

## **COUNCIL DOWNTOWN COMMITTEE**

**Monday, February 23, 2009  
7:00 p.m.**

**Room 2A - Hayward City Hall  
777 B Street  
Hayward, CA 94541**

Public Comments: (Note: For matters not otherwise listed on the agenda the Committee welcomes public comments under this section, but is prohibited by State Law from discussing items not listed on the agenda. Your item will be taken under consideration and referred to staff.)

1. Cinema Place and Downtown Core: Leasing and Promotional Activity
2. Proposed New and Upgraded Electrical Transformers on B Street

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Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Please request the accommodation at least 72 hours in advance of the meeting by contacting the Downtown Development Division at (510) 583-4260 or by using the TDD line for those with speech and hearing disabilities at (510) 247-3340.

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**DATE:** February 23, 2009

**TO:** Council Downtown Committee  
Downtown Business Improvement Area Advisory Board

**FROM:** Maret Bartlett, Redevelopment Agency Director

**SUBJECT:** Cinema Place and Downtown Core: Leasing and Promotional Activity

### **RECOMMENDATION**

That the Committee and Board review this report, and provide input regarding leasing and potential tenants for the downtown area, and provide input regarding advertising, signage, and other retail attraction activities.

### **SUMMARY**

The Cinema Place retail/entertainment center was completed in early fall of 2008, and the Century Theater opened on October 24, 2008. The Agency has been marketing the Downtown Retail Attraction Program since FY 2007. The program was initiated in order to help fill persistently vacant buildings in the downtown area, and also in anticipation of the Cinema Place development. This report provides an update on leasing activity at Cinema Place as well as the downtown core area, as well as presents ideas for promoting leasing and downtown shopping traffic.

### **DISCUSSION:**

#### **Cinema Place Update:**

The Hayward Cinema Place development contains approximately 56,000 square feet total, including approximately 12,000 square feet of ground floor retail/restaurant space that is divisible into eight shops. These shop spaces could be combined to form larger spaces, depending on the needs of the tenant. The upper level of the development includes a restaurant space of approximately 5,900 square feet, and the remaining 38,000 square foot space in the center consists of the 12-screen Century Theater. The new Zuckersuss yogurt shop opened approximately two weeks ago in one of the ground floor shop spaces. One other lease has been signed: a Wing Stop chicken wings restaurant. Tenant improvement plans are expected to be submitted in the near future. In addition, a lease was signed with Metro Café – a crepes restaurant; however, the status of their plans to move forward is uncertain at this time. While staff met with representatives of Metro Cafe regarding a prospective tenant improvement loan, the business has not submitted a loan application at this time. Mr. Craig Semmelemeyer of Main Street Property Services, which is Blake-Hunt Venture's broker

for this project, is expected to attend the Council Downtown Committee meeting to discuss other leasing activities and prospects, and the current challenges of the economy as it affects this project. Please see the attached leasing report.

Staff has the following update regarding the operation of the Century Theater. The theater management has made progress in obtaining more foreign and independent films. Mr. Rocky Yip, General Manager of the theater, is expected to attend the Council Downtown Committee meeting, and can address theater promotional efforts. Staff is pursuing additional signage for the theater in cooperation with the building owner and Century/Cinemark. Poster signage for the theater was produced and hung in the empty retail space at the corner of B and Foothill. A temporary banner identifying the theater has been produced, and staff is working with Mr. Yip to get it hung at the corner of B Street and Foothill. Staff will pursue "marquee" type signage that will identify movies currently showing. The sign could be produced as a programmable LED-type sign, and installed on the Foothill Boulevard side of the theater building. Permanent "Cinema Place" identity signage may also be pursued for the B/Foothill corner. Such a sign would have a more decorative design, possibly produced in neon, for example. Finally, the General Manager has maintained contact with the Hayward Police Department regarding upcoming showings, and to date, there have been no significant security concerns at the movie theater.

