



**AGENDA SUBMITTAL TO SOLANO COUNTY BOARD OF SUPERVISORS**

<b>ITEM TITLE</b> Receive a status report on the Solano360 Phase 2 (entitlement) project which includes an update on the Market, Financial, and Economic Studies along with refinement of the Entitlement Process		<b>BOARD MEETING DATE</b>  June 28, 2011	<b>AGENDA NUMBER</b>  <b>29</b>
<b>Dept:</b> <b>Contact:</b> <b>Phone:</b>	County Administrator's Office Ron Grassi (707) 784 - 6933	<b>Supervisorial District Number</b>  ALL	
<b>Published Notice Required?</b>		<b>Yes</b> _____	<b>No</b> <u>  X  </u>
<b>Public Hearing Required?</b>		<b>Yes</b> _____	<b>No</b> <u>  X  </u>

**DEPARTMENTAL RECOMMENDATION:**

The County Administrator's office recommends that the Board receive a status report on the Solano360 Phase 2 (entitlement) project which includes an update on the Market, Financial and Economic Studies along with refinement of the Entitlement Process.

**SUMMARY:**

On May 3, 2011 the Board of Supervisors approved an amendment to the professional services contract with Municipal Resource Group, LLC (MRG) as project manager, retained the services of Gruen Gruen + Associates (GG+A) to assist with the preparation of a market study analysis for the Solano360 project. Recommendations based on the market conditions for Retail, Office, Hotel, Entertainment and Event Space provide guidance to refine the project description and land plan consistent with the approved timeline and scope of work (Attachment A). The Executive Summary and Market Study Analysis can be found at the Solano360 website [www.SolanoCounty.com/Solano360](http://www.SolanoCounty.com/Solano360) it is also on file with the Clerk of the Board, and was previously distributed to all Board members on Monday, June 20, 2011.

The Solano360 Committee, consisting of members of the Board of Supervisors, Vallejo City Council and Solano County Fairgrounds Association met on June 23, 2011 to discuss the market study analysis and the refinement of the Solano360 Phase 2 (entitlement) project. A verbal summary of the discussion and comments will be provided to the Board.

**FINANCING:**

On February 9, 2010 the Board approved the Solano360 Phase 2 (entitlement) project budget of \$3.1 million. The entitlement budget anticipated a variety of professional services, studies and reports associated with completing a master plan, including project management services, communication and public information, land use planning services, civil engineering services, architectural design services, transportation and circulation analyses, preparation of required environmental documents, legal support, permit and application fees, and financial analysis. The Solano360 Project is funded by a loan from the General Fund and accounted for and tracked separately from other County expenditures. The Board has established a requirement that the loan be repaid by future revenue streams resulting from the ultimate redevelopment of the fairground site.

## **DISCUSSION:**

The Solano360 project is a three-party effort between the County, City of Vallejo and the Solano County Fair Board emanating from the Solano360 Vision Report prepared in May 2009, which initiated a process to establish and realize the long-term revitalization goals for the County-owned Solano Fairgrounds property in Vallejo. The Solano360 Vision Report offers flexible, sustainable options for a diverse and future-oriented program of uses to be developed over time. Based on these principles, a preliminary mix of land uses was proposed, including entertainment, mixed use commercial, hospitality, office, open space, exhibition hall, flex special event facilities, outdoor multi-purpose area, demonstration farm, transit, parking and other fair uses. The Solano360 Vision Report stated that there was a need to assure flexibility and the ability to adapt to market conditions over time. The Solano360 Vision Report also included an Implementation strategy that indicated that the property would likely be developed in phases and “within each phase, development will occur in orderly increments, based on market demand and staging of on-site infrastructure.”

Phase 2 of the Solano360 Project is the entitlement process which includes the preparation of a specific plan, an environmental impact report, and a City of Vallejo general plan and zoning amendments.

To gain market insights and refine the Solano360 Phase 2 (entitlement) project the Board of Supervisors approved on May 3, 2011 an amendment to the professional services contract with Municipal Resource Group, LLC (MRG) as project manager, retained the services of Gruen Gruen +Associates (GG+A) to assist with the preparation of a market study analysis for the Solano360 project. The market study provides a set of data as a useful tool to help inform the land planning process. MRG has coordinated the assessment of potential land use options according to projected market demand, with the output identifying the types of land uses and product types that appear to have sufficient demand potential. The report prepared by MRG provides insight into the timing and development of alternative land uses by giving perspective on demand and supply conditions, and describing which uses are likely to provide development opportunities.

