

Flea Market Advisory Group Meeting #3

September 7th, 2023

**Chào mừng và cảm ơn bạn
đã có mặt ở đây!**

Chúng tôi không có thông dịch viên tiếng Việt tối nay. Nếu quý vị muốn một video có âm thanh tiếng Việt sau cuộc họp, viết tên và địa chỉ email hoặc số điện thoại của quý vị vào phần trò chuyện.

**¡Bienvenidos y gracias
por estar aquí!**

Comenzaremos la reunión
a las 7:00.

**Welcome and thank you
for being here!**

We will begin the meeting
at 7:00.

SAN JOSÉ

| Introductions

Flea Market Advisory Group

Erika Barajas

Maggie Castellon

Olga Chervyakova

Patrick deTar

Israel Garcia

Roberto Gonzalez

Jimmy Hernandez

Alma Jacobo

Mariana Mejia

Humberto Ramos

Isabel Kay Torro

| Introductions

San José Office of Economic Development and Cultural Affairs

Nanci Klein, Director

Blage Zellich, Deputy Director

Nathan Donato-Weinstein, Downtown Manager

Adolfo Ruelas, Business Development Officer

Estolano Advisors Team (Consultants)

Dena Belzer, Strategic Economics

Chris Lepe, Mariposa Planning Solutions

David Greensfelder, Greensfelder Economics

Tulsi Patel, Estolano Advisors

Community Planning Collaborative, aka Baird + Driskell (Consultants)

Josh Abrams, Principal

Natalie Olivas, Associate

Victor Tran, Associate

Kristy Wang, Principal

| Agenda

- Presentation: Alternative Sites
- Advisory Group Q&A/discussion
- Public Comment (2 min per speaker)

Desired Meeting Outcomes

- *Advisory Group will understand pros/cons of the sites studied*
- *Advisory Group will begin to identify priority considerations*
- *No decisions will be made tonight*

| Group Agreements

- Step up, step back
- Assume good intent
- Be respectful
- Keep an open mind and be ready to learn
- Speak from your own lived experience AND remember the perspectives of those who are not in the room
- Stay on topic



| City Council Direction - June 2021

5-acre, on-site Urban Market

Vendor outreach and resources

Vendor Transition Fund

Economic/feasibility studies

Flea Market Advisory Group



Support Berryessa
Flea Market vendors
through the
redevelopment of
the site

| Estolano Studies



1. Economic and Cultural Impact Study



2. Alternative Site Assessment



3. Public Market Operations and Models

| Methodology

1. Identify as many sites as possible.
2. Assess viability.
3. Analyze based on:
 - Location (trade area, demographics, traffic patterns)
 - Facility (size, parking, access)
 - High-level feasibility (potential costs, issues and revenue)

| Site Analysis and Costs: Early Takeaways Overall

Size

- Large, available sites are extremely rare in Silicon Valley.

Costs

- Site work -- including grading, paving, utilities, off-site improvements like traffic signals – is a driver of costs.

Land Acquisition

- Market rate land acquisition is costly.
- What could help: A below-market cost, a favorable lease rate, or site work being completed by others.

