

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

OFFICE OF THE CITY CLERK
CITY OF OAKLAND

2006 JAN 12 PM 1:22

Agenda Report

TO: Office of the City Administrator/Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: January 24, 2006

**SUBJECT: AN AGENCY RESOLUTION ADOPTING THE BROADWAY/
MACARTHUR/SAN PABLO COMMERCIAL TENANT IMPROVEMENT
PROGRAM, DESIGNATING \$200,000 FOR THE PROGRAM FROM
BROADWAY/MACARTHUR/SAN PABLO REDEVELOPMENT PROJECT
FUNDS AND AUTHORIZING THE AGENCY ADMINISTRATOR TO
ENTER INTO GRANT CONTRACTS AND THIRD-PARTY DESIGN
CONTRACTS NECESSARY TO ADMINISTER THE PROGRAM
WITHOUT RETURNING TO THE AGENCY.**

**AN AGENCY RESOLUTION ADOPTING THE BROADWAY/
MACARTHUR/ SAN PABLO NEIGHBORHOOD PROJECT INITIATIVE
PROGRAM AND DESIGNATING \$200,000 FOR THE PROGRAM FROM
BROADWAY/MACARTHUR/SAN PABLO REDEVELOPMENT PROJECT
FUNDS.**

SUMMARY

This item is a request for Redevelopment Agency approval of two resolutions adopting a Tenant Improvement program and a Neighborhood Project Initiative program in the Broadway/MacArthur/San Pablo Redevelopment Project Area and designating \$200,000 for each program from Broadway/MacArthur/San Pablo Redevelopment program funds. In addition, this report requests authorization for the Agency Administrator to execute grant agreements and third-party design contracts for the Tenant Improvement program without returning to the Agency.

These programs are intended to assist with the elimination of blight and to catalyze economic development within the Redevelopment Project Area. Staff recommends that the Redevelopment Agency approve these resolutions.

FISCAL IMPACTS

Funds for the implementation of both programs will be allocated from Broadway/MacArthur/San Pablo Redevelopment Operations Fund and Project (Fund 9529, Project P187510, Redevelopment Projects Org. 88669). A total of \$400,000 (\$200,000 per program) will be allocated from available operating and maintenance funds from Fiscal Year 2005-06. The implementation of these programs will have no impact on the General Fund.

BACKGROUND

Tax increment revenues in the Broadway/MacArthur/San Pablo Redevelopment Project Area have increased significantly since the adoption of the Project Area in July 2000. Available program revenues in the Redevelopment Agency Budget for Fiscal Year 2005-06 were just under \$850,000. Given the availability of funds, the Project Area Committee (PAC) decided to recommend implementation of new projects and programs within the Project Area to further the goals in the Five-Year Implementation Plan that was adopted in November 2004.

The PAC began a visioning process in July 2005 to determine which capital projects and programs to prioritize within the Project Area with available revenues. The PAC voted to recommend expending \$370,000 of Fiscal Year 2005-06 Project Funds on two capital projects, the 40th Street Streetscape and the Broadway Median upgrade. The expenditures for these capital projects were approved by the Agency earlier this year. At the November 2005 PAC meeting, the PAC voted to recommend adoption of the Tenant Improvement and Neighborhood Projects Initiative programs as described in this staff report and to allocate \$200,000 to each program for a total allocation of \$400,000.

KEY ISSUES AND IMPACTS

Tenant Improvement Program

The Broadway/MacArthur/San Pablo Tenant Improvement (TI) program is modeled after the existing Central City East and Downtown TI programs. It is a partnership program which offers property and/or business owners one-to-one matching grants of \$10 per square foot of retail space, up to a maximum grant award of \$45,000, for approved tenant improvements to vacant commercial spaces. In addition, the program provides up to \$5,000 in free architectural design assistance for projects.

The TI program is designed to assist property owners in attracting retail businesses to locations that are difficult to lease and costly to renovate. The program will serve as an incentive for new retail businesses to locate within the Project Area. Staff conducted a commercial building inventory in October 2005 to determine the number of vacant storefronts in the Project Area to gauge the need for this program. Staff identified 44 vacancies along the target corridors of Broadway, Telegraph Avenue and San Pablo Avenue. The goal of the proposed TI program is to reduce the vacancy rate by 15% in the Project Area with the proposed funding allocation.

Within the Project Area, the TI program will operate on Broadway and Telegraph Avenue between 27th and 42nd Streets, and the Golden Gate District of San Pablo Avenue between 53rd and 67th Streets. Typical retail space along these corridors is approximately 2,000 square feet so the average grant for interior improvements is estimated to be \$20,000. The current available budget of \$200,000 is estimated to cover the cost of 5 to 8 tenant improvement projects.

