

“How” to Return Main Street to Downtown Santa Clara

Santa Clara Priorities Meeting – 02/08/22

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The Downtown Precise Plan’s Street Grid

- We have come a long way:
 - The formation of the DCTF
 - Hiring a Great Urban Planner
 - We are near a People-Oriented Downtown Precise Plan
 - Future: Form-Based Code
- We want to thank Council, City Management, Staff, WRT and all who have brought us this far...



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POST MEETING MATERIAL

...How Can We Have a COMPLETE Downtown Santa Clara in Ten Years?

- In speaking w/ Property owners on Blocks C,D,E,& F, it could be 40 years before they rebuild
- We could end up with two strip malls
- R.O.D. began to investigate possible ways to stimulate development within next 5-10 years



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“You Have An Alignment of the Stars for Downtown Santa Clara”

- We have an enthusiastic City Council and huge “Citizens-Led” movement enthusiastic about returning Downtown and its Street Grid
- After 60 years, we are close to a Downtown Precise Plan
 - There is community excitement for the Precise Plan’s Place making, Design and Heights
- **BART is coming to Santa Clara after 50 years (1/2 mile from Downtown)**
- This makes Downtown a perfect Location for Real T.O.D. Development

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An Alignment of the Stars for Downtown Santa Clara

- We have a 60 year-old City Hall that will need to be rebuilt in the next decade
 - It's not a matter of "IF" City Hall will be rebuilt but "When"
- **"When" City Hall is Rebuilt – How and where could it be built to bring the most value to Santa Clara and its citizens?**

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Would the Return of City Hall Downtown Benefit Santa Clara? – ASK Other U.S. Cities...

- R.O.D. Research revealed multiple American Cities had Returned their City Halls back to their Downtowns
 - Like Santa Clara, many of these cities had altered or moved their City Hall OUT of Downtown in the 1960s and 1970s
 - They Then Moved them Back Into Downtown
 - **Since June 2021, We our team has been interviewing leaders from seven cities to understand the "results" after City Hall returned**
 - The following are our Findings...

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Interviews With Multiple American Cities Who Moved Their City Halls Back to Downtown



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Finding One: “Private Investment Always Follows Public Investment”

- “Immediately after City Hall moved in, **\$190 Million** in renovation and development went into the downtown during the pandemic” – **Maldin, Massachusetts**
- Private Investment ALWAYS Follows Public Investment – After City Hall was Rebuilt eight major projects were built Downtown – **Winter Garden, Florida**
- “All told, the Downtown has drawn in **\$100 million** in investment in the last five years - 30 new businesses open in the Downtown, and 17 buildings that have been rehabbed or are about to begin the process of construction” – **Sandusky, Ohio**
- Over the last two years, “there has been a Renaissance in Downtown” - Millions of dollars are being invested in Eau Claire’s central neighborhood - **Eau Claire, Wisconsin**
- Construction on the Agora Tower property, a **\$13.8 million** project, began immediately after the City Hall Move - **DeKalb, Illinois**

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Finding Two: Building Downtown Reduces the Cost of Construction

- All City Halls Utilize Downtown Parking Garage During OFF PEAK Hours – Eliminating Future Garage Costs for City Hall
- Both **Sandusky** and **Mauldin** (and the Future New Rochelle) City Halls are Mixed Use (Retail on Bottom and Offices above – Greatly Offsetting Construction Costs
 - Example: **Mauldin** - "The new City Hall project: 320 residential units in two buildings, a 45,000 square foot office space (included within: the New City Hall), more than 22,500 square feet of ground floor retail."
- Multiple Cities Benefitted from Land Sales of 1950s/1960s City Hall properties that were located in RESIDENTIAL areas
- **Mauldin** – the 1975 City Hall blocked citizens from using Main Street; choked off the Train Station and Killed the Town Square. The New City Hall was divided into two buildings connected by a sky bridge which has **reconnected the Downtown to the City**"

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Finding Three: Downtown Winter Garden Turning a City Hall into a Synergistic Center

- "The City Hall was not Designed for City Government but to **Create Downtown Activity**"
- "The Lobby is an Art Gallery"
- "We structured the Front of City Hall to be an Amphitheatre"
- "We Designed the Chambers so it could be used for Community Events"
- "We even Painted it White – so we could project light shows for Halloween and Christmas"