MRG has utilized the market study information and prepared in the executive summary recommendations for the refinement of the Solano 360 Phase 2 (entitlement) project as follows:

- Continue to develop the Specific Plan and prepare the EIR to be in a position to respond to short-term and longer-term economic conditions, with the short-term objective of improving the Fairgrounds in its existing location and identifying a “third gate” entertainment anchor.
- Maintain the schedule for development of the Specific Plan and EIR and for processing entitlements, with a goal of adoption of project documents in mid-2012.
- Research possibilities for a new entertainment venue(s) to complement the existing Six Flags Discovery Kingdom and Fair of the Future. This could consist of an expansion of Six Flags Discovery Kingdom or a new entertainment venue(s), to be identified by examining case studies of successful examples nation-wide.
- Create a working group to include a representative from Six Flags Discovery Kingdom and a policy-maker from each of the Board of Supervisor’s, City Council, and the Solano County Fair Board to work with the project team to research possibilities of collaboration between the parties regarding synergies between Six Flags Discovery Kingdom and the Fair of the Future.
- Refine the land use plan to take advantage of the existing fair/event visitors and Six Flags Discovery Kingdom visitors. Include a “third gate” anchor, related support uses such as

- retail, hotel, restaurant row, or other synergistic uses, and connective elements of parking, entry, waterway, and public open space.
- Provide for interim uses on the Fairgrounds property that can be replaced by long-term development as market conditions improve.
  - Provide for phasing of the Fair of the Future elements, including short-term improvements, medium-term facilities and long-term build-out of exhibition and event space.
  - Provide flexibility in the Specific Plan and entitlements and in the breadth, or level of specificity, of the EIR to adjust to possible entertainment-amusement park anchors and associated support uses, with the ability to respond to market conditions that may evolve as the economy recovers.

The Solano360 Committee, consisting of members of the Board of Supervisors, Vallejo City Council and Solano County Fairgrounds Association met on June 23, 2011, to discuss the market study analysis and the refinement of the Solano360 Phase 2 (entitlement) project. Due to the timing and publishing of this agenda item, a verbal summary of the discussion and comments from the June 23rd Solano360 Committee will be provided to the Board of Supervisors on June 28<sup>th</sup>.

**ALTERNATIVES:**

The Board could choose not to receive a status report, however this is not recommended because it would limit the Board's ability to provide input and direction.

**OTHER AGENCY INVOLVEMENT:**

Solano County, the City of Vallejo and the Solano County Fair Association continue to be actively engaged on this project. Similar presentations will be made to the Vallejo City Council and the Solano County Fair Association Board.

