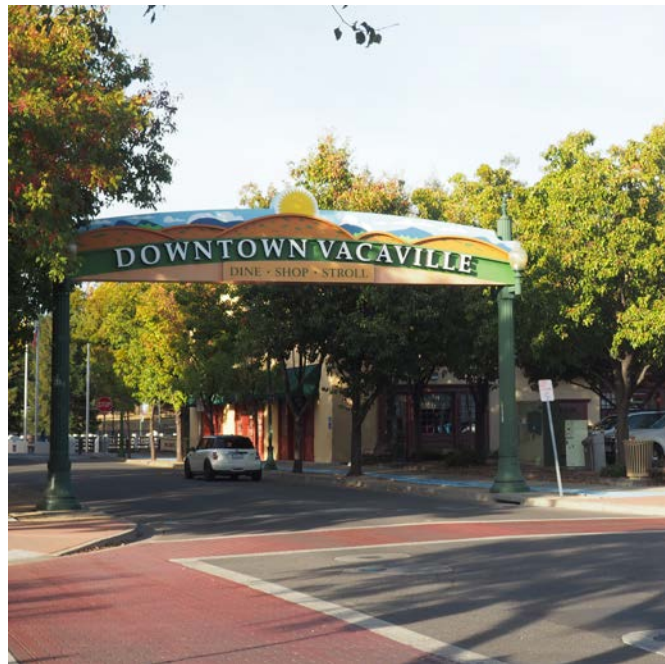


Downtown Vacaville Retail Strategy

Prepared for the City of Vacaville

November 14, 2019



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bae urban economics

November 14, 2019

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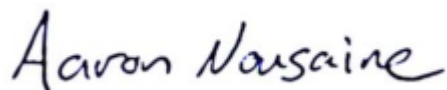
Dear Tyra:

In cooperation with Greensfelder Real Estate Strategy, we are pleased to present the Final Downtown Retail Strategy which is a component of the Downtown Priority Development Area Specific Plan for the City of Vacaville.

The strategy is structured to provide background information to readers regarding key concepts in the retail industry, as well as current statistics and information regarding contemporary market conditions in the downtown, City of Vacaville, and Solano County. To illustrate effective solutions to downtown revitalization, the project team researched downtown revitalization efforts in the nearby peer communities of Livermore and Petaluma. Lastly, the strategy summarizes the team's recommendations regarding strategic approaches to revitalizing the commercial environment in Downtown Vacaville.

As always, please do not hesitate to contact me directly if you have any questions or concerns regarding this document, our research, or key recommendations. I may be reached by phone in our Davis office at (530) 750-2195 or by email at aaronnousaine@bae1.com.

Sincerely,



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GLOSSARY

Retail Typologies

Commodity Retail: Retail goods and services that are (a) consumed on a regular basis from "primary" household funds; (b) purchased without emotional connection by the consumer; and (c) purchased with primary emphasis by the consumer on selecting the combination of lowest "price" and highest "convenience."

Specialty Retail: Retail goods and services that are (a) consumed on an optional basis from "discretionary" income or funds; (b) involving the expenditure of "discretionary" time; and (c) for which environment or place is an important point of reference for the consumer, as is an emotional connection with purchased item and the overall shopping experience.

Experiential Retail: A type of specialty retail in which the purchasing experience is closely tied to the value of the product being purchased (e.g. wine tasting).

Destination Retail: A retail store which attracts customers regardless of location due to certain store qualities, which may include ambience, price, and/or variety of goods.

Lifestyle Centers: A concentration of retail that does not have a retail anchor such as a department store. These projects may or may not be part of mixed-use projects, and may or may not incorporate entertainment venues, educational institutions, distribution centers, government services, and even residential uses.

Resident-Serving Retail: Retail stores which provide goods that meet the everyday needs of local residents. These may include grocery and drug stores, hardware stores, restaurants, banks, beauty/barber shops, health and personal care stores, among other outlets.

Visitor-Serving Retail: Retail stores which provide goods that are primarily targeted to tourist and visitors from out of town. These may include outlet stores, souvenir shops, certain clothing stores, etc.

Brick and Mortar Retail: Traditional retail stores which offer products and services to its customers in physical retail storefronts. These retailers face competition from online and ecommerce retail.

Active-Use: Uses where storefront transparency exists and by extension where shoppers or pedestrians interact with built spaces even if they don't go inside to buy a good or service. Examples include food and beverage outlets (particularly those with outdoor seating areas), uses with engaging window displays, and art galleries, among others.

Inactive-Use: Uses where the flow of a retail district is broken so that pedestrians don't interact with the built environment. Examples include uses without good transparency (often offices, medical facilities, auto repair, parking lots and garages, and retail stores with large walls and without outward-facing displays).

Gravity Direction: The general direction from which residents and daytime workers enter a trade area and to which they travel in order to leave. These directions and flows heavily influence sales capture potential.

Influencers: Someone with a wide social media following who serves as a brand ambassador and "influences" others via their social media platform.

Tapestry Segmentation: A method to generalize household and population characteristics within a specific geography, produced by private data vendor ESRI.

Retail Sales Terms

Taxable Sales: Sales that are subject to local and state sales taxes. Types of sales that are not subject to taxes predominantly include fresh food items and prescriptions drugs.

Retail Sales Leakage: Occurs when the actual retail sales in a specific geography are below the level expected to be supported by resident spending. This signals the "leakage" of resident spending to other retail locations outside of the specific geography.

Retail Sales Injection: Occurs when the actual retail sales in a specific geography are above the level expected to be supported strictly by resident spending. This signals the "injection" of additional spending from non-resident shoppers.

Real Estate Terms

Vacancy: The amount of unoccupied space within a specific market area.

Net Absorption: Measured as the net change in occupied space over a specified time period.

Triple-Net Lease: A type of rental agreement where landlord operating expenses are passed through to the tenant on a pro-rata basis (e.g. property taxes, utilities, common area maintenance, etc.)

Full-Service Lease: A type of rental agreement where the tenant is not responsible for any additional payments to cover building operating expenses.

Move-in incentives: Methods for attracting tenants to fill available spaces. These may include free rent for a limited period, contributions toward tenant improvements, among others. Incentives include tenant improvement allowances.

Tenant Improvements: Costs associated with landlord-provided customizing of a commercial space to meet a specific need of a tenant.

Business Improvement District: A geographically-defined area where services, activities, and programs are paid for through fees or special assessments on businesses within the specific geography. These additional revenues are spent on services such as street cleaning, security, marketing, and support capital improvements within the district.

Planning Terms

Complete Streets: Streets designed to accommodate all types of users, including automobiles, pedestrians, and bicyclists, among others. Complete streets can improve the pedestrian environment and make areas more walkable and inviting for shopping experiences.

Complete Sidewalks: Active and inviting sidewalks with adequate sidewalk widths, lighting, outdoor seating areas, parklets, landscaping and tree canopy, retail displays, artwork, etc.

Mid-Street Crossing: The ability within a downtown area to safely cross the street mid-block, either within or outside of a designated cross-walk.

Streetscapes: The natural and built fabric of the street, including trees, plants, public art and sculptures, etc.

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EXECUTIVE SUMMARY

Recognizing the desire of the community to improve the vibrancy of Downtown Vacaville, the City contracted with a multidisciplinary consultant team to develop the Vacaville Downtown Priority Development Area Specific Plan (Specific Plan). The Specific Plan, in combination with the Downtown Connectivity and Streetscape Design Plan (Streetscape Plan), will define a long-term vision for the downtown and will outline actions and improvements to move the community towards the realization of that vision. While these improvements will, in and of themselves, elevate the appeal of Downtown Vacaville, the city recognizes that the true purpose of the Specific Plan is to facilitate economic revitalization. To this end, the city contracted with BAE Urban Economics, in partnership with Greensfelder Real Estate Strategy, to prepare a Downtown Retail Strategy to accompany the Specific Plan. The Retail Strategy seeks to position the downtown as a unique mixed-use commercial area within the City of Vacaville, differentiating it from the City's numerous neighborhood retail centers and its destination shopping areas that flank I-80. The Retail Strategy is structured to provide a high-level framework that the community can use to develop annual implementation plans.

Recommended Strategic Framework

The consultant team recommends that stakeholders, including the city, the Downtown Vacaville Business Improvement District, area property and business owners, and residents and downtown champions, consider implementation of the following strategies to achieve what the community has identified as their goals for the Downtown Planning Area.

Articulate a Clear Downtown Vision

The first crucial step in any successful revitalization program is the articulation of a clear aspirational vision. Based on this vision, the community should establish a brand that can differentiate the downtown from other commercial districts. A clear vision statement also facilitates prioritization of improvements and programmatic interventions.

Should the Downtown be Resident or Visitor Oriented?

Stakeholders should clearly decide whether they want the downtown to be primarily resident- or visitor-focused. Recognizing that the Vacaville is already well served by visitor-oriented retail, the consultant team recommends focusing downtown efforts on making the downtown attractive as a daily and weekly destination for residents of the greater Vacaville area (i.e., functions as a community resource first and foremost).

Coordinate Marketing and Programming

Based on the adopted vision, stakeholders should develop a comprehensive and coordinated marketing program. This should clearly articulate the downtown brand and identify how the community plans to leverage marketing tools to generate awareness. It should incorporate a robust and diversified digital media strategy, events calendar and a wayfinding strategy.

Create a Digital Media Strategy

The digital media strategy should be closely tied to and leverage the district's physical and commercial assets. It should include website development and maintenance and approaches to social media marketing and influence development. Part of the community's approach to physical improvements should be to create opportunities for local and visiting social media influencers to highlight the downtown in an organic way.

Make Wayfinding a High Priority

Lack of visibility is a core challenge for Downtown Vacaville. To increase consumer awareness, use way-finding to direct traffic towards Downtown as opposed to the status quo, making consumers aware that downtown exists and that it is a unique and attractive place that is worthy of their time and money. The city also needs to reconsider the current approach to freeway-oriented signage. The wayfinding strategy and streetscape improvements should funnel visitors to a small number of key nodes with the goal of concentrating commercial demand in the near-term. Make comprehensive wayfinding improvements a first-tier priority, and coordinate with mid- to long-term streetscape improvements and reconfiguration of gateways.

Programming is an Extension of the Brand

Expansion of the events calendar is an opportunity area. Approach each event as a key element of the downtown marketing strategy. Steadfastly adhere to the goal of incorporating as many downtown businesses and organizations into events as possible, highlighting local businesses versus bringing in outside vendors. Expand the events calendar to include a variety of smaller events that require less overhead and coordination, such as pop-ups, sidewalk sales, art walks, wine and beer expos, etc.

Help Residents Rediscover Downtown

Coordinate with large local and regional businesses to expand programs like "Genenbucks" to increase awareness about the downtown and help make it a daily and weekly destination for Vacaville residents and workers.

Public Improvements and Services

Creating a district identity is key to success. The downtown lacks the sense of "romance" that would make it a desirable destination. Many visitors are also unwilling to walk even short distances due to poor pedestrian infrastructure and connectivity. Other needed improvements include lighting, street furniture, enhanced street trees, and more creek access, among others.

Placemaking in the Core Downtown

Streetscape improvements along Main Street and Merchant Street, the expansion of the Town Center, and improvements at the intersection of Main Street and Davis Street, should be top priorities. These improvements should include additional street trees, street furniture, and outdoor dining spaces. Resurfacing at key intersections

along Main Street (i.e., Davis, Merchant, Dobbins) will create an environment where pedestrians feel comfortable crossing mid-street, which is beneficial. The city and the DVBID should coordinate with the local artists to create more street art and murals. Other approaches to placemaking can involve additional enhancements to public plazas and parks, such as the expansion of the existing Town Square or the addition of a permanent farmers market structure, similar to Central Park in Davis, California.

Pedestrian and Bicycle Connectivity

In addition to pedestrian improvements within the downtown core, additional pedestrian and bicycle improvements that improve connectivity with surrounding neighborhoods will also help to enhance the attractiveness of the downtown. These improvements will be necessary to realize the City's goal of increasing the amount of daily foot traffic in the Downtown during all times of the day and evening.

Increase Connectivity Through Ridesharing

Another method to improve connectivity may be to work with ride-share providers to subsidize the cost of rides to downtown. The Solano Transportation Authority already runs a Lyft first/last mile program for employees within the County who use Amtrak's Capitol Corridor service. While this program aims to increase mass transportation ridership for commuters, other cities have implemented similar "geotagging" programs to incentivize residents to visit certain neighborhoods, like downtowns.

Lighting for Safety and Ambiance

A lack of perceived safety in downtown is due in part to the insufficient lighting. One option is to work with owners of ground floor retail spaces, and the businesses that occupy those spaces, to encourage them to stay open later into the evenings and to leave some lights on during non-business hours. The goal is that over time, the increased commercial activity will offset the costs associated with improved lighting. Stakeholders also specifically requested that the city and the DVBID work to improve the quality and quantity of public lighting fixtures throughout the downtown.

Outdoor Seating and Parklets

Downtown stakeholders highlighted the need to permit and incentivize more outdoor seating for restaurants and cafes. While the existing sidewalks are not wide enough at every location in downtown, the city should actively promote outdoor dining at key activity nodes. This includes the northern corner of Main Street and Davis Street near the entrance to the Creek Walk and Andrews Park, as well as other key intersections at Main Street and Elizabeth Street and Main Street and Parker Street. The city and the DVBID should also consider creating parklets, which convert on-street parking spaces to lounging or dining space. The city already has had one pilot parklet program in front of La Borgata Italian Deli, which was successful in activating the street. The program would have a bigger impact for businesses that are open during the evening.

Leverage the Proximity to the Creek

Moving water is an important scenic feature that can be a major asset for placemaking. While the city has made major improvements along the creek, there are additional opportunities. One key near-term opportunity includes better utilization of the existing outdoor space on the north side of Main Street and Davis Street.

Parking Management

The location and availability of parking within the downtown area was a frequent topic of discussion. Based on information provided by DKS, the inventory and occupancy rates of downtown parking spaces seem sufficient to accommodate future downtown parking needs. For this reason, the city should focus on improving the management of the existing on-street and off-street parking lots. The city should also improve wayfinding, which could dovetail with the downtown branding strategy (e.g., creative naming of lots). The city should consider implementing a parking technology system to highlight the available parking spaces and potentially integrate with a phone application to show real-time parking availability. Another option is better coordinate street parking, city lots, and private parking lots through a shared parking strategy.

Business Development and Recruitment

Recognizing that the goal of the retail strategy is to enhance the number, variety, and quality of the downtown retail establishments, the consultant team recommends taking a two-pronged approach to business development. Wherever possible, the city should support the establishment and expansion of existing and new businesses that have roots in Vacaville. This is generally preferred over the recruitment of businesses from outside of the community. However, there are also opportunities to strategically recruit businesses that complement the desired tenant mix. This can be powerful in cases where recruitment targets represent recognizable regional brands that maintain a reputation for product quality.

Business Assistance and Education

Most of the retail and food service businesses in downtown are smaller, locally-based establishments. This is a great asset in that these businesses are unique and function as the basis of the downtown brand. However, many of these businesses could benefit from certain types of business assistance (e.g., business plan and product development, operational optimization, and brand development, etc.). Also, many less well capitalized businesses often struggle to achieve stability, as they lack the resources to overcome business interruptions. One potential solution to consider is a small business start-up assistance program. Other solutions include business mentor programs like that promoted by SCORE. The city should also consider creating “how-to” resource and provide a dedicated contact for businesses.

Strategic Business Recruitment

The community's approach to downtown business recruitment should be both opportunistic and targeted. The community should clearly articulate recruitment targets based on business type and the extent to which the business is in line with the vision and goals of the Specific Plan. The city should endeavor to remain flexible, using recruitment targets as general guidelines that function to operationalize the community's vision. Strictly adhering to the list can have unintended consequences.

One approach innovative strategy is called "homeplace recruitment." Using this approach, the community actively markets to former residents who have moved away and gained valuable experience and skills, but who nonetheless maintain strong ties to the community. Another less locally oriented approach is to reach out to regional and national brands that fit the desired tenant mix, such as targeting higher end restaurants or boutiques. Targeting well-branded establishments will make the downtown more attractive to people who are less familiar with its retail offerings.

Tailor the Tenant Mix

Although the downtown retail stock is under diverse ownership, it may be possible to influence the direction of the overall tenant mix through active coordination and aggressive advocacy by the DVBID. The general goal should be to create a sense of place that is consistent with the adopted vision. The community should set a goal of becoming an "18-hour" district. The city should aim for a retail mix that activates at least 50 percent of the leasable commercial inventory, including a mix of specialty retail, like home stores, fashion boutiques, health and beauty stores, book and music stores, and sporting goods stores. Within the food service and drinking category, stakeholders highlighted a need for higher offerings, including fine dining and fast casual restaurants, cocktail bars, wine tasting rooms, breweries, and the like. The remaining balance will likely continue to include smaller scale office users, as these do help to generate some foot traffic and help to create midday demand.

Land Use and Development

Downtown Vacaville is largely built out, with limited infill and development opportunities. Current lease rates for retail and office space are generally insufficient to justify new development or significant reinvestment in most historic buildings. Therefore, in the near-term, the focus should be on making small strategic improvements that will allow the community to better utilize the existing real estate inventory.

Reactivate the Ground Floor

One of the primary challenges facing the downtown is an over emphasis on ground floor office uses.¹ Many of these businesses could provide better streetscape activation through a simple redesign of their existing office spaces. The city and the DVBID should pursue programs that provide incentives, such as low-cost loans, fee deferrals, supplemental marketing support, etc., to businesses that make changes. Additional incentives can also be used to encourage non-retail businesses that do not overly rely on walk-in clients to relocate to upper floor space. At key nodes along Main Street, locations that should prioritize retail, the city may want to establish formal restrictions on ground floor uses. This focus on active uses and transparency requirements should be clearly articulated as part of the Downtown Specific Plan.

Incentivize and Facilitate Reinvestment

There is a substantial need to improve the retail inventory in downtown to be more competitive, though many downtown property owners are unwilling to fund the tenant improvements and are putting the cost of the buildout on new business. Many newer shopping centers in Vacaville offer not only lower lease rates, but owner paid tenant improvements. Interviewees also highlighted a need to reinvest in the second floors of existing buildings which could make them suitable for renewed office or residential uses. There are a number of common approaches to facilitating reinvestment that the city should consider include the use of municipal grants and low- or no-interest loan programs. Another option specifically targeting retail establishments is a sales tax refund, through which the City can return a portion of the sales tax collected by a certain business to the business operator, which can be used for agreed upon upgrades to the property. Another funding option is to establish a Mills Act program that provides property tax relief in exchange for a ten-year commitment to preserve and upgrade historic buildings.

Incentivize New Development

The city should prioritize using city-owned property for catalyst development, such as vacant and underutilized sites and parking lots. This should focus on creating high-quality mixed-use projects that can help to demonstrate demand for new product types that don't currently exist in the downtown and to prove the market for private developers. The city should update the land use and zoning code to increase allowable development intensities and to identify areas that would be appropriate for mixed use, while also reducing parking requirements to improve feasibility. The city may also consider changing the zoning building codes to allow for infill along alleys.

¹ In general, there is no ideal ratio of ground floor office to retail uses, as the mix that works best varies based on the businesses involved and the degree to which they feature active storefronts. Therefore, the emphasis should be on creating an active streetscape, establishing and enforcing transparency requirements, and creating a downtown tenant/user mix that offers enough diversity in its offerings to be attractive to consumers.

The city should also revise the impact fee and permit fee schedules to ensure that they recognize the real impacts associated with new development, which are less with infill.

Prioritize New Housing Projects

The city needs to ensure the availability of a varied and high-quality housing stock in the downtown. In the near-term, the city should focus on incentivizing and/or facilitating development of smaller high-quality rental housing projects. Possible incentives could involve the use of city-owned land for catalyst development, with the land being made available via ground lease or some form of residual receipts loan. The City could hire consultants to help identify what an appropriate lease payment or deal structure would look like that could facilitate development while ensuring an adequate return to the city. Also, the city will want to streamline its land use policies and permitting procedures to expedite the entitlements process and provide certainty to the development community.

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INTRODUCTION

Downtown commercial districts have historically functioned as the physical, cultural, and economic center of the community. However, due to the social and economic pressures of suburbanization and sweeping changes in the retail industry over the last several decades, many communities throughout the nation have seen lack of investment in their historic downtown areas, resulting in a lack of commercial, if not cultural, vibrancy. Vacaville is no exception. The greater Vacaville community has found a great deal of success in efforts to capitalize on contemporary shopping trends, which until recently have favored development of large destination retail shopping centers. Leveraging the long-time reputation of the Nut Tree as a stopping off point for travelers along Interstate 80 (I-80) corridor, the community pursued development of the Vacaville Premium Outlets, which has made Vacaville a major regional destination for both commodity and specialty retail shopping.

Economic winds are shifting, and many communities are now rediscovering the value of their historic downtowns. With the influence of e-commerce, platforms, and influencers on the rise, urban downtowns offer opportunities for authentic placemaking that are difficult to replicate in suburban locations. By extension, these trends position downtown commercial districts to become the new destinations for specialty and experiential retail, both of which are more resistant to e-commerce than larger format commodity and big-box retail.

Recognizing the desire of the community to develop its downtown amenities, the City of Vacaville has contracted with a multidisciplinary consultant team to develop the Vacaville Downtown Priority Development Area Specific Plan (Specific Plan). The Specific Plan, in combination with the Downtown Connectivity and Streetscape Design Plan (Streetscape Plan), will define a long-term vision for the downtown and will outline actions and improvements that the city can take that will move the community towards the realization of that vision. This plan may include land use changes; traffic, bicycle, and pedestrian improvements; signage and wayfinding improvements; land use and other regulatory modifications; and recommendations for improved civic facilities among a wide variety of other actions. While these improvements will, in and of themselves, elevate the appeal of Downtown Vacaville, the city recognizes that the true purpose of the Specific Plan is to facilitate economic revitalization of the downtown. To this end, the city contracted with BAE Urban Economics, in partnership with Greensfelder Real Estate Strategy, to prepare a Downtown Retail Strategy to accompany the Specific Plan.

The Vacaville Downtown Retail Strategy is formatted in three main sections. The first section summarizes the current thinking around the structure of the contemporary retail industry. This section acknowledges long-time historical trends and presents insights into the current e-commerce revolution and how such trends are impacting traditional retail districts. The Strategy then summarizes metrics regarding the current retail environment in Vacaville,

including resident demographics, taxable sales trends by category, and current real estate market conditions. This section also reflects information on existing conditions collected through a variety of interviews with local stakeholders, including real estate brokers, downtown businesses, local agencies and organizations (e.g., the Downtown Vacaville Business Improvement District), and members of the development community.² The third section provides a brief comparison between the Vacaville downtown and two regional peer cities in California, Livermore and Petaluma. The purpose of this comparison is to illustrate differences in market conditions and how economic development and retail strategy in particular can influence the vibrancy of downtown commercial districts while also identifying strategic components that may be of interest to the City of Vacaville. The fourth and final section summarizes a variety of recommended policies, programs, and actions that the consultant team developed in partnership with local stakeholders, which the team believes will help transition Downtown Vacaville from a relatively healthy small office-oriented commercial district to a vibrant mixed-use district that lives up to its history as the commercial, civic, and cultural heart of the broader Vacaville community.

1.1 Study Area Definitions

For the purpose of collecting pertinent demographic and economic data, the consultant team defined three different geographic study areas, including the Downtown Planning Area, the larger City of Vacaville, and Solano County.

The primary study area used for this research is the Vacaville Downtown Planning Area, which was defined by ESA in partnership with city staff for the purposes of developing the Vacaville Downtown Priority Development Area Specific Plan. As illustrated in Figure 1, the Downtown Planning Area and the Priority Development Area differ slightly. More specifically, the Downtown Planning Area includes a small residential area between West Street and Cernon Street from the alley just north of Kendal Street south to Main Street, as well as another residential area at the southern end of the district that extends from the intersection of Stevenson Street and William Street to the southeast along Stevenson and McKnight Lane to Davis Street and the freeway offramp. In total, the Downtown Priority Development Area includes approximately 220 acres, while the Downtown Planning Area includes approximately 237 acres. Consistent with the definition of the Downtown Priority Development Area, the Downtown Planning Area used for this research includes the land to the north of I-80 and south of East Monte Vista Avenue, as well as the Vista Crossing and the Lainey's and Old Town Furniture shopping centers, which are both located to the north of East Monte Vista Avenue. The study area is also bounded by Depot Street to the east and West Street to the west. This area includes what is traditionally considered the core downtown area, which extends along Main Street and Merchant Street. The area also includes an area to the south of the core downtown along Davis Street, which includes the Brenden Theatres and Vacaville

² For a complete list of interview participants, please refer to Appendix A.

Ice Sports facilities. The study area encompasses a number of key public uses including the Solano County Library, McBride Senior Center, Georgie Duke Sports Center, Andrews Park, as well as Ulatis Creek.

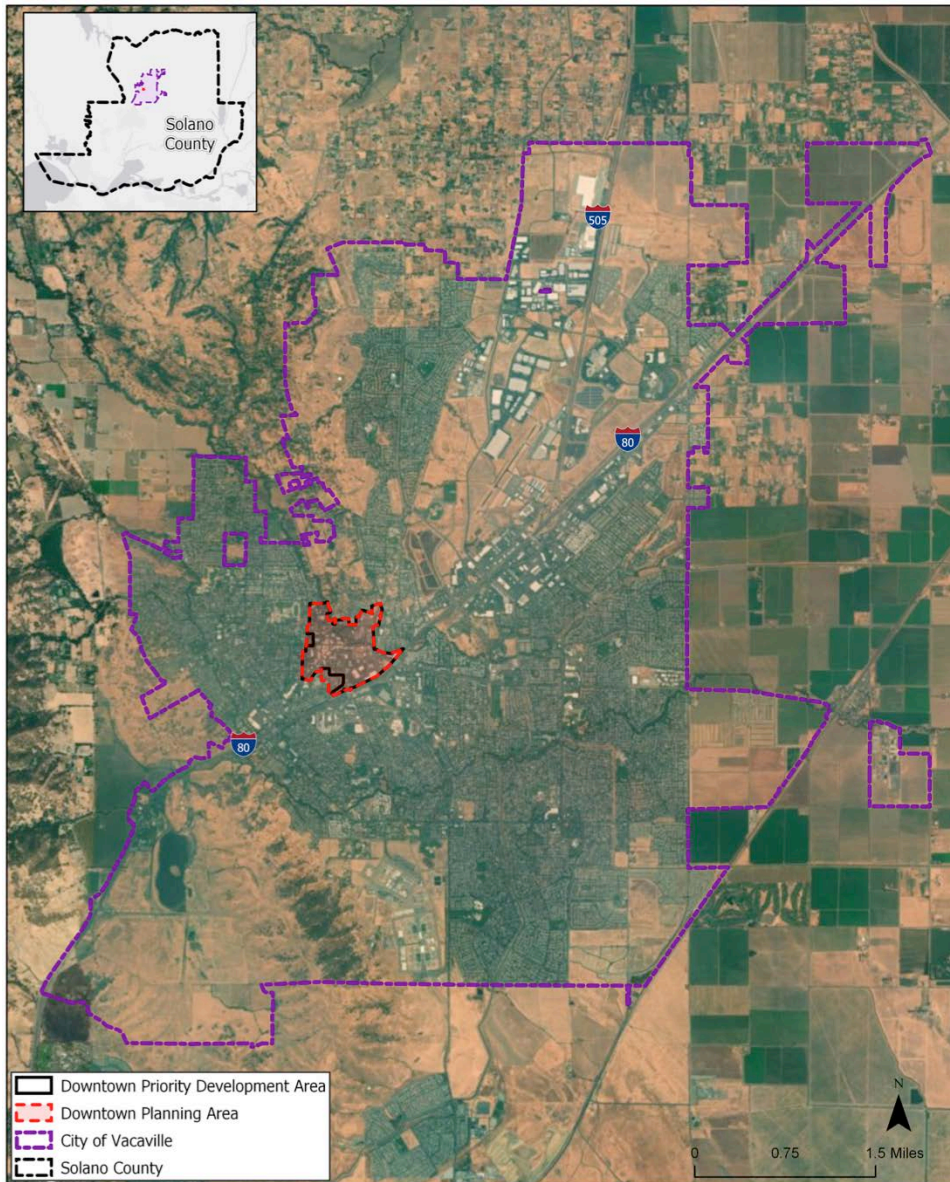
For comparison purposes, this strategy also presents benchmark information collected for the City of Vacaville as well as for Solano County as a whole. The intent is to frame the discussion of Downtown Vacaville within the broader citywide and regional context. As seen in Figure 2, the Downtown Area is located in the heart of the City of Vacaville. The Vacaville city limits extend well beyond the existing built environment, predominantly along the I-80 corridor, highlighting the potential for additional long-term development. Within Solano County, the City of Vacaville is located in the northern portion of the County. Vacaville represents the third largest city within the county, behind the cities of Fairfield and Vallejo. While Solano County is technically considered part of the greater San Francisco Bay Area, the northeastern portions of the county, including Vacaville and Dixon, are also influenced by trends within the greater Sacramento region.