Timeline

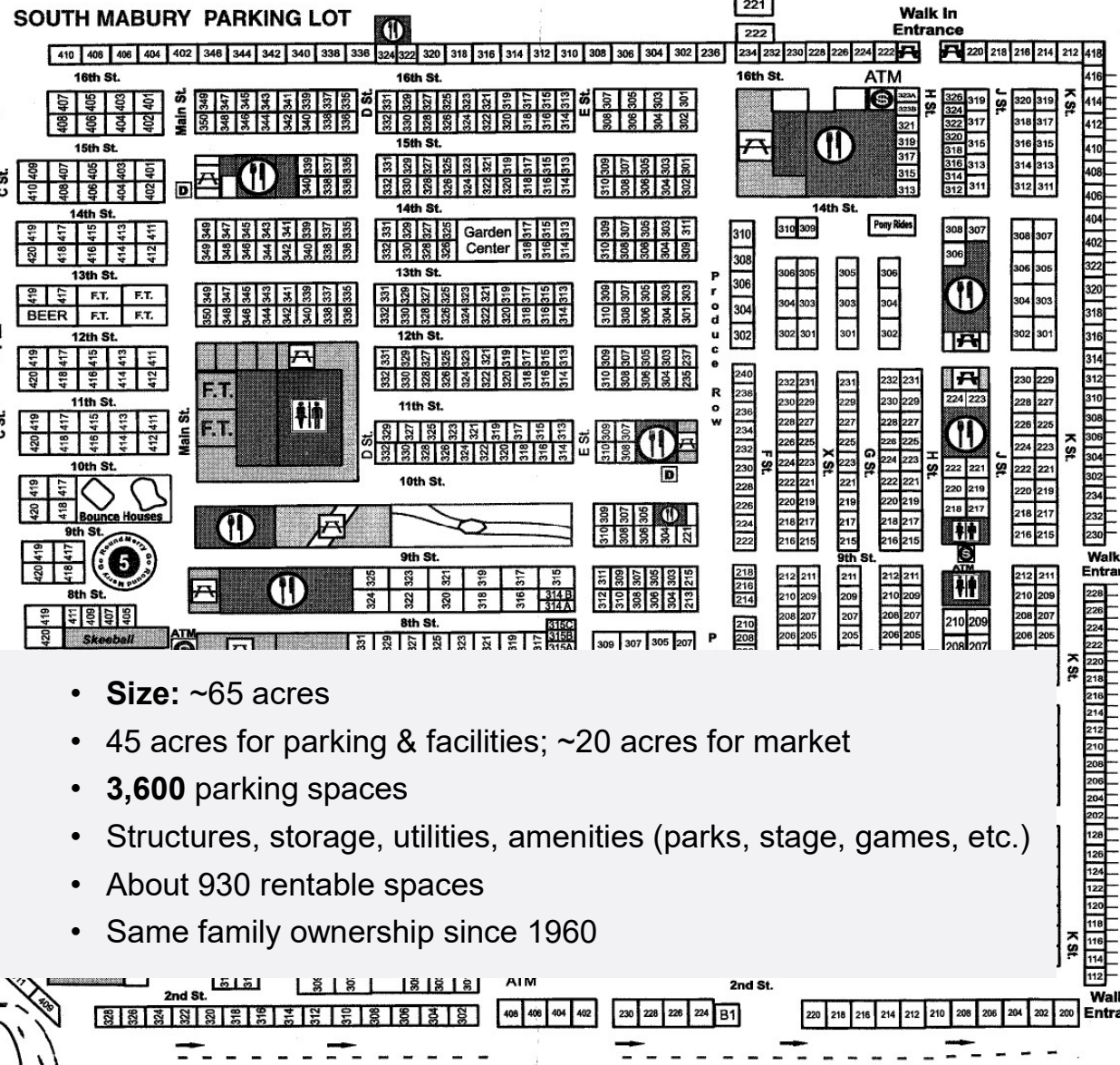
- It will take several years to develop a new large Flea Market site.

| Retail Basics: The Importance of Critical Mass

Retail is most successful when there is a critical mass of compatible retailers located in the same place.

- It becomes a destination that attracts customers from a wider area and in greater numbers than would be otherwise expected.
- Shoppers spend more time there and visit additional vendors.
- More time spent at the market results in more money spent.

A smaller market could still succeed, but would need to offer something special or different to attract shoppers and generate sufficient revenue for vendors to make a profit



Current Market Facility

- **Size:** ~65 acres
- 45 acres for parking & facilities; ~20 acres for market
- **3,600** parking spaces
- Structures, storage, utilities, amenities (parks, stage, games, etc.)
- About 930 rentable spaces
- Same family ownership since 1960

| Site Analysis Presentation

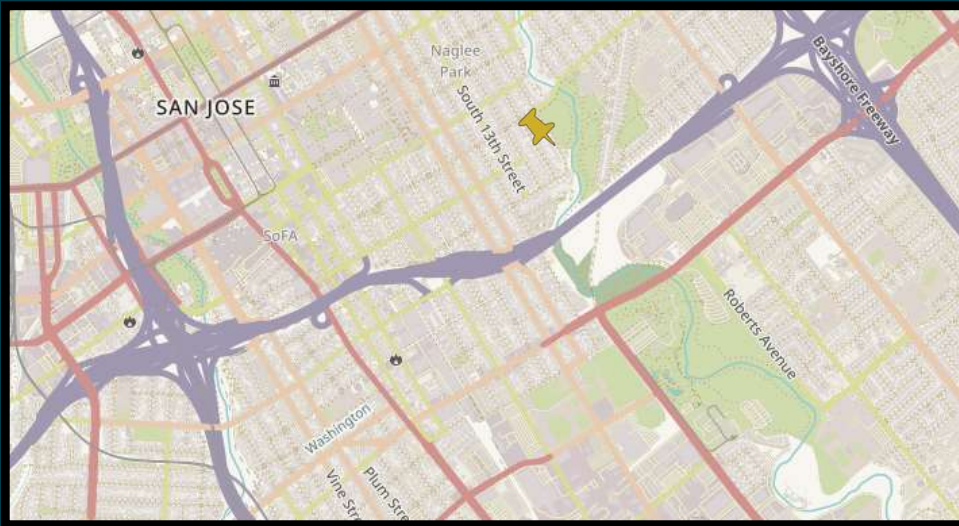
Remember:

