



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



5

April 26, 1988

Budget & Finance Committee of
the City Council
Sacramento, CA

Honorable Members in Session:

SUBJECT: Retail Recruitment and Enhancement Strategy for
Downtown Sacramento

SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the attached resolution approving the Request for Proposal, contract execution and budget amendments.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:

Jack R. Crist

JACK R. CRIST
Deputy City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



Transmittal Date: April 25, 1988
Meeting Date: May 3, 1988

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Retail Recruitment and Enhancement Strategy for Downtown
Sacramento

SUMMARY

This report requests: 1) approval of a Request for Proposal (RFP) for a consultant to assist the Sacramento Housing and Redevelopment Agency in implementing a Retail Recruitment and Enhancement Strategy in Downtown Sacramento (see Attachment 1), 2) authorization for the Executive Director to distribute the RFP, select and execute a contract with the consultant, and 3) amendment of the 1988 Downtown Tax Increment budget by transferring \$75,000 from the Administration and Consultant Services line item to a new line item for Downtown Retail Enhancement. This will leave a budget balance in that line item of \$20,000.

BACKGROUND

The Sacramento Housing and Redevelopment Agency (Agency) is interested in retaining a consultant to prepare and commence implementation of a retail recruitment and retail enhancement strategy in the Downtown commercial district. The targeted retail core is generally bounded by 7th to 13th Street and I Street to L Street. The target area encompasses the K Street Mall, and is bounded on the west by Old Sacramento and the major department stores of the Downtown Plaza -- Macy's, Weinstock's and I. Magnin's. The area is anchored on the east at the site of the new Hyatt Regency. The north and south boundaries are I Street and L Street, respectively, beyond which lie substantial government-related employment centers. (See map, attached.)

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
Page Two

In the last decade or so, the City of Sacramento and the Agency have concentrated millions of dollars in improvements in the central core area. It now appears that the a combination of factors are coming together to put Downtown at the threshold of major new development. In fact, in a recent inventory of new construction projects, 8.9 million* square feet of office space is currently either under construction, in the permit stage, or proposed. Along with the office development, 552,000 square feet of new retail space will become available in Downtown.

With so much retail space coming on line, in our opinion now is the time to achieve a well-balanced retail district. The City should take full advantage of this opportunity to enhance development and take an aggressive role in directing the future course of the Downtown core. Specifically, it is hoped that an active, vigorous, 24-hour Downtown can be realized by bringing in new retail users. New retailers can help serve the market niches that are being neglected and provide a shopper-attracting retail mix.

The consultant contemplated would be responsible for devising and implementing a retail recruitment enhancement strategy to overcome obstacles to growth that may remain and to market and recruit new businesses. A major task will be to prepare and implement a retail mix plan/leasing strategy that will result in an appropriate combination and location of retail businesses Downtown. The following tasks are identified as a minimum guideline for activities to be accomplished.

- . Prepare a market study encompassing all of Downtown, including Old Sacramento, the Downtown Plaza and the target area. This study is bounded by the Sacramento River, 15th Street, I and L Streets;
- . Analyze appropriate market segments and the retail sales potential for each in the targeted area;
- . Prepare a retail mix plan/leasing strategy to achieve an optimal mix and advantageous clustering of retail businesses;
- . Formulate a recruitment strategy for new retailers;
- . Recommend and identify financial incentives needed to recruit desired businesses and fulfill the leasing mix plan if needed;

*This includes office development in the R Street corridor.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
Page Three

- . Explore the concept of a retail management enhancement strategy;
- . Mobilize support for the strategy from the retail district and Downtown business community; and,
- . Make recommendations on the most appropriate administrative structure for implementation of the strategy in the long term.

PROCESS

It should be clear that the above scope of work cannot be accomplished without the support and consensus of the existing business community. The project may start out very slowly and can encompass a wide range of activities. For example, in Old Sacramento, the business association has taken a first step by approving a leasing strategy, where on a volunteer basis, property owners have agreed to use the same real estate agent to locate new tenants for them.

The exact form of implementation in Downtown cannot be determined until the analysis is completed. The consultant, in order to implement the strategy, may include such recommendations as a new organizational structure (although the objective is not to layer on another organization or to eliminate an existing organization at this time). Types of organizations eventually considered may include a partnership of property owners, a public development corporation, an independent management entity, an umbrella organization, or a subcommittee of an existing organization.