Figure 1: Downtown Vacaville Plan and Priority Development Areas



Sources: City of Vacaville; ESA; U.S. Census Bureau; BAE, 2019.

Figure 2: Downtown Planning Area and City of Vacaville



Sources: City of Vacaville; ESA; U.S. Census Bureau; BAE, 2019.

RETAIL DEVELOPMENT CONCEPTS

One size does not fit all. Each community's commercial strategy must be calibrated for a variety of local conditions, including the real estate market and consumer demographics, changes in consumption patterns, community vision, perspective and capabilities of property owners and tenants, a city's available resources, available public-private partnership (P3) resources, and other factors. Any strategy should be clear and deliberate. For example, regardless of whether targeting a single tenant or an entire district, timing and phasing should be thoroughly considered. Near-term strategies should be undertaken with an eye to opening up opportunities for larger, long-term changes and transformations.

Differentiating Commodity and Specialty Retail

With respect to retail specifically, based upon 30 years of experience performing market analysis, repositioning retail projects and districts, and developing retail real estate (including overseeing strategic store deployment programs for both independent and chain retailers), Greensfelder and BAE recommend that the city take an approach that clearly differentiates between "Commodity" retail uses and "Specialty" retail uses. Because the factors that maximize performance of commodity retail districts and specialty districts are so different, we seek to clearly differentiate each in our analysis and strategic recommendations. This approach is further discussed in the Urban Land Institute's "Professional Real Estate Development" handbook. To this end, we differentiate between commodity and specialty retail as follows:

Commodity Retail Goods and Services are defined as those goods and services that are (a) consumed on a regular basis from "primary" household funds; (b) purchased without emotional connection by the consumer; and (c) purchased with primary emphasis by the consumer on selecting the combination of lowest "price" and highest "convenience." "Commodity Retailers" range from local convenience stores to drug stores, grocery stores, discounters and warehouse stores. In Downtown Vacaville, examples of commodity retail goods and services include food and liquor stores, banks, locksmiths, and insurance and real estate agents.

Figure 3: Examples of Commodity Retail in Vacaville



Source: Google StreetView; BAE, 2019.

Specialty Retail Goods and Services, by contrast, are defined as those goods and services that are (a) consumed on an optional basis from “discretionary” income or funds; (b) involving the expenditure of “discretionary” time; and (c) for which environment or place is an important point of reference for the consumer, as is an emotional connection with purchased item and the overall shopping experience. “Place” and “environment” are key elements to understanding specialty retail, and are always part of our evaluation process. Successful specialty shopping venues, regardless of format, deliver a unique combination of "product" (i.e., shops and restaurants) and “place” (i.e., physical and conceptual environment) that are unique and inspiring. Examples include restaurants and bars, the Theater DeVille, Fleet Fee Sports, Rich Jewelers, beauty salons, tattoo parlors, etc.

Figure 4: Examples of Specialty Retail in Vacaville



Source: BAE, 2019.

2.1 Transformation of the Retail Sector

In some respects, retail has never been more diverse, and consumers have never had more options readily at their fingertips. How retail is being conducted and how consumers behave are in the midst of a sea change. Examining how shopping centers and “Main Street” or “Downtown” retail districts are evolving, how on-line shopping continues to evolve, and how the landlord-tenant relationship is evolving help to explain how retail goods and services are being and will be consumed, and can offer insight into the future of downtown commercial districts.

Consolidation and Reorganization

The main factors influencing how retail is being conducted include consolidation and reorganization of the industry as a whole. Over the past half century, commodity retail activities have consolidated away from smaller independent and regional chain stores, such as those historically located in downtown Vacaville, towards large nationally branded big-box

retailers located in regional destination shopping centers, such as Costco and Walmart. With large general commodity anchors, these malls and lifestyle centers also incorporated smaller quantities of specialty goods, including jewelry, apparel, and food and beverage vendors. This syphoned the economic energy away from historic downtowns, such as Downtown Vacaville, and redirected it to regional and sub-regional destination shopping centers, such as the Nut Tree Shopping Center, Vacaville Premium Outlets, and the Costco shopping center. With this in mind, it is worth acknowledging that while this trend was detrimental to the Vacaville Downtown, and other downtowns in the region, such as Downtown Dixon, it represented a net overall economic activity benefit to Vacaville as a whole, as the community has been successful at capturing a large portion of the demand for regional destination retail shopping.

Over the past half century, commodity retail activities have consolidated away from smaller independent and regional chain stores, such as those historically located in downtown Vacaville, towards large nationally branded big-box retailers...

demand for the Solano Corridor region and beyond. Consolidation of commodity retail does not represent an opportunity for Downtown Vacaville as destination commodity retail will gravitate towards the gravity side of the trade area along I-80.

The retail industry is now undergoing another round of consolidation and restructuring that represents a further evolution of prior industry trends. While smaller downtown and neighborhood shopping centers continue to lose their commodity retailers – like groceries, pharmacies, and electronics stores – many of the nation’s malls and lifestyle centers are similarly struggling to retain their commodity-oriented anchors – including many of the major department stores that have failed to differentiate themselves from the pack like Macy’s, Sears, and J. C. Penney. With the loss of these key anchors, and the vehicle and foot traffic that they generate, many of the surrounding retailers (often referred to as “ancillary” or “in-line” retailers) are now struggling to stay afloat. While many of the region’s regional malls have been starkly impacted by these trends, destination retailers in Vacaville appear to be

While many of the region’s regional malls have been starkly impacted by these trends, destination retailers in Vacaville appear to be faring better than most.

faring better than most. For example, the Roseville Galleria recently experienced the closure of its Sears department store, one of its main retail anchors, which is now anticipated to be replaced by a multiplex movie theater. Sunrise Mall

in Citrus Heights similarly lost both its Sears and Macy’s department stores. Meanwhile, Solano Mall in Fairfield has seen Sears close, and Vallejo has seen a variety of closures, including Mervyn’s, Kmart, Sears, and Bed Bath & Beyond. The number and size of the store closures that have occurred in Vacaville in recent years has been much more limited, with the only recent announcements including Charlotte Russe and Avenue, both of which are mid-sized specialty women’s clothing retailers.

The E-Commerce Revolution

The driving force behind the current sea change in retail is the rapid evolution and expansion of e-commerce. As noted above, commodity retail purchases are driven by a desire for low-cost convenience. At the outset, online retailing was most well-suited to the purchase of standardized goods and this largely applies today. This is because buyers cannot inspect the product in the same way that they would at a brick and mortar establishment. Due to shipping constraints, most buyers were still visiting brick and mortar stores for more urgent purchases, as the shipment of products purchased online could take days or weeks to arrive. With the development of robust private logistics networks, such as Amazon Prime, the online retailers have broken down many of the convenience barriers that once limited their scope to commodities, and increasingly is making headway into specialty goods. For Downtown Vacaville, these trends seem to pose more risk than opportunity: There is not a lot of opportunity for commodity retail because of better location attributes on the gravity side of the trade area (i.e. along I-80), and web-based service providers such as DoorDash are beginning to erode foot traffic for the food and beverage category. Platforms, however, have not been able to replace “atmosphere,” and investing in atmosphere-infrastructure, and attracting the sort of retail and related foot traffic is a constructive goal on which Downtown Vacaville can focus.

The driving force behind the current sea change in retail is the rapid evolution and expansion of e-commerce.

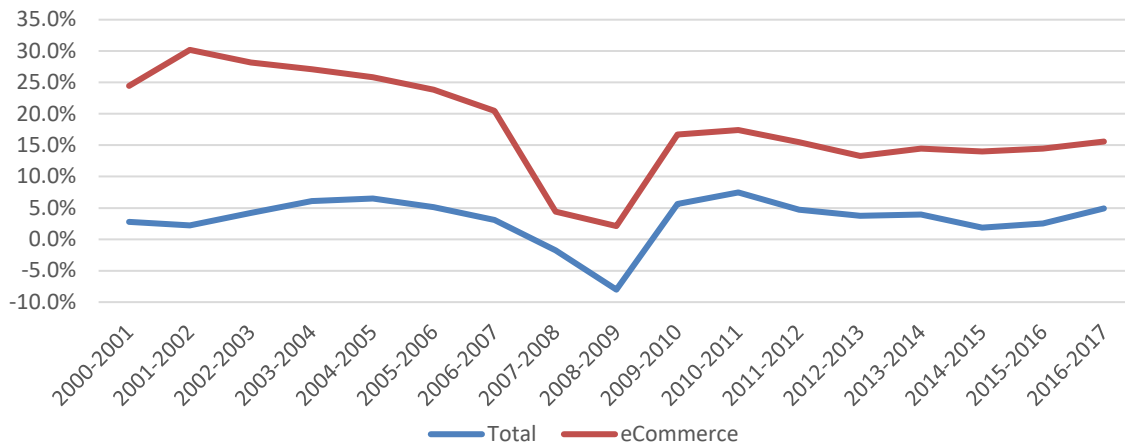
According to data from the Monthly Retail Trade Survey, published by the U.S. Census Bureau, retail sales among e-commerce outlets currently account for around ten percent of total national retail sales. Retail sales among e-commerce outlets generally track with broader retail sales trends, recognizing that growth within the subsector represents a shifting of retail sales from brick-and-mortar outlets to internet-based ones. Nonetheless, the subsector shows

Since the onset of the economic recovery, beginning around 2010, e-commerce has consistently increased sales by 14 to 16 percent per year.

remarkable resilience and growing influence. For example, national retail sales declined in real terms between 2007 and 2009, as illustrated in Figure 3, which corresponded with the onset of the Great Recession. While e-commerce sales tracked the broader retail sales trend, the industry subsector recorded year-over-year growth of two to four percent during the same period, illustrating the

sector’s relative resilience. Since the onset of the economic recovery, beginning around 2010, e-commerce has consistently increased sales by 14 to 16 percent per year. This is notably slower than prior to the recession, when e-commerce sales consistently grew by around 25 percent per year; though it still outpaces overall retail sales growth which has averaged around 4.5 percent per year since 2009. The reasons for this remain unclear.

Figure 5: Year-Over-Year Change in National Retail Sales, E-Commerce and Total, 2000-2017



Sources: U.S. Census Bureau, Monthly Retail Trade Survey; BAE, 2019.

As noted above, in recent years, the influence of e-commerce has begun to extend beyond the commodity retail categories upon which it was founded. Many innovative online retailers are now looking to specialty retail products that have traditionally been purchased through brick and mortar retail stores for new expansion opportunities. Subscription services like Trunk Club, and resale platforms like Bonobos and thredUP, are providing boutique type specialty retail opportunities to online consumers. Even food and beverage products are being sold through online platforms and mobile applications like Blue Apron, Uber Eats, and BeyondMenu. Professional service providers are also entering the e-commerce market. For example, professional design services for both interior home furnishings and landscape design are now being offered through 100 percent online platforms like Modsy and Yardzen. Similarly, even medical services are being conducted through on-line channels.

One factor in particular that is driving on-line sales of specialty goods is the ability to research and order on-line, combined with an increased ease of picking-up and returning goods through other retail channels.³ However, many of these specialty online retailers are also coming to appreciate the value of having brick and mortar locations within key markets. As “buy online, pick-up in-store” programs expand, regional locations (particular for

...the influence of e-commerce has begun to extend beyond the commodity retail categories upon which it was founded. Many innovative online retailers are now looking to specialty retail products that have traditionally been purchased through brick and mortar retail stores for new expansion opportunities.

³ A “channel being a place such as a brick and mortar store, the internet, or a catalog, where a purchase can be made

first bricks-and-mortar stores) with convenience attributes will be increasingly important for pick-ups; this is a convenience strategy to drive sales. For example, Bonobos, which was started in 2007 as a purely online men's clothing retailer, now has brick and mortar locations throughout the nation, including four in the Bay Area, and one on R Street in Sacramento. A further evolution of the Bonobos model is Warby Parker, which has a much more robust bricks-and-mortar store base. Warby Parker stores generally co-locate with fashion and in specialty shopping districts. Within the specialty market segment, this provides a valuable opportunity for consumers to visit a physical store when necessary or desired, even though they may do the majority of their shopping online. This "multi-channel" approach is becoming more common and allows retailers to better access consumers through a wide assortment of methods. The retailers that are currently pursuing this type of approach are often more likely to prefer a more lifestyle-oriented location. Nonetheless, the opportunities for Downtown Vacaville to take advantage of this trend are limited.

One other way in which e-commerce is influencing brick and mortar retail is the growing role of "influencers" and social media outlets. When an "influencer" (someone with a wide social

[E-commerce] is shifting some of the focus away from traditional forms of marketing and shifting the "beacons" away from traditional monument signs to influencer accounts and social media posts.

media following) buys, endorses, or rejects a product, that message can have a wide-ranging impact for retailers. This phenomenon is particularly true with consumables like beauty products and fast fashion clothing. For example, someone might put or see something on-line, and then tell their friends about it, creating hype and broad interest. This is shifting some of the focus away from traditional forms of marketing such as traditional storefront or monument signs to "beacons" such as influencer accounts and social media platforms. For example, reviews on Yelp drive

bricks-and-mortar visits, often to locations other than at a traditional corner intersection or bottom of a freeway off-ramp. With this in mind, retailers in out of the way locations, like Downtown Vacaville, are becoming less isolated than they once were through the implementation of innovative social media marketing strategies. Moreover, "finding" something interesting can drive social media mentions which can then drive more traffic. This can often take the form of highly structured and intentional online and social media marketing campaigns, and can also be realized through more organic approaches. For example, the city can also take steps to encourage residents and visitors to highlight the district through their own social media feeds by making improvements to the downtown that encourage visitors to share their experiences, such as providing a highly attractive and activated streetscape, and interesting public art and architectural features, that invite people to take "selfies" and to engage with the environment through their social media.

In parallel with the rising role of influencers, many of the top retail destinations are now beginning to emphasize what is being called “experiential” retail. This includes what we define as specialty retail in the sense that it includes products where the purchasing experience is closely tied to the value of the product being purchased.

In parallel with the rising role of influencers, many of the top retail destinations are now beginning to emphasize what is being called “experiential” retail. This includes what we define as specialty retail in the sense that it includes goods and services where the purchasing experience is closely tied to the value of the product being purchased. For example, since its inception, the Nut Tree (the original roadside stand, and the shopping center alike) in Vacaville have incorporated a variety of entertainment uses, most notably including the playground, kids train, and merry-go-round attractions. These elements alone function as a draw for consumers, or potential consumers, to go to the Nut Tree for a fun day out with the kids. Another example common to many

successful downtowns in northern California is wine tasting rooms. These represent a good example in that the act of tasting wine is an integral part of the wine buying process, particularly for higher value wines and specialty wines, compared to the commodity wines you might buy at a neighborhood grocer. By virtue of the experience, many consumers integrate wine tasting into their shopping experience as not only a component of the purchasing process, but also as a fun experience that they engage in for the entertainment value. Experiential retail, then, urges the consumer to ask the question of “do I get to go,” versus asking “do I have to go.” Furthermore, as a form of specialty retail, experiential retail is also more susceptible to budget constraints among consumers, as they can more easily choose not to buy if their resources are tight. For this reason, we often recommend that experiential retail strategies be used in cases where the main target consumer base lives nearby and when consumers need a little extra motivation to visit a certain retail destination, both of which apply in the case of Downtown Vacaville.

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2.2 The Changing Landlord-Tenant Relationship

The evolution of malls and shopping centers, combined with newer retail channels like e-commerce, is changing the landlord-tenant relationship. Customization and localization of the

shopping experience is more important now than ever. We are now in an era where thought leadership about the oversupply of retail space has become paramount. From this perspective, shopping centers are at a distinctive advantage compared to historic downtowns, as their being under a single ownership means that they have more control over the mix of uses included in the center. They are able to ask “why” a tenant should be included and also have more leeway to identify and recruit tenants that fit their preferred mix.⁴ Successful shopping centers are able to articulate their plan for making customers feel special, offering a unique product/experience, ensuring excellent customer service, among other key factors that are key to curating a tenant mix that is relevant, rather than an artifact of the past. While applying these strategies is easier for cohesively managed shopping centers, many of these strategies can also be adapted for use in more diverse urban environments involving multiple property owners. Coordinated planning efforts such as Vacaville’s Downtown Specific Plan can also help add direction when there are multiple owners.

...shopping centers are at a distinctive advantage compared to historic downtowns, as their being under a single ownership means that they have more control over the mix of uses included in the center.

Furthermore, many landlords are rethinking the nature of their preferred tenant mix all together. Many existing neighborhood shopping centers and even regional malls are rebranding as mixed-use projects and lifestyle centers that incorporate entertainment venues, educational institutions, distribution centers, government services, and even office and residential uses. For example, the City of Citrus Heights recently issued a request for

...many landlords are rethinking the nature of their preferred tenant mix all together. Many existing neighborhood shopping centers and even regional malls are rebranding as mixed-use projects and lifestyle centers that incorporate entertainment venues, educational institutions, distribution centers, government services, and even residential uses.

proposals (RFP) for preparation of a specific plan that would guide development and redevelopment of the 100-acre Sunrise Mall property to incorporate more entertainment, employment, and residential uses, which will diversify its appeal and help it function as a more wholistic neighborhood. As the demand for retail space decreases, these other uses not only fill space that would otherwise sit vacant, but they act as anchors, drawing visitors to a project who then cross-shop the other retail tenants. In this way, many of these shopping centers are being repositioned

⁴ For example, there is a trend towards shorter lease terms. Conventional wisdom historically preferred longer lease terms as a way to reduce risk. Today’s world is characterized by newer, unproven brands, and tenants who reinvent themselves every five years. The evolving thinking is that landlords can’t risk a long lease term on a new tenant when there is no way of knowing if it will still be interesting or relevant to the consumer in five to ten years.

to function more like a downtown commercial district than a traditional shopping center. Nonetheless, shopping centers continue to benefit from the advantages that come along with centralized coordination and strategy, though these benefits can also be captured in downtowns through cooperation between property owners and complementary establishments, as has been achieved by many downtown business improvement districts, such as in downtown Livermore, Redwood City, Lodi, Fresno, Modesto, Sacramento, Berkeley, and Los Angeles, among others, as well as the efforts being undertaken now in the Northern Liberty area in Philadelphia.

...[while] shopping centers are being repositioned to function more like the downtown commercial districts of the past...[they] benefit from the advantages that come along with centralized coordination and strategy, though these benefits can also be captured in downtowns through cooperation between property owners and complementary establishments..."

Customer service has always been and continues to be key, so monitoring a store's social ranking will be a performance-based way to differentiate between tenants - the higher the social ranking, the greater the chance a tenant will be able to compete both in a bricks-and-mortar world and with on-line alternatives, and the greater the expected patronage. In summary, differentiation will define the most successful projects, and increased customer

Customer service has always been and continues to be key, so monitoring a store's social ranking will be a performance-based way to differentiate between tenants - the higher the social ranking, the greater the chance a tenant will be able to compete...

visits will be their prize. One potential strategy that could be useful for retail recruitment in Downtown Vacaville is an evaluation of new retail prospects based on the social rankings that they achieve at other locations. Similarly, the business improvement district could work directly with business owners

to jointly develop their social media presence and coordinate that with the broader marketing strategy being used within the downtown. Property owners can then similarly evaluate business performance not only on overall sales, but on their social media draw, providing preference and improved lease terms for businesses that perform.

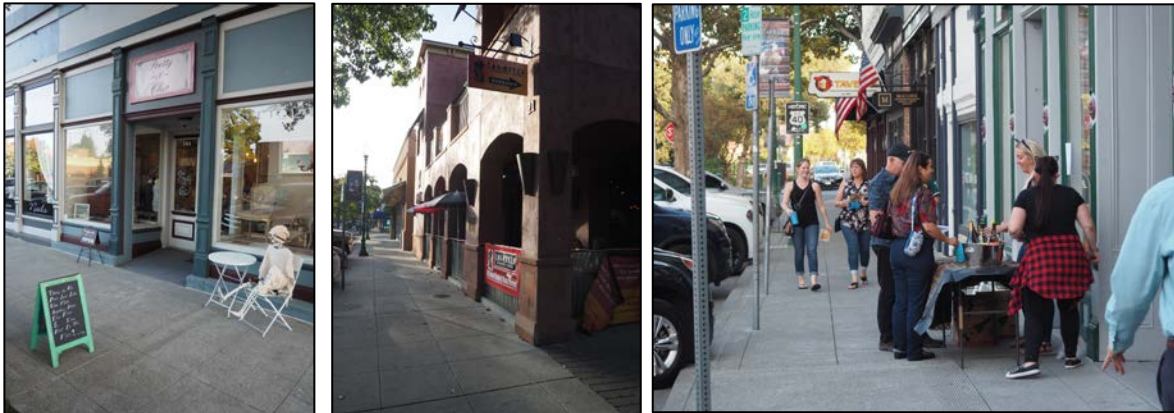
2.3 Active versus Inactive Uses

Another important way to think about retail is in terms of active and inactive uses. "Active uses" refers to situations where shoppers or pedestrians interact with built spaces even if they don't go inside to buy a good or service. Some examples that are already present within the existing

"Active uses" refers to situations where shoppers or pedestrians interact with built spaces even if they don't go inside to buy a good or service.

Downtown Vacaville include the outdoor seating at the Los Reyes Restaurant, Pure Grain Café, the former Cuvee space, and what will soon become outdoor seating in front of the old library space, which is slated to open as a brewery in the near future. Other examples of active uses not as well represented in the Downtown include specialty and experiential retailers with outdoor spaces and/or interactive window displays, some grocery or drug stores that have outdoor displays, and even yoga studios and art galleries that invite passersby to look in and view the activities going on inside.

Figure 6: Examples of Active Uses in Downtown Vacaville



Source: BAE, 2019.

By contrast “inactive uses” refer to situations where the flow of a retail district is broken so that pedestrians don’t interact with the built environment. Even active uses with limited hours may become inactive uses when they close and become “dark” during non-business hours. Examples include offices, medical facilities, auto repair, and retail stores without outward-facing displays. This is the case with many of the office and traditional retail users in Downtown Vacaville, that rarely stay open after 6:00 pm. Inactive uses can be created

... “inactive uses” refer to situations where the flow of a retail district is broken so that pedestrians don’t interact with the built environment. Even active uses with limited hours may become inactive uses when they close and become “dark” during non-business hours.

through poor design just as active uses can be created through ingenuity (think about holiday window displays that are engaging even when stores have closed for the day). Many of the offices and even some of the traditional retail users in downtown have either unengaging window displays or windows that have been covered up or removed entirely, creating gaps in the pedestrian retail environment that discourage exploration and detract from commercial vibrancy of the district.

A given site's ability to attract active uses as opposed to non-active uses is another important component of policy development for a successful retail district, though such policy interventions can be difficult. At one end of the spectrum, a city can

A given site's ability to attract active uses as opposed to non-active uses is another important component of policy development for a successful retail district...

simply signal to the market that it would like to see more active store fronts, while at the other end it could establish stringent design guidelines for the downtown that identify exactly what a property owner and/or business must do with its store frontage. An example of a middle of the road approach is for a city to offer incentives, such as low-cost façade improvement loans or grants, to businesses and/or property owners that are interested in undertaking a renovation, in addition to paving the way for such projects by streamlining the approvals process.

Figure 7: Examples of Inactive Uses in Downtown Vacaville



Source: BAE, 2019.

2.4 Gravity Direction

There are other equally important concepts that must be taken into account to understand how retail functions. For example, traffic patterns may be more important than demographics in certain situations. The “gravity direction” is defined as the general direction from which residents and daytime workers enter a trade area and to which they travel in order to leave. Thinking about I-80 makes it easy to understand this “gravity” phenomenon. Virtually all people entering or leaving Vacaville, do so via I-80. For this reason, I-80 represents the “gravity side of the trade area.” It is no coincidence that so much retail is located along I-80,

where people residing in Vacaville travel to reach their homes, and where it is most conveniently located for people traveling to Vacaville for a destination shopping trip. Therefore, an effort should be made to facilitate travel to and from I-80 into the downtown, including improved signage at the freeway, clear design signals along key corridors, like Davis Street, and the relocation of downtown monuments to key intersections that better highlight gateway intersections and the presence of Downtown Vacaville for visitors entering the area on main arterials.

The “gravity direction” is defined as the general direction from which residents and daytime workers enter a trade area and to which they travel in order to leave.

2.5 Retail Resiliency

Now more than ever, retail districts have unique implications for cities that are focused on creating community and also those that rely on sales taxes as an important source of revenue. A key element of sustainability will be to create a resilient retail environment, and there are dividends to be paid from incorporating retail resiliency principles in advancement of the goal of creating and maintaining a vital and productive retail base that is both economically, culturally, and environmentally sustainable, and that meets the needs of Vacaville residents. Common resiliency principles include:

- Understanding vulnerabilities
- Leveraging community assets
- Redefining how and where to build retail
- Building a business case for new retail
- Pricing the cost of inaction (not addressing retail)
- Maximizing co-benefits

Having realistic and implementable strategies that address these areas is extremely important for all stakeholders involved. Strategies to think about for Downtown Vacaville are listed below. Strategies identified as good short-term approaches can be initiated now, but may take a number of years to implement, while mid- and long-term strategies will take more planning prior to implementation.

Short-Term Strategies (1-2 years)

- Visioning, positioning and branding
- Defining a target trade area for a re-envisioned downtown
- Rethinking an ideal mix of uses specific to an area’s unique profile
- Place-making including adding signage, lighting, way-finding, and other aesthetic improvements, and addressing street design, complete sidewalks, and transparency requirements.

Mid-Term Strategies (2-5 years)

- Recruiting new tenants, including recruitment of non- and quasi-retail uses such as civic and educational institutions, as well as fitness, sports, healthcare, and entertainment uses
- Repositioning vacated key anchor spaces, such as The Point and the Deville Theater.
- Building infrastructure and public realm improvements such as street and sidewalk improvements, parks, and others aimed at providing a compelling pedestrian environment
- Implementing public-private partnerships for new development

Long-Term Strategies (5+ years)

- Wholesale redevelopment of non-viable and underutilized sites as mixed-use

REAL ESTATE MARKET CONDITIONS

Recognizing the dynamic and rapidly changing nature of contemporary retailing, the following section profiles the existing market conditions for retail and office uses in the Downtown Planning Area, the City of Vacaville, and Solano County. The purpose of this analysis is to provide information that can be used to refine an understanding of how downtown Vacaville functions from a retail perspective, within the context of the broader citywide and regional retail landscape. Where possible, the analysis also highlights potential opportunities and constraints to development of a vibrant commercial, civic, and entertainment district in Downtown Vacaville.

3.1 Demographic and Economic Trends

The Downtown Planning Area (downtown) is primarily comprised of non-residential uses. As such, downtown contains just over 600 residents, which is only around 0.6 percent of the citywide population. Since 2010, the downtown population grew by roughly 6.5 percent, consistent with citywide population growth. This translated into a modest population increase of around 40 new residents. Households in the Downtown Planning Area tend to be smaller

...contemporary demographic trends hint at an increasing preference for urban living among renters, many of whom value proximity to downtown amenities.

relative to their citywide counterparts, with an average of 2.6 persons per household. Renter households account for roughly half of downtown residents, compared to only 38 percent citywide. That said, the number of renter households in Vacaville increased more rapidly than owner households since 2010, highlighting a potential increasing demand for renter housing citywide. This may represent an

opportunity, as contemporary demographic trends hint at an increasing preference for urban living among renters, many of whom value proximity to downtown amenities.

