



# CITY OF HERCULES

Technical Assistance Panel – 2015





**Urban Land  
Institute**

---

## San Francisco

Serving the Greater Bay Area

---

### ULI SAN FRANCISCO

One California Street, Suite 2500

San Francisco, CA 94111

415-268-4048

sanfrancisco@uli.org

www.sf.uli.org

www.uli.org



### Image Credits:

COVER IMAGE – PHOTO OF HERCULES  
citydata.com

PAGE 7 – HERCULES WATER TOWER  
<http://www.ci.hercules.ca.us/index.aspx?page=50>

PAGE 8 – REFUGIO VALLEY PARK  
[https://commons.wikimedia.org/wiki/File:Refugio\\_Valley\\_Park\\_Hercules\\_California.jpg](https://commons.wikimedia.org/wiki/File:Refugio_Valley_Park_Hercules_California.jpg)

PAGE 9 – HERCULES RACE  
<http://www.active.com/hercules-ca/running/distance-running-races/hercules-dynamite-5k-run-walk-2016>

PAGE 23 – TEMPORARY POP-UP STORES  
<http://www.stylus.com>

## About ULI

**THE URBAN LAND INSTITUTE'S MISSION** is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. Founded in 1936, the Urban Land Institute is a nonprofit organization of land use professionals with more than 38,000 members in 95 countries, including more than 2,400 members in the San Francisco district council. ULI San Francisco (ULIsf) serves the greater Bay Area with pragmatic land use expertise and education.

## About ULI TAPs

**THE ULI SAN FRANCISCO TECHNICAL ASSISTANCE PANEL (TAP) PROGRAM** is an extension of the national Urban Land Institute (ULI) Advisory Services program. ULI's Advisory Services panels provide strategic advice to clients (public agency, nonprofit organization, or nonprofit developer) on complex land use and real estate development issues. The program links clients to the knowledge and experience of ULI and its membership.

Since 1947, the Urban Land Institute has harnessed the technical expertise of its members to help communities solve difficult land use, development, and redevelopment challenges. More than 600 panels have been conducted in 18 countries. Since 1982, ULI's Advisory Services panels have assisted 12 Bay Area cities. Since 2006, ULI San Francisco has adapted this model for use at the local level, assisting 33 cities throughout the San Francisco Bay Area.

TAPs include extensive preliminary briefings followed by a one-and-a-half-day intensive working session in the client's community. A detailed briefing package and guided discussion is provided by the client to each TAP participant before the TAP working sessions. In the working sessions, ULI's expert panelists tour the study area either by bus or on foot, interview stakeholders, and address a set of questions proposed by the client about a specific development issue or policy barrier within a defined geographic area. The product of these sessions is a community presentation and a report. The report presents highlights of the panel's responses to the client's questions and contains a diverse set of ideas and suggestions.

# Contents

About ULI .....	2
About ULI TAPs .....	2
City of Hercules Technical Assistance Panel .....	3
Executive Summary .....	4
Context.....	6
Team Assignment and Process.....	7
Stakeholders.....	8
Perceptions and Potentials .....	9
Stakeholder Input .....	9
What We Heard .....	10
An Evolving Vision .....	11
Panel Recommendations.....	13
Responses to the City's Questions .....	14
Implementation Strategy.....	27
About the Panel.....	28



## City of Hercules Technical Assistance Panel

### Panel Chair

Lynn Sedway, President and Principal,  
Sedway Consulting

### Panel Members

Karen Alschuler, Principal, Global Urban Design  
Leader, Perkins + Will

Matt Bronson, Assistant City Manager,  
City of San Mateo

Riki Nishimura, Director of Urban Strategies,  
Woods Bagot Architects

Steve O'Connell, Managing Director, Investment,  
Grosvenor Americas

Chi-Hsin Shao, President, CHS Consulting Group

John Stevick, Asset Manager, Walnut Properties;  
Lead Author

### ULI San Francisco

Jeff Smith, Chair

Elliot Stein, Executive Director

Renée van Staveren, Manager

Alan Talansky, Cochair, TAP Committee

Dana Van Galder, Cochair, TAP Committee

### City of Hercules Participants

David Biggs, City Manager

Holly Smyth, Planning Director



# Executive Summary

The city of Hercules ULI Technical Assistance Panel (TAP) brought with it a deep reservoir of knowledge and experience and was quickly immersed in the story of Hercules, its dramatic setting, its energetic and creative community and leaders, and at the same time, its fiscal challenges. Yet one by one, the opportunities for change and improvement became apparent and began to fit into a strategy offering varied development opportunities, the promise of significant benefits from targeted public investments, and a program of early activation that could put Hercules on the regional map.

The time has come for Hercules to bring its hidden resources into the public eye, for long-stalled recession-hit developments to find their new balance of uses and move ahead, and for the city to expand its toolkit of incentives to get the needed action. The TAP was asked to help meet the city's goals for:

- Expanding residential neighborhoods;
- Creating a vital main street retail area that Hercules can call its own;
- Transforming the city's image from the regional highways that serve it and pass through; and
- Triggering renewed development investment.;

In other words, the city needs an action plan to restart the economy in a manner sufficiently robust to fully serve its needs.

The panel found positive energy in the community, among both newcomers and longtime residents and businesses, and a hint of entrepreneurial thinking was quite encouraging.

The action plan that evolves from the work of the TAP includes opportunities, while addressing challenges and readying the city for action, together with information required to make sound decisions.

Among the actions that take advantage of Hercules's rich resources of land, natural setting, history, and community are the following:

- Identification and differentiation of distinct development areas in Hercules, each taking advantage of its setting, highway visibility, or links to transit to help craft the most successful development program and phasing for each area;
- Designation of the Bayfront area—extending success with the next phase of development—as Hercules's “main street” with a lively retail street life and community services in a true compact development model;



Regional map.





Context map.

- Installing image-making lighting and structures to complement new and more regional retail at the Interstate 80 (I-80) and California Route 4 intersections;
- Featuring Hercules's rich and interesting history at the waterfront and in the designation of valuable resource buildings and sites;
- Using the current and future transportation access network—eventually to include regional rail at an Intermodal Transit Center—to trigger a fully connected, easy-access loop of access routes that will support targeted changes;
- Building upon the entrepreneurial spirit already apparent in Hercules to expand and incentivize local startup businesses, pilot testing of local retail, dining concepts, and training opportunities for local residents and businesses; and
- Creating a sense of place unique to Hercules through the overlay of bright new design concepts that deliver lively pedestrian-oriented places; bring clarity, wayfinding, and identity to Hercules's centers and neighborhoods; and help the city encourage and achieve high-quality design;
- Strategies for long-term financial sustainability including tools for action, along with methods for monitoring and righting the ship as work proceeds;
- Methods for encouraging the needed development within the framework of a city use strategy; and
- Initiation of highest-and-best-use studies targeted to achieve the right and distinctly different use mix at each of the development sites, including a refined understanding of residential, retail, hospitality, office, research and development, and light manufacturing.

The organization of the TAP report brings to the reader an introduction to Hercules's historic setting and resources, along with a summary of the questions posed by the city to the panelists. Based upon the feedback of more than 20 stakeholders, the panel was also able to summarize and refine the evolving vision for the city.

This is followed by the panel's recommendations, organized under the five questions posed by the city to the panelists and illustrated through sketches and precedent images to bring the ideas to life. The final parts of this section speak to implementation and how the city of Hercules can accomplish these goals.

Despite clear challenges ahead, the TAP has identified financing techniques for city use, in addition to essential strategies that can inform highest site uses and design efforts:

# Context

The city of Hercules is a community of approximately 25,000 residents located on the shores of San Pablo Bay in western Contra Costa County. I-80 runs through the city and divides the community into a bayside area to the west of the highway and an inland area to the south and east. California Route 4 runs along the northernly portion of the city and intersects I-80 in Hercules, continuing from its terminus in Hercules into the bayside area as John Muir Parkway.

Incorporated in 1900, Hercules was founded in the 1880s as a company town by the American Powder Works Company, which operated an explosives and fertilizer plant along the bayside into the 1980s.

The eastern portion of the bayside area was home to a refinery into the 1980s as well. The community remained relatively small into the 1970s, when the first of numerous suburban subdivisions began to be developed on the east side of I-80.

The 1980s saw the closure of the powder works and oil refinery companies, which made the bayside portion of the city available for redevelopment. As a result of Proposition 13, adopted in 1978, the city of Hercules saw its relatively low share of property taxes become permanent (the city's property tax rate had been kept low by the high assessed value of the powder works and the oil refinery). However, with the loss of this assessed value, the city began to look for ways to improve its tax base, and the formation of redevelopment project areas paved the way to address the environmental contamination and blight left by the departing heavy industrial uses.

A concerted effort by the city, property owners, and the development community helped transform the bayside portion of Hercules with new urbanist developments from the 1990s to the beginning of the Great Recession in 2008. During this period, large portions of the bayside benefited from successful environmental remediation, and an award-winning mix of master-planned and neo-traditional communities was undertaken, including Victoria by the Bay and the Waterfront District communities of Bayside, Baywood, Railroad Avenue Live-Work, and the Promenade. These developments were complemented by a network of restored creeks and wetlands, open space, and parks.