As part of the attempt to gain support for a retail enhancement strategy from the business community, the RFP has been reviewed and discussed with the Sacramento Downtown Association; the Downtown Plaza Association; the Sacramento Metropolitan Chamber of Commerce; and the City's Office of Economic Development. Furthermore, the selection committee for the consultant will consist of representatives of each of these groups, as well as affected business/property owners.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
Page Four

BUDGET

Since the process and consensus building is critical to retail enhancement, support activities other than just the consultant's time need to be financed. A suggested budget is shown below:

Consultant	\$35,000 - \$45,000
Business forums/workshops	\$ 5,000
Printing of marketing materials	\$ 5,000
Advertising/Promotions	\$ 5,000
Contingency	\$15,000

ENVIRONMENTAL REVIEW

This is an exempt activity under the National Environmental Protection Act 58.34(a)(9)(ii). The services affect only the social and economic environment.

It is also a categorical exemption under the California Environmental Quality Act Section 15320 which allows changes in the organization or reorganization of local government agencies.

POLICY IMPLICATIONS

The proposed project is consistent with Agency and City objectives of enhancing the Downtown and the central city. Retail enhancement, also referred to as Centralized Retail Management, was approved as part of the Urban Design Plan. The Central Business Framework Plan adopted June 16, 1987 calls for a marketing program for the retail commercial sector which "shall include a retail mix analysis and plan, centralized leasing program, and a marketing analysis . . .".

FINANCIAL DATA

It is recommended that \$75,000 in Downtown Tax Increment funds previously earmarked for Administration and Consultant Services (Cost Center A00200, Account 4222) be transferred to a Downtown Retail Enhancement line item. There is currently a balance of \$95,000 in that line item. The requested allocation is well within the cost approved in the Urban Design Plan of \$200,000.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
Page Five

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of April 25, 1988, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES:

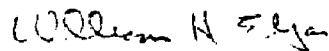
NOES:

ABSENT:

RECOMMENDATION

The staff recommends adoption of the attached resolution which 1) approves the Request for Proposal for development and implementation of a Retail Recruitment and Enhancement Strategy, 2) authorizes the Executive Director to distribute the RFP, select, and execute a contract with the selected consultant, and 3) amends the Downtown tax increment budget by transferring \$75,000 from the Downtown Administration/Consultant services line item to a line item for Downtown Retail Enhancement.

Respectfully submitted,



WILLIAM H. EDGAR
Executive Director

Contact Person: John E. Molloy
440-1360

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

CS:jann
2869J
04/18/88

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

DOWNTOWN RETAIL MANAGEMENT ENHANCEMENT STRATEGY REQUEST FOR PROPOSAL

WHEREAS, The Redevelopment Agency of the City of Sacramento desires to implement a Retail Recruitment and Enhancement Strategy for the Downtown Sacramento area.

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1. The Request for Proposal (RFP) for the Downtown Retail Management Enhancement Consultant is approved.

Section 2. The Executive Director is authorized to distribute the RFP, select, and execute a contract with a consultant.

Section 3. The 1988 Sacramento Housing and Redevelopment Agency Budget is to be amended by transferring \$75,000 from the Administration and Consultant Services line item to finance these activities.

CHAIR

ATTEST:

SECRETARY

1100WPP2(71)

DOWNTOWN
RETAIL RECRUITMENT AND ENHANCEMENT
STRATEGY

REQUEST FOR PROPOSAL

INTRODUCTION

The Sacramento Housing and Redevelopment Agency (Agency) is interested in retaining a consultant to prepare a retail recruitment and retail enhancement strategy in the Downtown commercial district. The targeted retail core is generally bounded by 7th to 13th Street and I Street to L Street. The target area encompasses the K Street Mall, and is bounded on the west by Old Sacramento and the major department stores of the Downtown Plaza -- Macy's, Weinstock's and I. Magnin's. The area is anchored on the east at the site of the new Hyatt Regency. The north and south boundaries are I Street and L Street, respectively, beyond which lie substantial government-related employment centers. (See map, attached.)