Existing downtown residents are somewhat more likely than their citywide counterparts to work in lower wage service occupations, such as retail sales, construction, office and administrative support, and food preparation and serving. As a result, household incomes in downtown are significantly lower than for Vacaville as a whole. More specifically, the median income of downtown households is estimated at \$52,115 per year, which is well below the citywide median of \$78,323 per year. In addition, nearly one-quarter of all households in downtown have incomes below \$25,000 per year. These data generally

Existing downtown residents are somewhat more likely than their citywide counterparts to work in lower wage service occupations, such as retail sales, construction, office and administrative support, and food preparation and serving.

indicate that the purchasing power of downtown resident households is significantly lower than for Vacaville households more broadly. Although not directly correlated, the array of employment opportunities available in the downtown also generally emphasizes lower wage work, with nearly one-third of all jobs being in entertainment and food service industries, compared to only 12.6 percent citywide. Retail jobs, by comparison, are generally underrepresented in the downtown. Retail jobs account for only 8.1 percent of the downtown employment base, compared to 17 percent citywide, however, this may also reflect the fact that most of the city's retail is oriented towards visitor-serving uses, while the downtown commercial market is much more resident-oriented and features more small-scale offices. This represents a challenge for the downtown, as it will need to increase its capture of the citywide retail industry, including food and beverage, to achieve the levels of economic vibrancy that the community is seeking.

3.2 Retail Market Overview

The Downtown Planning Area currently features an estimated 763,035 square feet of retail space. This represents around 12 percent of the citywide inventory of around 6.3 million square feet. This is roughly in line with the City of Livermore, where the downtown hosts around 11 percent of the citywide inventory of retail space of around 2.1 million square feet, but is lower than for the City of Petaluma, where around 17 percent of the citywide retail inventory is located within the broader downtown district.

The downtown retail inventory in Vacaville is quite diverse, including a variety of drinking and dining establishments, entertainment venues, grooming and personal care stores, boutique

The downtown retail inventory in Vacaville is quite divers...within the context of a city that is very well served by retail from a resident demand perspective...

retailers, and resident services (e.g., a gym) in the core downtown along Main Street and Merchant Street, as well as entertainment uses (e.g. Brenden Theater) and ancillary retail located along Davis Street, traditional neighborhood retail represented by the Lucky's shopping center off of East Monte Vista Avenue, and the Lainey's and Old Town Furniture stores in the old CVS shopping center which is also on East Monte Vista Avenue,

among other smaller retail nodes. However, this collection of retail uses is all within the context of a city that is very well served by retail from a resident demand perspective due to a substantial injection of spending that comes from visitors to the city's key regional shopping centers, namely the Nut Tree and the Vacaville Premium Outlets. However, the downtown is better suited for, and more oriented towards, resident-serving specialty retail and services, while the eastern Vacaville retail centers are more oriented towards visitor-serving retail in both the commodity and specialty retail segments.

Vacancy in the downtown is generally healthy at just over five percent (with five percent being the target vacancy rate generally considered healthy by most economists), while retail vacancy

citywide is quite constrained at only around two percent. Retail absorption over the past year or so was relatively strong, with net absorption reaching 107,561 square feet citywide. The pace of retail development in Vacaville reflects these relatively solid fundamentals with a total of nearly 250,000 square feet of new development coming online over the last ten years, coupled with positive net absorption of more than 514,000 square feet.

Despite having low vacancy and positive net absorption, average asking rents in both the Downtown Planning Area and the City of Vacaville decreased between the first quarter of 2018 and the first quarter of 2019. For example, Table 1 reports that the

[Retail] lease rates are far below the rents that would be required to justify new construction or significant reinvestment in existing product.

average asking lease rate in the downtown decreased by 8.3 percent year-over-year from \$1.57 per square foot in 2018 to \$1.44 in 2019. This is compared to a decrease of 3.8 percent for the city as a whole, from \$1.31 to \$1.26. According to brokers, the reported decrease in average asking rent is primarily a function of the types of space that are currently available for lease, mainly older retail spaces that are oddly configured and difficult to reposition, and is contrary to the broader market fundamentals discussed above. Brokers also indicate that as of the third quarter of 2019, the average asking lease rate citywide increased to \$1.35, with the downtown reaching \$1.51. If accurate, this would mean that lease rates citywide are now above where they were in early 2018 by around four percent, while rates decreased in the downtown by around six percent. Meanwhile, the data and brokers indicate that lease rates countywide are on the rise, increasing by seven percent from the first quarter of 2018 to 2019, from \$1.28 to \$1.37 per square foot, triple net. It is worth noting that these lease rates are far below the rents that would be required to justify new construction or significant reinvestment in existing buildings.

Table 1: Retail Market Overview, Q1 2019

	Planning Area	City of Vacaville	Solano County
Total Inventory (sq. ft.), Q1 2019	763,035	6,290,186	21,623,199
Vacant Stock (sq. ft.)	39,194	131,832	944,048
Vacancy Rate	5.1%	2.1%	4.4%
Avg. Asking NNN Rents			
Avg. Asking NNN Rent per sq. ft., Q1 2019	\$1.44	\$1.26	\$1.37
Avg. Asking NNN Rent per sq. ft., Q1 2018	\$1.57	\$1.31	\$1.28
% Change, Q1 2018 - Q1 2019	-8.3%	-3.8%	7.0%
Net Absorption			
Net Absorption (sq. ft.), Q1 2010 - Q1 2019	(8,534)	514,065	1,351,124
Net Absorption (sq. ft.), Q1 2018 - Q1 2019	2,508	107,561	126,173
New Deliveries (sq. ft.), Q1 2010 - Q1 2019			
	0	248,248	909,535
Under Construction (sq. ft.), Q1 2019			
	0	0	4,700

Sources: CoStar; BAE, 2019.

As noted earlier, one of the most notable differentiating factors between the downtown and the city as a whole, is that retail lease rates are approximately 12 to 14 percent higher in the downtown, depending on what reference period is used (i.e., third quarter as reported by brokers or first quarter as reported by CoStar, respectively).

This is somewhat counterintuitive, recognizing that the Downtown Vacaville has long struggled to develop and maintain a robust retail sector. Real estate brokers indicate that this is primarily due to demand from small scale office users who are occupying many of the ground floor commercial spaces within the downtown area. Office rents in the downtown, as is discussed in more detail below, are relatively in line with citywide rents and are higher than those for retail space, as reported in Table 1. This creates a financial incentive for downtown property owners to seek office tenants rather than retail tenants.

...retail lease rates are approximately 12 to 14 percent higher in the downtown...due to demand from small scale office users..."

Office uses are filling spaces for which there is an apparent lack of demand from retailers...that would otherwise be vacant and a blighting influence. Despite these positives, it is important to encourage "active" as opposed to "inactive" space.

Office uses in space that was originally intended to be retail space can, in many cases, be an appropriate and desirable use of downtown commercial space. These office uses are filling space for which there is apparent lack of demand from retailers, they are creating some incremental demand for the retail uses that do exist in the downtown area, and they are occupying space that would otherwise be vacant and a blighting influence. Despite these positives, it is important

...higher than average rents for downtown retail, compared to the citywide average, which are generated by this mix of office and retail uses, function as a disincentive for new retail establishments to locate in the downtown.

to encourage “active” as opposed to “inactive” space. Strategies for accomplishing this include reserving key nodes – such as the intersection of Main Street with Davis, Merchant, Dobbins, and Parker Streets – as retail-only areas, and requiring storefront transparency even for office uses within the downtown core.

According to brokers, the higher than average rents for downtown retail, compared to the citywide average, which are generated by this mix

of office and retail uses, function as a disincentive for new retail establishments to locate in the downtown. Regardless of whether this reason is driving this trend, there are other retail centers within the city – most notably the Nut Tree and the Vacaville Premium Outlets, among others – that offer newer and more functional retail space at lower cost, with better signage, a comprehensive tenanting strategy (i.e., fewer vacancies; better synergy among tenants), and better automotive and freeway exposure. Many of these centers also offer move-in incentives and paid tenant improvements, in addition to a lower comparative monthly cost.

...there are other retail centers within the city...that offer newer and more functional retail space at lower cost, with better signage, a comprehensive tenanting strategy..., and better automotive and freeway exposure.

Also, the downtown area has the opportunity to greatly enhance its walkability and community character in ways that could make it a more vibrant resident-serving experiential retail

...the downtown area has the opportunity to greatly enhance its walkability and community character in ways that could make it a more vibrant resident-serving experiential retail destination.

destination. As noted earlier, a key strategy supporting retail resiliency is building infrastructure and public realm improvements such as parks and providing a compelling pedestrian environment. Examples include implementing streetscapes that promote mid-street crossings

and thinking not only in terms of complete streets but also in terms of “complete sidewalks.” This includes the addition of outdoor seating areas, landscaping and tree canopy, retail displays, artwork, etc. The ability to cross the street mid-block is an important component of any downtown district.

Pedestrians should feel that something interesting on the other side of the street is easy to access and not out of reach,

The ability to cross the street mid-block is an important component of any downtown district.

and this means it is important to design streets with parking and pedestrian refuges that are easy and safe to cross. Similarly, sidewalks are extremely important. They should be designed to accommodate retail displays and outdoor restaurant seating areas, and amenities such as places to sit and linger, landscaping including shaded areas, and proper lighting.

3.3 Office Market Overview

Due to extended periods of disinvestment in the downtown, coupled with robust new greenfield retail development on the eastern edge of the city, the downtown core has largely transitioned away from traditional retail uses and now hosts a wide variety of small-scale office users, such as real estate brokerages, mortgage lenders, property management companies,

...[T]he Downtown Planning Area contains almost 30 percent of the citywide office inventory, estimated at 414,564 square feet in total. This is essentially in line with the share of citywide office inventory that is located within the downtown areas of Vacaville peer cities...

media companies, law offices, and financial advisors, among others. Most of these users are smaller scale and generally prefer more walkable environments, which makes the downtown one of the more desirable locations within the city. According to CoStar, the Downtown Planning Area contains almost 30 percent of the citywide office inventory, estimated at 414,564 square feet in total. This is essentially in line with the share of citywide office

inventory that is located within the downtown areas of Vacaville peer cities, like Livermore and Petaluma. CoStar reports only around 12,500 square feet of vacant downtown office space, which equals a vacancy rate of around 3.0 percent. This is notably lower than the citywide vacancy rate of 4.3 percent. It is important to note that these office uses are not necessarily incompatible with retail uses, as discussed earlier.

Rental rates for office space in the downtown are roughly on par with the citywide average at \$2.01 per square foot, compared to \$2.05 citywide. Rental rates citywide increased by almost six percent since the first quarter of 2018, while rates decreased within the downtown by a little over ten percent during the same period. This means that in 2018, office rental rates in the downtown were around 15 percent higher than the citywide average, but that as of the first quarter of 2019 are around two percent lower. Again, these rents are not high enough to justify new office construction, or significant reinvestment in existing office space; though the differential between the current high rents in the downtown, compared to elsewhere in the city, provides an incentive for property owners to look at office tenants versus retail tenants. This is one reason why the city may want to require retail in store-fronts at key intersections, such as where Davis, Merchant, Dobbins, and Parker intersect with Main Street.

Rental rates for office space in the downtown are roughly on par with the citywide average at \$2.01 per square foot...

That way the city can help to build up the critical mass of retail uses at these key nodes and so that retailers do not have to compete economically with office users who can pay more in rent.

As reported in Table 2, The citywide office market absorbed just over 77,500 square feet of new office space between 2010 and 2019. Around 25 percent of this absorption occurred in the Downtown Planning Area. Between the first quarter of 2018 and 2019, the downtown absorbed approximately 12,000 square feet of office space, which is approximately double the citywide total. According to CoStar, there was relatively little new office development in Vacaville since 2010, with delivery of only 12,300 square feet of new space, all of which was located in the Downtown Planning Area.

Table 2: Office Market Overview, Q1 2019

	<u>Planning Area</u>	<u>City of Vacaville</u>	<u>Solano County</u>
Total Inventory (sq. ft.), Q1 2019	414,564	1,420,324	8,416,709
Vacant Stock (sq. ft.)	12,484	61,249	796,727
Vacancy Rate	3.0%	4.3%	9.5%
Avg. Asking Gross Rents			
Avg. Asking Gross Rent per sq. ft., Q1 2019	\$2.01	\$2.05	\$1.56
Avg. Asking Gross Rent per sq. ft., Q1 2018	\$2.24	\$1.94	\$1.49
% Change, Q1 2018 - Q1 2019	-10.3%	5.7%	4.7%
Net Absorption			
Net Absorption (sq. ft.), Q1 2010 - Q1 2019	19,121	77,532	731,048
Net Absorption (sq. ft.), Q1 2018 - Q1 2019	12,007	6,652	288,456
New Deliveries (sq. ft.), Q1 2010 - Q1 2019	12,300	12,300	222,445
Under Construction (sq. ft.), Q1 2019	0	0	0

Sources: CoStar; BAE, 2019.

As discussed above, the office real estate market conditions identified through this research indicate that Downtown Vacaville is a desirable location for some small office users. This represents one of the downtown’s many strengths, as it ensures a robust daytime consumer

...the office real estate market conditions identified through this research indicate that Downtown Vacaville is a desirable location for some small office users.

base, but poses a variety of challenges with regarding to building a diverse and vibrant retail destination. In particular, there are office uses with inactive storefronts occupying retail spaces at key intersections within the downtown, which will likely need to turn over with new retail tenants in order to better activate the

street corner. However, as mentioned previously, current office rents in the downtown are higher than rents for retail, which provides property owners an incentive to lease to office uses

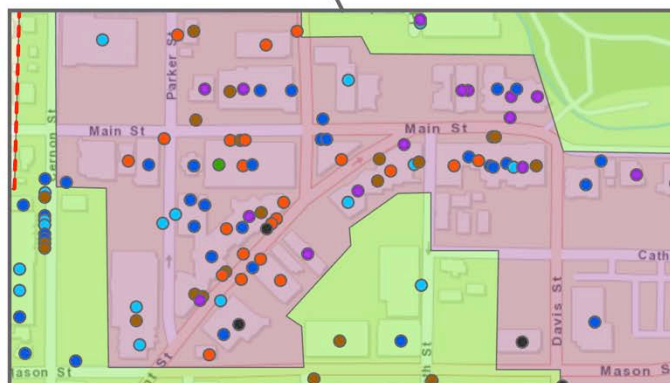
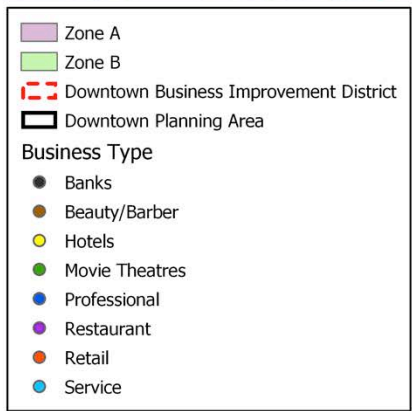
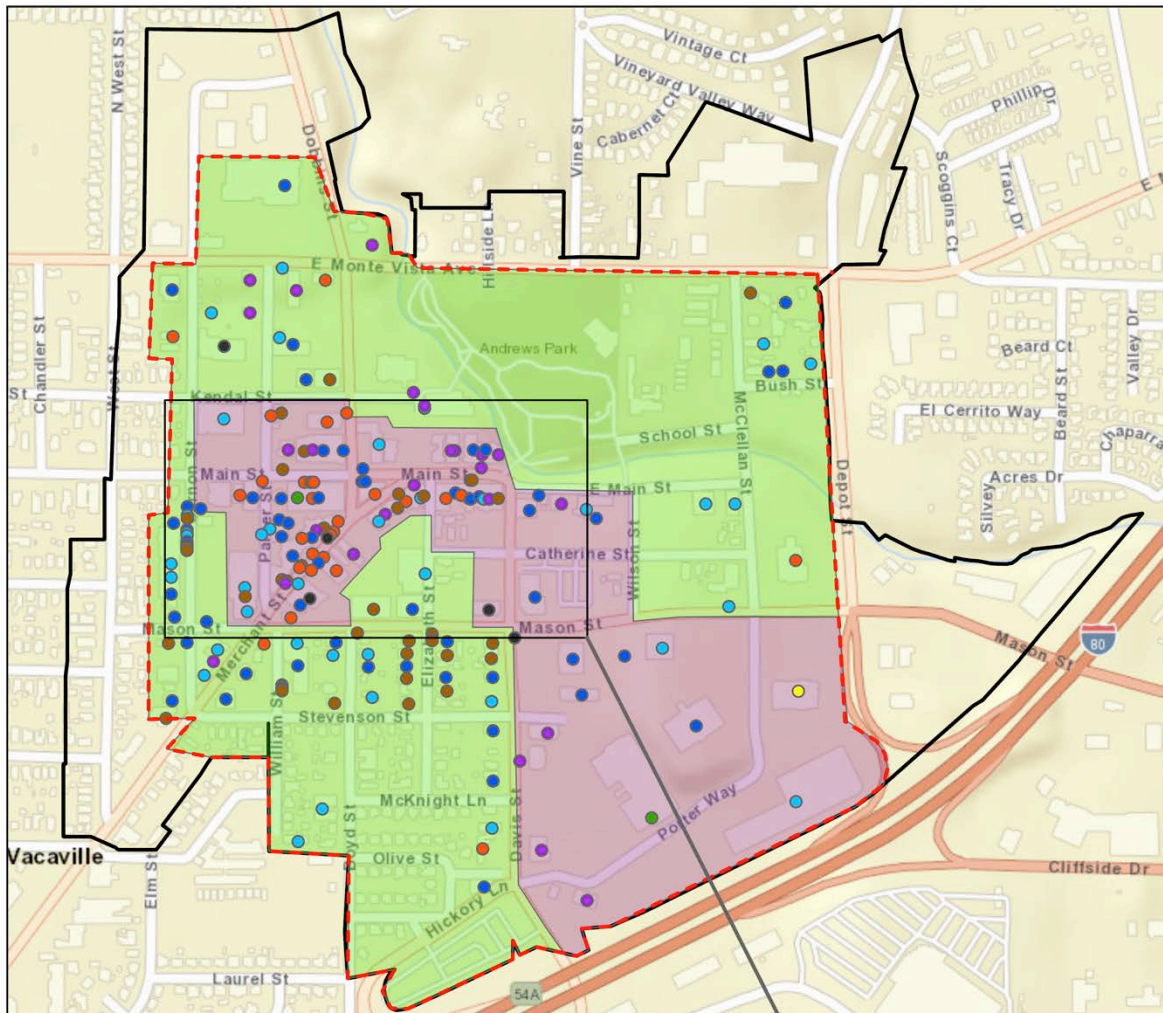
instead of retail. Limiting the use of ground floor retail spaces with street frontage at key intersections, such as where Davis, Merchant, Dobbins, and Parker intersect with Main Street could help to reorient these areas towards more active retail uses. Alternatively, the City can also try to work with business and property owners in the interim to better activate the office frontages, such that they better integrate into a vibrant downtown.

Limiting the use of ground floor retail spaces with street frontage at key intersections, such as where Davis, Merchant, Dobbins, and Parker intersect with Main Street could help to reorient these areas towards more active retail uses.

3.4 Existing Business Profile

Data provided by the Downtown Vacaville Business Improvement District (DVBID) indicate that there are around 615 businesses in the downtown. The DVBID data breaks the BID area into two zones: A and B. As illustrated in Figure 6, on the following page, zone A includes all of the primary commercial areas within the downtown, including Main Street, the north end of Merchant Street, and the area to the east of Davis Street including the Brendan Theaters and the ice rink. Zone B, by comparison, includes the remainder of the downtown area outside of the core commercial areas, which includes mostly residential uses, with some commercial and civic uses included as well. Based on this definition, the DVBID charges different fees to businesses based on their location inside or outside of the primary commercial area.

Figure 8: DVIBD Businesses by Zone and Type



Sources: Downtown Vacaville Business Improvement District; BAE, 2019.

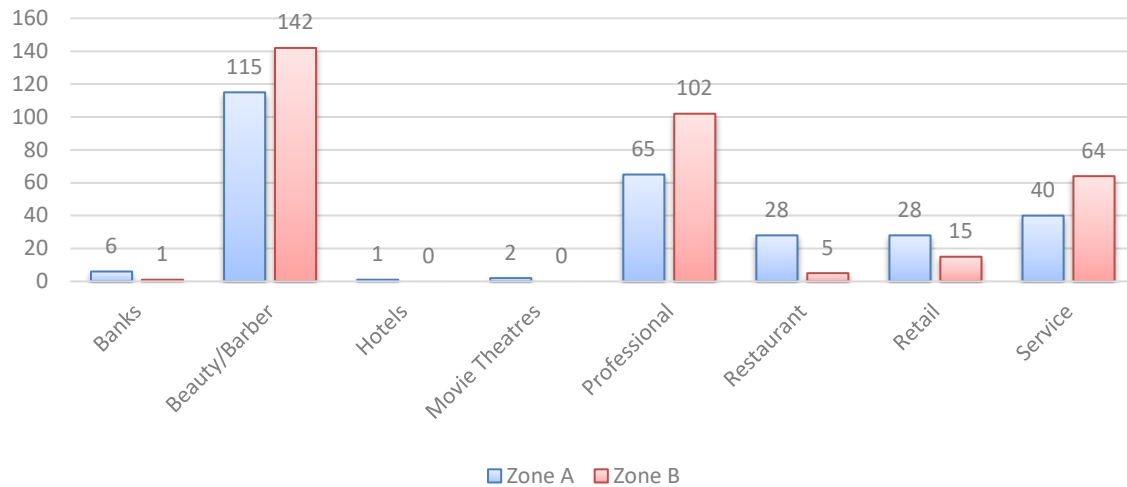
Around 40 percent of the existing businesses in Zone A are barber shops and health and beauty stores.

Based on this information illustrated in Figure 7, Zone A contains roughly 285 total businesses. Around 40 percent of the existing businesses in Zone A are barber shops and health and beauty stores. Professional service businesses – such as real estate brokerages, mortgage companies, media companies, medical professionals, and engineering companies – account for another 23

percent of the business portfolio. Restaurants and bars account for around ten percent of the business portfolio, as do the more traditional retail establishments. The remaining 17 percent of the business inventory includes a mix of more service-oriented businesses, including banks, hotels, and movie theaters.

Professional service businesses – such as real estate brokerages, mortgage companies, media companies, medical professionals, and engineering companies – account for another 23 percent of the business portfolio.

Figure 9: DV BID Businesses by Type and Zone



Source: Downtown Vacaville Business Improvement District, 2019; BAE, 2019.

Table 3: Business by Type, Downtown Vacaville Business Improvement District

Business Type	Zone A		Zone B		Total BID	
	Businesses	Percent	Businesses	Percent	Businesses	Percent
Banks	6	2.1%	1	0.3%	7	1.1%
Beauty/Barber	115	40.4%	142	43.2%	257	41.9%
Hotels	1	0.4%	0	0.0%	1	0.2%
Movie Theatres	2	0.7%	0	0.0%	2	0.3%
Professional	65	22.8%	102	31.0%	167	27.2%
Restaurant	28	9.8%	5	1.5%	33	5.4%
Retail	28	9.8%	15	4.6%	43	7.0%
Service	40	14.0%	64	19.5%	104	16.9%
Total Businesses	285	100%	329	100%	614	100%
Retail/Restaurant Service-Oriented	19.6%		6.1%		12.4%	
	80.4%		93.9%		87.6%	

Sources: DV BID, 2019.

Business Type	Zone A		Zone B		Total BID	
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Hotels	1	0.4%	0	0.0%	1	0.2%
Movie Theatres	2	0.7%	0	0.0%	2	0.3%
Professional	65	22.8%	102	31.0%	167	27.2%
Restaurant	28	9.8%	5	1.5%	33	5.4%
Retail	28	9.8%	15	4.6%	43	7.0%
Service	40	14.0%	64	19.5%	104	16.9%
Total Businesses	285	100%	329	100%	614	100%
Retail/Restaurant Service-Oriented	19.6%		6.1%		12.4%	
	80.4%		93.9%		87.6%	

Sources: DV BID, 2019.

As reported in Table 3, Zone B contains a somewhat similar distribution of businesses, though retail and restaurants account for an even lower share of the remaining DV BID area. As seen in the table, beauty and barber stores account for 43 percent of all Zone B businesses, with professional businesses accounting for 31 percent of the total. Zone B also contains 15 retail stores, and five restaurants, accounting for around six percent of the business inventory, combined. The remaining businesses are predominantly service-oriented businesses, including fitness studios, photography studios, and health facilities, among others. Overall, this reveals that the downtown is somewhat over represented with health and beauty stores. While these generally represent active consumer service uses, the concentration of beauty salons and barber shops contributes to the lack of diversity that real estate brokers, business owners, and residents have all cited as an important weakness in the downtown. While the share of businesses that are professional service oriented is generally on par with peer cities like Livermore and Petaluma, these uses are largely concentrated in ground floor spaces at key nodes within the downtown, like the intersection of Dobbins and Main, which would better contribute to the vibrancy of the district if they were programed with more active retail uses.

3.5 Retail Sales Trends

The City of Vacaville has been very successful at establishing itself as a regional retail shopping destination. Beginning with the original Nut Tree and continuing with development of the Vacaville Premium Outlets, the city now draws visitors from throughout the western Sacramento region and the north and eastern Bay Area. This wide draw has allowed the city to tap into a very large consumer base. Portions of that consumer base, particularly those that are currently expanding their presence in the East Bay, possess considerable wealth. The city and its retail partners have been successful at diversifying the citywide retail base to include a variety of premium specialty retailers such as Coach, Kate Spade, J. Crew, and The North Face, among others as well as midscale clothing stores such as Van Heusen, and large format commodity value and general merchandise retailers such as Costco, Best Buy, Petco, Target, Walmart, and Sam's Club, among others.

As reported in Table 4, there were 2,025 taxable retail outlets within the City of Vacaville in 2018, according to the California Department of Tax and Fee Administration (CDTFA). These represent around 20 percent of all taxable retail outlets in Solano County.⁵ According to these

Vacaville captured approximately \$1.84 billion in taxable transactions in 2018...more than its fair share of countywide retail spending based on the number of outlets present in the city.

data, taxable retail outlets in Vacaville captured approximately \$1.84 billion in taxable transactions in 2018.⁶ This represents around 23 percent of all taxable transactions in Solano County in dollar terms. This indicates that the City of Vacaville captures more than its fair share of countywide retail spending based

on the number of outlets present within the city. For example, taxable retail outlets in Vacaville generate around \$907,648 per store on average, compared to \$768,520 per store countywide. Based on current population estimates reported by the California Department of Finance (DOF), per capita taxable sales in Vacaville are also higher than the countywide average at \$18,712 compared to \$17,948 countywide.

⁵ Vacaville had 2.06 retail establishments for every 100 residents in 2018, compared to 2.23 for every 100 residents in Solano County and 3.11 establishments per 100 residents in the State of California. This generally indicates that retail establishments in Vacaville are much more efficient (i.e., they capture more sales per store) than the statewide average.

⁶ Vacaville captured around an average of around \$18,712 in taxable sales per capita in 2018, compared to \$17,948 per capita in Solano County as a whole and \$17,786 per capita in California as a whole. This generally indicates that retail outlets in the City of Vacaville capture significantly more sales per capita than both the countywide or statewide averages.

Broken down by retail category, motor vehicle and parts dealers account for the largest share of taxable transactions in Vacaville, accounting for nearly \$340 million, or 18.5 percent of the total. General merchandise stores accounted for the second highest amount of taxable transactions, amounting to nearly \$278 million or 15.1 percent of citywide taxable sales, followed by clothing and clothing accessories, and food service and drinking places, which account for \$233 million and \$220 million in taxable sales, respectively. These concentrations of taxable sales generally correspond with the city's orientation as a major regional retail destination, with most of this activity being concentrated in eastern Vacaville. Also, notably, these represent the same general retail super sectors that are most often considered to include the common experiential retail categories, namely food service and drinking places, high-end clothing, etc.

Motor vehicle and parts dealers and general merchandise stores account for a majority of taxable transactions in Vacaville.

