



COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING MINUTES – December 5, 2016

CALL TO ORDER: In Mayor Halliday’s absence, Council Member Mendall called the Regular meeting to order at 4:00 p.m.

ATTENDANCE:

Committee Member	Present 12/5/16	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Michael Ly	✓	3	1	3	1
Didacus-Jeff Joseph Ramos		3	1	3	1
Mayor Halliday (Chair)		3	1	3	1
Council Member Márquez	✓	4	0	4	0
Council Member Mendall	✓	4	0	4	0

OTHERS IN ATTENDANCE:

Maria Hurtado, Assistant City Manager; Stacey Bristow, Deputy Director of Development Services; Micah Hinkle, Economic Development Manager; Paul Nguyen, Economic Development Specialist; Ramona Thomas, Economic Development Specialist; Representing Mission Seniors Development Project: Chu Rao, Pantéa Khoshnevis, Curtis Eisenberger, Glen Simmons, and John Thatch; Kim Huggett, President and CEO, Hayward Chamber of Commerce; Angela Andrews; Suzanne Philis, Senior Secretary

PUBLIC COMMENTS

Angela Andrews, resident of Palma Ceia/South Hayward, thanked Economic Development staff for providing updates on what was happening in the City especially economic activity in South Hayward on Tennyson, Hesperian and Mission Blvd.

Hayward Chamber of Commerce President and CEO Kim Huggett reported on the Light Up the Season holiday event that happened on Saturday, Dec. 3rd. He thanked the City for funding the event and indicated it was very well attended. He said kids and families enjoyed the ice rink, Santa arriving on a fire truck, and the traditional tree lighting ceremony, while downtown businesses enjoyed the additional foot traffic generated by the event and the Passport to Downtown shopping program.

1. APPROVAL OF MINUTES OF SPECIAL MEETING NOV. 7, 2016

A motion to approve minutes made by Council Member Márquez with a second by Member Ly. Minutes from the November 7, 2016 Regular Meeting were unanimously approved with Mayor Halliday and Member Ramos absent.

2. ECONOMIC DEVELOPMENT PRELIMINARY CONCEPT REVIEW: Project Concept Update – Market Rate Senior Housing Development at 29312 Mission Boulevard

Economic Development Manager Hinkle introduced the item noting the Committee had first reviewed the project concept in December of 2015. Since then, developer Pristine Homes, working with the Dahlin Group architectural firm, had produced drawings for the Mission Seniors project and was now requesting feedback before submitting plans, he said.

Developer representative Chu Rao introduced Dahlin Group Senior Principal John Thatch who gave the presentation. Mr. Thatch mentioned some of the considerations of the site including the density of the project, required parking, slope of the hillside, and neighboring single family homes. Of the three main buildings, he said Building A would be the welcoming building, Building B would house most of the community amenities, and on the hillside, Building C would be smaller to not impact neighboring views and spaces.

Mr. Thatch explained that based on earlier feedback, the number of smaller units had been increased, raising the total number of units from 170 to 200. Ms. Rao noted the increased density was also based on the acquisition of another half-acre of land. Mr. Thatch explained that density was necessary to support the level of amenities that would be offered.

Regarding the slope of the project site, Mr. Thatch noted the roofline of Building C would be at the same height as the foundation for the three single family townhomes on Overhill Drive.

No retail is being planned for the site, Mr. Thatch said, but providing guest lodging is being considered. He noted that all buildings would have two elevators and that the amenities in Building B would be accessible by pedestrian bridges and covered pathways from Buildings A and C.

Based on previous feedback from members, Mr. Thatch noted pedestrian pathways were incorporated into the design and could be connected to future surrounding developments. He also mentioned that Buildings B and C would have rooftop amenities with incredible views. The style of the buildings, he said, would be contemporary Spanish, with more color and a circular driveway in front of Building A for fire access and a nicer approach.

Mr. Thatch concluded his presentation noting the goal was to make this a model project from which residents would never need to move again.

Economic Development Manager Hinkle explained that some of the design modifications were based on substantial fault line studies. He commented that the fault line running between Buildings B and C was also the reason why the Valle Vista project had to be modified. He mentioned that a 50-foot buffer had to be maintained on a known fault.

Manager Hinkle noted the project wasn't a full development application yet and that staff review was still pending, but feedback on the concept was beneficial to the developer.

Council Member Mendall asked about the parking ratio and Ms. Rao said currently, 1.3-1.4 spots per unit. Mr. Thatch noted they were also looking at car lift systems.

Member Ly asked if the price had changed since the last time. Ms. Rao said units would sell for between \$500,000 and \$750,000.