- This slide deck represents a look at the consultant's early findings from the alternative site analysis.
- Additional analysis on potential project costs is pending.
- Inclusion in this PowerPoint does not necessarily represent that the site is available or suitable for a new Flea Market.
- Next steps in the process are likely to include exploring multiple options.

| Sites Included in Alternative Site Study

- Remillard site
- City-owned land near Morgan Hill
- Evergreen Office Space
- Vacant storefront spaces
- Five-acre urban market on existing Flea Market site
- Former Sears near Eastridge
- Santa Clara County Fairgrounds
- Singleton

Remillard Site



Location Evaluation

Trade Area: Access to the Little Saigon and East San José retail corridors, which are vibrant and regional draws pulling from diverse communities.

Population: 300,000 within 3-mile radius

Traffic counts: Moderate



Facility Evaluation

Size: Entire site is 49 acres; however, developable area is much smaller because of slopes

Visibility: Good visibility from I-280

Access: Existing signal at Remillard Court.

Parking: Depends on site configuration.



Address: Near intersection of Story Road and Remillard Court

Owner: City of San José

Notes: Operated as a clay quarry from 1891 to 1957 and a landfill until 1969. It has remained vacant except for a portion leased for radio towers. A segment of the Five Wounds Trail runs through the site. While the site is large, it has unusual shape and topography would that could make development very challenging.

Remillard Site



Positives

- Central location in dense trade area close to customers and other regional attractions like Happy Hollow, Little Saigon, Story & King retail centers.
- Freeway visibility could support marketing of market



Important Considerations/Challenges

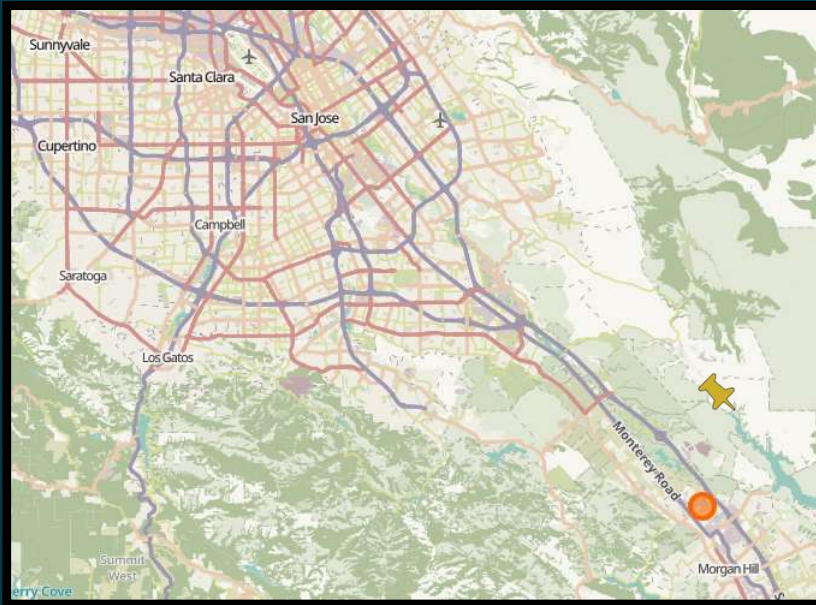
- Challenging topography and other uses reduce size of potential market.
- Would require general-plan/zoning change and public process for development of publicly owned site
- Long planning and regulatory timeline related to former landfill development
- Creek setback and trail development would reduce market size



Additional Feasibility Considerations

- High costs likely for engineering and environmental related to former landfill development

