

# Summary Business Development Strategy For The North 16th St. Area



Prepared for The City of Sacramento

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**BUSINESS STREET**

# Introduction

Why focus on this place, an area of dilapidated old warehouses, mainly known for homelessness, and divided by a big one-way street mainly used by trucks and commuters? There are three important reasons:

- 1) There is potential to attract new urban industry here. In the strong cities of the West, innovative new companies are looking for interesting small buildings just like these, in central locations just like this one.
- 2) Buildings here can be readily re-used, unlike other redevelopment areas where the occupancy costs and lead times for new construction are much higher.
- 3) Sacramento needs new business besides software and biotech to diversify its economy. This new urban industry, particularly hardware and agtech, holds great promise for growth.

In just four years a freshman now in high school will graduate and consider their next steps. This strategy envisions a future for this area that will give this student employment options, describes three types of industry that can be drawn here, identifies how to overcome the obstacles to development, and recommends a way for business owners and elected officials to get results over the next 12 months. A separate technical appendix includes the research findings on business and real estate conditions on which this strategy is based.



*Lawrence Crane, co-owner with Susan Crane of Party Concierge, an event design business, uses this robot to fabricate props. Their business employs about 15 people in a 1952, 42,000 square foot warehouse on North 10th St. that they have renovated to include offices, a board room, a flower arranging area, a walk-in refrigerator, a machining room, and extensive storage and staging space.*

# A Vision Of The Future

Imagine a place where people not only design but make things. Imagine an analyst using data to create a marketing strategy that leads to the customized printing of mail in a computerized plant next door. Imagine a skilled craftsman at a metal shop cutting and forming sheets of stainless steel into gleaming columns that will stand out front of a new train station in the Delta. Imagine a photographer in a studio setting up a "shoot" of food products that will go into the advertising circular of a regional supermarket chain. Imagine a motorcycle mechanic at a restoration shop taking apart and explaining the distinctive features of a vintage machine as a group of aficionados look on.

In fact, all these things are happening in the North 16th Street area today, but these skilled professionals are largely working in isolation from one another. They are not using one another's skills. The area lacks the critical mass of activity in which a chance encounter on the street or a cafe leads to new contracts, new relationships, new ways of working together. We expect this kind of density of activity and collaboration in our downtowns, places where face-to-face collaboration between people with complementary skills is just a five-minute walk away. Why not in our industrial areas?

This area grew up with big companies canning and shipping agricultural commodities, with jobs that were often dull and dangerous. The new generation of urban industry is much different: companies are smaller (generally five to 50 people each), the work is more technical and the jobs pay more. This area has the right kind of real estate for this new industry. The only thing lacking is people.

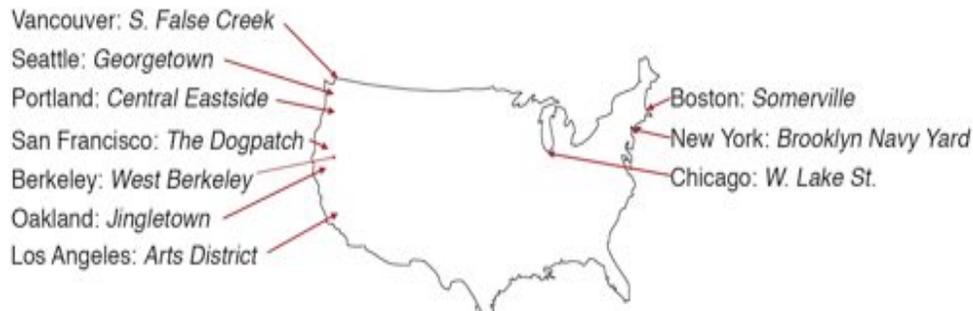


*(Photo courtesy of Nicholas Wray and Pipeworks)*

*This photo shows one of the anchor users in the North 16th Street area, Pipeworks, a climbing gym where about half of the customers come from Midtown neighborhoods and the other half from the suburbs. Some climbing gyms like this in Boston and LA now include coworking space and conference rooms in the basic monthly fee, literally a combination of work and play. Pipeworks is considering adding a craft brewery, but the site is large enough to eventually add other uses as well. Those other uses could include a cafe, workshop space, health clinic or bicycle shop.*

