



Creating an Entertainment Zone: Stockton, CA

Planned Nightlife District Changes Safety Perceptions

One of the nation's highest violent crime rates coupled with drug and prostitution activity challenged Stockton, CA to change negative safety perception about downtown and demonstrate nightlife as an economic driver for the community. Significant redevelopment has since positioned downtown as one of the safest areas of Stockton. Downtown Stockton Alliance administered development of a Hospitality Zone with funds for specialized services provided by assessments on late-night businesses. Reorienting City government to a more customer service environment, using special events as part of a re-branding campaign, and creating a planned Entertainment District has spurred nightlife activity downtown.

Problem Statement

The goal of the DSA was to establish a Hospitality Zone (HZ) prior to unplanned development of clusters of nighttime entertainment businesses. Additionally, DSA aimed to change the inaccurate negative perception about safety in downtown by showing that a vibrant downtown could thrive in Stockton and become a driver for the local economy.

Among the challenges faced by Stockton were to spur business and residential development downtown, utilize under-used facilities, and to attract the "creative class" to grow an educated workforce.

Stakeholders

A group of downtown property owners and interested stakeholders, with support from the City of Stockton Redevelopment Agency, formed an Alliance (the Downtown Stockton Alliance – DSA) to develop a unified downtown strategy and advocate their position with elected officials. This strong advocate group, the DSA, influenced elected officials to invest city dollars in the downtown. The Mayor and key City Council members were influenced by the DSA vision and directed the City of Stockton's Redevelopment Department to find funding for catalyst projects.

The DSA provided strong leadership in developing and implementing a community vision for the revitalization of downtown Stockton. In addition, the DSA provided daily "on the ground" support to lay the groundwork for the ongoing success of the catalyst projects.

Partnerships with the Stockton Police Department and other city agencies were critical to success.

Background

In 1998, the City of Stockton began investing more of its redevelopment dollars and used a collaborative, no tolerance enforcement action policy to initiate transformation of downtown. The first step was to close down hotels with deplorable living conditions and relocate the residents to better living environments in other parts of the city. Eminent domain was used on key properties to pave the way for catalyst projects.

Among the first of these catalyst projects was the 1999 opening of the Weber Point Events Center, a 10-acre waterfront park and outdoor events center. In 2001, the Gateway 76 gas station/fast food restaurant was completed – the first new, privately funded development in downtown in decades. Public/Private partnerships helped create a 16-screen cinema complex (2003), historic restorations of the Fox-California Theatre (2004) and Hotel Stockton (2005), a minor league baseball park and 10,000-seat arena (2006), three parking garages, a waterfront Sheraton Hotel with condominiums (2007) and a popular upscale restaurant.

Some of these properties were bought and redeveloped by the City and others through Public/Private partnerships. This led to additional private investments. By 2003, downtown was the safest area of Stockton. After each project was completed, it created steppingstones for further redevelopment and generated excitement that businesses could succeed downtown.

The Process

By 2006, the development of a hospitality/entertainment zone became part of the Downtown Stockton Alliance (DSA) strategic plan following a presentation by RHI. The DSA and City of Stockton began the Hospitality Zone Assessment (HZA) process in early 2007, in hopes of laying the groundwork for such a district. The DSA also funded an outside consultant's "Mystery Shop" of Stockton, to gain a visitor's perspective on the community and provide support to the HZA process. The HZA was voted into existence in 2007 as a component of the DSA ten-year renewal, 2008-2017.

Other 2007 milestones included a housing strategy, developed as the next step needed to strengthen nightlife in downtown Stockton and a city wide re-branding effort.

DSA started to change the face of Downtown by providing daily litter and graffiti abatement, power washing of sidewalks and public squares and a Hospitality Guide/Ambassador Program to enhance downtown security and assist new visitors. DSA also began a successful, weekly Farmer's Market and produced a wide range of special events and sidewalk entertainment to improve downtown's image and increase visitors.

