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**REDEVELOPMENT AGENCY AND
THE CITY OF OAKLAND**
AGENDA REPORT

To: Office of the City/Agency Administrator
Attn: Dan Lindheim
From: Community and Economic Development Agency
Date: July 22, 2008
RE: **Action on a Report Implementing Recommendations of the
Oakland Retail Enhancement Strategy**

SUMMARY

As authorized by City Council, staff contracted with Conley Consulting Group to assist in the development of a citywide retail enhancement strategy. Following up on earlier citywide and Upper Broadway deliverables, the Consultant has now completed analysis and recommendations on the other 53 existing retail nodes located throughout Oakland. Attached is the Conley team's *Oakland Retail Enhancement Strategy Implementation Plan*.¹ Staff has worked closely with the Conley team during the contract, providing information and insights, guiding the direction of the work, making introductions, scheduling meetings with staff and officials, reviewing work products, etc.

Oaklanders' desire for a hearty mixture of national, regional and locally owned retailers has shaped the consulting team's work and set the stage for a set of comprehensive recommendations to address Oakland's dramatic loss of potential retail sales to other communities (leakage), its relative lack of large retail opportunity sites, and its vast number of (underutilized) existing shopping nodes.

In order to make sense of an enormous amount of information related to existing conditions, the Consultant analyzed Oakland's spending habits, existing retail activity, potential for growth, and retail development case studies. The team identified 53 retail

¹ This and the other two final components—*Existing Retail Sector Performance* and *Illustrative Design Plan*—are available at <http://www.business2oakland.com/main/retailmarketupdate.htm>.

Item: _____
CED Committee
July 22, 2008

nodes, which have the potential to succeed as thriving retail districts, and prepared in-depth analysis and implementation strategies for five of the nodes. These five nodes can serve as strategic models for redeveloping or enhancing the other retail nodes.

FISCAL IMPACT

There is no immediate fiscal impact from approving the recommendations in this report. For those recommendations that require personnel or expenditures above the levels contained in the FY 2008-09 Midcycle Budget, staff will return to Council to obtain additional appropriation authority.

Conley estimates that there are 5.75 full-time-equivalent (FTE) Economic Development and Planning staff currently working on five elements of the *Retail Enhancement Strategy* Action Plan; another seven prospective components would require approximately two new FTEs, not including staff who handle façade and tenant improvement matching grants, to handle neighborhood project initiatives and Redevelopment Project Area implementation plans. Conley states that consultants would need to be hired for a number of activities.

BACKGROUND

The Situation and the Opportunity

In 2006, Oakland City Council elected to undertake a retail strategy to address the long term underperformance of the City's retail sector. The *Oakland Retail Enhancement Strategy* is one of the results of that City Council commitment. Oakland has long been known as one of the largest underserved retail trade areas in the United States. For decades the City tried to address its retail imbalance by developing a large scale project that would redirect the shopping patterns of Oakland shoppers. In the meantime, neighboring communities attracted Oakland's customers with successful new retail development projects. Retail sales in Oakland have not kept pace with sales for its neighbors nor for the state of California as a whole.

Today, Oakland retail stores only capture \$1 out of every \$3 of its residents' expenditure potential for comparison goods (apparel, home furnishings, sporting goods, toys, etc.), before taking into account the sales potential of its visitors and employees for goods purchased at department, specialty, home furnishings, and apparel stores.

Imbalanced Retail Sector

The City's retail sector is especially imbalanced, with potential demand for retail goods far exceeding the sales captured by Oakland stores. The consequences of this imbalance are as follows:

- Comparison goods sales expenditure potential of Oakland residents alone exceeds retail sales by \$1 billion a year.
- Grocery store leakage could support five new full-sized supermarkets, or more specialty food stores. Residents in West and East Oakland are the most severely underserved by grocery stores.
- In addition to residents, people employed in Oakland could support an additional \$232 million in sales for comparison goods and eating and drinking outlets.
- Because the retail sector is weak, Oakland residents are forced to travel to other cities to meet their shopping needs, and Oakland is deprived of the revenue and energy that would support revitalized neighborhoods. Further, \$1 billion dollars in recaptured leakage would generate \$10 million a year in additional sales tax to the City and support over 10,000 new jobs.

Successes

Increased focus on retail development and retail industry recognition of the attractiveness of inner city markets like Oakland, have resulted in some notable retail successes, with a growing number of high profile sit-down restaurants and grocery stores, and major retail developers expressing interest in Oakland.

Throughout the *Strategy* process, staff has continued to build interest in and the viability of the Oakland retail marketplace by:

- Providing direct services to retailers large and small seeking information, sites and funding assistance—staff conduct in-takes with an average 100 new retailers per year, and have about 15 quantifiable successes (leases signed, businesses retained, etc.) per year
- Matching retailers with vacant retail space and opportunity sites for new retail development
- Reaching out to and responding to retail developers—the number and sophistication of which has increased in the last year
- Participating in an average of six International Council of Shopping Centers (ICSC) trade shows and local meetings per year—with an annual average of 140 interactions and meetings at these events
- Responding to merchants and merchant associations and Business Improvement District/Community Benefit District (BID/CBD) leaders
- Responding to reporters regarding Oakland retail stories
- Promoting BID/CBD program development, including the formation of two CBDs in Downtown
- Making presentations on retail in Oakland to a variety of audiences, including the Oakland Merchants Leadership Forum, neighborhood and merchant groups, and

- staff-hosted Brokers Forums
- Participating in the planning of annual ICSC Alliance public/private education events
- Updating and developing marketing materials
- Coordinating with other City staff on retailer issues

KEY ISSUES AND IMPACTS

The purpose of the *Retail Enhancement Strategy* is to build upon and extend successes to date within a strategic implementation framework to leverage scarce land, fiscal, and staff resources. It is a central conclusion of the *Strategy* that no single action will reverse the City's long term retail performance trend. In order to recapture the demand of its residents, employees and visitors, Oakland must have a full array of retail and must improve the function of retail in every part of the city. Retail enhancement will require a multi-pronged implementation strategy, as summarized below and as further described in the following sections of this report. The components of the *Strategy* are as follows:

- Improve the City's retail tenant mix
 - Develop a major comparison goods retail center in the Upper Broadway Area.
 - Attract grocery stores to underserved neighborhoods in Oakland.
 - Designate appropriate and adequate numbers of suitable sites for large format comparison goods stores.
- Encourage sustainable development of locally owned stores.
- Support and strengthen existing retail.
- Develop strong neighborhoods where retail can thrive.
- Make retail enhancement a central focus of City government.

In the coming weeks, staff will put together implementation plans based on Conley's findings and recommends that Council accept the report and staff's recommendation to pursue the *Retail Enhancement Strategy* and its priorities, as detailed below.

PROJECT DESCRIPTION

Consultant's Work Products

The Conley team's work has culminated in three reports, which, together with its earlier *Upper Broadway Strategy*, comprise the *Oakland Retail Enhancement Strategy*:

1) Existing Retail Sector Performance

This report looks at the Oakland retail sector, planned and proposed retail developments, existing retail node analysis, detailed case studies, results of a Summer 2007 consumer

survey, and profiles of each of the 53 retail nodes, which cover location, access, existing anchor businesses, demographic, sales drivers and sales trends.

2) Implementation Plan (Attachment A)

This report provides an overall description of existing conditions and findings, discusses the five finalist nodes, and the Retail Enhancement Action Plan recommendations.

Since the *Strategy* is unable to address all 53 areas at once, and since the nodes have varying degrees of retail enhancement potential, five nodes were selected for in-depth analysis and implementation planning. These nodes are geographically and economically diverse, and illustrate many of the major challenges facing Oakland in its efforts to revitalize and enhance its retail sector. The lessons learned from the opportunities and implementation strategies for each of these nodes have been incorporated into the citywide retail enhancement *Strategy*.

Five Nodes

Laurel District	This node has potential to emerge as a major comparison goods center.
Foothill & Seminary	This node has potential to provide convenience goods and services to improve the quality of life in the surrounding neighborhoods.
51st & Broadway/ Oakland Tech	Several sites are planned for private redevelopment in this node, thus creating an opportunity to develop a major comparison goods center that enhances the retail performance of the surrounding area.
High Street Corridor & Hegenberger/73rd/International a.k.a. 880 "Track"	These nodes have been combined in a plan that enhances access, visibility and retail development potential for eight large-scale sites. This enhancement would build on the area's existing sports, auto sales and comparison goods shopping.

3) Illustrative Design Plan

This report presents aerial photos, massing, business types, zoning, "susceptibility" of sites for development, opportunity sites, development concepts, streetscape concepts, area tabulation (aggregated retail, residential, parking potential).

Strategic Approach to Retail Enhancement

There is a unparalleled opportunity for Oakland to substantially improve its retail sector. This effort requires a sustained commitment from the entire City government that will endure through economic and election cycles and include the following:

- Develop a major comparison goods retail complex in the Upper Broadway area². This complex should appeal to middle- and upper-end shoppers who are neglected by most other retail offerings in the City.
- Secure sites for and recruit large format stores. These stores will appeal to a broad income range of Oakland shoppers and replace sales now captured at these type of retailers outside of the City. Given their large parcel sizes and freeway frontage, the best candidate sites for these uses are along I-880 and at the Oakland Army Base.
- Add as many as 70 new locally owned comparison goods stores in neighborhood retail districts and encourage sustainable creation of other locally owned stores as well. To ensure that new retail stores are sustainable over the long term, provide technical assistance, in coordination with non-profit business service providers, and ensure there are strong neighborhood districts where retail can thrive. The commitment to locally owned businesses, however, should not forsake the contribution of regional and national retailers in the effort to recapture sales leakage.
- Recruit supermarkets to underserved neighborhoods in West and East Oakland. Allocating resources to recruit new supermarkets in areas already well served by food stores is not recommended.

Retail Enhancement Strategy Components

Based on its findings, the Conley team has developed detailed recommendations, as follows:

- A. Improve the retail tenant mix
 - a. Comparison goods strategy
 - b. Grocery stores
 - c. Eating and drinking
- B. Develop sustainable locally owned retail

² The Request for Proposals (RFP) for the Broadway Retail Corridor Specific Plan and EIR—covering Broadway between Grand and Interstate 580—is scheduled to be released in Summer 2008. That initiative has been awarded a \$400,000 grant from the Metropolitan Transportation Commission (MTC) Station Area Planning Grant program. Lake Merritt BART Station area has also been awarded a grant.

- C. Create strong neighborhoods where retail can thrive and fill vacant storefronts
- D. Improve the performance of existing retailers and retail districts
- E. Make retail enhancement a priority throughout City government

The detailed outline can be found on pages 16-28 of Attachment A.

The Consultant estimates timing as follows:

Node/Action	Yr 1	Yr2	Yr3	Yr4	Yr5
Upper Broadway Specific Plan					
Develop Locally Owned Store program					
Identify sites for large format stores					
Recruit new grocery stores (5 stores)					
Coliseum Shopping Center					
Neighborhood Action Plans					
Create new locally owned comparison goods stores					
Create retail incentives					

Next Steps

Staff will work over the summer to structure an implementation plan focusing on the five opportunity nodes. Node efforts will include:

- Recruit an Urban Economic Analyst IV to lead the efforts, including significantly more proactive retailer recruitment
- Relationship-building with node business and property owners.
- Identification of node’s key opportunity sites: both space to lease and land to develop.
- Work with Redevelopment staff to integrate *Strategy* recommendations with Project Area work plans.
- Development of a node retail action plan, which includes brainstorming optimal retailers based on psychographic and survey information, zoning information, recommendations of key parcels for Redevelopment Agency to acquire, where possible.
- Identification of possible new or enhanced parking locations.

- Identification of possible new or enhanced directional and parking signage.
- Marketing of node opportunity sites to locally-owned and chain retailers and retail real estate developers.
- Work on clean and safe initiatives where appropriate
- Work with partners such as Local Initiatives Support Corporation (LISC), Oakland Merchants Leadership Forum (OMLF), OBDC Small Business Finance, Neighborhood Crime Prevention Councils (NCPCs), Oakland Police Department (OPD) and the Oakland Business Service Organizations network.
- Schedule individual meetings with Councilmembers at least two times per year to discuss citywide and district retail activities.

At the same time, staff will continue to assist property owners and brokers of key vacancies in Redevelopment and non-Redevelopment areas, and will continue to offer the one-on-one problem-solving services staff has been providing since 2001.

SUSTAINABLE OPPORTUNITIES

The *Oakland Retail Enhancement Strategy* project supports the City's 3 Es: economy, environment and equity.

Economic. The overall goal of the *Oakland Retail Enhancement Strategy* is to identify retail gaps in order to reduce the multi-million-dollar sales tax leakage to locations outside Oakland, retaining more sales tax revenue for the City of Oakland, making it available to provide additional services and programs.