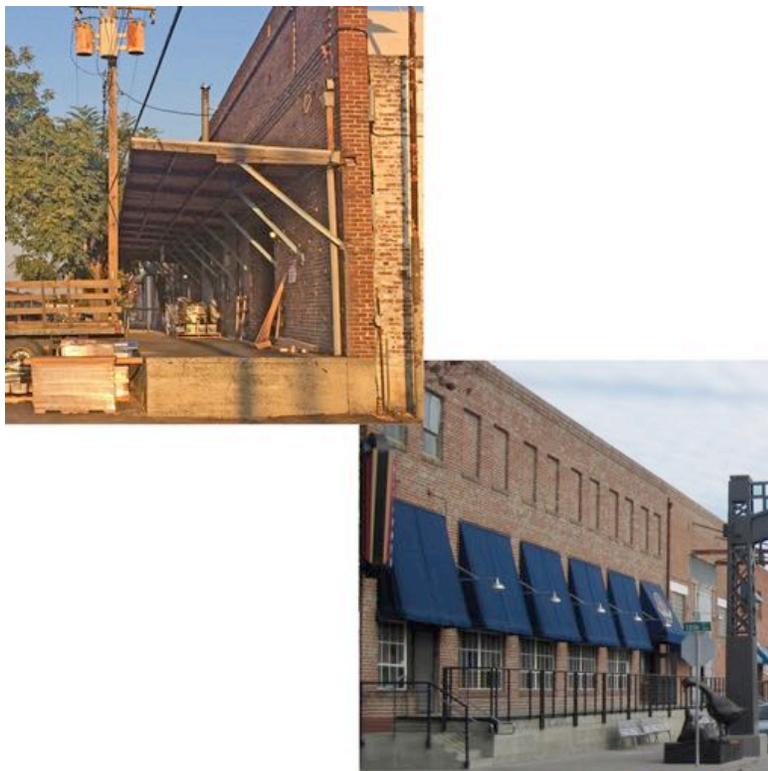
# A Renaissance Of Industrial Places

Across the country, in leading-edge cities, new companies that design and make things are moving into old factories and warehouses less than a mile from downtown. Why are they coming? Because the younger generation of engineers and technical workers want to not only live, but work in the center city. Here are other places where this renaissance of urban industry is already underway:



These old industrial districts have several things in common: 1) most are within a 15-minute bicycle ride of popular inner city neighborhoods; 2) they have a supply of interesting warehouses and factories scaled to their needs, and; 3) the streets are quiet and have plenty of parking.

The North 16th Street area has this mix of location, buildings, streets and parking. It even has buildings with loading docks, which are usually the first to be developed, since they lift the business entrances above the riff-raff of the street and provide an outdoor place to eat or meet. The photo immediately below shows one such building on North C St. The bottom photo shows another building like this on R Street occupied by the Fox and Goose Pub. Rents on R Street have gotten too high for workshop users, but there is a plentiful supply of affordable space not far away in the North 16th Street area.





*This agricultural drone monitors field conditions. UC Davis has very deep skills in engineering agricultural technology like this one, yet most of these new startups have gone north to Woodland, not east to Sacramento. Some of these agtech companies might be lured to the North 16th Street area, which is a ten-minute bike ride from the Amtrak station and a 25-minute drive from major tech employers like HP in Roseville.*

# Next-Generation Industry

There are three types of urban industry that can be lured here:

1. Artisanal manufacturers. These are firms that produce premium food, fashion, and furnishings. Sacramento bills itself as America's farm to fork capital, and to realize this positioning it needs to greatly increase the number of local boutique producers. Midtown has a chocolatier and an alcoholic drink mix maker, but rents there have become too high for manufacturing companies new to the area. If development of the "The Food Factory", a commercial kitchen and food incubator, moves ahead immediately south of the berm near 15th St., some start-ups that outgrow space there would likely expand north.

2. Design and marketing firms. About 200 people already work in this area at companies like Admail West, Sacramento Theatrical Lighting, Party Concierge and Commerce Printing. There is potential to attract more. The list of local professionals could grow to include animators, architects, engineers, dance choreographers, display fabricators, graphics artists, model makers, sound technicians, and video editors.

3. "Hardware" and ag tech companies. These companies need bench space to make physical products, which involves the operation of machinery that may be noisy and needs extra power, as well as space for storage and shipping. Sierra College is trying to make itself the center of this new-generation industry, but Rocklin is too far out the freeway and lacks walkable urban places.