**DEPARTMENT HEAD SIGNATURE:**



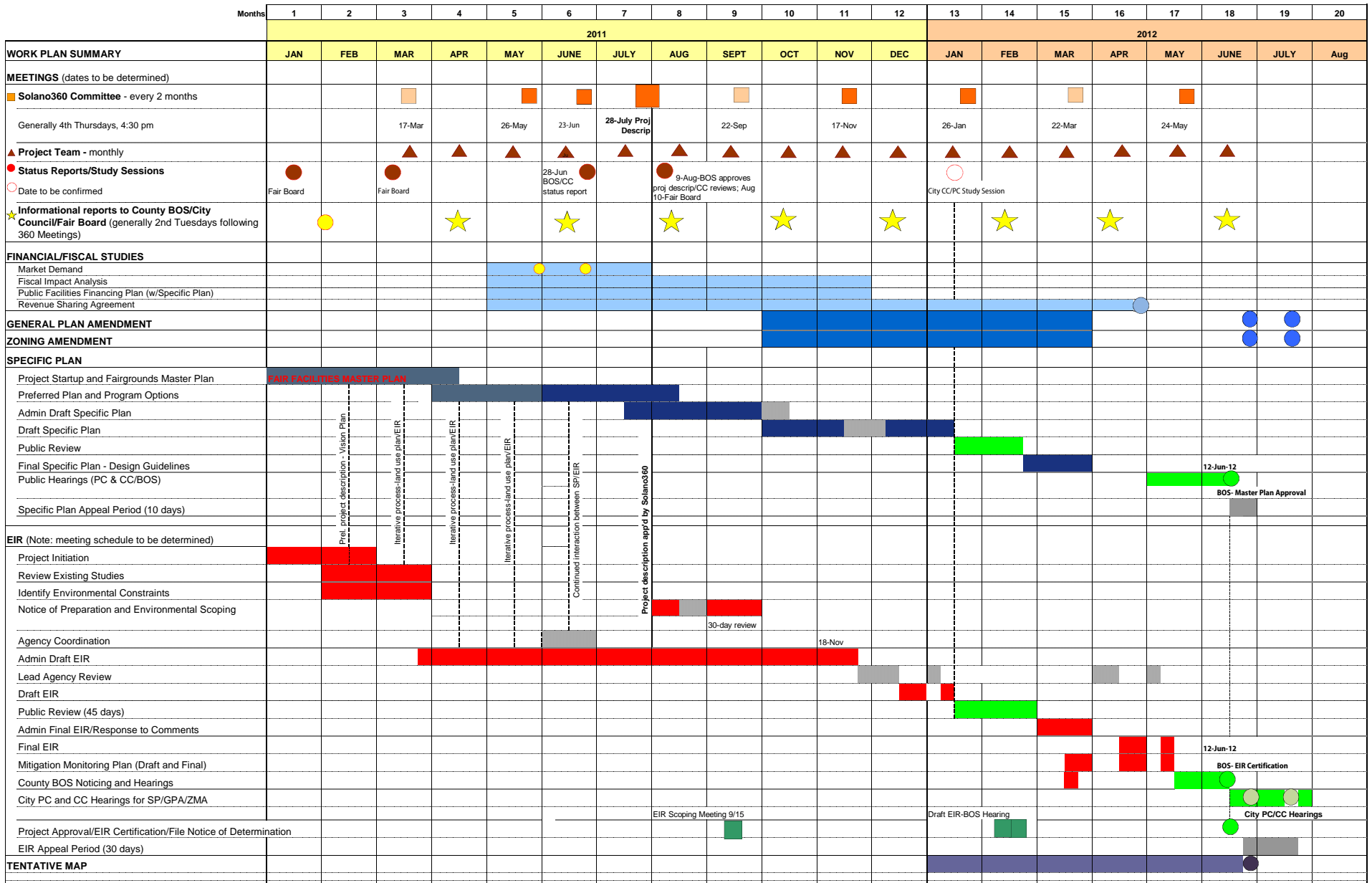
**Birgitta E. Corsello, County Administrator**

**Attachment(s):**

Attachment A - Timeline for Concurrent Specific Plan & EIR Process, prepared by the SWA Group



**TIMELINE FOR CONCURRENT SPECIFIC PLAN & EIR PROCESS**



CONCLUSIONS AND RECOMMENDATIONS  
FOR THE PLANNING, POSITIONING, AND IMPLEMENTATION  
OF THE REVITALIZATION OF THE SOLANO COUNTY FAIRGROUNDS

June 28, 2011

By Aaron N. Gruen

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*Urban Economists, Market Strategists  
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# Intense Competition for Retail, Office, Hotel and Exhibition Uses

<b>Relationship Between Retail Space Demand and Supply Within the Primary Trade Area</b>		
	2010 # Square Feet	2020 # Square Feet
Demand for Retail Space @ \$300 to \$350 Per Square Foot <sup>1</sup>	2,715,000 - 3,168,000	2,883,000 - 3,364,000
Supply of Retail Space	3,385,000	3,544,000
<i>Existing Supply<sup>2</sup></i>	3,385,000	3,385,000
<i>Potential Future Supply<sup>3</sup></i>	-----	159,000
<b>Unmet Space Demand (Supply Surplus)</b>	<b>(217,000) – (670,000)</b>	<b>(180,000) – (661,000)</b>
<sup>1</sup> Based on trade area expenditure potential of \$950,371,813 in 2010 and \$1,009,145,817 in 2020. <sup>2</sup> Not including smaller centers and freestanding stores in the primary trade area of less than 25,000 square feet. <sup>3</sup> Not including potential longer-term additions of retail space not yet entitled (such as the American Canyon Town Center) or any other potential future supply other than the third phase of the Napa Junction development and Walgreen's-anchored center in American Canyon.		
Source: Gruen Gruen + Associates		