The effects of the economic downturn and California's loss of redevelopment in 2012 as well as controversy over proposed new development plans have resulted in little to no recent development activity. This situation has left the community feeling incomplete and is a source of frustration for elected officials, residents in the area, property owners, developers, and the community as whole.

The city is currently in the process of securing approvals and funding for an important bayside amenity—the Hercules Intermodal Transportation Center (ITC)—that will eventually provide bus, rail (Amtrak Capitol Corridor and San Joaquin services), and ferry connections in the heart of the bayfront. With local, state, and federal funding secured, construction of the first infrastructure phase of this multiphase project is underway. This will be an extension of the San Francisco Bay Trail, with retaining walls needed to add a third rail line through the area.

For the time being, commuters are served by West Contra Costa Transit Authority (WestCAT) bus lines. The Hercules Park and Ride Facility, located on Willow Avenue near the I-80 East off-ramp, allows commuters to park their cars and ride WestCAT directly to the Transbay Terminal in San Francisco on the Lynx service and to the nearby Bay Area Rapid Transit (BART) station, El Cerrito del Norte.

Though successful development can be found in Bayside, a number of other potential sites remain unresolved in terms of future use. These remaining sites are characterized by the city as either “committed” or “pending.” Committed sites have a purchase and sales agreement with the city's successor agency or entitlements in place. A majority of the pending sites are privately owned with specific project entitlements yet to be secured, excluding one site, which has a development agreement.

Development of these parcels is subject to the city's General Plan and the Central Hercules Plan, both of which may need to be updated to reflect current market conditions and the demise of redevelopment. The emphasis on transit-oriented development (TOD) related to train, ferry, bus, and shuttle services—particularly in relation to the ITC—is critical to the success of Hercules's continued growth.

## Team Assignment and Process

The city of Hercules undertook the TAP process to examine the path toward achieving a vibrant, well-balanced, and amenity-rich community.

The city asked the panel four questions that helped guide the analysis and final recommendations (see “Responses to the City’s Questions” on page 14):

1. What types of development are best suited for the pending development sites in the city of Hercules bayside area (from I-80 to the bay), given market reality and demand, to best knit together existing development and the committed development sites:
  - a. To maximize the contributions of these sites to the city’s long-term financial sustainability;
  - b. To support the concepts of transit-oriented development;
  - c. To expand shopping and dining opportunities for locals and visitors; and
  - d. To contribute to the development of sense of place in keeping with the expectations of the community?
2. How can the development of the area along Bayfront Boulevard and around the Intermodal Transportation Center be done to ensure the area includes a successful and vibrant city center or “main street” in a community that has not had a traditional downtown?
3. What types of development, sites, and phasing should be emphasized, and in what sequence, to achieve the goals for the bayside area?
4. What can the city do in updating its planning documents and entitlement processing system to facilitate the type of development desired, and supported by the marketplace in a timely and cost-effective manner?

The panelists come from a wide variety of disciplines, bringing a range of perspectives to the assignment, including market analysis, land use and design, finance and development strategies, governance and policy, and implementation.



Historic water tower.





Refugio Valley Park.

## Stakeholders

### Property Owners or Developers of Pending Sites

Jim Anderson, President, Anderson Pacific  
 Ryan Altoon, Executive Vice President, Anderson Pacific  
 David Cury, Owner, Park Place  
 John McNellis, Partner, McNellis Partners  
 Ryan Nickelson, Partner, McNellis Partners  
 Steve Schott Jr., President, Santa Clara Valley Housing Group

### Property Owners or Developers of Committed Sites

Patrick Hendry, Vice President of Northern California, City Ventures  
 Doug Mull, Vice President of Northern California, Lewis Operating Corp  
 Justine Roberts, Vice President of Development Execution, Carmel Partners

### Elected and Appointed Officials

Dan Romero, Vice Mayor  
 Myrna de Vera, Council Member  
 Bill Kelly, Council Member  
 Susan Tolley, Planning Commissioner  
 Han Chen, Library and Community Services Commissioner  
 Bill Shea, Finance Commissioner

### Business Representatives

Don Kupka, Vice President of Real Estate, Bio Rad  
 Gigi Reloj, Owner, Powder Keg Restaurant

### Community Residents

Hector Rubio, Promenade resident  
 Selina Williams, Baywood resident  
 Carol White, Hercules by the Bay resident

Additional valuable insight and information was brought to the panel by elected officials and city staff including the following:

Sherry McCoy, Mayor  
 Ken Morrison, Planning Commission Chair  
 David Biggs, City Manager  
 Holly Smyth, Planning Director

# Perceptions and Potentials

## Stakeholder Input

Every ULI panel relies upon an intensive period of outreach to begin its technical assistance, seeking a substantive insider perspective on the state of the community and the aspirations of residents, city leaders, employers, and business representatives. In Hercules, the chance to make a personal connection and listen to nearly 25 individuals, who brought varied perspectives, allowed the panel to achieve a very quick immersion in all things Hercules.

Each individual or group of stakeholders was asked to discuss what they see as the “best of Hercules,” what they consider the primary challenges today and in the next decade, and what aspirations they have for their immediate area and for the city as a whole.

Every participant demonstrated a significant stake in the future of Hercules, whether an owner of a potential development site, a resident juggling family responsibilities while commuting to Oakland or San Francisco, an elected official trying to weigh the options for responsible action and investment, or a developer awaiting a market turnaround.





## What We Heard

The panel had the opportunity to hear from various stakeholders during the TAP process. Pending site developers, business owners, community members, and government officials shared their perspectives on Hercules's current state and future growth. The following insights represent feedback most commonly shared.

Common themes heard included the following:

- Hercules's rich history should be preserved and celebrated throughout future growth.
- To date, residential development has been a success; retail has yet to follow.
- Both residents and developers support retail development.
- Residents have expressed interest in higher-end, local-serving businesses.
- Developers see greater market support in freeway-oriented retail.
- Hercules would like to see more daytime activity from residents and visitors.
- Current traffic patterns are not ideal for a downtown centered on San Pablo and Sycamore avenues.
- Residents want more consideration paid to the pedestrian in future development.
- The community wants both the San Pablo and Sycamore Avenue areas and the Bayfront district to become vibrant destinations.
- The waterfront has the potential to become a "go to" Bay Area destination.
- Bus routes need to connect San Pablo and Sycamore avenues, the Park and Ride Facility, and the Bayfront.
- Completion of John Muir Parkway will bring easier access to the Bayfront.
- The community wants to see the installation of infrastructure for the ITC continue.

## Strengths

Following is a summary of the major strengths that the panel identified:

- A relatively high median household income;
- An exciting and unique blue-collar history;
- A premier waterfront location;
- Healthy demand for recent retail development (i.e., Sycamore Crossing);
- Easy accessibility from the rest of the Bay Area via adjacent I-80;
- Attractiveness of anticipated rail access to new residents and businesses;
- Control of key sites by sophisticated and collaborative owners and developers; and
- An active and engaged community.

## Challenges

Following is a summary of the major challenges that the panel identified:

**LACK OF IDENTITY.** Hercules's ability to brand itself and establish a strong sense of identity will be an ongoing process. A number of large sites have yet to be developed in Hercules, specifically along Bayfront Boulevard and San Pablo Avenue. Does a clear downtown exist? Where in Hercules would one go to spend the afternoon?

**POOR WAYFINDING.** The city lacks clear wayfinding signage along its main boulevards and pathways, which, if left unaddressed, will become an increasingly larger problem as development continues.

**TRANSPORTATION ISSUE.** San Pablo Avenue and Bayfront Boulevard will represent the two largest retail concentrations in Hercules. However, the two areas are not connected by public transportation. Residents should be able to easily walk, bike, and bus from one retail center to the other.

**SLOW RETAIL MARKET RECOVERY.** The retail market in Hercules has severely lagged behind the residential



recovery. Retail cannot be the sole driving force of future development. Retail has been particularly challenging because of stiff competition from adjacent Pinole, which currently serves the major retail needs of the area, as well as the reluctance of Hercules residents to accept a number of more typical, national retailers. Without the presence of larger retailers, Hercules will struggle to create a regional draw for itself. Many factors have negatively affected retail, including identification and retail visibility from I-80 to compete with Pinole.

## Perceptions

Among the groups of community stakeholders who discussed their perceptions of the city of Hercules with the panel, the following perceptions were most commonly shared:

- Hercules is too often referred to as a bedroom community with few local businesses and amenities.
- Hercules has yet to fully realize the vision originally sold to incoming residents.
- Hercules lacks a downtown or city center.
- Hercules has limited access to public transportation.

## An Evolving Vision

Drawing upon perceptions of local business and community stakeholders, firsthand visits to Hercules districts and sites, and the deep expertise of panelists in regional growth and development, the panelists began to develop a common vision of Hercules.

