INFORMATIONAL MEMORANDUM

TO: Agency Commissioners

FROM: Fred Blackwell, Executive Director

SUBJECT: Informing the Commission that staff is using a consultant from the Agency’s Real Estate Panel to develop a strategy for the revitalization of Bayshore Boulevard with extensive community input; Bayview Hunters Point Redevelopment Project Area

DISCUSSION

Agency staff is preparing to enter into a contract with Conley Consulting Group and EDAW AECOM (“Contractor”) to prepare an “Economic Action Plan” for the Bayshore Boulevard area in the Bayview Hunters Point Redevelopment Project Area. Bayshore Boulevard contains a large number of vacant and underutilized properties as well as many existing home improvement and other businesses. The Economic Action Plan will be an analysis of economic revitalization strategies for the corridor and will not contain specific recommendations for rezoning or program expenditures. It will contain general recommendations for a preferred economic action strategy for the corridor, including a prioritization of programs, and an associated timeline for implementation. The project is organized as a citywide effort, with Supervisor Maxwell’s and Supervisor Campos’ offices leading the effort in close coordination with Agency staff, other City agencies, the Bayview Hunters Point Project Area Committee (“PAC”) and stakeholders from neighboring areas, including Bernal Heights.

The contract will begin on November 18, 2009, and the analysis is expected to be completed within six months. The process will include extensive community input, including three community workshops and regular meetings with the PAC, the Bernal Heights Neighborhood Center and other stakeholders. The scope of work, which is attached to this memorandum, includes a market analysis, an analysis of citywide demand for home improvement retail stores in comparison to actual retail sales revenue, an employment analysis and an inventory of existing businesses and opportunity sites on Bayshore Boulevard. The consultant will compile the data and community input into a report that will provide direction for developing future strategy elements, including possible rezoning and program funding.

A major purpose of the study is to analyze both the impact of and the opportunities created by the anticipated opening of a Lowe’s store on Bayshore Boulevard, on the site that was originally approved for a Home Depot. The original concept for the study was to analyze the potential for creating a “Green Home Improvement District” surrounding
the new Lowe's. However, while this concept will still be analyzed as part of the overall study, Agency and City staff recently agreed that the scope should be broadened to include other potential economic development strategies. The goals of any potential strategy will be to sustain and support existing businesses, many of which are home improvement businesses, as well as take advantage of opportunity sites on Bayshore Boulevard that can be put into more productive use and generate economic activity and jobs for residents of the Bayview and surrounding neighborhoods.

*Originated by Michael Grisso, Senior Project Manager*

Fred Blackwell, Executive Director

Attachments: 1. Bayshore Boulevard Economic Action Plan Scope of Work
Introduction and Assumptions
Following is a scope of work and proposed budget for CCG and EDAW AECOM tasks for the Bayshore Boulevard Improvement District. Per City direction, this proposal reflects a revised direction for the project, which will result in an Economic Action Plan for the Bayshore Boulevard area, broadening the scope from the original project concept of a Green Home Improvement District.

For the purpose of this proposal, we assume the following:
- City departments/agencies (or other consultant) will be primarily responsible for the logistics for community workshops. The consultant team will be available to discuss workshop format and organization, and will facilitate, attend and present at workshops.
- The City will provide the consultant team with current and accurate base data (zoning, parcel information, assessor’s data, etc.) for the project area, in GIS format, with supporting data tables.
- The City will provide documents or electronic links to documents with relevant background information and/or previous studies completed for the project area.

Task Outline
The following scope outlines the major tasks proposed for the Bayshore Boulevard project, and highlights which members of the consulting team will complete each task. Many of the tasks will be completed as collaborative efforts, as the scope indicates. Included are suggestions for where staff meetings and community workshops would fit into the planning process.