City-owned land near Morgan Hill



Location Evaluation

Trade Area: South County: Morgan Hill/Gilroy

Population: 10,000 within 3 miles

Traffic counts: Low



Facility Evaluation

Size: 73 acres (50 acres contiguous)

Visibility: From Monterey Highway only

Access: Far from nearest interchange

Parking: Potential for ample parking on-site

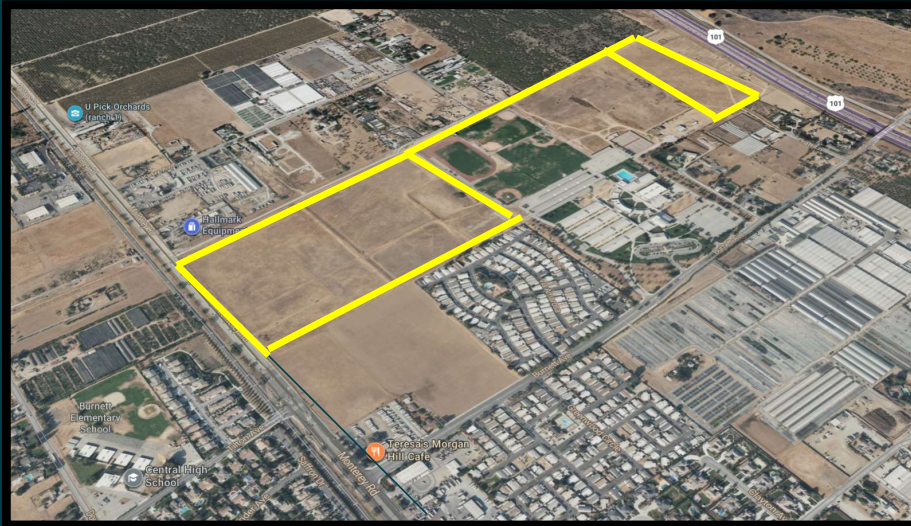


Address: Monterey Highway and Burnett Avenue

Owner: City of San José

Notes: On the border of San José and Morgan Hill, this City-owned property is currently vacant. It is adjacent to Sobrato High School and approximately 30 minutes from the existing Market. The parcel is irregularly shaped but includes an approximately 50-acre rectangular area fronting Monterey Highway.

City-owned land near Morgan Hill



Positives

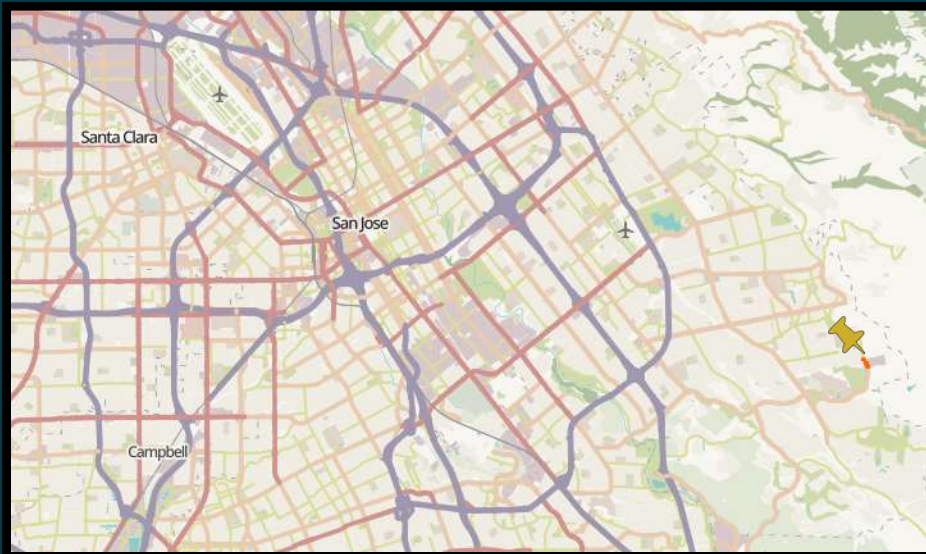
- Large, city-owned site
- Flat topography



Important Considerations/Challenges

- Far from majority of existing customer base
- Trade area in South County is much smaller than existing trade area in Central Silicon Valley
- Nearest interchange (Bailey Ave.) on Highway 101 is 5 miles away from site
- Zoned for agriculture
- CEQA issues related to traffic mitigation