Regional market characteristics, when applied to Hercules, were envisioned to offer tremendous promise for a city in easy reach of the rapidly strengthening heart of the Bay Area economy. The relatively short commute time to San Francisco and Oakland suggests rapid infill growth, while Hercules's physical amenities could also fuel a visitor economy. Added transportation options will offer a boost to growth but may take more than one cycle to be realized.

Initiatives taken at the local level can feed and steer this growth while meeting the demands of residents and businesses alike. Hercules continues to lose potential revenue from retail, restaurant, and entertainment destinations to better-known and well-advertised options offered by Pinole. Government and business initiatives can launch a campaign to change the city's brand, spotlight its amenities, and attract demand off the freeway. The city's bayfront, hills, and family character will attract a growing demographic seeking small-city cohesiveness with nearby natural areas.

Primary cautions came in not allowing expectations to overtake realities about the phased pace of likely development and the economic challenges that will be faced to fund new research or catalyze construction.

## Regional Market Context

The Bay Area is currently experiencing dramatic change; towns and cities need to be able to adapt to changes in the regional economy.

**MACRO FORCES.** Macroeconomic forces favor development around the immediate San Francisco Bay Area. Hercules offers a manageable commute to San Francisco and Oakland, as well as convenient access to Napa, Sacramento, and the Lake Tahoe area. Hercules's demographics, weather, lifestyle preferences, and access to multiple transportation options support healthy growth.

**MARKET DYNAMICS.** The San Francisco Bay Area economy and market dynamics will continue to fuel demands on inner East Bay communities over the next three to five years, with a strong emphasis on infill residential growth.

**LOCATION, LOCATION, LOCATION.** Hercules is situated less than 25 miles from downtown San Francisco and 20 miles from downtown Oakland. With the successful completion of the John Muir Parkway and integration of the ITC, Hercules will be able to offer residents and visitors several modes of access to major employment centers.

**UNIQUE MARKET.** Hercules's favorable location within the Bay Area has brought successful residential developments. Moreover, the waterfront, rolling hills, and open areas carry the potential to make Hercules a visitor-worthy recreational destination. Hercules continues to build the infrastructure necessary to achieve a more active, amenity-rich community. A pedestrian-friendly waterfront boulevard, complete with retail and restaurants, would draw visitors from around the Bay Area.

**ECONOMIC MARKET CYCLE.** The residential market has experienced a tremendous upswing over the past four years. The retail market has been slow to follow suit but is showing signs of picking up. The Hercules community and pending site developers should take advantage of the current state of the market, collaborate, and move forward with sustainable development plans that can be built upon in the future.

**PHASED DEVELOPMENT.** Building Hercules into a “go to” Bay Area destination is an ambitious goal that will inevitably take multiple phases of development to achieve. The community should support gradual growth and explore temporary uses of the pending sites before construction

## Community Vision

After the panel spent several hours speaking with the community stakeholders, the following themes emerged on the future of Hercules:

**BRANDING HERCULES.** Hercules should promote its history, its dramatic bayside setting, its easy access to rolling hills and recreational amenities, its proximity to growth centers for jobs, and its rich history of business initiative. The ITC, with a regional train stop, could go a long way to bring Hercules into the minds of travelers, commuters, and recreation-seeking families and individuals from the Bay Area.

**CREATING LOCAL AMENITIES.** Residents are high earners, yet have relatively few options to spend their incomes within Hercules. The city clearly lacks retail, restaurants, and entertainment outlets. Efforts should be made to

create such options for the local population at a pace the market can support.

**LOCAL-SERVING RETAIL.** The community is in unanimous support of creating a focus on local retail and activity. Businesses serving local demand build strong communities by sustaining vibrant town centers, linking neighbors in a web of economic and social relationships, and contributing to local causes. The Hercules community has every intention of continuing a neighborhood-serving focus for future development. The community wants to attract and promote unique retail and restaurants, which will benefit if some retail is visible from I-80 and can draw passersby into Hercules.

**PROMOTING BUSINESS OPPORTUNITIES.** The Hercules community should continue to collaborate with pending site developers to make local-serving retail a reality where economically feasible. The community would also be well served to actively promote small business opportunities for residents of Hercules.

**ENCOURAGING MIDDLE-INCOME AND WORKFORCE HOUSING.** As is the case with much of the Bay Area, affordable housing is and will continue to be in tremendous demand. It can help ensure a continued income mix and allow residents and workers to remain in Hercules.

**LEVERAGING FAMILY FUN.** Hercules is home to a number of public parks, Refugio Creek, the waterfront, and walking paths, in addition to protected wetlands. These amenities could be further leveraged to offer educational courses for all age groups. More family venues, services, and activities will emerge if Hercules continues to follow a well-balanced land use and development plan.

**LOBBYING FOR ACCESSIBILITY.** Today, Hercules offers access by automobile and bus. By lobbying for funding of next-stage transportation infrastructure and moving forward with development now, plans for direct BART and Amtrak access may gain traction.

**PROMOTING THE DESTINATION.** Creative, community-activating, and well-advertised temporary site uses and events will raise awareness of future development by bringing both residents and visitors to the sites.

# Panel Recommendations

At the heart of the panel's recommendations is optimism about Hercules, an ambitious sense of its potential to shine among the growing Bay Area communities based on natural and geographic setting, a unique history, transportation potential, and proven, award-winning development. Underlying this enthusiasm are the fiscal challenges facing the turnaround of a relatively weak local tax base with inventive, responsible, and feasible alternative financing methods and resources. The specific development, place-making, service, and programming recommendations in this report are made with a full understanding of economic realities.

The recommendations that follow are organized according to the four questions laid out by the city. Those recommendations, however, are interrelated and mutually supportive in many ways as they serve to advance the standing of Hercules in the region, the rebuilding of a robust economic base, and the fulfillment of the promise to the residents of Hercules.



When the panel made its presentation to the community and city leaders on the second day of the TAP, four high-level ideas served as a framework and reference point for the specific recommendations that follow:

- Long-term financial sustainability is a critical element for every action and a foundation for a coordinated program of actions that can balance Hercules's fiscal needs. Among the tools applied would be increased sales tax from both retail and business, ground-lease revenues, rents, and carefully structured and competitive assessment district fees innovatively applied to services and amenities.
- TOD with local connectivity should be at the forefront of Hercules's plans. TOD should be a goal in the short term as well as the long term. An initiative to establish a bus loop connecting San Pablo and Sycamore avenues to the Bayfront can begin immediately.
- Hercules should work to add more entertainment options. An expeditious completion of John Muir Parkway for transit, pedestrian and bike access would facilitate the needed growth of shopping and dining opportunities.
- Immediate and sustained actions should be taken to establish a "sense of place" unique to Hercules. The promotion of Hercules as a brand, the creation of new destinations rich in history and bold in visibility, and a heavy investment in connectivity should be carried out.



# Responses to the City's Questions

This section addresses the four questions posed by the city and elaborates on the panel's recommendations.

The first of the city's questions is multifaceted and calls for a broad city understanding applied to the five pending sites that might well form the basis for a major jump-start of the Hercules economy, and the rebalancing of uses across the city.

## Question 1: Role of Pending Development Sites

What types of development are best suited for the pending development sites in the city of Hercules bayside area (from Interstate 80 to the bay), given market reality and demand, to best knit together existing development and the committed development sites:

- a. To maximize the contributions of these sites to the city's long-term financial sustainability;
- b. To support the concepts of transit-oriented development;
- c. To expand shopping and dining opportunities for locals and visitors; and
- d. To contribute to the development of sense of place in keeping with the expectations of the community?





Hercules Bayfront, mixed use.

## Pending Site 1: Hercules Bayfront

The Bayfront, owned by Anderson Pacific, consists of 40 undeveloped acres of rolling grassy hills and stunning views along the waterfront. Entitled as of March 2012, plans include a mix of residential, retail, office, and hospitality, in addition to the ITC that would support bus, train, and shuttle activity. Construction of the ITC has commenced; the commercial and residential components have yet to begin. The project is composed of three distinct areas: the Bowl, Bayfront Boulevard, and the Village. The Bowl will include approximately 336 residential units along with 10,000 square feet of flex space and 75,000 square feet of office space. Bayfront Boulevard is planned to assume the role of a pedestrian-oriented “main street” for Hercules and host the ITC. The boulevard will span several blocks and feature up to 90,000 square feet of ground-floor retail with as many as 305 residential units and 35,000 square feet of office space above. The Village is to include 751 units of higher-density housing (up to eight stories), along with a considerable amount of flex space, enabling some of the ground-floor commercial space to respond to changing community needs.

**RECOMMENDATIONS:** The waterfront is Hercules’s most valuable asset and the most likely location to successfully fulfill the city’s desire for a main street destination. Consequently, its development and design must be held to the highest standard, including early action and temporary programming along with new streets, spaces, and structures. The panel was generally impressed with the entitled site plans that have been developed for the buildout at the Bayfront, but strongly recommends a modification to the anticipated 90,000 square feet of retail. Seeking success in Bayfront-appropriate retail growth with a vibrant main street character, the panel suggests a more concentrated, denser retail layout relative to that of the current plans.