Relative to Solano County taxable transactions per capita, the City of Vacaville contains a significantly higher rate of taxable sales in clothing and clothing accessory stores. As seen below, Vacaville taxable sales amounted to roughly \$2,370 per capita, while Countywide sales amounted to just \$1,040 per capita. Vacaville also contains a higher rate of per capita taxable sales in general merchandise and motor vehicle and parts dealers, both Vacaville per capita sales being roughly \$1,000 higher in both categories. While this relatively strong retail performance on a per capita basis is generally good for the city as a whole, it poses certain challenges when trying to identify the remaining retail gaps that could be targeted in support of downtown revitalization and redevelopment. According to the available data, the only

While this relatively strong retail performance on a per capita is generally good for the city as a whole, it poses certain challenges when trying to identify the remaining retail gaps that could be targeted in support of downtown revitalization and redevelopment.

categories in which Vacaville is underrepresented on a per capita basis, relative to the county, are gasoline stations, "other retail" stores, and all other outlets. The "all other outlets" group represents taxable sales in non-retail establishments, including manufacturers and wholesalers,

while the "other retail" stores category includes health and personal care stores, as well as sporting goods, hobby, musical, and book stores. While the low per capita sales in the latter category may reflect an opportunity for the downtown, as many of the business types in this category would be well suited to a neighborhood scale, walkable downtown environment, the low sales figures may also reflect at least some diversion of taxable sales from the specialty store categories and the "other retail stores" category into the general merchandise category, where big-box stores contain departments that offer goods once available only in specialty retail stores, such as electronics, home furnishings, sporting goods, and jewelry.

Table 4: Taxable Sales, City of Vacaville and Solano County, 2015 and 2018

Retail Sales Category	2015			2018			Per Capita Change 2015-2018
	Outlets	Taxable Transactions	Per Capita	Outlets	Taxable Transactions	Per Capita	
City of Vacaville							
Motor Vehicle and Parts Dealers	63	\$299,128,013	\$3,174	61	339,815,153	\$3,460	\$285
Home Furnishings and Appliance Stores	77	\$64,187,759	\$681	74	71,237,838	\$725	\$44
Building Material and Garden Equipment and Supplies Dealers	32	\$101,295,867	\$1,075	35	123,346,869	\$1,256	\$181
Food and Beverage Stores	62	\$58,340,126	\$619	67	64,994,891	\$662	\$43
Gasoline Stations	34	\$137,321,155	\$1,457	35	157,208,379	\$1,600	\$143
Clothing and Clothing Accessories Stores	196	\$236,172,031	\$2,506	216	232,581,591	\$2,368	-\$138
General Merchandise Stores	30	\$246,390,208	\$2,615	37	277,533,760	\$2,825	\$211
Food Services and Drinking Places	225	\$194,318,835	\$2,062	237	220,852,391	\$2,248	\$186
Other Retail Group	474	\$108,668,883	\$1,153	495	113,897,709	\$1,160	\$6
Total Retail and Food Services	1,193	\$1,445,822,877	\$15,343	1,257	1,601,468,581	\$16,304	\$961
All Other Outlets	633	\$264,441,349	\$2,806	768	236,518,836	\$2,408	-\$398
Total All Outlets	1,826	\$1,710,264,226	\$18,149	2,025	1,837,987,417	\$18,712	\$563

Retail Sales Category	2015			2018			Per Capita Change 2015-2018
	Outlets	Taxable Transactions	Per Capita	Outlets	Taxable Transactions	Per Capita	
Solano County							
Motor Vehicle and Parts Dealers	354	\$1,134,566,194	\$2,652	352	\$1,085,980,083	\$2,473	-\$179
Home Furnishings and Appliance Stores	326	\$211,829,023	\$495	318	\$222,600,856	\$507	\$12
Building Material and Garden Equipment and Supplies Dealers	157	\$360,243,474	\$842	172	\$423,451,272	\$964	\$122
Food and Beverage Stores	302	\$236,294,118	\$552	320	\$257,332,958	\$586	\$34
Gasoline Stations	147	\$590,698,430	\$1,381	140	\$710,880,027	\$1,619	\$238
Clothing and Clothing Accessories Stores	786	\$432,615,273	\$1,011	905	\$457,887,086	\$1,043	\$31
General Merchandise Stores	135	\$711,062,800	\$1,662	158	\$778,946,298	\$1,774	\$112
Food Services and Drinking Places	988	\$622,833,638	\$1,456	1,056	\$724,262,981	\$1,649	\$193
Other Retail Group	2,731	\$471,629,669	\$1,103	2,991	\$562,569,430	\$1,281	\$179
Total Retail and Food Services	5,926	\$4,771,772,619	\$11,156	6,412	\$5,223,910,991	\$11,897	\$741
All Other Outlets	3,249	\$2,273,180,419	\$5,314	3,843	\$2,657,261,393	\$6,052	\$737
Total All Outlets	9,175	\$7,044,953,038	\$16,470	10,255	\$7,881,172,384	\$17,948	\$1,478

Sources: CDTFA; California DoF; BAE, 2019

3.6 Retail Gap Analysis

Table 5 reports estimated resident-based consumer expenditures compared to total retail sales within the Downtown Planning Area, the City of Vacaville, and Solano County, as reported by Esri.⁷ Based on these data, residents of the Downtown Planning Area spent an estimated \$7.05 million on retail purchases in 2017. Meanwhile, businesses located within the district realized an estimated \$68.95 million in retail sales. Recognizing the relatively small resident population located within the Downtown Planning Area, this data confirms that the majority of downtown businesses are already supported by persons residing elsewhere in the community or region. The data also indicate that retail spending in the downtown is largely concentrated in the food service and drinking places sector (31 percent) and the food and beverage stores sector (22 percent). This likely results from the many restaurants located in the downtown, as well as the presence of the Lucky's grocery store in the Vista Crossing shopping center. Other retail sectors that currently play a smaller role in the downtown,

...retail spending in the downtown is largely concentrated in the food service and drinking places sector (31 percent) and the food and beverage stores sector (22 percent).

Other retail sectors that currently play a smaller role in the downtown, but which represent important potential expansion sectors include building materials, garden equipment, and supply stores...which currently account for around six percent of downtown sales; health and personal care stores that account for five percent of taxable sales; sporting goods, hobby, book, and music stores that account for five percent of downtown taxable sales; and clothing and clothing accessory stores which account for four percent of taxable sales.

but which represent important potential expansion sectors include building materials, garden equipment, and supply stores (e.g., hardware and garden stores) which currently account for around six percent of downtown sales; health and personal care stores that account for five percent of taxable sales; sporting goods, hobby, book, and music stores that account for five percent of downtown taxable sales; and clothing and clothing accessory stores which account for four percent of taxable sales. These represent potential expansion opportunities in that they encompass many of the most common specialty and experiential retail categories.

⁷ According to ESRI, the estimates of consumer expenditures reported as part of their Business Analyst package are based on a variety of data sources, including credit and debit card expenditures. Thus, these estimates represent the most readily available data source for consumer spending within small geographic areas. Nonetheless, the estimates may be subject to error and should be interpreted with caution.

Retail sales across Vacaville as a whole, as well as in Solano County as a whole, are much more heavily concentrated in general merchandise (27 percent), food and beverage stores (14 percent), and motor vehicles and parts dealers (17 percent). Although the city receives a net injection of retail dollars of approximately \$137 million per year, the retail sales injection is largely limited to five key retail categories, including general merchandise (\$209 million), miscellaneous store retailers (\$42 million),⁸ food service and drinking places (\$31 million), clothing and clothing accessories (\$21 million), and food and beverage stores (\$12 million). Meanwhile, the city experiences a net leakage of resident spending in health and personal care stores (\$55 million), electronics and appliance stores (\$19 million), building materials, garden equipment, and supply stores (\$18 million), sporting goods, hobby, book, and music stores (\$18 million), and furniture and home furnishing stores (\$16 million). These leakage figures, however, should be interpreted with extreme caution, as much of the documented leakage is likely being absorbed within the general merchandise sector, which is a retail category in which the community is extremely well served (i.e., \$209 million in injection).

...leakage figures...should be interpreted with extreme caution, as much of the documented leakage is likely being absorbed within the general merchandise sector, which is a retail category in which the community is extremely well served...

⁸ According to ESRI, the miscellaneous store retailers category includes retailers that do not fit neatly within the other retail categories, such as florists; office supplies, stationary, and gift stores; etc.

Table 5: Retail Gap Analysis, Downtown Planning Area (Page 1 of 3)

Vacaville Downtown Specific Planning Area						
Retail Category	Consumer Expenditures (a)	Retail Supply (a)	(Leakage)/ Injection (a)	Number of Businesses	Estimated Sales/SF (b)	Supportable Square Feet (c)
Furniture & Home Furnishings Stores	\$233,642	\$1,682,103	\$1,448,461	4	\$310	n.a.
Electronics & Appliance Stores	\$233,644	\$618,180	\$384,536	1	\$6,215	n.a.
Bldg. Matrl., Garden Equip, Supply Stores	\$375,990	\$5,023,965	\$4,647,975	4	\$305	n.a.
Food & Beverage Stores	\$1,043,667	\$18,538,073	\$17,494,406	7	\$148	n.a.
Health & Personal Care Stores	\$442,010	\$4,111,639	\$3,669,629	3	\$553	n.a.
Clothing & Clothing Accessories Stores	\$460,918	\$3,456,418	\$2,995,500	6	\$329	n.a.
Sport. Goods, Hobby, Book, Music Stores	\$200,706	\$4,165,976	\$3,965,270	6	\$263	n.a.
General Merchandise Stores	\$1,068,120	\$0	(\$1,068,120)	0	\$292	4,536
Miscellaneous Store Retailers	\$235,424	\$5,216,100	\$4,980,676	15	\$182	n.a.
Non-Store Retailers	\$191,872	\$0	(\$191,872)	0	n.a.	n.a.
Food Service & Drinking Places	\$692,931	\$26,135,916	\$25,442,985	34	\$604	n.a.
Subtotal, Non-Automotive	\$5,178,924	\$68,948,370	\$63,769,446	80	n.a.	4,536
Retail Category	Consumer Expenditures (a)	Retail Supply (a)	(Leakage)/ Injection (a)	Number of Businesses	Estimated Sales/Acre	Supportable Acres
Motor Vehicle and Parts Dealers	\$1,303,881	\$5,581,226	\$4,277,345	6	\$15,384,444 (d)	n.a.
Gasoline Stations	\$562,714	\$9,859,037	\$9,296,323	1	\$4,699,797 (e)	n.a.
Subtotal, Automotive	\$1,866,595	\$15,440,263	\$13,573,668	7	n.a.	0
Net Balance of Trade (f)	\$7,045,520	\$84,388,633	\$77,343,113	88		
<i>Categories with Leakage</i>	<i>\$1,259,992</i>	<i>\$0</i>	<i>(\$1,259,992)</i>			

Notes:

(a) Dollar amounts are unadjusted from their 2017 values.

(b) Sales per square foot data are based on figures published by HdL ECONSolutions.

(c) Supportable square footage estimates include a 14 percent non-retail adjustment and a 10 percent vacancy allowance.

(d) Sales per acre for Motor Vehicle and Parts Dealers are based on the average sales per dealership published by the National Automobile Dealers Association (NADA). The figures assume that an average motor vehicle dealership will range in size between 5.3 and 6.4 acres.

(e) The estimated sales per acre for Gasoline Stations is based on statewide gasoline station sales and number of establishments in 2017, as published by the California State Board of Equalization (SBOE). The estimate assumes an average of one acre per establishment.

(f) Total may not equal sum of parts due to independent rounding.

Sources: Esri, 2019; HdL ECONSolutions, 2019; NADA, 2018; SBOE, 2018; BAE, 2019.

Table 5: Retail Gap Analysis, City of Vacaville (Page 2 of 3)

City of Vacaville						
Retail Category	Consumer Expenditures (a)	Retail Supply (a)	(Leakage)/ Injection (a)	Number of Businesses	Estimated Sales/SF (b)	Supportable Square Feet (c)
Furniture & Home Furnishings Stores	\$50,024,278	\$33,694,515	(\$16,329,763)	29	\$310	65,319
Electronics & Appliance Stores	\$48,807,613	\$29,955,901	(\$18,851,712)	17	\$6,215	3,761
Bldg. Matrl., Garden Equip, Supply Stores	\$82,987,029	\$78,480,841	(\$4,506,188)	36	\$305	18,320
Food & Beverage Stores	\$212,815,984	\$225,596,990	\$12,781,006	47	\$148	n.a.
Health & Personal Care Stores	\$91,905,711	\$36,502,501	(\$55,403,210)	28	\$553	124,344
Clothing & Clothing Accessories Stores	\$94,457,978	\$115,565,164	\$21,107,186	78	\$329	n.a.
Sport. Goods, Hobby, Book, Music Stores	\$41,932,782	\$24,127,823	(\$17,804,959)	27	\$263	84,107
General Merchandise Stores	\$220,637,411	\$429,980,152	\$209,342,741	13	\$292	n.a.
Miscellaneous Store Retailers	\$49,644,029	\$91,645,442	\$42,001,413	95	\$182	n.a.
Non-Store Retailers	\$38,930,286	\$1,196,954	(\$37,733,332)	3	n.a.	n.a.
Food Service & Drinking Places	\$144,541,206	\$175,657,446	\$31,116,240	206	\$604	n.a.
Subtotal, Non-Automotive	\$1,076,684,307	\$1,242,403,729	\$165,719,422	579	n.a.	295,852

Retail Category	Consumer Expenditures (a)	Retail Supply (a)	(Leakage)/ Injection (a)	Number of Businesses	Estimated Sales/Acre	Supportable Acres
Motor Vehicle and Parts Dealers	\$278,344,428	\$276,806,101	(\$1,538,327)	43	\$15,384,444 (d)	0.10
Gasoline Stations	\$116,793,433	\$89,651,123	(\$27,142,310)	23	\$4,699,797 (e)	5.78
Subtotal, Automotive	\$395,137,861	\$366,457,224	(\$28,680,637)	66	n.a.	6
Net Balance of Trade (f)	\$1,471,822,168	\$1,608,860,953	\$137,038,785	645		
<i>Categories with Leakage</i>	<i>\$749,725,560</i>	<i>\$570,415,759</i>	<i>(\$179,309,801)</i>			

Notes:

- (a) Dollar amounts are unadjusted from their 2017 values.
- (b) Sales per square foot data are based on figures published by HdL ECONsolutions.
- (c) Supportable square footage estimates include a 14 percent non-retail adjustment and a 10 percent vacancy allowance.
- (d) Sales per acre for Motor Vehicle and Parts Dealers are based on the average sales per dealership published by the National Automobile Dealers Association (NADA). The figures assume that an average motor vehicle dealership will range in size between 5.3 and 6.4 acres.
- (e) The estimated sales per acre for Gasoline Stations is based on statewide gasoline station sales and number of establishments in 2017, as published by the California State Board of Equalization (SBOE). The estimate assumes an average of one acre per establishment.
- (f) Total may not equal sum of parts due to independent rounding.

Sources: Esri, 2019; HdL ECONsolutions, 2019; NADA, 2018; SBOE, 2018; BAE, 2019.

Table 5: Retail Gap Analysis, City of Vacaville (Page 3 of 3)

Solano County						
Retail Category	Consumer Expenditures (a)	Retail Supply (a)	(Leakage)/ Injection (a)	Number of Businesses	Estimated Sales/SF (b)	Supportable Square Feet (c)
Furniture & Home Furnishings Stores	\$220,539,773	\$160,238,371	(\$60,301,402)	110	\$310	241,206
Electronics & Appliance Stores	\$216,405,255	\$109,598,771	(\$106,806,484)	69	\$6,215	21,310
Bldg. Matrl., Garden Equip, Supply Stores	\$365,558,284	\$259,216,163	(\$106,342,121)	148	\$305	432,342
Food & Beverage Stores	\$940,682,468	\$891,278,901	(\$49,403,567)	242	\$148	415,325
Health & Personal Care Stores	\$405,372,039	\$225,849,036	(\$179,523,003)	105	\$553	402,911
Clothing & Clothing Accessories Stores	\$419,050,587	\$230,965,205	(\$188,085,382)	220	\$329	708,355
Sport. Goods, Hobby, Book, Music Stores	\$185,557,866	\$107,819,890	(\$77,737,976)	119	\$263	367,219
General Merchandise Stores	\$975,024,330	\$1,312,758,036	\$337,733,706	72	\$292	n.a.
Miscellaneous Store Retailers	\$218,911,191	\$176,399,280	(\$42,511,911)	306	\$182	290,173
Non-Store Retailers	\$172,509,351	\$9,262,761	(\$163,246,590)	20	n.a.	n.a.
Food Service & Drinking Places	\$638,139,087	\$597,928,614	(\$40,210,473)	852	\$604	82,500
Subtotal, Non-Automotive	\$4,757,750,231	\$4,081,315,028	(\$676,435,203)	2,263	n.a.	2,961,341

Retail Category	Consumer Expenditures (a)	Retail Supply (a)	(Leakage)/ Injection (a)	Number of Businesses	Estimated Sales/Acre	Supportable Acres
Motor Vehicle and Parts Dealers	\$1,225,815,673	\$1,105,069,000	(\$120,746,673)	208	\$15,384,444	7.85
Gasoline Stations	\$516,006,386	\$431,023,479	(\$84,982,907)	95	\$4,699,797	18.08
Subtotal, Automotive	\$1,741,822,059	\$1,536,092,479	(\$205,729,580)	303	n.a.	26
Net Balance of Trade (f)	\$6,499,572,290	\$5,617,407,507	(\$882,164,783)	2,566		
<i>Categories with Leakage</i>	<i>\$5,524,547,960</i>	<i>\$4,304,649,471</i>	<i>(\$1,219,898,489)</i>			

Notes:

- (a) Dollar amounts are unadjusted from their 2017 values.
- (b) Sales per square foot data are based on figures published by HdL ECONsolutions.
- (c) Supportable square footage estimates include a 14 percent non-retail adjustment and a 10 percent vacancy allowance.
- (d) Sales per acre for Motor Vehicle and Parts Dealers are based on the average sales per dealership published by the National Automobile Dealers Association (NADA). The figures assume that an average motor vehicle dealership will range in size between 5.3 and 6.4 acres.
- (e) The estimated sales per acre for Gasoline Stations is based on statewide gasoline station sales and number of establishments in 2017, as published by the California State Board of Equalization (SBOE). The estimate assumes an average of one acre per establishment.
- (f) Total may not equal sum of parts due to independent rounding.

Sources: Esri, 2019; HdL ECONsolutions, 2019; NADA, 2018; SBOE, 2018; BAE, 2019.

3.7 Retail Demand Projections

Recognizing that the City of Vacaville is already very well served in most retail categories, it will be important not only to look at existing retail gaps, but at future retail demand for possible opportunities for downtown retail expansion, or, more pointedly, how to identify and capitalize on a void in the market (different from a gap in that a void may be the lack of a district with a sense of place conducive, for example, to specialty food and beverage and entertainment districts). To do this, BAE developed a set of retail demand projections based on an evaluation of citywide and regional population and household growth.

Population Projections

According to the Association of Bay Area Governments (ABAG), the resident population in Vacaville is projected to grow at a rate of roughly 0.6 percent per year through 2040, as reported in Table 6. Based on these estimates, Vacaville is expected to grow to 105,100 residents by 2040, which represents an increase of roughly 12,330 new residents. By comparison, Solano County is projected to grow at 0.9 percent per year, which would equal around 82,350 new residents countywide. The Vacaville-proper growth does not represent enough incremental demand to justify the [re]development of an entire retail district in and of itself; therefore, the strategy must include an expansion of the district's appeal to other Vacaville residents and visitors.

Based on prior experience working with ABAG data, BAE anticipates that the ABAG projections for Solano County and the City of Vacaville are likely to be fairly conservative. As part of a recent annexation study recently completed by BAE on behalf of the City of Vacaville, we identified that Vacaville has historically out-performed the ABAG population growth projections,

[BAE] recommends that the city focus on actions that broaden the appeal of the downtown as a destination for residents from throughout Vacaville, but also position the district to complement but not imitate the commercial activities that exist to the east...

which are largely policy-based, because the city has available land to grow and a political will to do so; whereas many other parts of the Bay Area are much more constrained, both from a land-supply perspective as well as a political perspective. However, due to the ongoing restructuring of the retail sector, it is

likely prudent to rely on conservative estimates of retail spending, recognizing that e-commerce is likely to continue absorbing additional market share, which will reduce the amount of spending that is available to support brick and mortar stores. Thus, the consultant team recommends that the city focus on actions that broaden the appeal of the downtown as a destination for residents from throughout Vacaville, but also position the district to complement but not imitate the commercial activities that exist to the east, such that the downtown can begin to also draw upon demand from residents throughout the region.

Table 6: Population and Household Projections

Characteristic	Historic		Projected					Total Growth (2020-2040)	
	2010	2015	2020	2025	2030	2035	2040	Net Change	Average Annual Rate
City of Vacaville									
Population	93,040	89,930	92,735	96,050	101,160	101,950	105,065	12,330	0.6%
Households	31,090	29,720	30,585	31,585	33,300	33,045	33,585	3,000	0.5%
Persons per HH	2.73	2.74	2.74	2.74	2.74	2.76	2.79	n.a.	n.a.
Housing Units	29,560	30,265	30,265	30,290	30,980	31,020	31,940	1,675	0.3%
<i>SFR</i>	23,410	23,840	23,840	23,840	23,885	23,920	24,315	475	0.1%
<i>MFR</i>	6,150	6,425	6,425	6,450	7,095	7,100	7,625	1,200	0.9%
Solano County									
Population	414,585	414,465	428,305	449,890	470,495	486,840	510,660	82,355	0.9%
Households	141,760	141,105	145,880	153,180	159,380	163,360	169,365	23,485	0.7%
Persons per HH	2.84	2.84	2.84	2.84	2.85	2.88	2.91	n.a.	n.a.
Housing Units	141,180	143,935	144,950	148,735	151,720	157,230	165,075	20,125	0.7%
<i>SFR</i>	108,185	110,485	111,500	114,575	116,335	121,325	126,885	15,385	0.6%
<i>MFR</i>	32,995	33,450	33,450	34,160	35,385	35,905	38,190	4,740	0.7%

Sources: Association of Bay Area Governments, 2019.

New Resident-Based Retail Spending

To estimate new retail spending by Vacaville residents, BAE applied the per capita taxable retail sales figure for Solano County as a whole to the projected net new resident population in Vacaville, as reported in Table 7. The reason for using the Solano County taxable sales figure is that the figure for the City of Vacaville is likely skewed upwards due to purchases made by visitors from throughout the region, where the countywide figure better reflects the spending patterns of local residents. Once estimated, BAE then made a 33 percent non-taxable adjustment to account for retail purchases of non-taxable items, such as fresh produce, prescription drugs, etc. Using this approach, BAE estimates that population growth in Vacaville through 2040 may be sufficient to generate an additional \$195 million in annual resident retail purchases.

BAE estimates that population growth in Vacaville through 2040 may be sufficient to generate an additional \$195 million in annual resident retail purchases.

Table 7: Resident-Based Retail Demand Projections, City of Vacaville, 2020 to 2040

	<u>City of Vacaville</u>
Projected New Residents (2040)	12,330
Taxable Sales per Capita (a)	\$11,897
<i>Non-Taxable Adjustment</i>	33%
Total New Resident Retail Sales	\$195,094,520

Notes:

(a) Based on average taxable sales per capita in retail and food services in Solano County.

Sources: ABAG; ESRI; HdL ECONsolutions; BAE, 2019.

New Spending by Category

Based on the existing distribution of resident spending by category, Table 8 below projects the new retail spending by retail category. In addition to resident-based retail spending, BAE also estimates the injection of additional visitor spending in retail categories with existing net injection of sales citywide, recognizing that visitor-based spending represents an important component of the citywide retail demand pool. Based on the previously discussed retail gap estimates, the categories with additional visitor spending include general merchandise, miscellaneous store retailers, food service and drinking places, clothing and clothing accessories, and food and beverage stores. Based on this methodology, BAE projects an additional \$42 million in additional visitor spending, the largest of which is in general merchandise stores.

Table 8: Retail Sales by Retail Category, City of Vacaville, 2020 to 2040

Retail Category	Existing Sales (2017)		Projected New Sales (2040)					
	Sales	Percent	Resident Spending (a)		Visitor Spending (b)		Total Spending	
			Sales	Percent	Sales	Percent	Sales	Percent
Furniture & Home Furnishings Stores	\$33,694,515	2.1%	\$6,630,871	3.4%	\$0	0.0%	\$6,630,871	2.8%
Electronics & Appliance Stores	\$29,955,901	1.9%	\$6,469,598	3.3%	\$0	0.0%	\$6,469,598	2.7%
Bldg. Matrl., Garden Equip, Supply Stores	\$78,480,841	4.9%	\$11,000,184	5.6%	\$0	0.0%	\$11,000,184	4.6%
Food & Beverage Stores	\$225,596,990	14.0%	\$28,209,408	14.5%	\$1,694,161	4.0%	\$29,903,570	12.6%
Health & Personal Care Stores	\$36,502,501	2.3%	\$12,182,382	6.2%	\$0	0.0%	\$12,182,382	5.1%
Clothing & Clothing Accessories Stores	\$115,565,164	7.2%	\$12,520,693	6.4%	\$2,797,822	6.7%	\$15,318,515	6.5%
Sport. Goods, Hobby, Book, Music Stores	\$24,127,823	1.5%	\$5,558,318	2.8%	\$0	0.0%	\$5,558,318	2.3%
General Merchandise Stores	\$429,980,152	26.7%	\$29,246,162	15.0%	\$27,749,019	66.2%	\$56,995,181	24.0%
Miscellaneous Store Retailers	\$91,645,442	5.7%	\$6,580,468	3.4%	\$5,567,415	13.3%	\$12,147,883	5.1%
Non-Store Retailers	\$1,196,954	0.1%	\$5,160,328	2.6%	\$0	0.0%	\$5,160,328	2.2%
Food Service & Drinking Places	\$175,657,446	10.9%	\$19,159,378	9.8%	\$4,124,553	9.8%	\$23,283,931	9.8%
Motor Vehicle and Parts Dealers	\$278,344,428	17.3%	\$36,895,403	18.9%	\$0	0.0%	\$36,895,403	15.6%
Gasoline Stations	\$116,793,433	7.3%	\$15,481,326	7.9%	\$0	0.0%	\$15,481,326	6.5%
Total All Retail Categories	\$1,608,860,953	100%	\$195,094,520	100%	\$41,932,971	100%	\$237,027,491	100%

Notes:

(a) Total new resident spending is distributed by retail category based on the 2017 distribution of resident expenditures

(b) Visitor spending based on the existing injection of spending by retail category, as reported in Table XX.

Sources: ABAG; ESRI; HdL ECONsolutions; BAE, 2019.

In terms of total resident and visitor spending, BAE estimates a total of roughly \$237 million in new spending citywide. As reported in Table 8, this includes nearly \$57 million of new sales at general merchandise stores, \$37 million at motor vehicle and parts dealers, \$29 million at food and beverage stores, and \$23 million at food service and drinking places. Other retail categories with a significant amount of sales include gasoline stations, clothing and clothing accessories stores, health care and personal care stores, miscellaneous store retailers, and building material, garden equipment, and supply stores, all with between \$10 million and \$16 million of net new sales. While sales in the remaining retail categories are projected to increase by less than \$10 million, these categories may still represent areas of opportunity for capture in downtown.

BAE anticipates that almost 35 percent of the projected new retail demand, or almost \$82 million in new retail spending, will be in retail categories that could represent a good fit for the downtown. This includes furniture and home furnishings; electronics and appliance stores; health and personal care stores; clothing and clothing accessories; sporting goods, hobby,

BAE anticipates that almost 35 percent of the projected new retail demand, or almost \$82 million in new retail spending, will be in retail categories that could represent a good fit for the downtown.

book, and music stores; and food service and drinking places. Nonetheless, much of this projected demand is likely to be absorbed by general merchandise retailers, as well as the larger regional and national brand stores located at other shopping centers in Vacaville.

Retail Demand by Category

Based on the total new spending by retail category, Table 9 below converts these figures to supportable square footage and acreage estimates. Assuming typical sales per square foot by retail category, plus an assumed vacancy rate and non-retail adjustment, BAE estimates that population and visitor growth through 2040 may be sufficient to absorb approximately 808,000 square feet of non-automotive retail space and nearly six acres of automotive oriented businesses.⁹ The distribution of supportable square feet by retail category naturally reflects the distribution of consumer spending discussed above. As such, the general merchandise and food and beverage store categories account for the majority of the new space, at almost 500,000 square feet, or around 60 percent of the total. Meanwhile, BAE estimates that there may be demand sufficient to absorb around 230,000 square feet in retail categories that are generally appropriate for a more urban, walkable downtown environment. This includes furniture and home furnishings; electronics and appliance stores; health and personal care stores; clothing and clothing accessories stores; miscellaneous store retailers;

⁹ Please note that most automotive vehicle dealerships typically require around five or more acres of land to accommodate the average new car dealership, though many used car dealerships and automotive supply stores require considerably less.

and food and drinking places. Much of this citywide demand will likely be absorbed by other shopping centers in Vacaville, and through other retail shopping channels, like e-commerce.

