



REDEVELOPMENT AGENCY

**STAFF REPORT**

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**CONSIDERATION OF REQUEST FOR FUNDING OF TENANT IMPROVEMENTS AT  
1075 OLD COUNTY ROAD FOR PENINSULA BALLET, ET AL**

**Honorable Chair and Agency Members:**

**Summary**

In early August, staff received a preliminary request from Christine Leslie, President of the Peninsula Ballet Theatre, for financial support from the City to help establish an administrative, rehearsal and warehousing facility in Belmont. A formal letter of request was received on October 7, 2003. The attachments provide additional information on Ms. Leslie's request. Staff is seeking Agency direction on the request for funds.

**Background**

The Peninsula Ballet Theatre has identified a vacant office property at 1075 Old County Road that would suit their various non-performance needs. The entire space is larger than their own needs, and they have received interest from other performing arts organizations – specifically, Broadway-by-the-Bay and the Peninsula Symphony – to occupy the entire building as a shared headquarters for these and perhaps other groups. The specific request has not been identified, but a contractor's estimate for various tenant improvements (dated May 12, 2003) appears to be within the range of \$175,000 to \$200,000.

Staff determined that the request would be most appropriately reviewed by the Redevelopment Agency, since the subject property is within the RDA's Los Costanos Project Area. The Agency's attorney has indicated that the expenditure of RDA funds to bring a performing arts organization into the Project Area could reasonably be determined to be related to the Agency's overall goals. However, the attorney indicated that RDA funds to support private development are primarily expended as loans rather than as grants, and recommends that any consideration of this request be undertaken as a loan. Any actual loan that results from Agency action can be structured with terms that would be acceptable to both parties, including a favorable interest rate and repayment schedule.

In reviewing the request, including a preliminary floor plan, staff has determined that the proposed use is primarily administrative and warehousing with ancillary rehearsal activities. As long as no public performances are anticipated, the described use – professional office,

warehousing and general services “primarily to meet the needs of the community and the region” – is permitted in the subject C-4 (General Commercial) zone. No zoning clearances would be required. A building permit would be required for the interior improvements; a review of the preliminary floor plan raised no substantial issues for the Building & Safety Division or for South County Fire.

### **Discussion**

The idea of financially supporting a performing arts organization in Belmont poses a number of questions and concerns for staff. First, the idea fits within the Belmont Visioning Project, as it has progressed to date, and which will be considered by the City Council immediately following the RDA meeting. However, staff cannot recommend in favor based on this argument, because the City Council has not itself endorsed the draft vision at present. We do not know the Council’s views regarding the arts as a significant presence in Belmont and so cannot determine if this request is consistent with adopted policy.

Second, it is unclear if the Agency is interested in spending RDA funds on a non-tax generating organization. Most of the Agency’s past actions regarding private business – Belmont Village, Safeway, façade grants – are directed at sales tax generators. The Peninsula Ballet and related organizations will not generate sales tax for the City. (They may have some spin-off benefits, and may provide a foundation for the growth of taxable businesses in the future.) Nevertheless, this is a new direction for the Agency, for which staff cannot identify prior Board policy. Staff only notes that the building being considered for this request is an office building, and no purely retail (i.e., tax generating) space would be lost by the performing arts organizations occupying the building.

Lastly, staff recognizes that the request is time-sensitive for the Ballet Theatre, and perhaps for the Agency, as well. The Agency has not reviewed its overall spending priorities for over two years, and would not do so again at least until December or January 2004. A vision statement and economic development strategy will not be completed by the City Council until at least the end of this month. Meanwhile, the applicant would like to commit to this building in the next few weeks to keep the property owner from seeking another tenant.

With these factors, staff cannot recommend in favor of the request at this time. However, the Council may wish to consider one of the following options:

1. Direct staff to negotiate with the Peninsula Ballet Theatre a loan for an amount not to exceed \$200,000, subject to review and approval by the Agency.
2. Direct staff to include the request in the Agency’s comprehensive review of its spending priorities.
3. Reject the request.
4. Provide other direction to the Peninsula Ballet Theatre and staff

### **Fiscal Impact**

A loan of up to \$200,000 would be provided by the Agency. Existing priorities, established in August 2001, include one million dollars for façade improvement grants over five years (\$200,000 per year). A total of \$29,250 was expended in FY 2003, and \$14,550 has been

expended thus far in FY 2004 on façade improvements. If the Agency directs staff to prepare a loan for this request, it is recommended that the proceeds be funded from Series 1999B bond proceeds allocation towards the façade grant program.

Terms and conditions of the loan would be negotiated with the applicant and forwarded to the Agency for final approval.

**Recommendation**

Staff recommends the Agency provide direction based on the information provided in this memo and attachments.

**Attachments**

1. Letter from Christine Leslie, President of Peninsula Ballet Theatre (October 7, 2003), with contractor's estimate
2. E-mail from Ms. Leslie (August 29, 2003)

Respectfully submitted,

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Craig A. Ewing, AICP  
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