



COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING MINUTES – November 06, 2023

CALL TO ORDER: Mayor Salinas called the regular meeting to order at 5:02 p.m.

ATTENDANCE: (October 2023-July 2024)

Meeting Attendees	Present 6/5/2023	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Mayor Salinas	✓	2	0	1	0
Council Member Andrews	✓	2	0	1	0
Council Member Bonilla	✓	2	0	1	0

OTHERS IN ATTENDANCE:

Kelly McAdoo, City Manager; Regina Youngblood, Assistant City Manager; Paul Nguyen, Chief Economic Development Officer; Daniel Mao, Economic Development Specialist; Sara Buizer, Director of Development Services; Jeremy Lochirco, Planning Manager; Rozalynne Thompson, Senior Planner; Javier Castro, Administrative Assistant; Michelle Torres, Senior Code Enforcement Inspector; Sonia Waraich.

PUBLIC COMMENTS

There were none.

1. APPROVAL OF MINUTES OF REGULAR MEETING June 5, 2023

A motion to approve the minutes from the October 2, 2023, Regular Meeting was made by Council Member Bonilla and seconded by Council Member Andrews. The minutes were approved.

2. Commercial Cannabis Program: Status Update on Existing Cannabis Business and Discussion on a Possible Restorative Justice Component Tied to Program Enforcement

Director of Development Services Buizer introduced Senior Planner Thompson who gave the presentation.

Mayor Salinas asked for clarification on the following question staff posted to CEDC members: “Does the CEDC support adding a sunset provision to the current Commercial Cannabis ordinance that establishes a timeframe to vest their Commercial Cannabis Permit?”

Senior Planner Thompson responded by stating that the current ordinance does not have an established time frame to cease or revoke a permit if the permit holder has not acted on it.

Council Member Bonilla asked if the 13 commercial cannabis permits have been permitted for operators. Senior Planner Thompson responded that thirteen permit holders have gone through some stage of the process, four are fully in operation, eight are in certain stages of the process, and one has started the application and it is incomplete.

Council Member Bonilla questioned if the sunset provision would affect the eight existing commercial cannabis permit holders who have not received their planning entitlements. City Manager McAdoo stated that this question would be better answered by the City Attorney's Office.

Council Member Bonilla asked how the sunset provision would affect the current permit holders who are not in operation. Director of Development Services Buizer stated the biggest challenge was when cannabis was approved by the City Council there was a limitation on retail dispensaries, and it was the only limitation placed on any cannabis operation. Director of Development Services Buizer added that retail dispensaries are only permitted in the downtown area, which is a very limited geographic space.

Director of Development Services Buizer stated that residential entitlements are good for three years and if needed, developers could request an extension and be making good faith and efforts on construction. Director of Development Services Buizer stated that similar provisions are applicable but the cannabis ordinance itself is silent about the provisions.

Council Member Bonilla clarified that the provision would affect the few permit holders who have not moved forward with the process. Director of Development Services Buizer added that it could be open for other operators to apply for permits to replace the previous permit holder with the expiration.

Council Member Bonilla supported establishing a sunset provision and would like to hear what other jurisdictions are currently doing first.

Council Member Bonilla asked if there had been any recent interest from the cannabis industry statewide regarding the tax structure or is it just Hayward. Director of Development Services Buizer answered that they received feedback from cannabis operators that the taxes are a driver for keeping them from moving forward. Chief Economic Development Officer Nguyen also added there are discussions around over taxation on the retail marketplace. Cannabis industry advocates argue that the combined taxes at the state and local levels are propping up the illegal market.

Council Member Bonilla asked for Chief Economic Development Officer Nguyen opinion on the taxes. Chief Economic Development Officer Nguyen responded that he has not done any research to comment on the taxes. He added that Economic Development does not focus on cannabis businesses. City Manager McAdoo added the other option would be what was done for the Transient Occupation Tax. City Manager McAdoo stated a tax ceiling could be set and the City would have the authority to adopt a lower tax rate.

