

## Anchors away in Old Town

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Bolstered by one of the largest redevelopment tax bases in the Bay Area, Pittsburg has embarked on a grand effort in the past four years to re-create the bustling atmosphere its downtown once enjoyed.

But as 2009 begins, the realization of that vision remains in question as some projects have ground to a halt in the face of economic uncertainty.

Most projects in Old Town Pittsburg have been completed, started construction, or are on track to start within the next year. Many say the visible changes seen downtown have vastly improved the area, which had struggled for decades.

However, some downtown projects — most notably Vidrio, a five-story \$140 million development of townhomes and retail that takes up three city blocks — have either stalled in the middle of construction or been tabled for lack of funds.

The view outside Chris Lanzafame's family-owned furniture store on Railroad Avenue is "like a time warp" in that everything just stopped, he said.

"It used to be everyday there was something new going up on Vidrio or around downtown. It was exciting," the lifelong Pittsburg resident said, adding he wants to fast-forward to the end.

The anchor for Pittsburg's downtown revival attempt has been redevelopment money. Pittsburg can afford to sink about \$100 million into Old Town — not counting private sector money — because its Redevelopment Agency is so large.

Roughly 70 percent of the city lies within a redevelopment zone, allowing it to hang on to more money because revenues are generated from assessed property values, not tax-rate increases — meaning it doesn't have to share that tax money with other government agencies.

However, the sour economy and credit market malaise of the past year have lowered property values and deterred builders and lenders. As a result, Pittsburg gets back less money through property and sales taxes. Further,

Pittsburg had \$3.6 million taken away from its redevelopment piggy bank by the state.

That has forced city leaders to take projects such as revamping the long-shuttered Enean and California theaters off their project list, while postponing an ambitious mixed-use project for the block around popular New Mecca Cafe.

Despite the setbacks, city leaders are optimistic that projects on the books will be completed — though later than originally anticipated — and that new deals can get stalled ones back on track.

"I think we're getting there," Mayor Nancy Parent said. "It's like a race. We're trying to make it toward the home stretch, but there has to be some kind of re-evaluation to keep it going to the finish line."

Added Councilman Ben Johnson: "We still need to make things move forward."

"We're definitely looking to different ways to keep Old Town going," City Manager Marc Grisham said, noting several projects are set to start this year. Pittsburg has also been looking at other funding sources like federal economic stimulus money.

Grisham, largely credited as the impetus behind the downtown change, said Pittsburg is set to have almost as many projects under construction in 2009 as 2008.

The fervent push to make Pittsburg the Main Street of East County started with Grisham's arrival in 2004, and was aided by a combination of political will and Contra Costa County's largest redevelopment tax revenues.

Pittsburg generated about \$47.1 million in revenues in 2006-07, placing the town of 63,000 fourth in the Bay Area behind San Jose, Oakland and San Francisco.

"If you compare downtown Pittsburg to most other downtowns in the area, we've made tremendous progress," Economic Development Director Brad Nail said. "Unfortunately, we've been somewhat stymied. The economic downturn couldn't have come at a worse time."

Redevelopment Director Randy Starbuck said the difference is evident when heading north on Railroad Avenue and entering the Old Town area at Tenth Street with its new buildings and roads.

"You drive down to this beautiful marina, and there is such a dramatic change," he said.

"There's a level of activity down here now there wasn't before," local attorney John Diaz Coker said, noting Pittsburg's promotional efforts with car shows, farmers' markets and other events as well as construction.

Coker said that unlike past redevelopment efforts, this one is finally taking advantage of the money the city has at its disposal. Previous piecemeal efforts in the late 1970s and early 1980s leveled homes and buildings downtown but did little else, he said.

Grisham counters that previous efforts, such as creating grade separations for trains at Railroad Avenue and building homes near the marina, laid the groundwork for the area.

Still, on a given weeknight, the downtown is relatively barren. Longtime business owners along Railroad say redevelopment may have improved the buildings but also forced out a pocket of small businesses that had their own niche.

Some, like resident Frank Gordon, say officials have been too carefree in their mass-scale spending.

The effort since 2004 has gone through its highs and lows, including several lawsuits aimed at the preservation of historical buildings, project delays on Old Town's main drag because of aged infrastructure, increased price tags for construction, and the sour economy.

People remain conflicted about Old Town's future. Dozens of residents interviewed in the past week said they were excited about the changes downtown and thought it would be completed. However, they are leery about how long that could take and how the delays will affect the end result.

Many say the barometer for Old Town is the completion of Vidrio.

Vidrio towers over other new storefronts in the downtown such as the caviar wholesaler and Italian bistro as well as older businesses, though it is sandwiched by two empty street blocks of dirt.

An unfinished hole on the ground floor, where retail is to be located, faces Railroad Avenue.

Work on the Vidrio project suspended in mid-August as developer AF Evans Co. Inc. of Oakland lacked funding to complete the building. Union Bank is looking to sell to a new developer.

A couple developers have expressed interest, Starbuck said.

"Yes, it's kind of a downer what happened with Vidrio, but that area is not going to stay that way," he said.

Parent and her colleagues say they are mindful of the "doom and gloom" mentality that can result from extended delays, but expect to see a vast quality-of-life gain in Old Town. Councilman Michael Kee added the completion of road work on Railroad Avenue would "make things more normal."

Among the projects set to continue in 2009 are a two-story building at the marina for city offices and retail; completion of the landscaping on Railroad; the E.J. Phair microbrewery; and construction of a culinary academy and bistro.

Projects set to start this year include expansion of the landmark New Mecca Cafe and completion of utility improvements between Eighth and Tenth Streets from Railroad Avenue east to Beacon Street.

Lanzafame, like most Old Town business owners, said he's optimistic everything will be completed, though he's worried about the future of the existing businesses given the "crippling" effect of the economy and closure of Railroad.

"Hopefully, the city can do something for those of us who stuck it out to help rejuvenate our business," he said.

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