



COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING MINUTES – April 28, 2022

CALL TO ORDER: The Regular meeting was called to order at 5:00 p.m.

ATTENDANCE (September 2021-July 2022):

Committee Member	Present 4/28/2022	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Council Member Salinas	✓	5	0	5	0
Council Member Wahab	✓	5	0	5	0
Council Member Andrews	✓	5	0	5	0

OTHERS IN ATTENDANCE:

Kelly McAdoo, City Manager; Jennifer Ott, Assistant City Manager; Paul Nguyen, Economic Development Manager; Leigha Schmidt, Senior Planner; Mira Hahn, Associate Planner; Catherine Ralston, Economic Development Specialist; Suzanne Philis, Senior Secretary; Jayvant Shah, Kalthia Construction and Management Co.; Marie Anderson, CBRE; Melissa Stevens, MWT Architect; Claudia Carrola-Cheng and Dee Madahar, Starbucks

PUBLIC COMMENTS

There were none.

1. APPROVAL OF MINUTES OF REGULAR MEETING MARCH 24, 2022

A motion to approve minutes from the March 24, 2022 Regular Meeting was made by Council Member Andrews and seconded by Council Member Wahab. The minutes were unanimously approved.

2. PRELIMINARY CONCEPT REVIEW – MWT ARCHITECT, PC DRIVE THROUGH REQUIRING A ZONING TEXT AMENDMENT AND MODIFICATION OF APPROVED SITE PLAN REVIEW FOR HOME2SUITES AT 22091 HESPERIAN BOULEVARD

Economic Development Manager Paul Nguyen introduced Associate Planner Mira Hahn who gave the staff presentation. MWT Architect Construction Administration Manager Melissa Stevens also gave

the outside presentation.

Council Member Andrews asked the difference between a Starbucks Reserve and a regular Starbucks. Starbucks Store Development Manager Carrola-Cheng explained that Starbucks Reserve was a coffee-forward concept they tried out and discontinued. Customers don't want to sit and linger she explained. Council Member Andrews noted there were already a lot of Starbucks in the area including the in-store Starbucks at Target. She asked how the drive-thru would impact these other stores. Manager Carrola-Cheng said there were no plans to close any existing stores.

Council Member Andrews noted the Starbucks drive-thru at Costco on Hesperian had a particular design and she asked why and what the difference was between that site and older sites. Manager Carrola-Cheng explained that the newest locations used a contemporary design, but each site would have different characteristics. She said the contemporary design was the new traditional. Council Members Andrews asked if the proposed Starbucks by the airport could also have a mural and Manager Carrola-Cheng said it could.

Council Member Andrews said when volunteering to pick up trash and she noticed a lot of Starbucks cups and bags and she asked what Starbucks was doing to decrease trash. Manager Carrola-Cheng said Starbucks vision was to give more to the earth than take away. She noted they were moving away from plastic straws and by 2030 they wanted to have a reusable cup program in place.

Council Member Andrews suggested Starbucks Adopt-a-Block. She also noted Hesperian already had a lot of traffic and she asked how the proposed drive-thru would impact the area. Manager Carrola-Cheng explained that the double drive-thru lane should eliminate any traffic problems and said maintaining the property was part of the lease agreement.

Regarding the three questions included in the staff report, Council Member Andrews said for environmental reasons a drive-thru wasn't ideal, but for the convenience of families and the disabled, she would consider supporting an amendment.

Council Member Wahab asked to see the location map and then asked if she should recuse herself because she lived nearby. City Manager McAdoo said she probably shouldn't make comments, but Manager Nguyen pointed out that no action was being taken.

Council Member Wahab said she loved Starbucks and there could never be enough even with the two already nearby. She said she was OK with the zoning text amendment as long as the drive-thru didn't create traffic on Hesperian. She pointed out that Hesperian was a main commuter route with traffic both in the morning and evening, so she wanted to make sure waiting cars were truly off the road. If a traffic study was conducted, she said she wanted access to be way back from Hesperian. Manager Nguyen said because this was a concept review, no traffic impact study was available.

Council Member Wahab said she also wanted parking so customers using the mobile app could go in to pick up their order rather than having to wait in the drive-thru line. She said she was not opposed to having a Starbucks at the proposed site at all and was supportive of amending the half-mile rule for drive-thrus. With higher density housing coming in, she said, the City would need higher capacity services.

Council Member Salinas said he respected the opinions of his fellow Council Members, but he didn't think this project was the game changer that justified a zoning text change amendment. He didn't realize the drive-thru would be two lanes, which seemed large, he said, and noted the parcel would be busy.

Although he acknowledged densities were increasing, Council Member Salinas said that didn't necessitate changing city-wide zoning to allow more fast food and coffee shops. Regarding the three questions in the staff report, he said this project didn't move him enough to support a zoning text change amendment; the size of the proposed drive-thru would eliminate other office and commercial opportunities at the site; and he was leery about allowing the drive-thru because Council had been outspoken against them and there were already two more planned for the Kmart site. He said he understood Council Member Andrews comment about convenience but allowing the amendment would have impacts city-wide. Council Member Salinas said he was not convinced this project was the right one and said he would not be supportive.

Council Member Wahab acknowledged that she frequently complained about the redundancy of Hayward business types, but she noted the revenue generated by Starbucks was significant. She also noted the convenience of grabbing food at Starbucks, the previously mentioned community benefits, and that other cities have Starbucks on every block.