Plans should consider smaller and locally grown retail concepts in a tightly clustered configuration. Allowing a more focused retail core to gain traction will give consumers a clear destination and support natural growth along the boulevard as demand increases. Retail contrasting to the current and proposed retail in the identity/entry area abutting I-80 (Market Hall site) is strongly encouraged. In the Bayfront, lively ground-floor uses will continue to be important but can later transition to more service-oriented uses to complement the added residential density. Priority should be placed on uses that bring vibrancy to the pedestrian experience, extend the active retail day, and mix well with services to neighbors and visitors.

The Bayfront should focus on boutique and local commercial tenants rather than national retailers to further promote the identity of Hercules. The residential areas surrounding the site will provide an immediate consumer base for the project’s commercial component. In the long term, visitors from cities throughout the Bay Area will become a larger portion of the consumer base and are likely to take advantage of the future ITC, particularly when the ITC is fully utilized.

Equally important to the long-term strategy is the panel’s encouragement to take action immediately. This means programming the Bayfront for the residents desperate for some of the services promised, in coordination with community programs that might find a great home here: pop-up businesses; weekly markets, including farmers markets; night-time events; family-friendly attractions; film nights with large projection on buildings such as the Masonic Lodge; and easy weekend expansion outside for small local businesses.



Cury parcel looking towards the bay.

## Pending Site 2: Cury Parcel

The Cury parcel, owned by David Cury, is a one-acre extension of the Bayfront site, located on Railroad Avenue between Main and Park streets. The Capital Corridor train line, hugging the waterfront, separates the Cury parcel from the bay. However, because of the parcel's topography, neither the tracks nor the passing trains will intrude upon the bay views offered on site. The residential neighborhood across Railroad Avenue from the site features some of Hercules's most historic homes. Three historic structures, including the Masonic Lodge, are the only existing improvements on the Cury parcel. The other two are residences.

**RECOMMENDATIONS:** The panel encourages the preservation of the Masonic Lodge. A comprehensive restoration may enable the lodge to take on a commercial use. However, if commercial use proves to be infeasible, the building could be rededicated for public use in the form of a community clubhouse, library, or research center. In addition, restoring the Masonic Lodge to its former charm would complement the preservation of the historic Administration Building as well (located on the Bayfront site). The owner should work with the city of Hercules to take full advantage of historic tax credits and grant opportunities.

The land immediately east of the Masonic Building is a prime site for new residential development as a continuation of the Bayfront site. The panel suggests relocating the other two historic buildings to successfully integrate new residential development. Proximity to the waterfront amenities will be reflected in the value of the land, thereby generating higher property tax revenues relative to other residential areas of Hercules. A highest-and-best-use analysis should be performed to determine whether larger single-family homes or multifamily development would be most suitable.



Market Hall existing site.

## Pending Site 3: Market Hall

The Market Hall parcel is situated on the corner of San Pablo and Sycamore avenues, abutting I-80. John Muir Parkway, the northern border of the site, hosts Hercules's only I-80 entrance and exit. The seven-acre parcel's adjacency to each of the city's main thoroughfares makes the site unique. Sycamore Crossing, an 11-acre parcel diagonally across from Market Hall, which has been promoted as the potential home of a planned Safeway for the past several years, has yet to be developed.

The site's previous owner, the Red Barn Company, had acquired the parcel from Hercules's redevelopment agency in 2009, with plans to develop 55,000 square feet of retail and 80,000 square feet of office space. The proposed development was referred to as phase I of the New Town Center, a pedestrian-oriented mixed-use plan. After failing to produce the planned Market Hall development, Red Barn sold the site to another developer, McNellis Partners, in 2012. The new developer notes that immediate access to I-80 and John Muir Parkway strongly supports a retail-centric development.

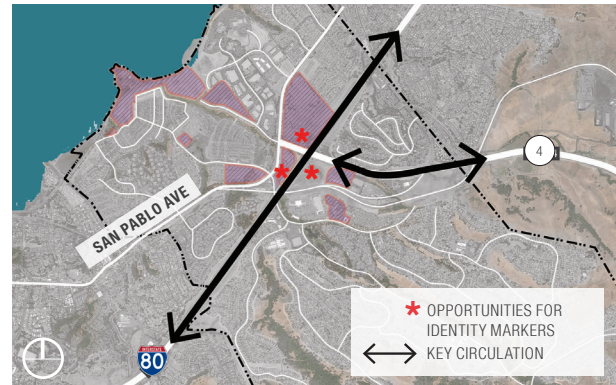
Differing from the Red Barn Company, the McNellis team does not see economic viability in office space, residential mixed use, or multistory structures for the site. Supported by the proximity to the I-80 on-ramp, McNellis presented a tentative plan in 2013 for a single-story, retail-only complex featuring a large drugstore anchoring seven smaller stores and ample parking.

**RECOMMENDATIONS:** As noted earlier, the panel considered the needs of the full Bayside area and strongly recommends clear differentiation between the Market Hall site, which plays an important freeway-related identity and entry role, and the Bayfront area along the water.





Sculptural light markers.



Reestablish an identity from I-80 and Highway 4.

In terms of retail, the difference is between highly visible, public-oriented retail at the Market Hall site and what will likely be more intimate, neighborhood, and waterfront-focused retail at Bayfront.

As Hercules continues to grow, the panel envisions that Market Hall can take on a mixed-use feel to be enjoyed by locals and visitors from the adjacent freeway. However, in the near term, a compromise on the expectations of a high-density mixed-use site is advised to move development forward. A financially viable program today might include an anchor drugstore, several sub-5,000-square-foot spaces, and on-grade parking. As such, the panel envisions a site plan that could allow for the phasing in of added uses as the economy diversifies.

Smaller retail spaces could initially be occupied by highway-oriented tenants, and if future market conditions support it, a move toward more neighborhood-serving tenants could occur. Given the freeway orientation of the site, a hotel represents another future use, capable of generating occupancy tax revenues for the city. It is a strong enough possibility that the panel recommends commissioning a study of hospitality possibilities in all neighborhoods of Bayside, including research on the type and character that might be successful. This could go along with more of a destination restaurant by the freeway. However, the viability of a hotel at this time is unproven and should be carefully assessed.

Backed against I-80, the Market Hall site is well positioned to contribute to Hercules's sense of identity. The site could host the installation of a large-scale sculpture by the intersection of Route 4 and I-80. Unique and thoughtful landmarks can cast a memorable spotlight

on the surrounding area and serve to invite visitors. Among other ideas that will surely arise, the installation could be a traditional sculpture that references Hercules's industrial history, a group of wind turbines that contribute to the local power grid, or a series of colorfully lit pylons. The structure (or structures) could become a landmark and symbolic gateway for the city over time. With only one designated exit from I-80, Hercules would greatly benefit from an easily seen and welcoming installation.

The city should promote solutions to simplify pedestrian access between Sycamore Crossings, Hill Town, and Market Hall. Optimizing accessibility for all forms of transportation and mitigating the visual and audible presence of the freeway will serve to activate the area and community as a whole. Surface improvements and simple traffic-calming measures should be studied for this area, to provide a sense of place and assist in connecting the three sites. The city should not hesitate to invest in an attractive and memorable streetscape that ensures everyone passing through and stopping knows when they have arrived in Hercules.



Aerial image of the Hill Top parcel.

## Pending Site 4: Hill Town

Commonly referred to as Hill Town, this parcel consists of 44 acres located immediately north of John Muir Parkway, between San Pablo Avenue and I-80. The north and south ends of the site are relatively flat and likely more suitable for development. Dividing these two sides is a highly visible rolling hillside, offering an emblematic view of Hercules to those traveling eastbound on I-80. Hill Town was previously owned by PG&E and served as an oil storage, heating, and pumping facility for several years in the early 1980s. In 2005, Santa Clara Valley Housing Group purchased the land with plans to build a multifamily residential development. The last economic downturn prevented the residential plan from moving forward and gave the community time to consider the best use and layout for the site.

The established office park located directly across San Pablo Avenue features both office and retail buildings with on-grade parking. In addition to the office park, the approved Sycamore Crossing and the eventual development of Market Hall (Pending Site 3) will bring a greater commercial presence to the area. The site's north end is bordered by Victoria by the Bay, a community of single-family homes.

**RECOMMENDATIONS:** The panel sees the Hill Town development as playing an important role in establishing an attractive, distinctive, and vibrant gateway to Hercules. First, sitting at the intersection with Route 4 and along John Muir Parkway, Hill Town can consider dense commercial/retail or even residential uses along John Muir, showcasing the vibrancy of the area while serving local needs.

Second, Hill Town sits adjacent to both a relatively large residential neighborhood and a healthy office park and could reinforce high-quality and available space in

both categories. Residential development is most likely the highest and best use because housing demand is significantly stronger relative to office demand in the area. However, a combination of commercial and residential use should be studied in light of the surrounding area's development makeup. The study should investigate the level of demand for additional office and commercial space as a continuation of the neighboring office park.