Creation of a Hospitality Zone "from the ground up" was seen as an economic development tool to take downtown's fledgling entertainment businesses to the next level. After attending the 2006 RHI Summit in Chicago, DSA and City staff were convinced that many of

the issues encountered by districts which had formed in response to existing concentrations of late-night businesses, could be avoided through careful planning and early management. The DSA Executive Director, a few highly respected DSA Board members and the Mayor met with, and convinced, key property and business owners to include a ground-breaking business assessment (DSA is the first PBID in California to incorporate a business assessment for specific economic development purposes) in the management plan for the DSA ten year renewal.

This plan provided for consistent funding of HZ services and an experienced and respected organization – the DSA – to oversee management. Resolving these two issues was critical in obtaining the support of the Stockton Police Department (SPD) for development of the downtown HZ. Because there were few businesses in existence that would be assessed, the threshold for passage was lower. Property owners supported the plan from an economic development standpoint and they knew the assessment would not be paid by them but by business owners. With few nighttime businesses established, it was easy to conduct one-on-one outreach meetings with them, which resulted in 90% of the businesses committed to participate in the Hospitality Resource Panel (HRP). The businesses looked at the ten year record of success and benefits that the DSA had delivered to the property owners and realized the value in developing their own, collective voice and specialized services.

Members of the HZA stakeholder group helped raise \$125,000 to hire a consultant for the re-branding plan. Destination Development Incorporated (DDI) delivered a “Celebrate” event brand for Stockton in July 2008, accompanied by a detailed 18 step action plan for earning and implementing the brand and for further development of the downtown and its new Hospitality Zone.

The DSA subsequently spearheaded and funded events to engage and educate citizens by bringing them downtown to see for themselves that it could be a destination.

Monthly meetings of the HRP began in August 2008 with low attendance by the business owners. However, one month later when a crisis occurred because too many youth (500) were loitering near the Cineplex in the Hospitality Zone, the crisis brought the business owners of the HRP together with DSA and City staff to examine how the collaboration could work and fix the problems together.

By October 2008, a few late-night businesses were operating in the central core Hospitality Zone.

Outcome

With the catalyst projects in place, over a million visitors a year patronize the downtown businesses and events/sports arena and ballpark. A 10- year renewal of the DSA included a new Hospitality Zone Assessment (HZA) to fund development, marketing and security for the new late-night business district.

The DSA utilized the multi-use sidewalk concept to:

- Obtain a blanket outdoor dining permit for businesses within the Hospitality Zone which allowed six of the restaurants/coffee shops around the 16 screen Cineplex plaza to have outdoor seating at no cost to the individual businesses.
- Bring a street performer program, street festivals and signature events to invigorate the Cineplex plaza area and keep the crowds entertained (e.g., Music in the Square, a free summer concert series; St. Patrick's Day Festival and Fun Run; Final Friday Concert Series; Pub Crawls; Take Out Tuesdays and Taste of San Joaquin).

New partnerships were developed with the media, (e.g. 209Vibe and San Joaquin Magazine) to sponsor and market entertainment activities in the zone.

The city changed its culture to more customer and promoter friendly services by revamping the special events ordinance with a one-stop shop model and the integration of website and internet technology into the event permit process. The city also loosened the stringent insurance requirement that all vendors of an event have separate insurance endorsing the city. This previously had been too expensive and cumbersome for vendors. Thus the City changed its procedure to allow the Downtown Stockton Alliance or promoter of a specific event to hold a blanket insurance policy wherein the promoter's insurance endorsed the City.

There was no longer a requirement that each individual vendor get a separate expensive insurance endorsement of the City. Thus neither the promoter nor the individual vendors had to provide the proof of endorsement which was not only expensive but time consuming. This bureaucratic cultural change occurred due to the urging of elected officials, a civil grand jury report and the will and involvement of the citizens (customers).

Seminars such as those provided by RHI have enlightened management of the Stockton Police Department and are eroding the culture that only the Police know how to manage Hospitality Zones. They now are interactive with the Hospitality Resource Panel (HRP) in order to implement Crime Prevention Through Environmental Design (CPTED) techniques to address problems before they get out of hand. A training module was developed by SPD for all security personnel within the district (including private interior security, operators, DSA Hospitality Guides/Ambassadors, private district security patrols).

