

Business and Economic Development Commission
Davis Manor Shopping Center Workshop
Davis Police Department Community Room
June 10, 2004

MINUTES

Attendance:

Commission Members: Richard Dorf (Chair), Cynthia Gerber, Jon Li, Elinore Moloney, Thomas Powers (Alternate), Roy Worley

City Council Liaison: Ruth Asmundson (Alternate)

Panelists: Chuck Krouse, Andy Plescia, Mitch Solomon, jesikah maria ross

City Staff: Ken Hiatt, Heather Loewen, Kelly Stachowicz, Mike Webb

Absent: Mark Braly, Larry Fox, Donna Hunt (Planning Commission Liaison), Dennis Lindsay, Ted Puntillo (Council Liaison), Mark Siegler (Finance Liaison)

Chairman Dorf called the meeting to order at 7:02 PM. Quorum declared with the seating of alternates.

Approval of Agenda

Li moved the agenda be approved. The motion was seconded by **Moloney**. The agenda was approved by consensus.

AYES – Asmundson, Dorf, Gerber, Li, Moloney, Powers, Worley

NOES –

ABSTAIN -

Public Comment

William Donaldson thanked the Commission for hosting the workshop.

Questions for Panelists

Dorf explained the format of the workshop.

Question1: From your perspective, what are the most significant factors inhibiting the revitalization of the center (regulatory requirements, market conditions, ownership, site condition, location/access)?

ross Poor perception of center, other sites are more attractive, complicated ownership, city is unfriendly to business.

Krouse Have to remember where site is located. This site is not along a major commute route. Shopping patterns need synergism, not enough available land around the site to create the necessary synergism.

Plescica This site is not unique, it is a dated property whose role and function has changed. Should look at what the new role and function is rather than who the next grocer is. 25,000 sq ft is small these days for national chains.

Solomon Biggest issue may be the leases held by businesses. An incentive needs to be provided for them to move. Case of happy landlord collecting rents with no desire to revitalize the center.

Plescica Sometimes it is the investment strategy of the landlord to continue at the status quo.

ross One owner did recently invest in façade improvements.

Krouse One other inhibitor may be environmental condition of the site. This could inhibit a developer from securing a loan.

Question 2 What do you think the center's constraints (or liabilities) and what steps could the community take to overcome them?

Plescica Frustrated architect in me says the design of the center is outdated. The center is not pedestrian friendly. The footprint may not work anymore.

ross Incentives may be provided to the current 4 owners to decrease ownership to two owners. Rather than look at the low traffic count look at the high volume of people using bus line. It has been estimated that 125,000 people use the bus line in front of DMSC annually. 31,000 people use the bus stop at 8th and Chestnut annually. The community could create an "Eighth Street Corridor", beautify the streets and provide a pedestrian friendly environment.

Krouse Encourage restaurants to create a regional draw, then turn grocery store into restaurant generators. Need daytime customer base from office, industrial, or large retail.

Solomon Due to the low traffic and there is low investment. If you get a popular tenant you will draw an increase of traffic.

Plescica Location of property in regards to the neighborhood is a plus along with size of property to work with. Additional pads near the street and completion of phase II would allow for a more pedestrian feel. Need to create identity and have a balance of tenants. This is not a regional center. Identify the neighborhood needs.

ross With the existing space we are able to provide parking unlike the downtown. We are set up for the next mixed use site. Davis Co-op would like to expand to include office space and employee housing. The site also has the potential to enter from the front or the back.

Question 3 What do you believe to be the highest and best use?

Solomon First, what does the community want? Second, what is the highest and best use from an economic standpoint? Those are different things. In today's market a high density housing project can pay the most.

Krouse Change from retail to mixed use and use an "extraction" process to get neighborhood benefits from new developer. Enhancements should contribute to the Davis' quality of life. Highest and best use is probably high density for-sale residential with some commercial.

Plescica Hard question to answer before a visioning process. My gut feeling is home ownership with mixed use. This combination brings vested interest. It is important to review what types of regulatory adjustments need to be made.

ross In a non-reliable way the neighborhood has been polling residents and they seem to be excited about housing and multi-story buildings. The neighborhood currently has a high percentage of mentally ill, low income and rental housing.

Plescica Sometimes the neighborhood concern is more about design than density.

At this time Dorf invited the Commissioners and the public to ask questions of the panel.

Elise Gabby (Public) asked for the details regarding the ownership of Ralphs.

Hiatt responded saying the store space is made of two parcels one part is owned by Ralphs and the larger portion is leased by Ralphs.

Marne McGuinness asked - How long does Ralphs have in the lease?

Stachowicz responded the lease goes through 2011 and we have been working towards getting Ralphs out of the lease to take them out of the middle man position.