Phase 1: Project Kickoff and Background Research/Context

Staff Meeting #1: Project Kickoff

Task 1: Background Research [Fee: $5,500] [EDAW AECOM and CCG Task]
- Review relevant market and retail studies that have been completed in the area to understand the Bayview Hunters Point context. We will also review market and retail studies that have been completed for surrounding neighborhoods, including Bernal Heights, Portola, Excelsior, and the Mission. [CCG/EDAW AECOM Task]
- Research successful retail and industrial corridors that include home improvement retail, with a particular focus on successful urban examples. We will consider questions such as how these corridors function, and what adjacencies are important and successful, and determine the applicability for Bayshore Boulevard. [EDAW AECOM and CCG Task]

Task 2: Market Analysis [Fee: $12,000] [CCG Task]
- Estimate retail potential available to Bayshore Boulevard. [CCG Task]
  - Evaluate taxable sales data. Review retail sales data for the past 10 years to determine retail sales mix and patterns in the Project area.
• Trend analysis will be normalized for inflation and compared to citywide taxable sales to determine health of the retail corridor and identify additional retail opportunities.

• Evaluate surrounding demographic conditions to determine neighborhood-serving retail demand. Analysis will include an evaluation of neighborhood socio-economic conditions, such as household incomes, education attainment, household characteristics, occupation, and labor force participation. [CCG Task]

• Using Claritas Inc., a private demographic and business data vendor, we will estimate citywide demand for home improvement retail stores and related retail segments compared to actual retail sales revenue. This will help to determine the amount of current retail leakage or surplus already present in San Francisco and what additional opportunities may be available along Bayshore in addition to the Lowe's Hardware Store. It will also determine the extent to which the corridor should support other retail, either neighborhood serving or regional. [CCG Task]

• Evaluate real estate leasing and sale conditions in Bayshore and the surrounding real estate market. This includes an analysis of vacancy rates, leasing conditions, prevailing sales prices for industrial, commercial, and residential uses. We will also talk to brokers who are active in the local market as part of this task, to better understand the real estate context. [CCG Task]

• Identify planned and proposed development in San Francisco and South San Francisco that may compete with future retail and industrial space in the project area. This will include a description of project size, use, and expected date of completion. [CCG Task]

Task 3: Employment Analysis [Fee: $6,500] [EDAW AECOM Task]
This task will look at employment and business conditions in Bayshore and the Bayview Hunters Point community. While the focus of this task will be on the immediate Bayview Hunters Point community surrounding Bayshore, we will also examine the employment and business conditions in the larger community context, including the Bernal Heights, Portola, Excelsior, and Mission neighborhoods. The analysis will evaluate the type and level of employment within the project area and how business and employment conditions have changed from 2002 to the most recent reporting year per the Longitudinal Employment Household Dynamics (LEHD) data offered by the U.S. Census (currently 2006). The LEHD will also describe where workers live and to the extent to which workers originate from surrounding neighborhoods. The analysis will include a description of business conditions by firm size and industry type. In addition, we will compare the industry sectors in the Bayshore area to San Francisco overall to understand which industry sectors are concentrated in the study area and whether those sectors are growing or declining. Finally, we will review the Office of Economic and Workforce Development’s Business Attraction Programs and Citywide Economic Development efforts to determine which industries are best suited for the study area and could provide local employment opportunities for Bayview residents, or residents of the surrounding neighborhoods. The result will be an economic analysis of the businesses within the study area, how those generate employment for surrounding residents, and what industry sectors are best suited for Bayshore area.

Task 4: Analyze Property, Business Inventory, and Opportunity Sites [Fee: $4,500] [EDAW AECOM Task]
• Analyze business mix.
• Analyze I/O ratio to determine sites currently valued higher than improved-land values.
• Inventory businesses and uses within the project area.
• Create map of existing businesses and vacant lots and/or opportunity sites in the project area.
• Calculate the development potential of available opportunity sites.

**Deliverable: Phase 1 Summary Memo [CCG with EDAW AECOM support]**. This memo will serve as a summary of the data collected and analysis completed as part of the previous tasks, and will help to provide context and understanding of the existing conditions in the project area, both for future planning and for communicating realistic opportunities to the community. Ultimately, this summary memo will become an appendix to the final product, the Economic Action Plan.