Environmental. The *Oakland Retail Enhancement Strategy* has identified ways to fill the City's retail gaps to reduce the amount of shopping Oaklanders do outside of Oakland. When City residents can shop closer to home, they will not travel as far, thereby using their cars less. Given the goal of increasing retail in Oakland and given the high land prices locally, the *Strategy* is consistent with Smart Growth principles, as it seeks to help Oaklanders shop closer to home. Low density suburban style retail development is not feasible. No particular environmental opportunities have been identified in the context of the Specific Plan due to the preliminary stage in the planning process. However, if such a planning process were to be undertaken, completed and approved, the consequent environmental review information will likely inform future City actions concerning clean up of contaminated areas, and green building, green business locations.

Social Equity. Growing the retail base in Oakland, leading to more retailers, will in turn provide increased employment opportunities, especially entry level jobs, as well as

promote self-employment/entrepreneurship opportunities for Oakland residents. No particular social equity opportunities have been identified in the context of the Specific Plan due to the preliminary stage in the planning process. However, it is likely that land use and public improvement discussions during the Specific Plan process would include pertinent topics such as clean up of contaminated soils and groundwater due to past industrial activities, access to public parks and open space and other issues.

DISABILITY AND SENIOR CITIZEN ACCESS

Having more and enhanced retail in Oakland will ultimately make it easier for seniors and the disabled to shop, dine out and seek entertainment.

RECOMMENDATION AND RATIONALE

This report presents the final components of the *Oakland Retail Enhancement Strategy*, including specific implementation recommendations. Staff recommends Council adopt the *Oakland Retail Enhancement Strategy* as a major priority for Oakland's government.

The purpose of the *Retail Enhancement Strategy* is to build upon Oakland's retail successes within a strategic implementation framework to leverage scarce land, fiscal, and staff resources. It is a central conclusion of the *Strategy* that no single action will reverse the City's long-term retail performance trend. In order to recapture the demand of its residents, employees and visitors, Oakland must have a full array of retail types, and must improve the function of retail in every part of the city.

The larger retail opportunities need to be carefully guided, otherwise they will vanish and likely be unavailable again for a decade or more. Oakland must take a proactive, pro-retail stance as has been done with Upper Broadway. In the time since the *Upper Broadway Strategy* was completed, major retail developers have made contact with staff expressing interest and seeking information about opportunities in the area.

ACTION REQUESTED OF THE CITY COUNCIL/REDEVELOPMENT AGENCY

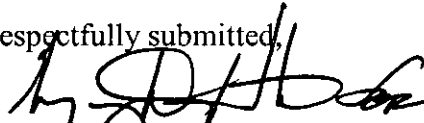
This report presents the final components of the Conley Consulting Group's work on developing an *Oakland Retail Enhancement Strategy*, including specific implementation recommendations. Staff recommends Council adopt the following recommendations:

Retail Enhancement Priorities

1. Adopt Conley team's *Oakland Retail Enhancement Strategy* as a major priority for Oakland's government.
2. Support formation and provide support to BIDs, merchant associations, and community benefit districts.
3. Authorize the City Administrator to:
 - a. Prepare an annual report on progress on the *Retail Enhancement Strategy*.
 - b. Organize City government to foster retail: Institute an external Retail Advisory Group to broaden awareness of the retail sector and enhancement opportunities, and an internal Retail Development Group to process specific retail projects more efficiently.
 - c. Develop and implement Retail Action Plans for the priority districts: West Oakland, Laurel, Dimond, Temescal, Foothill and Seminary, and 51st and Broadway/Oakland Tech.
 - d. Explore how the existing City Business Tax structure affects retailers and return with a report and recommendations..
 - e. Explore how the existing City Living Wage requirements affect retailers and return with a report and recommendations.

- f. Incorporate retail enhancement strategy activities into Redevelopment Project Area Implementation Plans.
- g. Report back on policies to attract grocery stores.
- h. Identify opportunities to site large format stores and facilitate development of this component of the *Retail Strategy*.

Respectfully submitted,



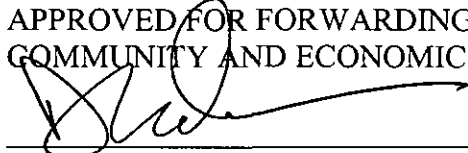
Dan Lindheim, Director
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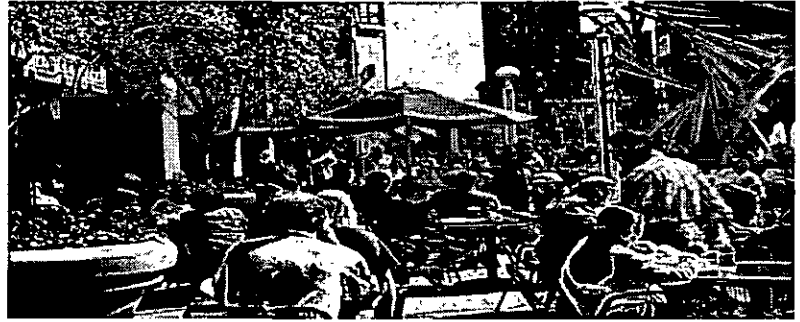
APPROVED FOR FORWARDING TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



Office of the City/Agency Administrator

Attachment A: *Implementation Plan—A Component of the Oakland Retail Enhancement Strategy*

Item: _____
CED Committee
July 22, 2008



Implementation Plan

Oakland Retail Enhancement Strategy

Prepared for

**OAKLAND COMMUNITY ECONOMIC
DEVELOPMENT AGENCY**

June 2008



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Existing Retail Sector Performance

for the

Oakland Retail Enhancement Strategy

Prepared for

OAKLAND COMMUNITY ECONOMIC DEVELOPMENT AGENCY

Prepared by



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June 2008

**Subconsultants:
JRDV Architects
Strategic Economics
Colliers International**

Table of Contents

	Page
Executive Summary	5
I. Introduction	9
II. Oakland Retail Enhancement	11
III. Retail Enhancement Strategy Components	15
IV. The Five Finalist Nodes	29
V. Retail Enhancement Strategy Action Plan	47

List of Exhibits

	Page
A. Retail Expansion Potential by Node	8
B. Laurel District: Retail Enhancement Implementation Plan	35
C. Foothill and Seminary: Retail Enhancement Implementation Plan	38
D. High and Hegenberger: Retail Enhancement Implementation Plan	42
E. 51st and Broadway: Retail Enhancement Implementation Plan	46

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EXECUTIVE SUMMARY

6 Executive Summary

This report transmits the Oakland Retail Enhancement Strategy, developed by a team of consultants working closely with City staff in response to a directive from the Oakland City Council. The consultant team is headed by Conley Consulting Group, with JRDV Architects, and Strategic Economics as subconsultants and the pro bono assistance of retail brokers from Colliers International. The recommended enhancement strategy

Imbalanced Retail Sector

The City's retail sector is unusually imbalanced, with potential demand for retail goods far exceeding the sales captured by Oakland stores. The consequences of this imbalance are as follows:

- Comparison Goods sales (items sold in apparel, home furnishing, department and specialty stores) expenditure potential of Oakland residents alone exceeds retail sales by \$1 billion a year.
- Grocery Store leakage could support five new full sized supermarkets, or more specialty food stores. Residents in West and East Oakland are the most severely underserved by grocery stores.
- In addition to residents, people employed in Oakland could support an additional \$232 million in sales for comparison goods and eating and drinking outlets.
- Because the retail sector is weak, Oakland residents are forced to travel to other cities to meet their shopping needs. Oakland is deprived of the revenue and energy that would support revitalized neighborhoods, foster improved social interaction between its citizens, activate local districts and thus improve safety. Further, \$1 billion dollars in recaptured leakage would generate \$1 million a year in additional sales tax to the City and support over 10,000 new jobs.

Strategic Approach to Retail Enhancement

There is a strategic opportunity for Oakland to substantially improve its retail sector. This effort requires a sustained commitment of the entire City government that lasts through economic and election cycles.

- Develop a major comparison goods retail complex in the Upper Broadway Area. This complex should appeal to middle and upper end shoppers.
 - Secure sites for and recruit large format stores. These stores will appeal to a broad income range of Oakland shoppers, and replace sales now captured at these type of retailers outside of the City. The best candidate sites for these uses are along I-880 and at the former Oakland Army Base.
 - Add as many as 70 new locally owned comparison goods stores in the neighborhood retail districts, and encourage sustainable creation of other locally owned stores as well. To ensure that new retail stores are sustainable over the long term, provide technical assistance in coordination with non-profit business service providers, and ensure there are strong neighborhood districts where retail can thrive. However, commitment to locally owned businesses should not dictate that the City forsake the contribution of regional and national chains in its effort to recapture sales leakage.
-

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- Recruit supermarkets to underserved neighborhoods in West and East Oakland. Allocating resources to add new supermarkets in areas already well served by food stores is not recommended.
 - Although strong restaurants and entertainment venues are an important part of a healthy retail sector, this is not a recommended focus of the strategy, since these businesses are likely to continue to thrive without special assistance.

Priority Retail Neighborhood Retail Nodes

The priority nodes for the Retail Enhancement Strategy are described in Exhibit A, along with the type of retail enhancement envisioned. In total, the Enhancement Strategy will recover \$714 million in comparison goods sales now lost as leakage, add the equivalent of 5 new supermarkets, and reinforce existing neighborhood retail districts.

Retail Enhancement Policies

Adoption of the following policies are recommended to direct the Retail Enhancement Strategy:

1. Adopt Retail Enhancement as a major priority for Oakland's City Government.
2. Direct staff to prepare an annual report on progress on the Retail Enhancement Strategy.
3. Organize City Government to foster retail: Institute a Retail Cabinet to broaden awareness of the retail sector and enhancement opportunities, and a Retail Development Council to process approvals for specific retail projects.
4. Direct staff to develop and implement Retail Action Plans for the six priority retail nodes: West Oakland, Laurel, Dimond, Temescal, Foothill and Seminary, and 51st and Broadway (with Oakland Tech).
5. Direct staff to incorporate Retail Enhancement Strategy implementation activities into Redevelopment Project Area Implementation Plans.
6. Direct staff to report back on progress and any policy changes needed to attract grocery stores.
7. Direct staff to identify opportunities to site large format stores and facilitate development of this component of the retail strategy.
8. Support formation and provide support to Business Improvement Districts (BIDs), merchant associations, and community benefit districts.
9. Direct staff to investigate the potential to develop long-term policies to offer retail business tax relief based on growth in sales tax revenues.

EXHIBIT A

**Retail Expansion Potential, By Node
Implementation Strategy Plan
Oakland Retail Enhancement Strategy**

Increased Comparison Sales

	sales potential
Existing Nodes with Expansion Potential	
Node #	
16 Laurel—10 stores	\$ 3,500,000
40 Temescal—10 stores	3,500,000
31 51st and B'way— new mini anchor	30,000,000
27 Old Oakland—10 stores	3,500,000
14 Dimond—10 stores	3,500,000
Miscellaneous—30 stores	<u>10,500,000</u>
<i>total: 70 stores and mini anchor</i>	\$ 54,500,000
New Development Potential	
22 I-880	\$ 157,500,000
NA Army Base	185,000,000
23 Coliseum	40,000,000
46 Upper Broadway	<u>170,000,000</u>
	\$ 552,500,000
Grand Total, New Comparison Sales	\$714,000,000

Additional Grocery Stores

Node #	new groc. store
Oak Knoll	1
47 West Oakland	1
49 Jack London Gateway	1
20 Foothill Square	1
Oak to Ninth	<u>1</u>
	5

Maintain Comparison Sales

Existing High Performing Nodes Node #	\$2006
21 Hegenberger Corridor	\$ 71,878,204
28 Downtown	31,650,086
32 Rockridge	28,369,448
29 Uptown	23,976,831
5 Fruitvale & International	20,085,144
24 Jack London Square	19,595,764
34 Piedmont	14,681,185
33 Montclair	14,555,376
18 Eastmont	12,608,174
37 Lakeshore	12,532,226
26 Chinatown	<u>11,979,104</u>
	\$ 261,911,542
Rest of City	\$ 308,147,000
Citywide Comparison Sales Growth (10%)	\$ 107,000,000

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The Oakland City Council commissioned a consulting effort to address the current underperformance of the City's retail sector. This report is the third of a three part effort to develop a Retail Enhancement Strategy for the City. Earlier in this effort, more than 2300 people responded to a survey stating that improving the retail sector is an important goal. This report transmits our findings and recommendations on a Retail Enhancement Strategy for the City of Oakland.

A. Services Undertaken

- Researched retail revitalization efforts in other cities.
- Evaluated the retail enhancement potential and required implementation action plans for five nodes.
- Developed conceptual design plans for retail implementation efforts in the five nodes.
- Identified citywide implementation activities.
- Evaluated resource requirements for implementation.
- Conducted work sessions with economic development staff.