Grants will be provided for projects based on their meeting the following participation criteria:

- The commercial space has been vacant for six months or longer and there is a prospective tenant identified for the space.
- The prospective use will serve a strategic benefit to the neighborhood commercial district.
- The business owners have five or more years of experience in management or ownership in the subject business or a related business.
- The tenant will enter into a long-term lease of at least three years.

Neighborhood Project Initiative Program

The Broadway/MacArthur/San Pablo Neighborhood Project Initiative (NPI) program is modeled after the Coliseum Redevelopment Area NPI program, which was adopted in June 2005. The NPI program will support the existing network of community-based and merchant organizations by funding neighborhood infrastructure improvements that are beneficial to the community and currently have no other funding source. The program will provide funding for existing blight reduction and beautification efforts in the Redevelopment Project Area and encourage community participation in the revitalization of North Oakland.

The NPI program is intended to respond to the myriad of funding requests for small-scale projects that are brought before the Broadway/MacArthur/San Pablo PAC by members of the community. In the past, the PAC has been forced to respond to these requests on an ad-hoc basis. The NPI program will provide a system for the community to submit requests for project funding and for the PAC to compare the relative merits of each funding request to ensure that the highest priority projects have adequate funds. In addition, the program provides an opportunity for the PAC to reach out to the community with information about the benefits of being within a redevelopment project area.

As is consistent with California Redevelopment Law, eligible projects under the NPI Program must fall within at least one of the following categories:

1. ***Crime Deterrent or Safety Improvements:*** Projects designed to enhance the safety of neighborhoods and/or reduce crime. These could include physical improvements such as exterior lighting, vegetation removal, installation of fencing, or crosswalk modifications.
2. ***Neighborhood or Corridor Beautification:*** Projects designed to improve the appearance of neighborhoods or commercial corridors. These could include physical improvements such as new trash receptacles, benches, street trees, decorative planters, or other street furniture.
3. ***Establishment of Community Identity:*** Projects designed to enhance neighborhood and community identity. These could include physical improvements such as street banners, murals, gateway signage, or way-finding signs.
4. ***Community Facility Upgrades:*** Projects designed to improve existing community facilities. These projects include minor capital upgrades at community parks, recreation centers, libraries, youth centers, or community gardens.

Projects may be located on public and/or privately-owned property within the Broadway/MacArthur/San Pablo Redevelopment Project Area. Funding requests must be between \$1,000 and \$50,000. Eligible applicants include community organizations, area residents and business owners, and City departments. To ensure that all project applications are for projects that the community prioritizes, all applications submitted by City departments or staff will be required to be sponsored by one or more community organizations.

The NPI program will be administered jointly by Agency staff and the PAC. Staff will issue a Call for Projects to the community for the NPI program in February 2006. The PAC will assist staff in marketing the program to eligible applicants within the Project Area. Applications for funding will be due to the Agency in March 2006. Upon submittal, each project application will be reviewed by the City Attorney's office for eligibility under redevelopment law and conformance with the Broadway/MacArthur/San Pablo Area Redevelopment Plan and five-year Implementation Plan. The PAC will be responsible for reviewing all eligible applications, prioritizing projects, and recommending projects for approval by the Agency. Following Agency approval of the grant awards, staff will be responsible for overseeing the implementation of the projects that are awarded grants under this program. All grants to outside entities will be administered on a reimbursement basis only.

PROGRAM DESCRIPTION

The TI and NPI programs are consistent with the Broadway/MacArthur/San Pablo Area Redevelopment Plan and five-year Implementation Plan. These programs are intended to assist with economic development efforts and blight elimination in the Project Area. The allocated program budgets are projected to cover these programs through Fiscal Years 2005-2007. If the TI and NPI programs prove to be successful, staff will return to the Agency to allocate additional funds for these programs.

The TI program will require professional architectural designs to ensure that each participating business is attractively packaged to be a strong competitor in the retail market. Design services for typical tenant improvement projects will include conceptual interior design drawings, cost estimates, and revisions to designs based on feedback from property and business owners. The design costs for specific tenant improvement projects are expected to range from \$1,500 to \$5,000 based on the project scope. Staff intends to enter into standing contracts with a competitively selected pool of architects to provide design services for this program.

SUSTAINABLE OPPORTUNITIES

Environmental

The NPI program will help fund neighborhood and corridor beautification projects that will include landscaping upgrades to provide more greenery in the Redevelopment Project Area. Participants of the TI program will be encouraged to use green building techniques such as energy conserving designs and appliances, recycled content building materials, low waste construction techniques, and water conserving fixtures.

