Today’s Agenda

- Background & Project Overview
- Presentation
  - Summary: Citywide Analysis of existing formula retail
  - Initial Release of 4 DRAFT Issue Briefs
- Next steps
  - Public and Stakeholder review of Issue Briefs
  - Develop framework for Neighborhood Case Study selection
  - Draft Neighborhood Case Study reports
## Formula Retail Study -- Schedule

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<th>Scope of tasks</th>
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  - Continued refinement of all work
Existing Formula Retail: Citywide Analysis
Formula % Independent Retail Types: Number of Establishments

- % of Formula Retail Establishments
- % of Independent Retail Establishments
- Formula Retail as a % of All Retail Establishments

Stores: 69% of Formula Retail, 58% of Independent Retail, 10% of Total
Restaurants & Bars: 23% of Formula Retail, 25% of Independent Retail, 10% of Total
Retail Services: 2% of Formula Retail, 6% of Independent Retail, 4% of Total
Banks, Credit Unions, S&L: 18% of Formula Retail, 0% of Independent Retail, 0% of Total
Total: 84% of Formula Retail, 12% of Independent Retail, 100% of Total

Formula Retail as a % of All Retail Establishments: Total 100%
**Formula & Independent Retail Types: Square Feet**

- % of Formula Retail Establishments
- % of Independent Retail Establishments
- Formula Retail as a % of All Retail Establishments

<table>
<thead>
<tr>
<th>Category</th>
<th>Formula Retail Establishments %</th>
<th>Independent Retail Establishments %</th>
<th>All Retail Establishments %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores</td>
<td>61%</td>
<td>63%</td>
<td>31%</td>
</tr>
<tr>
<td>Restaurants &amp; Bars</td>
<td>31%</td>
<td>30%</td>
<td>17%</td>
</tr>
<tr>
<td>Retail Services</td>
<td>2%</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Banks, Credit Unions, S&amp;L</td>
<td>1%</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>Total</td>
<td>92%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

SAN FRANCISCO PLANNING DEPARTMENT
Four Issue Briefs

1. Understanding San Francisco’s Formula Retail
2. Employment and Formula Retail
3. Formula Retail and the Real Estate Market
4. Changing the Definition of Formula Retail
Issue Brief No. 1: Understanding San Francisco’s Formula Retail
Background and Methodology

- Zoning Districts were grouped into 4 categories:
  - Commercial/Mixed-Use (MU) with FR Controls
  - Commercial/Mixed-Use (MU) without FR Controls
  - Industrial Zoning with no FR controls
  - Residential Zoning with FR controls

- Because the Industrial and Residential Zoning Districts did not have enough FR establishments to produce robust results, most of the analysis is focused on the Commercial Mixed-Use Districts
Formula Retail Establishments as a Percent of Total Retail Establishments

Density of FR / Density of Retail
(only areas > 150 est. per sq mi)
- 0% - 0.1%
- 0.11% - 3%
- 3.01% - 11%
- 11.01% - 18%
- 18.01% - 28%
- 28.01% - 38%
- 38.01% - 100%

Supervisory District
New FR Requires CU or NCT/NCD where New FR is prohibited

Citywide, the average concentration of formula retail is 11%.

Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Interim Draft

Strategic Economics, 2014;
Data: Dun & Bradstreet, 2012,
City of San Francisco, 2013.
Findings: Size of Establishments

Formula and Independent Retail Establishments by Store Size

- 3,000 or less: 15% Formula Retail, 80% Independent Retailers
- 3,001-10,000: 16% Formula Retail, 61% Independent Retailers
- 10,001-20,000: 16% Formula Retail, 1% Independent Retailers
- 20,001-50,000: 5% Formula Retail, 0.3% Independent Retailers
- More than 50,000: 0.7% Formula Retail, 0.06% Independent Retailers
- Unknown: 3% Formula Retail, 2% Independent Retailers

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.
Findings: Types of Establishments