B. Report Organization

The Executive Summary precedes this section, which is the Introduction. Next, this report is organized as follows:

- | | |
|-------------|---|
| Section II | Provides an overview of Oakland's current retail performance, the need for retail enhancement, and outlines the major components of the strategy. |
| Section III | Describes the components of the strategy and recommends objectives, strategies and example tactics to achieve the strategy. |
| Section IV | Recommends Retail Enhancement Implementation Strategies for five of the 53 existing retail nodes identified in this effort. These nodes represent a range of retail challenges and opportunities, and illustrate the types of implementation strategies necessary to enhance the performance of the City's retail sector. |
| Section V | Identifies an action plan for implementing the Strategy. |



II : OAKLAND RETAIL ENHANCEMENT

The Situation and the Opportunity

In 2006, Oakland City Council elected to undertake a retail strategy to address the long term underperformance of the City's retail sector. The Oakland Retail Enhancement Strategy is one of the results of that Council commitment. Oakland has long been known as the largest underserved retail trade area in the United States. For decades the City tried to address its retail imbalance by developing a large scale project that would redirect the shopping patterns of Oakland shoppers. In the mean time, neighboring communities have attracted Oakland's customers with successful new retail development projects. Retail sales in Oakland have not kept pace with sales for its neighbors or for the state of California as a whole.

Today, Oakland retail stores only capture \$1 out of every \$3 of its residents expenditure potential for Comparison Goods, before taking into account the sales potential to its visitors and employees for goods purchased at department, specialty, home furnishings, and apparel stores. Comparison Goods sales lost as leakage amount to \$1 billion annually. In 2006 dollars (\$2006), grocery store sales were \$232 million less than the grocery store expenditure potential of City residents, thus imposing an inconvenience to residents who travel to other cities for their weekly food supplies. Less mobile residents may suffer serious health consequences, including diabetes and obesity, from inadequate access to affordable and healthy foods. The estimated grocery store leakage would support an additional five new full-sized supermarkets in Oakland.

PROGRESS! New High Profile Food Retailers
Oakland has attracted notable new food establishments, shown below by opening date

New Grocery Stores

- Mi Pueblo (2006)
- 2 Trader Joe's (2007)
- Farmer Joe's Produce and Market (2007)
- Whole Foods (2007)
- Fresh & Easy (2008?)
- Lucas Harvest Market at Foothill Square (2009?)

New Eating and Drinking Venues

- Levende East (2007)
- Flora (2007)
- Vine, a wine bar (2008)
- Franklin Square Wine Bar (2008)
- Cocino Poblano (2008)
- Brown Sugar Kitchen (2008)
- Camino (2008)
- Ozumo (2008)
- Pican (2008)
- Copa Wine Bar (2008?)
- The Boathouse (2009?)
- Jack London Market (2009?)

Sources: Conley Consulting Group, City of Oakland, June 2008

While this Strategy was being developed, however, some notable retail successes have resulted from an increased focus on retail development and the market opportunity presented by the retail industry recognition of the attractiveness of inner city markets like Oakland. Staff throughout City government is engaged in thinking creatively about improving retail citywide. City Council members are actively supporting retail projects both within their own districts and throughout the City.

The purpose of this Retail Enhancement Strategy is to build upon and extend those successes within a strategic implementation framework to leverage scarce resources - land, fiscal, and staff. It is a central conclusion of this Strategy that no single action will reverse the City's long term retail performance trend. In order to recapture the demand of its residents, employees and visitors, Oakland must have a full array of retail types, and must improve the function of retail in every part of the city. Retail enhancement will require a multi-

pronged implementation strategy, as summarized below and as further described in the following sections of this report. The components of the strategy are as follows:

- Improve the City's retail tenant mix
 - Develop a major comparison goods retail center in the Upper Broadway Area.
 - Attract grocery stores to underserved neighborhoods in Oakland.
 - Designate sufficient sites for large format comparison goods stores.
- Encourage sustainable development of locally owned stores.
- Support and strengthen existing retail.
- Develop strong neighborhoods where retail can thrive.
- Make retail enhancement a central focus of City government.

The Retail Enhancement Strategy must be sustained over the long term, through several economic and election cycles. Periods of economic slowdown, such as exists in Spring 2008, are the right time for planning and preparing for economic expansion cycles, when it is often harder to define public objectives in the face of strong development pressures.

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This section describes the key components of a comprehensive citywide strategy.

A. IMPROVE THE RETAIL TENANT MIX

Although Oakland is severely underserved for most types of retail, the City should focus its resources and energies on filling selected retail enhancement targets, as described below:

1. Comparison Goods Strategy

While the City of Oakland has leakage in all retail categories, the gap between the expenditure potential of City residents and the sales captured by the City's comparison goods stores (leakage) is the largest. CCG estimates comparison goods leakage at a whopping \$1 billion a year in 2006. This estimated leakage would be even larger if the comparison goods expenditure potential of people who work in or visit the City, or the sales potential of regional residents who might patronize enhanced retail in Oakland was factored in. Simply put, many Oakland residents habitually rely on stores located out of the City to meet their comparison goods shopping needs.

Based on the opinion of experts consulted for this strategy development effort, reversing these long established shopping patterns will require introduction of a critical mass of retail such that shoppers believe that their retail needs can be efficiently met in the City.

In the mid 20th century, Oakland, like many other medium to large sized central cities, had a strong downtown retail core anchored by department stores that served the City and surrounding suburbs. Over time the role of center city retail changed, and both department stores and small shops began to disappear. As late as the 1970's Oakland still had several department stores, including Emporium Capwell, Liberty House, and I Magnin, plus several larger specialty stores like Joseph Magnin and Irene Sargent and busy smaller apparel shops like Little Daisy. Today, these stores are no longer located downtown, and in fact are no longer in business. Further, the role of department stores in anchoring comparison goods shopping trips has been significantly altered by the rise of big box shopping and the countervailing increase in consumer preference for more intimate and convenient shopping environments.

To re-capture Oakland's leakage of comparison shopping dollars today, the retail enhancement strategy must include a variety of retail shopping environments. These include:

An Upscale, Anchored Lifestyle Shopping Center in the Upper Broadway Area.

The Upper Broadway area has a potential for up to – Acres of sites available for retail development, which could accommodate a maximum of 1,000,000 SF of retail. Re-development of the former Auto Row district to this purpose would be the single most important step in redirecting current shopper patterns. As shown in Exhibit A, the

A Strategy is a long term plan of action designed to achieve a particular goal. Strategy is differentiated from tactics, or immediate actions with resources at hand by its nature of being extensively premeditated, and often practically rehearsed. Strategies are used to make the problem easier to understand and solve.

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first phase of this project, could contribute \$168 million towards recapturing the \$1 billion sales currently lost as leakage to Oakland. Development of all three phases would recapture \$170 million in sales.

For small comparison goods stores to thrive, a customer draw must be established by an anchor tenant, a critical mass of similar stores, or entertainment uses such as a cinema or other patron-attracting activities.

Regional-Serving Large Format Stores. According to a survey of more than 2300 stakeholders, Oakland's shoppers from all parts of the economic spectrum now patronize large format stores in other cities. Recently, large format stores have now targeted Oakland as a desirable location, and are seeking sites that meet their size, locational, and pricing requirements. These stores would be most suitably located in freeway-adjacent locations. At typical sales volumes, these stores generate an average of over \$1 million in sales per acre of retail. Based on the sites available for large format stores CCG estimates that an additional \$552 million in sales can be generated.

Neighborhood Retail Districts. Creating strong neighborhoods where retail can thrive is a critical element of the Retail Enhancement Strategy, as described below. The neighborhood comparison goods strategy is based on the following understanding of the evolution of neighborhood shopping districts:

Initially, most successful neighborhood retail districts begin by serving the convenience goods shopping needs of residents who live nearby. Successful convenience goods districts often evolve to draw support for eating and drinking establishments as well. Once these districts establish a customer draw from beyond the immediate neighborhood, comparison goods merchants are able to also thrive. This hierarchy of functions served is by no means universal, but it is true that it is difficult for small comparison goods stores to achieve an acceptable customer draw in isolation from other comparison goods outlets. In general, a customer draw must be established by other retail uses, by activities or a critical mass of retail must be established before comparison goods stores can succeed.

To reverse the City's comparison goods leakage with small shops alone would take 36 new districts performing as well as the Rockridge node.

The neighborhood districts with potential to serve a major role in re-capturing Oakland's potential comparison goods sales are identified in Exhibit A. Most neighborhood districts have limited sites available in infill development situations, so few nodes can accommodate stores larger than 5,000 to 10,000 SF. Assuming it is feasible over time to create and maintain 70 new small comparison retail stores, this component of the strategy can recapture nearly \$25 million of retail leakage. As will be described in Section III, below, locally owned and operated stores should be well represented in the Neighborhood Retail District Strategy.

2. Grocery Stores

Grocery stores are another major category of sales leakage for Oakland. However, the grocery store shortage is concentrated in the Eastern and Western neighborhoods. Lack of grocery stores in Oakland’s neighborhoods has the following consequences:

- Residents lack high quality and affordable food in their neighborhoods, and either travel to supermarkets in other neighborhoods or outside of the city or buy higher priced food from gas station mini-marts, corner liquor stores, or drug stores. The lack of access to high-quality, affordable food has environmental and health consequences which particularly impact the poor. Access to convenient, healthy food is also an indicator that people will have better health and lower rates of obesity.
- Since people shop for food more frequently than they do for any other items, grocery stores often serve as the shopper-attracting anchor tenants from which other nearby stores can also capture sales. Because Oakland’s eastern and western neighborhoods lack these anchors, it is doubly challenging to revitalize retail districts in these neighborhoods.

Several grocery stores are scheduled to open in formerly underserved Oakland neighborhoods, including Jack London Gateway, Oak Knoll, Foothill Square, and others. The Retail Enhancement Strategy should continue to focus energy and resources on attracting new grocery stores to underserved neighborhoods.

Over the past few decades, grocery store chains have been moving to bigger and bigger store types that require support from an ever larger trade area, and large sites located on major arterial streets or near freeway interchanges. However, now several food merchants are rethinking this strategy and focusing on building smaller stores in more dispersed locations. Several food merchants have targeted Oakland as a desired location for these new smaller stores.

3. Eating and Drinking

While Oakland does have substantial leakage in the eating and drinking category, the City has a history of successful restaurants and entertainment venues. A broad range of restaurant types reflect Oakland’s location near the center of the “Gourmet Ghetto” nationally known center of innovative, gourmet foods emphasizing fresh and seasonal ingredients. Specialty and ethnic restaurants ranging from Pan Asian to Pan Latino; from seafood to soul; from Italian to Ethiopian have opened and are thriving in locations throughout the City. Most notably, a cluster of popular restaurants have opened in Old Oakland and other downtown locations, and several popular neighborhood dining spots have lines of waiting patrons stretching down the block.

Eating and drinking establishments will continue to thrive in Oakland, if public safety concerns can be effectively managed. If the rest of the Strategy is accomplished, this component of the retail sector is likely to expand without specific City efforts.

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OBJECTIVE A: Improve the City's Retail Tenant Mix

Strategy A1: Implement the Upper Broadway Strategy

Example Tactics:

- Utilize key parcels to create a mixed use development program incorporating retail as the primary land use, with sufficient upper floor uses to support market land prices.
- Adopt an Upper Broadway Specific Plan to guide development through the long term land use transition process.
- Adopt interim controls to guide development until completion of the specific plan.
- Create a parking management and supply plan to support major retail development.
- Solicit developers that can secure major tenant and financing commitments.

While new restaurants are a welcome component of the Retail Enhancement Strategy, recruiting new eating and drinking establishments is not a recommended strategic focus for City energy and resource.

Strategy A2: Strategically Recruit New Neighborhood Comparison Stores

Example Tactics:

- In neighborhoods where new comparison goods stores are likely to be successful, recruit appropriate stores, both locally owned and chain.
- Develop an on-line inventory of available properties suitable for new comparison good shops.
- As part of the neighborhood enhancement vision planning process develop maps and inventories of tenants in neighborhoods targeted for retail expansion.
- Create marketing materials based on the neighborhood profiles produced for this effort.
- Work with the BIDs and merchant associations to create a leasing vision based on key sites subject to change. The leasing vision must be consistent with rental income expectations. Communicate the vision to property owners.
- Work directly with property owners for key vacant sites to encourage strategic, versus opportunistic leasing.

Strategy A3: Foster creation of locally-owned retail

Example Tactics: See Objective B below.

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Strategy A4: Encourage Development of Large Format Retail*Example Tactics:*

- Identify sites suitable for large format retail development.
- Make retail development a priority for publicly-owned or controlled sites.
- Create favorable land use controls for large format retail development.
- Consider performing program level environmental review for areas targeted for large scale large format retail development.

