MEMORANDUM

TO: Agency Commissioners

FROM: Fred Blackwell, Executive Director

SUBJECT: Authorizing a Letter Agreement with the Mayor’s Office of Economic and Workforce Development for the administration of the SF Shines Façade Improvement Program for a six-month term with one six-month extension in an amount not to exceed $492,977; Bayview Hunters Point Redevelopment Project Area.

Authorizing a First Amendment to the Amended and Restated Letter Agreement with the Mayor’s Office of Economic and Workforce Development for the administration of the SF Shines Façade Improvement Program and additional marketing and economic development services in the Western Addition neighborhood for a three-year term in an amount not to exceed $800,000.

EXECUTIVE SUMMARY

Last year, to further the Agency’s economic and development efforts in the Bayview Hunters Point Redevelopment Project Area (“Bayview Hunters Point”) and emphasize the creation of economic development programs, Agency staff began working with the Mayor’s Office of Community Investment (“MOCI”) and the Mayor’s Office of Economic and Workforce Development (“OEWD”). Based on subsequent discussions and analysis, as well as feedback and support from the Bayview Hunters Point Project Area Committee and the Bayview Merchants Association, staff proposed and the Commission approved a plan to cooperatively implement a façade and tenant improvement program for Third Street, with MOCI as the primary administrator, as part of the City and County of San Francisco’s (“City’s”) existing SF Shines Façade Improvement Program (the “SF Shines Program”).

On September 2, 2008 the Commission authorized a letter agreement with MOCI for the administration of a façade and tenant improvement program for the Third Street commercial corridor in Bayview Hunters Point. The SF Shines Program provides matching grants and design assistance to property owners and merchants to improve façades, storefronts, and signs as well as interior tenant improvements.

On December 16, 2008, the Commission approved an expansion to the letter agreement with MOCI to include the Fillmore Street commercial corridor in the Western Addition neighborhood (the “Amended and Restated Letter Agreement”). MOCI has subsequently merged with OEWD. Currently, OEWD administers this Amended and Restated Letter Agreement which includes the administration of façade and tenant improvement programs in both Third Street and Fillmore
Street commercial corridors under the SF Shines Program. The Amended and Restated Letter Agreement expires on December 31, 2009.

Staff believes it would be beneficial to both commercial corridors to continue the SF Shines Program. Therefore, staff is proposing, (1) a first amendment to the Amended and Restated Letter Agreement to have OEWD continue administering the SF Shines Program in the City’s Western Addition neighborhood (the “First Amendment”), and (2) a new letter agreement to have OEWD continue administering the SF Shines Program in Bayview Hunters Point (the “Letter Agreement”). The First Amendment (covering the Western Addition neighborhood) is for a three-year term for a budget not to exceed $400,000. The Letter Agreement (which covers Bayview Hunters Point) is for a six-month term, with a six-month extension for a budget not to exceed $492,977.

The First Amendment also includes $400,000 for marketing and economic development programs in the Western Addition neighborhood. These programs, administered through the City’s Neighborhood Marketplace Initiative, are discussed more fully below.

Staff recommends authorizing both the Letter Agreement and the First Amendment with OEWD.

DISCUSSION

OEWD, currently administers the City’s SF Shines Program, a citywide program that provides grants and design assistance to property owners and merchants to improve facades, storefronts and signs. The program targets economically distressed business corridors. OEWD also currently administers the City’s Neighborhood Marketplace Initiative, a citywide program that includes coordination with the SF Shines Program. This initiative provides marketing and promotions programs, streetscape enhancement, and recommendations for business attraction and retention. These programs are discussed more fully below.

SF Shines Program

The SF Shines Program was launched by the City in February 2005 to provide low-interest rate loans for small business owners in underserved neighborhoods citywide, to improve their business’ facades. The program is a tool to revitalize the City’s retail corridors, particularly in low-income, economically depressed neighborhoods, including Bayview, Chinatown, Excelsior, Mid-Market, Mission, Ocean Avenue, the Fillmore, Tenderloin, and SOMA. The City partners with property and business owners to help increase commercial activity and enhance neighborhoods’ streetscapes. Small business owners are eligible to receive funding for improvement projects that include repairing or replacing doors, windows, awnings, exterior lighting, signage, landscape, painting, detailing, painting and cleaning the storefront. Participating businesses will also receive free architectural design services.

The proposed Letter Agreement includes $492,977 to be spent on this program in Bayview Hunters Point over a 12-month period (an initial six-month term with one six-month extension). The proposed First Amendment includes $400,000 to be spent on this program in the Western Addition neighborhood over a three-year period. A breakdown of how this money will be spent...
is included in Attachment “A”. Per the SF Shines Program, the maximum grant for façade improvements is $13,500 and the maximum grant for tenant improvements is $25,000. OEWD has modified the City’s existing SF Shines Program to target the Third Street and Fillmore Street commercial corridors and the details of these modifications (i.e., the grant amounts, selection criteria, etc.) are included in Attachments “C” and “D”.

