

Summary Minutes March 15, 2006
Alameda County Economic Development Strategic Plan
Steering Committee
Meeting held at Supervisor Nate Miley's office
20993 Redwood Road Castro Valley, CA, 94546

Committee members present:

Kathie Ready, Sung Lee of Hesperian Cleaners, Richard Hancocks, Roberta Rivet, Linda Roark and Jeff Roark of Pete's Hardware, Ken Carbone of Dolphin Graphics

Committee members absent:

Kris Van Eeghen-Stoddard of Airport Appliance, Paul Gunsky of Chabot Cinema, Maria Palmeri, Patrick Ledesma, Bill Moyers of Moyers Paint, Kristy Drake of Pan Pacific Retail

County staff present:

Eileen Dalton, Marita Hawryluk, of the Community Development Agency, Kevin Dowling BOS District 3, Seth Kaplan BOS District 4, Art Carrera Public Works Agency, Robert Sakai, EDAB

Status of the Strategic Plan / Opening Comments

After opening comments by Eileen Dalton and some committee discussion on time and place of future meetings, and an opening project status report by Denise Conley, the meeting turned to issues regarding stakeholder interviews.

Stakeholder interviews, while underway, have been difficult to schedule. Discussion ensued about how to ensure better participation. It is possible that invitation telephone calls could have been made clearer and that an invitation letter from the County might have made a difference in encouraging stakeholders to attend. The consulting team will make additional calls and expects to have a full set of interviews completed at the end of the day on March 23, 2006. The consultants have noted that business community stakeholder input is key to projects of this kind.

Retail Overview & Context

This meeting was intended to bring forward a range of issues regarding retail development in the four sub-areas. The purpose was to set the stage for discussion by the committee of the options and potential strategic directions regarding retail development in future committee meetings.

Metrovation Brokerage provided an overview of the retail industry through a PowerPoint presentation reviewing types of retail centers; describing how a retail tenant would analyze a site; identifying trends in the retail industry and reviewed the study area's demographics, expenditure potential and percent of retail sales captured within the area. A summary of their presentation follows:

TYPES OF SHOPPING CENTERS:

Type of Shopping Center	Concept	Square Feet	Typical Anchors	Anchor Ratio	Trade Area
Neighborhood Center	Convenience	30,000–150,000	Supermarket	30–50%	3 miles
Community Center	Convenience	100,000–350,000	supermarket; drug; home improvement;	40–60%	3–6 miles
Lifestyle Center	Upscale national chain specialty stores; dining and entertainment in outdoor setting	Typically 150,000-500,000, but can be smaller or larger	Not usually anchored in the traditional sense but may include book store; other large-format specialty retailers; multi-plex cinema; small department store.	0-50%	8-12 miles
Power Center	Category-dominant anchors; few small tenants	250,000–600,000	Category killer; home improvement; discount department store; warehouse club; off-price	75–90%	5–10 miles
Theme/Festival Center	Leisure; tourist-orient-ed; retail and service	80,000–250,000	Restaurants; entertainment	N/A	N/A
Outlet Center	Manufacturers' outlet stores	50,000–400,000	Manufacturers' outlet stores	N/A	25 - 75 miles
Regional Center	General merchandise; fashion (mall, typically enclosed)	400,000–800,000	Full-line department store; jr. department store; mass merchant; discount department store; fashion apparel	50–70%	5–15 miles
Super regional Center	Similar to regional center but has more variety and assortment	800,000	Full-line department store; jr. department store; mass merchant; fashion apparel	50–70%	5–25 miles

Per Capita Sales Comparison (*Not including auto sales*):

Alameda County

- Per Capita Sales = **\$7677** per person in 2004

California

- Per Capita Sales = **\$7635** per person in 2004

9 County Bay Area

- Per Capita Sales = **\$8505** per person in 2004 (Aggregate)

Why is Retail Important to a City?

- Creates complete and healthy communities
- Shopping is now entertainment
- Retail is semi-public use and activates public places
- Provides Jobs
- Sales tax makes up a significant percentage of the total operating revenue budget for every city.

Most Retailers do Market Research in-house for a Specific Site within a Trade Area:

Factors that impact site analysis:

- Site Demographics

Demographics provide an accurate snapshot of a community and its diversity. They are indicative of behaviors, whims and preferences of consumers in a market-based economy. It tells a retailer what people may think, what they are willing to buy and how they fit their ideal profile. Every retailer has created a portrait of their target customer, which they compare to the existing demographics of a particular site.

- Trade Area Demographics
Retail competition in the trade area must be considered for any site.
- Co-tenancy
The type / mix of co-tenancy in a shopping center makes a big difference in the performance of a retailer.
- Employee Availability
The availability of good, qualified employees is a concern for any new business in a trade area.
- Advertising Costs
The Bay Area has the highest advertising cost in the nation.
- Other Issues:
Site Plan Layout; Deal Structure; Entitlement Issues; Design of Center; Critical Mass; & Cost of Rent and NNN

Important Trends in the Retail Industry

- Consolidation:
 - √ Federated bought Macy's; Sears & Kmart merged; SuperValue Inc / Kimco bought Albertsons
 - √ Venture Capital group bought Mervyn's; AMC and Loews have merged
- Larger Format tenants:
Larger retailers are dominating general merchandise and apparel; Wal-mart is dominating the grocery business.
- More quick serve concepts than full service sit down restaurants:
Fewer full-service sit down restaurants, more quick serve concepts
- New retail concepts for changing demographics
- Increased public interest in "Mixed-Use":
Anchor tenants will consider mixed use but it must have:
 - Easy, convenient parking
 - Good signage
 - Easy access from major thoroughfares
 - Operational evenness

Study Area Strengths

- The key buying demographic, age group of 25 to 54, of all sub-areas within the study area is comparable, if not better, than the other cities we used for comparison, as well as Alameda County in general.
- Castro Valley and San Lorenzo have the strongest median incomes, with the greatest potential buying power.
- San Lorenzo has a high percentage of owner-occupied housing, but the key buying demographic is lower than that of other areas.
- There may be opportunities for Latino-focused retail in the Ashland and Cherryland areas, with higher than average Latino populations.

Examples of the Type of Retail Issues Typically Considered in an Economic Development Strategy, and will be the focus of future meetings and discussions:

- Emphasize New Development or Improving Existing Retail
- Cater to local residents or draw sales from other areas
- Type of retail: auto or pedestrian oriented, or a mix
- Mixed use or single story retail
- National Chains or locally owned stores
- Short term success or long term change

Discussion Summary

- Committee members identified that some of the retail nodes were located incorrectly in the maps. The consultants will make the necessary revisions on the maps.
- There was considerable discussion regarding specific sites, the potential for retail development of specific kinds and questions about what types of retail would be most desirable to the community. The consultants noted that retail investment decisions are made in highly rational ways, with a strong orientation to market pricing and investment returns.
- The consultants reviewed the importance investors place on area demographics, income, existing retail mix, and other factors in making site location decisions.
- Committee members expressed a larger interest in exploring more near-term retail tenancing strategies rather than the longer term retail strategies that are typically more the focus of an economic development strategy.