In addition to the city's promotion of pedestrian access, the panel recommends the Hill Town site be added to bus routes at a frequency appropriate to the use and density of the development. Hill Town may become an important stop on the new loop system that brings Hercules neighborhoods closer together through connectivity.

As a third gateway opportunity, the Hill Town site is of aesthetic importance to the city of Hercules and has the potential to serve as a welcoming landmark. While the site offers desirable views of the bay, the attractive green hillside currently serves as a gateway to Hercules. Furthermore, if the hillsides on both sides of the freeway are preserved and featured, they could provide a beautiful natural frame. Efforts should be made to retain the natural and rolling hillsides, ensuring a setback that will highlight the beautiful and distinctively green welcome to the city of Hercules.

The Hercules community supports the development of Hill Town with a special sensitivity to retaining open space and complementing the surrounding development. The city and the developer should continue their efforts to collect community feedback and finalize a preliminary development proposal.



Aerial image of the City Corporation Yard parcel.

## Pending Site 5: City Corporation Yard

City Corporation yard is an eight-acre site located on the corner of Sycamore Avenue and Willet Street. Duck Pond Park sits directly across Sycamore Avenue from the site, while the east and west sides of City Corporation Yard are bordered by Baywood residential neighborhoods and protected wetlands, respectively. Although adjacent to a significant amount of undeveloped land, the site is in a central location, halfway between the Bayfront and the Market Hall site.

Previously used as Hercules's wastewater treatment plant, the site is owned by the city of Hercules and primarily used as equipment storage space for Public Works. Relocation of City Corporation Yard will eventually take place, and the city has acknowledged that a suitable replacement site could be as small as 1.5 acres.

**RECOMMENDATIONS:** The panel considered various uses for the site, including residential, retail, office, and recreation. However, in the interest of supporting healthy commercial growth within Hercules, the panel recommends against commercial uses for City Corporation Yard. Focusing efforts on clustered retail along San Pablo Avenue and the waterfront is favored over small pockets of retail thinly spread throughout the city. Community sentiment opposes further residential development when other uses are equally or better suited. Because City Corporation Yard is immediately surrounded by open space, designated as wetland, and Duck Pond Park, recreational space may be appropriate. Allowing other areas of Hercules to focus on residential, retail, and office space allows the community to consider recreational and public service uses for the site.

One such use would be partial or full dedication of the site to open space, playing fields, an ecological park, or any combination of such uses. Furthermore, the site presents an opportunity to provide a direct public benefit by establishing an outdoor-oriented educational program. By taking advantage of the neighboring park and protected wetland, the city could initiate a series of educational courses and walking lectures. The celebration and promotion of Hercules's parks and wetlands will increase community activity and draw visitors from the rest of the Bay Area.

The city should also consider the community's need for additional elementary, middle, or high school facilities. Such an educational use may be a rational proposal if another school is deemed necessary in the next ten to 15 years. If consensus dictates future educational use of the site, the creation of open space and athletic fields may be the most cost-effective solution in the interim.

If the city prefers to wait before making a long-term decision on the use of this site, a ground lease to an appropriate user may be the most financially responsible option for the city. Because the site is currently underused, a ground lease would generate revenue and allow the city to retain ownership. A more permanent and financially sustainable use could then be decided on after other projects have been built out.

## Question 2: Keys to a Vibrant Center at Bayfront

How can the development of the area along Bayfront Boulevard and around the Intermodal Transportation Center ensure the area is a successful and vibrant city center or “main street” in a community that has not had a traditional downtown?

A vibrant center at Bayfront is an important and achievable goal for Hercules. The history, physical setting, and remaining buildings should be preserved and celebrated to set the place apart. Construction to enable the ITC has begun. Safe and family-oriented neighborhoods continue to grow around the waterfront area. And perhaps best of all, a sense of community is already real and apparent in the leadership of individuals and families who live and work in Bayfront.

The panel identified five areas of action to pick up on the already existing hints of vibrancy and transform Bayfront into a compact, lively center unique to this community and sought after by residents and visitors alike. Action areas include supporting transit-ready development; enhancing connectivity; focusing on shopping, dining, local arts, and home-grown businesses; creating a sense of place; and spotlighting authenticity.

### Supporting Transit-Ready Development

Hercules should make every effort to see that its best asset, the waterfront, is easily accessible to its residents and the San Francisco Bay Area community. The panel strongly supports a transit-ready approach to the development of the Bayfront site. The Bayfront will be better linked to the rest of Hercules by ensuring convenient bike and pedestrian access. By establishing the appropriate access, Anderson Pacific is more likely to secure the capital needed to complete the project. Completion of the John Muir Parkway and phasing in of the ITC have the potential to spur and support the development of a first-class waterfront destination, which will ultimately make Hercules a more connected, amenity-rich, and desirable community to live in.

Identified as one of Hercules’s challenges, the final approval and full funding of train service to Hercules must be front and center in the city’s planning and lobbying efforts. City leaders, community activists, partnering developers, and regional transportation officials must speak with a single voice and stay agile in their advocacy. As of the time of the TAP work, the background and status of the ITC and regional transportation was as follows:

Hercules is situated along the path of numerous rail transportation lines, including the California Zephyr, Capitol Corridor, San Joaquin, and connecting Amtrak and Caltrain services. The Capitol Corridor line runs 168 miles from Auburn to San Jose, stopping along the East Bay in Berkeley, Emeryville, and Oakland. Capitol Corridor planners have identified Hercules as a future stop in



anticipation of the ITC's completion. With active rails in place and a new ITC supported by waterfront development, Hercules will be a logical stop along the Amtrak Capital Corridor. The line runs along the East Bay's edge, offering breath-taking views while passing through cities rich with industrial heritage. Adding a station in Hercules would enhance the route's historical significance.

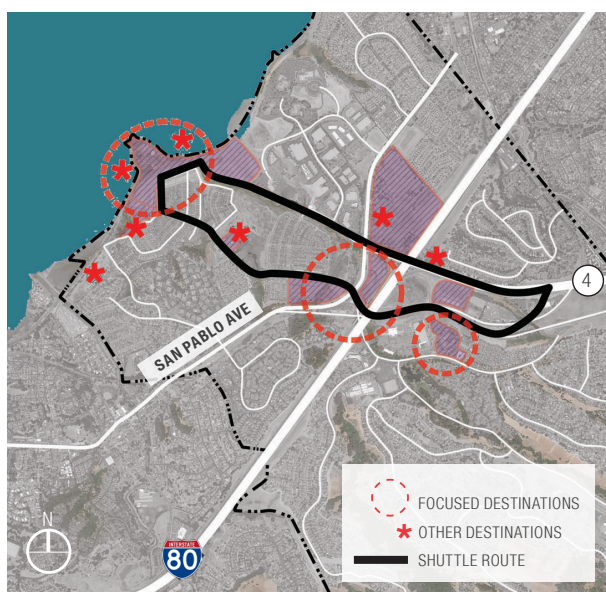
In addition to the ITC-related network, Hercules is only eight miles from the BART Richmond station. In 2013, BART's board advocated extending service north from El Cerrito Del Norte to San Pablo, Richmond Hilltop, Pinole, and perhaps Hercules and beyond. As Hercules becomes a popular destination, support should become greater for an extension to Hercules from Richmond, or by way of a loop connecting the Richmond and Pittsburg/Bay Point lines.

For the time being, initial steps required to establish a connector shuttle should be taken immediately. Public transportation linking Hercules's current Park-N-Ride center, the San Pablo retail, business park, and waterfront area would enable the public to explore the future development sites and support their respective temporary uses.

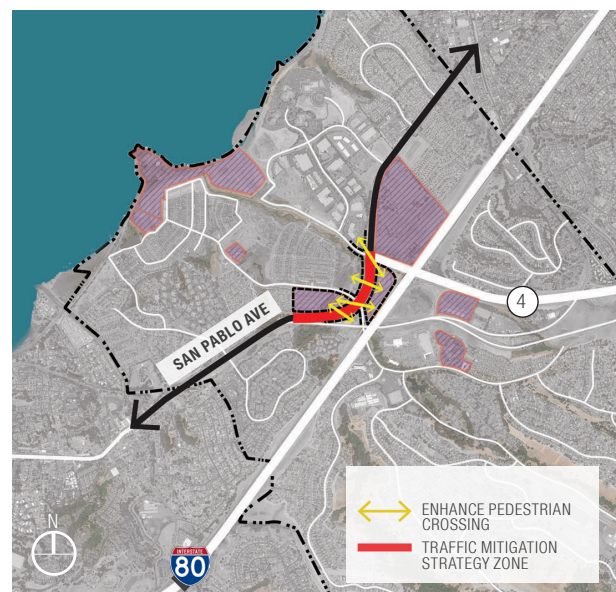
## Enhancing Connectivity

The proximity of all pending development sites to one another is to Hercules's advantage, yet local cross-town access is limited and not yet programmed to serve the local centers, historic and visitor destinations, and recreation and education facilities. A variety of vehicles and routes should be tested, beginning now with formal or informal shuttles with local media support and reliable monitoring so the long-term routing can evolve based on evidence.