#### **Downtown Leasing/Retail Attraction:**

Regarding new tenant prospects in the downtown core area, staff has met with several prospective new businesses. These include:

- Metro Café – a crepes restaurant to be located at Cinema Place. Status is discussed above.
- Golden Tea Garden – a tea shop to be located in the Green Shutter building on Main Street. Staff has met with the business owner several times, and the owner intends to apply for a Retail Attraction Program loan. The owner is underway with shop space improvements.
- Sugar Shack/22570 Foothill Blvd – a sandwich and yogurt shop to be located at the north-west corner of Foothill Blvd, at B Street. The prospective business owner was approved for both Retail Attraction and City Small Business Revolving Loan funds in a total amount of \$99,000. Loan funding is contingent upon the business securing and expending additional funds. The City/Agency loans have not as yet been funded. The owners of the building at 22570 Foothill Boulevard have also met with staff and have expressed the need for assistance with building upgrades, including HVAC and electrical capacity; however, they do not have tenants for the space in their buildings at this point.
- B Street Wine/Jazz and Blues Cafe - to be located at the north-east corner of B and Main Streets, including the former banks building, and the adjacent building owned by Mr. Mitchell. This is a novel concept for "self-serve" wine tastings, utilizing a purchased card that would be used to access an automated wine distribution system. The wine tasting café would also be booked with live music entertainment. A doorway would be created between the two buildings, and a restaurant would be housed next door. Staff has met with the prospective business owner several times. If successful in negotiating a lease, the business owner is likely to apply for Agency assistance with this project.

- New York Bagels – to be located on B Street. Staff has met with a prospective business owner who is looking at space on B Street for this business. The owner may apply for tenant improvement funding for this shop.

Regarding downtown advertising and promotional activity, a City ad featuring downtown businesses was recently placed in the Chamber of Commerce Business Directory. The Downtown Business Advisory Committee will also discuss funding additional downtown business advertising, including placing ads with Cal State East-Bay University's newspaper, "The Pioneer". The BIA currently funds the placement of tabloid-style advertising with the Daily Review for its downtown events. These tabloids are produced by the Chamber of Commerce under contract to the BIA/City of Hayward. The Chamber has recently expressed an interest in undertaking advertising activities in other media. Staff welcomes additional ideas for undertaking promotional activities.

### **FISCAL IMPACT**

Most of the activities discussed in this report could be funded under the Retail Attraction Program, which has a FY 2009 budget in the amount of \$1,500,000, plus an additional carry-over of \$300,000 in funding from prior years. In addition, the Downtown Business Improvement District has funding budgeted for promotional/advertising activities, although most of it is associated with downtown events.

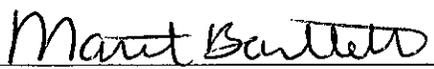
### **PUBLIC CONTACT**

The Council Downtown Committee previously discussed the Cinema Place project in September 2008. The Committee previously discussed the Downtown Retail Attraction Program in October 2008, and prior to that in March 2008.

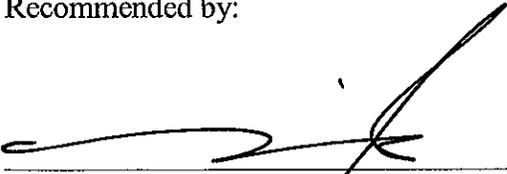
### **NEXT STEPS**

Based on the comments received at the meeting, staff will pursue the activities outlined in this report.

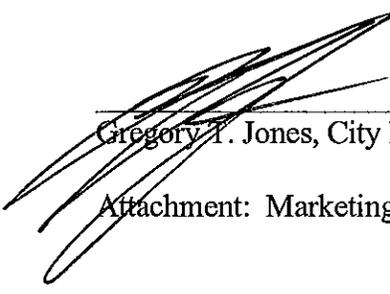
Prepared by:

  
Maret Bartlett, Redevelopment Director

Recommended by:

  
Fran David, Assistant City Manager

Approved by:



