



Business Development Visit to Ocean Avenue, San Francisco

September 23-25, 2014

Findings and Recommendations



Consulting Service Summary

San Francisco's Office of Economic and Workforce Development (OEWD) contracted with Keith Kjelstrom, an independent consultant on traditional business district revitalization, to provide training and technical assistance services to the Ocean Avenue Association (OAA). (keithkjelstrom@gmail.com; 505.454.1187)

The OAA is developing an impressive track record of performance in revitalizing and managing the Ocean Avenue business district. The purpose of the visit was to help the Association's continued evolution by exploring ways to enhance its economic development activities and effectiveness in the coming months and years.

The three-day visit included a series of meetings and activities:

- Walking tour with OAA and OEWD staff to observe the district's image, features, anchors, and functionality, and the visible operating practices of the businesses
- Training session for OAA staff and contractors on neighborhood commercial district economic development tools
- Session to discuss strategies for using multiple revitalization programs of the City and others
- Meeting to discuss OAA's goals and strategies on market position and vision, business mix and clusters, target consumer markets, sales potential, and strategic locations for business enhancement and business recruitment
- Meeting with OEWD and OAA staff to review OAA's successful performance in establishing a comprehensive database of district properties and businesses
- An evening presentation to community members to profile the Main Street approach to commercial district management (pioneered by the National Trust for Historic Preservation's National Main Street

Center), explore "economic restructuring" tools and how they might apply to the district, and offer the consultant's recommendations to the OAA

- Meeting with OAA and OEWD staff to discuss ways that historic preservation plans, processes and tools might be used to help protect and capitalize on the district's historic resources
- Visits to two district businesses to assess their needs and business development opportunities

In addition to this summary report, the consultant also provided other products for the organization to use in its business development work:

- *Main Street and Economic Restructuring: Business Development Findings and Recommendations for the Ocean Avenue Community*, powerpoint presentation, September 24, 2014
- *Business Development Tools for the Ocean Avenue Association*, powerpoint presentation, September 23, 2014
- *Pop-Facts: Demographic Snapshot 2014 -- Ocean Avenue 2-, 4- and 8-minute drive times*, The Nielsen Company, September 2014
- *RMP Opportunity Gap -- Ocean Avenue 2-, 4- and 8-minute drive times*, The Nielsen Company, September 2014



- Neil Ballard, Economic Development Contractor, Ocean Avenue Association
- Mary Brown, San Francisco Planning Department (by phone)
- Richard Kurylo, Project Manager, San Francisco Office of Economic and Workforce Development
- Emily Lesk, Project Manager - Joint Development Unit, San Francisco Office of Economic and Workforce Development
- Luis Licea, Economic Development Contractor, Ocean Avenue Association
- Holly Lung, Program Manager, Neighborhood Economic Development, San Francisco Office of Economic and Workforce Development
- Jeff and Sabine Taliaferro, owners, Ocean Cyclery
- Crezia Tano, Senior Project Manager, San Francisco Office of Economic and Workforce Development
- Dan Weaver, Executive Director, Ocean Avenue Association
- Lucia Fuentes Zarate and Bomani, owners, The Avenue Bar
- Plus about twenty community residents who attended the evening presentation

Findings



Using the four-point Main Street framework, the consultant and participants explored the comprehensiveness of the OAA's activities. The organization implements a well-rounded revitalization and management program for the district:

- **Organization:** OAA works closely with key partners like OEWD, Oceanview, Merced and Ingleside Cultural Participation Project, and Neighborhood Empowerment Network. OAA is structured as a Community Benefits District guided by a Management District Plan.
- **Design:** OAA's ambitious Street Life committee and staff deploy the City's SF Shines program, conduct graffiti removal initiatives, coordinate ADA assessments of businesses, and plant trees and sidewalk gardens.
- **Promotion:** OAA works with OMICPP to produce the Arts and Culture Festival and convenes community meetings on a variety of topics of concern to residents, business owners and property owners.
- **Economic Restructuring:** Supported by CDBG funds, economic development contractors and the OAA executive director maintain economic information systems and administer multiple financial and technical assistance programs for business and property owners.

Participants explored the district's primary economic characteristics and opportunities for enhancement.