Member Ly commented that the three townhomes at the top of the property seemed a little out of place. Ms. Rao explained that the zoning was different for that parcel and that the owners of the three townhomes would approach from Overhill Drive while the rest of the community would enter and exit from Mission Blvd.

Member Ly asked if the project was still 117 units for residents 55 and older. Ms. Rao explained that the number of units had been 170, now 200, and that she had purchased another half-acre for a total of 5.6 acres including the parcel with the three townhomes. She also confirmed the project was for seniors 55 and older.

Member Márquez said she was concerned about the fault line and asked Mr. Thatch to show her where it was in the project. Mr. Thatch explained that they were comfortable with their plan to put a road along the fault line between the two buildings, but that they'd be working with geologists and staff to determine everything they needed to do.

Council Member Márquez asked if the residents of the three townhomes had access to the main buildings and Mr. Thatch said no, walkways were being considered, but noted they would have to meet accessibility requirements. Council Member Márquez confirmed residents of the townhomes could use the amenities if they wanted to and Mr. Thatch said yes.

Council Member Márquez asked if there would be Home Owner Association dues and was told yes. She asked if there were similar projects she could visit and Mr. Thatch said not many, but that he would get her addresses of developments on the Peninsula and in Marin County. Council Member Márquez asked about staffing ratio and Mr. Thatch said he would have to get back to her with that information.

Ms. Rao noted all units were single level. Council Member Márquez said she appreciated the universal design and the ability to age in place. Ms. Rao noted that single level, multi-family senior housing was very uncommon. Council Member Márquez confirmed units would have wide doorways, grab bars, etc. and Ms. Rao said absolutely.

Council Member Márquez said overall she liked the design and the landscaping, but would like to see more studios. Ms. Rao said 15% of the units would be 3-bedroom, 2-bedroom would be the most common at 50%, and 35% would be studios. Council Member Márquez said she also wanted to make sure neighboring views were not obstructed by the project and Mr. Thatch said they were very conscientious about being a good neighbor.

Council Member Márquez asked staff if under the form-based code the project was required to have retail and staff said no, not in this area. Council Member Márquez said that she liked that parking was

hidden within the project, that the project was well-thought out and the high level of amenities. She said she would like to see connectivity between the townhomes and the main community and she hoped the front parcel (currently a used car dealership) would become available for purchase and brought into the development.

Council Member Mendall said he liked the overall concept, and the density along Mission was fine, but he was a little uncomfortable with the level of density against the hillside. He said it was going to be more visible and would be more likely to block the views of the existing homes. Regarding connectivity, Council Member Mendall said ideally, this and all future projects would be connected by walkways and potentially, a road. Since the fault required a 50-foot buffer, he said he would like to at least keep open the option of a road. He also agreed with Council Member Márquez that there should be some connection between the townhomes and the main community.

Council Member Mendall commented to staff that a senior housing development would definitely generate the need for a grocery store nearby. He suggested that staff keep that need in mind and rezone a nearby parcel to allow the use.

Council Member Mendall also encouraged the developer and staff to considering unbundling the parking so residents would have the option of paying for a second parking spot and an incentive to have only one car would be created.

Council Member Mendall said he loved the rooftop amenities and appreciated having two elevators in each building and the bridges and covered walkways.

Council Member Márquez noted the City had a paratransit shuttle and encouraged staff and the developer to create a stop at the site.

Resident Andrews said she was supportive of a grocery store near the site.

Member Ly asked the target date for opening and Ms. Rao said she wanted to submit the application in January, target the end of next year for ground breaking, and fall of 2018 for opening. She acknowledged it was an aggressive timeline, but she was hopeful CEDC feedback would eliminate any delays.

Deputy Director of Development Services Bristow commented that she appreciated Ms. Rao passion and commitment to overcoming challenges to make the project work for both her and the City.

Council Member Márquez asked the name of the consultant specializing in universal design and Ms. Rao said she'd been working with Eskaton for schematic design.

Ms. Rao thanked members and staff for their support.

3. CONCEPT REVIEW EFFECTIVENESS

Related to the previous item, Economic Development Manager Hinkle said members had requested a report back on the effectiveness of providing concept review feedback on potential projects. He listed projects that the CEDC had reviewed including: Mission Hills Middle School, Mission Crossings, Shea Industrial, California Crosspoint, Mission Seniors, and Maple & Main. He noted that

all projects had continued to move forward except for Mission Hills Middle School. Manager Hinkle introduced Dominic Dutra, who had presented two of the above-listed projects to the CEDC, and who gave his perspective from a developer's standpoint.