Table 9: Future Retail Demand by Retail Category, 2020 to 2040

Retail Category	Net New Spending (2040)	Sales Per Square foot	Net New Demand Square Feet (a)
Furniture & Home Furnishings Stores	\$6,630,871	\$310	26,523
Electronics & Appliance Stores	\$6,469,598	\$6,215	1,291
Bldg. Matrl., Garden Equip, Supply Stores	\$11,000,184	\$305	44,722
Food & Beverage Stores	\$29,903,570	\$148	251,393
Health & Personal Care Stores	\$12,182,382	\$553	27,341
Clothing & Clothing Accessories Stores	\$15,318,515	\$329	57,692
Sport. Goods, Hobby, Book, Music Stores	\$5,558,318	\$263	26,256
General Merchandise Stores	\$56,995,181	\$292	242,034
Miscellaneous Store Retailers	\$12,147,883	\$182	82,918
Non-Store Retailers	\$5,160,328	n.a.	0
Food Service & Drinking Places	\$23,283,931	\$604	47,772
Subtotal, Non-Automotive	\$184,650,761		807,942

Automotive and Gasoline	Net New Spending (2040)	Sales Per Acre	Net New Demand Acreage
Motor Vehicle and Parts Dealers	\$36,895,403	\$15,384,444	2.40
Gasoline Stations	\$15,481,326	\$4,699,797	3.29
Subtotal, Automotive	\$52,376,729		5.69

Note:

(a) Based on the estimated sales per square foot by retail category, plus a 10 percent vacancy rate and 14 percent non-retail adjustment.

Sources: ABAG; ESRI; HdL ECONsolutions; BAE, 2019.

If the downtown maintains its existing share of the citywide retail inventory, the downtown may experience demand sufficient to absorb around 32,375 square feet of retail space in the categories listed above. If the downtown were to increase its share of the citywide retail inventory to be comparable to that documented in Livermore, the downtown would be able to absorb up to 45,865 square feet of retail space. However, please note that much of this demand likely should and will be absorbed within existing ground floor retail spaces within the downtown, assuming that the existing office uses relocate to alternative spaces within the district, such as second floor office spaces or spaces located in less prime retail locations. Therefore, the likely opportunities for expanding the retail stock in the downtown are limited and should be focused on filling gaps in the local retail inventory

If the downtown maintains its existing share of the citywide retail inventory, the downtown may experience demand sufficient to absorb around 32,375 square feet of retail...If the downtown were to increase its share of the citywide retail inventory to be comparable to that documented in Livermore, the downtown would be able to absorb up to 45,865 square feet of retail space.

(i.e., providing spaces that are sized and configured in ways that are not otherwise available in the downtown), such as class A and B retail shells and modern restaurant and bar spaces.

3.6 Comparison to Other Peer Cities

Many communities are showing renewed interest in their historic downtowns, often as a way to better define the community and as an economic development driver. Vacaville, which has a centrally located downtown with some worthy historical elements, is no different. Therefore, the Vacaville community may be able to learn from the recent experiences of other peer communities who have faced similar issues and have developed effective strategies for reinvigorating their historic downtowns with new commercial and cultural vibrancy. For the purposes of this research, the consultant team chose to compare Downtown Vacaville to the recently revitalized downtown districts of Petaluma and Livermore. While there is likely more that Vacaville can learn from these other communities, the consultant team's main focus was on identifying key pieces of their strategy, which are summarized below. Recognizing Vacaville's unique assets, the discussion also touches on lessons learned from the community of McKees Rocks, Pennsylvania, which leveraged a historic theater similar to the DeVille Theater as a cornerstone of its downtown revitalization efforts.

Business Recruitment Targets

It is worth noting that neither of the two main cities researched here did they put forward a specific list of businesses or business types that they want to recruit. Rather, the revitalization efforts are focused on creating a clear sense of place that is dynamic and attractive to visitors and residents. To the extent that they do identify desired uses, they keep it general by indicating that they want more housing, retail, entertainment, and job generating uses. The apparent risk in creating a list of business recruitment targets is that it is inflexible and doesn't easily recognize shifting realities and market conditions. If they were to say that the downtown needs an ice cream store and they didn't get one, some in the community could argue that process had failed, even if they had been successful at generally creating a vibrant district.

Demographic comparison

From a demographic perspective, Vacaville has a larger population than either Petaluma or Livermore (see attached demographic comparison in Appendix C); however, Livermore has a higher median and per capita income and average education levels, and not surprisingly it over-indexes on spending in all categories as compared with Petaluma and Vacaville. Vacaville is more ethnically diverse than its peer cities, and it also has a comparatively larger percentage of workers in the service sector, which is not surprising given the size of Vacaville's retail sector.

Tapestry Segmentation Comparison

Vacaville’s “tapestry segmentation” provides some interesting additional insight.¹⁰ The three most commonly occurring tapestry segments in Vacaville, shown below, offer some striking contrasts. For example, the income distribution among the highest occurring segments appears to be somewhat bi-modal (incomes between \$35,000-\$200,000+ for the city overall fall into a predictable bell curve distribution) with debt burdens noted for the “Soccer Moms” and the “Front Porch” groups, but not for the “Home Improvement” group. We also see that commodity retailers are noted where shopping patterns are discussed. There is little mention of food & beverage, other than chain restaurants such as Chili’s and Panera, with no mention of specialty dining.

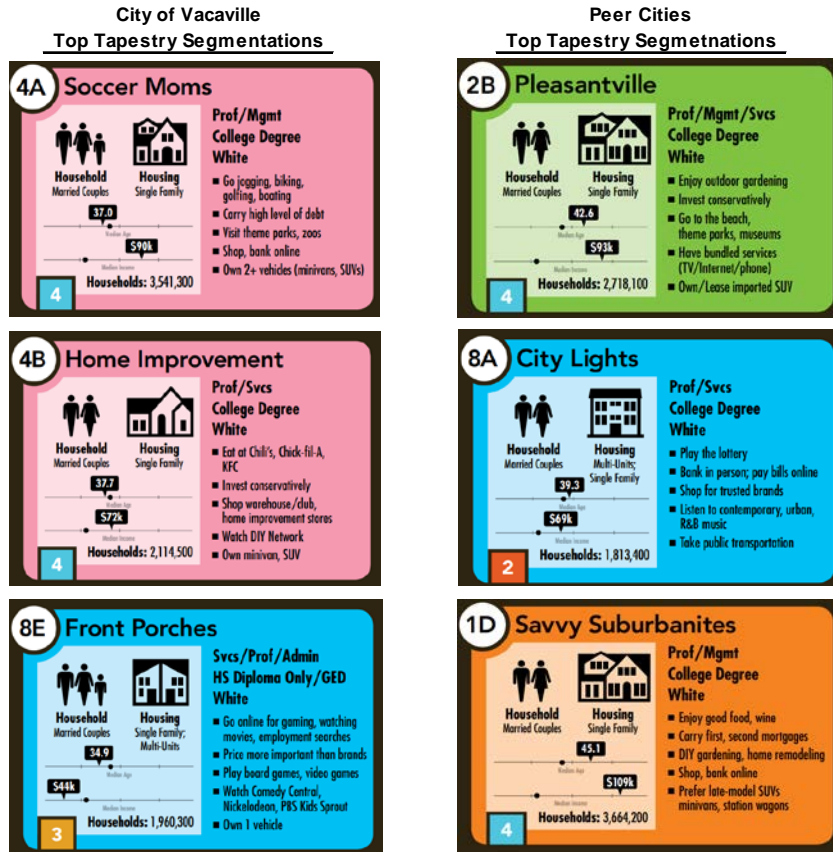
By comparison, the top three tapestry segmentation categories for Petaluma and Livermore are somewhat more up-scale, including City Lights, Savvy Suburbanites, and Pleasantville. These households have a somewhat greater degree of buying power, compared to those identified in Vacaville. As reported in Appendix D, these segmentations index higher in almost all retail categories compared to the three top segmentations in Vacaville. Some of these consumers, like the Savvy Suburbanites, are highly interested in innovative and fine dining, as well as natural and organic foods. They are interested in gardening and home remodeling, both DIY and professionally installed, where the top Vacaville segmentations are more DIY focused. Like many Vacaville households, those in the peer cities are still quite price conscious, seeking out well known national brands and price comparison shopping via online channels, though these households may also be more likely than Vacaville households to engage in specialty shopping.

The combination of high debt loads, a tendency towards DIY, and turning to on-line channels for entertainment indicate that creating a critical mass of specialty retail in Downtown Vacaville led by food & beverage, relying only on Vacaville residents as the demand generator for this retail, may be a challenging undertaking. While ensuring that the downtown appeals to Vacaville residents will be an important component of the strategy, a branding statement and marketing program that reaches beyond Vacaville residents will likely be an important component of a successful downtown Vacaville revitalization.

...ensuring that the downtown appeals to Vacaville residents will be an important component of the strategy, a branding statement and marketing program that reaches beyond Vacaville residents will likely be an important component of a successful downtown Vacaville revitalization.

¹⁰ Esri’s tapestry segmentation leverages robust data on the demographic and socioeconomic characteristics of U.S. households to develop tailored profiles of consumer characteristics that are often used in the retail industry to better understand the wants and drives of consumers within a given market area. For more information on how the Esri tapestry segmentation profiles are developed, please visit <https://doc.arcgis.com/en/esri-demographics/data/tapestry-segmentation.htm>.

Figure 10: ESRI Demographic Tapestry Segmentation, Comparison Cities



Sources: ESRI, Tapestry Segments, 2019. More information available [here](#).

Comparison of Strategy

Petaluma's and Vacaville's downtowns are more similar in size than either is to Livermore, which has a physically larger downtown area. Like Vacaville, Petaluma's downtown was never abandoned, but was generally under-utilized. In Petaluma, a local developer-initiated development of a large (for the area) mixed-use project including residential, ground floor retail uses, and a movie theater on a large piece of land between the historic town square and the Petaluma River. It was these projects, Theater Square, Waterfront Apartments, and Basin Street Landing (and the movie theater in particular as a destination draw), that started a

A key element of Petaluma's success was to have a pivotal project that demonstrated that there was demand in the market for downtown amenities and signaled to other property and business owners what could be accomplished with attention to quality and a forward-thinking vision.

wave of redevelopment projects in the downtown area that continues nearly 15 years later. A key element of Petaluma’s success was to have a pivotal project that demonstrated that there was demand in the market for downtown amenities and signaled to other property and business owners what could be accomplished with attention to quality and a forward-thinking vision. It is important to note that like Vacaville, Petaluma has a successful freeway-oriented outlet shopping center that pre-existed its downtown revitalization.

Figure 11: Overview of Downtown Petaluma



Sources: City of Petaluma, 2019.

In contrast, Livermore created a Downtown Specific Plan that clearly identified its underutilized central business district as *the area in the city for public infrastructure investment and the removal of barriers to redevelopment*. Livermore laid out a clearly articulated and deliberate strategy in its Downtown Specific Plan that includes, among others, the following key elements and strategies. Notably, these align closely with the “planning drivers” identified by the ESA team that is preparing the Vacaville Downtown Priority Development Area Specific Plan.

...Livermore created a Downtown Specific Plan that clearly identified its underutilized central business district as the area in the city for public infrastructure investment and the removal of barriers to redevelopment.

- State a clear purpose, “Revitalize Downtown as the most public district in the city, the indisputable functional, symbolic, and activity “heart” of the community.”
- Bring Livermore’s distinctive visual character to the surface.
- Make Downtown a part of the regional economy.

- Promote the concentration of activity-generating uses in a compact cluster in the center of Downtown.
- Direct investment to Downtown through a variety of strategies.
- Maximize investment of new housing construction in the Downtown Planning Area.
- Transform the character of Downtown’s pedestrian spaces through a variety of strategies.
- Focus immediate attention on opportunity sites capable of delivering dramatic short-term change. (Note that this is what the mixed-use project cited above did for Petaluma.)
- Identify and target uses with a wide regional appeal.
- Build on the existing, high-quality historic structures in the Downtown Planning Area.
- Enhance access and parking convenience.
- Revive Downtown as a primary job center and concentrate civic uses in the Downtown area.

Key Lessons Learned for Vacaville

Both Petaluma and Livermore’s experiences provide take-aways for Vacaville. For example, Vacaville has a larger mixed-use project that has been proposed; although it is unlikely that the East Main project will have the same pivotal impact on Downtown Vacaville as in the Petaluma example, it is a step in the right direction. Similarly, the DeVille Theater is not likely to have the same impact that a multi-screen cinema would have (the Brendan theater is a bit too far from Downtown to really be a walkable asset for the core downtown district); however, it can be an important component of the downtown’s entertainment industry in the same way as the Mystic Theater in Petaluma which specializes in live performances. Meanwhile, Livermore’s well-articulated plan is worthy of careful study by the City of Vacaville. It started with a clear definition of expectations for the downtown, “Revitalize Downtown as the most public district in the city, the indisputable functional, symbolic, and activity ‘heart’ of the community.” The plan then laid out the strategies and steps needed to achieve this vision. We recommend this approach for Vacaville. Simply put, an effort that will likely span 15 to 20 years needs a clearly articulated “thesis sentence” that reflects the sentiments of the community and has a broad base of support amongst stakeholders and the community.

Figure 12: Proposed East Main Project Sites



Sources: City of Vacaville, 2019.

Another interesting analog to the DeVille Theater is the ULI Advisory Services Panel that was conducted for McKees Rocks, Pennsylvania. In the case of McKees Rocks, an underutilized downtown was anchored by the Roxian Theater, a music venue that had been closed for some time. The panel made a number of recommendations for the rejuvenation of McKees Rocks' Downtown district that may be instructive for Vacaville including:

- Adopt more innovative thinking about what happens within the planning area. For example, think of new ways to attract retail, and office businesses. In addition, consider how best to implement the plan that showcases the unique characteristics of the planning area.
- Parking should not be a driver for any development. Eventually, having a parking supply issue will signal that a great place has been developed. This is something that should be considered over the longer term and addressed at a later date. Parking minimums should not be included with future zoning efforts.
- Thoughtful zoning should be completed to encourage the highest and best use of land and should establish strong, separated mixed-use (retail, office, residential).
- Improve the branding to embrace the community's existing characteristics. The name should reflect uniqueness and character.
- Locate a public plaza or square where key gateways meet.

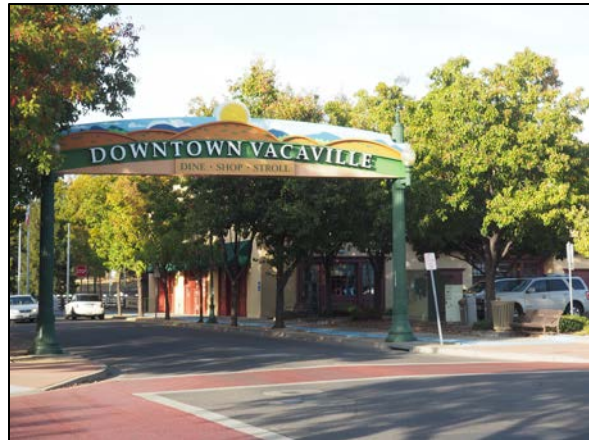
- It is critical to finish the theatre and leverage it with adjunct uses as a focal point for events and future programming.
- The Community Development Corporation (CDC) should help establish a small business association to encourage specialty retail use.
- The CDC should conduct a demonstration project of model housing rehabilitation.
- Land use changes should be made through zoning as necessary.
- Offer strategic incentives to companies to encourage growth that will become a solid tax base, but the government should not give away so much that the incentives outweigh the community benefits.
- Consider relocating civic buildings to the commercial center/downtown.
- Signature businesses should be encouraged to relocate to downtown.
- Using zoning constraints, local building codes, and requirements for special-use permits, to force undesirable uses away from key areas in the downtown district.
- The CDC should take a strong interest in making sure that property owners take an active role in curating a mix of specialty uses. Furthermore, this focus on specialty retailers may mean that more locally owned than chain businesses are sought.
- Local entrepreneurs may need some additional support, and the CDC can cultivate and support local entrepreneurial endeavors.
- Active uses, well-articulated buildings, and a varied streetscape that incorporates features such as parks or parklets with commercial uses are all strategies for having lively streets. As a rule, inactive uses can be incorporated with active ones so long as they do not create excessive voids that break the flow as one travels down a street.
- Mixed-use projects can help promote vitality and even define a neighborhood, however, they should be undertaken with caution because integrating different uses into the same project is complicated and can result in space that does not function well for any of the intended users.
- Create temporary pop-ups in vacant lots. Shipping containers could be used and would emphasize the uniqueness of the area.

RETAIL STRATEGY RECOMMENDATIONS

Based on the research and analysis summarized above, the consultant team recommends that stakeholders, including the city, the DVVID, property and business owners, and residents and downtown champions consider implementation of the following strategies to achieve what the city and community have identified as their goals for the Downtown Planning Area.

The recommendations are structured based on the understanding that the city's role in downtown revitalization is to facilitate creation of a cohesive vision and to work with stakeholders to develop corresponding policy guidelines that position the downtown so that it becomes a competitive option for the right assortment of active uses.¹¹ While some readers may prioritize the need for a list of business development and recruitment targets (i.e., businesses or business categories that the community should target for the downtown), which is covered in subsection 4.4 below, the consultant team considers these to be lower priority compared to the more foundational work discussed elsewhere in the recommendations.

In the near-term, the city and its partners should focus on developing a cohesive vision for what the downtown can and should be, as well as making physical improvements consistent with that vision that enhance the district's competitive advantages and differentiate it from alternative retail destinations in Vacaville. Examples include working to improve the retail stock to be more functional for contemporary retail businesses, making improvements to the streetscape that create and reinforce a pedestrian friendly atmosphere and the district's unique identity, developing and improving the district's connectivity, and implementing strategies to increase visibility of the downtown area. As the city pursues these higher priority objectives, it can use the retail recruitment targets to help evaluate opportunities as they arise, recognizing that both the demands of the market and the needs of the district will change over time. The ultimate goal is to help ensure that the city has put in the necessary effort and is adequately prepared when opportunity knocks (i.e., success in the retail industry exists where the community's careful and thoughtful preparation intersects with market opportunities).



Source: BAE, 2019.

¹¹ Note the use of the term “guidelines” and not “requirements” or “prohibitions” as conditions will surely continue to evolve over the implementation period.

Based on the approach summarized above, the recommendations presented here reflect a few elemental themes which the consulting team considers crucial for creating a diverse, vibrant, and thriving retail and commercial district. These include:

1. Create a Vision - Public/private partnerships, specific plans
2. Focus – Concentrate demand to reach critical mass
3. Create connections
4. Create pedestrian friendly environments
5. Encourage active building facades & outdoor uses
6. Manage for change
7. Be an Advocate – every revitalization needs a champion
8. Be extremely lucky ... in an opportunity meets preparation kind-of-way

4.1 Articulate a Clear Downtown Vision

As was implemented effectively in the Livermore example, the first crucial step in any successful revitalization program is the articulation of a clear driving vision of what the downtown should be, and what it should include and not include. The vision should clearly state how the community intends to differentiate the downtown from other alternative retail destinations in a way that is aspirational and does not simply describe the existing built environment and tenant mix. Based on this vision, the community should establish a clear brand for the downtown that can differentiate it from other commercial districts, both within the city and regionally. This differentiation is crucial in an era in which consumers have many alternative channels and destinations to choose from. They must, therefore, consciously choose to come to Downtown Vacaville. If the value proposition for making that decision is not clear, they will choose to go elsewhere.

The other benefit to articulating a clear vision statement, which should be the first task of any revitalization effort, is that the vision facilitates prioritization of improvements and programmatic interventions. Because the downtown is already largely built-out and there are limited new infill development and redevelopment opportunities, the opportunity to generate incremental revenue for new improvements and programs is limited. Therefore, the community must prioritize actions and interventions in ways that facilitate and maintain progress by achieving near-term goals while simultaneously positioning the district to capitalize on longer-term opportunities as they arise (i.e., luck equals opportunity plus preparation). This is the focus of outreach meetings currently planned for October as part of the Downtown Vacaville Priority Development Area Specific Plan development process.

Should the Downtown Be Resident or Visitor Oriented?

As part of the community's vision for the downtown, stakeholders should consider and clearly determine whether they want the downtown to be primarily resident- or visitor-focused. Recognizing that the City of Vacaville is already well served by visitor-oriented retail, the consultant team recommends focusing downtown revitalization efforts on

establishing a core commercial district that is attractive as a daily and weekly destination for Vacaville residents (i.e., functions as a community resource first and foremost). However, the community must also recognize that to achieve the desired level of vibrancy, retailers will need to also need to capture some supplemental demand from visitors from throughout the broader Vacaville area, though this is to be differentiated from the true regional draw of the Vacaville Premium Outlets.

The reasons for this approach are threefold. First, the city already has a substantial inventory of visitor serving retail; therefore, focusing on visitors offers fewer opportunities for clear differentiation than does a general resident focus. The risk of a dual focus on both residents and visitors is that it can water down the brand, which can hinder progress. Clear differentiation of the downtown as a unique and desirable destination will be key to the long-term success of the specific plan and revitalization efforts. Second, focusing on residents can help to ensure that the district is authentic and unique, reflecting the sensibilities of Vacaville residents. Third, it can also help to ensure that the district is more resilient to the effects of long-term economic cycles, as visitors from outside the area have more alternatives and can choose not to come to Vacaville, while the resident consumer base will always be present.

This is not to say that a resident-oriented downtown cannot also be attractive to visitors, but rather that the downtown revitalization strategy should rely on residents as a primary driver of its brand identity. Nonetheless, as identified in prior analysis, the resident psychographics, along with other data, indicate that resident spending may not be adequate to fully support the robust downtown environment that the community would prefer. It will likely then be necessary for the community to also appeals to visitors from nearby communities who can augment local purchasing power.

4.2 Coordinate Marketing and Programming

Based on a clearly articulated vision for the downtown, stakeholders like the city, the DVBD, and property/business owners, should develop a comprehensive and coordinated marketing program that clearly identifies the community's approach to refining and promoting the Vacaville Downtown brand. This marketing program should clearly articulate how the community plans to leverage marketing tools to generate awareness about what Downtown Vacaville has to offer. For example, it should build upon and implement the wayfinding and signage strategy identified in the Downtown Specific Plan. It should also incorporate a robust and diversified digital media strategy that can help to draw consumers into the downtown area, recognizing the limitations of traditional wayfinding and monument signage.

Create a Digital Media Strategy

Stakeholders should clearly identify a digital media strategy, including website development and maintenance, and approaches to social media marketing and influence development. Examples of communities that are doing this well include the

cities of Berkeley, Calistoga, Sacramento and Seattle. Additional resources are available through a variety of economic development organizations, such as Main Street America, among others. The digital media strategy should be closely tied to and leverage the district's physical and commercial assets. For example, many social media influencers promote favored locations through the creation of curated photos that they post to platforms like Facebook and Instagram. Part of the community's approach to physical improvements should be to create opportunities for local and visiting influencers to highlight the downtown in an organic way, by creating physical spaces and a unique community character/sense of place, that is conducive to Instagram "snaps." Many communities, like Sacramento and Modesto, are doing this through mural programs and public art installations, though others have done so through design forward architectural standards. For example, the city could work with local artists to install new public art displays throughout the Town Center and along Main Street. The city could also work with artists and private property owners to identify locations throughout the downtown that would be good locations for mural projects, which provide good visibility and where the improvements help to enhance the way in which consumers experience the downtown.

Make Wayfinding a High Priority

Stakeholder interviews identified a lack of visibility as one of the core challenges faced by businesses in Downtown Vacaville. Due to its location, which is separated from the freeway by newer and lower density development, most visitors to Vacaville and passersby on I-80 are unaware that Vacaville even has a downtown district. Similarly, the internal roadway network in Vacaville generally directs traffic away from the downtown, such that many Vacaville residents and visitors have little idea of what Downtown Vacaville has to offer. In order to achieve successful revitalization, Downtown Vacaville needs to increase consumer awareness. This includes way-finding resources to drive traffic *towards*

Downtown as opposed to the status quo, making consumers, both residents and visitors, aware that Downtown Vacaville exists and that it is a unique and attractive place that is worthy of their time and money.



Source: BAE. 2019.

To do this, the community should make comprehensive wayfinding improvements a first-tier priority for implementation of the Downtown Specific Plan. These should also be coordinated with mid-term and long-term streetscape improvements and reconfiguration of monuments that can more clearly delineate the downtown boundary and identify key downtown gateways, such as the intersection of Mason Street at Depot Street, Davis Street, and Merchant Street, and the intersection of East Monte Vista Avenue at Depot Street and Dobbins Street.



Source: BAE, 2019.

The consultant team also recommends coordinating the wayfinding strategy and streetscape improvements to funnel visitors to a small number of key commercial nodes with the goal of concentrating commercial demand in the near-term. These mainly include the places where Main Street intersects with Davis, Merchant, Dobbins, and Parker Streets. If the East Main project moves forward, the city may also want to consider how the retail included in that project should be incorporated into the plan. The consultant team recommends that the city try to focus commercial activity into as small an

area as possible to start. Good candidates for this initial focus include the Town Center, as well as the intersection of Davis and Main Street, which is a key gateway for the district. As the district gains traction, the wayfinding strategy should be updated to broaden the network, acknowledging the broadening of commercial activity to other key nodes within the downtown.

The city also needs to reconsider the current approach to freeway-oriented signage that promotes the downtown. As it stands, the signage is barely visible and is easily lost among an array of other visual distractions. To be effective, the signage should be clear, attractive, consistent with the downtown brand, and easily distinguishable/readable, especially by potential consumers traveling at speed along the I-80 corridor. The signage should provide enough information, either in text or other cues, to get people to the downtown efficiently.

Programming is an Extension of the Brand

The City of Vacaville and the DVBID have been quite successful in recent years at developing a robust calendar of planned events. Nonetheless, stakeholders identified expansion of the events calendar as an opportunity area. The consultant team



Source: BAE, 2019.

recommends approaching each event on the calendar as a key element of the downtown marketing strategy. Each event represents an opportunity to expose people, both residents and visitors, to what the downtown has to offer and to create new informal “brand ambassadors.” The brand ambassador concept is one that is used in many culturally oriented retail market segments and functions similar to the influencer model. This model is currently being used with some success in Calistoga to enhance the community’s visibility on social media. The goal is for participants at downtown events to not only enjoy the event but to “discover” for themselves what the downtown has to offer. If this strategy is successful, they then become a component of the

marketing strategy, as they enthusiastically tell their friends, family, and colleagues about their positive Downtown Vacaville experience, through in-person and social media communications.

With this approach in mind, event organizers should steadfastly adhere to the goal of incorporating as many downtown businesses and organizations into the event as possible. For example, to the extent possible, organizers should work directly with, or at least coordinate with, the operator of the DeVille Theater to secure performance artists for events, or at a minimum try to ensure that the public event complements and does not directly compete with activities taking place at the theater. Similarly, public events should try to highlight local businesses, such as local breweries and restaurants, versus bringing in vendors from outside the community that compete with downtown businesses. Lastly, consider expanding the events calendar to include a variety of smaller events that require less overhead and coordination, such as small pop-ups, sidewalk sales, art walks, wine and beer expos, etc. This will help to build the downtown’s reputation as a dynamic, active retail and entertainment destination.

Help Residents Rediscover Downtown

A handful of business owners, predominantly restaurants and other food service providers, highlighted the “Genentech Goes To Town” program as a method for increasing the exposure of residents and workers to the downtown. Stakeholders report that the program is an ongoing partnership between Genentech, a local employer, and the DVBID. For at least the last twenty years, Genentech employees have been given “Genenbucks,” which can be redeemed at any participating downtown merchant. The merchants turn in the “Genenbucks” to the DVBID who gets refunded by Genentech. According to city documents, this program spurs roughly

\$25,000 in downtown spending over a two-week period every September and provides an incentive for Genentech workers to visit the downtown. Similar programs are quite common in communities where there are distinctive large businesses or institutions. For example, UC Davis coordinates with businesses in the downtown to allow students to use their meal plans to purchase food and other items at off-campus businesses. This highlights an opportunity to work with other Vacaville businesses or organizations to replicate and/or expand this or similar programs.