**Staff Meeting #2: Review Background Research, Baseline Economic Conditions Workshop Preparation**

**Community Workshop #1: Existing Conditions, Facilitate Discussion of Economic Aspirations for Bayshore**

**Community Workshop #1 will include the following:**

• Presentation of consultant’s preliminary findings on economic conditions in Bayshore and surrounding neighborhoods. This will help to frame the discussion and focus participants on economically viable solutions.
• Consultant will facilitate a discussion of economic opportunities and weaknesses in Bayshore, and what employment and retail opportunities stakeholders would favor.
• Workshop input will inform follow-up economic analysis work.

**Task 5: Develop Survey Tool [Fee: $2,700] [EDAW AECOM and CCG Task]**

With input from City agencies (OEWD, SFRA, and DoE) the consultant team will create survey tools for stakeholder interviews. We will create several survey tools for the following purposes:

• Interviews with City staff members
• Interviews with community leaders and other stakeholders
• Interviews with existing businesses, property owners, and prospective businesses

**Task 6: Conduct Stakeholder Interviews [Fee: $12,000] [EDAW AECOM and CCG Task]**

To examine the feasibility of possible solutions and strategies for the project area, we will conduct interviews with the following groups, listed below. In the interest of saving project budget, we request that City staff contact interviewees, and organize interviews for the consultant team, when feasible. We will provide available dates for conducting interviews.

• Existing Bayshore businesses, including tenants of industrial spaces within or adjacent to the project area. Potential questions and discussion topics include: what are good complements to existing businesses, what types of incentives are needed for businesses to remain on Bayshore Boulevard, how has the retail environment changed, who is your current market, what are the opportunities with the introduction of Lowe’s, what type of development would increase business activity in Bayshore, and what factors would help to facilitate the expansion of their business. (assume 8-10 interviews) [EDAW AECOM Task]
• Bayshore property owners. Potential questions and discussion topics include: what is the length of your lease, what constraints limit additional investment in their property, what types of businesses/amenities would you like to see on Bayshore Boulevard, how would the additional increase in activity generated from Lowe’s impact your property, required infrastructure improvements, what type of assistance is needed to redevelop vacant and/or underutilized sites. (assume 6-7 interviews) [CCG Task]

• Green building organizations such as Build-It-Green and the United States Green Building Council to understand green building trends, materials, and retail markets. We recommend interviewing 2-4 of these organizations as a consolidated focus group, organized by OEWD’s green business contacts. While green building is not the emphasis of this project, these interviews will help determine the value of branding the corridor as a green building retail corridor. [EDAW AECOM and CCG Task]

• Local community organizations to understand their economic interests in the Project area and how the corridor can better serve surrounding residents (assume 3-4 interviews). [EDAW AECOM Task]

The consultant team will interview up to 25 stakeholders. The interviews will likely be a combination of telephone, focus group sessions, and in-person meetings. We assume that City agencies will conduct interviews with key City staff members, additional community stakeholders, and prospective retailers, and will share the results of these interviews with the consultant team.

EDAW AECOM, in coordination with CCG, will develop a brief memo summarizing the results of the previous tasks. We will also provide raw data and responses.

Phase 2: Analysis and Recommendations

Task 7: Economic Development Analysis, Strategies, and Recommendations [Fee: $17,000] [CCG + EDAW AECOM Task]

The purpose of this task is to determine the desired business mix, land use recommendations, and recommended economic development strategies to work towards revitalization and redevelopment of the Bayshore Boulevard corridor. At the outset of this task, we propose holding a collaborative work session with the consultant team and City agencies [Staff Meeting #3] to review the data collected in the previous phase of work, and brainstorm economic development strategies and solutions. At this work session, the consultant team will present preliminary recommendations, including suggestions for the revitalization of Bayshore Boulevard, and how the revitalization could be achieved.

The economic analysis and recommendations will be based on the results of the surveys and interviews, real estate market analysis, existing business mix, real estate market data, retail corridor case studies, and best practices research. Niches of opportunity will be identified, along with the conceptual outline of implementation actions required.

This is a more robust analysis compared to the previous proposal, with attention to real estate markets, tenant mix, and evaluation of surrounding labor markets that may be able to support employment generating uses within the corridor. In addition, the analysis will describe opportunities to generate employment for surrounding residents, critical to any economic development strategy in Bayshore.
The economic development analysis will also review available resources to implement improvement efforts and provide potential local district formation options should there be property owner/business interest. We will work closely with City agencies and departments to develop a creative and multi-pronged strategy that addresses many issues on Bayshore Boulevard. The City should be prepared to discuss the implementation efforts and commitment from the various departments and agencies, and the timing of these efforts.