B. DEVELOP SUSTAINABLE LOCALLY OWNED RETAIL

Many Oaklanders support locally owned retail in the R-E-S. There are many advantages to promoting locally owned small businesses as a vital part of the retail enhancement strategy. Locally-owned businesses:

- Provide retail variety and a unique shopping experience, thus enhancing the potential for recapturing leakage.
- Are more likely to tailor their merchandise to local tastes, and reflect the City's unique identity.
- Can retain profits within the local economy, and thus have a greater positive economic impact than national chain stores.
- Often are more likely to serve as active participants in neighborhood improvement and community revitalization efforts.
- Provide entrepreneurial opportunities for local residents.
- Tend to hire more local residents than do national chains.
- Can have a lower impact on the environment if they buy locally produced goods and if shoppers make shorter trips to patronize them.

However, a successful locally-owned retail development strategy must take into account the following challenges:

- Individual small retail businesses, especially comparison goods outlets, do not perform well in isolation, and thus usually require a strong neighborhood district and/or anchor tenants to create a customer draw to achieve sustainable sales volumes.

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- Many small businesses are funded with equity drawn from consumer or housing-based credit sources. A slow economy, especially with poor liquidity conditions such as exists in Spring 2008, the rate of small retail business formation may slow.
 - Nationally, the failure rate for small businesses is high, and even higher for small retail businesses. Nationally, as many as half of all small businesses fail in the first 10 years.
 - Small businesses must compete with large retailers, whether or not those stores are located within the City limits. Successful small retailers compete with the large competitors by providing better service, merchandise that more closely matches the customer's tastes, or unique products¹.
 - Independent retailers are not able to command supplier discounts routinely granted to mega retailers. These stores sometimes must operate at price points that do not appeal to budget-conscious consumers.

Local or non-chain?

Landlords and developers who successfully incorporate unique non-chain businesses into their retail projects often solicit new ventures from retailers who have already been successful in other locations. One example is the Fourth Street district in Berkeley. The developer reports that he encouraged the owners of Sur la Table, a specialty cookware store, to open a store on Fourth Street after visiting the store in Pike Place in Seattle. Similarly, Downtown Oakland has recently benefited from an influx of San Francisco restaurant operators who have opened new stores in Oakland.

The locally-owned business component of the Retail Strategy must not only encourage formation of new retail businesses, but also establish policies to ensure that new businesses continue to operate successfully and form a sustainable business base for the City.

At least initially, locally owned businesses are likely to be small businesses, operating with less than \$1 Million in annual revenues. Nationally, at least 50 percent of new small businesses fail within the first five years. However, there are tactics that the City can adopt to enhance the performance of locally owned, small businesses. These include:

- Creating strong neighborhood districts where retail can thrive is the best way to support sustainable small businesses.
- Sponsoring business improvement seminars and strategic advice for retailers, in conjunction with an organization such as the Oakland Merchants Leadership Forum (OMLF) and in coordination with the B.I.D. or C.B.D's and the local merchant's associations. Marketing and security are typical initial seminar topics. It has been difficult in the past to get good turnout from busy small business owners at seminars offered during business hours.
- Providing cost-effective marketing vehicles for small businesses. Merchants contacted for this effort report they would like to see expanded consumer-oriented marketing efforts, rather than efforts focused on soliciting participation from businesses.

¹ One successful long term Oakland store owner had to change her business strategy when new, national chain stores opened in Emeryville. She was able to extend her customer base by providing products that appealed to male buyers seeking gifts for women, extended her supply of unique accessories, and most importantly, continued to buy unique goods in small quantities so the store could more closely follow fashion trends than the larger, less nimble chain competitors.

- The small business component of the retail strategy is likely to be very staff intensive, and to require linkages to outside small business service providers.

The Enhancement Strategy should seek to establish 70 new comparison goods retailers as well as restaurants, and convenience stores. This will require an extensive commitment of staff and resources, and will likely take at least 5 years. The business counseling and technical assistance services required to ensure that new retail businesses are sustainable over the long term require access to competitive strategies and sensitive financial data that is not appropriate to disclose in an environment subject to public disclosure requirements, and would more appropriately be provided by business-oriented non-profit organizations.

The Working Solutions Model

Working Solutions is a model of supporting businesses for long term success. Working Solutions is an example of how to help create and sustain small businesses. Working Solutions is a San Francisco-based non profit that provides working capital to small businesses, and provides extensive technical assistance to its clients before and after loans are made to ensure businesses thrive. Its mission is to loan to businesses that commercial banks will not serve, including new start ups. Technical assistance includes: 1) Business Plan review, 2) Credit enhancement counseling, 3) Assistance with creating detailed financial and operating projections 4) Referrals to free and low cost business technical assistance resources, 5) Creating the loan application, including assistance with location of business premises, and finally, 6) Presenting the loan to the Loan Committee for approval. For every approved loan, Working Solution reviews monthly financial statements and meets with borrowers every quarter.

There is ongoing business counseling and referrals to outside classes and technical assistance. This non profit spends an average of 30 to 60 hours working with every successful borrower before their loans are approved, and an average of 6-10 hours a year with each business thereafter. In addition to borrowers, counseling services have been provided to 38 non-borrowers, at an average of 5 hours per business. According to the Executive Director, retail businesses are considered higher risk, require more technical assistance, and more careful loan review. Since becoming a lender in 2007, Working Solutions has made 22 loans and has not had a loan loss, and all of these businesses are operating successfully today. Working Solution's combined operating budget for 2007 and 2008 was \$400,000, exclusive of loan funds.

OBJECTIVE B: Support creation and retention of locally owned businesses.

Strategy B1: Create strong neighborhoods where retail can thrive

Example Tactics: See Objective C below

Strategy B2: Provide technical assistance for local retail businesses.

Example Tactics:

- Identify and fund non-profit organization(s) to provide business counseling services.
- Assign a single point of contact within the City of Oakland to assist small business owners to prepare for and navigate through the development review and permitting process.
- Assist small business owners by providing comprehensive resource referrals for all small business related needs.
- Build a database that can refer businesses to technical resources by entity and area of expertise such as financing, business plan preparation, credit counseling, financial analysis, business operation training, and market assessments etc.
- Actively update resources available internally and externally.

Strategy B3: Provide market data to prospective retail tenants.

Example Tactics:

- Invest in research and development to better understand local markets and market indicators such as demographics (including correction of Census undercounting problems), employment growth, income growth, retail vacancy rates, and other information such as shopping trends, identification of local stores by type, annual sales, and size of business (by SF).
- Locate potential sites for small retail businesses and provide key statistics and neighborhood profiles for the sites.
- The City should provide data feedback on the Census and other sources that rely on Census data to ensure they accurately reflect the City's demographics.

C. CREATE STRONG NEIGHBORHOODS WHERE RETAIL CAN THRIVE

Vibrant neighborhood retail districts are the backbone of the Retail Enhancement Strategy, a focus for City efforts and investment, and a requirement for successful locally owned stores.

1. Strong Retail Districts

Neighborhood serving retail districts are the backbone of strong neighborhoods. These areas provide important opportunities for residents to shop, get personal services, and to mix and mingle with their neighbors. Research has shown that neighborhoods with strong retail cores combined with other social and cultural institutions are less vulnerable to having lower income residents displaced by the process of gentrification. Further, activity on streets are a deterrent to crime.

However, as important as these neighborhood districts are, retailers face considerable challenges from many sources, not the least of which are the large value-oriented retailers who offer merchandise at lower prices and extensive free parking. Because the market pressures on neighborhood serving and local retail have become so great, cities need to be much more proactive in preserving and enhancing their traditional neighborhood retail districts through a series of planning programs and investments by a wide variety of community serving infrastructure ranging from parks and libraries to façade improvement programs and techni-

Public Safety

Oakland's retail strategy will be enhanced through the support of several programs and improvements. Under the direction of the Mayor and City Council, the Oakland Police Department (OPD) is projected to reach its full authorized force of 803 officers by the end of 2008. If this goal is reached, there will be a problem solving officer (PSO) in every one of the city's community policing beats who can further coordinate the public safety activities of the existing merchant's alert and business alert programs of the community services division within each of the three newly organized geographic police areas.

OPD also receives ongoing training in Crime Prevention Through Environmental Design (CPTED) which seeks to prevent crime through designing a physical environment that positively influences human behavior – people who use an area regularly perceive it as safe, and would-be criminals see the area as a highly risky place to commit crime. CPTED is based on four principles; natural access control, natural surveillance, territorial reinforcement, and target hardening. Currently OPD has a Police Services Technician who is providing CPTED assessments, training, and organization to merchants and business associations. There is the potential to develop a CPTED team within OPD to expand the scale of capabilities of these activities.

The Oakland Merchants Leadership Forum (OMLF) serves as an umbrella organization helping to coordinate communication between businesses, OPD, and City departments. In addition, it will help organize and incorporate new businesses into existing public safety networks.

cal assistance for small businesses.

Cities are also looking to collaborate with a wide variety of non-profit partners on neighborhood revitalization efforts. These partners extend beyond the local chambers of commerce to include a variety of merchant organizations and business improvement districts. Often, city resources are insufficient to fund all the neighborhood's needs for both capital improvements.

Retail stores, particularly comparison goods stores, do not thrive in isolation. To be successful, most stores need to be grouped together in a place that attracts shoppers who want to browse as well as to run errands. Therefore, a critical component of this retail strategy is ensuring that there are successful neighborhood business districts in all parts of the City that are attractive places, with interesting buildings, comfortable sidewalks, accessible parking, trees and appropriate street furniture, and other public improvements.

2. Filling Vacant Storefronts

Throughout the country, a major challenge to revitalizing older neighborhood business districts is how to fill vacant store fronts strategically. Unlike the shopping center model, individual property owners have small holdings and usually will not reap immediate benefits from overall improvement of the districts retail functions and performance. Often landlords are opportunistic in their leasing strategy, and will lease space to any type of tenant, without regard to how appropriate they are for the area. In other neighborhoods, including some cited in Oakland, land lords hold out for targeted rent levels and are willing to accept long term vacancy rather than the rents affordable to tenants interested doing business in the neighborhood.

In recent years, some neighborhoods have found ways to work with property owners to prevent long term vacancies in key locations, to prevent leasing key sites to undesirable tenants. The communities that have been most effective at this have done so by working closely with property owners. In some communities, a business improvement district (BID) has established funds to pay rents on strategic storefronts until an appropriate tenant can be found. There are some examples where government entities have stepped into this role. In other cases community business organizations have gotten property owners to agree to allow the group to recruit tenants to vacant space.

While these groups do not act as brokers, they can be more effective than brokers as they are not committed to a particular set of tenants, or motivated by earning a commission. The most important aspect of these activities is that someone other than the property owner is proactively managing available space in a manner that is consistent with and reflective of broad community values, while still allowing the space to be financially productive.

Employment:

The retail enhancement strategy will lead to the employment of 10,400 Oakland residents. Support services for local independent and national retailers can come from the Oakland Private Industry Council, which has programs focusing on customer service.

Another option is for the community to contract with a broker who agrees to forgo the normal landlord/tenant relationship in favor of a consultant fee arrangement. Ideally a consulting broker can then act as a resource to identify tenants for key vacancies on an as needed basis. Most retail brokers do not have consulting experience, and selecting an appropriate broker consultant is key to this effort.

Strategic leasing for key retail sites has been an important issue during the course of this strategy development effort and is likely to continue to be a need in the future. It is likely that the community-based approach will be more appropriate in some Oakland neighborhoods, and the consulting broker approach in others.

OBJECTIVE C: CREATE STRONG DISTRICTS WHERE RETAIL CAN THRIVE

Strategy C1: Prepare Neighborhood Business District Action Plans

Example Tactics:

- Conduct community workshops to define a clear vision for the business district including goals relating to the types of retail activity the community would like to encourage and discourage from location in the area.
- Review the City's zoning and General Plan to ensure that the City's overarching policy documents support the community's vision. If these policies are inconsistent, or not specific enough, they should be amended to better reflect community priorities.
- Identify City resources that can be used for either public improvements in the neighborhood business districts, or to assist individual property owners in rehabilitating their buildings.
- Where feasible, assemble key sites as they become available.

Strategy C2: Provide City Staff Support for Neighborhood Planning Efforts

Example Tactics:

Assign a full-time staff person to manage the vision plan processes for various neighborhoods and to follow up on implementation after the plans are complete.

Strategy C3: Create Strategic Alliances with Organizations That Help Neighborhood Business Districts Attract Appropriate Tenants for Vacant Spaces

Managing Retail Vacancies in San Francisco

Several organizations in San Francisco operate business attraction programs designed to fill vacancies with tenants that conform to the local community's vision for their neighborhood. Urban Solutions is a neighborhood economic development corporation that provides free leasing assistance to businesses in select San Francisco neighborhoods, as well as programs for existing businesses such as tenant improvements, technical assistance, and merchant organizing. Through the leasing program, the organization manages vacancy lists and works with landlords to make necessary improvements to their properties, set a price, and advertise to potential tenants. Urban Solutions runs the program in collaboration with the San Francisco Redevelopment Agency (SFRA), the Mayor's Office of Economic and Workforce Development (MOEWD), and the Local Initiatives Support Corporation (LISC).