4.3 Public Improvements and Services

The key to creating a desirable downtown commercial environment is creation of a distinct identity. As one stakeholder described it, the downtown currently lacks the sense of “romance” that would make it a more desirable place to spend time and, by association, shop and dine. Fortunately, the downtown already has many of the elements that are necessary to create a sense of “romance,” like visually interesting historic buildings, open space, a natural creek, and a human-scaled main street environment. However, stakeholders also indicated that there is an unwillingness to walk even short distances among many visitors in part due to poor pedestrian infrastructure and connectivity between downtown destinations. Other improvements that may also help to improve the desirability of the district include improved night time lighting, additional street furniture, an expanded street tree program, and a renewed creek walk program, among others. Other public improvements, particularly those pertaining to transportation, will also make it easier for consumers to get to the downtown, which helps to break down many of the psychic boundaries that keep people away.

Placemaking in the Core Downtown

Streetscape improvements along Main Street and Merchant Street, the expansion of the Town Center, and improvements at the intersection of Main Street and Davis Street, should be top priorities for the Downtown Specific Plan, from a retail development perspective. The purpose will be to improve the built environment to create an attractive and dynamic pedestrian environment that enhances the district’s character and contributes to the creation of the “romantic” character that the district currently lacks. These improvements should include additional street trees and street furniture, as well as outdoor dining spaces. Resurfacing of the streetscape in some locations



Source: BAE, 2019.

may be helpful in creating an environment where pedestrians feel comfortable crossing the street wherever needed (i.e., mid-street crossings), versus having to go out of their way to find a safe crossing. The city and the DVBID will also want to coordinate with the local arts community to incorporate street art and murals throughout the downtown core. An effort should also be made to emphasize the uniqueness of key nodes within the downtown in a way that complements the goal of concentrating commercial activity in the near-term. Locations that may be most appropriate for this include the “triangle” area along Main Street from Town Center to Dobbins and down Merchant Street, the intersection of Main Street and Davis Street, and the block of Main Street between Dobbins Street and Parker Street.

Pedestrian and Bicycle Connectivity

In addition to pedestrian improvements within the downtown core, additional pedestrian and bicycle improvements that improve connectivity with surrounding neighborhoods will also help to enhance the attractiveness of the downtown as a daily and weekly destination for Vacaville residents. Upgrading the downtown bicycle infrastructure and ensuring that it is well connected to the rest of the citywide and regional bicycle network will also allow the downtown to enhance its role as a hub for active recreation. For example, one of the key strengths of the Winters’ downtown, which is often cited as an inspirational case study, is that it is an attractive place to spend time with friends either before or after a long run or bike ride. This can benefit not only the local athletic stores, like Fleet Feet and Ray’s Cycle, but can also local coffee shops and restaurants, as well as other businesses.



Source: BAE. 2019.

Increase Connectivity Through Ridesharing

Another method to improve connectivity may be to work with ride-share providers to subsidize the cost of rides to downtown. This idea has been implemented in other cities to increase connections between specific neighborhoods and transportation centers. The Solano Transportation Authority already runs a Lyft first/last mile program for employees within the County who use Amtrak’s Capitol Corridor service. The program offers an 80 percent reduction on any Lyft ride to or from any Solano County Capitol Corridor station and a Solano County employment destination. While this program aims to increase mass transportation ridership for commuters, other cities have implemented similar “geotagging” programs to

incentivize residents to visit certain neighborhoods. For example, Monrovia, California, formed a partnership with Lyft to reduce the cost of ridership within the city, called “GoMonrovia.” For any ride within the city, Lyft users are charged only \$5.00 per ride; however, if users are traveling to the Old Town commercial district or the train station and are willing to share a ride with other users, they are only charged \$1.00. In addition to Lyft rides, the program also works with Lime Bikes to improve micro-mobility options throughout Old Town and other portions of the city.

Lighting for Safety and Ambiance

One public infrastructure deficiency highlighted by several stakeholders is the lighting within the downtown. As a result, stakeholders mentioned a lack of perceived safety due to the insufficient lighting in downtown. Part of the issue is that most of the ground floor retail spaces do not provide after-hours window lighting. One option to increase lighting within downtown is to work with owners of ground floor retail spaces, and the businesses that occupy those spaces, to encourage them to stay open later into the evenings and to leave a portion of their store lights on even during non-business hours. This could be done using timers that keep lights on during set periods. Assuming that the necessary resources are available, the city could also consider a pilot program that at least partially offsets utility costs for businesses and property owners. The goal is that over time, the increased commercial activity will eventually offset the costs associated with improved lighting. In addition, stakeholders specifically requested that the city and the DVBID work to improve the quality and quantity of public lighting fixtures throughout the downtown to improve the perception of the downtown as a commercial destination that is safe and desirable.

Outdoor Seating and Parklets

Downtown stakeholders highlighted the need to permit and incentivize more outdoor seating for restaurants and cafes. Only a small handful of downtown businesses have outdoor seating, which is typically set back from the main street frontage (e.g., Los Reyes, Pure Grain Café, and Fuso Ristorante). While the existing sidewalks may not be wide enough to accommodate outdoor seating at every location in downtown, the city should actively promote outdoor dining at key activity nodes. This includes the northern corner of Main Street and Davis Street near the entrance to the



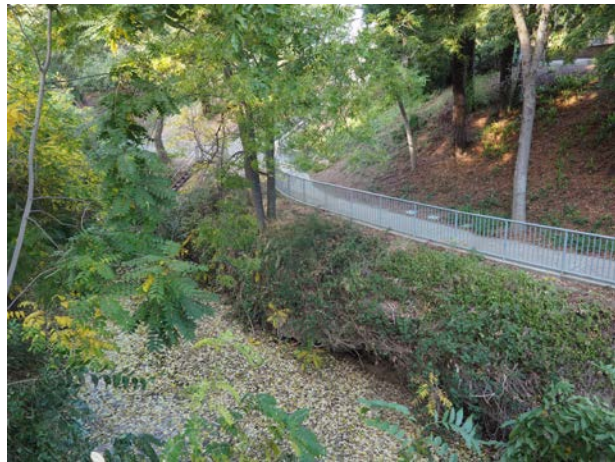
Source: BAE, 2019.

Creek Walk and Andrews Park, as well as other key intersections at Main Street and Elizabeth Street and Main Street and Parker Street.

In addition to accommodating outdoor dining on existing public sidewalks, the city and the DVBID should also consider facilitating the creation of parklets for businesses interested in having outdoor seating. A parklet typically converts on-street parking spaces to lounging or dining space. The city already has had one pilot parklet program in front of La Borgata Italian Deli. According to stakeholder interviews, the parklet was successful in activating the street but because the deli operates predominantly during lunch hours, the program would likely have an even bigger impact for businesses open during the evening. The provision of outdoor dining during the evening would enhance the patron experience, the pedestrian environment, and potentially improve the perceived safety of downtown due to increased presence of patrons in public spaces.

Leverage the Proximity to the Creek

As in many other communities, Vacaville has historically undervalued its watercourses, including Ulatis Creek. However, many communities have discovered the value of moving water as an important scenic feature that can be a major asset for placemaking purposes. While the city has made major improvements along the creek, including Andrews Park and the parking along East Main Street, there are additional opportunities to leverage proximity to the creek. One example of a community that has successfully done this is San Luis Obispo, which made its downtown creek way a main focal point of its urban dining scene. One key near-term opportunity includes better utilization of the existing outdoor space associated with the building located on the north side of the intersection of Main Street and Davis Street, which currently houses The Point Bistro and Cantina.



Source: BAE, 2019.

Parking Management

The location and availability of parking within the downtown area was a frequent topic of discussion with local brokers and business owners/managers. Some downtown businesses stated that the perceived low inventory of downtown parking is driving away potential customers. These businesses say that the solution is an expanded inventory of parking spaces, either through new surface parking lots or a city-funded parking garage. Despite this perspective, a larger number of businesses and stakeholders interviewed for this research indicated that the solution is better management of the existing parking supply to improve parking availability.

Based on information provided by DKS, the inventory and occupancy rates of downtown parking spaces seem sufficient to accommodate future downtown parking needs. For this reason, the city should begin by improving the management of the existing on-street and off-street parking lots. This should include programs to ensure that employees of downtown businesses park in designated parking lots versus on the street in front of businesses, thus leaving those spaces open for customers. This can be achieved through more consistent parking enforcement, something downtown stakeholders suggested is not regularly implemented. The city should also improve wayfinding within the downtown to clearly identify public parking lots. This could also dovetail with the downtown branding strategy (e.g., creative naming of lots, use of imagery, etc.). In addition, the city may consider implementing a parking technology system to highlight the available parking spaces and potentially integrate with a phone application to show real-time parking availability. Another option is better coordinate street parking, city lots, and private parking lots through a shared parking strategy.

4.4 Business Development and Recruitment

Recognizing that the goal of the retail strategy is to enhance the number, variety, and quality of the retail establishments located in the downtown area, the consultant team recommends taking a two-pronged approach to business development. Wherever possible, the preferred approach should be to support the establishment and expansion of existing and new businesses that have roots in the Vacaville community. Nearby Winters is a good example of a community that has supported its local entrepreneurs and developed a robust, if small, locally branded retail destination. Other small to medium sized communities that have a base of local and regional retailers have also done this, include Lodi and Petaluma, among others. This is generally preferred over the recruitment of businesses from outside of the community, as such businesses contribute to the local character and facilitate placemaking in the district. However, there are also opportunities to strategically recruit businesses into the downtown which complement the desired tenant mix (e.g., specialty retailers, art galleries and music venues, high quality fast casual and mid-to-upscale dining, places to “linger” such as coffee houses, etc.). This can be particularly powerful in cases where recruitment targets represent recognizable regional brands that maintain a reputation for product quality. These businesses can often function as a draw, as consumers can rest assured that they will receive

products and services that meet the standards of the brand, which is not always guaranteed at smaller, less well established businesses.

Business Assistance and Education

A review of the DVBID business inventory, as well as interviews with local businesses and stakeholders indicate that most of the retail and food service businesses located in the downtown are smaller, locally-based establishments. This is a great asset in that these businesses are unique and function as the basis for creation of the downtown brand. However, stakeholders also indicate that some of these businesses could benefit from certain types of business assistance, such as assistance with business plan and product development, operational optimization, and brand development and marketing support. Also, many interview participants indicated that new, less well capitalized businesses often struggle to achieve stability, as they lack the resources to overcome business interruptions, as well as unanticipated costs of doing business, such as local permitting costs and facilities upgrades and repairs.

One potential solution to consider is a small business start-up assistance program, such as those often supported through the U.S. Small Business Administration (SBA), which could help reduce the costs and financial hardship associated with opening a small business in the downtown. Other solutions include business mentor programs like that promoted by SCORE, a national 501(c)(3) that connects entrepreneurs with established business people who can provide ongoing guidance and support with business and product development. In addition, the city should consider establishing a business ombudsman program or “how-to” resource similar to that used in Eureka, California, which provides a dedicated contact for businesses seeking support with navigating the city’s permitting and incentives programs.



Source: BAE, 2019.

Strategic Business Recruitment

The community’s approach to downtown business recruitment should be both opportunistic and targeted. The community should clearly articulate business recruitment targets based on business type and the extent to which the business is in line with the vision and goals of the Specific Plan. However, lists of recruitment targets should be viewed as a point-in-time tool which, by definition, cannot be truly comprehensive. The city should therefore endeavor to remain flexible, using

recruitment targets as general guidelines that function to operationalize the community's vision for the downtown. Adhering to the list too strictly can have unintended consequences as the market most certainly continues to evolve. An effort should also be made to prioritize high-quality businesses and products.

One approach that has been applied with great effect in some communities, including Midtown Sacramento, is a strategy called "homeplace recruitment." Using this approach, the community actively markets to, and is continually open to, former residents who have deep roots in the community, but who moved away to go to school and start a career. Many of these individuals have gained valuable experience, skills, and connections and can apply those skills to establishing high quality businesses. One good example of this type of approach is the founder of the Buckhorn Steakhouse in Winters, who grew up in Winters, but who moved to the Bay Area. While successful in the Bay Area, he had a desire to move back to his hometown and ultimately founded one of the most well-known regional restaurant brands in the market. Businesses established in this way typically have a clear local identity and often become the "darlings" of the local consumer base, which also makes them quite resilient. To the extent that stakeholders want to make the Vacaville Downtown a daily and weekly destination for Vacaville residents, these types of businesses will be key.

Another less locally oriented approach to business recruitment is to reach out to regional and national brands that fit the desired tenant mix, such as targeting higher end restaurants or boutique clothing retailers. Targeting well branded establishments will make the downtown more attractive to people who are less familiar with the downtown's commercial offerings. For example, knowing the quality of the products offered by a Temple Coffee might entice a Vacaville resident who typically doesn't visit downtown, while recruiting a Lululemon or Anthropologie store might draw in a visitor from elsewhere in the region who might not otherwise leave the Premium Outlets to visit the Vacaville Downtown. These types of businesses can function as small to mid-scale anchors within the downtown that generate supplemental visits which help to improve the health of the district.

Tailor the Tenant Mix

Through active participation and aggressive advocacy by the DVBID, it may be possible to influence the direction of the overall tenant mix within the downtown. The general goal should be to create a sense of place that is consistent with attracting locals from the greater Vacaville area to the downtown. At the same time, the community should set a goal of having the downtown district moving in the direction of becoming an "18-hour" district that offers active retail, dining, and entertainment opportunities throughout the morning, daytime, and into the evening. Achieving this goal means that the district needs to incorporate a wider variety of food and beverage retailers, and weekly events like farmers markets and concert series, which would predominantly be

patronized during the evenings and on weekends. This recognizes that extending business hours means that business owners take on additional operating costs in the form of employee wages, utility costs, etc.; thus, most businesses will only do so if there is demand for their goods or services. Active uses and events that can reliably generate pedestrian traffic during evening hours will provide businesses with an incentive to stay open later, creating a virtuous cycle.

Generally speaking, the community should aim for a retail mix that activates at least 50 percent of the leasable commercial inventory. This will likely need to be a mix of primarily specialty retail establishments, including dining and drinking establishments. These generally include home stores, fashion boutiques, health and beauty stores, and sporting goods, book, and music stores. Within the food service and drinking category, local stakeholders highlighted a need for higher quality food service and drinking establishments within downtown. These include fine dining and fast casual restaurants, cocktail bars, wine tasting rooms, breweries, and other similar establishments. In addition to lunch and dinner service, stakeholders cited a need for cafes with outside seating and dessert shops. More dedicated retail establishments might include an assortment of specialty book, music, sports, and hobby stores, as well as boutique clothing (both men's and women's), jewelry, art galleries, and retail oriented athletic and fitness stores. Recognizing the proximity to school facilities, businesses that offer after school entertainment opportunities, combined with retail and food and beverage options tailored to young adults, may also represent an opportunity. The remaining balance will likely continue to include smaller scale office users, as these do help to generate some foot traffic and help to create midday demand. The focus should be on supporting establishment and expansion of high-quality businesses that help to achieve the district's goal of creating a sense of place.



Source: BAE, 2019.

4.5 Land Use and Development

As a historic district, Downtown Vacaville is largely built out, with limited infill and development opportunities. As noted earlier, current lease rates for retail and office space are generally insufficient to justify new development or significant reinvestment in most historic buildings. Therefore, in the near-term, the focus should be on making small strategic improvements that will allow the community to better utilize the existing real estate inventory,

while simultaneously beginning to demonstrate the opportunities offered by this unique location/market.

Reactivate the Ground Floor

A wide variety of stakeholders indicated that one of the primary challenges facing the existing Vacaville Downtown is an over emphasis on ground floor office uses,¹² most of which provide minimal opportunities for interaction with the sidewalk pedestrians. Many of these businesses could provide better streetscape activation through a simple redesign of their existing office spaces, such as removing the dark tinting on the windows to allow a passerby to see into the spaces, highlighting the work being done by their employees. The city and the DVBID should pursue programs that provide incentives, such as low- or no-cost loans, grants (e.g., 50/50 cost split), fee deferrals, supplemental marketing support, etc., to businesses that make changes to reactivate their street frontage and/or conduct façade improvements. Additional incentives, such as relocation assistance, may be provided to try and encourage non-retail businesses that do not overly rely on walk-in clients to relocate to upper floor space. At key nodes along Main Street, locations that should prioritize retail, the city may want to establish formal restrictions on ground floor uses. Similarly, some



Source: BAE, 2019.

communities, like the cities of Stockton and Modesto, are considering establishing penalties for properties that fail to contribute positively to the local retail environment, such as long-term vacancies, though such approaches remain controversial. As discussed earlier, a focus on active uses and transparency requirements should be clearly articulated as part of the Downtown Specific Plan.

Incentivize and Facilitate Reinvestment

One major barrier for attracting retailers and restaurants to downtown is the quality of the existing commercial real estate inventory. Several stakeholders indicated that commercial spaces in downtown often require significant tenant improvements to build out the spaces for new businesses. Stakeholders indicated that property owners are often unwilling to fund tenant improvements, putting the cost of buildout and

¹² In general, there is no ideal ratio of ground floor office to retail uses, as the mix that works best varies based on the businesses involved and the degree to which they feature active storefronts. Therefore, the emphasis should be on creating an active streetscape, establishing and enforcing transparency requirements, and creating a downtown tenant/user mix that offers enough diversity in its offerings to be attractive to consumers.

renovation on the new business. Meanwhile, many newer shopping centers not only offer lower lease rates, but owner paid tenant improvements. As discussed earlier, market rents do not currently support significant reinvestment in properties, and landlords will need to determine their willingness to risk additional tenant improvements based on the track record and credit worthiness of a given retailer.

Several interviewees also highlighted a significant opportunity for reinvestment in the second floors of existing buildings which could make them suitable for renewed office or residential uses. Renovating and reactivating these spaces would provide opportunities to relocate some of the ground floor office uses, which could provide opportunities for expanded ground floor retail activity. Similarly, the introduction of new residential units would increase the daily foot traffic in the downtown, put more eyes on the street on an around-the-clock basis which improves safety, and contributes to the 18-hour vibrancy of the district.

Despite the added benefits to the district, encouraging property owners to undertake such renovations can be quite difficult. In many cases long-time property owners have a very low basis in the building, such that they can achieve competitive financial returns with very little ongoing investment. Although they could in many cases achieve increased lease rates, these may be insufficient to offset the costs



Source: BAE, 2019.

of the renovation and perceived risks. In such cases, it often requires a change of ownership to provide adequate incentive to renovate the property. One successful approach that has been successful in communities such as Sebastopol and Fairfield, among others, is municipal grant or low- or no-interest loan programs that can reduce the cost of renovations to the property owner; therefore giving them a greater incentive to realize the increased lease rates that often come along with significant renovations. Another crucial component to the success of these programs is owner goodwill, as many owners in similar circumstances have undertaken improvements because they understand that it is in the best interests of their town. It will be important to work with local champions within the business community to help make this case publicly.

In addition to financial risk, long time property owners also face potential increases in property taxes, due to a new reassessment of their property after undergoing major



Source: BAE, 2019.

renovations. This is particularly concerning in cases where a property has been under the same ownership for many decades, in which case the increase property taxes resulting from a reassessment could be significant. Given the historic nature of many downtown properties, the city could consider entering into Mills Act contracts with property owners to incentivize reinvestment. Mills Act programs allow local jurisdictions to incentivize

preservation and rehabilitation of historic buildings through agreements to provide property tax relief in exchange for a ten-year commitment to preserve and upgrade historic buildings. According to the California Office of Historic Preservation, local governments establish their own specific criteria under which the Mills Act may be used, though properties must be a historic landmark or within a historic district, as designated by the local, state, or federal government. Within Solano County, the Cities of Benicia and Vallejo both have entered into Mills Act contracts to incentivize the preservation of historic buildings. The agreements within the city of Benicia are predominantly within the Downtown Historic District, while the City of Vallejo has entered into agreements with historic structures throughout town.

Incentivize New Development

While the city should predominantly focus its efforts on near- and mid-term improvements to the existing building stock, the city should also work towards positioning key catalyst sites for long-term development or redevelopment. In the near term, the city should prioritize using city-owned property for catalyst development, such as vacant and underutilized sites and parking lots. This development should focus on creating high-quality mixed-use projects that can help to demonstrate demand for new product types that don't currently exist in the downtown and to prove the market for private developers, and on



Source: BAE, 2019.

residential projects in close proximity to the downtown. The city should also prioritize projects that add new high-quality housing units to the downtown inventory. The near- to mid-term priority should be to get more market rate housing in the downtown area, which will help to reinforce local buying power. To the extent needed to facilitate development, to mitigate displacement risk, and to ensure an adequate supply of local labor, the city should also consider the development of subsidized affordable and workforce housing, as is being done in places like San Francisco, Detroit, and Sacramento.

In addition to providing land for near-term catalyst development, the city should also update the land use and zoning code to increase allowable development intensities and reduce parking requirements to improve the potential feasibility of downtown projects, as was recently done with great success in downtown Sacramento. Parking reductions may be established as temporary incentives that expire once a certain amount of new downtown development has occurred (i.e., the first projects to use them get the incentive, which is then gradually scaled back). The city can also consider changing the zoning and building codes to allow for infill development along existing alleys that have historically been limited to service uses, similar to what was done in Sacramento. Lastly, the city should revise the impact fee and permit fee schedules, among others, to ensure that they recognize the real impacts associated with new development and do not burden existing buildings and projects that are well served by existing infrastructure with unnecessary or unjustifiable fees and exactions. While the city will want to ensure any new development does not negatively impact the quality and level of service provided by municipal infrastructure, reducing and/or deferring fees can have a significant impact on overall project feasibility.

Prioritize New Housing Projects

One of the key elements of creating a vibrant downtown is the reintroduction of a diverse mixed-income population base. To do this, the city needs to ensure the availability of a varied and high-quality housing stock. Although the downtown borders on a number of middle- to higher-income neighborhoods, the downtown itself features very few housing units and a very small resident population, most of whom are lower-income. In the near-term, the city should focus on incentivizing and/or facilitating development of smaller high-quality rental housing projects that are targeted towards the middle- to upper-end of the Vacaville market. Possible incentives could involve the use of city-owned land for catalyst development, with the land being made available via ground lease or some form of residual receipts loan. The City could hire consultants to help identify what an appropriate lease payment or deal structure would look like that could facilitate development while ensuring an adequate return to the city. Also, the city will want to streamline its land use policies and permitting procedures to expedite the entitlements process and provide certainty to the development community. This approach has worked well in many communities,

including Sacramento, San Jose, and Los Angeles, among others. From a development perspective, the success of these projects will hinge on providing a high-quality product that both leverages and enhances the downtown commercial character. Over time, the community should focus on incorporating a more diverse mix of housing types including rental apartments, live-work flats, ownership townhomes, and eventually condominiums. In the near-term, the city should look for opportunities to leverage available resources for affordable and workforce housing to facilitate development. Long-term, these types of housing will be important to incorporate into the downtown to address issues related to the displacement of lower-income and minority households, which is often a byproduct of revitalization and reinvestment, particularly when it includes development of new market rate housing.

APPENDIX A: STAKEHOLDER INTERVIEW PARTICIPANTS

The following individuals were interviewed by BAE staff for the purposes of developing the Downtown Retail Strategy:

Brooke Fox, Downtown Vacaville BID

Melyssa Laughlin, Visit Vacaville

Shea McGuire, McGuire Capital Group Realty

Mary Ann Rollison, Summit Properties

Monica Espinosa, Star Realtors

Sherene Chandler, Chandler Realty

Marianna and Kelly, La Borgata Deli

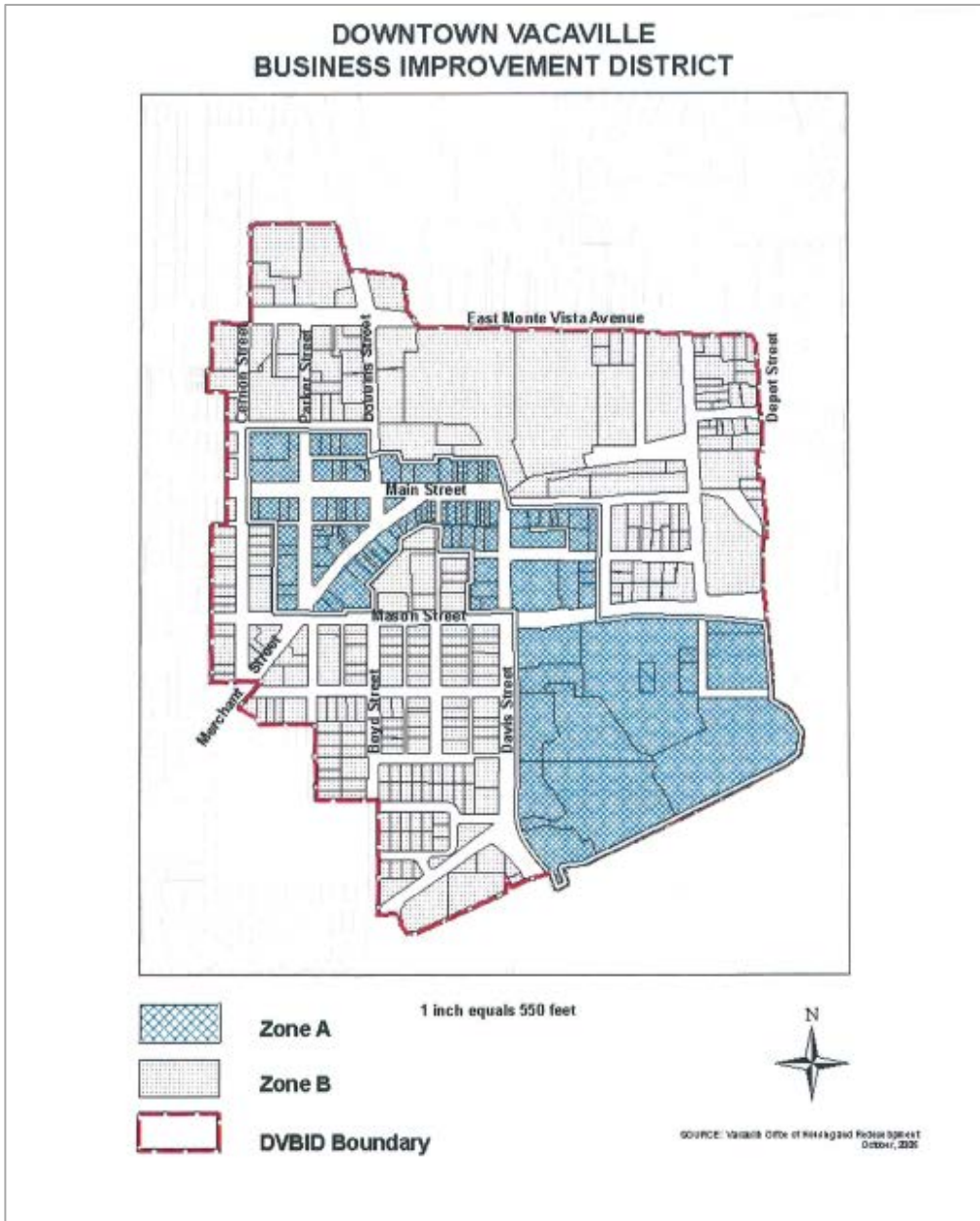
Sandra Over, Vacaville Opera House

Derek Drennan, Sonoma Springs Brewery

Louie DeBartolo, DeBartolo & Co Fine Jewelers

Stuart Rickard, BAU Bay Area Urban Development, LLC

APPENDIX B: DBVID BOUNDARY AND ZONES



Sources: City of Vacaville, DVBID, 2019.