Most common types of retailers in Comm. MU Districts w. FR Controls

<table>
<thead>
<tr>
<th>Formula Retailers</th>
<th>Independent Retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>CVS, Walgreens, Safeway, NAPA, Office Depot, GAP</td>
<td>Bi-Rite, Ambiance, OFFICE PRODUCTS CENTER, AZALEA</td>
</tr>
</tbody>
</table>

Most common types of retailers in Comm. MU Districts w/o FR Controls

<table>
<thead>
<tr>
<th>Formula Retailers</th>
<th>Independent Retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAP, Sephora, GNC</td>
<td>AMBIANCE, CLIFFS VARIETY, AZALEA, UPPER PLAYGROUND</td>
</tr>
</tbody>
</table>

Note: Logos shown are random selections used to illustrate retailers in San Francisco and by no means represent the full range of retailers.
Findings: Other Characteristics

Formula Retail Establishments by Headquarters Location

Outside of US 10%
Elsewhere in US 54%
San Francisco 14%
Elsewhere in California 14%
Independent Franchises* 8%

*Franchises that are not owned by or legally linked to the parent company; headquarters location unknown.
Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.
Findings: Other Characteristics

Formula Retail Establishments by Number of Corporate Family Members

- More than 1,045: 50%
- 376 to 1,045: 11%
- 51 to 375: 13%
- 21 to 50: 4%
- 11 to 20: 5%
- Unknown/ Franchises: 17%
Issue Brief No. 2: Employment and Formula Retail
## Local Context: SF Labor Laws

<table>
<thead>
<tr>
<th>Local Laws</th>
<th>Applicability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Wage Ordinance</td>
<td>Will apply equally to formula retailers and independent retailers, in general.</td>
</tr>
<tr>
<td>Paid Sick Leave Ordinance</td>
<td></td>
</tr>
<tr>
<td>Health Care Security Ordinance</td>
<td>Applies to firms with 20 or more workers, nationwide, which will generally include all formula retailers.</td>
</tr>
<tr>
<td>Family Friendly Workplace Ordinance</td>
<td></td>
</tr>
</tbody>
</table>
National Scale

**Large Firms** (200+ workers)  
- Costco Wholesale
- In-N-Out Burger
- Starbucks
- Target
- Nordstrom

**Small Firms** (3-199 workers)  
- Super Duper Burgers
- Blue Bottle Coffee
- Philz Coffee
- Sheng Kee

*Logos were selected to illustrate firm size and do not reflect employment benefits and practices discussed*
Retail & Restaurant Employment in SF

- Approximately 47% of San Francisco’s retail workers are employed at firms with multiple locations in California.
  - Within this retail sector, the industries that employ the most people in SF are: grocery, clothing, department stores, and health and personal care stores.

- Approximately 18% of the City’s restaurant workers are employed at firms with multiple locations in California.

- Multiple site firms tend to employ more workers in SF than firms with single sites.
### Average Weekly Retail and Restaurant Wages in SF

<table>
<thead>
<tr>
<th>Category</th>
<th>All Stores</th>
<th>Multiple-Site</th>
<th>Single-Site</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average for all workers in 2012</strong></td>
<td>$1,680</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Retail Stores (overall)</td>
<td>$815</td>
<td>$820</td>
<td>$823</td>
</tr>
<tr>
<td>Electronics and Appliance Stores</td>
<td>$1,650</td>
<td>$2,270</td>
<td>$980</td>
</tr>
<tr>
<td>Shoe Stores</td>
<td>$510</td>
<td>$425</td>
<td>$640</td>
</tr>
<tr>
<td>Restaurants</td>
<td>$490</td>
<td>$512</td>
<td>$485</td>
</tr>
</tbody>
</table>
Issue Brief No. 3: Formula Retail and the Real Estate Market
Findings: Understanding the Retail Market

Interim Draft

Strategic Economics, 2014; Data: City and County of San Francisco, 2013.
Findings: Commercial Real Estate & FR

