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East P.A. takes aim at blight Council cautious on redevelopment

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The East Palo Alto City Council, in desperate need of businesses to generate tax revenue, on Monday formed a redevelopment agency and adopted a plan to begin overhauling the city's blighted areas.

Minutes afterward, members faced their first serious decision.

They were hesitant to act too fast, so they delayed action on a proposal to replace the city's only source of revenue — a strip of bars and liquor stores known as Whiskey Gulch — with a 1.2 million-plus square-foot office, retail and hotel complex.

During the next year the agency will identify the most needy areas, decide what work is needed and do feasibility studies.

"The redevelopment agency has been inactive, and we need some planning," said Virgus Streets, head of economic development for the city. Streets was named redevelopment administrator at Monday's meeting.

The city's last redevelopment agency closed a year and a half ago.

The agency tentatively targeted three areas for economic development:

✓ A large plot on the east side of the city that is now home to car-wrecking yards and a chemical plant. It would be a site for industrial facilities.

✓ A residential triangle cutting through the bulk of the city. It has been designated as a high-unemployment area in need of new housing.

✓ Whiskey Gulch, a pocket of the city wedged between the Bayshore Freeway and the tree-lined streets of Palo Alto, and the University Avenue corridor, where some businesses exist but few thrive. The plan calls for it to be a bustling retail center.

In a city with no bank, no shopping center and only \$150,000 in annual sales tax revenue, Whiskey Gulch is considered the most promising by developers and city budget planners.

See EAST PALO ALTO, Page 5B

E. Palo Alto council delays action on Whiskey Gulch redevelopment

EAST PALO ALTO, from Page 1B

The redevelopment agency at its March 16 meeting will consider an agreement that would make De Monet Industries Inc. of Menlo Park the exclusive redeveloper for the area.

Council members were asked to sign that agreement Monday.

But Mayor Barbara Mouton, who is also chairwoman of the agency, said, "We are just beginning to get very serious, and developers are already very serious."

We need to look at the risks and impact before we implement (the plan)."

The general concept for the site, according to the agreement, would include 1.2 million to 1.5 million square feet of office, hotel and retail space, as well as parking, landscaping and improvements. It would be built in several phases over the next decade.

Joaquin De Monet, president of the company, declined to discuss details of his proposal until the agency makes a final decision.