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YEAR2 COMMERCIALCORRIDORS

Civic Lab Year 2 June Workshop: Feasibility

Marketplace Event debrief, Feasibility presentation, Project Charter workshop
June 19, 2019

Meeting Agenda

- Marketplace & Corridor Debrief
- Feasibility Presentation
- Project Charter Workshop
- Citrus Heights SmarT Ride tour

Workshop Summary

The Sunrise Marketplace and City of Citrus Heights welcomed project teams and SACOG staff to San Juan High School. Teams debriefed on May's Marketplace event and corridor tours, providing helpful feedback for future events. Sherry Okun-Rundak with BAE Urban Economics presented trends in the market and how to calculate a pro forma, looking through the eyes of the developer. After lunch, project teams took SacRT's SmarT Ride service to tour the Sunrise Marketplace. Finally, San Juan High School staff toured project teams around the campus.

Presentation Guests

- Sherry Okun-Rundak
 - Sherry Okun-Rundak, MA, LEED-AP is a principal at BAE Urban Economics. Sherry leads projects across BAE's California offices and oversees its national practice, contributing her strong project management and problem-solving skills to BAE's clients. Sherry specializes in providing development advisory services, as well as market, financial feasibility and impacts analyses for BAE's engagements.

Presentation Topics

- Tenanting retail
- Attracting development
- Pro Forma examples

Presentation Themes and Comments

THEME: Tenanting Retail

- The adage, "retail follows rooftops" is still true
- Larger retailers/anchors like proximity, high traffic, visibility and can start out in older but well-maintained corridors
- Goal is to park once
- Changing retail: strongest retail now is growing experiential, something you can't get online
 - EX: Warby Parker is an online eyeglass company but having a showroom creates an experience for consumers that you can't find online



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- Building a model for an anchor that isn't traditional retail calls for looking at the local economic development plan to see what is already in the area and who is interested in being there
 - Determine what an anchor wants
 - EX: Yuba City could serve as an extension of the "brewery movement"
 - Use schooling/educational facilities as anchors

THEME: Attracting Development

- To determine if development "pencils" need to calculate:
 - residual land value
 - Construction, materials, legal, parking and other related costs
 - Capitalization rates – the rate of return that is expected to be generated on a real estate investment rate, determined by the net income the property is expected to generate
 - Developers seek a 10-15% return
- Many developers calculate a pro forma approximately seven years ahead
- Some developers outside of CA are not familiar with CEQA so you see a lot of the same developers throughout the state

THEME: Actionable takeaways

- Talk with property owners to determine if they are interested in selling, encourage them to meet with developers
- Talk with developers in the local area about their perceptions and market opportunities
- Lower parking requirements (if served by transit)
 - This is a balancing act because retailers want free parking;
 - Developers need to show a proof-of-concept to a bank which typically won't finance without parking
- Program the EIR
 - take sites through entitlement process