Economic

The TI and NPI programs will improve the physical and economic health of the Redevelopment Project Area through the elimination of blight. The TI program will also encourage property owner investment in buildings which will increase tax revenue to the Agency, and attract new retail businesses which will increase sales tax to the City.

Social Equity

The goal of both programs is to improve the physical and economic conditions of the Redevelopment Project Area. New businesses created through the TI program will also increase job opportunities in the Project Area.

DISABILITY AND SENIOR CITIZEN ACCESS

Any new construction or improvements that are implemented as a result of a grant award from the Broadway/MacArthur/San Pablo TI and the NPI programs will be required to comply with city, state, and federal ADA requirements.

RECOMMENDATIONS AND RATIONALE

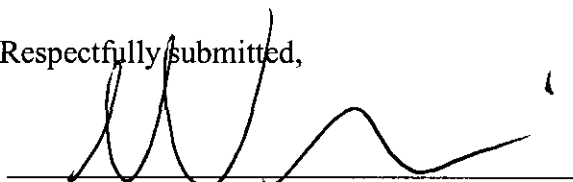
Staff recommends that the Agency adopt the Broadway/MacArthur/San Pablo TI program and designate \$200,000 to fund the program. Staff also recommends that the Agency provide authorization to execute the grant contracts and third party design contracts necessary to administer the TI program within the program budget without returning the Agency for authorization for each specific contract. This authority will expedite the allocation of grant funds and the contracting process. This same authorization was previously approved for the Downtown and Central City East TI programs. The TI program has been proven, through its application in other redevelopment project areas, to be an effective tool for reducing retail vacancy rates.

Staff also recommends that the Agency adopt the Broadway/MacArthur/San Pablo NPI program and designate \$200,000 to fund the program. Staff will return to the Agency for authorization to award grant funding to each project that is recommended for funding under this program. This program will provide an opportunity for the Project Area Committee to prioritize and fund small-scale capital projects within the Project Area to assist with blight abatement.

ACTION REQUESTED OF THE COUNCIL

It is requested that the two attached resolutions be approved adopting the Broadway/MacArthur/San Pablo Tenant Improvement program and Neighborhood Project Initiative program, designating \$200,000 for each program, and authorizing the Agency Administrator to approve and execute grant contracts and third-party design contracts necessary to administer the Tenant Improvement program.

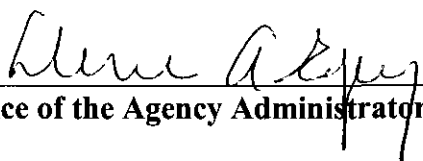
Respectfully submitted,



Dan Vanderpriem, Director of Redevelopment,
Economic Development, and Housing and
Community Development

Prepared by:
Kathy Kleinbaum,
Urban Economic Analyst III
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Christine Lebron,
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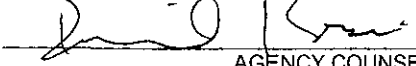
**APPROVED AND FORWARDED TO
THE COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE**


Office of the Agency Administrator

OFFICE OF THE CITY CLERK
AND

2006 JAN 12 PM 1:22

APPROVED AS TO FORM AND LEGALITY:


AGENCY COUNSEL

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

A RESOLUTION ADOPTING THE BROADWAY/MACARTHUR/SAN PABLO COMMERCIAL TENANT IMPROVEMENT PROGRAM, DESIGNATING \$200,000 FOR THE PROGRAM FROM BROADWAY/MACARTHUR/SAN PABLO REDEVELOPMENT PROJECT FUNDS AND AUTHORIZING THE AGENCY ADMINISTRATOR TO ENTER INTO GRANT CONTRACTS AND THIRD-PARTY DESIGN CONTRACTS FOR THE PROGRAM WITHOUT RETURNING TO THE AGENCY.

WHEREAS, the Broadway/MacArthur/San Pablo Redevelopment Project Area contains many commercial properties in need of revitalization and physical improvement; and

WHEREAS, the staff of the Community and Economic Development Agency have prepared a Tenant Improvement Program for the Broadway/MacArthur/San Pablo Redevelopment Project (the "Program") to provide incentives for property owners, business owners, and tenants to rehabilitate and revitalize commercial buildings within targeted commercial areas in the Broadway/MacArthur/San Pablo Redevelopment Project Area; and

WHEREAS, the program is consistent with and will further the purposes of the Broadway/MacArthur/San Pablo Redevelopment Plan and its Five-Year Implementation Plan adopted on December 7, 2004 (Resolution No. 2004-66 C.M.S.); and

WHEREAS, such rehabilitation and revitalization will assist in the elimination of blight and assist with retaining and attracting businesses and increasing job opportunities in the Project Area; and

WHEREAS, design consulting services are needed to implement the Tenant Improvement Program; and