-R.O.D. Interview with Tanja Gerhartz (Economic Development Director)

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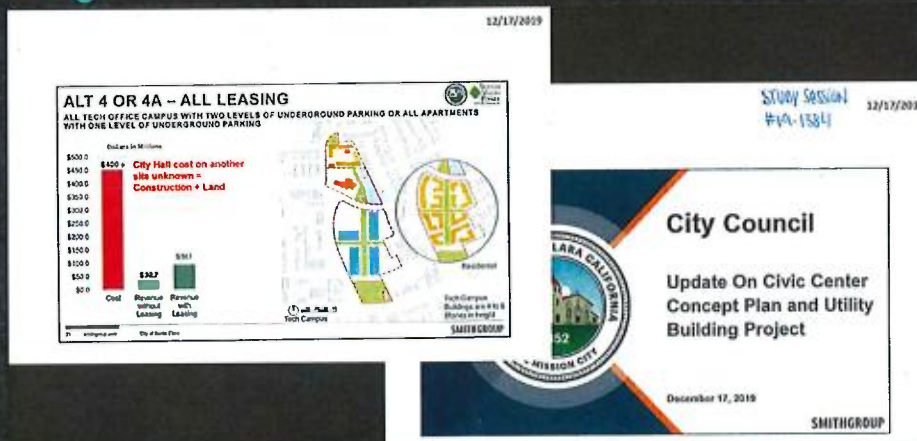
Santa Clara has outgrown its City Hall – It’s Not a Matter of “If,” But “When”

- City Hall Build in 1963 when population was 33,000
- Population was 130365 in 2019
- There are 500+ (non-Fire/Police) employees
- Only ~ 250 can fit in current buildings
- **Council Offices cannot fit Councilmembers**
- There are five conference rooms
- Employees are now working in closets



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The Consultant Answered the Question Asked But It Wasn't the Right Question



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Reasons to “Re-Ask” The Question:

1. A Mixed-Use City Hall located Downtown would defer \$Millions though the Added Value of Office or Housing Above
2. Multiple Sites Exist Downtown for an Eight to Ten Story Structure
3. A Taller Structure Could Produce up to 6 Stories of Income for City Hall
 - a) City Hall's Need: 162K square ft. = 4 stories
4. Affordable Housing Would Create Government Advocacy for Moving Courthouse
5. A Downtown City Hall Would Eliminate the Need for Another Parking Garage (City Employees would utilize Downtown garage mainly in Off-Hours for the Downtown)

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Reasons to “Re-Ask” The Question:

6. A City-Owned Temporary Location for City Hall Exists Today (Commerce Plaza/950 Lafayette)
7. There are T.O.D. Benefits in Placing City Hall ½ Mile From BART and the SC Station Hub
8. *City Hall employees would guarantee office space usage during these times of leasing uncertainty*
9. *Would Any Other Location Stimulate the Development that we have seen in these other American Cities?*

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Revenues/Benefits IF Built Downtown

- The **QUESTION**: Where in Santa Clara Could (a Needed) City Hall be Built that would create the Greatest Value for Santa Clara and its Citizens?
 - A City Hall Built Downtown Creates **Positive Impacts**: Social, Civic, Financial and Environmental (Reduced Car Trips) Benefits
 - Having a City Hall in a Residential Area Creates **Negative Impacts** that Needs to be Mitigated

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The MATH: Why Building Downtown Makes Sense

- Parking Garage Savings = \$25,000,000 - \$35,000,000
- Revenues from Selling/99 year lease of Warburton Lands - \$8-10,000,000/acre
- Revenues generated from Office Space Above City Hall (\$35/45 per sq/ft. annually)
 - If Four Floors/ equated to Commerce Building (12,850 sq/ft per floor) = \$2,056,000 annually
 - SKIP: Need your help here
 - Retail Rental – TBD
- As Seen in Multiple other Cities, \$100,000,000s of investment following City Hall investment
- The forgotten Math: The \$180,000,000 - \$300,000,000 in taxable revenue that will be now brought back into Santa Clara

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There Will Be a Request to Study Moving to a Location Other Than City Hall....

- There are Other Locations that can ALSO offer the Construction Economies
 - Shared Parking
 - Mixed Use: Office on Top and Retail on Bottom
- Locations Such As City Place and O2/Mission College
- However, this would Negate the Following Huge Benefit to the City of Santa Clara and its Citizens...