The branding plan has been officially adopted by the Greater Stockton Chamber of Commerce, the DSA and should be adopted soon by the City Council and other primary stakeholder agencies. It provides a step-by-step implementation strategy for the downtown including specifics on assigning responsibility for funding and implementation, and a timeline for completion.

Challenges and Lessons Learned

The challenges to creating a downtown hospitality zone were significant. The Stockton Police Department was initially opposed to the plan because they felt there would be a lack of funding to provide the additional police services needed for security purposes. Downtown Stockton still struggles with the perception that it is less safe than other areas of the city, despite ten years of falling crime rates in the district. In challenging economic

times, it was anticipated that businesses would be extremely resistant to any new assessment.

The DSA overcame these concerns by demonstrating their ability to provide stable funding and strong financial oversight thus engaging the strong support of the police for the project. The DSA addressed the perception problem further by creating new and innovative marketing and promotions and by producing a variety of new events in downtown. A few key organizations familiar with marketing strategies assisted the DSA in funding a consultant to re-brand Stockton. Since these key organizations had funded the consultant, they “bought in” and pushed for the implementation of the study.

In 2008, the national economy took a historic downturn and Stockton became known as the ‘foreclosure capital’ of the nation. The Sheraton Hotel opened in 2007 and the hotel operations posted adequate numbers, yet the sales of condominiums atop the hotel did not materialize. Other planned residential projects along the downtown waterfront were put on hold until the economy recovered.

The current challenge of the downtown is to carry forward the 18-step branding implementation plan, which includes targeted business recruitment for the hospitality zone, despite the downturn of the economy. The first task of the Hospitality Resource Panel (HRP) will be to develop a priority-driven budget and policies for effective management of the district. Collaborative partnerships and effective communication must be developed between the HRP and other organizations involved in marketing, entertainment, events and real estate development.

These will need to include the Downtown Stockton Alliance Board of Directors, Conference and Visitor’s Bureau, City of Stockton Redevelopment and Economic Development Departments, University of the Pacific, Miracle Mile Improvement District, Stockton Sports Commission, San Joaquin RTD, Chambers of Commerce, Stockton Arts Commission, a variety of local ethnic and cultural organizations, and the management teams for the Stockton Arena, Bob Hope Theatre, Weber Point Events Center and Stockton Asparagus Festival.

Whenever you have a million people visiting a hospitality zone in a year’s time, certain challenges will arise. In the summer of 2008, close to 300 youth would gather and loiter outside the Cineplex on Friday nights. Meetings were called of the Hospitality Resource Panel (HRP) who worked together to resolve the concerns with the large numbers of youth. Had the HRP not previously been established, the issue would not have been handled appropriately.

The best advice is to form a collaborative group of business owners and property owners that can serve as a strong united voice in order to elicit respect from and an audience with elected officials. The group should assess themselves through one of various models {e.g. Property Based Improvement District (PBID), Business Improvement District, Community Benefit District (CBD), Community Improvement District (CID), Hospitality Zone Assessment}. A Tourism Business Improvement District is another source

of funding for downtowns. Once a revenue source is established it is amazing what can be accomplished.

Jurisdiction

The Downtown Stockton Alliance (DSA) represents a 126 block area of downtown Stockton, California in San Joaquin County. Within the center of this area is a 20-block Hospitality Zone. The DSA represents 400 property owners with 1400 business owners. The Hospitality Zone (HZ) incorporates 21 late-night businesses, of which 4 are bars, 15 are restaurants and 2 are retail outlets.

Funding

The DSA receives a minimum of \$1.2 million annually in PBID property assessments for the next 10 years. The DSA will receive a new assessment on current late-night business owners in the Hospitality Zone, beginning December 2008. In 2009, the DSA's Hospitality Zone will receive approximately \$28,000 in assessments, graduating to \$142,000 in 5 years. No money has been assessed or spent yet by the DSA Hospitality Zone.

Spin-off Projects

The City of Stockton passed a Tourism Business Improvement District (TBID), which added an assessment to hotel room rates. Stockton's Conference and Visitors Bureau (CVB) and the Sports Commission each share the revenue, which is then directed to marketing events promoting overnight stays. A majority of the events that draw overnight stays occur in the downtown Hospitality Zone.

Start Date: 1/1/2008 - 11/4/2008

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