Council Member Bonilla supported exploring the tax on cannabis retail operations.

Council Member Andrews questioned if there can be a local breakdown on the taxation of cannabis retailers based on other local jurisdictions. They also added to find out the trend of impacts of cannabis

operations and if the taxes help cover any issues that we may see. Planning Manager Lochirco answered that they found the tax rates are based on the kind of operations. Taxes for retail dispensaries tend to be higher because they are a point-of-sale and can receive sales tax. Planning Manager Lochirco added other cities have a scale tax approach where the point of sale to the consumer is a higher tax rate than transferring products from manufacturing and distribution businesses, which would be at a lower tax rate.

Council Member Andrews stated that she had issues with permit holders who have property and are not doing business. She added that she would like to see a sunset provision. Council Member Andrews questioned what would happen to the operators who were approved and not conducting business. Planning Manager Lochirco stated that the land use for entitlements are valid for three years, but the cannabis ordinance does not have a sunset provision for the cannabis operators that have been licensed by City Council. He added that with Council approval, the City could have a sunset provision and those cannabis license holders could reapply.

Council Member Andrews questioned the likelihood of more applications or people applying again. Planning Manager Lochirco stated that there has been a decrease of applicants since 2021 and earlier this year there were no prescreening applications.

Council Member Andrews questioned what the impact of delivery of cannabis are and if there are any in Hayward. Planning Manager Lochirco stated that there are several operators that got approval to operate in Hayward. He added that the State recognizes the struggles with the cannabis operations and the struggle to open these stores.

Council Member Andrews stated that she would be interested in seeing the escalating tax approach, but would like to see the ability to lower the taxes and added she is interested in the sunset provision.

Mayor Salinas noted the retail tour Consultant Michael Berene conducted at the October 2023 CEDC meeting included a statement that there are often empty buildings near the dispensaries in other cities because businesses find it difficult to open next to a cannabis retailer.

Mayor Salinas stated that the losers of the cannabis industry are the cannabis dispensaries because property owners charge more rent when cannabis businesses are the prospective tenant. He added that the winners are the medical laboratories, which see more businesses from people required by employers to take drug tests. He then added that he is against the cannabis industry and voted for the increase of taxation. Mayor Salinas also stated he voted to approve cannabis uses in the industrial zone, but not in the downtown area.

Mayor Salinas stated that the locations of the cannabis dispensaries in Alameda County are in black and brown neighborhoods and cities where the population predominately consists of low-income and people of color. He stated that Hayward Promise Neighborhood was awarded a grant, and they did studies of the downtown area and showed that Downtown Hayward is diverse, low-income, and has a high density of young people under the age of 10.

Mayor Salinas stated that the sunset provision is needed, but the operators had five years to open a business and another three years is too much.

Mayor Salinas stated the dispensary owners are being price gauged by the property owners as soon as they learn what type of business they will be conducting.

Mayor Salinas stated he agreed with the sunset provision but give them the least amount of time that is legally required since they had five years already. He also stated that he is against the decrease of tax on cannabis.

Council Member Andrews asked a question regarding one license holder who has not made any progress as they are in prime real estate at C St and Foothill. Planning Manager Lochirco stated the planning entitlement was issued a week ago and the entitlement lasts for three years. He clarified that this entitlement is separate from the commercial cannabis license that City Council approves. Planning Manager Lochirco clarified that staff is looking for input on the commercial cannabis length of license and not planning entitlement as that is a separate municipal code.

Mayor Salinas questioned if the City could catch changes of branding on cannabis dispensaries that were not approved by City Council. Planning Manager Lochirco stated after the 2021 update of the ordinance the City had full discretion over branding changes and they would have to be approved by the City Council.

3. Hayward Upward Economic Recovery Plan Update: Tuition Assistance

Chief Economic Development Officer Nguyen introduced Economic Development Specialist Mao who then gave the presentation.