*This aerial photo shows the eastern portion of the River District, with North 16th St. running down the middle, the river at the top, and the Union Pacific railroad tracks at the bottom and to the right. The area circled in red has the most immediate potential for development. Longer term, there is also good potential for subdividing the large warehouses immediately south of Loaves and Fishes, for more intense use of these buildings west of North 12th St., and for development of vacant land immediately north of the railroad tracks.*

# The Circle of Opportunity

For years, people have been waiting for the River District to develop, but only about five percent of the land there has attracted significant new investment since 1990, and east of North 7th St. almost a third of the area remains vacant or greatly under-developed. Much of the activity here is warehousing and distribution, uses that create little wealth locally and for which job densities are about one-eighth that of next-generation industry.

The problem for the River District is that investors and new users do not know where to go. Like pioneers on the Oregon Trail circling the wagons at night, they want company in where they invest their time and money.

Business and government leaders should be working together to create a center of activity from which future development radiates outwards. The area with the highest potential for this is the east-west blocks immediately west of North 16th Street and north of Rohrer Brothers, especially along North C St. and McCormack Ave., and Sproule Ave. The buildings there are small, they have interesting character, and, with minor investment and persistent attention, the streets outside them can be made safe and free of litter.

No other area of the Sacramento region offers these affordable, small industrial buildings in such a central urban location. North Natomas is too suburban, West Sacramento lacks services and amenities, the west end of Broadway is going residential, Power Inn is too far away, and R Street has become too expensive. There are obstacles to development in the North 16th Street area, but none so daunting to deter significant improvement in the next few years.



*Shasta Smith, owner of Vintage Monkey. Smith opened her business relatively recently in a 6500 square foot warehouse built in 1925 at the northwest corner of North C St. and North 16th St. Part mechanic, part designer, and part impresario, Smith's space includes a repair shop, motorcycle museum, and event space. To hold events, however, Smith wants to be able to serve beer, and getting a permit for this has proven to be expensive and time consuming.*