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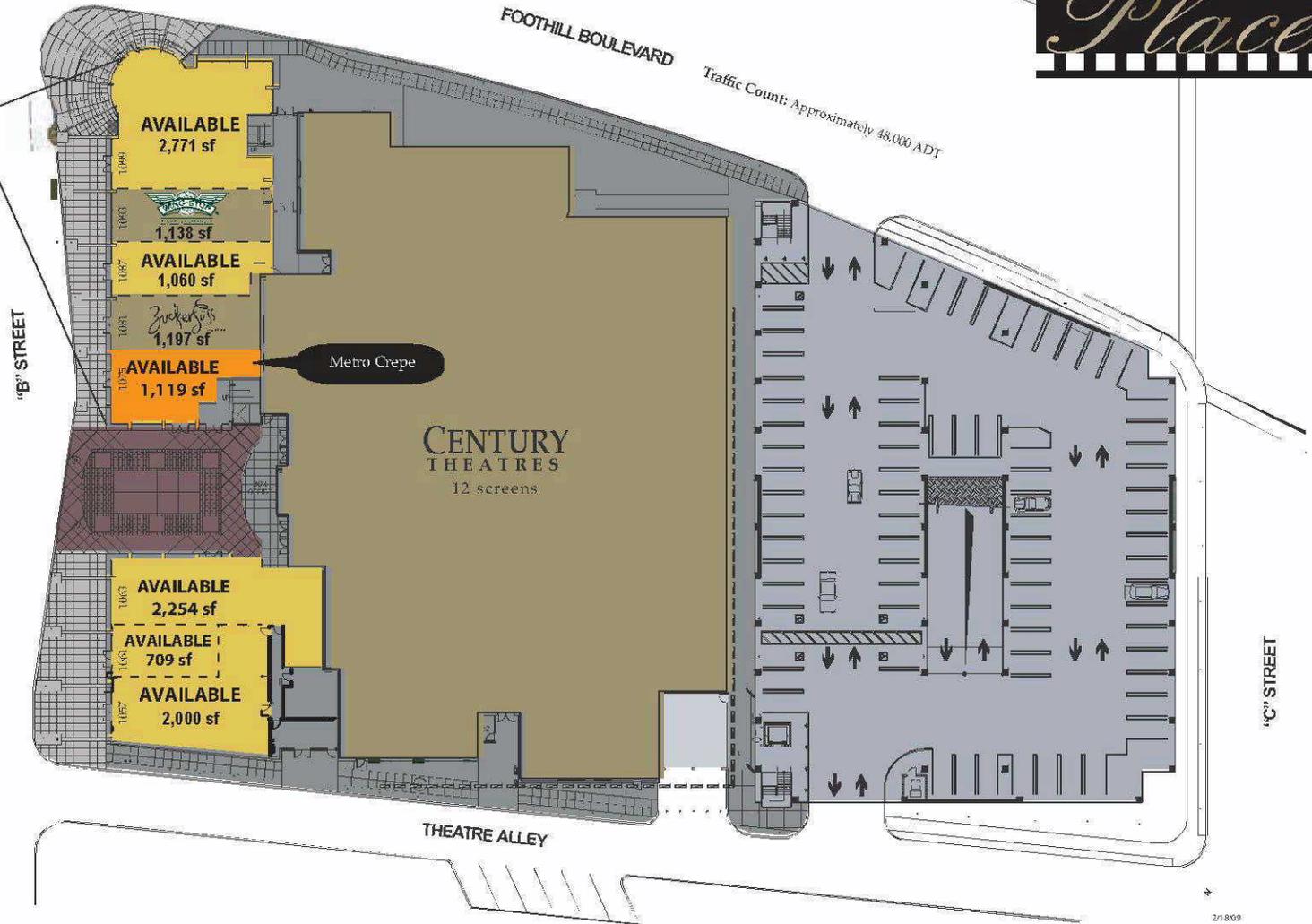
Gregory T. Jones, City Manager

Attachment: Marketing Status Report

MARKETING STATUS REPORT  
 Prepared for Blake Hunt Ventures,  
 Cinema Place, Hayward  
 February 2009



FOOTHILL BOULEVARD  
 Traffic Count: Approximately 48,000 ADT



KEY	
<span style="display:inline-block; width:15px; height:15px; background-color:grey; border:1px solid black;"></span>	Leased
<span style="display:inline-block; width:15px; height:15px; background-color:orange; border:1px solid black;"></span>	Lease in Negotiation
<span style="display:inline-block; width:15px; height:15px; background-color:green; border:1px solid black;"></span>	LOI in Negotiation
<span style="display:inline-block; width:15px; height:15px; background-color:blue; border:1px solid black;"></span>	Interest
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- Century Theatres projects over 750,000 visitors annually to Cinema Place
- Three level parking garage offers 235 parking stalls within the project.
- Features over 1,000 additional public parking spaces within walking distance of Cinema Place.



**DATE:** February 23, 2009

**TO:** Council Downtown Committee

**FROM:** Maret Bartlett, Redevelopment Director

**SUBJECT:** Proposed New and Upgraded Electrical Transformers on B Street

### **RECOMMENDATION**

That the Council Downtown Committee reviews and comments on this report regarding a proposal to upgrade electrical service for properties located on B Street between Foothill and Main Street.