In the last decade or so, the City of Sacramento and the Agency have concentrated millions of dollars in improvements in the central core area and now it appears that the a combination of factors are coming together to put Downtown at the threshold of major new development. In fact, in a recent inventory of new construction projects, 8.9* million square feet of office space is currently either under construction, in the permit stage, or proposed. Along with the office development, 552,000 square feet of new retail space will become available in Downtown. In fact, City policy requires 50% - 75% retail space on the ground floor of all new construction projects Downtown.

The substantial amount of new retail space coming on line provides a unique opportunity to attract new users and achieve the well-balanced retail mix desired. The City hopes to take full advantage of this opportunity to enhance development and take an aggressive role in directing the future course of the Downtown core. Specifically, it is hoped that an active, vigorous, 24-hour Downtown can be realized by bringing in new retail businesses. These businesses can help serve the market niches that are perhaps being neglected and provide a balanced shopper-attracting retail mix.

The consultant would be responsible for devising and implementing a retail recruitment and enhancement strategy to overcome any development obstacles that may remain and to market and recruit new businesses. A major task will be to prepare and implement a leasing plan/retail recruitment strategy that will result in an appropriate mix of retail businesses Downtown. The following tasks are identified as a minimum guideline for activities to be accomplished:

*This includes office development in the R Street corridor.

- . Prepare a market study encompassing all of Downtown, including Old Sacramento, the Downtown Plaza and the target area. This study is bounded by the Sacramento River, 15th Street between I and L Streets;
- . Analyze appropriate market segments and the upscale retail sales potential for each in the targeted area;
- . Prepare a retail mix plan/leasing strategy to achieve an optimal mix and advantageous clustering of retail businesses;
- . Formulate a recruitment strategy for new retailers;
- . Recommend and identify financial incentives needed to recruit desired businesses and fulfill the leasing mix plan if needed;
- . Explore the concept of a retail management enhancement strategy;
- . Mobilize support for the strategy from the retail district and Downtown business community; and,
- . Explore and make recommendations on the most appropriate administrative structure for implementation of the strategy in the long term.

BACKGROUND

The Agency has been working since the early 1960s to revitalize Downtown Sacramento. Substantial physical improvements are already in place with the completion of the K Street transit mall, improvements to the streetscape, landscaping, improved street lighting and the completion of light rail. Portions of the retail area are well developed, and major new development is underway or completed in the Downtown, such as the office skyscraper known as Renaissance Towers, and as mentioned earlier, the Hyatt Regency.

The target retail district will be significantly impacted by this development. With this growth on the horizon, the Agency believes that the next step is systematic implementation of a retail recruitment/leasing strategy. Major business organizations Downtown already are committed to much of this agenda. The Downtown retail sector and Sacramento Downtown Association want to establish an overall leasing strategy and start an aggressive business attraction campaign as soon as possible.

It is important to note that the existing Sacramento Downtown Association, established in 1908, now promotes retail trade in the area. Thus far, the Association has been successful in establishing a business improvement district, and in improving the image of the commercial district through advertising, special events, increased security, removal of nuisances, providing decorative outside lighting, working on transportation and parking problems, and publishing a newsletter.

In addition to supporting recruitment of new retailers, the Agency would also like to examine the concept of centralized retail management techniques. Since the Downtown is emerging as a concentrated office center, downtown retailing must be flexible and accurately target office employees, visitors, and other Downtown business people and the close-in residential neighborhood in addition to the traditional suburban residential target group. Therefore, the consultant should design a strategy that enhances businesses ability to capture these groups and increase Downtown's share of the metropolitan retail market.

Techniques explored may involve the creation of a cooperative venture that brings together property owners and retailers. It should build on the many previous achievements in Downtown revitalization and offer new ideas on management of the retail mix, market-based leasing, financing joint activities, and agreements to create a desirable retail environment. Whether the techniques will be implemented in Sacramento will be determined by the property owners and merchants in conjunction with the consultant and the City/Agency.

SCOPE OF WORK

The consultant selected will be required to implement a retail revitalization strategy that includes the following elements:

1. An analysis of the market served by the entire Downtown commercial district (Old Sacramento, Downtown Plaza and 7th to 15th, I to L Streets). The analysis should:
 - . Calculate sales potential;
 - . Quantify demand for retail and restaurant goods by market segments including Downtown office workers, the resident population, and visitors;
 - . Evaluate supply of retail against potential demand looking at square footage, type of merchandise, customer profile, rent per sales figures, sales per square foot, etc.;

- . Evaluate existing business needs and problems and how well current businesses respond to existing and potential consumer demand; and,
- . Assess competition in the trade area.