EDAW AECOM, in coordination with CCG, will develop a brief executive summary memo that briefly describes results of the analysis and the recommended strategies, and will develop a presentation for a community workshop that summarizes the strategies. The intent of the executive summary memo is to provide City agencies a summary of recommendations, and to offer a public document to inform the community, and public policy and decision makers. It will describe Bayshore Boulevard’s position within the larger retail and industrial real estate market, and where the project area might build on additional employment opportunities and business activity. This memo will also include a summary of the real estate market analysis describing the highest and best uses in the project area, which may include uses other than home improvement retail.

Staff Meeting #4: Review Economic Development Strategies, Workshop Preparation
Community Workshop #2: Economic Development Strategies and Recommendations Draft Report

Goals of Community Workshop #2:
- Summarize stakeholder interviews.
- Present preliminary economic action plan program recommendations.
- Perform community prioritization process of economic action programs. The purpose of this exercise will be to provide the responsible City agencies with an action plan, and a timeline for implementing improvements in the corridor.


Task 8: Preferred Economic Action Strategy and Action Matrix [$6,000] [EDAW AECOM and CCG Task]
Following the second community workshop, and incorporating input from City staff, we will develop a preferred economic action strategy, including a prioritization of programs, and an associated timeline for implementation. We will develop an action matrix, for inclusion in the final document, which outlines all of the recommend actions, responsible parties, funding sources (if available), and timelines (immediate, short-, medium-, or long-term).

Staff Meeting #6: Land Use Recommendations, Preparation for Workshop #3
Workshop #3: Finalize Economic Development Strategies

Goals of Community Workshop #3:
- Present prioritized list of economic action program recommendations and implementation partners
- Describe possible land use recommendations to facilitate economic action plan goals.
- Receive comment and obtain addition input on changes to the economic action plan.
• Discuss plan implementation, and next steps.

Task 9: Facilitate, Attend, and Present at Community Workshops [Fee: $12,000]  
[EDAW AECOM and CCG Task]
The consultant team will attend up to 3 workshops (previously outlined in the scope), and 
will present relevant Economic Action Plan material, providing insight on current market 
conditions, retail development opportunities, industrial conditions, potential retail 
synergies, corridor challenges, and recommended action items that could result in corridor 
revitalization. EDAW AECOM will also provide staff to facilitate the workshops.

Task 10: Attend Staff Meetings [Fee: $4,800]  
[EDAW AECOM and CCG Task]
Consultant team staff will attend up to 4 meetings with City staff members, (previously 
outlined in the scope). We will also be available to meet and coordinate via telephone, as 
needed.

Task 11: Produce Economic Action Strategy Document [Fee: $7,000]  
[EDAW AECOM Task]
EDAW AECOM, in collaboration with CCG, will produce an Economic Action Plan 
document. This document will be a summary of the work completed during the planning 
process, and will contain recommendations and actions for next steps. This document will 
be at a strategic level, and will provide City agencies direction and a roadmap for 
implementation of the recommendations.

This document will likely contain the following components:

• Summary of the community process and input received
• Summary of stakeholder interviews
• Market analysis
• Economic development strategies and recommendations
• Land use recommendations (at a general level, describing the types of land uses 
  that would be required to implement the economic actions contained in the plan)
• Implementation Plan
• Recommendations for future planning phases

We will provide the City with a Draft Economic Action Plan. The City will review the 
document, and provide one set of consolidated comments on the Draft. We assume that 
the City agencies will have one round of review and comments on the Draft document. 
Following the Draft, we will provide the City with a camera-ready PDF of the final 
document, as well as the original digital files.
Total Labor Fee: $90,000

Direct Expenses

Direct expenses include the following:
- Data purchase (Claritas and Costar)
- Travel to meetings and workshops.
- Document production
- Production of materials for workshops
- Communications: conference calls, postage

Direct Expenses: $4,820

Total Proposed Fee: $94,820