- The Ocean Avenue business corridor serves as an important community hub to the residents of the area. With needed improvements to private buildings and businesses, the district is **well-positioned** to further attract and provide goods and services to residents and visitors.
- Several **vital businesses** and **business clusters** address consumers' needs. These include Whole Foods Market, The Avenue Bar, Champa Gardens and other restaurants, coffee cafes, personal services businesses, Ocean Cyclery, and the incoming hardware store and Target Express.
- The district enjoys ample proximity to **multiple target markets**. These include close-in residents, trade area residents, daytime workers, students and tourists and travelers. See the demographics data reports provided earlier.





- Whole Foods Market locating in the district illustrates the street's ability to draw from a greater trade area than previously envisioned by city planners and others. The **trade area's consumer buying power** is impressive and there is **unmet trade area consumer demand** that could be captured by expanding existing businesses or opening new ones. The 55,682 residents who live within a 4-minute drive of the business district have a total retail and restaurant demand of \$950.5 million each year. Unmet consumer demands (or "market gaps" that may represent business development opportunities), totaling nearly \$671 million annually, are indicated in many categories including furniture and home furnishings, clothing and accessories, garden supplies, general merchandise, and specialty stores. (Source: Nielsen-Claritas, 2014) See the retail sales analysis data provided earlier.
- The district possesses **strategic locations** that can be considered for rehabilitation, provided that property owners are receptive. These include larger buildings such as the El Rey Theatre and smaller locations like the former Ocean Taqueria building.
- Ocean Avenue is strengthened over time by significant **public and private investment**. Important projects include investments in streetscape and landscaping, Champa Gardens restaurant and the trees and landscaping in front of it, the affordable multi-family housing development at 1100 Ocean Avenue, and the new hardware store opening soon.
- Some businesses appear to be **struggling** with a lack of customers, insufficient sales, shallow merchandise, weak visual merchandising, and unattractive building interiors and exteriors.
- Not all of the private sector has kept pace with the public, community and private investment into the corridor's attractiveness. There is a critical **need for improving the appearance of private businesses and buildings**. By presenting a neglected and uninviting face to their potential customers, several business and building owners are undermining their ability to achieve sales and rents. There appears to be disinvestment on the part of several property owners, or a conscious withholding on investment until more entrepreneurial owners perform all of the hard work necessary to improve the neighborhood.



Recommendations

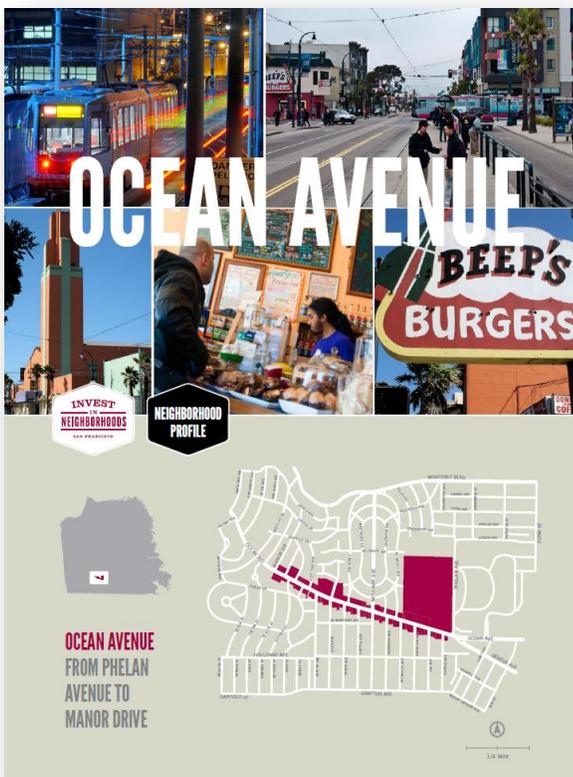


The OAA should continue to implement its important design and business development work as outlined in its action planning documents and in the CDBG agreement.

- Make sure to empower and activate a full-fledged **Business Committee**. While its work should be coordinated with the Street Life and other committees, this essential committee deserves its own separate chair and team of committee members to effectively carry out its many functions.
- Both committees should continue to implement a **campaign of clean up and pride-building** in the commercial district.