Evergreen Office Campus (vacant office project)



Location Evaluation

Trade Area: Silver Creek area of south/east San José

Population: 71,000 within 3 miles

Traffic counts: Low



Facility Evaluation

Size: 36 acres

Visibility: None

Access: 1.5 miles from San Felipe

Parking: 525 developed parking spaces

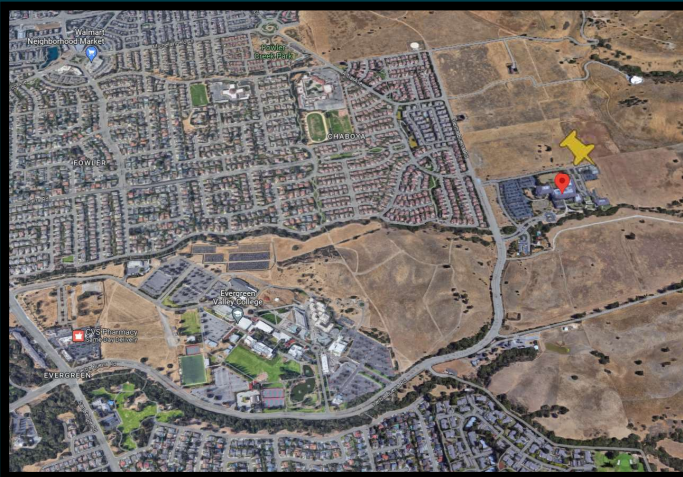


Address: 3403 Yerba Buena, San Jose

Owner: Shanda Group

Notes: There are several large office campuses in Silicon Valley that are currently vacant or underused. Evergreen Center is a 416,000 SF R&D/office campus on 36 acres consisting of a large main building, a 23,500 SF amenity building, several other small buildings, and large surface parking lots. The property was formerly occupied by HGST but has been vacant for many years.

Evergreen Office Campus (vacant office project)



Positives

- Large, underused site.
 - Existing parking.
 - Beautiful, attractive setting.
- Additional undeveloped land surrounds the site



Important Considerations/Challenges

- Far from customer base, “off the beaten path”
- No visibility from large streets/freeways
- Zoned for Industrial Park
- Not a large area available for a flea market as currently developed.



Additional Feasibility Considerations

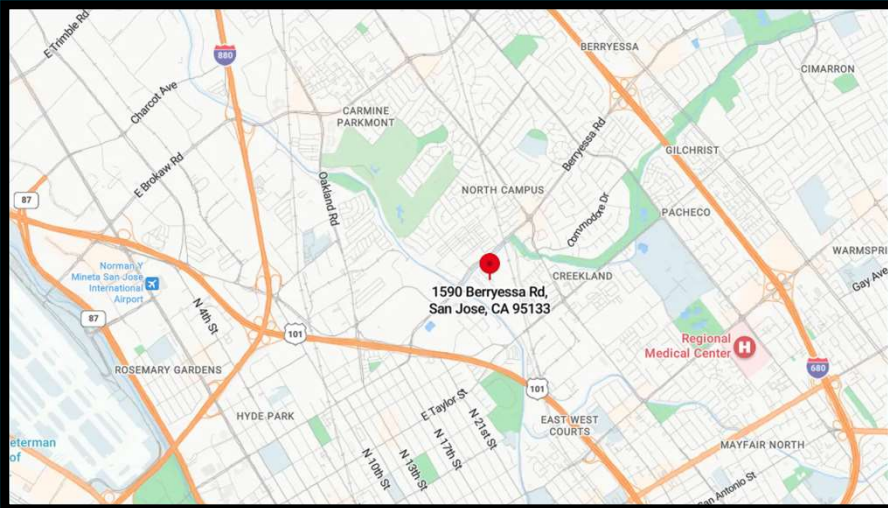
- Traffic.
- Built as office park – not retail buildings. Expensive to demolish and redevelop as market site.

Vacant Storefront Spaces



- Some Flea Market businesses have successfully transitioned to traditional retail spaces in San Jose. This may be an option for some businesses and could be explored for interested businesses individually.
- However, long-term retail lease costs and terms may create barriers for many business owners. It is unlikely to be a viable strategy for relocating most businesses at the Market.
- Co-locating multiple businesses under one roof could also be an approach to relocate groups of vendors, but it would still be difficult to attain critical mass and face similar challenges described above.