Although the consultant will be responsible for obtaining data necessary to do the market analysis, the Agency and the City can assist in providing some relevant data for the project such as demographics of the trade area, consumer expenditures, market segments, market penetration, current gross sales receipts, consumer perception of downtown, consumer perception of business services, evaluation of competitors, lease rates, property prices, and types of goods currently offered. More detailed or updated information, particularly from consumer or business surveys will need to be collected by the consultant.

2. Preparation of a retail-mix plan/leasing strategy given the results of the market study. The strategy should:
 - . Identify the optimal mix of retail businesses that are needed to make the target area (7th to 13th, I to L Streets) a well-balanced, integrated shopping district;
 - . Recommend specific stores by name or products to be sought for certain locations;
 - . Identify locations of retail clusters in order to aggregate appropriate related businesses;
 - . Show rents to be expected, based on information from prospective retail tenants, and recommend leasing incentives that may be required to obtain leasing commitments from certain key retail stores deemed necessary to establish the desired marketing image for the downtown retail district;
 - . Develop a Master Lease with common covenants and restrictions which could be utilized by property owners in the area; and,
 - . Capture support from the downtown business community for the leasing strategy. This should include organizing workshops to enlist participation from the business community and, possibly, the provision of appropriate financial incentives.
3. Recruitment of new retail businesses to downtown to fulfill the retail mix plan. The attraction efforts should target specific retail business prospects.

- . Prepare marketing materials to convince investors and businesses of the attractiveness of locating downtown in terms of sales and return on investment.
 - . Maintain an inventory of space available with pertinent sales information, such as cost per square foot.
4. Explore the concept of retail management techniques. The analysis should include an evaluation of various organizational and legal models suitable for implementing the leasing strategy. There is a wide range of roles such an organization can adopt from an "advisory and assistance" role to one with the power to buy, sell and lease property in the target areas. Types of organizations considered may include a partnership of property owners, a public development corporation, an independent management entity, or a for-profit corporation. The consultant should also consider the advisability of establishing an umbrella organization to coordinate the recruitment efforts of three existing business organizations. The organizational structure established should be able to maintain an attractive retail environment.

CONTRACT

The contractor will be required to submit, within thirty days of the commencement of this project, a detailed work program indicating exactly how and within what time frame the above accomplishments will be undertaken.

The work program shall specify how the above activities will be accomplished within the term of the contract and identify specific actions and timeframes required to meet the work program. The contractor will also submit monthly performance reports detailing progress in meeting work program goals for review by the Agency. Funds will be disbursed based upon progress and documentation of actual services performed as identified in the work program.

PROCESS

Throughout the project implementation process the consultant will be charged with gaining the support of the merchants and property owners. The success of the retail enhancement effort relies on consensus building and cooperation with existing downtown organizations.

FUNDING AND DURATION OF CONTRACT

Approximately \$35,000 is available for the consultant contract which must cover all requisite costs (e.g., secretarial services, travel and salary). However, additional funds may be available for marketing, workshops, and publicity. The contractor will be paid each month for each item of work completed. The contract period is for a minimum of twelve months.

PROPOSAL SUBMISSION AND FORMAT

A written proposal is solicited. Five (5) copies should be sent to the attention of the:

Sacramento Housing and Redevelopment Agency
c/o Joan Roberts, Agency Clerk
Administrative Department, C-36
630 I Street
Sacramento, CA 95814

The proposal must be received on or before 5:00 P.M., June 6, 1988. Late Proposals will be returned unopened.

FORMAT

Your proposal is to be submitted in the following format:

1. Cover or transmittal letter, executed by an authorized signatory of your firm or the individual contractor submitting the proposal; not to exceed one (1) page.
2. Statement of the services to be provided, including the approaches and methods to be used and a tentative annual work program, not to exceed five (5) pages.
3. Statement of experience in identifying retail market potentials and deficiencies, and conducting consumer market surveys, including a list of relevant clients or employers, and the names and phone numbers of persons who can be contacted regarding your experience; not to exceed two (2) pages.
4. Statement of experience with retail leasing activities, including a list of relevant clients or employers, and the names and phone numbers of persons who can be contacted regarding your experience; not to exceed two (2) pages.