The OAA should boost its use of **business development tools**. Successful business development requires skilled circulating, networking, communicating, researching, matchmaking, troubleshooting and orchestrating – with diverse players like business owners, business prospects, property owners, financial institutions, local and state government representatives, and members of the core and extended business development teams. These activities can be very time consuming for the executive director, contractors and others. Foundational tools help to keep staff and volunteers intentional and effective.

- In addition to the demographic and sales performance data provided by the consultant, **gather key market information** from the Ocean Avenue Invest in Neighborhoods district profile and from other organizations. Help to keep your understanding of the market current by periodically acquiring free and low-cost market data from the internet. Partners like OEWD and the City Planning Department can help in this regard.
- Use the program's directory of businesses to analyze the district's **business mix and clusters**.
- Prepare a listing of the district's **priority vacancies** (business opportunity locations). Include property and contact information.
- Using a district base map from the City Planning Department, hang an enlarged version on the wall of the office. Use it as a district "leasing plan map" or "**business cluster map**" to strategize real estate and other program activities.
- Add business development features to the OAA website** such as a list of the top three to five priority vacancies available for new business locations; profile of public and private investments; expression of your top business recruitment targets; demographic and market profile; business development services that you provide; and links to partners who can provide





financial and technical assistance.

- Assemble a hardcopy **business development packet** of the above materials plus the many OEWD program flyers and brochures to share with existing and prospective new business owners.
- Publish a **business development rack card**.
- Prepare **property profile sheets** to help with marketing business locations.

Help to retain, strengthen and expand existing businesses. In addition to addressing existing businesses' needs, closely working with existing businesses is one of the best ways to uncover business recruitment leads.

- Keep conducting an **ongoing business visitation program** to assess owners' needs, network on business development opportunities, and build a strong business-OAA program relationship.
- With trustful relationships in place, evolve business visits into **business coaching sessions** that use a team approach to troubleshooting problems and encouraging strategic growth.
- In collaboration with your economic development partner organizations, produce **business training and networking events**.
- For example, coordinate with partners to bring **customer service training** and technical assistance to district businesses.
- Convene **entrepreneur development roundtables** to facilitate strategy-building discussions among businesses seeking to expand exports.

Recruit new businesses.

- Complement your ongoing business visits program with an intentional schedule of **regular meetings with property owners** to learn their needs and stimulate improvements to, and rental or sale of, their buildings.
- Create a **vacancy treatment program** to market available business locations "through the windows."
- Consult the provided sales performance data to identify potential business development opportunities. **Sales leakages** from the trade area may indicate market gaps that could be filled by business expansions, pop-up businesses, or new bricks-and-mortar businesses. As mentioned above, there exists unmet local consumer demands in several business categories.
- Use **entrepreneur development system** tools to grow new business owners from within the community. (www.energizingentrepreneurs.org)



- Identify **business recruitment targets** by type. Assess target ideas by using the business recruitment matrix provided. State your targets on the organization's website. For example, meeting participants identified several targets: movie theater, bookstore, espresso bar, ice cream shop, stationery/card store, clothing stores (new and used), high-quality restaurants with great bars, garden shop/nursery, toy store, wine bar, musical instrument shop, and pet supplies/grooming.
- Develop leads to potential **new business recruits** from outside of the area by maintaining the various business development features on your website mentioned above; responding well to inquiries; conducting prospecting visits to districts and communities in the greater region; fielding business recruitment teams; and networking with business owners who have contacts in other "source" communities.

Support catalytic property rehabilitations. Historic buildings in the district may serve as potential locations for housing, live-work space, restaurants, entertainment venues, galleries, and mercantile, clothing, resale merchandise, gift and hobby stores.

- Assist property owners and the greater community to **recognize the value of the district's historic commercial building stock.** The corridor possesses many wonderful examples of historic commercial fabric that should be retained capitalized on to enhance the value of adaptive re-use projects. Genuine historic features, attractive to buyers and customers, can provide for more valuable development projects.
- Provide **guidance and support** to owners interested in developing their properties.
- Work with City departments like OEWD and Planning Department (historic preservation incentives) to use **incentives** that provide essential gap financing.

Maintain a strong Business Committee and extended business development team. The business development visit demonstrated that many individuals and organizations are keenly interested in helping Ocean Avenue to achieve its economic development goals. With continued strong support by the City and continued application and evolution of OAA's business development talents, the district's economic development efforts promise to be very effective.