Five-Acre Urban Market Area on Existing Flea Market Site



Location Evaluation

Trade Area: Centrally located in San José and surrounded by dense, diverse suburban residential communities.

Population: 260,000 within 3-mile radius

Traffic counts: Moderate

Facility Evaluation

Size: 5 acres

Visibility: From Berryessa Road

Access: From Berryessa Road (2) and Mabury (1)

Parking: To be determined; 1,500-stall BART parking garage nearby. Garages planned as part of future development project.



Address: 1590 Berryessa Road

Owner: The Flea Market Inc.

Notes: First market-rate developer must bring forward a plan for an Urban Market. Advisory Group role is to advise.

City Council Intent: “To provide the existing Flea Market vendors an opportunity to relocate within the new development.”

Considerations: Site could potentially be expanded on market days with adjacent land owned by VTA.

Five-Acre Urban Market Area on Existing Flea Market Site



Positives

- Customer base already familiar with location.
- Excellent freeway & transit access.
- Council requirements: Existing vendors to be given priority and rents aligned with other Bay Area open-air markets.



Important Considerations/Challenges

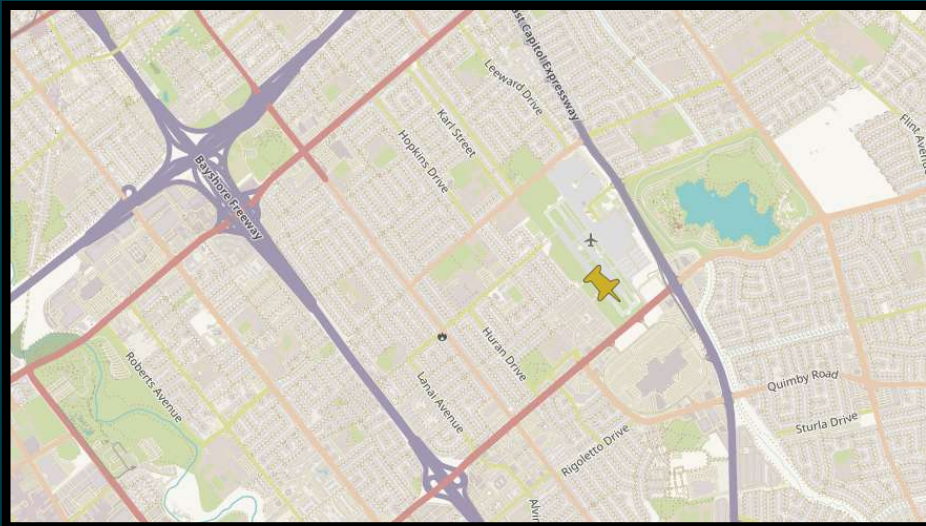
- Smaller size represents major shift in magnitude for market, reducing the trade area from which to draw customers.
- Smaller size lowers revenue potential from stall rent.
- Smaller size shrinks potential amenity spaces.
- Potential business plan depends on future developer/owner



Additional Feasibility Considerations

- Feasibility depends on future developer/owner's plans and if the new owner contributes land and/or improvements to a 5-acre market

Former Sears at Eastridge



Address: 2180 Eastridge Loop
Owner: Intelli LLC

Notes: The 2-story Sears store was built in 1971 as an anchor tenant at 1.4 million SF Eastridge Center. The store closed permanently in February 2020. It was subsequently sold in 2021 by Sears to a Bay Area real estate investor, and it remains vacant. The new owner has publicly stated a desire to convert the property into an indoor vendor market, however, no concrete steps in that direction have been taken with the City.

Location Evaluation

Trade Area: Major commercial corridor in a densely populated area of East San José

Population: 272,000 within 3-mile radius

Traffic counts: Very high

Facility Evaluation

Size: 21.9 acres with a 237,000 SF former Sears store and 15,000 SF former Sears Auto Center

Visibility: Excellent from Tully and Quimby roads but no visibility from Capitol Expressway.

Access: Easy access from all three arterials, and direct access from Tully and Quimby Roads.

Parking: 1,524 existing parking stalls on the former Sears parcel; cross parking with the rest of the mall.



Former Sears at Eastridge



Positives

- Existing location at an established, high-profile, regional commercial center with strong customer base.
- Ownership is local and has expressed interest in a vendor market concept.
- Indoor market could operate year-round without weather impacts.
- Parking already exists and is quite large.



