

COUNCIL DOWNTOWN COMMITTEE

**Monday, February 22, 2010
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. Foothill Boulevard Façade Improvement Initiative and Reservation of Retail Attraction Loan Program Funds
2. Proposed New and Upgraded Electrical Transforms on B Street
3. CDC Future Agenda Topics

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.



DATE: February 22, 2010

TO: Council Downtown Committee

FROM: Maret Bartlett, Redevelopment Agency Director

SUBJECT: Foothill Boulevard Façade Improvement Initiative and Reservation of Retail Attraction Loan Program Funds

RECOMMENDATION

That the Committee reviews this report, and provide comments regarding:

- (1) the Foothill Boulevard Façade Improvement Initiative, and
- (2) the proposed reservation of Retail Attraction Loan Program Funds to support Foothill Boulevard Façade Improvement Initiative and leasing of Cinema Place vacant space

BACKGROUND

In July 2006, Council Downtown Committee approved a Downtown Retail Attraction Loan Program in response to the number of vacant building in the Downtown Hayward Redevelopment Area, west of Foothill Boulevard. The intent of the program was to utilize financial incentives to attract new retail tenants to the downtown. In October 2008, the Council Downtown Committee supported the expansion of the Retail Attraction Loan Program to include spaces on the outer boundaries of the B Street “core”, as well as those spaces which are not necessarily vacant, but have been in marginal use.

As a result of the Program expansion the Hayward Redevelopment Agency (the “Agency”) is currently working with building owners on two separate blocks of Foothill Boulevard to enhance the retail image of the historic district by upgrading building exteriors, including signage, lighting, and other elements. The Foothill Boulevard Façade Improvement Initiative is located on two blocks of Foothill Boulevard in Downtown Hayward. Block 1 is located on west side of Foothill Boulevard from Maple Court to A Street. Block 2 is located on the east side of Foothill Boulevard from A Street to B Street. The buildings on Block 1 are owned by three individuals, and four individuals own the buildings on Block 2 (see Attachment I: Project Area Maps).

DISCUSSION

Opportunities & Partnerships: Approximately 54,000 vehicles pass by retail stores and restaurants located on Foothill Boulevard each day. In its “glory days” Foothill Boulevard was part of a

thriving downtown and retail destination for the City and surrounding communities. As was the case in many cities across the country, with the advent of shopping malls and changing retail habits, commercial strips such as those located on Foothill Boulevard experienced declining sales, vacancies, and physical decline. However, there are a number of factors and opportunities that make the renovation of Foothill Boulevard building façades a timely proposal. Those factors and opportunities include:

- Planned Streetscape Improvements, such as the Foothill-Maple Court Gateway and Mural Project. Other improvements include new sidewalks, light poles with pedestrian lighting, and landscaping. A traffic signal bridge at A Street and Foothill Boulevard will further enhance the overall appearance of the Foothill Boulevard (see Attachment II, Foothill Boulevard Street Improvements).
- Market data shows that there are unspent retail dollars in the trade area that could support both destination and convenience retail. Destination retail can be described as an area with stores offering merchandise and/or services to which customers are willing to drive.
- Block 1 has several tenants that are destination retailers who have been long-term tenants, such as Kraski's Nutrition, The Cobblers, and Higgins Jewelry. Other stable tenants include Selix Formal Wear, and Arthur Murray.
- Block 1 will soon include the new "Montero's Market", offering groceries, meat, and vegetables, prepared Mexican food, a Mexican bakery, and fresh tortillas. The tenant improvements at this location are funded in part by a Retail Attraction Loan and a Community Development Block Grant Small Business Revolving Loan for equipment.
- Block 2 - across the street from Cinema Place - has two new tenants: the Sugar Shack Yogurt and Deli, and Crepes D Arte. The building owner for these two tenants has already spent significant resources on renovating the buildings.
- Building owners on both blocks have agreed to work together not only to address the physical condition of their buildings but also to look for ways to address parking challenges made more difficult by elimination of street parking as a result of the Route 238 Corridor Improvements.

Design Firm Selection Process: Assisted by several cities with established façade improvement programs, staff compiled a list of twenty-two design firms specializing in retail tenant improvements and façade improvements. The following process was used to select the design firm:

- A "Request for Proposals" (RFP) for the Foothill Boulevard Improvement Initiative was issued to twenty-two design firms throughout the Bay Area.
- A "Request for Qualifications" (RFQ) to create an on-call tenant improvement referral list, was also issued so that once façades are designed, businesses can select an architectural firm off the list to do interior work.
- Fourteen design firms attended the pre-proposal conference, and ultimately fifteen design firms submitted RFPs and RFQs. City staff reviewed all RFPs and RFQs and selected four

design firms to be interviewed for the Foothill Boulevard façade improvements. Staff also selected nine firms for the On-Call Tenant Improvement Referral List.