APPENDIX C: PEER CITY DEMOGRAPHIC COMPARISON

Appendix C: Comparison City Data (Page 1 of 2)

DEMOGRAPHIC PROFILE <i>October, 2019</i>	Vacaville City	Livermore City	Petaluma City
<u>Area (Square Miles)</u>	29.02	26.93	14.49
<u>Population</u>			
2010	92,431	81,363	57,941
2019	100,260	88,407	61,164
Pop per Sq Mi (2019)	3,455	3,283	4,221
Daytime Pop (2019)	87,108	102,128	64,116
Daytime Per Sq Mi (2019)	3,002	3,792	4,425
<u>Households</u>			
2010	31,094	29,263	21,737
2019	33,893	31,590	22,634
<u>Average HH Size (2018)</u>	2.96	2.80	2.70
<u>Median Age (2018)</u>	38.1	39.7	41.6
<u>BA/BS or Above (25+ yrs) (2018)</u>	24.7%	43.4%	39.6%
<u>Income (2019)</u>			
Median HH	\$84,208	\$128,867	\$96,593
Per-capita	\$36,533	\$56,857	\$44,858
Aggregate Income (MM) (2019)	\$3,662,799	\$5,026,557	\$2,743,695
<u>Ethnic (2019)</u>			
White	63.7%	71.3%	77.8%
Black	9.8%	1.7%	1.4%
Asian (alone)	7.0%	11.3%	4.5%
Other (inc 2 or more races)	19.5%	15.7%	16.3%
<u>Occupational (2019)</u>			
White Collar	57.8%	69.2%	64.7%
Blue Collar	21.4%	15.1%	16.9%
Services	20.8%	15.7%	18.4%
<i>- Continued on Next Page -</i>			

Sources: ESRI, 2019.

Appendix C: Comparison City Data (Page 2 of 2)

DEMOGRAPHIC PROFILE <i>October, 2019</i>	Vacaville City	Livermore City	Petaluma City
<u>Dwelling Units (2019)</u>	35,301	32,554	23,652
Rental	37.3%	27.7%	31.8%
Owned	58.7%	69.3%	63.8%
Vacant	4.0%	3.0%	4.3%
Median Home Value	\$427,555	\$730,273	\$610,662
<u>Consumer Spending (2019)</u>			
Apparel and Services	123	178	135
Entertainment	122	179	136
Food (at Home)	122	172	132
Food (Away from Home)	124	175	134
Health Care	122	171	130
Personal Care	126	176	134
Shelter	124	185	142
Vehicle Maint/Repair	123	169	131
<u>Top Tapisstry Segments</u>			
#1	Soccer Moms (4A)	Pleasantville (2B)	Pleasantville (2B)
#2	Home Improvement (4B)	Sawy Suburbanites (1D)	City Lights (8A)
#3	Front Porches (8E)	City Lights (8A)	Sawy Suburbanites (1D)

Sources: ESRI, 2019.

APPENDIX D: ESRI TAPESTRY SEGMENTATION DEFINITIONS



LifeMode Group: Family Landscapes

Soccer Moms

4A

Households: 3,541,300

Average Household Size: 2.97

Median Age: 37.0

Median Household Income: \$90,500

WHO ARE WE?

Soccer Moms is an affluent, family-oriented market with a country flavor. Residents are partial to new housing away from the bustle of the city but close enough to commute to professional job centers. Life in this suburban wilderness offsets the hectic pace of two working parents with growing children. They favor time-saving devices, like banking online or housekeeping services, and family-oriented pursuits.

OUR NEIGHBORHOOD

- Soccer Moms residents prefer the suburban periphery of metropolitan areas.
- Predominantly single family, homes are in newer neighborhoods, 34% built in the 1990s (Index 236), 31% built since 2000.
- Owner-occupied homes have high rate of mortgages at 68% (Index 164), and low rate vacancy at 4%.
- Median home value is \$257,400.
- Most households are married couples with children; average household size is 2.97.
- Most households have 2 or 3 vehicles; long travel time to work including a disproportionate number commuting from a different county (Index 132).

SOCIOECONOMIC TRAITS

- Education: 40.5% college graduates; more than 72% with some college education.
- Low unemployment at 3.8%; high labor force participation rate at 71%; 2 out of 3 households include 2+ workers (Index 124).
- Connected, with a host of wireless devices from iPods to tablets—anything that enables convenience, like banking, paying bills, or even shopping online.
- Well insured and invested in a range of funds, from savings accounts or bonds to stocks.
- Carry a higher level of debt, including first (Index 149) and second mortgages (Index 154) and auto loans (Index 149).



Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by ORB MRI.

4A

LifeMode Group: Family Landscapes

Soccer Moms

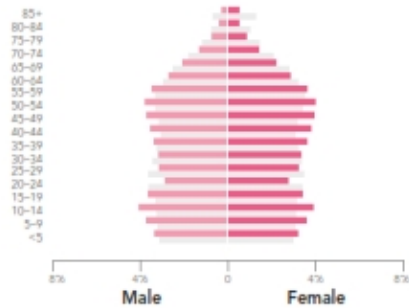


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AGE BY SEX (Esri data)

Median Age: **37.0** US: 38.2

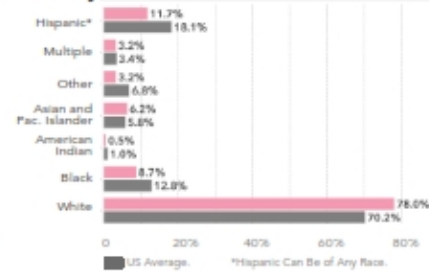
█ Indicates US



RACE AND ETHNICITY (Esri data)

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

Diversity Index: **50.8** US: 64.0



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.

Median Household Income

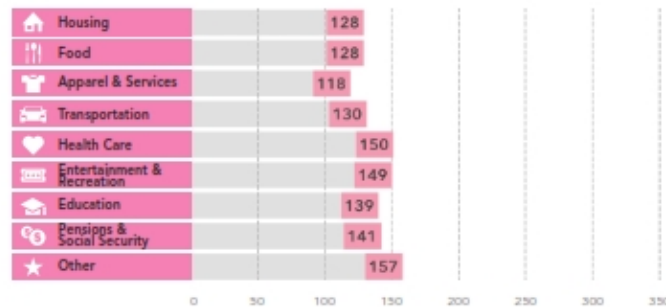


Median Net Worth



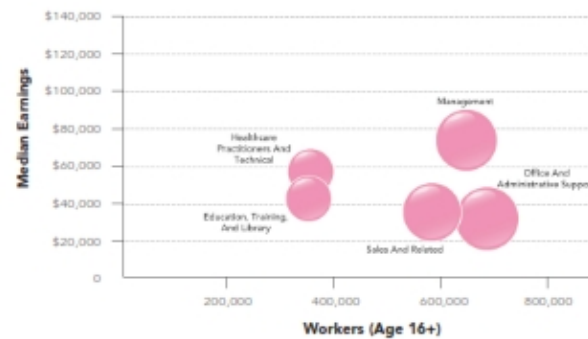
AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.



4A

LifeMode Group: Family Landscapes

Soccer Moms



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MARKET PROFILE

(Consumer preferences are estimated from data by DIK MR)

- Most households own at least 2 vehicles; the most popular types are minivans and SUVs.
- Family-oriented purchases and activities dominate, like 4+ televisions (Index 154), movie purchases or rentals, children's apparel and toys, and visits to theme parks or zoos.
- Outdoor activities and sports are characteristic of life in the suburban periphery. They attend sporting events, as well as participate in them like bicycling, jogging, golfing, and boating.
- Home maintenance services are frequently contracted, but these families also like their gardens and own the tools for minor upkeep, like lawn mowers, trimmers, and blowers.

HOUSING

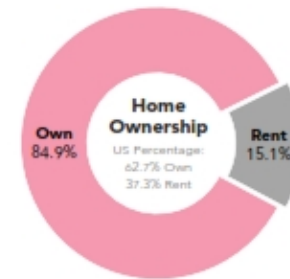
Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.



Typical Housing:
Single Family

Median Value:
\$257,400

US Median: \$207,300



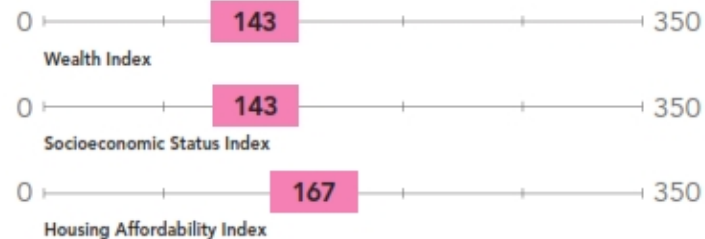
POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.



4A

LifeMode Group: Family Landscapes

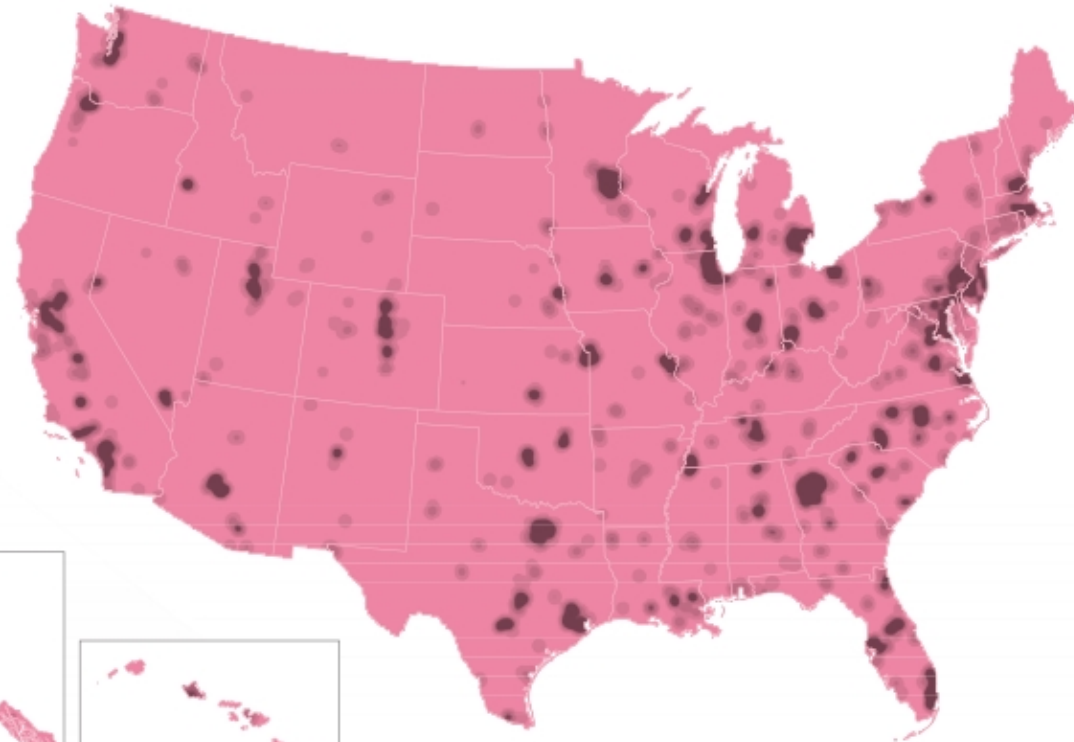
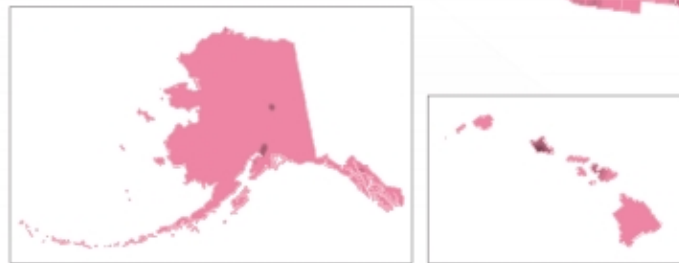
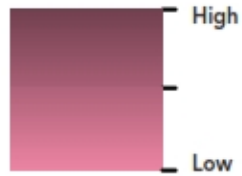
Soccer Moms



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SEGMENT DENSITY

This map illustrates the density and distribution of the Soccer Moms Tapestry Segment by households.



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LifeMode Group: Family Landscapes

Home Improvement

4B

Households: 2,114,500

Average Household Size: 2.88

Median Age: 37.7

Median Household Income: \$72,100

WHO ARE WE?

Married-couple families occupy well over half of these suburban households. Most *Home Improvement* residences are single-family homes that are owner occupied, with only one-fifth of the households occupied by renters. Education and diversity levels are similar to the US as a whole. These families spend a lot of time on the go and therefore tend to eat out regularly. When at home, weekends are consumed with home improvement and remodeling projects.

OUR NEIGHBORHOOD

- These are low density suburban neighborhoods.
- Eight of every 10 homes are traditional single-family dwellings, owner occupied.
- Majority of the homes were built between 1970 and 2000.
- More than half of the households consist of married-couple families; another 12% include single-parent families.

SOCIOECONOMIC TRAITS

- Higher participation in the labor force and lower unemployment than US levels; most households have 2+ workers.
- Cautious consumers that do their research before buying, they protect their investments.
- Typically spend 4–7 hours per week commuting, and, therefore, spend significant amounts on car maintenance (performed at a department store or auto repair chain store).
- They are paying off student loans and home mortgages.
- They spend heavily on eating out, at both fast-food and family restaurants.
- They like to work from home, when possible.



Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by QIK MRI.

4B

LifeMode Group: Family Landscapes

Home Improvement



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AGE BY SEX (Esri data)

Median Age: **37.7** US: 38.2

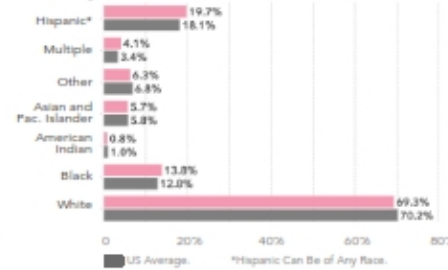
█ Indicates US



RACE AND ETHNICITY (Esri data)

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

Diversity Index: **65.7** US: 64.0



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.

Median Household Income

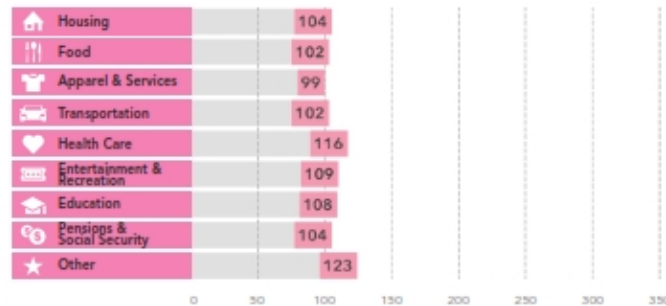


Median Net Worth



AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.



4B

LifeMode Group: Family Landscapes

Home Improvement



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MARKET PROFILE

(Consumer preferences are estimated from data by DIK MR)

- Enjoy working on home improvement projects and watching DIY networks.
- Make frequent trips to warehouse/club and home improvement stores in their minivan or SUV.
- Own a giant screen TV with fiber-optic connection and premium cable; rent DVDs from Redbox or Netflix.com.
- Very comfortable with new technology; embrace the convenience of completing tasks on a mobile device.
- Enjoy dining at Chili's, Chick-fil-A, and KFC.
- Frequently buy children's clothes and toys.

HOUSING

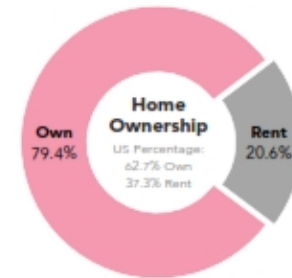
Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.



Typical Housing:
Single Family

Median Value:
\$192,600

US Median: \$207,300



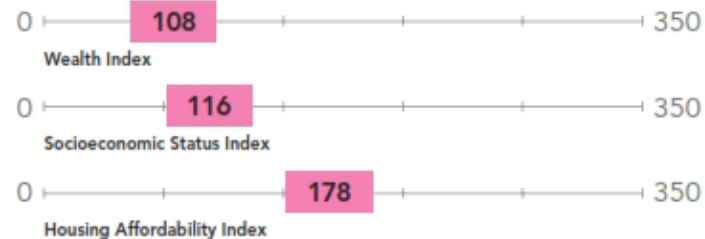
POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.



4B

LifeMode Group: Family Landscapes

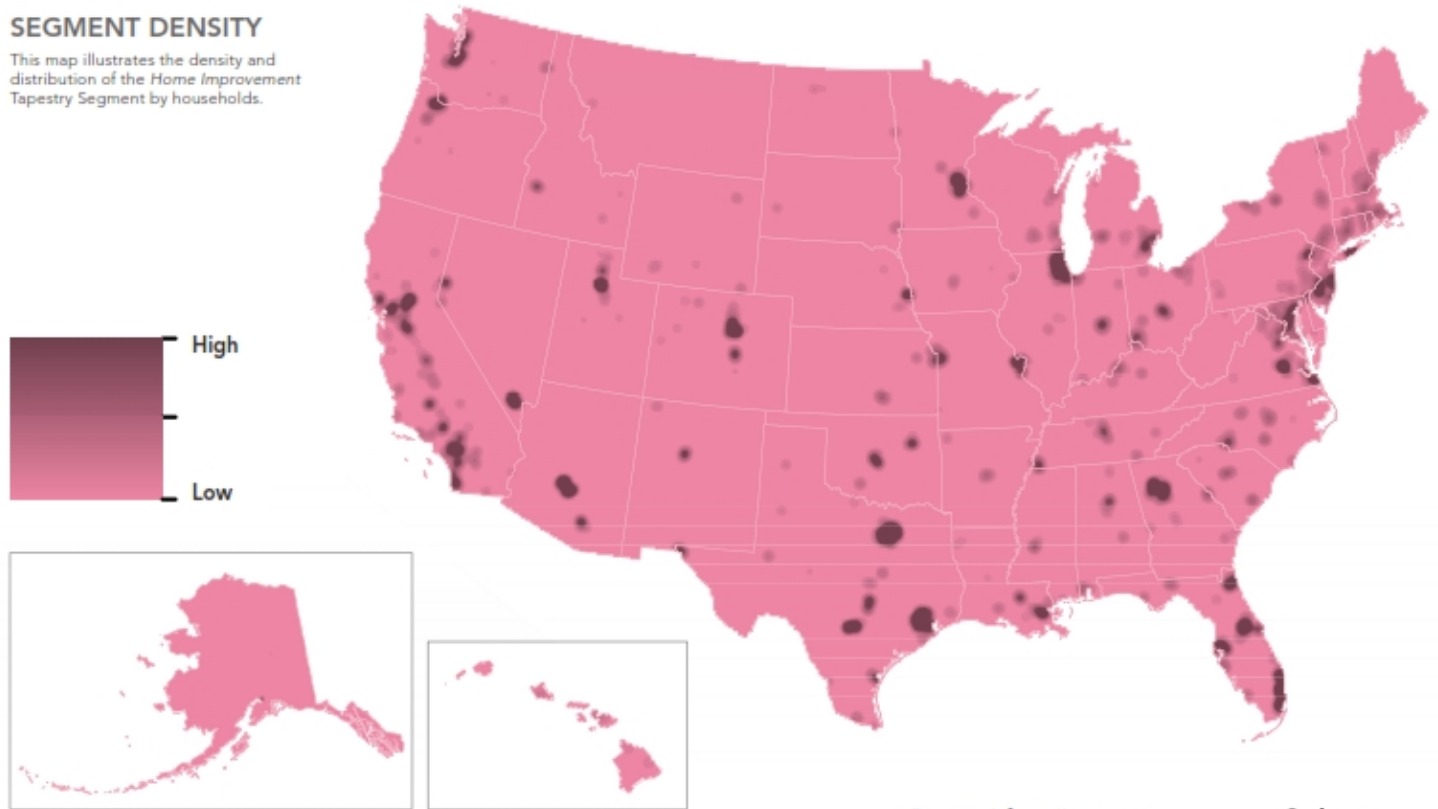
Home Improvement



TAPESTRY
SEGMENTATION
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SEGMENT DENSITY

This map illustrates the density and distribution of the *Home Improvement* Tapestry Segment by households.



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LifeMode Group: Middle Ground
Front Porches

8E

Households: 1,960,300
Average Household Size: 2.57
Median Age: 34.9
Median Household Income: \$43,700

WHO ARE WE?

Front Porches blends household types, with more young families with children or single households than average. This group is also more diverse than the US. More than half of householders are renters, and many of the homes are older town homes or duplexes. Friends and family are central to Front Porches residents and help to influence household buying decisions. Households tend to own just one vehicle but used only when needed. Income and net worth of these residents are well below the US average.

OUR NEIGHBORHOOD

- Nearly one in five homes is a duplex, triplex, or quad; half are older single-family dwellings.
- Just over half the homes are occupied by renters.
- Older, established neighborhoods; three quarters of all homes were built before 1980.
- Single-parent families or singles living alone make up almost half of the households.

SOCIOECONOMIC TRAITS

- Composed of a blue-collar work force with a strong labor force participation rate, but unemployment is slightly high at 7.1%.
- Price is more important than brand names or style to these consumers.
- With limited incomes, these are not adventurous shoppers.
- They would rather cook a meal at home than dine out.
- They seek adventure and strive to have fun.



Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by QM MRL.



LifeMode Group: Middle Ground

Front Porches

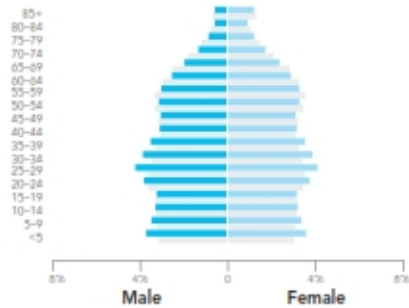


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AGE BY SEX (Esri data)

Median Age: **34.9** US: 38.2

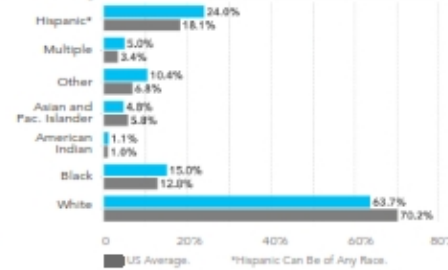
■ Indicates US



RACE AND ETHNICITY (Esri data)

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

Diversity Index: **72.7** US: 64.0



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.

Median Household Income

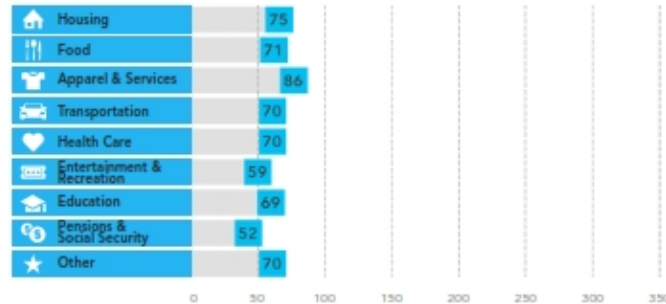


Median Net Worth



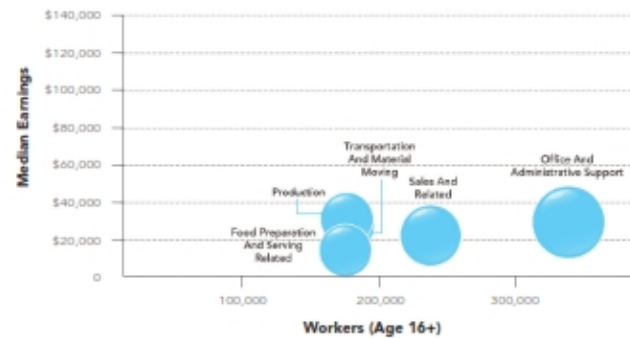
AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.





MARKET PROFILE

(Consumer preferences are estimated from data by DKK MK)

- Go online for gaming, watching movies, employment searches, and posting pics on social media.
- Prefer cellphones over landlines, and use their mobile devices for entertainment such as streaming movies and music.
- Drink energy and sports drinks.
- Participate in leisure activities including sports, playing board games and video games.
- Watch Comedy Central, Nickelodeon, and PBS Kids Sprout.

HOUSING

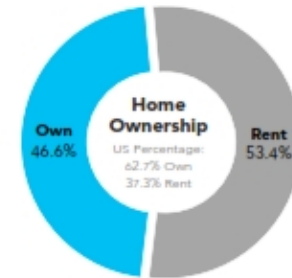
Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.



Typical Housing:
Single Family;
Multi-Units

Average Rent:
\$913

US Average: \$1,038



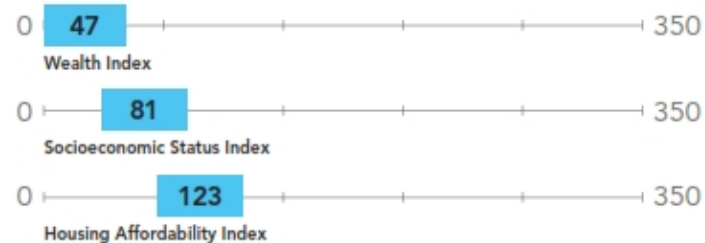
POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.





LifeMode Group: Middle Ground

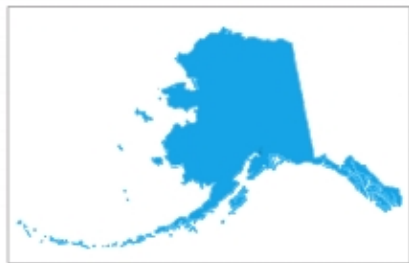
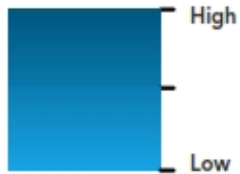
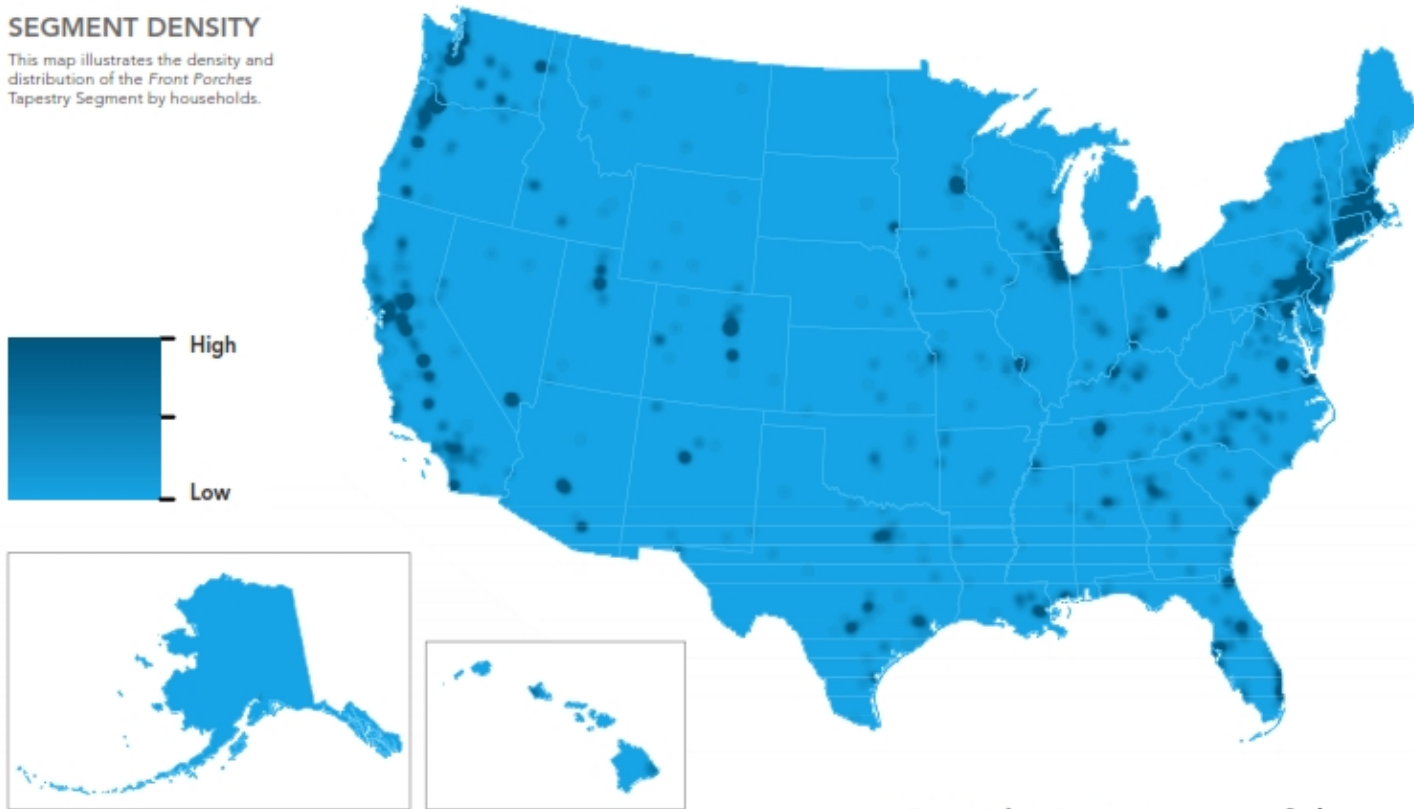
Front Porches



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SEGMENTATION
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SEGMENT DENSITY

This map illustrates the density and distribution of the *Front Porches* Tapestry Segment by households.



