



COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING MINUTES – February 4, 2019

CALL TO ORDER: Mayor Halliday called the Regular meeting to order at 4:02 p.m.

ATTENDANCE (September 2018-July 2019):

Committee Member	Present 2/4/19	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Mayor Halliday (Chair)	✓	4	0	3	0
Council Member Mendall	✓	4	0	3	0
Council Member Salinas	✓	1	0	1	0

* Council Member Salinas appointed as of Feb 2019

OTHERS IN ATTENDANCE:

Kelly McAdoo, City Manager; Jennifer Ott, Deputy City Manager; Laura Simpson, Development Services Director; Catherine Ralston, Economic Development Specialist; Suzanne Philis, Senior Secretary; from Iron Ox: Brandon Alexander, Vimal Parsotam, Adrian Canosa, Nicole Bergelin, Brandon Miller; Anthony Varni, Alfreda Fry Andrews, Robert Andrews, Paul Hodges, Surina Piyadasa

PUBLIC COMMENTS

None

1. APPROVAL OF MINUTES OF REGULAR MEETING DECEMBER 3, 2018

A motion to approve minutes was made by Council Member Mendall with a second by Mayor Halliday. Minutes from the December 3, 2018 Regular Meeting were approved.

2. PRELIMINARY PROJECT REVIEW – IRON OX, 24985 HESPERIAN BLVD

Deputy City Manager Ott introduced the item noting no application had been submitted and some entitlement issues would need to be resolved, but said it was an exciting project and staff wanted to provide representatives with high-level feedback from members. Iron Ox co-founder and CEO Brandon Alexander gave the presentation, attorney Anthony Varni provided background on the Fry Family desired uses for the property, and engineering consultant Brandon Miller provided site design.

Hayward resident Surina Piyadasa asked if machine learning and AI were part of the project. Mr. Alexander said absolutely and explained the role of machines in the process. Ms. Piyadasa asked if the need for workers would be eliminated as the machine's dataset got larger. Mr. Alexander explained that machines would take care of the tedious, repetitive tasks, but humans would always be involved in the process.

Council Member Salinas thanked representatives for their interest in coming to Hayward. He asked how much of the process would be automated and how many employees would be onsite. Mr. Alexander said the percentage would change with capacity, but he didn't anticipate 50% automation for years. Mr. Miller explained that Iron Ox was still a start-up and that they were still trying to test and replicate the process for use in other cities. During the build out and test phase, Mr. Miller estimated two to 10 people on staff per week.

Council Member Salinas said he hoped academic programs at Chabot could be integrated into their business and then asked what crops would be produced. Mr. Alexander said not cannabis (noting that was usually the first question), and then listed fresh produce including culinary herbs and lettuces with the number of varieties expanding with capacity.

Council Member Salinas asked how much the greenhouses would produce. Mr. Alexander said thousands of heads of lettuce would be produced per week. Some baby lettuces would produce more than some of the mature crops, he said, but there would always be a decent mix.

Council Member Salinas asked if they had reached out to site neighbors. Mr. Miller pointed out that besides Chabot there weren't any immediate neighbors. Mr. Canosa also noted that they were still early in their development process but would be reaching out as the project progressed.

Mayor Halliday asked for a larger map that showed what was around the site noting Council recently approved a housing development that she thought would be nearby. Once the site was identified, Mayor Halliday asked if there would be any problems (like noise or traffic) with Iron Ox being located next to housing. Ms. Bergelin explained that the majority of the operations would take place in the greenhouses so no dust or pesticide would impact neighbors.

Council Member Mendall asked if thousands of heads of lettuce would be produced in the first phase or after complete buildout. Mr. Miller said that amount would be produced with the greenhouses they were proposing and confirmed eight to ten thousand heads of lettuce would be produced per week.

Council Member Mendall asked for confirmation that 90% less water would be used for the same crop yield. Ms. Bergelin explained that using hydroponic techniques water was filtered and recirculated around just the roots of the plants.

With his background in technology, Council Member Mendall acknowledged he had a bias toward cool stuff like this and said he had been waiting for companies to emerge and do this on a massive scale. He said he knew there were other companies with similar proposals but expected many to have significant success and he wanted to be supportive of that. That said, he noted the staff report indicated that the proposal would require a zone change. Deputy City Manager Ott explained that the proposal was consistent with the zoning code but would require a General Plan amendment. When

asked, Specialist Ralston said the General Plan designation was Public/Quasi-Public. Deputy City Manager Ott said staff would work with Development Services staff to move entitlements forward.

Council Member Mendall commented that if Chabot College ever needed to expand this was the only remaining land and he asked if that had ever been discussed. Attorney Varni said conversations dated back to the 1960's when the Fry family sold all but nine acres of their property to Chabot (100 acres were sold). When the two parties had tried to create an educational component on the nine acres, he explained, they couldn't because the State said Chabot had to own the land and per the will of Mrs. Fry, the land couldn't be sold for 50 years.

Council Member Mendall noted that if the General Plan was amended the land could never be used by Chabot. Deputy City Manager Ott said General Plan updates occurred on a regular basis and the site could be reevaluated in the future. Mayor Halliday pointed out the zoning would need to be changed to be used by the college (current zoning is Agricultural).

Council Member Mendall asked staff to figure out a way he could say yes to this project noting it was the logical location. Deputy City Manager Ott said staff would meet to discuss ways to move the project forward.

