



**CITY COUNCIL AGENDA REPORT**

10

December 4, 2012  
Economic Development  
Community Development

**TITLE: AUTHORIZE THE CITY MANAGER TO NEGOTIATE AN AGREEMENT TO EXCHANGE IN LIEU PARKING FEES FOR A PUBLIC PLAZA AT 511 MAIN STREET**

**SUMMARY**

A private developer is considering the purchase of the property at 511 Main Street in downtown Pleasanton. At the City's request, the renovation project would include an outdoor plaza for the benefit of patrons and the public. Given that the revitalization of sites within the Downtown is an important element in enhancing economic vitality within the commercial district, and that inclusion of such a public amenity adds to the positive social dynamics within the downtown, the City's participation through an exchange of in lieu parking fees for a public amenity serves as a catalyst for maintaining an inviting downtown experience for Pleasanton residents and an attraction for visitors.

**RECOMMENDATION**

Staff recommends the City Council authorize the City Manager to negotiate an agreement with the developer whereby the City would exchange payment in lieu parking fees for the developer providing a public plaza at 511 Main Street in downtown Pleasanton.

**FINANCIAL STATEMENT**

The City will exchange the payment of in lieu parking fees for the developer providing an outdoor public plaza. It is anticipated the exchange would benefit the City as the value of the in lieu parking fees would be approximately \$400,000 while the value of the plaza is approximately \$415,000.

## **BACKGROUND**

Over time, enhancements to downtown Pleasanton have come from two distinct areas. The City has maintained and enhanced public infrastructure such as streets, sidewalks, lighting, parking areas, etc. and also added community facilities like the Firehouse Arts Center. Conversely, upgrading of commercial properties has been done through private investment, like the recent renovations of buildings at 234 and 600 Main Street. Such private investment is desirable for downtown Pleasanton as it addresses deferred maintenance on older structures and creates spaces with the floor plans and amenities desired by prospective tenants, thus encouraging new businesses to locate in the district.

## **DISCUSSION**

Economic Development Department staff regularly works with property owners and other persons interested in developing downtown sites, with staff often facilitating connections between the two parties. The property at 511 Main Street has been on the market for either lease or sale for more than a year. Recently, a local developer has expressed interest in purchasing and renovating the site and has been speaking with staff about the type of project that would be a good fit within the downtown, considering the kinds of prospective tenants the City would like to attract as well as preservation of the historic character of the building. In particular, staff indicated a desire for a public plaza to serve as a place for downtown patrons to gather and socialize.

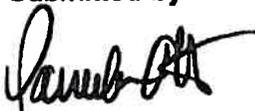
The developer is willing to incorporate an approximately 600 square foot plaza into the project but has asked for the City's participation. Such public-private partnerships are common as an economic development tool. As identified for this project, the City would participate by exchanging the in lieu parking fees that would be required with the expansion of the building for the developer to build and maintain a public plaza for use by patrons and the public. Based on preliminary project specifications – which add approximately 7,000 new square feet on the site by expanding the first floor for retail and restaurant uses and adding a second floor for office uses – the developer would need to provide 23 parking spaces. At the City's \$17,465 current cost per parking space, the in lieu value of these spaces is \$401,695. The value of the public plaza is based on a combination of construction cost and 'opportunity lost' by not earning income (lease rate + capitalization rate) on the space, and has been calculated to be \$415,923, thus is a fiscal benefit to the City. As well staff believes such a partnership will serve as a mechanism for the private redevelopment of this site, with long-term interest in enhancing the economic viability of the downtown district.

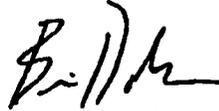
Given uncertainty about future financial implications, the seller and the developer are prepared to execute the sale of the property by the end of this calendar year. It is acknowledged that this is not sufficient time for the project to be fully evaluated via the regular design review process, although attached is a *conceptual* rendering of what the project could look like, preserving the original front entrance of the building and incorporating the plaza. However, to provide assurance the project is financially feasible, prior to finalization of the sale the developer is interested in obtaining the City Council's conceptual approval to allow the parties to negotiate a future agreement that

would exchange in lieu parking fees for a public plaza provided by the developer. This agreement would be contingent on the City's review and final approval of the project.

Such projects benefit the downtown by addressing the community's interest in locally-based economic development as well as preservation of the historic character and ambiance of the district. As such, staff is requesting the City Manager be authorized to pursue negotiating an agreement with the developer which would exchange in lieu parking fees for the developer providing an outdoor public plaza on site.