The Castro/Upper Market Community Benefit District (CBD), the San Francisco LGBT Community Center, and the Merchants of Upper Market & Castro also recently began a business attraction program that provides assistance to start-up businesses, distributes neighborhood marketing and vacancy information, advises property owners on finding tenants, and puts potential tenants in touch with brokers. Funding sources include the merchant's association, CBDG funds, and a grant from the San Francisco MOEWD.

Example Tactics:

- The City conducts outreach efforts with individual property owners within the various neighborhood business districts to obtain permission to use a third party to attract perspective tenants who are consistent with the community's vision for the area.
- Retain a third party entity, such as a broker or non-profit to attract appropriate tenants to each business district based on direction from a community vision plan.
- Provide a "leasability audit" and "audit" service for property owners who want information on how to improve their properties to make them more attractive to retailers.
- Establish a "vacancy fund" for various neighborhood business districts whereby properties with key vacant stores could be paid "rent" for a certain term while a third party entity tries to attract a retail tenant who is consistent with the community's vision plan.

D. IMPROVE THE PERFORMANCE OF EXISTING RETAILERS AND RETAIL DISTRICTS

Maintaining and improving the performance of existing Oakland retail stores and districts is another critical objective for the Retail Enhancement Strategy. The activities for this portion of the enhancement strategy are an extension of existing retail programs.

OBJECTIVE D: IMPROVE PERFORMANCE OF EXISTING RETAIL AND RETAIL DISTRICTS

Strategy D1: Provide Retail Ombudsman Services

Example Tactics:

- Dedicate economic development staff to provide ombudsman services to retailers in business districts without BIDs.
- Coordinate referral services with BIDs and merchants associations where organized.
- Educate the Retail Cabinet to common areas of local merchant's concerns, including crime and safety, zoning and code enforcement, etc.

Strategy D2: Develop Neighborhood-appropriate Mixed Use Development Guidelines

Example Tactics: See Strategy C1

Strategy D3: Monitor Parking Utilization and Supply in Retail Districts

Example Tactics:

- Evaluate effective parking supply and management as part of vision plan process.

Strategy D4: Promote Oakland Retail with Consumer Oriented Marketing and Promotion Program*Example Tactics:*

- Provide effective marketing programs to promote customer awareness.
- Provide opening day promotion assistance for new stores.
- Support BID and merchant association marketing programs.

Strategy D5: Create Customer-oriented Online Marketing Portal*Example Tactics:*

- Develop online tenant directory and maps.
- Promote special and ongoing customer events.
- Create linkages to Neighborhood Association/BID websites.

Strategy D6: Support Training Programs and Seminars for Retailers*Example Tactics:*

- Incorporate retail oriented trainings into ongoing business seminar programs.
- Coordinate with BIDs and Merchants Associations to develop curricula and collateral materials for business training.

E. MAKE RETAIL ENHANCEMENT A PRIORITY IN ALL PARTS OF OAKLAND'S GOVERNMENT

The following strategies and tactics are recommended to ensure that public actions reinforce the Retail Enhancement Strategy.

OBJECTIVE E: MAKE RETAIL ENHANCEMENT A CITY-WIDE PRIORITY**Strategy E1: Provide an Annual Report on the Retail Enhancement Strategy to the City Council***Example Tactics:*

- Prepare an annual staff report on progress on the Retail Enhancement Strategy. This report should identify new retail tenants by location and type, provide a status report on proposed retail developments, summarize marketing efforts, list business services provided, and summarize retail sales by district and for the city as a whole.

Strategy E2: Provide a mechanism to update staff on the Retail Strategy, local issues, and industry trends*Example Tactics:*

- Organize a Retail Cabinet or forum to meet regularly on various issues including retail trends, design issues and solutions, traffic and access issues, sales tax trends, business tax trends, etc. The purpose of the cabinet is educational, not to coordinate processing of individual projects. The retail cabinet should include representatives from the Planning, Redevelopment, Economic Development, Zoning, Building, Police and Public Works departments.
- Organize a speakers bureau of industry experts, retailers, local merchants and developers to brief the cabinet.

Strategy E3: Create a Senior Development Team to Facilitate Retail Development*Example Tactics:*

- Unlike the cabinets, the senior development team is charged with processing development approvals for specific development projects.
- Include Redevelopment, Economic Development, Planning, Public Works, Building Staff.
- Include both line and senior level staff.

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The Strategy identified 53 existing retail nodes in the City of Oakland. Since the retail enhancement implementation strategy cannot address all of these areas at once, and since the nodes have different retail enhancement potential, five nodes were selected for in-depth analysis and implementation planning. These nodes are geographically dispersed and economically diverse, and thus illustrate many of the major challenges facing Oakland in its efforts to revitalize and enhance its retail sector. The lessons learned from the opportunities and implementation strategies for each of these nodes have been incorporated into the citywide retail enhancement strategy.

The five nodes are:

- Laurel District** This node has potential to emerge as a major comparison goods center.

- Foothill & Seminary** This node has potential to provide convenience goods and services to improve the quality of life in the surrounding neighborhoods.

- 51st and Broadway & Oakland Tech** Several sites are planned for private redevelopment in this node, thus creating an opportunity to develop a major comparison goods center that enhances the retail performance of the surrounding area, including the adjacent Oakland Tech node.

- High & Hegenberger** These nodes have been combined in a plan that enhances access, visibility and retail development potential for eight large scale sites.

A. Laurel District Retail Node

1. Assessment

The Laurel node is located along MacArthur Boulevard east of the Dimond node and west of Mills College. In 2006, the Laurel node had more than \$10 million in total sales with more than 40% in convenience good sales. Convenience shopping sales are significant in the Laurel node because of the presence of the original Farmer Joes grocery and Lucky supermarkets. These anchors draw shoppers into the Laurel from outside of the immediate neighborhood. Unfortunately, comparison goods shopping and eating and drinking outlets capture lower sales, despite the fact that there are more establishments in these categories compared to convenience.

Merchants surveyed for this effort report that the Lucky store, bank and hardware store generate cross-shopping trips to the smaller shops. MacArthur Boulevard functions as a transit corridor for bus commuters, thus permitting access and visibility to residents

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from beyond the immediate neighborhood. Attractive streetscape improvements in this district include street plantings, sidewalk treatments, street furniture, and attractive gateway signage. Many Laurel node business owners own their own buildings, and some portions of the street have recent and well maintained facade treatments. However, there are significant interruptions in the retail street frontage because of beauty and nail salons as well as other non-retail ground floor uses.

Although there are a limited number of comparison goods stores, there are several apparel boutiques in this district, as well as a well-patronized variety store. These trends represent the start of an expansion of the retail functions served by the Laurel District node. This district has the potential to build on this base and to become one of Oakland's best neighborhood centers for comparison goods shopping in the future.

Like the Dimond neighborhood, the Laurel node serves an economically diverse market area that spans both flat lands and hill areas. Compared to the City of Oakland as a whole, the market area has lower per capita income and higher household sizes. Less than half of all households include children. The area includes several multicultural, family-owned businesses and has organized a Business Improvement District (BID) to guide commercial improvement.

According to sources familiar with the Laurel District, there are several critical challenges currently affecting its retail vitality. They are:

- Limited parking availability. The district has no public parking lots, and private lots discourage parkers from patronizing multiple businesses. Parking availability is likely to become a greater problem in the future as the retail continues to improve.
- Crime and security problems. Local sources report 16 armed robberies in the months of January and February 2008.
- Loitering, especially students and young people during after school hours, which discourages shoppers. To deter loitering, the district recently removed some of the benches that were installed with the streetscape improvements.
- Traffic that uses MacArthur Boulevard in this node as a bypass for the congested I-580 freeway at afternoon peak hours. This bypass function is possible because the district is located between the High Street and 35th Avenue freeway on-ramps. Reportedly this bypass function results in congestion on MacArthur Boulevard which discourages neighborhood shoppers from patronizing Laurel District stores. Sources also report that little or no sales support is captured from commuters.
- The freeway exits at both ends of the node represent fast get away opportunities that encourage drug dealing, prostitution and other criminal activity.

- An uneven merchandise mix including an overrepresentation of service establishments such as nail and beauty salons.
- Over representation of fast food outlets, which is viewed as undesirable by residents.
- Vacant storefronts, many of which are owned by unsophisticated landlords who lack brokerage representation. Leasing activity in this district tends to be opportunistic rather than strategic. A node-wide strategy to re-lease vacant storefronts is needed to ensure a successful tenant mix in the future.
- Uncertainty regarding the future of the Lucky and Hollywood Video store sites, which are key parcels. Nationally, the Lucky supermarket chain has recently changed ownership and been reorganized. Several smaller and poorly performing stores in the former Albertsons chain have been closed throughout California, but the new corporate ownership has retained the Laurel District store, which is again operating under the Lucky name. Nevertheless, the store, which serves as an important anchor for the district, is in need of a physical upgrade. In addition, this store currently serves only a portion of the district's economically diverse shopper base. Hollywood Video operates a large site with surface parking at 35th and MacArthur, the site of the former Flair market. The Hollywood Video chain is currently in Chapter 11 and nationally many of these stores are considered soft sites.
- Potential Catalyst Sites. The recent development of housing over retail at 35th and MacArthur is a key catalyst project for the district. Future development, including the potential development assemblage parcels towards High Street, should be subject to careful design review to ensure that the retail revitalization potential is maximized by appropriate fenestration and maximizing the pedestrian experience.
- The recent development and housing over retail at 35th & MacArthur is a key catalyst project for the district. Future development, including the potential development assemblage sites toward High Street should be subject to care for design review to ensure that the functionality of the retail space is maximized.

2. Enhancement Strategy

Over the long term, the Laurel District has great potential to play a role in enhancing Oakland's retail sector while serving the needs of its neighborhood. The implementation plan for the Laurel District retail node is described in Exhibit B. The key elements are:

- ❖ Create a Laurel District **retail enhancement vision** including specific retail uses appropriate for the area. The Laurel District currently has a strong

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representation of locally owned merchants who have invested their energy in creating an attractive retail area with potential for expansion. The emphasis on locally owned tenants should continue. Tenancing goals should include more apparel stores; a family shoe or sports store; more specialty foods, including prepared food for at home consumption; additional stores selling gifts and other specialties; a card shop; and pet- oriented retail including either a grooming shop or a doggie day care center (the latter should be located off the MacArthur Street frontage).

- ❖ The **vision** should include **specific design guidelines** tailored to the Laurel District.
- ❖ Create a plan to improve **parking management and availability**. Consider installation of diagonal parking to facilitate traffic calming as well as augmenting the parking supply.
- ❖ Develop a **traffic calming program**, including possible adoption of a diagonal parking scheme.
- ❖ Conduct **ongoing workshops** with property owners and local businesses on crime and safety as well as joint marketing.
- ❖ Develop a **Laurel District Night Out**-as part of consistent evening operating hours to accommodate shoppers employed outside of the home.
- ❖ Advocate for future **development of key catalyst parcels** in a manner that maximizes retail revitalization goals, including securing comparison goods anchors, appropriate design standards, maximizing the retail street frontage, and appropriate parking for retail uses.
- ❖ As the business mix develops broader appeal, **street fairs and other events** will create citywide and regional awareness of Laurel District retail offerings.

3. Priorities

- Priority 1: Create a Retail Enhancement Vision Plan with community and business community participation. The plan will include long term parking strategy, traffic calming, design guidelines, and tenancing plan.
- Priority 2: Designate MacArthur Boulevard from High Street to 35th Avenue as a retail priority district with ground floor retail uses, appropriate signage and design controls consistent with the Vision Plan.
- Priority 3: Adopt appropriate traffic calming measures consistent with Vision Plan.
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- Priority 4: Encourage the addition of comparison goods merchants in the District.
- Priority 5: Facilitate development of catalyst projects, and redevelopment of key sites consistent with the Vision Plan
- Priority 6: Create a leasing strategy and support tenants consistent with the Vision Plan.

4. Organizational Readiness

The Laurel District can play an important role in Oakland's Retail Enhancement Strategy, and has the potential to serve the retail needs of both its immediate neighborhood and the City as a whole. Fulfilling this role will require a cooperative effort between the Economic Development, Planning and Zoning, Public Works, the BID, merchants and landlords. One mid level economic development FTE is needed beyond current City staffing requirements. Staff needs include:

- Mid level economic development staff to manage the retail enhancement vision process. Part time bid staff should have a coordinating role.
- Support from mid level planning and zoning staff to designate a retail priority district, implement design guidelines.
- Public Works mid level staff to coordinate a traffic calming program, based on the Vision Plan.
- Mid level economic development staff to coordinate the retail attraction and tenanting strategy.
- Mid level economic development staff to support the local enterprise development strategy.