In general, the program’s criteria and eligibility guidelines for both commercial corridors include:

1. **Focused Target Area.** Projects must be along Third Street within the Bayview Hunters Point Redevelopment Project Area. Projects must be along Fillmore Street within the Western Addition neighborhood.

2. **Target Facades.** New projects should be clustered strategically to maximize investment of public funds, visual and catalytic impact. Clusters can be on intersection corners or middle of the block, and should take into account and leverage other important public or private investments such as façade improvements, development projects, infrastructure improvements, as well as existing neighborhood assets.

3. **Multiple Grants to Single Property Owner.** Property owners with multiple properties are discouraged from receiving multiple grants; however, special consideration can be made on a case-by-case basis.

4. **Long-Term Investment/Lease.** The applicant should demonstrate evidence of a long-term investment in the neighborhood, with a strong preference for participants with a long-term lease (minimum three years remaining on lease).

5. **Eligible Building Types.** Participating properties must be commercial and/or mixed use buildings with first floor retail storefronts. All improvements must be made to the exterior portions of the building that are visible from the street. Building integrity, including historic markers and seismic retrofitting will be taken into account.

6. **Ineligible Business Types.** Wholesale business (except discount offerings to the general public), any unlawful or unlicensed business, or uses that have led to recurrent problems of public safety and welfare or that contribute to conditions of blight as defined by Community Redevelopment Law, are ineligible. Establishments whose primary business is off sale liquor and adult entertainment businesses are generally excluded from participation in the program.

7. **Legal.** Properties involved in a legal dispute with the San Francisco City Attorney’s Office are not eligible.

**Neighborhood Marketplace Initiative**

The City’s Neighborhood Marketplace Initiative is a program designed to strengthen neighborhood commercial districts serving San Francisco’s low- and moderate-income neighborhoods. While the mix of activities varies depending on the specific strategy developed for each district, common elements include business support, capital improvements (i.e.,
storefront and streetscape improvements), cleanliness and safety projects, district promotion, business attraction, and catalyst real estate development projects.

The proposed First Amendment includes $400,000 to be spent on this program in the Western Addition neighborhood over a three-year period. A breakdown of how this money will be spent is included in Attachment “B”. The first six months will be spent in the planning and program prioritization phase. The remaining two-and-a-half years will be spent in the implementation phase. These two phases are briefly described below.

During the planning phase, a work plan will be developed to identify and implement the following activities:

1. The implementation of marketing and promotions programs.
2. The development of a retail mix plan.
3. New business attraction and retention programs that support both neighborhood based retail and micro businesses, including push cart and kiosk based vendors.
4. The development of a façade and tenant improvement plan.
5. New façade & tenant improvement programs via SF Shines.
6. The development of a streetscape and public realm enhancement plan.
7. New streetscape enhancement and activation programs.

During the two-and-a-half-year implementation phase, OEWD will perform the following activities:

1. Storefront (façade and tenant improvement) & streetscape amenities and greening improvements. These amenities will complement the investments made to date by the San Francisco Redevelopment agency and DPW to upgrade the pavers, street lamps, street trees, and trash receptacles. The plan will also identify priority façade and tenant improvements, awning and sign upgrade projects, and will create design guidelines to assist the existing small businesses. These storefront improvements will help small businesses compete and promote their services productively within the Fillmore Street commercial corridor.

2. Business retention and attraction. OEWD will provide recommendations for business attraction and retention programs that will support and promote an appropriate business mix to meet the daily needs of the neighborhood residents, as well as compliment the restaurant and entertainment venues and bring new visitors to the area. These programs will support the development and health of both small and medium neighborhood based retail, business and personal services and micro businesses, including cart and kiosk based vendors.

3. Advertising and media outreach. Bringing new customers and repeat customers to the Fillmore Street commercial corridor is essential to the business district's long term health and sustainability. This is why advertising, media outreach, marketing and promotions will play a central part in these implementation activities.
4. Promotional and Special Events. Based on recommendations in the Fillmore CBD’s Marketing Plan, and the work plan developed through the Neighborhood Marketplace Initiative, priority events, including festivals, street fairs, “night out” events, and other marketing and promotional activities will be supported.

California Environmental Quality Act

Authorization of the Letter Agreement and the First Amendment to the Amended and Restated Letter Agreement with OEWD are not projects as defined by California Environmental Quality Act (“CEQA”) Guidelines Section 15378(b)(5). The administration of the façade and tenant improvement, marketing, and economic development programs by OEWD would not independently result in a significant physical effect on the environment. Construction activities and design services under the Third Street and Fillmore Street Façade and Tenant Improvement Programs are exempt from CEQA, pursuant to CEQA Guidelines Section 15301(a) and 15262, respectively. The interior and exterior alterations of existing facilities will not expand existing uses and will not result in a significant effect on the environment.