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The MATH: Why Building Downtown Makes Sense

- Mt View (2015) Taxable Revenues (No Hotel Taxes) = \$152.34M/ann
- Palo Alto's equates to \$300M+
- Assume Downtown Santa Clara were to bring in **\$180M/annually (Not counting TOT revenues)**
- IF don't COMPLETE Downtown for 40 years, Santa Clara will lose **\$7.2 BILLION** in taxable income for the city

Downtown Taxable Sales and Commercial Establishment Breakdown

Major Industry Group	FY2010-11	FY2014-15	Change	
			#	%
General Consumer Goods				
Sales	\$14,008,225	\$19,280,546	\$5,272,321	38%
# of Establishments	72	70	-2	-3%
Business and Industry				
Sales	\$3,492,701	\$28,638,737	\$25,146,036	720%
# of Establishments	42	43	6	14%
Restaurants				
Sales	\$63,661,163	\$99,381,388	\$35,720,225	56%
# of Establishments	77	81	4	5%
Other¹				
Sales	\$4,733,951	\$5,039,098	\$305,147	6%
# of Establishments	13	16	3	23%
Total Sales	\$86,096,040	\$152,339,823	\$66,243,789	77%
Total # of Establishments	204	215	11	5%

*Note: This data is based on commercial entities that are subject to sales tax and does not include all entities that are registered with the Downtown Business Improvement District
¹ Other refers to Autos and Transportation, Building and Construction, and Food and Drugs
 Source: City of Mountain View, California Board of Equalization

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Our Next Steps...

DCTF and ROD make a motion to officially ask Council:

- To Study and Understand How a Downtown City Hall Would Benefit Santa Clara Citizens by stimulating the Downtown economy and development and, due to its location, save taxpayer money
- Have the questions *answered* by the group that has been studying this Downtown for three years: W.R.T.

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Karen Foils (Put at End)

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50 Years Earlier: How the Removal of City Helped Lead to the Death of a Downtown

○ ***"If you Remove City Hall From Downtown, it will Spell the Death of all of the Retailers and Downtown Santa Clara Itself"***

- Ex-Mayor Anthony R. Toledo, August 1962

San Jose Mercury News

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Sandusky, Ohio Interview: Eric Wobser (City Manager)

Interview 6/19/21

- The return of City Hall will act as a catalyst to further encourage commercial development across downtown"
- "In the last five years (since the City Hall announcement), we've had over **30 new businesses open in the downtown**
- We've had **17 buildings that have been rehabbed or are about to begin the process of construction**"
- "All told, the Downtown has drawn in **\$100 million in investment in the last five years**"



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Downtown Sandusky, Ohio - Background

- Original Downtown City Hall Built in 1886
- Moved City Hall Out of Downtown – May, 1958
- City Hall to Move Back Downtown June, 2017
- Interviewed: City Manager Eric Wobser

Source : [History by Harsman: City Hall | Sandusky Register](#) The location of Sandusky's City Hall has moved around quite a bit throughout its history.

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Sandusky Interview: Eric Wobser

Sandusky City Manager
Interview 6/19

- *"In the last five years (since the City Hall announcement), we've had over **30 new businesses open in the downtown***
- *We've had **17 buildings that have been rehabbed or are about to begin the process of construction**, which for a city our size is an incredible amount of investment."*
- *"All told, the Downtown has drawn in **\$100 million in investment in the last five years**"*
- *"You need a **City Champion** to create an Amazing Downtown."*

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Downtown Malden, Massachusetts



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Downtown Malden Massachusetts - Background

- Original Downtown City Hall (1857-1975)
- City Hall Moved and Building Blocked Pleasant (Main) Street – 1975
- 1970s City Hall Torn Down/ Pleasant Street Restored and New City Hall/Mixed Use Building Completed- 2014
- Interviewed: City Controller Ron Hogan

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Malden Massachusetts: A 1970s City Hall Physically Blocks Downtown's Main Street

- "For more than four decades, Malden's cavernous Government Center literally divided the Downtown in half. Now it is being knitted back together"