5. Statement of experience in retail tenant mix identification, including a list of relevant clients or employers, and the names and phone numbers of persons who can be contacted regarding your experience; not to exceed two (2) pages.
6. Statement of business attraction and recruitment activities, including a list of relevant clients or employers, and the names and phone numbers of persons who can be contacted regarding your experience; not to exceed two (2) pages.
7. Statement of experience in property management, including shopping malls, including a list of relevant clients or employers, and the names and phone numbers of persons who can be contacted regarding your experience, not to exceed two (2) pages.
8. Statement of experience or knowledge of retail management enhancement techniques, and the names and phone numbers of persons who can be contacted regarding your experience; not to exceed one (1) page.
9. Statement of experience in developing administrative structures for the ongoing implementation of retail management plans; not to exceed two (2) pages.
10. If the responding entity involves more than a single individual, a description of your firm's affirmative action equal employment program and identification of your current mix of female and minority employees in relation to your entire workforce; not to exceed one (1) page.
11. Resumes of the key personnel from your firm assigned to this contract.

Contract award will be based upon the responses in the maximum twenty (20) pages allotted above along with resumes, and any additional materials or information specifically requested by the Agency. All materials requested shall be contained in a single document and shall be retained by the Agency.

The Agency reserves the right: To reject any or all proposals submitted; to request clarification of information submitted and/or to request additional information of one or more competitors; and the right to waive any irregularity in the proposal submission and review process. An award, if made, will be made to the firm/individual best qualified and whose proposal is deemed to be in the best interest of the Agency.

SELECTION CRITERIA

The Executive Director of the Agency will make the final contract award; however, recommendations will be made by a selection committee. The selection committee will be comprised of a Sacramento Housing and Redevelopment Commissioner, two property owner/business operators from the Downtown area, a Sacramento Downtown Association representative, one Agency staff person, and a City staff person.

The selection committee will make its recommendation by reviewing and evaluating written proposals according to the criteria listed below. Additional questions may be asked of proposers, and formal oral interviews will be conducted as well. Proposers will be notified of any additional required information or interviews after written proposals have been evaluated.

Evaluation criteria and the relative weight assigned to each are listed below:

WRITTEN EVALUATION

- | | |
|--|-----|
| 1. Quality of the proposed work plan and tentative work program/cost effectiveness | 15% |
| 2. Experience in identifying retail market potentials and deficiencies | 15% |
| 3. Knowledge of and experience with retail leasing and retail tenant mix identification | 15% |
| 4. Knowledge of business attraction and recruitment activities | 15% |
| 5. Knowledge of and experience with property management, including shopping malls | 5% |
| 6. Understanding of retail management enhancement techniques | 10% |
| 7. Knowledge and understanding of the Sacramento retail sector area and the role Downtown could serve in that market | 5% |
| 8. Experience in working with and developing appropriate administrative structures for retail management | 15% |
| 9. Minority or female owned firm or affirmative action program | 5% |

ORAL EVALUATION

1. Ability to effectively explain your workplan and program 10%
2. Understanding of the retail management enhancement techniques 15%
3. Knowledge of identifying retail market potential and deficiencies 10%
4. Knowledge of retail businesses' locational needs and tenant mix planning 15%
5. Experience with retail leasing 15%
6. Experience with business attraction and recruitment activities 15%
7. Experience with working with business associations and developing appropriate administrative structures 15%
8. Knowledge of Sacramento retail market 5%

In case of a tie, first consideration will be given to Sacramento based firms/individuals.

Written proposals will constitute 50% and the interviews 50% of the selection decision.

The Agency may, at its discretion, add additional criteria prior to the time of selection, including past performance, if contractor has previously been under contract with the Agency. The individual/firm selected for contract award will enter into a contract with the Agency which will include all standard conditions of such contracts.