WHEREAS, the Agency desires to authorize the Agency Administrator or her designee to approve and execute the third-party design contracts for the program within the budget available for this purpose; and

WHEREAS, the Agency finds that these contracts are for services of a professional nature, and the services under these contracts will be temporary; and

WHEREAS, the Agency finds that the design contracts will not result in the loss of employment or salary by any person having permanent status in the competitive service; now, therefore, be it

RESOLVED: That the Agency hereby adopts the Broadway/MacArthur/San Pablo Tenant Improvement Program to provide matching grants of up to \$45,000 and architectural services of up to \$5,000 per tenant improvement project for commercial properties throughout the Broadway/MacArthur/San Pablo Redevelopment Project Area; and be it

FURTHER RESOLVED: That the Agency hereby appropriates \$200,000 from the Broadway/MacArthur/San Pablo Redevelopment Operations Fund and Project (Fund 9529, Project P187510, Redevelopment Projects Org 88669) to a new project within the same Fund, to be established upon approval for the Tenant Improvement Program; and be it

FURTHER RESOLVED: That the Agency hereby authorizes the Agency Administrator or her designees to negotiate and execute all third-party design contracts necessary to carry out the Tenant Improvement Program within the available budget without having to obtain further Agency authorization; and be it

FURTHER RESOLVED: That the Agency authorizes the Agency Administrator or her designee to adopt guidelines for the Program, to negotiate and execute all grant contracts under the Program within the budget available for these purposes without returning to the Agency, and to take other action with respect to the Program and the grants consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2006

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND
CHAIRPERSON DE LA FUENTE

NOES-

ABSENT-

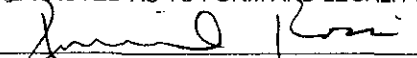
ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
Secretary, Redevelopment Agency
of the City of Oakland

OFFICE OF THE CITY CLERK
OAKLAND

2006 JAN 12 PM 1:22

APPROVED AS TO FORM AND LEGALITY:


AGENCY COUNSEL

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

A RESOLUTION ADOPTING THE BROADWAY/MACARTHUR/SAN PABLO NEIGHBORHOOD PROJECTS INITIATIVE PROGRAM AND DESIGNATING \$200,000 FOR THE PROGRAM FROM BROADWAY/MACARTHUR/SAN PABLO REDEVELOPMENT PROJECT FUNDS.

WHEREAS, there is a need for a blight reduction program that impacts general blight conditions throughout the Broadway/MacArthur/San Pablo Redevelopment Project Area; and

WHEREAS, the staff of the Community and Economic Development Agency have prepared the Broadway/MacArthur/San Pablo Neighborhood Projects Initiative (NPI) program to assist in addressing general blight conditions within the Project Area; and

WHEREAS, the NPI program will assist community and business groups in the Broadway/MacArthur/San Pablo Project Area by providing them with monetary tools necessary to address the correction of minor blighting effects while working in conjunction with other City of Oakland and Agency programs; and

WHEREAS, the NPI program is consistent with and will further the purposes of the Broadway/MacArthur/San Pablo Redevelopment Plan and its Five-Year Implementation Plan adopted on December 7, 2004 (Resolution No. 2004-66 C.M.S.); and

WHEREAS, the Agency wishes to support these activities by allocating \$200,000 of unexpended Broadway/MacArthur/San Pablo project funds for the NPI program; now, therefore, be it

RESOLVED: That the Agency hereby adopts the Broadway/MacArthur/San Pablo Neighborhood Projects Initiative Program; and be it

FURTHER RESOLVED: That the NPI program shall fund neighborhood infrastructure improvements that fall within at least one of the following categories:

1. Crime Deterrent or Safety Improvement;

2. Neighborhood or Corridor Beautification;
3. Establishment of Community Identity; or
4. Community Facility Upgrade; and be it

FURTHER RESOLVED: That eligible applicants under the NPI program shall include community organizations, area residents and business owners, and City departments; and be it

FURTHER RESOLVED: That eligible funding requests under the NPI program, shall be between \$1,000 and \$50,000; and be it

FURTHER RESOLVED: That the Agency hereby appropriates \$200,000 from the Broadway/MacArthur/San Pablo Redevelopment Operations Fund and Project (Fund 9529, Project P187510, Redevelopment Projects Org 88669) for the NPI program; and be it

FURTHER RESOLVED: That staff will return to the Agency for authorization to award grants funds for individual projects that apply for funding under the NPI program; and be it

FURTHER RESOLVED: That the Agency Administrator or her designee is authorized to adopt guidelines for the NPI program and to conduct negotiations and take any other actions consistent with this Resolution and its basic purpose.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2006

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND
CHAIRPERSON DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
Secretary, Redevelopment Agency
of the City of Oakland