$100 - $200/square foot in Union Square

$50 - $60 per square foot in the Financial District

$20 per square foot in outlying areas
Chestnut and Lombard Streets between Divisadero & Fillmore Streets
Geary Boulevard between 28th Avenue & Masonic Avenue
Rents and FR CU Activity in the Mission Street NCT

![Graph showing annual retail rental rates for various properties in the Mission Street NCT submarket, including AT&T, Subway, ICI Paints, Autozone, Pollo Campero, and T-Mobile. The graph compares the annual rental rates per square foot for CU Approved and CU Withdrawn properties, with a focus on the Mission Street NCT and Southern City Submarket.]
Issue Brief No. 4: Changing the Definition of Formula Retail
Number of Establishments Worldwide

Formula Retail Establishments by Headquarters Location

- Elsewhere in California: 14%
- Elsewhere in US: 54%
- San Francisco: 14%
- Outside of US: 10%
- Independent Franchises*: 8%

*Franchises that are not owned by or legally linked to the parent company; headquarters location unknown.

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.
Parent and *Subsidiary* Companies

**Fifth & Pacific Companies™**

- kate spade
  - NEW YORK
  - JACK SPADE
- LIZ CLAIBORNE
- LUCKY BRAND
  - BLUE JEANS OF AMERICA
  - TOO TOUGH TO DIE
- KATE SPADE SATURDAY
- MONET
- MEXX
## Expanded Land Use Categories

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Potential Formula Establishments (a)</th>
<th>Potential Formula Establishments as a % of Total</th>
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<tbody>
<tr>
<td>Automobile Sale or Rental</td>
<td>50</td>
<td>24%</td>
</tr>
<tr>
<td>Automotive Gas Station</td>
<td>40</td>
<td>31%</td>
</tr>
<tr>
<td>Automotive Service Station and Repair</td>
<td>20</td>
<td>4%</td>
</tr>
<tr>
<td>Hotel, Tourist</td>
<td>90</td>
<td>16%</td>
</tr>
<tr>
<td>Service, Administrative</td>
<td>140</td>
<td>3%</td>
</tr>
<tr>
<td>Service, Business or Professional</td>
<td>150</td>
<td>5%</td>
</tr>
<tr>
<td>Service, Fringe Financial</td>
<td>30</td>
<td>16%</td>
</tr>
<tr>
<td>Service, Medical</td>
<td>80</td>
<td>2%</td>
</tr>
<tr>
<td>Service, Personal &amp; Massage Establishment</td>
<td>50</td>
<td>2%</td>
</tr>
<tr>
<td>Trade Shops</td>
<td>30</td>
<td>4%</td>
</tr>
<tr>
<td>Wholesale Sales</td>
<td>160</td>
<td>4%</td>
</tr>
<tr>
<td>Other (b)</td>
<td>30</td>
<td>4%</td>
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<tr>
<td><strong>Total</strong></td>
<td>860</td>
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**Notes:**
- (a) Includes franchises and businesses with 12 or more total global corporate family members (branches or subsidiaries).
- (b) Includes ambulance service, animal hospital, automobile parking, automotive wash, other entertainment, mortuary, and storage land uses.
- Certain land uses excluded (light manufacturing, limited service financial, adult entertainment, neighborhood agriculture, large-scale agriculture) from analysis because no corresponding NAICS codes were identified; remaining land uses (tobacco paraphernalia establishments, gift store tourist oriented, jewelry store) excluded because already covered under existing formula retail legislation. Columns may not add due to rounding.
- Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.
Next Steps
Today’s Agenda

- Project Origins & Overview
- Presentation

Next steps

- Public and Stakeholder review of Issue Briefs
- Draft Neighborhood Case Studies: Assess relationship among formula retail, controls, and economic and neighborhood factors in 3 neighborhoods/commercial corridors
- Further Refinements of all work
## Next Steps: Formula Retail Study

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Controller’s Study is now published. Will seek a presentation from the controller at this commission in March. Stay tuned…

Next Steps: Post-Study

- Policy Recommendations for the Commission’s Consideration
- Potential Legislative Action by the Board of Supervisors
Thank you!