials in PowerPoint or similar electronic format

Meeting: *Third meeting with City Council*

Conley Consulting Group Team Proposed Budget REVISED Oakland Citywide Retail Recruitment Strategy						Task Subtotals
	CCG	Retail Consultant	Strategic Economics	JROV		
PHASE I: Assess Current Retail						
Task 1 - Project Initiation	3,000	2,670	650	1,400	7,720	7,720
Task 2 - Upper Broadway Strategy						
2.1 Analyze Site Availability	4,300	3,975	-	3,000	11,275	
2.2 Analyze Market Opportunity	5,450	3,975	-	-	9,425	
2.3 Evaluate Recruitment/Development Opportunity	7,250	3,435	-	17,000	27,685	
2.4 Mixed Use Guidelines	2,680	9,350	-	4,800	16,830	
2.5 Upper Broadway Recruitment Action Plan	5,000	4,000	-	-	9,000	74,215
Task 3 - Retail Supply						
3.1 Define Existing Nodes	5,100	9,100	1,000	-	15,200	
3.2 Citywide Competition Map	1,500	4,080	-	-	5,580	
3.4 Sales Performance Trends by District	1,000	500	9,100	-	10,600	31,380
Task 4 - Update Citywide Leakage Analysis						
4.1 Update Expenditure Potential	3,680	630	-	-	4,310	
4.2 Update Leakage Analysis	3,680	-	-	-	3,680	
4.3 Map Retail Existing Sales Performance	-	-	-	9,200	9,200	17,190
Task 5 - Retail Typology						
5.1 Prepare Retail Typology	4,155	420	-	9,200	13,775	13,775
Task 6 - Prioritize Retail Districts						
6.1 Identify Key Retail Sites	2,680	7,785	-	10,700	21,165	
6.2 Determine District Viability	5,230	5,025	-	-	10,255	
6.3 Designate Priority Districts	2,060	3,965	-	-	6,025	
6.4 Identify Revitalization Strategies	2,520	630	5,000	4,200	12,350	49,795
Task 7 - Public Outreach and Meetings						
7.1 Public Outreach Meetings (4)	1,680	6,045	-	-	7,725	
7.3 Second Meeting w/City Staff	2,500	2,690	440	2,200	7,830	
7.5 Merchant Stakeholder and City Staff Interviews	9,980	6,030	-	-	16,010	31,565
PHASE I Subtotal	73,445	74,305	16,190	61,700	225,640	225,640
PHASE II: Retail Recruitment Analysis and Prioritization						
Task 8 - Develop Second Level Criteria						
8.1 Identify Second-Level Criteria	1,840	4,470	-	8,500	14,810	
8.2 Evaluate Supply & Demand Characteristics	5,180	3,150	-	-	8,330	
8.3 Prepare Demographic Profiles	1,020	2,900	-	-	3,920	
8.4 Interview Retailers	420	4,620	-	-	5,040	
8.5 Identify Site-Specific Retail Recruitment Opportunities	4,325	2,100	-	-	6,425	38,525
Task 9 - Requirements for Successful Recruitment	13,710	7,250	-	4,600	25,560	25,560
Task 10 - Council Briefing	840	3,230	-	800	4,870	4,870
PHASE II Subtotal	27,335	27,720	-	13,900	68,955	68,955
PHASE III: Retail Recruitment Implementation Plan						
Task 11 - Final Implementation Plan	14,250	15,375	-	800	30,425	30,425
Task 12 - Final City Work Session	2,260	4,300	-	1,600	8,160	8,160
Task 13 - Final Presentation	2,260	3,810	-	1,600	7,670	7,670
PHASE III Subtotal	18,770	23,485	-	4,000	46,255	46,255
Contingency					29,594	
TOTAL CONSULTANT FEES	\$ 119,550	\$ 125,510	\$ 16,190	\$ 79,600	\$ 376,444	
Expenses						
Reproduction, Graphics, Presentations, and Reports ¹	3,000	500				
Travel	100					
Delivery						
Data Purchase	1,800					
Meeting Supplies						
Project Management Fee ²	11,065					
Telephone, Meals, Miscellaneous						
Total Expenses	15,965	500	-	0	16,465	
TOTAL WITHOUT OPTIONAL TASKS	135,515	126,010	16,190	79,600	\$ 392,909	
	840		15,500		16,340	
	840	7,500			8,340	
	1,500	2,250	900	2,000	6,650	
	3,030	1,260			4,290	
	1,471				1,471	37,091
TOTAL WITH OPTIONAL TASKS	143,196	137,020	32,590	81,600		

Source: Conley Consulting Group, September 2006

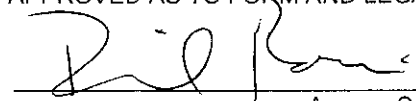
¹ City of Oakland SLBE.