Important Considerations/Challenges

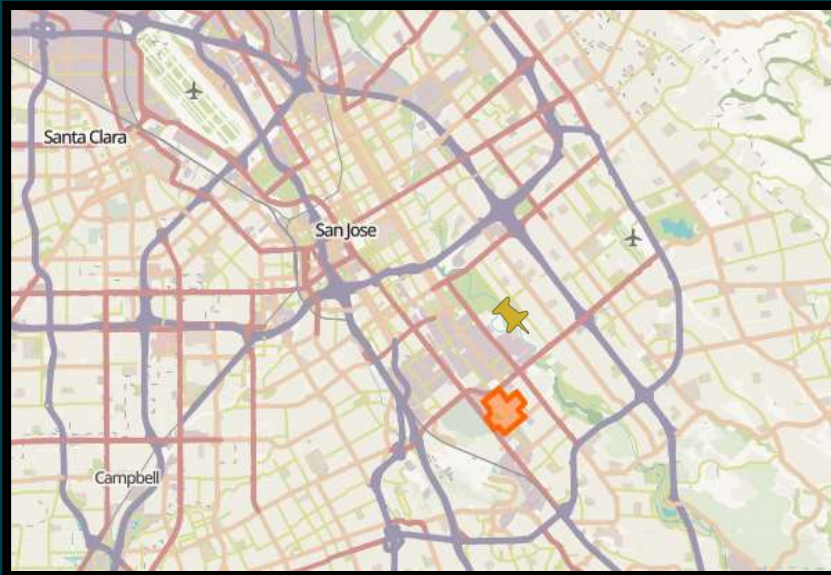
- Indoor market would have different feel than outdoor parklike atmosphere.
- High cost of remodeling the former Sears Store, including upgrades to facilitate food preparation.
- Indoor floor area similar to five-acre market size.



Additional Feasibility Considerations

- Existing building would be expensive to retrofit and maintain (even though it is already built).
- Mall-based context likely means no potential parking revenue.
- Mall governing documents may impact ability to have use at the site; needs further evaluation.

Santa Clara County Fairgrounds



Location Evaluation

Trade Area: Southern/central San José

Population: 265,000 within 3 miles

Traffic counts: Very high

Facility Evaluation

Size: 165 acres for entire fairgrounds

Visibility: Very good from Tully and Monterey.

Access: From Monterey Road, Tully and Umberger.

Parking: Existing on-site and off-site
Fairgrounds parking

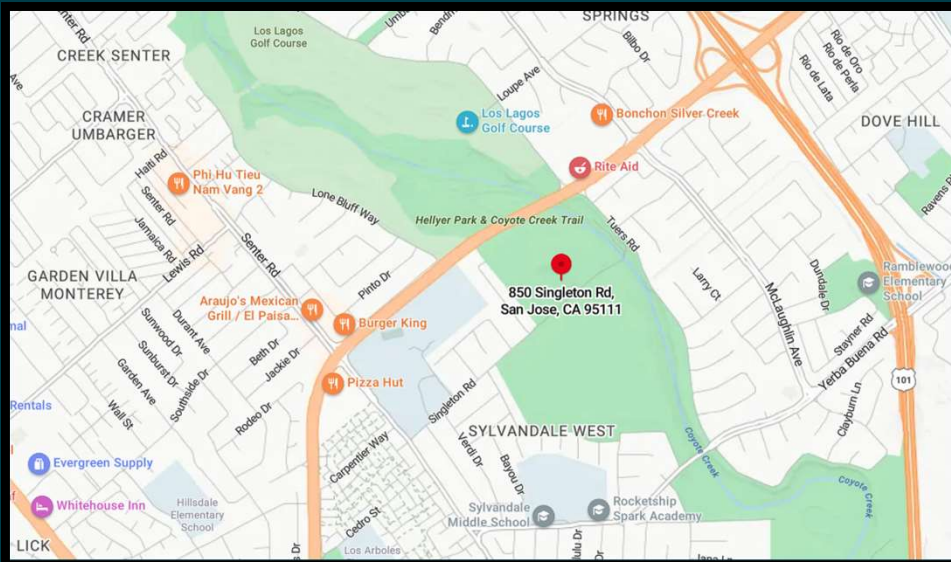


Address: 344 Tully Road

Owner: Santa Clara County (long-term leased to Fairgrounds Management Corp.)