Council Member Mendall added the Holiday Bowl site to the list and Manager Hinkle noted that project was reviewed by Council, not by the CEDC. Council Member Mendall also mentioned Council had also recently reviewed the development of CalTrans property in south Hayward.

Mr. Dutra said Hayward was at a tipping point and was the city in the bay area with the best potential and noted having strong economic development was critical. He said it was all about competition with other cities and being able to bring projects to policy makers before submitting plans was a game changer.

Mr. Dutra discussed the advantages of receiving feedback for both Mission Hills Middle School project, which did not move forward, and California Crosspoint, which did. Members commented that they appreciated the feedback from Mr. Dutra.

Manager Hinkle mentioned a proposed development at the former Ford site that the CEDC had reviewed unfavorably and noted the negative feedback had proved just as valuable because it saved the developer time and money. He noted the same developer now had four other potential pending projects in the City.

Council Member Márquez mentioned that she had served on the City's Planning Commission before becoming a Council Member. She said that the review process was developed because of a project the Planning Commission rejected. Council Member Mendall added that the developer would have saved millions of dollars and a couple of years if the CEDC had provided feedback before formal plans were submitted.

Council Member Mendall said he hoped word was spreading and that Hayward's reputation was changing for the better. Mr. Dutra confirmed it was, noting the quality of staff, and the leadership of the Planning Department, was credible and competent. Hayward's reputation was always good, he said, now it was outstanding.

Manager Hinkle clarified that to have real value, feedback had to be provided before a formal application was submitted.

Council Member Mendall said he preferred that small and medium-sized projects came before the CEDC rather than Council because the setting was more informal, more intimate, and therefore, hopefully more helpful to the applicant.

Chamber President Huggett commented that the emphasis on customer service over the last three to four years had been stunning and the results spoke for themselves. Council Member Mendall asked Mr. Huggett to share those comments with the rest of Council.

4. COMMERCIAL INCENTIVES PROGRAM UPDATE

Economic Development Manager Hinkle introduced the item noting the five incentives being presented were a mix of programs that worked in the past and per CEDC feedback, right-of-

way/public improvements programs complete with guidelines. He mentioned that a better approach had been suggested for the Sewer Treatment Capacity Bank Program included in the packet so that incentive had been put on hold for the time being.

Council Member Márquez said she appreciated the guidelines and liked that the Tennyson area was being included although she wondered how staff would approach such a large area. She asked when Members could expect updated information on the Sewer Capacity Program and Manager Hinkle said at the next regular meeting in February.

Council Member Márquez asked how the incentive programs would be marketed. Manager Hinkle said a combined effort of Economic Development and Public Works, plus website updates and flyers consistent with other marketing materials. Council Member Márquez confirmed staff had resource referrals for businesses that needed help developing things like a business plan and Manager Hinkle said yes.

Council Member Márquez asked if the City had a wish list of desired businesses for downtown, Mission Boulevard and Tennyson Road. Manager Hinkle said Economic Development Specialist Thomas had been conducting Business Engagement meetings with top employers and sales tax generators to find out who was looking to expand and where they would like to go. He noted the City still struggled with lack of available space and absentee property owners. He mentioned Specialist Thomas was also working with a consultant on a commercial pop-up program that would allow retailers to test demand before taking on the capital expense of improving private property. Manager Hinkle said staff would be providing a report on the pop-up program.

Specialist Thomas mentioned she had been attending community meetings in the Tennyson area organized by the Police Department to meet with as many business owners as possible at one time. She confirmed that many property owners lived out of the area so focus would initially stay with business owners. Council Member Márquez liked the personal approach and that the City was demonstrating it cared about small business. Specialist Thomas noted most business owners were being contacted for the first time.

Member Ly asked if the financial cap mentioned in the staff report was total funding for all the programs and Manager Hinkle explained the cap was the available funding per business. If the programs were successful, he said, more funding could be requested in the future.

Member Ly asked if some of the incentives were loan-based programs and Manager Hinkle said yes, but for the façade program if improvements were maintained per the guidelines, the loan became forgivable.

Member Ly asked what was the total amount of funding being requested and Manager Hinkle said two million to start, but last year's allocation from Council was \$300,000. Member Ly asked where funds came from and Manager Hinkle said Community Development Block Grant funds and General Funds.

Member Ly asked how loans were underwritten and Economic Development Manager Hinkle explained that the City had a loan committee with members with banking and financial expertise who evaluated the risk to the City. He noted that most loans were tied to real property or other business assets. Member Ly asked if interest was charged and Manager Hinkle said prime. He also mentioned

that the City wasn't competing with banking institutions and would only provide gap funding.