² Extra copies of reports to be prepared at the cost of reproduction.

³ 5% of sub-billing.

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APPROVED AS TO FORM AND LEGALITY:



Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C. M. S.

**RESOLUTION AUTHORIZING A PROFESSIONAL SERVICES
AGREEMENT WITH CONLEY CONSULTING GROUP TO DEVELOP A
CITYWIDE RETAIL RECRUITMENT STRATEGY AND IMPLEMENTATION
PLAN IN AN AMOUNT NOT TO EXCEED \$436,720**

WHEREAS, a renaissance is underway in Oakland, resulting in significant development, fueled by a pro-business City government and aggressive marketing efforts, and Oakland has generated an unprecedented level of private commercial and residential investment; and

WHEREAS, Oakland lacks adequate retail facilities in key categories; experiences a significant degree of retail leakage; community retailing desires are not met; and national retailers are significantly underrepresented in Oakland; and

WHEREAS, these conditions exist despite the fact that Oakland is well-positioned to attract retail both geographically and from a standpoint of overall household income; and

WHEREAS, Oakland currently captures only 24% of the trade area's retail sales for comparison goods, compared to other cities, such as San Leandro, Berkeley, and Alameda which capture about 48% of their potential retail sales, indicating that Oakland has the potential to capture millions of dollars of sales tax revenue currently leaking out to neighboring cities and a portion of those that leak outside the trade area; and

WHEREAS, using a formal Request for Proposals recruitment process, Community and Economic Development Agency staff conducted a search for a consultant to conduct a comprehensive study of retail opportunities and create a prioritized plan for capitalizing on these opportunities; and

WHEREAS, based on the proposals received, staff selected Oakland-based Conley Consulting Group to coordinate this effort because of its comprehensive, well-reasoned, action-oriented scope, timeline and budget, optimal combination of analysis, strategy, creativity, industry know-how, and local knowledge; and

WHEREAS, the Agency finds that the services provided pursuant to the agreement authorized hereunder are of a professional, scientific or technical nature and are temporary in nature; and

WHEREAS, there are sufficient Agency funds to pay for this contract; and

WHEREAS, the Agency finds that this contract shall not result in the loss of employment or salary by any person having permanent status in the competitive service; now, therefore, be it

RESOLVED: That the Agency Administrator is authorized to negotiate and execute a professional services agreement with Conley Consulting Group to develop a Citywide Retail Recruitment Plan and Implementation Strategy, in an amount not to exceed \$436,720; and be it

FURTHER RESOLVED: That Agency funds will be allocated as follows:

- \$24,262 from Broadway/MacArthur/San Pablo Operations Fund (9529), Redevelopment Project Organization (88669), Broadway/MacArthur/San Pablo Redevelopment Project (P187510);
- \$72,787 from Unrestricted Land Sales Proceeds Fund (9553), Capital Improvement Project/Economic Development Organization (94800), Downtown Capital Project (P130610);
- \$78,852 from Central City East Operations Fund (9540), Central City East Development Organization (88699), ORA-Central City East Repayment Agreement Project (S233310);
- \$72,787 from Oakland Army Base Redevelopment Area Operations Fund (9570), West Oakland Base Reuse Organization (88679), ORAB Bay Bridge Gateway Project (P235310);
- \$24,262 from West Oakland Operations Fund (9590), West Oakland Base Reuse Organization (88679), ORA West Oakland Repayment Project (S233510); and
- \$48,524 from Unrestricted Land Sales Proceeds Fund (9553), NCR and SDS Organization (88569), NCR-Lower Hills District Four Project (P130850); and
- \$115,246 from Coliseum Operations Fund (9450), Coliseum Redevelopment Organization (88659), Coliseum-Staff Project (S82600); and be it

FURTHER RESOLVED: That the agreement require that the consultant complete the Broadway Auto Row portion of the study first; and be it

FURTHER RESOLVED: That the Agency Administrator or his/her designee is hereby authorized to approve any subsequent amendments to, or extensions of, said agreement except those involving compensation or the allocation of additional funds provided that such amendments or extensions shall be filed with the Agency Secretary.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2007

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND
 CHAIRPERSON DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST:

LATONDA SIMMONS
Secretary, Redevelopment Agency
of the City of Oakland