EXHIBIT B. LAUREL DISTRICT: Retail Enhancement Implementation Plan

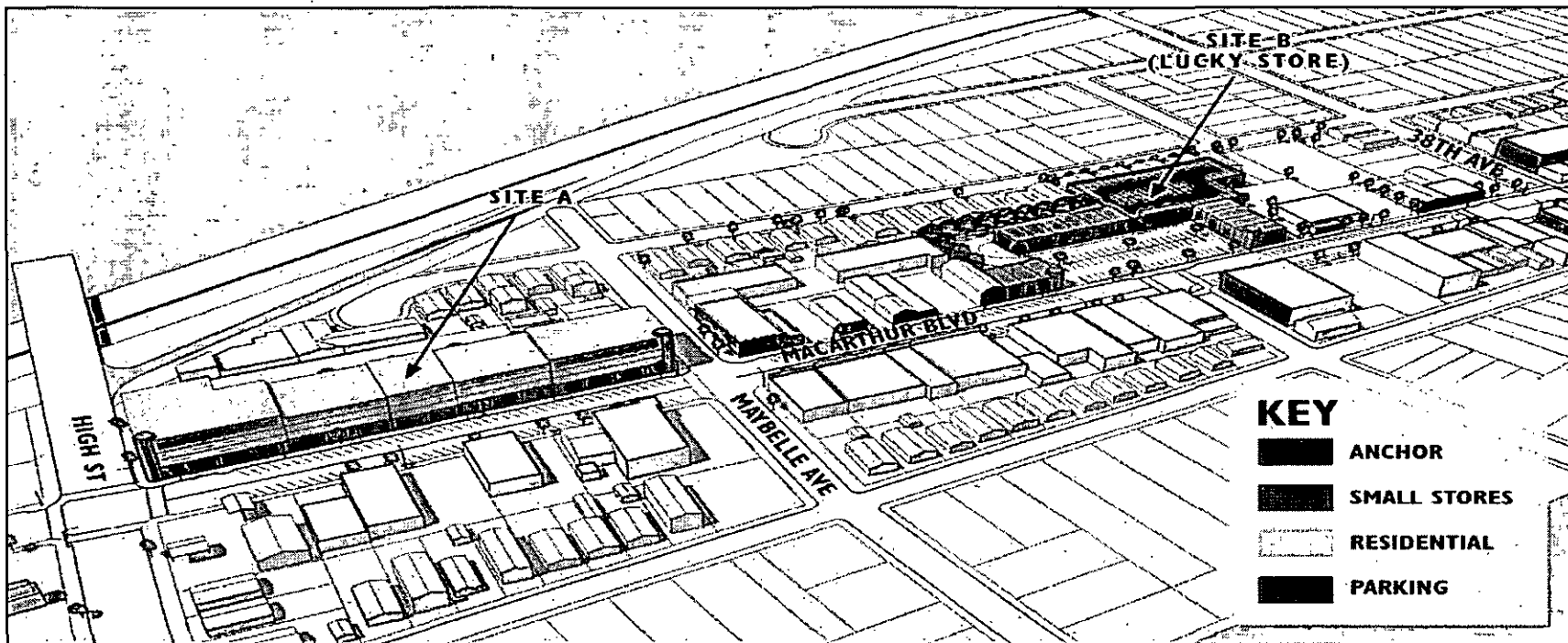
PRIORITIES

- Priority 1: Create a Retail Enhancement Vision Plan with community and business participation. Vision Plan to include long term parking strategy, traffic calming, design guidelines, and tenancing plan.
- Priority 2: Designate MacArthur Boulevard from High Street to 35th Avenue as a retail priority district with ground floor retail uses, appropriate signage and design controls consistent with the Vision Plan.
- Priority 3: Adopt appropriate traffic calming measures consistent with Vision Plan.
- Priority 4: Encourage addition of Comparison goods merchants in this district.
- Priority 5: Facilitate development of catalyst projects, and redevelopment of key sites consistent with the Vision Plan.
- Priority 6: Create a leasing strategy and support leasing of tenants consistent with the Vision Plan.

ORGANIZATIONAL READINESS

The Laurel District can plan an important role in Oakland's Retail Enhancement Strategy, require a cooperative effort between the Economic Development, Planning and Zoning, Public Works, the BID, merchants and landlords. One half mid level economic development FTE is needed beyond current City staffing requirements. Staff needs include:

- Mid level Economic Development Staff to manage the Retail Enhancement Vision process. Part time BID staff should have a coordinating role.
- Support from mid level Planning and Zoning Staff to designate a Retail Priority District, implement Design Guidelines.
- Public Works mid level staff to coordinate a traffic calming program, based on the Vision Plan.
- Mid Level Economic Development Staff to coordinate the retail attraction & tenancing strategy.
- Mid level Economic Development staff to support the local enterprise development strategy.



Source: Conley Consulting Group, JRDV, City of Oakland, May 2008

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B. Foothill and Seminary

1. Assessment

The Foothill and Seminary node was once a thriving convenience and entertainment retail district but today has little remaining retail vitality. The node contains a supermarket that draws support from the immediate neighborhood, several restaurants, a building supply outlet, and a handful of smaller shops. Non-retail uses, including two gyms and several churches, currently draw patrons to this node from a wider area, but the retail expenditure potential of those patrons have not yet been tapped. This node is bounded by three major east Oakland thoroughfares (Foothill Blvd., Seminary Avenue & Bancroft Avenue), but these streets have low traffic volumes in this location.

The enhancement challenge for Foothill Seminary is to re-establish this node as an active retail location serving the central East Oakland neighborhoods. This node illustrates the process of creating a retail district in an area that is functioning poorly. The issues and opportunities include:

- The opportunity to assemble an approximately two acre site for retail and or mixed-use development with assistance from the Redevelopment Agency.
- The potential to serve a large trade area with a large number of family households that have larger than average household sizes and modest incomes.
- Interest on the part property owners to sell properties for a project that serves as a catalyst for community development for the area.
- Strong political and community support to create a vibrant retail node at this location.
- Indication of potential interest from anchor tenants, such as a drug store, which might create the customer draw needed to sustain additional smaller shops.
- Planned streetscape improvements for this area.
- Planned Facade improvements for the area.

2. Enhancement Strategy

- ❖ Enhance the retail development potential by assembling corner properties and adjacent sites.
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- ❖ Developing a catalyst mixed use project combining a retail anchor tenant, small shops space and residential.
 - ❖ Creating neighborhood-appropriate mixed-use design standards to ensure that the retail enhancement potential of this project is maximized.
 - ❖ Providing new streetscape improvements along Foothill, Seminar and Bancroft streets.
 - ❖ Define Foothill Boulevard as this district's primary retail corridor [?].

3. Priorities

- Priority 1: Develop Retail Enhancement Vision Plan with community and business community participation that will include long term parking strategy, traffic calming, design guidelines, and tenanting plan.
- Priority 2: Enter into DDA with a mixed-use Developer selected through a competitive RFQ/RFP process to develop a catalyst project.
- Priority 3: Assemble corner parcels and adjacent sites totaling approximately two acres.
- Priority 4: Secure anchor tenant commitment.
- Priority 5: Finalize mixed-use development plan and development partners to implement plan.
- Priority 6: Implement streetscape improvements consistent with Vision Plan.
- Priority 7: Fund additional façade improvement loans.

4. Organizational Readiness

Retail Enhancement for the Foothill Seminary site can be implemented with existing staff resources. The staffing needs are:

Senior and mid level redevelopment staff to negotiate a DDA with developer.

Mid level real estate staff to assemble parcels.

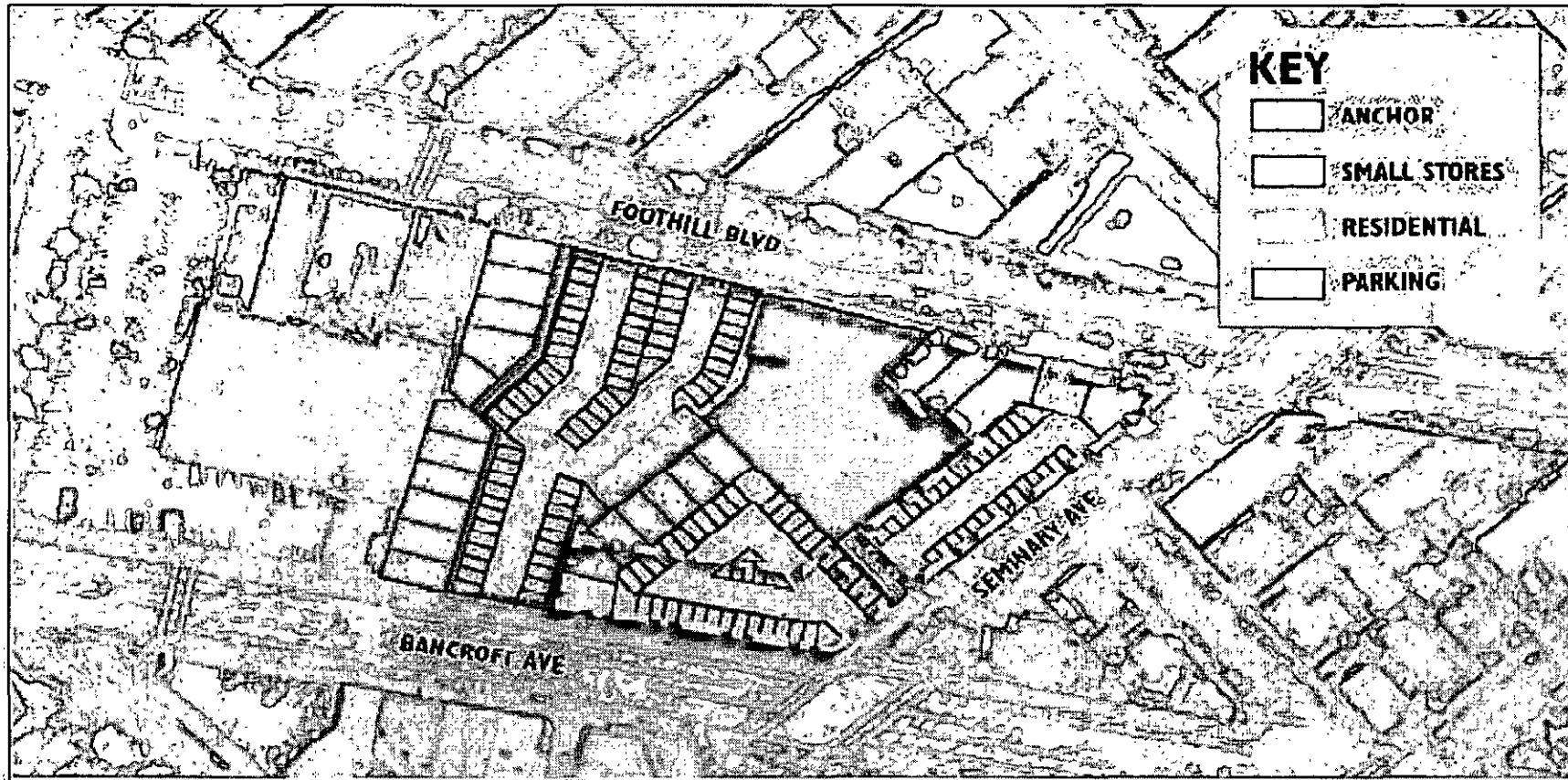
Mid level staff to administer façade improvement program.

Mid level planning and zoning staff to implement design guidelines.

EXHIBIT C. Foothilland Seminary: Retail Enhancement Implementation Plan

PRIORITIES	
Priority 1:	Develop Retail Enhancement Vision Plan with community and business community participation. Vision Plan to include long term parking strategy, traffic calming, design guidelines, and tenancing plan.
Priority 2:	Enter into DDA with FAME and partners to develop catalyst project
Priority 3:	Amble FAME Parcel with adjacent Sites.
Priority 4:	Secure anchor tenant commitment.
Priority 5:	Finalize mixed-use Development Plan and development partners to implement plan.
Priority 6:	Implement streetscape improvements consistent with Vision Plan.
Priority 7:	Fund additional facade improvement loans.

ORGANIZATIONAL READINESS
Retail Enhancement for the Foothill Seminary site can be implemented with existing staff resources. The staffing needs are:
<ul style="list-style-type: none"> • Senior and mid level Redevelopment Staff to negotiate a DDA with FAME. • Mid Level Real Estate Staff to assemble parcels. • Mid Level Staff to administer Façade Improvement Program. • Mid Level Planning and Zoning Staff to implement design guidelines.