Notes: Santa Clara County Fairgrounds Management Corp. is a nonprofit contracted by the County to operate the Fairgrounds. The company has been exploring a variety of revenue-generating uses to better activate the longtime Fairgrounds site. These concepts include a cricket pitch, sports complex, soccer fields, and an open-air market. The current Berryessa Flea Market owners previously proposed a relocation at the Fairgrounds several years ago, but the proposal never moved forward.

Singleton Site



Location Evaluation

Trade Area: Well located within southern/central San José with access to dense, diverse suburban residential communities.

Population: 230,000 within 3-mile radius

Traffic counts: Moderate



Facility Evaluation

Size: Entire site is 90 acres; potential market site depends on many factors and would be smaller.

Visibility: Very good from the east and west along Capitol Expressway

Access: No access from Capitol Expressway currently; only access from narrow Singleton Road; close to Highway 101

Parking: Ample capacity for parking

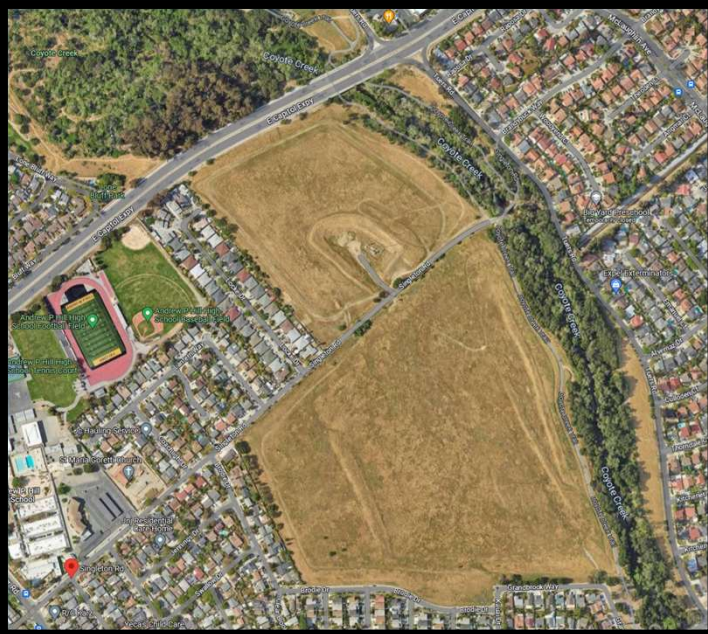


Address: 850 Singleton Road

Owner: City of San José

Notes: Operated as a landfill until 1978. Since its closure, it has remained vacant. The city operates a landfill gas collection and groundwater monitoring system. Previous proposals have been received for recreation uses and energy generation.

Singleton Site



Positives

- Large site provides potential capacity for many vendors
- Proximity to Highway 101 and major Capitol Expressway
- City-owned site
- Precedent: Landfill redevelopment has been done before in San José



Important Considerations/Challenges

- Existing landfill gas collection and extraction system must be replaced and continuously monitored (expensive)
- Would require general-plan/zoning change and public process for development of publicly owned site
- Long planning and regulatory timeline due to former landfill use
- Surplus Land Act requirements are challenging
- Creek setback and trail development would reduce market size
- Significant site work will be required.



Additional Feasibility Considerations

- High costs likely for engineering and environmental work related to former landfill development (including opening the landfill cap to install utilities).

Possible Development Steps: What Will it Take?

Sample steps involved



| Meeting Timeline

May: orient Advisory Group

June: discuss approach and preliminary data

September: discuss findings of alternative site study and *potential* opportunities

October: discuss findings of operational models review, *potential* funding ideas and other supports to address vendor needs

December/January: Advisory Group recommendations on a high-level plan for the Vendor Transition Fund

| Advisory Group Q&A / Discussion

- What considerations are most important to you and other vendors?
- How do you feel about the Singleton site?



| Public Comment



| Tell us what is important to you



- Grab a marker or a sticky note and tell us what matters most in finding a site
- Posters, markers and sticky notes are located around the room

| Next Steps

Consider site feedback and priorities elevated by Advisory Group and public comment



Bring draft Market Operations Research to the Advisory Group in October

| Wrap up

Thank you for being here!

Please add your comments to the posters in the back.

Stay tuned for the next meeting date and let us know if you have any questions or concerns.

FOR MORE INFORMATION

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