# Intense Competition for Retail, Office, Hotel and Exhibition Uses

## Solano County / Napa Valley Office Space Inventory by Submarket: 2011

Submarket	Total Inventory # Square Feet	Vacant Space # Square Feet	Vacancy Rate %	Full-Service Rent \$ PSF
Fairfield	1,752,192	545,184	31.1	1.79
Napa	1,389,141	396,970	28.6	1.92
Vacaville	513,761	145,585	28.3	1.79
Vallejo	234,065	25,548	10.9	n/a
<b>Total<sup>1</sup></b>	<b>4,221,120</b>	<b>1,162,881</b>	<b>27.5</b>	<b>1.83</b>
<sup>1</sup> Total includes other minor submarkets (American Canyon, Benicia, Suisun City, Dixon).				
Sources: Colliers; Gruen Gruen + Associates.				



# Intense Competition for Retail, Office, Hotel and Exhibition Uses

**Hotel Market Demand and Supply in Vallejo: 2006-2011<sup>1</sup>**

Year	Annual Room Supply # Room Nights	Total Room Nights Occupied #	Annual Occupancy %
2006	525,600	285,845	54
2007	525,600	294,740	57
2008	525,600	281,205	54
2009	525,600	283,630	54
2010	525,600	262,697	50
2011	525,600	266,874	51

<sup>1</sup> Annual figures refer to “running 12 month periods”.

Sources: Vallejo Visitors & Convention Bureau; Smith Travel Research.





# Intense Competition for Retail, Office, Hotel and Exhibition Uses

## Competing Exhibition Facilities



# Intense Competition for Retail, Office, Hotel and Exhibition Uses

Competitive Facilities for Solano County Fairgrounds in Its Current Condition				
ID	Facility Name	Location	Total Exhibit Space (Largest Building)	Total Bldg. Space
	Solano County Fairgrounds	Vallejo	40,000 (20,000)	140,250
A	Napa Valley Expo (Town & Country Fairgrounds)	Napa	16,000 (7,200)	31,800
B	CSU East Bay Oakland Center	Oakland	None	11,000
C	Marin County Fair & Exhibition	San Rafael	22,500 (22,500)	22,500+
D	Dixon Fairgrounds	Dixon	10,000 est. (5,000 est.)	26,300
E	Contra Costa County Fairgrounds	Antioch	21,000 (7,000)	21,000
F	Sonoma-Marin Fairgrounds & Event Center	Petaluma	6,358 (6,358)	11,238
G	Alameda County Fairgrounds	Pleasanton	32,500 (32,500)	131,000
H	Napa County Fairgrounds	Calistoga	15,100 (9,400)	15,100
I	Sonoma County Fairgrounds	Santa Rosa	105,838 (40,500)	105,838
J	San Mateo County Event Center	San Mateo	215,000 (104,900)	254,500



# Potential Use Opportunities

- Create a dominant regional-serving agglomeration of entertainment/amusement and supporting uses that would also provide a magnetic environment and draw for the Fair
- Additional entertainment anchor
- Restaurant row - interesting eating & drinking formats/themes
- Experiential/recreational retail – potentially including outlet
- Upgrades and updates to existing Fair facilities/activities



## Implementation Actions

- Refine the primary land uses - uses that cannot readily be replaced by the Internet and with less direct competition
- Provide for potential additional entertainment anchor opportunities (including potential expansion by Six Flags)
- Capitalize on existing strengths including proximity to Six Flags to enhance the nature of the site as a regional-destination



## Additional Implementation Measures

- Investigate Six Flags' willingness to collaborate on improving and expanding destination entertainment uses
- Explore potential opportunities for attracting another major branded destination entertainment use complimentary to the Fair & Six Flags
- Position Fairgrounds to capture potential exciting new experiential retail and other compatible uses (outlet retail and array of eating and drinking)
- Develop options for year-round uses and products at the Fair; make sure that events and attractions stay relevant and relate to contemporary preferences for food, entertainment and education



## Additional Implementation Measures

- Consider the selective update, upgrade, and expansion of existing Fair facilities in a phased program, as an option to the challenging “quantum leap” of demolition and new construction
- For intermediate/interim enhancements to Fair facilities, consider “facelifts” to key buildings and enhancements to the grounds
- For Specific Plan, emphasize a user-friendly environment, flexibility to respond to shifting or unforeseen market demands, ability to capitalize on prior investments, and enhancements to improve competitive position of Fair and the Fairgrounds