Council Member Andrews said she understood Council Member Salinas' concerns but wondered how long it would take for office to come in if this project was denied. She cited Consultant Marie Anderson's earlier comment that no retail other than those with drive-thru expressed interest and said she didn't want the site to sit empty.

Council Member Andrews asked staff if Council approved the zone text amendment, could they still tell other fast food restaurants no. City Manager McAdoo said the amendment would change the guidelines for everyone. Assistant City Manager Ott agreed, pointing out the City could not spot zone. She then asked Planning staff if there was a way to focus on use and was told no.

Assistant City Manager Ott asked staff if the site would also require a variance and was told no. Because the drive-thru was shorter than the previously proposed hotel use, Associate Planner Hahn, said a variance was no longer needed.

Council Member Andrews reiterated her concern that the lot would sit empty rather than allow a use that could generate revenue. Council Member Salinas explained that he just used office as an example, something else could come in but Council Member Andrews reminded him that no other commercial uses had expressed any interest.

Manager Nguyen pointed out that the slide showing estimated Starbucks revenue was not completely accurate. Although sales tax is 10% in Alameda County, he said, Hayward would only receive 1% of total sales tax collected. He also noted that this project was approved with a commercial building on this site so whether it was office or commercial space, something would have to be built per the conditions of approval

Council Member Salinas asked staff if any further comments were needed. Assistant City Manager Ott commented that since there wasn't consensus the applicant would need to digest what they heard.

She pointed out the full Council may have some of the same concerns.

Council Member Salinas asked if there was a timeline and City Manager McAdoo said it was up to the applicant.

Council Member Andrews commented that Starbucks had enough money to add office space above the coffee shop. Council Member Salinas said that would be interesting. Ms. Stevens asked Council Member Salinas if adding a second story for office would be a game changer and Council Member Salinas said it would be if there was rooftop seating. Assistant City Manager Ott suggested the applicant consider a more intensive use at the site.

3. UPDATE ON COVID-19 ECONOMIC RECOVERY SMALL BUSINESS ASSISTANCE GRANTS AND COMMUNITY DEVELOPMENT BLOCK GRANT FUNDED SMALL BUSINESS ASSISTANCE GRANTS

Economic Development Manager Nguyen introduced the item by acknowledging the hard work of his team members. Not only did his one Specialist and part-time Admin continue to deliver concierge services to incoming businesses, he said but also deliver an award-winning program of grants to existing minority and woman-owned Hayward small businesses.

Council Member Andrews said she was glad to hear so many businesses were taking advantage of the program including black-owned businesses. She thanked staff for putting together the list of those businesses. She asked staff if business owners could use grants to pay for security measures like safes and triple-pane glass and was told yes.

Council Member Wahab thanked staff for providing grants to a diverse selection of businesses and for providing the demographic data. She also noted grants given to veterans and the disabled could be lumped together.

Council Member Salinas echoed the comments of his colleagues.

4. FUTURE MEETING TOPICS AS OF APRIL 28, 2022

Council Member Andrews said she would like to see a capacity analysis of the Economic Development Division staff. City Manager McAdoo confirmed she wanted to add an item to the Future Meeting Topics list and was told yes. Council Member Andrews said she would like to see an assessment of how many staff persons were needed to get everything done, the focus of the team, and what CEDC members should let sit if there wasn't enough capacity. City Manager McAdoo said staff could give an update of the Strategic Road Map and the Economic Development Division programs identified there as well as a workload assessment. Assistant City Manager Ott mentioned a recruitment for another Specialist was underway.

City Manager McAdoo requested an item to discuss public art be added to the list.

Council Member Wahab said she would like to see an update on high-speed fiber optics be pushed to the top noting a lot of things had changed since it was last discussed. She said staff needed to focus on getting broadband to the same businesses that received grants so they could up their capacity.

Council Member Wahab also requested an update on cannabis noting many permits had been issued more than a year ago, but very little traction was being made. Business diversity was one thing, she said, but businesses that could benefit the City should be first and foremost and having unused cannabis permits was a monetary loss to the City. She pointed out that those revenues could be used for both short-term projects and long-term liabilities to create stability moving forward. City Manager McAdoo said staff could look at the length of permitting but noted most had been moving forward with each project facing different challenges for different reasons.

Council Member Salinas said he wanted to discuss closing the alley next to Rokit Burger on B Street during the summer for outdoor amenities. City Manager McAdoo suggested the Downtown Hayward Improvement Area representative come give an update on that and other activities. Council Member Salinas asked if an update could be presented at the June CEDC meeting and Manager Nguyen said the meeting agenda was full but he would see what could be moved around.

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

Economic Development Manager Nguyen announced the Together for Hayward Gift Card Program video had been released and City Manager McAdoo confirmed the link went to the entire City Council. Manager Nguyen noted a 30% jump in gift card sales occurred after its release.

Manager Nguyen also announced that the Economic Development Team had launched two new programs since the last meeting: the Restore and Reopen Façade Improvement Program and the Restaurant Relaunch Program. Of the nine ARPA-funded programs, he said, five had been launched since July of 2021.

Economic Development Manager Nguyen also announced two ribbon cutting events on Saturday at 11am for Soheila Bakery (hosted by the Hayward Chamber of Commerce) and La Victoria's Taqueria by ED staff. He invited members to come see La Vic's brand-new building and enjoy a mariachi band and their famous orange sauce.

ADJOURNMENT: The meeting was adjourned at 6:21 p.m.