- On Thursday, January 28, 2010, ten building owners and three City staff members participated in the oral interviews of the four design firms selected for the Foothill Boulevard façade improvements. The building owners along with staff evaluated and scored each presentation with additional points given preceding the interviews based on feedback provided by references.

The Selected Design Firm: All four design firms received very high marks from the interview panel, had impressive design portfolios, and could have done the job effectively. However, SZFM Design Studio, San Francisco was selected based on their 25 years of experience in doing retail-focused façade and tenant improvement work. Their very impressive retail façade and tenant improvement work include projects in the cities of Emeryville, Concord, Pleasant Hill, Pittsburg, Novato, San Jose, San Leandro, and Corte Madera. Each of these cities incorporated the façade improvement projects as part of their downtown revitalization strategy.

Sudhish Mohindroo, the firm's principal, gave an impressive presentation showing how cost consciousness does not have to compete with design quality. In follow-up reference calls, consistent feedback was received regarding Mr. Monhindroo's qualifications, his ability to work with groups of building owners and to get them engaged, and participating in the process of renovating their buildings.

FISCAL IMPACT AND ECONOMIC IMPACT

It is proposed that the Retail Attraction Loan program pay for the Foothill Boulevard façade design fees. A combination of tenant improvement loans and possible owner participation agreements will be arranged to cover the costs of implementing the design recommendations. Staff will work with the owners to determine an equitable method for distributing the remaining Retail Attraction Funds.

Retail Attraction Loan Program	
Current Loan Balance – FY 2010 mid-year	\$ 1,345,531
Anticipated Loan Submissions	\$ (500,000)
Design Fees for Block 1 & 2 (approx.)	\$ (100,000)
Remaining FY 2010 Retail Attraction Loan Funds	\$ 745,531

As shown in the table above, the Retail Attraction Loan Program has a current fund balance of approximately \$1.3 million. It is recommended that \$500,000 be set aside for several anticipated loan applications, including a business located on Block 1, two to three businesses at Cinema Place, and two businesses at other downtown locations. The design fees for the two Foothill blocks will be approximately \$100,000, leaving approximately \$750,000 available to undertake façade improvements on the Foothill blocks this year. In addition, it is currently anticipated that \$1 million will be recommended for FY 2011 Retail Attraction program budget. It is currently anticipated that the FY 2011 funds will also need to be reserved for the Foothill Boulevard buildings.

PUBLIC CONTACT

Staff has met with Foothill property owners as a group twice, and individually several times regarding improvements to their buildings. In addition, the property owners and staff jointly interviewed the architectural design firms for the proposed façade design contract on January 28, 2010.

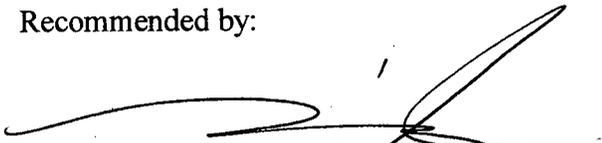
NEXT STEPS

Staff will bring a contract with SZFM Design Studio to the Agency Board for approval in March, and will continue the process of developing a partnership with the Foothill Boulevard property owners to make the project a success.

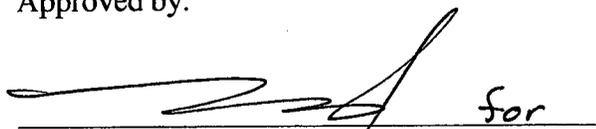
Prepared by:


Gloria Ortega, Redevelopment Project Manager

Recommended by:


Fran David, Assistant City Manager

Approved by:

 for
Gregory T. Jones, City Manager

Attachments:

- Attachment I - Project Area Maps
- Attachment II - Foothill Boulevard Street Improvements