All destinations within the area bounded by I-80, John Muir Parkway, Sycamore Avenue, and the Bayfront are walkable and within less than a mile from one another. The panel recommends that the city of Hercules fully build out its Bicycle and Pedestrian Plans to ensure maximum accessibility to those future developments. Designated bike paths or lanes on Sycamore Avenue would improve connectivity between the core San Pablo area and the waterfront. Walking and bicycling to the Bayfront are most likely to become the preferred options for locals by maintaining bike-friendly paths and preserving scenic wetlands. To fully support pedestrian and bicycle access to retail along San Pablo Avenue, additional crosswalk and bicycle lane designations should be incorporated.



Local transit connections to key neighborhoods.



Slow traffic strategies across San Pablo Avenue to improve pedestrian connections.

## Shopping and Dining Opportunities

The panel recommends the Bayfront be developed with the intention of becoming Hercules's most walkable, inventive small business retail corridor. With views of the bay and local and regional accessibility via multiple modes of transportation, the area will cater to the pedestrian by offering local-serving boutique shops, centers for arts and community events, and a diverse choice of dining options.

The entitled Bayfront plans have the potential to make Hercules a charming and accessible waterfront destination. As expressed in the panel's response to Question 1, Pending Site 1, the expected 90,000 square feet of retail should be unveiled in phases. Another key focus for the city should be the application of walkability criteria to public realm design of pedestrian, shopper, and diner experiences. This should focus on the entire public space from the building front, across the street, choice of materials; landscape design for beauty, safety, and comfort; and careful curation of the retail and local service mix itself. The retail and restaurants should be highly concentrated and clustered to ensure maximum foot traffic.



Open-air dining options.



Neighborhood-scale al fresco dining.



## Creating a Sense of Place

Long term, keeping the community and the city focused on creating a public place at Bayfront that is attractive, fun, resonant with its history, and lively in its everyday use is critical. Today, more and more inventive ideas exist for business, services, shopping, and eating that can be realized in their first iteration as “pop-up” stores, market stands, or food trucks. The Hercules Bayfront has plenty of available space, historic sites, and buildings awaiting a long-term use that could be occupied by such projects in the short run.

The panel fully supports the concept of taking creative steps to provide initiatives for temporary services and placemaking. The best choices for early activation and creating a sense of place will come from the local level. Hercules residents and business owners, with the support of city officials, will be the ones to initiate local retail pop-ups, film nights with crowds seated on the lawn, and much more. Planning events, establishing temporary uses, and initiating other concerted efforts to activate the area in the interim will create a positive buzz and generate further support for future development.



Temporary pop-up stores.



Temporary shipping-container pop-up stores.



Food truck culture.

## Maintaining Authenticity

Two recommended paths lead to authenticity—the powerfully valuable characteristics all main street sponsors desire—and they are both possible in Bayfront Hercules.

First, Hercules is encouraged to celebrate its place in history as part of the early industrial growth of the Bay Area. Consequently, in both the short and the long terms, existing buildings and structures should be respected and reused, even if some need to be moved to create a cluster of interest.

Second, the Bayfront should invest in the people, businesses, and institutions of Hercules so they can play a substantial role in the Bayfront’s growth and reap its benefits. This means investing in local business training, creating incentives for the formation of local startups, and convening the groups already forming in the Bayfront neighborhood to continue in their leadership and participation, once again demonstrating one of Hercules’s outstanding characteristics as a community that works together. Growing authentically, with active community involvement, will give Hercules a local destination for a main street experience.



Existing Hercules vernacular.



Existing Hercules vernacular.



## Question 3: Character and Timing of Development

What types of development, sites, and phasing should be emphasized, and in what sequence, to achieve the goals for the bayside area?

Before pushing pending projects forward any further, the panel recommends the city develop a better understanding of the proposed uses and the tenants most likely to operate within them. Highest-and-best-use studies are recommended for most of the development sites. The studies will ensure an understanding of the demand for residential, retail, hospitality, office, research and development, and light manufacturing. The analysis should consider the sites with and without the ITC, to more accurately define the environment in its current and future states.

The panel encourages the continued development of both the Bayfront and the San Pablo and Sycamore Avenue neighborhoods to further establish Hercules's sense of identity. The Bayfront presents Hercules's best opportunity to define and express itself as a community. The favorable weather and waterfront views will support local-serving retail and restaurants. The San Pablo and Sycamore area, at the intersection of several highways and major thoroughfares, represents an accessible area to residents both east and west of I-80, and the proximity to the freeway makes the area more suitable for national retailers.

In the interim, the panel recommends the implementation of alternative uses for some of the pending development sites. For example, the City Corporation Yard could be temporarily used for recreational sports or organized ecological education programs, while the Bayfront could

host regular farmers markets, flash retail booths, and outdoor performances. The attention gained by interim uses will help illustrate existing and potential demand of the sites. These seemingly small-scale initiatives will provide enjoyable experiences for the local community and strengthen the support of developments to come.

The panel recommends Hercules continue to encourage transportation linkage systems and require the proper infrastructure for their implementation. The promotion of transit-ready development will instill pending site developers with a greater sense of confidence. All efforts to expedite the completion of the John Muir Parkway should be exercised. The infrastructure relating to the ITC is another major city project that will greatly encourage the entitled Bayfront plan to move forward. The city should communicate the state of all infrastructure improvements to the development community on a consistent basis. Infrastructure creates access and opportunity, which in turn creates the possibility for growth, activity, and additional development.

## Question 4: Planning and Entitlement Actions

What can the city do in updating its planning documents and entitlement processing system to facilitate the type of development desired and supported by the marketplace in a timely and cost-effective manner?

On the basis of interviews with property owners and developers, the panel understands that the city of Hercules has done a commendable job handling the review process for local development projects. City officials and planners have demonstrated support of development by providing clear feedback and responses to plan submittals in a timely manner.

The panel recommends the city take its support a step further by openly advocating an appetite for growth. A publicly posted timeline of recent infrastructure accomplishments and future milestones would assert the city's dedication to future development. In addition, the publication of a simple and concise guide for development would make the city's vision for future growth known. The intention of the guide would be to illustrate Hercules's entitlement and permit process, thereby minimizing confusion and hours invested for all parties involved. The guide would also be used as supporting material when applying for grant funding.

The city of Hercules should consider increasing impact fees where feasible to accommodate future development. Given the current fiscal state of Hercules, ensuring sufficient revenue is brought in to support the anticipated growth is particularly important. Currently, Hercules features low impact fees compared with neighboring cities such as Berkeley, Oakland, and Emeryville. Opportunities to raise fees, across product types and where appropriate, should be fully explored. With a growing demand for development, the implementation of higher fees represents one of the most efficient ways for the city to provide adequate infrastructure and benefits.

Furthermore, the panel recommends the city of Hercules continue to build upon existing relationships with community members, developers, investors, and transit agencies. Maintaining an open-door policy for communication, collaboration, and new ideas will catalyze progress. Finally, the city should seek support from the county and state levels when appropriate.

## Implementation Strategy

Hercules is in the middle of a favorable economic cycle and a rebirth of the vitality of the East Bay; efforts to continue development should be pushed forward at this time. First and foremost, the panel recommends developers and city officials secure updated market studies for the pending sites. The results can be leveraged to expedite the plan design, review, and approval process going forward.

The panel advises Hercules to be transit-ready; development and related infrastructure should be built with the expectation that additional modes of transportation will be implemented in the near future. Supportive transportation solutions have the potential to make Hercules a more popular and frequented destination. The panel strongly supports the city continuing to implement current and planned transportation infrastructure improvements and taking full advantage of local, state, and federal grant opportunities.

The Bayfront site represents the largest project within Hercules. By taking critical steps forward with the Bayfront site, the city may simultaneously spark the advancement of other proposed projects. Broad support exists for the open space, retail, restaurants, and overall activity that the waterfront development will bring. The city of Hercules is responsible for providing the necessary infrastructure for the ITC and Anderson Pacific development to begin. Multiple phases have been designated for site preparation and construction; the panel suggests Hercules move forward with the phased plan as soon as possible. Once the project is complete, bus routes along Sycamore Avenue and the extended John Muir Parkway will connect the waterfront to other local destinations.

Effective communication between all appropriate parties will enable healthy development to take place that represents the community's needs, values, and authenticity. City officials, developers, and community members should collaborate to support Hercules's cultural identity, celebrate its history, and give newcomers a reason to visit by organizing activities in the short term and facilitating steady retail growth and development in the long term.

The Powder Keg Pub, a locally owned and successful restaurant, is an anchor business for the Railroad Avenue district. The pub's vibrant patronage provides a glimpse of the future along the entire Bayfront Boulevard. The bay views, favorable weather, and future ITC support commercial development on a larger scale. With Amtrak already traveling along the Capital Corridor, it isn't difficult to imagine a future train station and high-quality retail and waterfront restaurants making Hercules a popular Bay Area destination. In the near term, the panel recommends exploring creative temporary uses that activate the community, supporting progressive and urban-oriented retail development while maximizing open areas for residents and visitors to enjoy.



