



# Administrative Report

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L.3., File # HC22-4339

Meeting Date: 6/13/2022

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**TO:** HARBOR COMMISSION

**FROM:** GREG KAPOVICH, WATERFRONT & ECONOMIC DEVELOPMENT  
DIRECTOR

## **TITLE**

DISCUSSION AND CONSIDERATION OF A STOREFRONT IMPROVEMENT PROGRAM FOR THE INTERNATIONAL BOARDWALK COMMERCIAL CORRIDOR

## **RECOMMENDATION**

1. Review the Storefront Improvement Program Guidelines and Application Packet.
2. Recommend City Council approve the implementation of the Storefront Improvement Program for the International Boardwalk Commercial Corridor.

## **EXECUTIVE SUMMARY**

The City Council has identified the revitalization of the International Boardwalk Commercial Corridor as a primary goal and adopted a related objective as part of the City's Strategic Plan for the implementation of a storefront improvement program. The Waterfront and Economic Development Department ("WED") has drafted Program guidelines that set forth the framework and application requirements for participants in the Program. Grant funding, ranging from \$2,500 to \$20,000, is available to support improvements/upgrades to storefronts and facades within the International Boardwalk corridor area. Staff will return to City Council with a recommendation from the Harbor Commission in July 2022 for consideration of adoption of the Program. If the Program is approved, the City will be conducting outreach to the businesses along International Boardwalk to educate and prepare for the application process.

## **BACKGROUND**

The City Council has identified the revitalization of the International Boardwalk Commercial Corridor as a primary goal and adopted a related objective as part of the City's Strategic Plan for the implementation of a storefront improvement program. The Storefront Improvement Program (the "Program") will aid commercial business owners who want to improve their building facades. The objectives of the Program are to:

- Encourage and induce private investment in the International Boardwalk commercial corridor;
- Enhance the appearance of the International Boardwalk;
- Reduce vacancies in the International Boardwalk commercial corridor;

- Provide a catalyst for others to improve their buildings, signs, and awnings.

The Program is meant to physically improve the facades of the existing commercial spaces along International Boardwalk. Shared public spaces such as walkways, trash cans, outdoor dining, light poles, etc., that are located on International Boardwalk are not included in the scope. However, International Boardwalk has been identified in the Public Amenities Plan to be in need of a coordinated design and general improvements to the shared spaces will be a part of the future implementation plan for the Public Amenities Plan.

Applicants to the Program must own a business within the Program area and will have the option of applying for one of three Tiers of funding. Tier 1 funds are to be used for non-architectural elements such as paint, signage, and awnings. Tier 1 funding will reimburse 50% of the grantee's cost up to a maximum grant amount of \$2,500. Tier 2 funds may be used for all Tier 1 type improvements as well as significant façade improvements including, but not limited to, structural upgrades, façade tile or stone accents, complete window replacement or upgrading entryways for ADA compliance. Tier 2 funding will reimburse 50% of the grantee's cost up to a maximum grant amount of \$10,000. Tier 3 funding may be used for all Tier 1 and Tier 2 type improvements but is only available to businesses with storefronts measuring over 100 lineal feet. Tier 3 funding will also reimburse 50% of the grantee's cost but the maximum grant amount has been increased to \$20,000 to accommodate the larger storefront. Applicants may request less than the maximum amount of the grant for any level or contribute more than 50% of the improvement costs. Applicants have the option of using up to \$1,000 of their allocated grant funds for architectural and design services for all three tiers.

Eligible improvements under the Program are outlined in the Program Guidelines (attached) and include, but are not limited to, exterior paint, removal and replacement of old signs and awnings, repair and replacement of windows and entry doors, landscaping, new exterior building materials, and remediation of city and state code violations. All improvements made with Program grant funds must comply with all local, state, and federal regulations, as well as design review regulations. Grant applications will be reviewed by a design team comprised of the Waterfront and Economic Development and Community Development departments.

If approved for grant funding under the Program, applicants must sign a Grant Agreement with the City for a term not to exceed three years. The Grant Agreement details the terms and conditions associated with the Program, as well as required future maintenance obligations, if necessary. All Grant Agreements will be created with the assistance of the City Attorney's Office and forwarded to the Harbor Commission for a recommendation to City Council. Subsequent review by City Council would occur for final consideration for review and approval.

Grants will be disbursed on a reimbursement basis. Once the proposed improvements are completed, applicants will be required to submit to the City all documentation listed in the Guidelines demonstrating completion of the approved improvements. All proposed improvements are subject to City inspection. Grantee must have all City permits and fee obligations paid prior to reimbursement.

Outreach for the Program, if approved by City Council, will occur via the City's website and through communication with the International Boardwalk businesses, mailing to business owners, and in-

person visits to businesses along International Boardwalk. Outreach will be designed to ensure that business owners are aware of the Program and related deadlines. Prospective applicants will be encouraged to meet with City staff to review application requirements prior to formal submittal. Applications that best meet the criteria of the Program will be selected and forwarded to the City Council for final approval. Businesses must be in good standing.

### **COORDINATION**

The Program Guidelines and Application were developed in consultation with the Community Development Department and the City Manager's Office. WED will continue to work closely with the Community Development Department to ensure that Program applicants are in compliance with all local regulations pertaining to façade upgrades. WED will also work with the City Attorney's Office to develop the Grant Agreement forms.

### **FISCAL IMPACT**

As part of the FY2021-2022 Operating Budget, a similar Storefront Improvement Program for the Artesia/Aviation Commercial Corridors was funded from the General Fund in the amount of \$100,000. This was the third round of funding for the Artesia/Aviation Corridors, which was initially launched with \$100,000 in FY2017-2018 and again in FY2018-2019 with another \$50,000. Currently, approximately \$52,900 from the FY2021-2022 budget has been allocated to businesses along the Artesia/Aviation commercial corridors, leaving an unused amount of \$47,100.

Given that the FY2021-2022 budget is drawing to a close as well as an observed decrease in interest level from businesses along the Artesia/Aviation corridors (after a successful three-year period), staff proposes carrying over the unused amount of \$47,100 for the International Boardwalk Storefront Improvement Program. Additional funding may also be achieved by invoking the tenant's "right-to-offset", which allows a tenant to deduct from its monthly rental obligations the costs incurred to complete the improvements, subject to the maximum grant amount as detailed in the Project Guidelines. Staff proposes utilizing the right-to-offset for an amount not to exceed \$52,900, which would increase total funding available for the Program to \$100,000.

### **ATTACHMENTS**

Storefront Improvement Program Guidelines  
Storefront Improvement Program Application  
International Boardwalk Map