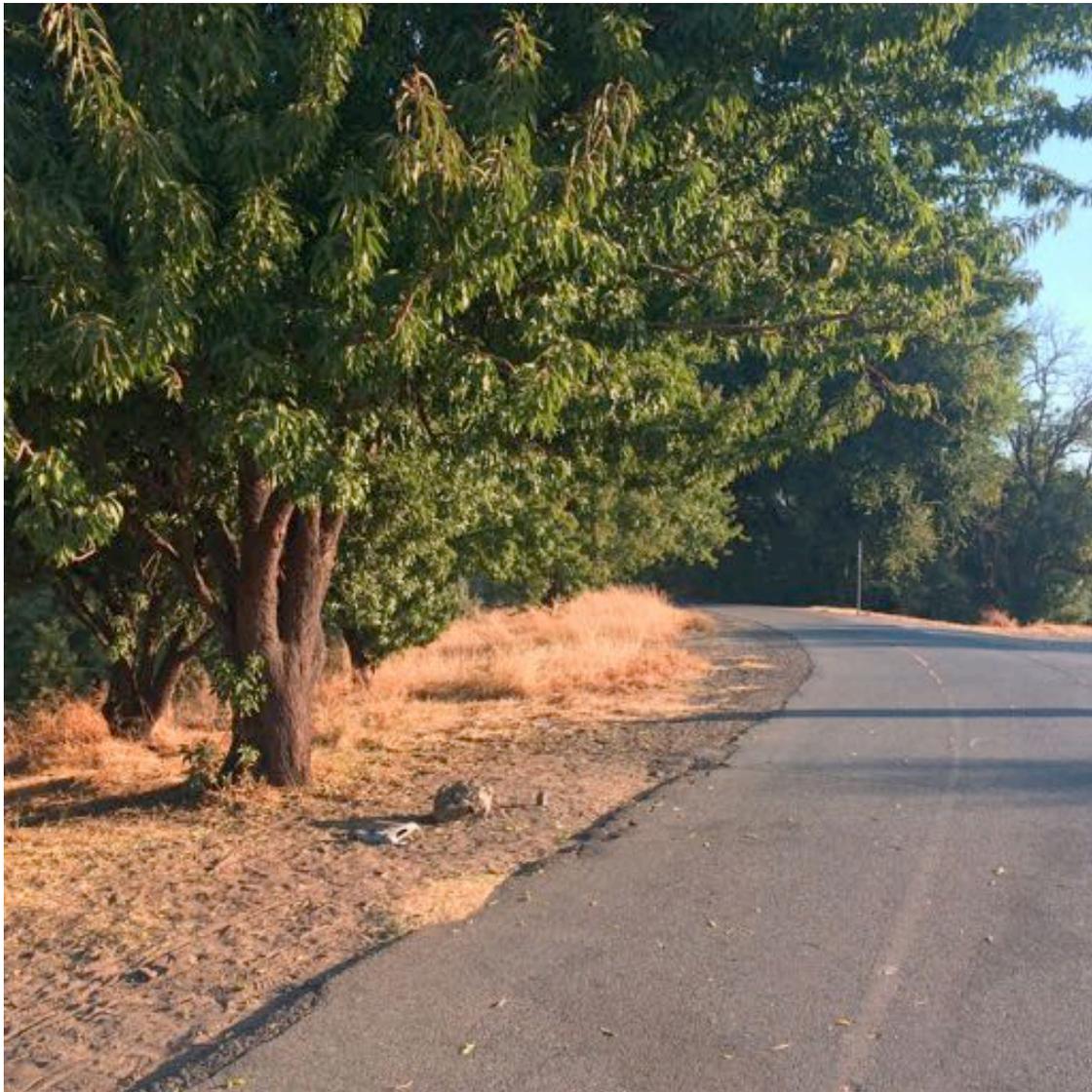
# Overcoming the Obstacles

This area was built to move trains, trucks and freight, not people and ideas, and it needs to be updated if it is going to be a safe, attractive, and pleasant place to work. Here are three principles for revitalizing this area:

1. Serve existing customers first. City government needs to support businesses that have already made a commitment to the area, particularly new businesses struggling to get established. If these companies do well, they will recruit others. Companies already here complain about two things: "fees" and "feeding". The first is a slow and expensive permitting process that has stymied private investment. The second is the trash and waste left on the street after churches and charitable groups give out food to the homeless. City government could remedy the fee issue by expediting reviews and reducing costs for pioneering businesses in places like this one. These kinds of subsidies might be funded from the RAILS program. The feeding problem will require working out differences between city and county government, something that will require political and administrative effort, but not a lot of funding.

2. Humanize the place. There are about 2500 people who work in the eastern half of the River District, and they have only about four places to eat out north of the berm. The quickest and easiest approach to encouraging more restaurants here is allowing stationary food carts, which require far less capital to open than food trucks, and which remain open many more hours. The other big issue is walking, for there are few nice streets and the American River Parkway has needles left behind by drug users. Like the feeding issue, this is an administrative challenge that should not require a lot of funding to solve.

3. Concentrate the public investment. Linear improvements like the cycle track along North 12th St. and the pedestrian improvements on North 16th St. will not put improvements where new businesses are most likely to open, on the east-west blocks between these two arterials. Adding street lights to those blocks will make it safer for people to walk out of work after dark. This area could also be anchored with a "Maker Space" funded out of the "Choice Neighborhoods" grant. A third possibility is convincing VW to locate the installation and training base for its "Green Cities" program here. VW needs good publicity, and the job of installing electric vehicle charging stations could go to recent graduates of Women's Empowerment as well as residents of Twin Rivers.



*This photo shows the path leading from Dreher St. to the American River Parkway. This place can become a work district with state-of-the-art industry, operating in historic buildings, located near the center of the city, with green spaces just a short walk away. More conventional business parks cannot offer this combination of interesting buildings, low rents, central location and nature nearby. Realizing this vision, however, requires that business owners and elected officials come together, and that they fix the nitty-gritty issues affecting companies already operating here.*

# Next Steps

This area has great potential, but it cannot be left to the staff of government agencies and business associations to do the work. Business owners and elected officials themselves need to get involved.

For business owners, this starts with believing in the future of this place. This confidence could come from seeing how similar places in the Bay Area that are now thriving. Those places include areas on the west side of Berkeley south of University Ave., the Jingtown area of Oakland near the Estuary at 29th Ave., and the Dogpatch area of San Francisco at the eastern base of Potrero Hill.

It will not be enough for business owners to simply band together and ask government to improve conditions. They need to first increase their political capital and then use it. Practically speaking, that means helping elected officials accomplish their goals, such as providing more and better internship opportunities for youth.

For their part, elected officials need to frame this as not just another revitalization effort that might draw competing requests from other council districts. They should frame action here as necessary in drawing industry that might not go to other work districts. At least three elected officials should be proponents. To make change more quickly, these efforts should be treated as a pilot project.

Business owners and elected officials should prioritize just two or three specific goals that they can accomplish over the next 12 months. This will create urgency that will keep people involved. Once those goals are accomplished, this group will have no trouble identifying what to do next. The most important result may be showing the world that Sacramento is not just about government, but that government and industry here work together to make and sell things to the world.