Attachment I
Project Area Maps

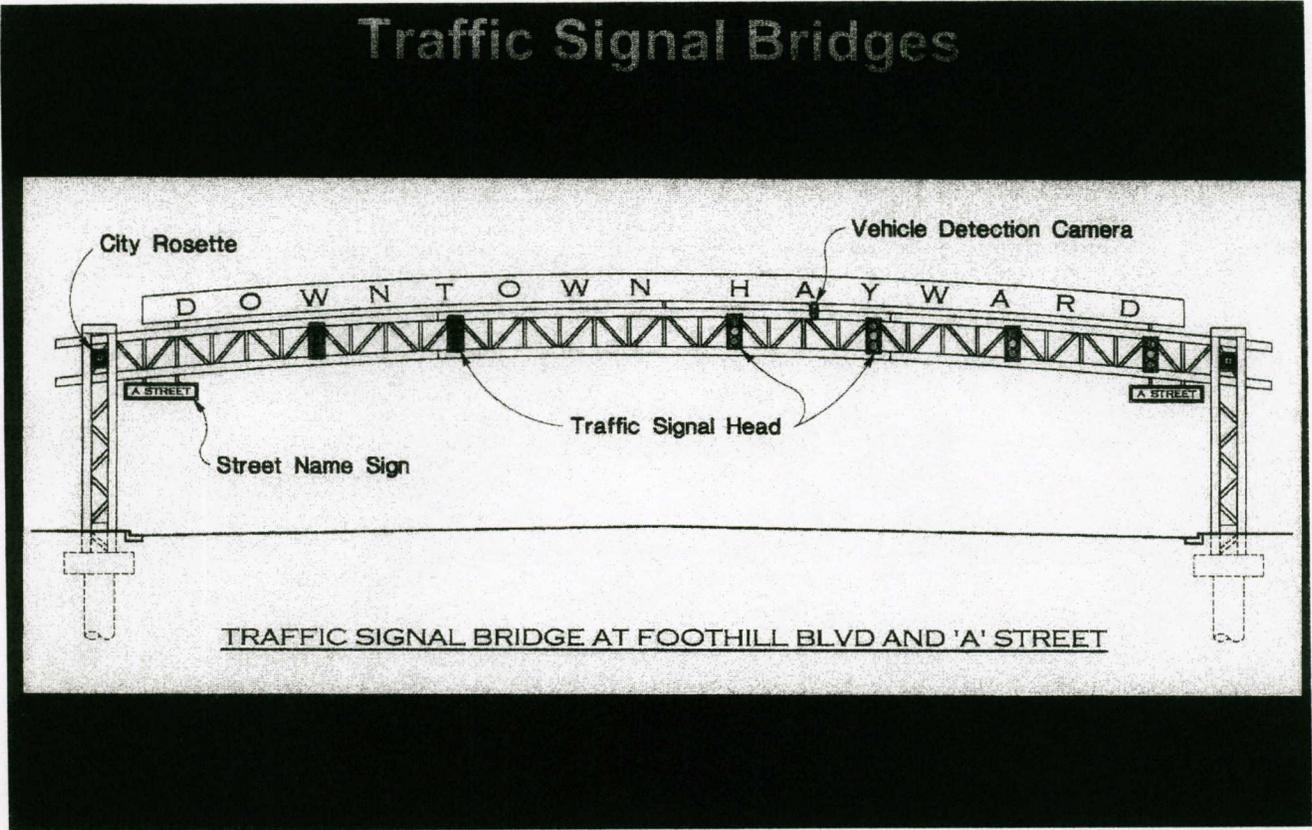
The Foothill Boulevard Façade Improvement Initiative:
Block 1 – Maple Ct. to A Street



Attachment II: Foothill Boulevard Street Improvements



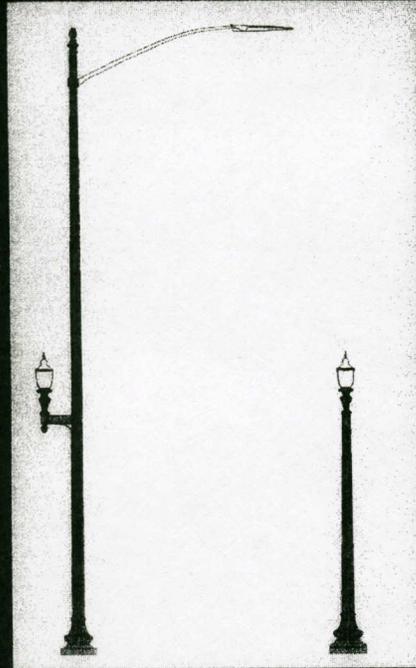
Attachment II: Foothill Boulevard Street Improvements



Attachment II: Foothill Boulevard Street Improvements

Decorative Street Lighting

Street/Pedestrian
Combination Light



Pedestrian
Light



DATE: February 22, 2010
TO: Council Downtown Committee
FROM: Maret Bartlett, Redevelopment Director
SUBJECT: Project Update on the New and Upgraded Electrical Transformers on B Street

RECOMMENDATION

That the Council Downtown Committee reviews the project update provided as part of this report regarding the upgraded electrical service for properties located in the B Street Corridor between Foothill and Main Street.