Mayor Halliday agreed the project was cool and told a story about hearing Mrs. Fry Andrews' mother, Marian Mohr Fry, speak at a Candidate Forum when she first moved to Hayward in the 1980's. Mayor Halliday said she remembered her mother fondly and really hoped Hayward would become the new home to such an exciting project. She said she hoped the home and the barn could remain and be recognized as being part of Hayward's history.

Mayor Halliday asked what Airport Land Use zone encompassed the site. Specialist Ralston said Zone 3 and confirmed for Mayor Halliday that allowed uses were moderately restricted by the vicinity to the airport.

Mrs. Fry Andrews commented that her parents had always been community-minded both when they leased the property for the golf course and when they sold land to Chabot College. They wanted to create a legacy for the community, she said. Mrs. Fry Andrews said the family wanted to preserve the home and barn, and the agricultural heritage of the site. She said this project with Iron Ox was a wonderful way to move from old agricultural to new.

Hayward Area Recreation and Park District (HARD) Board of Directors Vice President Paul Hodges commented that the District owned two other historic homes in Hayward and had always imagined another Ardenwood at this site. He said it would be an exciting partnership if the Fry Family ever wanted to discuss the idea.

3. ECONOMIC DEVELOPMENT JANUARY ACTIVITIES UPDATE

Deputy City Manager Ott said providing a short update of Economic Development staff activities would help members know what the team was working on. Specialist Ralston gave the presentation. Activities included the success of the Small Business Assistance Grant Program, revisiting the Business Visitation Program to include CEDC members, hiring a design consultant to increase impact of the current Façade Improvement Program, the continued demand for Business Concierge services, and successful outreach to vacant property owners.

Mayor Halliday asked about the empty Salvation Army building on A Street noting it was quickly falling into disrepair. Specialist Ralston said the owners were out of the country (China), but she had made contact with the property manager and was working with her to keep discussions and repairs moving forward. City Manager McAdoo said a letter from the Mayor encouraging them to repair windows and paint might help bridge the cultural gap.

Council Member Mendall said a quarterly update on staff activities would be enough or as-needed.

Members discussed San Francisco's new \$250/day vacant parcel tax and Deputy City Manager Ott noted that just hearing about the possibility of a similar tax in Hayward had generated a call from a long-time downtown property owner.

Council Member Salinas asked what the City's position was on a vacant parcel tax. Like Oakland and San Francisco, Deputy City Manager Ott said Hayward was looking at sustainable funding sources for homelessness services. Another option she said, was Development Services was considering a fee to inventory and monitor vacant spaces and develop an action plan. She noted the impact from a tax could be twofold: funding for homelessness services and galvanize long-time property owners to either sell or invest in activating their property.

Council Member Salinas said the need to do something was urgent noting some buildings had been empty for decades and people often commented to him about the number of vacant buildings. He was supportive of an empty building tax but expressed concern that owners in a hurry to fill buildings might be encouraged to allow bad or repetitive uses.

Deputy City Manager Ott said a fee might not be a strong enough incentive to get turnover on long-time vacancies and noted a tax may be needed. She also mentioned the newly formed downtown Community Benefit District (a self-imposed tax on downtown property owners) might be a natural incentive to activate empty buildings once property owners started paying the assessment.

Council Member Salinas said he wanted buildings clean and maintained so they would be ready for things like a pop-up. Deputy City Manager Ott said she was just contacted by someone interested in a doing a pop-up.

Council Member Mendall said he was in support of charging a fee to create an inventory of vacant buildings and perhaps fund economic development efforts to turn properties over. He noted even vacant storefronts were an eyesore. He pointed out that Council could revise downtown zoning to eliminate unwanted uses like cannabis uses, tattoo and massage parlors.

Deputy City Manager Ott noted that once Economic Development was fully staffed, they could proactively market to desired businesses to help compliment rezoning efforts. Council Member Mendall mentioned wanting entertainment uses like a bowling alley.

Council Member Salinas said he was concerned about finding a business willing to move in next to a cannabis store.

4. FUTURE MEETING TOPICS AS OF FEBRUARY 4, 2019

Council Member Mendall said he encouraged a gas station owner who wants to acquire a liquor license to reach out to Economic Development staff for a concept review in March. Members acknowledged there was already a liquor store 100 feet away.

Council Member Salinas said vacant buildings were his main concern. Mayor Halliday asked staff to come back with an item. Deputy City Manager Ott said staff could develop a plan as part of the pending Strategic Plan update or a separate agenda item. Council Member Salinas suggested signs encouraging uses like a burger joint in empty storefronts.

Specialist Ralston said a sales tax consultant would be providing an update in March.

Mayor Halliday suggested adding housing numbers related to the CASA Compact included with the item listed for RHNA (Residential Housing Needs Allocation) and asked for the item to come back to the CEDC sooner rather than later.

Council Member Mendall asked staff to bring the vacancy percentages included in the presentation to the Airport Land Use Committee meeting. He suggested a briefing on the minimum wage ordinance for newly-elected Council Member Wahab to get her up to speed on past discussions, and he requested a gender pay gap/equal pay report be added to future items. Staff said a report should be ready in March.

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

Mayor Halliday asked if there was any news about the vacant Economic Development Manager position and Deputy City Manager Ott said interviews were scheduled for that Thursday. She also noted the new Manager would fill the remaining Specialist position.

ADJOURNMENT: The meeting was adjourned at 5:16 p.m.