Source: Dorley Consulting Group, JRDV, City of Oakland, May 2006

C. High and Hegenberger Nodes

1. Assessment

a. High Street

The High Street Corridor node extends along High Street between Tidewater Avenue and Bond Street. This area is primarily developed with industrial and commercial uses. In 2006, this node had more than \$10 million in total sales, however, the majority of sales were in building supplies. The High Street Corridor node had very few sales to consumers in convenience goods, comparison goods, and eating and drinking sales. Of the three retail categories, convenience goods maintain the highest sales due to the amount of liquor stores and gas stations that are found in the node. Other uses in this area are a mix of auto services as well as beauty salon or beauty supply stores. There are several areas along High Street that are in need of reinvestment, however, recent development indicates greater retail potential for the area. Directly off of High Street on Alameda Avenue, the Home Depot and Magic Johnson 24 Hour Fitness outlets have begun to transform this area into a retail destination. Several other new retail additions to this node, such as Mi Pueblo and the nearby convenience center at High Street and Foothill Boulevard are an indication of additional potential.

High Street is a major cross town access corridor to I-880 from neighborhoods on the for east side of the City. This area has high traffic volumes. There is also a presence of day labor seeking jobs in this area. The immediate neighborhood around the High Street Corridor has a high household size and low per-capita income in comparison to Oakland. This area is not heavily populated with children as less than half of households in the immediate neighborhood have children present. This node is categorized as big box comparison with potential for repositioning.

b. Hegenberger Corridor

The Hegenberger Corridor node extends along Hegenberger Road from the Coliseum across the I-880 freeway, where it merges with 98th Avenue at Doolittle Drive. At the intersection of I-880 and Hegenberger, a new shopping center with a Wal-Mart and in line shops has successfully attracted sales from a broad trade area in the City's eastern end. In 2006, this retail node had well over \$10 Million in total sales, with more than 40% of sales in comparison shopping, dominated by the Wal-Mart.

This node had the highest sales of 53 nodes surveyed in the City. There were a few high performing comparison goods stores in this node as well as a large number of eating and drinking establishments, including several fast food outlets. This node captures sales from airport bound shoppers, hotel guests, and regional residents who patronize the restaurants. This area has several large sites that are vacant or in transitioning uses, and thus potentially available for retail development. A new Harley Davidson dealership on 98th Avenue has a higher than typical level of improvements, and attracts motorcycle enthusiasts from the East Bay.

Given the freeway access and visibility, some sites in this node have the potential to draw shoppers from beyond Oakland. Retail redevelopment plans for the site of the former Home Base home improvement store includes a new Mervyn's department store and an apparel anchor store. This project is now on line to be the City's first major comparison goods development since the opening of Wal-Mart¹.

The neighborhoods immediately surrounding this node have low per capita income and larger household size than Oakland averages, and a small number of households with children. This node is categorized as a big box comparison node with potential to improve and expand that function.

If viewed together, there is potential for these two nodes to play a bigger role in the City's Retail Enhancement Strategy.

c. The nodes combined:

- Existing retail anchors – Wal-Mart on Hegenberger Road and Home Depot on High Street.
- Ross and Mervyn's coming soon to Hegenberger Road.
- Existing auto anchors – Lexus and Infiniti on Oakport Street, GMC Truck Center on South Coliseum Way; Toyota coming soon to Oakport Street.
- Many large underutilized, highly visible parcels and opportunity sites along I-880 between High Street and Hegenberger Road.
- Good access to these parcels with three dedicated freeway exits at High Street, 66th Avenue and Hegenberger Road. Motorists can travel between Hegenberger Road and High Street via Coliseum Way and Oakport Street, parallel to I-880.
- A successful streetscape plan that has already been implemented along Hegenberger Road.
- Existing City of Oakland freeway "spectacular" (in the style of the Hegenberger Road median signage) located at Lexus to mirror Coliseum spectaculars on opposite side of I-880 Oakland Airport Connector to be constructed along Hegenberger Road.

2. Enhancement Strategy

- ❖ Improve access and visibility to development sites by creating a **loop on Coliseum Way and Oakport Street**. This loop should be branded as "The Track."

¹The Wal-Mart store was only open for part of 2006, so only partial year's sales are included in sales data.

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- ❖ The Track creates an opportunity to **develop four ten acre parcels, three parcels that are seven to eight acres in size, and one six acre parcel.** Retail is not the only potential land use for these sites. Assuming half of these parcels are developed as retail, there is potential to develop as much as 450,000 SF of new retail in this prime, regional-serving location.
 - ❖ **Extend Jensen Street** through to Oakport Street to enable easier access to "The Track" from High Street.
 - ❖ Attract big box retailers to large parcels suitable for redevelopment by **creating signage fixtures** visible from the I-880 freeway using the City of Oakland's freeway "spectacular" sign as a design standard.
 - ❖ Fund streetscape improvements and maintenance with advertising revenue from spectaculars. These signs can generate up \$1 million per year in revenue.
 - ❖ Extend signage elements and branding of "The Track" to extend along Oakland Airport Connector and the I-880 freeway overpass at High Street.

3. Priorities

- Priority 1: Develop and implement precise plan for The Track with participation of local property owners, including a financing plan and necessary approvals.
- Priority 2: Fund infrastructure improvements.
- Priority 3: Support marketing of sites on the Track for retail development.
- Priority 4: Seek approvals for spectacular sign or signs exclusively for retail uses.
- Priority 5: Dedicate advertising revenues to streetscape improvements and maintenance.
- Priority 6: Work with property owners to encourage new retail in this area, consider key parcel acquisition.

4. Organizational Readiness

The Track can be implemented with existing staff resources. The staffing needs are:

- Senior planning staff to manage precise plan.
 - Senior and mid level redevelopment staff to negotiate spectacular approvals.
 - Mid level redevelopment staff to secure participation agreements with property owners.
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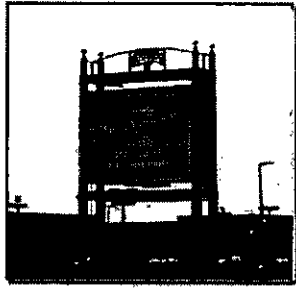
EXHIBIT D. HIGH AND HEGENBERGER: Retail Enhancement Implementation Plan

PRIORITIES	
Priority 1:	Develop and Implement Precise Plan for the Track with participation of local property owners including a financing plan and necessary approvals.
Priority 2:	Seek approvals for Spectacular signs or signs exclusively for retail uses.
Priority 3:	Support marketing of sites on the Track for retail development.
Priority 4:	Fund infrastructure improvements.
Priority 5:	Dedicate advertising revenues to streetscape improvements and maintenance.

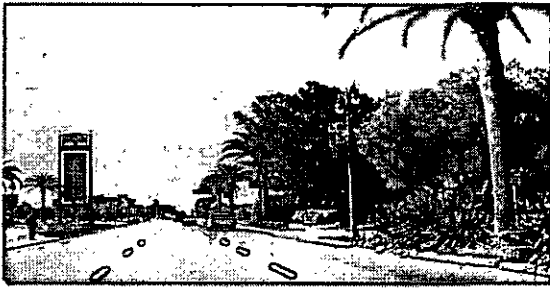
ORGANIZATIONAL READINESS

The Track can be implemented with existing staff resources. The staffing needs are:

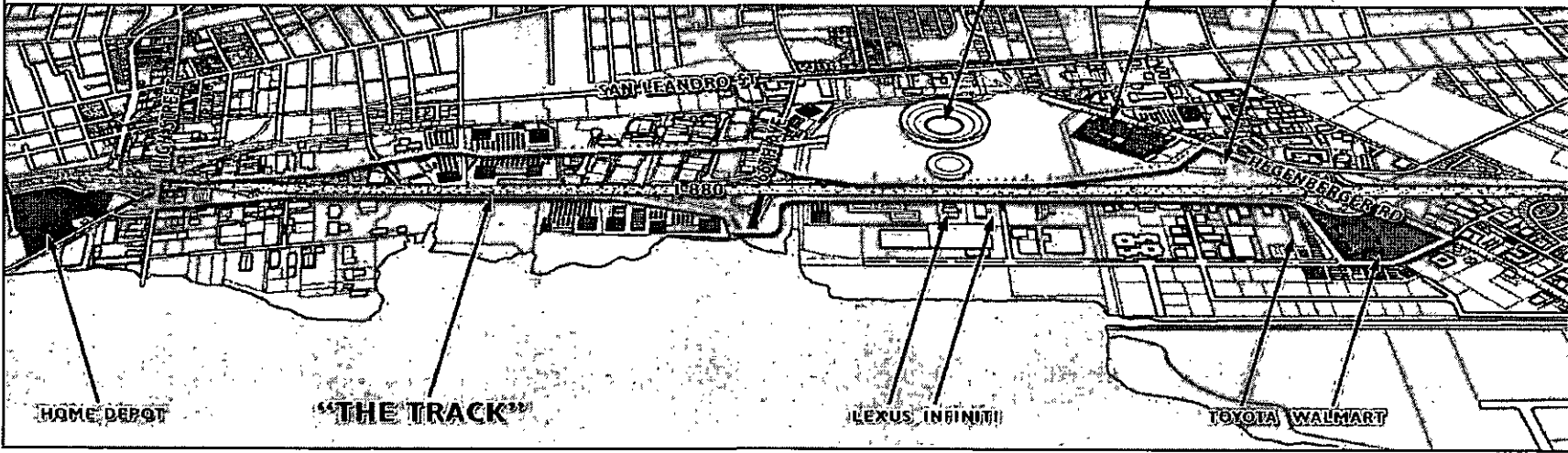
- Senior Planning Staff to manage Precise Plan.
- Senior and Mid Level Redevelopment staff to negotiate Spectacular approvals
- Mid Level Redevelopment Staff to secure participation agreements with property owners.



EXISTING FREEWAY SIGNAGE



EXISTING HEGENBERGER ROAD STREETScape AND SIGNAGE



Source: Conley Consulting Group, JRDV, City of Oakland, May 2008

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D. 51st and Broadway combined with Oakland Tech Nodes

1. Assessment

a. 51st and Broadway Node

The 51st/ Broadway node is located along Broadway, between the Rockridge and Upper Broadway/Oakland Tech retail nodes. It contains the Rockridge Shopping Center; an auto oriented neighborhood shopping center with surface parking on a key 12 acre site. The Shopping Center is anchored by Safeway and a 100,000 SF Longs Drug that operates more like a big box comparison store than a drug store. Safeway, which controls most of the site though a long term ground lease, has plans to relocate and expand its store. In 2006, this area had well over \$10 million in total sales. More than 40% of total sales were in convenience goods shopping. The immediately surrounding neighborhoods have high per capita incomes and smaller households size than are average for Oakland. Only a small portion of neighboring households include children.

Other comparison and eating and drinking outlets are located on outlying sites surrounding the shopping center. The long term Poppy Fabric store recently closed; both that site and the adjacent vacant lot are available for new development. The Rockridge Shopping Center is well located to serve affluent neighborhoods in Oakland and Piedmont, and is thus a valuable retail enhancement opportunity for the City. The City should carefully consider future development in this node and how those proposals enhance and protect the City's overall retail sector. This node is classified as a grocery, comparison, and restaurant node that is performing well.

b. Upper Broadway/Oakland Tech Node

The Upper Broadway/Oakland Tech node is located in North Oakland. It abuts the 51st and Broadway node. Broadway serves as a major thoroughfare between the Rockridge area and downtown Oakland. This retail node has more than \$10 Million in total sales, with the greatest number of outlets and sales in the eating and drinking category. The Upper Broadway/Oakland Tech area attracts patrons to fast food chains as well as popular local restaurants such as Mama's Royal Café and Arts Crab Shack. This node also has a large number of liquor stores and service stations. Much of the convenience shopping targets students at Oakland Technical High School. Most of the retail is auto oriented, with few locations within the node developed at a scale that encourages pedestrian traffic. The abutting 51st and Broadway node is also auto oriented and generates little spill-over support to the Upper Broadway/Oakland tech node. The neighborhood has high per capita income, low household size, and fewer households with children compared to the City as a whole. This node has a few large sites that will be available for development in the near to mid term. The retail enhancement opportunity for this area is to create a walkable neighborhood-serving district in which small shops can thrive.