# About the Panel



## Lynn Sedway, TAP Chair

President and Principal, Sedway Consulting

Lynn Sedway is the president and founder of the Sedway Group, a 23-year-old real estate economics firm headquartered in San Francisco. Lynn currently directs and has ultimate responsibility for the activities of the Sedway Group, including market analysis, development and redevelopment analysis, acquisition and disposition strategies, expert witness, public and private partnerships, and public policy issues. She is a past board member of Bridge Housing, Lambda Alpha, the Swig Company, Alexander & Baldwin, and AMB Property Inc., now Prologis. She is a member of the HG Capital advisory council, the G2 Real Estate Committee, and the Policy Advisory Board of the Fisher Center for Real Estate. Lynn was named by the San Francisco Business Times among its “100 Most Influential Women of the Bay Area” five years in a row and received the Women of Achievement Award from Legal Momentum. She has also received the Silver Spur Award from SPUR, was named to Who’s Who in America, and was selected as Lambda Alpha’s Member of the Year. Lynn received her bachelor’s degree in economics at the University of Michigan and an MBA from the University of California, Berkeley, Walter A. Haas School of Business.

## Karen Alschuler

Principal, Global Urban Design Leader  
Perkins + Will

As global discipline leader for urban design, Karen Alschuler has tackled some of the most interesting and urgent of urban issues. Karen is known for projects that define the new generation of urban waterfronts, set design parameters for transformation of large urban districts, and expanded cultural and educational facilities. Over her 35-year career, she has embraced urban stewardship and the creation of civic places that welcome a diverse population, seeking a critical balance between physical planning and fiscally responsible economic development, and applied techniques to achieve true urban engagement. Karen has been active in the Urban Land Institute for more than 30 years, serving on multiple committees, authoring articles, and participating in project panels and on-site review teams. She is also an elected fellow of the American Institute of Certified Planners and has been elected president of Commercial Real Estate Women in Boston, New York, and San Francisco.

## Matt Bronson

Assistant City Manager  
City of San Mateo

Matt Bronson serves as assistant city manager for the city of San Mateo, California, where he provides support to the City Council and City Manager and oversees the city's economic development, sustainability, communications, volunteer, and downtown parking and maintenance programs. Matt recently served as the interim director of the Community Development Department and previously served as an interim manager in the Public Works Department, overseeing street and facilities maintenance operations and downtown parking. Before joining San Mateo in 2010, Matt served in the County Administrator's Office in Marin County, California, from 2003 to 2010 and worked for the City Manager's Office and Budget and Evaluation Office in the city of Charlotte, North Carolina from 1999 to 2003. He has an undergraduate degree in environmental policy from the University of California, Davis, and a master's degree in public administration from the University of North Carolina at Chapel Hill. He is a member of the International City/County Management Association (ICMA) and is a graduate of the Leadership ICMA program.

## Riki Nishimura

Director of Urban Strategies  
Woods Bagot Architects

Riki Nishimura serves as director of urban strategies for Woods Bagot. Riki plays a key role in research-focused design strategies that extend into areas beyond the traditional boundaries of architecture and urbanism, while ensuring pragmatic but visionary solutions. His global experience with projects in the United States, Canada, the Middle East, and Asia is reflected in his award-winning portfolio of ecologically minded projects. Riki has been active in the Urban Land Institute for ten years, serving on multiple committees, and cofounded the ULI San Francisco Student Committee. Riki has also participated as a review critic of Harvard, RISD, and Northeastern University. He received a masters of architecture and urban design from Harvard University's Graduate School of Design.

## Steve O'Connell

Managing Director, Investment  
Grosvenor Americas

Steve O'Connell is managing director of investment for Grosvenor Americas and is responsible for acquisitions

and development-related activities in the San Francisco Bay Area. Steve joined Grosvenor in 2011. He holds a B. Eng. degree from McGill University and an MBA from the University of California, Berkeley, Haas School of Business. He belongs to a number of real estate organizations and sits on the Urban Land Institute's national Mixed Use Development Council.

## Chi-Hsin Shao

President  
CHS Consulting Group

Chi-Hsin Shao has over 30 years' experience as a transportation planner and traffic engineer, specializing in multimodal transportation planning and systems. Chi-Hsin held senior management positions with both public agencies and private consulting firms, including terms as deputy commissioner of policy and planning for the Boston Transportation Department and head of the Transportation Planning Section for the San Francisco Planning Department. He functioned as the city of Boston's lead person overseeing the development of Boston's Central Artery/Third Harbor Tunnel Project. He has been responsible for the development of several multimodal master plans in challenging brownfield sites, such as Hunters Point Naval Shipyard, Treasure Island Naval Station, and the Brisbane Baylands. He has been the lead transportation professional for major transportation projects and transit station area development and improvements. Chi-Hsin is a registered Traffic Engineer in California, a member of the American Institute of Certified Planners, and a fellow with the Institute of Transportation Engineers. He holds a masters degree in infrastructure planning and management from Stanford University, and a bachelors degree in architecture from Chung Yuan University in Taiwan.

## John Stevick

Asset Manager, Walnut Properties; Lead Author

John Stevick serves as an asset manager for family-owned and operated Walnut Properties. He also acts as an independent developer and development adviser, focusing on transit-oriented, multifamily projects around the core San Francisco Bay Area. Previously, John served as a research associate for Glasshouse, an on-demand startup centered on single-family home service and maintenance. Before Glasshouse, John was a development associate for Thompson Dorfman Partners, now in partnership with Trammell Crow Residential. He holds a BA in economics from Swarthmore College as well as a California broker's license, and he has been active in the Urban Land Institute community for the past three years.

Urban Land Institute  
One California Street, Suite 2500  
San Francisco, CA 94111  
415-268-4048  
[sanfrancisco@uli.org](mailto:sanfrancisco@uli.org)  
[www.sf.uli.org](http://www.sf.uli.org)  
[www.uli.org](http://www.uli.org)



**City of Hercules**  
**ULI San Francisco Technical Assistance Panel**  
**2016 Follow-up Recommendations**

**Background**

In early 2015, ULI San Francisco (ULIsf) conducted a Technical Assistance Panel (TAP) for the city of Hercules. ULIsf assembled a panel of experts, free of bias, who could help examine the path forward and make informed recommendations on how to achieve a vibrant, well-balanced, amenity-rich, and financially stable community. Critical to this effort was bringing together multiple stakeholders—ranging from elected officials to property owners, developers, and community members—to get a substantive insider’s perspective on the state of the community and understand everyone’s aspirations.

The panel addressed four central questions posed by the city, including an analysis of five pending development sites and strategic considerations as to how those sites could encourage revitalization. A summary of those recommendations can be found in the final TAP report on the ULIsf website, at <http://bit.ly/2fpCSXn>.

Although the two-day TAP panel produced a final report that provided an array of valuable insights, several of the initial pending development sites have changed hands over the past year and a half. With this in mind, the TAP panelists and ULIsf returned to Hercules in November 2016 to conduct a follow-up workshop, provide insight on the new or modified development strategies, and tie them back to the panel’s original recommendations, where appropriate.

It was determined by the city of Hercules and ULIsf staff that the TAP follow-up should primarily focus on the change in ownership of several sites in order to ensure a continuity of vision toward the broad goal of revitalization, as well as to ensure success at the development sites. The goal was to make updated recommendations on how to unify new and updated site plans toward accomplishing the following:

- **Establish identity** for the city of Hercules;
- **Ensure connectivity** within the city and with regional networks;

- **Identify a balanced mix of uses and encourage transit-oriented development (TOD);** and
- **Create a sense of place.**

These principles ultimately became the framework for delivering updated recommendations on a site-by-site basis. The four sites the ULIs panelists focused on in November 2016 and their recommendations for each are summarized below.

### **Sycamore Crossing**

Sycamore Crossing, now owned by the Lewis Company, consists of an 11-acre parcel divided by a creek running through the site. The southern property boundary runs adjacent to San Pablo Avenue, and the easternmost portion of the property extends to the intersection of San Pablo and Sycamore avenues.

Concept plans preceding the Lewis Company purchase included a mix of residential, retail, office, and hospitality uses. Current plans call for retail space focused on meeting the needs of the local community, with the goal of establishing some region-oriented retail businesses during Phase II of development. Phase I is slated to be anchored by a 13,000-square-foot drugstore.