-The Boston Globe



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Malden Interview: Ron Hogan

Malden Acting Controller
Interview 6/24/21

- "The City Instantly Knew it made a mistake: The building blocked citizens from using Main Street; choked off the Train Station and Killed the Town Square -Every Mayor tried and failed to tear it down"
- "The Citizens hated it and we finally put an RFP out to the development community"
- "The new City Hall project was a ground-up development for 320 residential units in two buildings, a 45,000 square foot office space (included within: the new City Hall), more than 22,500 square feet of ground floor retail."
- "Pleasant Street (Malden's Main Street) was Returned and divided into two buildings connected by a sky bridge which has **reconnected the Downtown to the City**"
- "Immediately after City Hall moved in, \$190M in renovation and development went into the downtown **during the pandemic**"
- "Multiple business immediately open their doors and this would not have happened without this change"

-Additional Source: Transformation Underway in Downtown Malden | Malden Redevelopment Authority

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Malden: A 2019 City Hall Reopens Downtown's Main Street



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Case Study: **What Malden Retailers Are Saying**

- "The City Hall is fantastic for our business. The new design is bright and beautiful and those who work and do business in City Hall are 30% of our entire business"
 - Manager, Tour Les Jours
- "City Hall has had a big impact on us. Most of our lunch crowd is from City Hall"
 - – Manager, 110 Grill
- "We have a huge amount of traffic after hours from City Hall!"
 - Manager Faces Brewery

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DeKalb, Illinois; Eau Claire, Wisconsin (and several more): Private Investment follows Public Investment

- **DeKalb, Illinois** City Hall Moved out of Downtown – 1967 - Moved Back to Center of Downtown in 2020. DeKalb City Manager Bill Nicklas: "It's a commitment to our Downtown...it is so important to move the city's government closer to Downtown and the heart of the city."
- Construction on the Agora Tower property, a \$13.8 million project in downtown DeKalb, began immediately after the City Hall Move



- **Eau Claire, Wisconsin** – Restored its City Hall over the last two years as (again) a message that they believed in the Downtown" -Aaron White- Dir. Economic Dev.
- Since, "there has been a Renaissance in Downtown" - Millions (of) dollars are being invested in Eau Claire's central neighborhood
 - Multi-story apartment buildings, new commercial structures(Lismore Hotel, Confluence Project).
- *Rising Above - Guide to 2021 Construction Projects in Downtown... (volumeone.org)

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Winter Garden, Florida



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Downtown Winter Garden Florida, Background

- Original City Hall Built 1937 in Downtown
- Moved City Hall– 1979
- Announced Plan to Move City Hall to Downtown Center-2008
- Interviewed: Tanja Gerhartz – Dir. Economic Development

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Winter Garden's "New" Downtown City Hall



- From the 1950s-1990s, the Downtown had fallen into disrepair
- City Leaders knew that "PUBLIC investment" would produce "Private Investment"
 - The city restored a 1920s Hotel and Downtown Theatre
 - The City implemented the "Plant Street Transformation Project"
 - Construction of a Clock Tower, Garages, Parks and Fountains
- ...and In 2008, a New City Hall was Built in the Center of Downtown

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Winter Garden – Interview with Tanja Gerhartz (Economic Development Director) “Private Investment ALWAYS Follows Public Investment”

- After City Hall was Rebuilt in 2008, Things Took Off – the following was Built Downtown:
 - Black and Garden Buildings Erected (Private)
 - Crooked Can Brewery and Plant Street Market (Private)
 - Boyd Street Parking Garage (Public)
 - Infill Housing/East Winter Garden (Private/Public)
 - Multiple Downtown Housing Projects Approved (Private/Public)
 - Tremaine Boyd Mixed-Use Project (Private)
 - Park Place Townhouse (Private)
 - Exchange Building on Plant (Private)

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Turning a City Hall into a Synergistic **Center** of Downtown Winter Garden

- “The City Hall was not Designed for City Government but to **Create Downtown Activity**”
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-R.O.D. Interview with Tanja Gerhartz (Economic Development Director)

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“City Hall moving back Downtown...will put the people’s house back in the heart of our city, making a bold statement of confidence in our Downtown’s future.”

-Mayor Norm Branson (New Rochelle, New York) –2017

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City Hall – a Symbolic Centerpiece of Downtown

- “What type of message do you think it sends when the City’s government is located in the suburbs or the Chamber of Commerce in a big -box center”

-John Karros – Urbansence

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