 Originated by Angela Heyward, Development Specialist

Fred Blackwell
Executive Director

Attachments:
Attachment “A”: SF Shines Program Budgets
Attachment “B”: Neighborhood Marketplace Initiative Budget
Attachment “C”: SF Shines Program Targeted to Third Street Corridor
Attachment “D”: SF Shines Program Targeted to Fillmore Street Corridor
### ATTACHMENT “A”

#### SF Shines Program Detailed Budget

**Third Street Corridor**

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<th>Façade</th>
<th>Tenant Improvement</th>
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<td>Façade/TI Grant Funds</td>
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#### SF Shines Program Detailed Budget

**Fillmore Street Corridor**

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<th>Façade</th>
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### Neighborhood Marketplace Initiative Budget
Fillmore Street Corridor

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<th>Description</th>
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<tr>
<td>Commercial District Enhancement Work Plan &amp; Community Planning Process</td>
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<td>Commercial District Enhancement Work Plan Implementation Projects</td>
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<td>(does not include façade or tenant improvement program budget)</td>
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<td>OEWD Administration, Staffing and Technical Assistance</td>
<td>$ 100,000</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$ 400,000</strong></td>
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ATTACHMENT “C”

SF Shines Program Targeted to the
Third Street Corridor

Focused Target Area

Projects must be along Third Street within the Bayview Hunters Point Redevelopment Project Area. Projects between Kirkwood Avenue and Revere Avenue in the Town Center Activity Node are prioritized.

Clustering

New projects should be clustered strategically to maximize investment of public funds, visual and catalytic impact. Clusters can be on intersection corners or middle of the block and should take into account and leverage other important public or private investments such as façade improvements, development projects, infrastructure improvements, as well as existing neighborhood assets.

Unique Photographs and Computer Renderings

Photographs and/or computer renderings (i.e., Photoshop) will be utilized to illustrate desired and highly successful facades. Incorporating the cultural heritage of the neighborhood is encouraged. Illustrations will be provided to support the design aspirations of clients who are interested in reflecting the African American heritage of the neighborhood.

Tenant Improvement Program for Third Street Corridor

SF Shines will also provide tenant improvements grants for select Third Street Corridor businesses in conjunction with façade improvements. Guidelines for the SF Shines Tenant Improvement Program for the Third Street Corridor will be modeled after the Façade Improvement program with increased grant funds as follows:

- Clients may receive up to a $25,000 grant for tenant improvements.
- Client contributes 25% of total project costs, including all permit and inspection costs.
- Grant pays for interior improvements, including capital construction, fixtures, and major equipment (equipment integral/essential to business operations and interior layout).
SF Shines Façade Program Targeted to the Fillmore Street Corridor

Focused Target Area

Projects must be along Fillmore Street within the Western Addition Neighborhood, between Post Street and McAllister Street, or on the side streets and corner commercial spaces off Fillmore, including the retail spaces located between Webster and Steiner Streets.

Target Facades

New projects should be clustered strategically to maximize investment of public funds, visual and catalytic impact. Clusters can be on intersection corners or middle of the block and should take into account and leverage other important public or private investments, such as façade improvements, development projects, infrastructure improvements, as well as existing neighborhood assets.

Façade Improvement Grants for the Fillmore Street Corridor

- The SF Shines Façade Improvement grant for Fillmore will pay up to $13,500 to design and install a new storefront façade. The client will be responsible for any cost above $13,500 if the client chooses to install a façade design that exceeds $13,500.
- The SF Shines Façade Improvement Program will select the façade design consultant and the façade installation contractor from a pre-approved list of contractors for each Fillmore SF Shines façade project.
- The client will be provided with three design options. The client reserves the right to decline entering into a contract for façade installation services if a façade design is not deemed acceptable to the client.

Tenant Improvement Program for the Fillmore Street Corridor

SF Shines will also provide tenant improvements grants for select Fillmore Street Commercial Corridor businesses/properties in conjunction with façade improvements. Guidelines for the SF Shines Tenant Improvement Program for the Fillmore Street Commercial Corridor will be modeled after the Façade Improvement program with increased grant funds as follows:

- Clients may receive up to a $25,000 grant for tenant improvements.
- Clients will contribute 25% of total tenant improvement project costs, including all permit and inspection costs.
- The SF Shines Façade Improvement Program will select the tenant improvement design consultant and the tenant improvement installation contractor from a pre-approved list of contractors for each Fillmore SF Shines façade project.
- Grant pays for interior improvements, including capital construction, fixtures, and major equipment (equipment integral/essential to business operations and interior layout).