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LifeMode Group: Upscale Avenues
Pleasantville

2B

Households: 2,718,100
Average Household Size: 2.88
Median Age: 42.6
Median Household Income: \$92,900

WHO ARE WE?

Prosperous domesticity best describes the settled denizens of *Pleasantville*. Situated principally in older housing in suburban areas in the Northeast (especially in New York and New Jersey) and secondarily in the West (especially in California), these slightly older couples move less than any other market. Many couples have already transitioned to empty nesters; many are still home to adult children. Families own older, single-family homes and maintain their standard of living with dual incomes. These consumers have higher incomes and home values and much higher net worth (Index 364). Older homes require upkeep; home improvement and remodeling projects are a priority—preferably done by contractors. Residents spend their spare time participating in a variety of sports or watching movies. They shop online and in a variety of stores, from upscale to discount, and use the Internet largely for financial purposes.



OUR NEIGHBORHOOD

- Suburban periphery of large metropolitan areas, primarily in Middle Atlantic or Pacific states.
- Most homes owned (and mortgaged) (Index 146).
- Households composed of older married-couple families, more without children under 18, but many with children over 18 years (Index 141).
- Older, single-family homes: two-thirds built before 1970, close to half from 1950 to 1969.
- One of the lowest percentages of vacant housing units at 4.5% (Index 39).
- Suburban households with 3 or more vehicles and a longer travel time to work (Index 132).

SOCIOECONOMIC TRAITS

- Education: 66% college educated, 37% with a bachelor's degree or higher.
- Low unemployment at 4.6%; higher labor force participation rate at 67% (Index 107); higher proportion of HHs with 2 or more workers (Index 118).
- Many professionals in finance, information/technology, education, or management.
- Median household income denotes affluence, with income primarily from salaries, but also from investments (Index 130) or Social Security (Index 106) and retirement income (Index 122).
- Not cost-conscious, these consumers willing to spend more for quality and brands they like.
- Prefer fashion that is classic and timeless as opposed to trendy.
- Use all types of media equally (newspapers, magazines, radio, Internet, TV).

Note: The index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by ORB MRE.

2B

LifeMode Group: Upscale Avenues

Pleasantville



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AGE BY SEX (Esri data)

Median Age: **42.6** US: 38.2

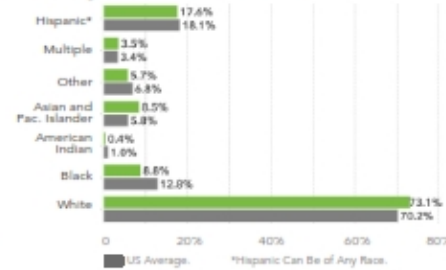
█ Indicates US



RACE AND ETHNICITY (Esri data)

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

Diversity Index: **61.0** US: 64.0



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.

Median Household Income

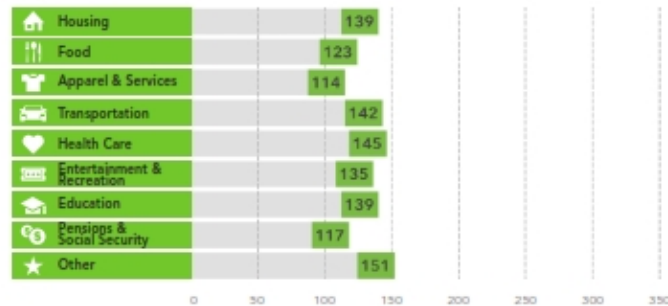


Median Net Worth



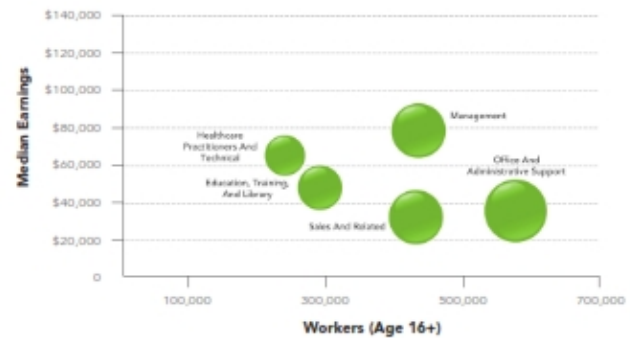
AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.





LifeMode Group: Upscale Avenues

Pleasantville



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MARKET PROFILE

(Consumer preferences are estimated from data by DIK MK)

- Prefer imported SUVs, serviced by a gas station or car dealer.
- Invest in conservative securities and contribute to charities.
- Work on home improvement and remodeling projects, but also hire contractors.
- Have bundled services (TV/Internet/phone).
- Access the Internet via fiber optics or cable modem, on a newer computer, to pay bills, make purchases, and track investments.
- Subscribe to premium channels (HBO, Showtime, or Starz) and use video-on-demand to watch TV shows and movies.
- Enjoy outdoor gardening, going to the beach, visiting theme parks, frequenting museums, and attending rock concerts.

HOUSING

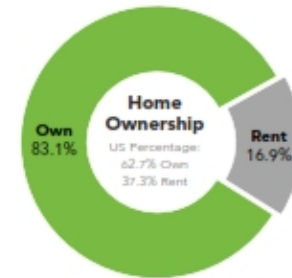
Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.



Typical Housing:
Single Family

Median Value:
\$382,000

US Median: \$207,300



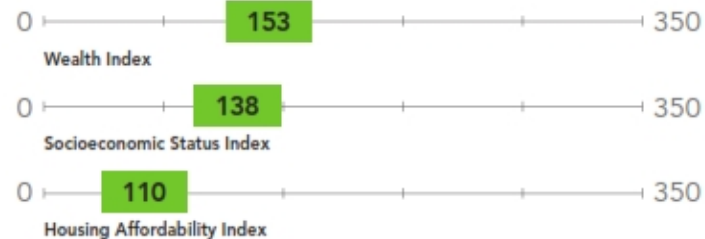
POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.



2B

LifeMode Group: Upscale Avenues

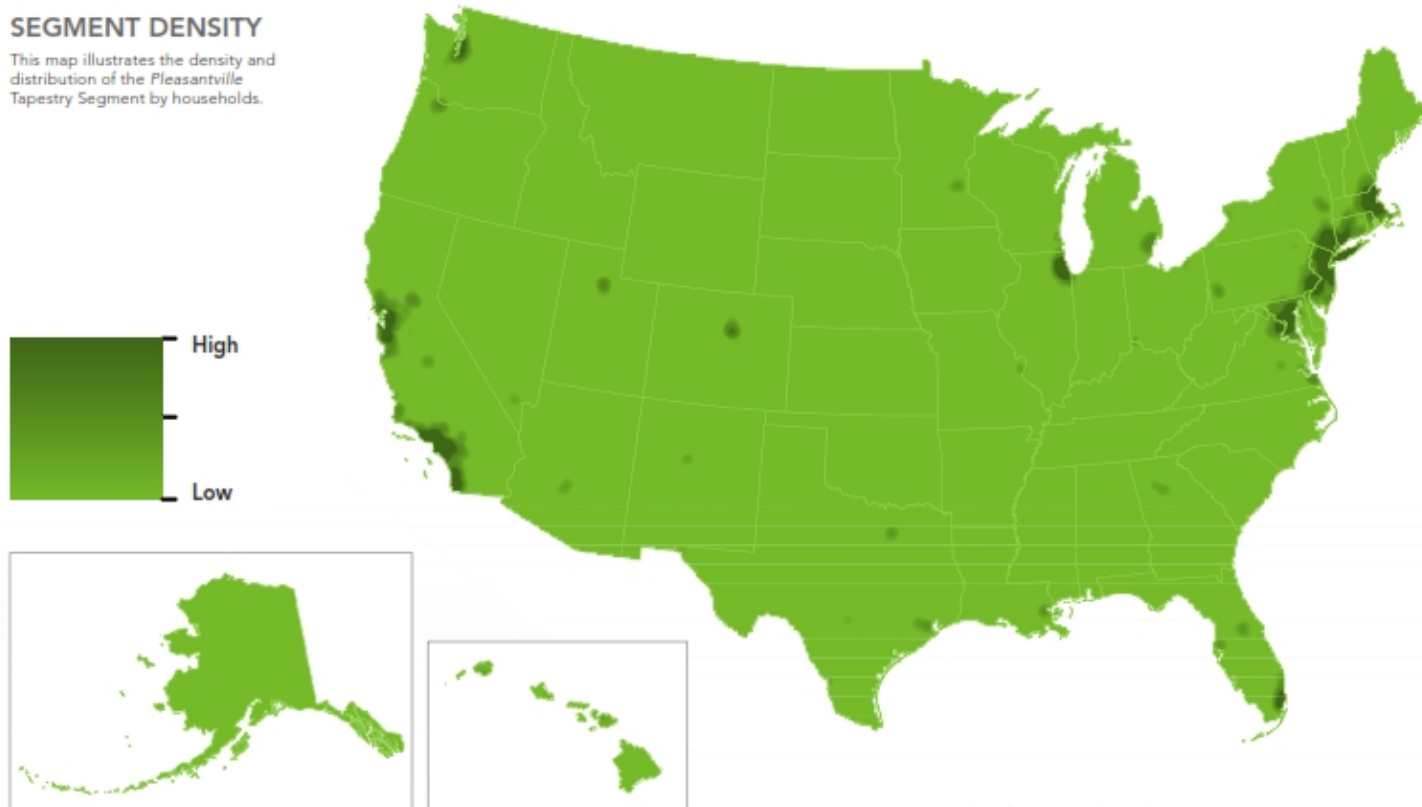
Pleasantville



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SEGMENT DENSITY

This map illustrates the density and distribution of the Pleasantville Tapestry Segment by households.



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LifeMode Group: Middle Ground
City Lights

8A

Households: 1,813,400
Average Household Size: 2.59
Median Age: 39.3
Median Household Income: \$69,200

WHO ARE WE?

City Lights, a densely populated urban market, is the epitome of equality. The wide-ranging demographic characteristics of residents mirror their passion for social welfare and equal opportunity. Household types range from single person to married-couple families, with and without children. A blend of owners and renters, single-family homes and town homes, midrise and high-rise apartments, these neighborhoods are both racially and ethnically diverse. Many residents have completed some college or a degree, and they earn a good income in professional and service occupations. Willing to commute to their jobs, they work hard and budget well to support their urban lifestyles, laying the foundation for stable financial futures.

OUR NEIGHBORHOOD

- More than half of the homes are single-family residences or townhomes.
- Tenure is 50-50: about half of households are owned and half are rented. Median home value (Index 185) and average gross rent (Index 129) exceed US values.
- Households include families, both married couples and single parents, as well as singles. The distribution is similar to the US, with slightly more single-person households (Index 109).
- Housing is older in this market: nearly 2 out of 3 homes were built before 1970.
- Most households own one vehicle, but public transportation is still a necessity for daily commutes.

SOCIOECONOMIC TRAITS

- *City Lights* residents earn above average incomes, but lag the nation in net worth.
- Labor force participation exceeds the US average (Index 108). Residents work hard in professional and service occupations but also seek to enjoy life.
- These consumers save for the future, often to achieve their dream of home ownership. They often engage in discussion about financial products and services among their peers. They earn dividend incomes from their portfolios but steer away from risky investments.
- These consumers are price savvy but will pay for quality brands they trust.
- Reflecting the diversity of their neighborhoods, residents stand by their belief in equal opportunity.
- Attuned to nature and the environment, and when they can, purchase natural products.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by ORB MVI.

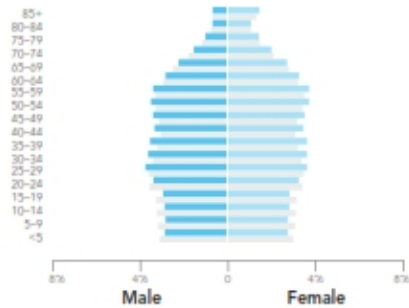




AGE BY SEX (Esri data)

Median Age: **39.3** US: 38.2

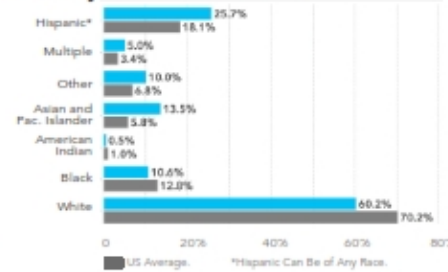
█ Indicates US



RACE AND ETHNICITY (Esri data)

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

Diversity Index: **75.8** US: 64.0



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.

Median Household Income

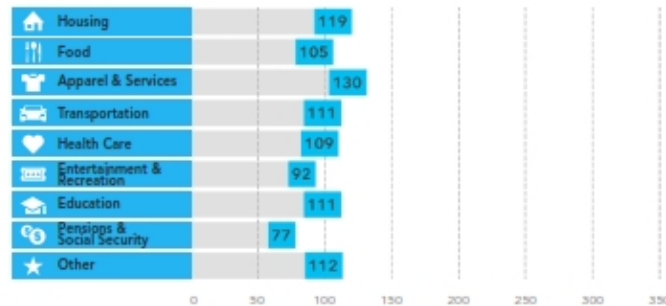


Median Net Worth



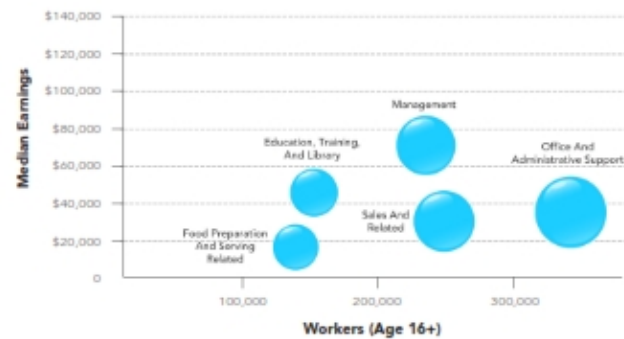
AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.





MARKET PROFILE

(Consumer preferences are estimated from data by DTK MK)

- Price-conscious consumers, they seek out deals on brands they like at warehouse clubs, Marshalls, Target, or Bed, Bath & Beyond.
- Residents are traditional in many ways. They prefer to bank in person but are increasingly paying their bills online. They rarely carry a credit card balance but occasionally buy on credit.
- Most residents have high-speed Internet access at home and use their computers for basic browsing and some shopping. Although most still own landlines, they use their cell phones frequently from news to entertainment to redeeming mobile coupons.
- These are health-conscious consumers, who purchase vitamins, low-sodium foods, and spend 7+ hours exercising per week.
- Dreaming of a brighter future, they often try their luck on the lottery.
- Their taste in music is varied, typically rhythmic, contemporary, urban, and even R&B music; listening at home and during their daily commutes.

HOUSING

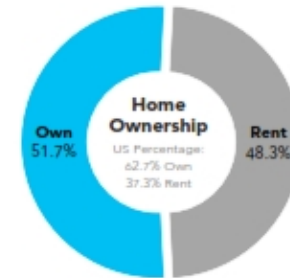
Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.



Typical Housing:
Multiunits;
Single Family

Median Value:
\$383,400

US Median: \$207,300



POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.



8A

LifeMode Group: Middle Ground

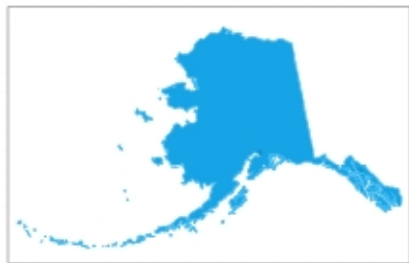
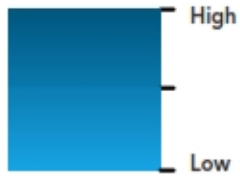
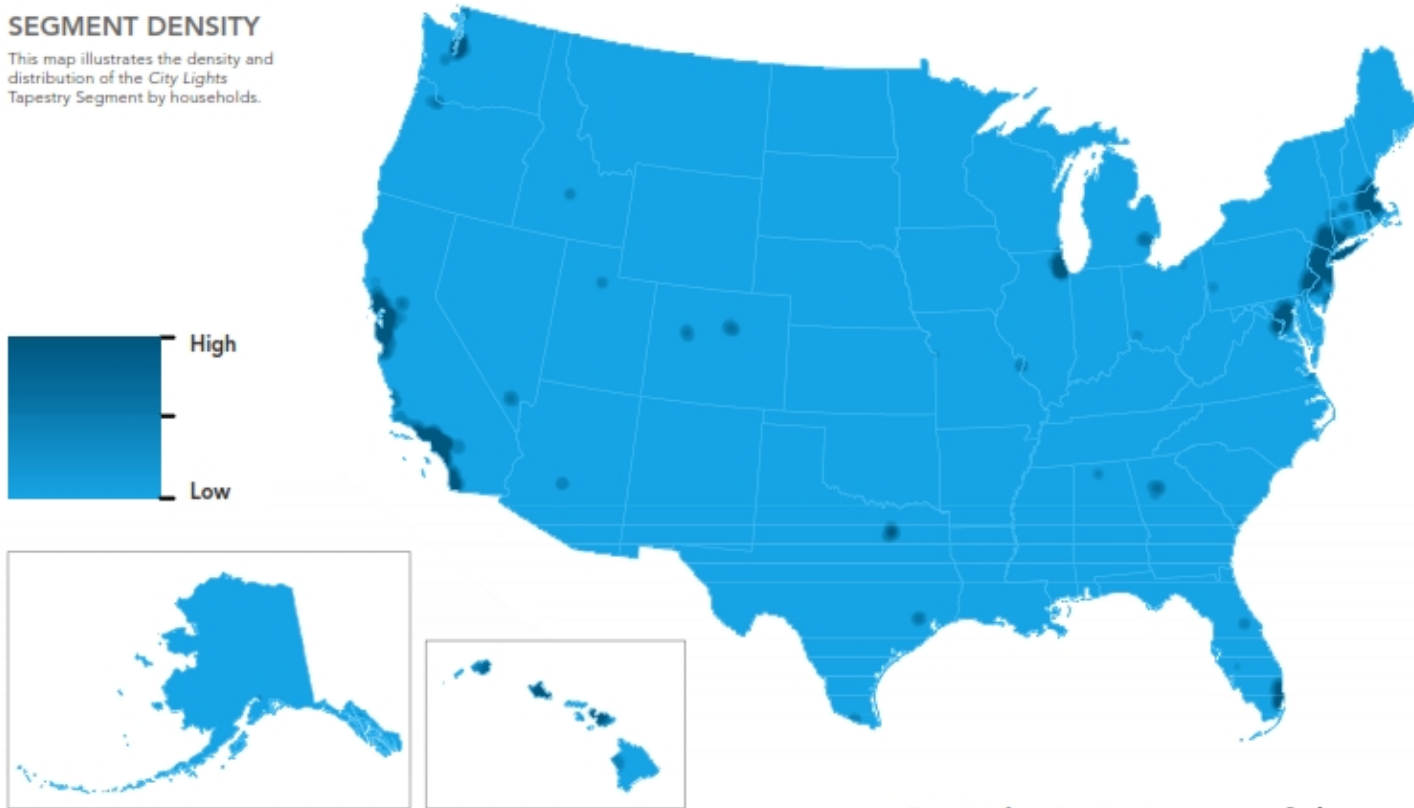
City Lights



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SEGMENT DENSITY

This map illustrates the density and distribution of the City Lights Tapestry Segment by households.



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LifeMode Group: Affluent Estates

Savvy Suburbanites



Households: 3,664,200

Average Household Size: 2.85

Median Age: 45.1

Median Household Income: \$108,700

WHO ARE WE?

Savvy Suburbanites residents are well educated, well read, and well capitalized. Families include empty nesters and empty nester wannabes, who still have adult children at home. Located in older neighborhoods outside the urban core, their suburban lifestyle includes home remodeling and gardening plus the active pursuit of sports and exercise. They enjoy good food and wine, plus the amenities of the city's cultural events.

OUR NEIGHBORHOOD

- Established neighborhoods (most built between 1970 and 1990) found in the suburban periphery of large metropolitan markets.
- Married couples with no children or older children; average household size is 2.85.
- 91% owner occupied; 66% mortgaged (Index 160).
- Primarily single-family homes, with a median value of \$362,900 (Index 161).
- Low vacancy rate at 3.8%.

SOCIOECONOMIC TRAITS

- Education: 50.6% college graduates; 77.6% with some college education.
- Low unemployment at 3.5% (Index 65); higher labor force participation rate at 67.9% (Index 109) with proportionately more 2-worker households at 62.2%, (Index 120).
- Well-connected consumers that appreciate technology and make liberal use of it for everything from shopping and banking to staying current and communicating.
- Informed shoppers that do their research prior to purchasing and focus on quality.



Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by QIK MRI.



LifeMode Group: Affluent Estates Savvy Suburbanites

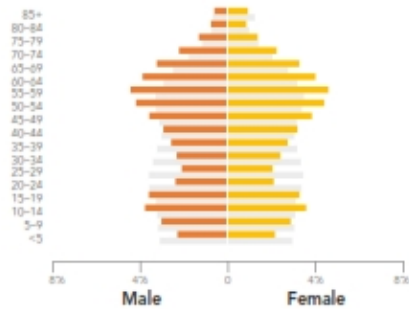


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AGE BY SEX (Esri data)

Median Age: **45.1** US: 38.2

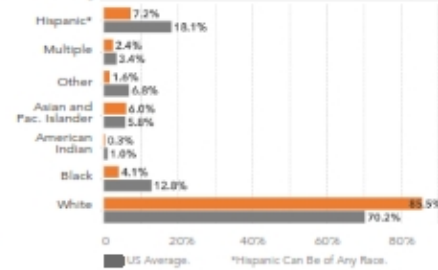
█ Indicates US



RACE AND ETHNICITY (Esri data)

The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

Diversity Index: **36.2** US: 64.0



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.

Median Household Income

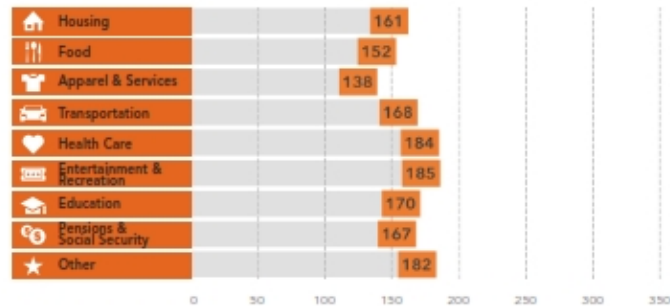


Median Net Worth



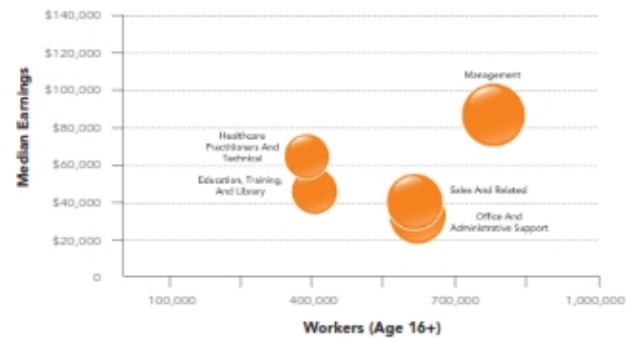
AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.





LifeMode Group: Affluent Estates
Savvy Suburbanites



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MARKET PROFILE (Consumer preferences are estimated from data by DIK MK)

- Residents prefer late model, family-oriented vehicles: SUVs, minivans, and station wagons.
- Gardening and home remodeling are priorities, usually DIY. Riding mowers and power tools are popular, although they also hire contractors for the heavy lifting.
- There is extensive use of housekeeping and personal care services.
- Foodies: They like to cook and prefer natural or organic products.
- These investors are financially active, using a number of resources for informed investing. They are not afraid of debt; many households carry first and second mortgages, plus home equity credit lines.
- Physically fit, residents actively pursue a number of sports, from skiing to golf, and invest heavily in sports gear and exercise equipment.

HOUSING

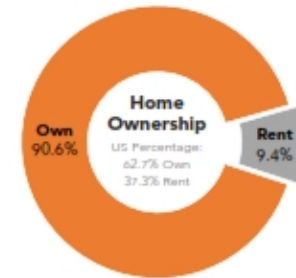
Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.



Typical Housing:
 Single Family

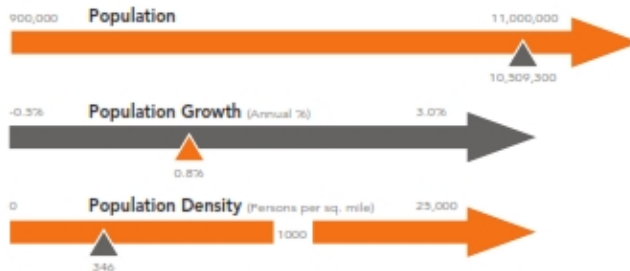
Median Value:
 \$362,900

US Median: \$207,300



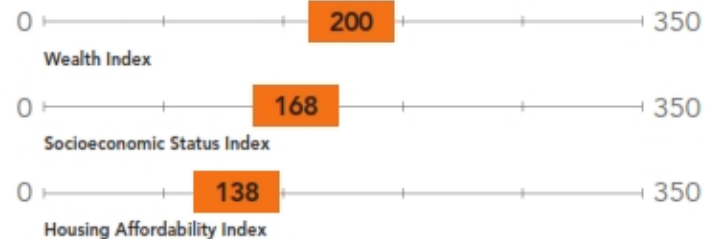
POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

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LifeMode Group: Affluent Estates

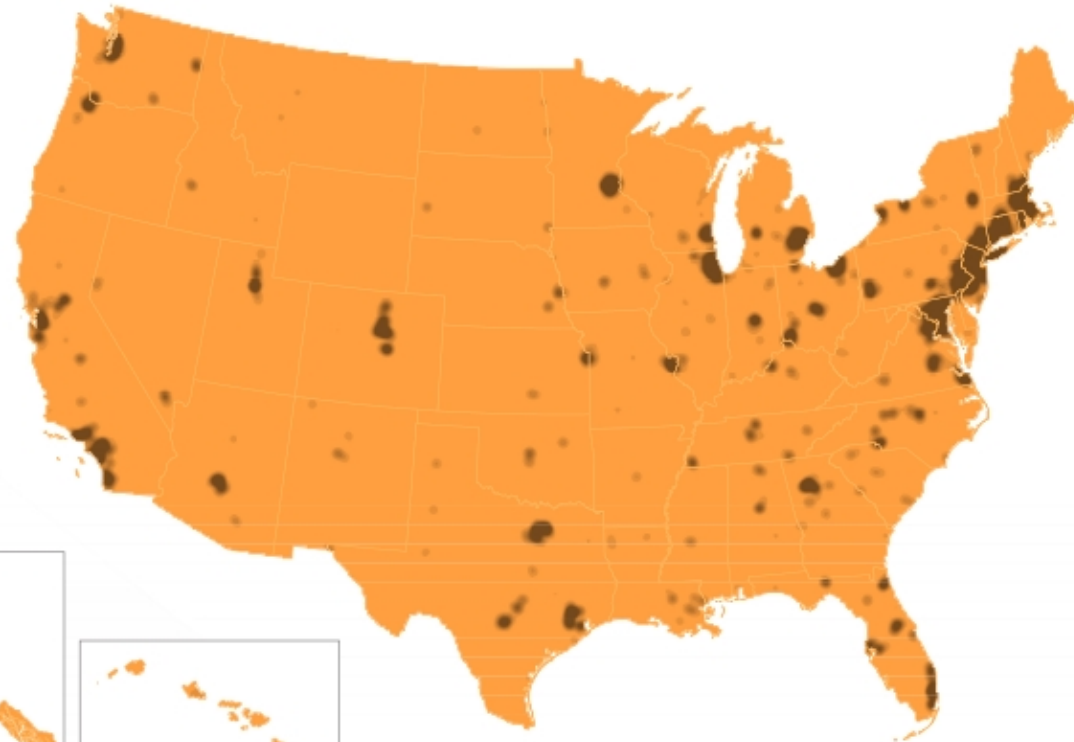
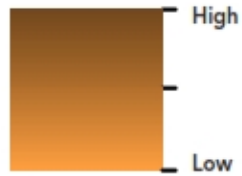
Savvy Suburbanites



TAPESTRY
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SEGMENT DENSITY

This map illustrates the density and distribution of the Savvy Suburbanites Tapestry Segment by households.



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