The panel recommends that the city and the Lewis Company consider the following:

- **Establish identity for the city of Hercules at this key arrival intersection.** This site holds tremendous potential for the identity of Hercules, effectively assuming this role from Market Hall. It is important to create an identity for the site that is visible and welcoming on the surface streets approaching from the highway.
- **Ensure connectivity.** Site plans should highlight connectivity. Use landscaping and wayfinding to connect the eastern and western portions of the site and relate them positively to the Market Hall site across the street. A critical element of development will be to create bike and pedestrian links to encourage easy access.
- **Identify a balanced mix of uses.** The location and positioning of the site make it a strong candidate for mixed-use development. The TAP panelists suggest thinking beyond retail and giving strong consideration to commercial uses. Commercial tenants should

complement the drugstore and be neighborhood serving, such as boutique office space, doctors' offices, and other wellness amenities. Wellness might include an urgent care facility, a gym, or space for an exercise class.

Other considerations regarding uses:

- The mix of uses should not be retail/residential but rather retail/commercial, with possibly a smaller residential component.
- The site presents a possible opportunity for placement of a hotel. It offers high visibility from the freeway, which is a natural attraction for hotel operators and visitors, as well as a location near the waterfront and in a potentially walkable environment (pending other development). The creek also provides a natural buffer and creates a more peaceful hotel setting. In addition, a hotel might provide the leverage needed to attract restaurants and other amenities facing San Pablo Avenue.
- **Create a sense of place.** It is critically important to prioritize certain elements of this site in order to create a sense of place among the various uses on the site, as well as to design a welcoming pedestrian environment. Design efforts should be made to hide the bulk of the surface parking, perhaps behind the storefronts, to maximize storefront visibility and provide a more pedestrian-oriented experience with shops located closer together around a common courtyard.

### **Market Hall**

The Market Hall site, still owned by John McNellis of McNellis Partners, features prominent borders along Sycamore Avenue, San Pablo Avenue, and John Muir Parkway, making it highly visible.

McNellis Partners has significantly revised the site plan based on a signed letter of intent with Safeway to develop a 57,000-square-foot grocery store, along with a Safeway fuel center and a Chase Bank. The Safeway will have a modern look with prominent glass features. Because Hercules lacks a sufficient number of stores, a full-sized grocery store is important to the

community, but the TAP panelists believe that more could be done to ensure that this development goes beyond just being utilitarian and strives to develop deeper roots within the community.

The panel recommends the following:

- **Establish identity for the city of Hercules.** A proposed signage pylon, to announce the stores on the site and the price of fuel, will be visible from the freeway. The panel suggests that this pylon be made a critical component of the project, having the ability to announce the presence of the city, as well as draw people in from the freeway. The design should reflect the identity of the community in materials, color, and attractive design. The panelists encourage the city and the developer to participate in a detailed design review so that the investment in the pylon can be an investment in the positive identity of the city of Hercules.
- **Ensure connectivity.**
  - Because this is an area of high use, a traffic analysis should be conducted to analyze traffic flow around the entries and exits to the property.
  - The presence of bike paths and foot paths on the site plan show the intent to improve connectivity; this should be encouraged in order to provide links to surrounding paths or extensions for future paths. The city and the developer should dedicate resources to heavily landscape these paths and make them inviting.
- **Create a sense of place.**
  - Because the site has high visibility from two key entries to the city, the community would benefit from landscaping that serves to enhance its place in the beautiful natural surroundings. The development can create a sense of place from the greater context of its surroundings by incorporating landscaping into the parking lot, accentuating the green environment, and paying special attention to the edges, entrances, and streetscape that will play a major role in the site's identity. This will be especially important on the property's north and west sides along John Muir Parkway and San Pablo Avenue.



- Special consideration should be made for how to treat the back side of the store adjacent to John Muir Parkway and with regard to buffers for loading and waste-related activity. This space could provide the opportunity to do something creative, possibly spelling out “Hercules” in locally crafted letters or creating a mural honoring the community’s history.

### **Hilltown**

The Hilltown site, acquired by SCS Development, is a topographically challenging 44-acre site with access largely limited to San Pablo Avenue. The localized contamination from storage tanks has been remediated, and the developers have met with civil engineers to discuss plans for grading and developing an upper and lower pad on the parcel. This represents a dramatic contrast with earlier plans for Hilltown, which called for nearly the entire site to be regraded in a kind of Italian hilltown mode and extensive natural vegetation removed. Current plans seek to retain as much natural topography and landscape as possible.

These revised plans by the new owners propose an upper parcel consisting of 13 acres and 132 housing units allocated between detached single-family homes and detached townhouses, and a separate six-acre lower parcel that would accommodate higher-density detached units. Development plans are largely focused on residential uses, but stakeholder feedback indicates that dedicating all the land to residential uses does not make sense in a community with a low property tax base. To move forward, the site will need to have some retail or commercial component in order to be approved by city council.

The panel recommends the following:

- **Identify a balanced mix of uses.**
  - Upper parcel: Because of its topography, visibility, and accessibility, the upper parcel is not a viable option for retail use; it should be dedicated to residential use only.
  - Lower parcel:
    - The lower portion of the site will require a use that has a highly predictable but not overwhelming traffic pattern. For that reason, critical community-serving

commercial tenants are the most viable option. This could include distributed care, satellite medical offices, or fitness facilities. Better options will reflect the demographics and needs of the community. For instance, if the community needs a particular kind of clinic, perhaps sponsored by a nearby hospital, this site offers a central location as well an appealing natural setting for treatment or fitness activities.

- The parcel could also be considered for use as a hotel site (pending decisions regarding the Sycamore Crossing development). It would be an attractive setting for a “hotel in nature” and yet would still be visible from the highway.
- **Create a sense of place.**
  - The proposal to develop 19 of the 44 acres indicates a strong commitment to the natural landscape, which the TAP panelists appreciate. It is important to preserve this landscape, and it could be enhanced by maintaining a protected green edge on the I-80 side.

### **Bayfront**

The Bayfront site, recently purchased by Ledcor Properties Inc., occupies a picturesque 40 acres of land that provides views overlooking the bay. The new developers are in the process of reviewing the previous site plans from Anderson Pacific in order to determine the best approach for phasing and sequencing of the project. Plans include a mix of residential, retail, office, and hospitality uses, plus the intermodal transit center (ITC). The initial elevation plans for the site are set to be released in the next month; however, development of the site is a long-term project that may require ten to 15-years to complete.

The panel recommends the following:

- **Establish an image of quality and character for the City of Hercules.**
  - The Bayfront site holds the potential to demonstrate a commitment to design excellence in both public improvements and private development. This is the strong

intent and expectation and such design excellence should be a basis for an economic turnaround for the city of Hercules.

- As the first step in creating a real sense of destination and community here, the city should begin branding and marketing the Bayfront, paying special attention to the first building and creating well-programmed and well-designed interim activities, such as pop-up shops, community days, food truck events, and other activities to generate excitement and exposure for the area.
- **Ensure connectivity.**
  - Interim connectivity will revolve around the accessibility and ease of use of the local bus. An investment now in easy, jump-on/jump-off access will provide payback as all city residents become accustomed to the quick trip to the Bayfront.
  - Link the Bayfront to regional bicycle and pedestrian trails and create a pedestrian-friendly environment throughout the development site.
  - Take advantage of the bayside location and connect with baywide activities.
  - Prioritize links to transit. The train and ferry are critical to the future success of this site and will be essential to cementing Hercules as a regional destination. Ledcor should develop five- and ten-year plans for development that phases in service and routes.
- **Identify a balanced mix of uses.**
  - Parcel N, which is slated to be developed first, seems to be a good starting point. This plan establishes the north side of the creek, assumes the lowest risk, delivers the highest density, and is unencumbered by other variables in relation to other parcels.
  - The Bayfront should focus on local and authentic retail and food to set it apart and create a unique sense of place.
- **Create a sense of place.**
  - The role of transit will be critical to creating a sense of place on the Bayfront.



- The developers and the city should also consider the evolution of transportation when developing this site to allow flexibility for changing preferences and the ride-sharing economy.
- Through marketing and branding of the site now, the developers can start to create a sense of place that encourages authentic community-oriented activities, bringing people to Hercules and generating excitement for the future development.

### **Conclusion**

ULIsf and the TAP panelists thank the city of Hercules and the development teams for their time and effort in participating in this TAP follow-up. ULIsf and the panelist look forward to seeing how the city continues to grow and hope that it finds these recommendations useful.



## **About the TAP Follow-up Panel**

### **Panelists**

Lynn Sedway, TAP Chair, President and Principal, Sedway Consulting

Karen Alschuler, Principal, Global Urban Design Leader, Perkins + Will

Riki Nishimura, Director of Urban Strategies, Gensler

### **ULI San Francisco**

Alan Talansky, Cochair, TAP Committee, Executive VP of Development at EBL&S Development

Natalie Sandoval, Director, ULISf

Sam Woodburn, Senior Associate, ULISf

### **City of Hercules**

David Biggs, City Manager

Holly Smyth, Planning Director

### **Developers**

Hilltown: Cory Kusich and Jim Sullivan, SCS Development

Market Hall: John McNellis, McNellis Partners

Sycamore Crossing: Sam Miller, Lewis Properties, and Tim Seiler, John Cumbelich & Associates

Bayfront: Jason Silver, Ledcor Properties Inc. and David Cutler, Office for the City