Submitted by:

  
Pamela Ott  
Director of Economic  
Development

  
Brian Dolan  
Director of Community  
Development

Fiscal Review:

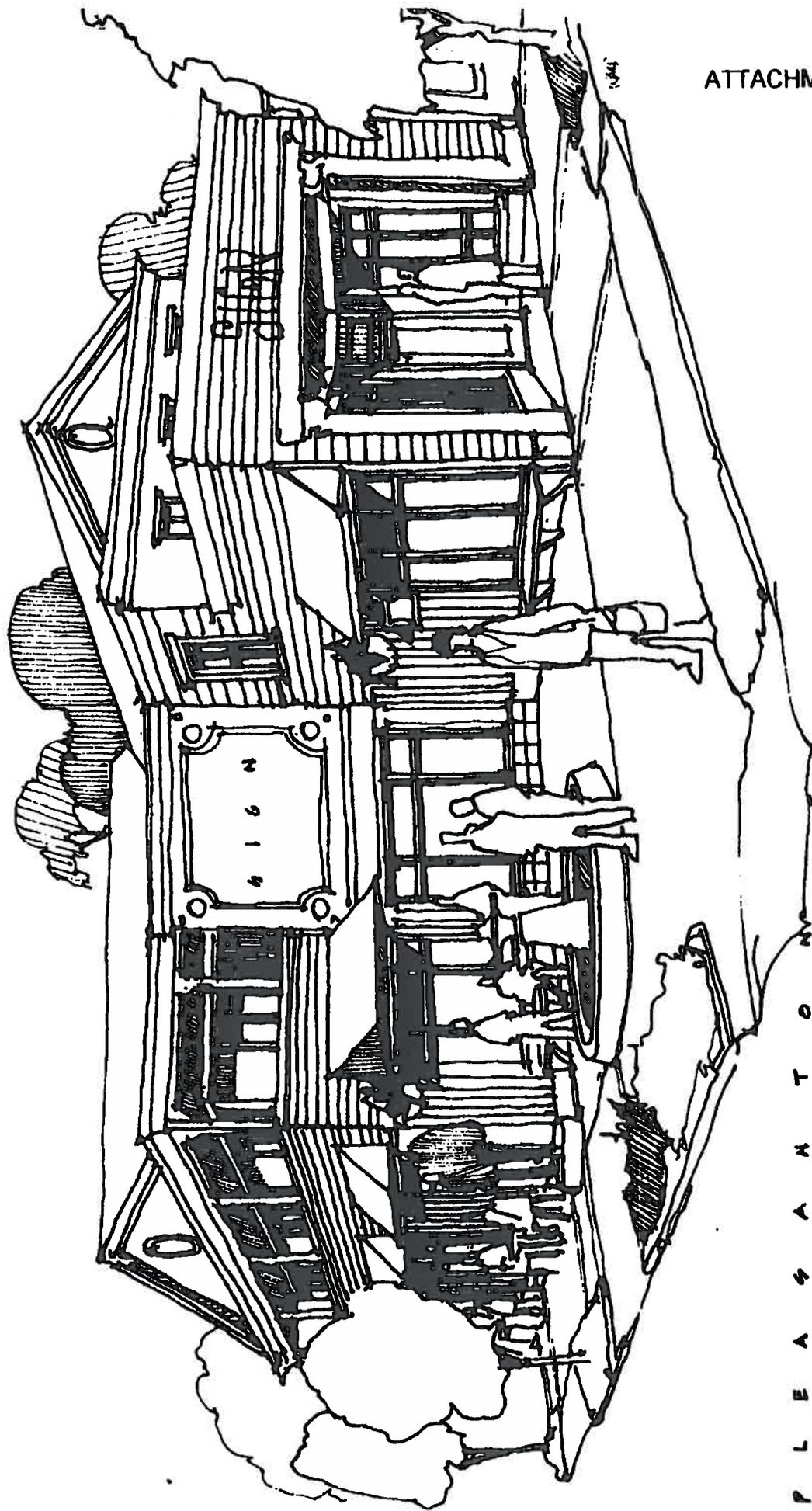
  
Emily Wagner  
Director of Finance

Approved by:

  
Nelson Fialho  
City Manager

Attachment:

1. Conceptual rendering of project at 511 Main Street



P L E A S E A N T O N