Li mentioned that Valley Oak Elementary School is an important factor. It creates a danger for traffic before and after school. A south Davis comparison in Pioneer Elementary; the parents did not have a coffee shop to go to after dropping off their children without going into downtown until Mocha Joe's and Common Grounds opened. DMSC should possibly look at this type of commute pattern.

Powers We can't forget All Things Right and Relevant. It consistently has a line of residents waiting to turn items in. It is a community draw.

Jenny Baker (Public) Davis has a need for family oriented, weatherproof recreation business. Locating it in DMSC would help create a regional draw.

Solomon The retail piece is interesting. At the end of the day it comes down to the numbers (volume of people). Lenders want to see that the numbers already exist. They don't want to hear "if we build it they will come."

Sherry Taylor (Public, Party/Sew&Vac Store owner) Her income has increased since the Ralphs vacated the center. A fabric store would improve the site. I would not like to see the existing building torn down or the site overbuilt. Ample parking is one of the center's best assets.

William Donaldson (Public) We need to make sure that current planning efforts are in line with the City's plan. The community has invested time and planning is always changing. Mixed use plans will change the demographics of the neighborhood. What will work? What are the solutions? Let's not lose momentum.

Plescica The City needs to look at the role of the public entity. It should work with the community to come up blueprint The City should take the lead and work with the current owners. The City should also look at possible regulatory changes related to financing, land, public improvements and CDBG block grants.

Kevin Wolf stated that the divided-up Co-Op idea is a bust and it is time to let go of the Ralphs lease and scrap the building.

Krouse has attempted to bring a drug store to the shopping center and could not make it work. He suggests that the leases be accelerated. Krouse believes that a visioning process conducted possibly with development professionals such as Plescica and Solomon would be beneficial. The bell cow for this center may be mixed use.

Gerber asked the panel, what are the glitches holding up phase II and III?

ross Mr. Byers understanding/expectation of the city process is/was unclear. The City does not facilitate convenience and consistent project approvals. Mixed messages were perceived by Mr. Byers from the staff and Commissions. There needs to be somebody at the staff level that helps facilitate moving projects along.

Stachowicz the City has many process and they can be agonizing and often conflicting. In the future the City can determine how it can make it easier for a developer or land owner.

Sally Latimer I am the minority of that would like to see the site bulldozed. What would it take to clean up the gas station site?

Hiatt City is currently looking into the extent of the contamination and the process of clean up. RWQCB is currently monitoring the site and working on remediation.

Dorf the Commission is committed to flexibility touched on the shopping center amendment recommendation allowing the neighborhood center to not have a grocery tenant.

Buderi Grocery store did work well in the center for residents. Are there incentives that could be built into a PD for grocery tenants? How many residential units are realistic on the site.

Krouse The City does not have a large bank roll due to low sales tax revenue. They do not have the financial viability to buy up land. Forcing the inducement of private.

Solomon Most likely the tallest building for this site would be three stories (35' tall). Site and generally planned by parking requirements of the buyer (2 Cars). Tandem parking is a possibility. Guest and retail parking also need to be included. Using 25 units to the acre with stacked units on retail approximately 100 units would be a good estimate. 100 units are not really going to excite retailers but it could define the neighborhood. Best approach would not be an incremental approach; it's about starting over.

Plescica Offer land acquisition incentives like tenant improvement loans to help increase lease rates bringing in the right tenant and create synergy between the retailers and the residents.

ross asked what the advantages and disadvantages of including the shopping center in the redevelopment area?

Solomon Redevelopment can bring power to condemn and take property and provide money; but then it brings in prevailing wage. With prevailing wage the subsidies must be large to compensate for the cost increase.

Dorf If a developer had control of the site, is the site attractive?

Solomon Assembling the property is routine, the leases are the issue and could possibly cause the project to be economically infeasible. **Plescica** pointed out the joint venture is an option rather than buying out the owners.

Beth Curda (Davis Enterprise) There seems to be enthusiasm for major change. What has kept this from moving forward before?

Dorf There has been a lack of full discussion and discussion that has included housing. It has taken time to get here. Also the grocery store requirement has been an obstacle.

Moloney In reference to long term leases, R and R and the symposium have bought land off site for future relocation

ross Many stakeholders finally developing a common vision. We also did not have the BEDC or a project champion.

Dorf This is our future we have a subcommittee to help us move forward as well as key staff and neighborhood leaders.

Steve Greenfield (Public) Most of the problems are on the west side. Start with the two acres on the west with something similar to the Metro Place concept.

Dorf The commission believes we are trying to solve the entire site.

Commission and Staff Communication

Gerber was tickled about the Sacramento Bee article in the scene section about Davis as a shopping destination.

Adjourn

Li moved to adjourn the meeting, it was adjourned by consensus at 9:05 PM.

AYES – Asmundson, Dorf, Gerber, Li, Moloney, Powers, Worley

NOES –

ABSTAIN -