Council Member Andrews asked about the career corner at Promise Fest. Economic Development Specialist Mao stated the career corner was only the job fair component of the Tuition Assistance Program and was not intended to be a central location.

Council Member Andrews stated she would like to see the career corner online where students can find job opportunities. Chief Economic Development Officer Nguyen stated that Economic Development does not have the bandwidth to create and maintain a webpage with all the job opportunities in Hayward. Chief Economic Development Officer Nguyen stated that we could work with our partners in Alameda County Workforce Development Board, who are located here in Hayward. The Workforce Development Board serves as a one stop shop location to get a job anywhere here in Alameda County. Chief Economic Development Officer Nguyen stated we could create a webpage within Economic Development's website that includes links to job seeker resources at other agencies.

Council Member Bonilla questioned out of the recipients of the grant, how many turned into jobs. Economic Development Specialist Mao stated that the recipients are still in school, but it is part of the data that is being gathered by our partners. When available, this data will be reported back to CEDC.

Council Member Bonilla questioned how we are making sure these students stay in Hayward with jobs. Chief Economic Development Officer Nguyen stated that there are no requirements for the student grantees to work in Hayward. He added the goal is to get the students the skills needed to compete for today's jobs whether it be in Hayward or in the region.

Chief Economic Development Officer Nguyen stated they did research on biotech companies and other local companies on what is needed, but those requirements are not unique to Hayward. He added the goal of the program is to position Hayward residents to obtain quality jobs.

Council Member Bonilla asked how the students are selected and what are the criteria. Economic Development Specialist Mao stated that the criteria are given to the fiscal partners, and they have their own application process. He added the primary questions are if they are Hayward residents that have been affected by COVID-19 and it has affected their ability to get employment. Chief Economic Development Officer Nguyen added that the criteria align with the APRA funding source requirements.

Council Member Bonilla added that they would like to have the career corner in South Hayward as well. Economic Development Specialist Mao stated that there was a lot of publicity around the program as Telemundo reported on the program and other news articles.

Mayor Salinas added that having a Career Corner - frame sign where the Hayward Library's Curbie is located will be helpful.

Mayor Salinas questioned if we could track the success rates and how fast they are graduating in relation to other students that have regular FASFA. Economic Development Specialist Mao stated they are collecting that data and have some points, but it is too small of data and that he would report back once there is bigger poll at the end of the program.

Economic Development Specialist Mao stated another program called Hired Hayward where Economic Development is working with employers to see what type of candidate is needed, and to have synergy with both the programs to create the pipeline.

Mayor Salinas commended Economic Development staff for the suite of ARPA programs. He added that these programs are directly addressing what community members' expressed as needs.

FUTURE MEETING TOPICS AS OF November 6, 2023

Council Member Bonilla questioned if we could add an update on Hayward housing market. City Manager McAdoo stated we could give a presentation on the housing market as what was done in the past.

Council Member Andrews asked if we could get an update on Hayward Police Department on how they support and respond to businesses when there is an issue like a busted window.

Mayor Salinas stated that he is a designee in the East Bay Economic Development Alliance and in the previous meeting they all voted to have crimes against retailers to be the number one priority and city staff will work to craft a plan. He added that it would include BART as it is hard to fill in areas near BART.

COMMITTEE MEMBER/ STAFF ANNOUNCEMENTS AND REFERRALS

Economic Development Specialist Mao stated that Economic Development participated in Manufacturing Week and partnered with Eden ROP and employers to schedule tour sites for two

hundred high school students.

Economic Development Specialist Mao also stated that restaurant Gurkha Kitchen operating under a soft opening in the former Hayward City Pho location on B Street.

Council Member Bonilla asked how the students were selected to go on the Manufacturing Day field trips. Chief Economic Development Officer Nguyen stated Eden ROP, who organized the events, worked with Hayward Unified School District to select student participants.

ADJOURNMENT: The meeting was adjourned at 6:19 p.m.