Member Ly said he hired a consultant to find incentive programs and complete the required applications. He encouraged staff to direct small and medium business owners to take advantage of these programs as they became available. Manager Hinkle said staff had been making referrals as part of business outreach efforts.

Council Member Mendall questioned why the report said the façade improvement program and micro enterprise grant were limited to businesses in the downtown core. Staff said that was an error and guidelines would be corrected to indicate these programs were available to all qualifying businesses in Hayward.

Council Member Mendall said location should not determine eligibility for incentives. He also encouraged staff to use incentives and guidelines to attract desired businesses to a particular area, for example, a bank on Tennyson or a grocery store in south Hayward.

5. FUTURE AGENDA ITEMS

Council Member Márquez requested that a list of desired businesses be added to the list of future agenda items and be included in the Downtown Specific Plan. Council Member Mendall agreed that desired entertainment uses both city wide and in the downtown should be included.

Chamber President Huggett mentioned that Chalk It Up was reopening this week. He also announced the ribbon cutting on Dec. 15th from 6-8pm for the new Meridian terminal at the Hayward Executive Airport and noted the Planning Commission would be reviewing the Maple and Main development at 7pm the same day.

Council Member Mendall asked Specialist Thomas to forward the information for the next meeting between Tennyson business owners and PD to Council.

Members confirmed the January Regular Meeting would be cancelled.

Council Member Mendall asked staff if they needed any more topic suggestions and Manager Hinkle mentioned there could be two potential projects coming for concept review in February.

Council Member Márquez asked if the CEDC would receive an update from the Downtown Specific Plan Task Force and Deputy Director Bristow said she could provide an update in February. Manager Hinkle said Development Services was also coming in with an Activities Update in February. Deputy Director Bristow noted the Activities Update would include empathy and community outreach efforts by staff using Lean Innovation approaches. Members agreed that if an item goes to Council, the CEDC doesn't need to review after the fact.

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

Senior Secretary Philis gave a recap of the Light Up the Season tree lighting holiday event that happened this year on Saturday, December 3rd, from 3:30-6:30pm, rather than the traditional first Thursday of the month. She said feedback was positive for the new day with participants reading

about the event on Facebook, in the Tri-City newspaper or just seeing activity as they passed by. She also noted participants reported eating at downtown restaurants, which was the goal and reason why food trucks and outside food vendors were not at the event. She mentioned downtown merchants organized a Passport to Downtown shopping program with the assistance of Specialist Thomas and that the Chamber did an excellent job of tying merchants in with the event.

Specialist Thomas said winners of the Passport program drawing were announced that day and that although merchants reported good participation in the Program they had changes for next year. Specialist Thomas noted this was the first time the merchants handled the logistics of the program. She also mentioned that the Hayward Farmers Market merchants had expressed interest in organizing their own Passport Program.

Council Member Márquez said the feedback she received was that people loved the Passport Program but wanted it to last longer than a week. Regarding the holiday event, she also heard from participants that they preferred Saturday, she suggested growing the event, and she expressed concern about the lack of lighting and activities between Mission and Main. She asked the cost of rides and staff said one to two dollars per ride.

Council Member Mendall suggested moving the Farmers Market to the space between Mission and Main on B Street to add activity. He said he liked the Passport Program and found it less confusing than last year's. He noted the restaurant he went to after the holiday event reported strong earnings that day because of the crowds and lack of food vendors.

Member Ly asked if staffing levels for Economic Development were going to be increased. He said activities were only going to grow as the economy improved and the business concierge program would be in demand. Manager Hinkle said the Economic Development Strategic Plan update was going before Council in January and included a report of activities and future staffing requests.

Specialist Nguyen announced that three Hayward businesses had been selected by the East Bay Economic Development Alliance for an Innovation Award. He said last year the city had two finalists: Motiv Power Systems and Inland Metal Technology. The three finalists for 2017 include Alphabet Energy, MDC Vacuum Products, and Microvi Biotech. Specialist Nguyen said winners would be announced in March at a big gala at the Fox Theater in Oakland.

Manager Hinkle noted that Hayward had the highest number of finalists of any city. Specialist Nguyen said there eight award categories and over 200 applications had been submitted. Council Member Mendall asked how many finalists or winners Hayward had had in before last year and staff said zero. Chamber President Huggett commented that one year Hayward had eight nominees, but none were selected. Those businesses were recognized with Business Appreciation Awards at a City Council meeting, he said. Members congratulated staff.

ADJOURNMENT: The meeting was adjourned at 5:52 p.m.