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a. The Nodes Combined

Major development changes will occur in these two nodes in the near to intermediate term. These two nodes abut some of the City's most affluent neighborhoods, yet neither provide the kind of neighborhood gathering places that are found in the Rockridge, Montclair, and Lakeshore nodes, or is emerging in the nearby Temescal node. Challenges and opportunities for retail enhancement in this node include the following:

- The Rockridge Shopping center underutilizes a rare commodity in Oakland: a retail site over 10 acres in a prime location. Today the center operates as a suburban retail solution in a key urban location. A proposal to relocate and expand the Safeway store only partially begins to intensify the use of the site by adding parking above the supermarket. More intensive use of this site could provide an expansion opportunity for the supermarket and also meet the City's strategic goal of expanding its supply of comparison retail stores.
- Existing development at the intersection of 51st and Broadway is auto-oriented and internally focused, with little encouragement for pedestrians to patronize retail on adjacent sites.
- In addition to the shopping center, the south western and south eastern corners of the intersection are likely to be redeveloped in the near future, creating an opportunity for re designing the way this important junction functions as one of the City's prime retail locations.
- Just north of Oakland Technical High School the site of the former Dave's Coffee Shop is available for development in conjunction with an adjacent site now operated as a Toyota used cars lot. Mixed-use development on this site has been discussed, but plans are currently on hold due to the economy.
- In the Oakland Tech node the available development site backs up to single family homes that will need to be protected from the impacts of shopper access, service and circulation.
- Retail on Broadway in the Oakland Tech node has diminished overtime, and with few exceptions, the current mix is underperforming and underutilized.

2. Enhancement Strategy

- ❖ Major development changes in these nodes provide an opportunity to redevelop the pattern of land use to one that is less auto-oriented, and supports creation of a pedestrian environment that serves the adjacent neighborhoods.
 - ❖ Incorporate a viable comparison goods component into large scale retail
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development in this node.

- ❖ Modify traffic and circulation patterns to facilitate pedestrian circulation.

3. Priorities

- Priority 1: Incorporate comparison goods into the repositioning program for Rockridge Shopping Center.
- Priority 2: Develop a pedestrian circulation program for the area as a whole.
- Priority 3: Create design standards to guide development throughout the area.

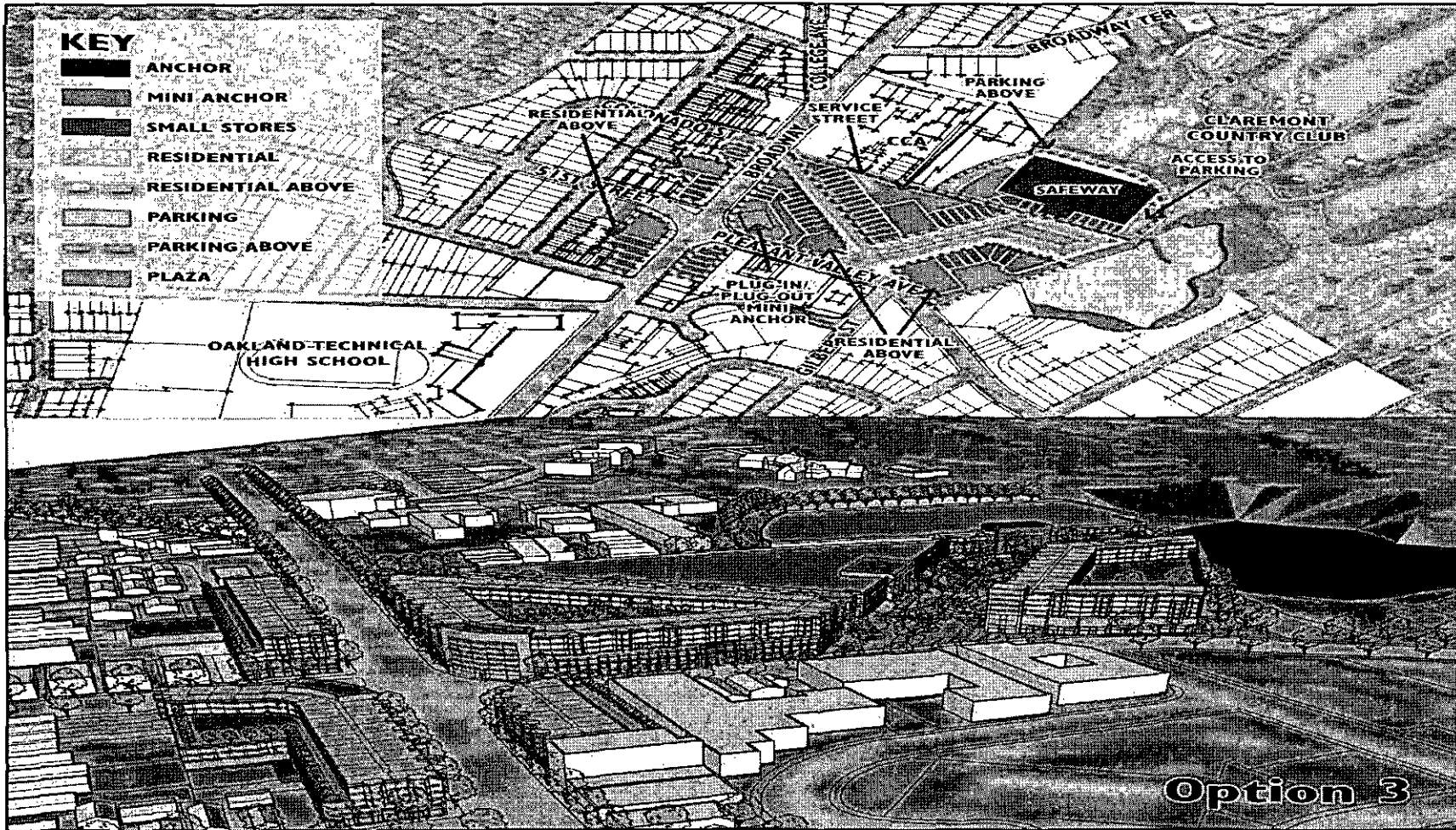
EXHIBIT E. 51st AND BROADWAY: Retail Enhancement Implementation Plan

PRIORITIES

- Priority 1: Incorporate Comparison Goods into the repositioning program for Rockridge Shopping Center.
- Priority 2: Develop a pedestrian circulation program for the area as a whole.
- Priority 3: Create Design Standards to guide development throughout the area.

ORGANIZATIONAL READINESS

- Senior level Planning Staff to manage Retail Action Plan process
- Public Works staff to manage traffic calming and pedestrian access plan process.
- Design Review for proposed development.



Source: Conley Consulting Group, JRDV, City of Oakland, May 2008

V : RETAIL ENHANCEMENT STRATEGY ACTION PLAN



RETAIL ENHANCEMENT STRATEGY ACTION PLAN

OBJECTIVE A. Improve the Retail Tenant Mix

Upper Broadway Strategy - \ominus *Continuation of Existing Activity, fully staffed*

- ❖ The City Council has adopted a strategy to guide transitioning land use in the Upper Broadway Area to create a large scale, mixed use development with an emphasis on major comparison goods retail. This strategy includes a Specific Plan to guide land use decisions, urban design standards to ensure that the retail component is consistent with City goals for the area, environmental review, and a parking and access management and financing plan. The Specific Plan process is scheduled to start Summer 2008, and last for 2 years.

Level of Effort (LOE): 2.0 Full Time Equivalent (FTE) \$2 M included in budget

Grocery Store Program - \oplus *Expansion of Existing Activity, already partially staffed*

- ❖ It is likely that filling the shortage of grocery stores will be the first major success milestone of the Retail Enhancement Strategy, given the interest of several stores with a variety of formats for opening new units in Oakland. However, some key challenges remain, including administration of policies designed to discourage liquor stores that discourage new smaller grocery store formats. Economic Development staff should support and monitor progress in locating sites for new grocery stores, especially in underserved West and East Oakland neighborhoods. Issue Report to Council.

LOE: 0.10 FTE

Large Format Store Program - \oplus *Expansion of Existing Activity, already partially staffed*

- ❖ There are relatively few sites suitable for development of large format stores in the City. Appropriate sites likely to be located along the freeways on the City's edge, and must meet locational and pricing requirements of these stores. Identify and facilitate development of sufficient sites to accommodate \$0.5 billion in annual sales. Issue Report to council.

LOE: 0.05 FTE

LOE Subtotal Group A - 2.15 FTE

OBJECTIVE B. Create and Retain Locally Owned Retail

Locally Owned Store Program - \blacksquare *New Activity*

- ❖ To meet the goal of establishing 70 locally owned, sustainable new comparison goods stores, Oakland must form partnerships with business assistance organizations and non profits, develop collateral materials to inform potential retailers of the advantages of Oakland locations, offer ombudsman services to stores, and develop a consumer-oriented marketing campaign. Issue report to Council.

LOE: 0.5 FTE \$0.5 M (annually)

LOE Subtotal Group B - 0.5 FTE

RETAIL ENHANCEMENT STRATEGY ACTION PLAN

OBJECTIVE C. Create Strong Neighborhoods Where Retail Can Thrive

Retail Action Plans Program - ■ *New Activity*

- ❖ Develop retail action plans with the participation of residents and the business community for West Oakland, Laurel, Dimond, 51st and Broadway/Oakland Tech, Foothill Seminary, and Temescal. Retail action plans should be tailored to local conditions and reflect local preferences. Plans should include a long term parking and access strategy, design standards and sign controls, a leasing strategy, and a public improvement and streetscape strategy. This program involves staff from Planning, Economic Development, Redevelopment, and Public works. Outside consultant support required. Where relevant BIDs and merchant association should provide in kind and/or financial support.

LOE: 1.0 FTE \$0.55 M (over 5 years)

Key Vacancy Program - - ■ *New Activity*

- ❖ Facilitate community or business association involvement in re-tenanting key vacant retail sites. Partner with property owners, non profit organizations, and where appropriate, broker-consultants, to define leasing programs for key vacant sites. Initial program to include the six nodes designated for creation of Retail Action Plans. Develop an allocation system to add additional nodes to the program over time.

LOE: 0.10 FTE \$0.2 M (annually)

LOE Subtotal Group C - 1.1 FTE

OBJECTIVE D. Improve the Performance of Existing Retailers and Retail Districts

Merchant Association/BID/CBD Program ⊖ *Continuation of Existing Activity, fully staffed*

- ❖ Support business associations, by providing promotional assistance including collateral marketing materials, linkages to non-profit resources, trainings, etc. Support formation of new business associations. Provide consultant resources to business associations to augment their staff capacity.

LOE: 1.5 FTE \$30,000-40,000 per district

Consultant time goes here

Merchant Association/BID/CBD Program ⊖ *Continuation of Existing Activity, fully staffed*

- ❖ Support business associations, by providing promotional assistance including collateral marketing materials, linkages to non-profit resources, trainings, etc. Support formation of new business associations.

LOE: 0.5 FTE

Marketing Program - ⊖ *Continuation of Existing Activity, fully staffed*

- ❖ Develop consumer-oriented marketing campaign to promote new store openings, reinforce performance of existing retail districts. Modify ShopOakland.com to be a more consumer-oriented web portal similar to San Jose's www.sanjoseretail.com to promote neighborhood districts, including retail maps and merchant lists, with links to merchant association and BID websites as available.

LOE: 0.1 FTE \$100,000

Retail Ombudsman Program- ⊖ *Continuation of Existing Activity, fully staffed*

- ❖ Economic Development Staff should continue to offer ombudsman services for new, prospective, and existing retail businesses. In districts with Merchants Associations and BID's coordinate referral services as appropriate. Provide web portal featuring available retail sites, with links to brokers or property owners.

LOE: 0.3 FTE

LOE Subtotal Group D - 2.4 FTE

RETAIL ENHANCEMENT STRATEGY ACTION PLAN

OBJECTIVE E. Make Retail Enhancement A Priority Throughout City Government

Create Retail Cabinet - ■ New Activity

- ❖ Create an informational and policy oriented retail forum to educate and foster communication about key issues affecting the Oakland Retail Enhancement Strategy. Organize speakers to brief the cabinet on key national and regional retail trends, including sales tax trends, retail store trends, virtual tours of recent comparable developments, developer/broker briefings, neighborhood retail performance trends. Cabinet meetings to be held regular intervals (likely monthly) with voluntary participation from CEDA, Finance, and Planning staff. Participants to include both line management and staff. To be staffed by Economic Development.

LOE: 0.025 FTE

Create Senior Retail Development Council - ● Expansion of Existing Activity, already partially staffed

- ❖ Create Senior Retail Development Council to facilitate cross departmental problem solving for major retail development projects. Development Council members are senior level managers. Council to be convened by City Administrator, including representatives from Redevelopment, Planning, Building, and Public Works, and staffed by Economic Development. Meetings to be scheduled at regular intervals.

LOE: 0.05 FTE

Incentive Program - ■ New Activity

- ❖ Develop incentive programs for retail, including assistance with processing Enterprise Zone tax credits, 2-year Business Tax relief for new retail, consideration of long term business tax relief in recognition of increased sales tax revenues to the City, continued focused use of façade and tenant improvement funds for retail businesses, establish relocation fund for existing retailers. City Administrator (or designee) to issue report to Council.

LOE: 0.15 FTE

LOE Subtotal Group E - 0.225 FTE

TOTAL LOE - 6.375 FTE