TENTATIVE SELECTION SCHEDULE

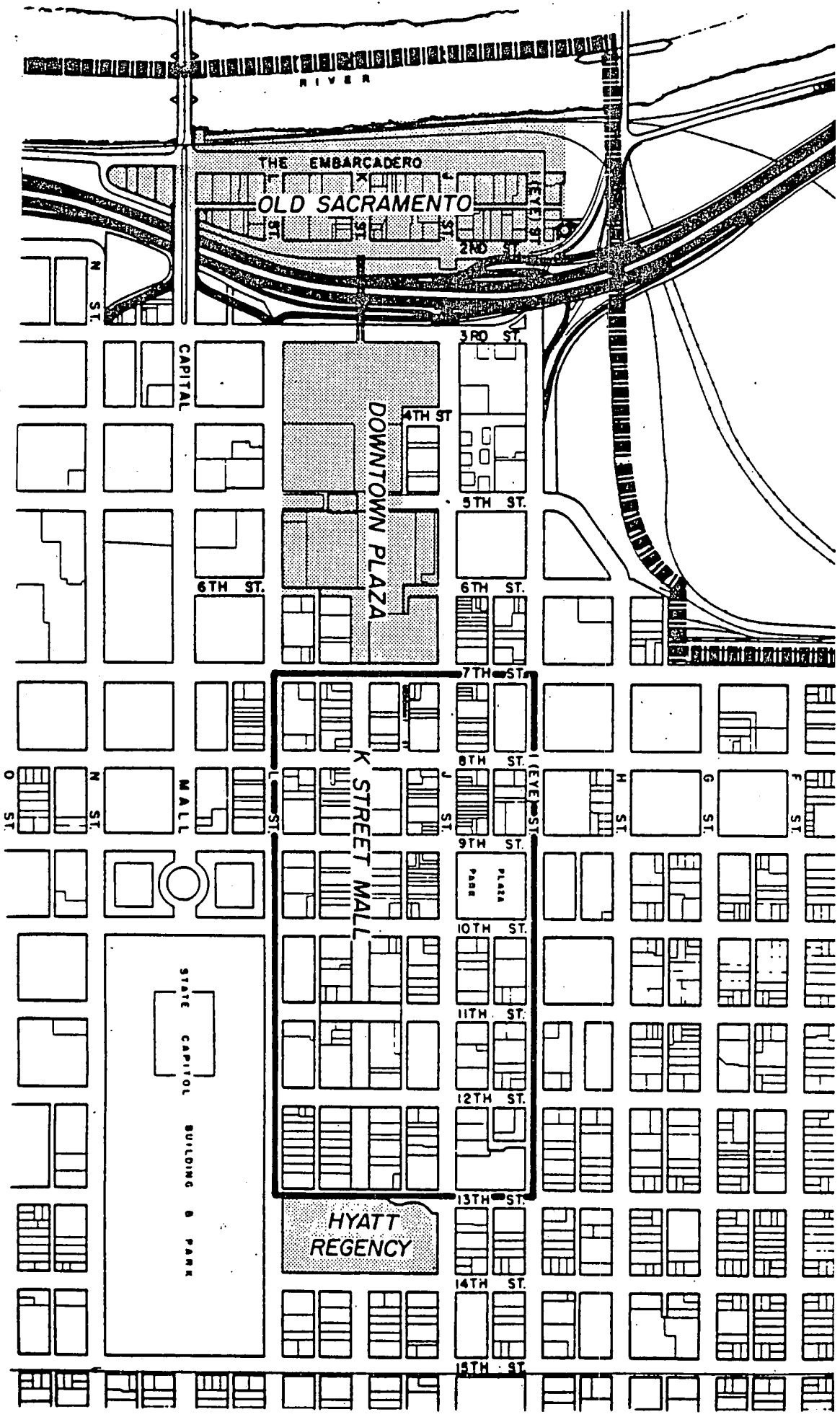
Sacramento Housing and Redevelopment Commission	April 25, 1988
City Council	May 3, 1988
Proposal Due Date	June 6, 1988
Selection Committee Ranks Written Proposals	June 9, 1988
Interviews/Selection Completion	June 13, 1988
Contract Period	June 27, 1988- June 26, 1989


You are encouraged to call the Agency contact person for further information:

Cynthia Shallit, Program Manager
Economic Development, C-21
Sacramento Housing and Redevelopment Agency
630 I Street
Sacramento, CA 95814
(916) 440-1355

CS:jann
2937J
04/18/88

SACRAMENTO DOWNTOWN RETAIL ENHANCEMENT STRATEGY AREA



 RETAIL CORE AREA