### **SUMMARY**

The Redevelopment Agency is proposing a pro-active strategy that will reduce costs and time delays for new or existing businesses requiring up-graded electrical services, by paying in advance for upgrading of Pacific Gas & Electric's (PG&E's) transformers and lines. Unless transformers and lines are upgraded in advance, new or existing tenants requiring upgraded service would experience time delays of a year or more. In addition, the first tenants requiring upgraded services would have to carry a disproportionate share of the costs. Both costs and time delays are a major disincentive to prospective tenants, and an obstacle to leasing vacant spaces.

### **DISCUSSION**

As part of the City's Downtown Retail Attraction Program, staff recognized that downtown's electrical infrastructure is inadequate to meet the demand for electrical service to prospective new businesses, such as restaurants and other retailers. Electrical infrastructure includes PG&E transformers and lines which deliver service to buildings and the privately owned electrical panels located in buildings throughout the downtown. The focus of this project is to upgrade the PG&E transformers, and not the electrical panels located in individually owned buildings.

PG&E would normally be required to provide upgraded electrical capacity to new businesses that have the demand for such electricity and the proper electrical service panels installed at their place of business. These capacity upgrades are generally done piecemeal, and are a time-consuming process. During the months of time it can take for PG&E to install the capacity upgrades, downtown leasing opportunities can be lost. It is proposed that the Redevelopment Agency pay for the design and installation of upgraded electrical transformer capacity for a portion of the B Street corridor between Foothill Boulevard and Main Street. Because this is a service that PG&E is

required to do as businesses demand the upgraded service, the Agency would be entitled to a reimbursement of at least a portion of the upgrade costs by PG&E as new businesses connect their electrical service to the new transformers over time. Details on how the Agency is to be reimbursed will be covered in an agreement with PG&E, which is currently being discussed between staff and PG&E.

Staff has worked with a consultant to determine the current electrical capacity of buildings on B Street from Foothill to Main, and to develop alternatives to upgrade electrical capacity. The electric panels of each building were evaluated, and most were found to have significantly low electrical capacity. Restaurants generally require 400 amp panels to supply their needs, and retail businesses use at least 200 amps. However, the survey revealed that the electrical capacity of buildings in this area ranged from as low as 60 amps to 400 amps. The consultant further evaluated the capacity of PG&E's transformers and lines to deliver upgraded service to businesses. The consultant delivered three options on how to upgrade both transformers and lines to ensure adequate service. Staff communicated the three options for upgrading service to PG&E. Consideration for each proposal was given to costs of the project and potential disruption to businesses. Based on the initial application to PG&E, the option selected was the least expensive approach and would minimize the impact on street improvements required to upgrade PG&E transformers and electric lines.

### **FISCAL IMPACT**

The proposed project would be funded by Redevelopment tax increment funds. The project construction is estimated to cost approximately \$400,000, including \$50,000 for survey and design work, \$50,000 in administrative costs for both the City and PG&E, and approximately \$300,000 in construction costs. These estimates are preliminary, and will be finalized after the design work is complete. As noted above, a portion of this cost would be reimbursable to the Agency over time pursuant to an agreement entered into with PG&E.

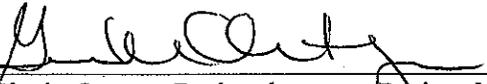
### **PUBLIC CONTACT**

The proposed project has not previously been reviewed as a separate item.

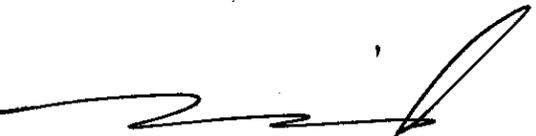
### **NEXT STEPS**

If the Committee is supportive of this project, staff will request funding approval from the Redevelopment Agency Board at an upcoming meeting. Staff would also prepare a "Request for Proposals" for design, construction drawings, and development of a bid package for project construction. It is anticipated that this project could be undertaken and completed by the end of summer, 2009.

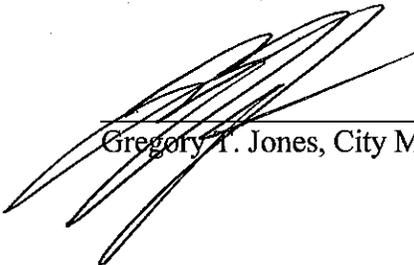
Prepared by:

  
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Gloria Ortega, Redevelopment Project Manager

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\_\_\_\_\_  
Fran David, Assistant City Manager

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Gregory T. Jones, City Manager