BACKGROUND

On February 23, 2009, the Council Downtown Committee supported a staff proposal to upgrade Pacific Gas & Electric's (PG&E's) transformers and lines at B Streets and Main. The project was subsequently approved for funding by the Agency Board in FY 2009. The project is near completion: construction started on November 16, 2009, and the anticipated construction completion date is March 19, 2010. With the completion of this project, new or existing businesses requiring up-graded electrical services will simply need to apply for upgraded services with PG&E and upgrade their electrical panels.

DISCUSSION

In many historic neighborhoods, the existing capacity of electrical transformers is not adequate to meet the electric needs of contemporary restaurateurs and retailers. Without this project, the lack of electrical capacity is a major disincentive to attracting new tenants. Businesses seeking to locate in buildings without adequate electrical capacity have been known to wait for six months to a year for PG&E to upgrade services. These businesses also carry a disproportionate share of the costs to upgrade or replace inadequate transformers.

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 and have been lost.

FISCAL IMPACT

Project Budget

This Capital Improvement Project is funded by Redevelopment tax increment funds with a current budget allocation of \$400,000. Staff may return to the City Council/Agency Board with budget adjustments to this project in the proposed FY 2011 Capital Improvement Program in order to cover higher than anticipated PG&E fees and costs for service connections and conversions

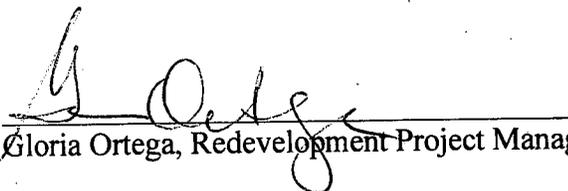
PUBLIC CONTACT

Staff held two public meeting to review the project with building owners, and have met with owners and tenants individually.

NEXT STEPS

The Agency and PG&E are working to finalize the details of a reimbursement agreement, and to continue to work with building owners to upgrade their building's electrical capacity as part of their leasing strategy.

Prepared by:


Gloria Ortega, Redevelopment Project Manager

Recommended by:


Fran David, Assistant City Manager

Approved by:


Gregory T. Jones, City Manager

COUNCIL DOWNTOWN COMMITTEE
DRAFT SCHEDULE – 2010

Meeting Location: CITY HALL
2nd FLOOR CONFERENCE ROOM 2A
777 B STREET
HAYWARD, CALIFORNIA

Meeting Time: 7:00 P. M.

Meeting Dates: The Council Downtown Committee (CDC) meets the fourth Monday of each month with the exception of August and December.

January 25 Joint Meeting with BIA Advisory Board

1. Route 238 Corridor Update – (Public Works)
2. 2009 Downtown Events Evaluation: Street Parties, Summer Jazz, Movies, Light Up the Season: Joint meeting with BIA Advisory Board

February 22

1. Foothill Boulevard Update – Proposed Façade Improvement Designs, Relocation of Historical Society
2. Electrical Transformers Project (RDA and Public Works)

March 22

1. Downtown Safe and Clean Efforts: Mural Update, Street Tree Outlets, Muni Lot and Parking Garage – lighting, security, hours of operation
2. Me Restaurant & Lounge Update Downtown (Planning and PD)
3. City Center Update

April 26 Joint Meeting with Chamber of Commerce

1. Aligning Purpose and Goals of Downtown Stakeholder Groups – CDC, Chamber of Commerce, BIA Advisory Board and Hayward Redevelopment Advisory Committee also invited

May 24 Proposed Cancel for Budget Meetings/Memorial Day

June 28

1. Farmers Market One-Year Report
2. Report Re. Upcoming Summer Events (Economic Development)
3. Report on Outdoor Dining in Downtown (Planning)

July 26

- Recreational Uses in the Downtown Area – Identification and Future Planning; HARD Representatives invited

August 23 Proposed Cancel for Summer Break

September 27

1. Proposed Future Library Update,
2. Discussion regarding other Downtown Cultural Venues (Arts Venues, Former Historical Society Building, Veteran's Building, etc.)

October 25 (Reserved for Future Topics)

November 22 (Reserved for Future Topics)

December 27 Proposed Cancel for Holiday Break

Note: NEW STANDING TOPIC ON CDC AGENDA REPORTS IS "FUTURE AGENDA TOPICS" – SO THAT ITEMS CAN BE DISCUSSED AND ADDED AS NEEDED

Proposed Agenda Topics:

- Veteran's Hospital in Hayward
- Film Festival in Hayward