



SUBJECT

Proposed Development of a New Approximately 116,844-Square-Foot Industrial Building Requiring Site Plan Review Approval and a Historic Resources Demolition Permit; Certification of an Environmental Impact Report; and Adoption of a Mitigation, Monitoring and Reporting Program and Statement of Overriding Considerations at 4150 Point Eden Way (Assessor Parcel Number 461-0085-020-02). Jerry Owen on Behalf of U-Haul (Applicant); Amerco Real Estate Co. (Property Owner).

RECOMMENDATION

That the Planning Commission approves Site Plan Review Application No. 201901039 and the related Historic Resources Demolition Permit, subject to the attached Findings (Attachment II) and Conditions of Approval (Attachment III); and reviews and certifies the Draft and Final Environmental Impact Report (Attachments V and VI, respectively), and adopts the Mitigation Monitoring and Reporting Program (Attachment VII), and findings related to the Statement of Overriding Considerations (Attachment II), prepared pursuant to the California Environmental Quality Act.

SUMMARY

The proposed project would result in the construction of a new industrial building to house U-Haul regional corporate offices and a warehouse on an underutilized site located at the western edge along State Route 92. The proposed development would require demolition of dilapidated historic structures previously affiliated with the Oliver Brothers Salt Company. The proposed industrial building would be approximately 116,844 square feet in size and reach approximately 50 feet in height to finished roof.

The proposed project would also include relocation of the Bay Trail from the current location along the eastern property line between two industrially zoned properties to run along the project site's western property line to take advantage of the natural setting and views to the Bay. In addition, the project would include establishment of an approximately 32-acre preserve on the western portion of the project site.

In addition to the project entitlements, the Planning Commission is being asked to review and certify an Environmental Impact Report (EIR) that was prepared for the project. The Draft EIR (DEIR) focused on the areas of Biological Resources, Hazardous Materials, Cultural Resources, Transportation and Tribal Cultural Resources, because all other subject areas were scoped out in an Initial Study that was prepared for the project. The DEIR concluded that all impacts could be mitigated to a level of less than significant as detailed in the Mitigation Monitoring and Reporting Program (MMRP), except for Cultural Resources, which could not be mitigated because the project requires demolition of a designated historic resource. A mitigation

measure requiring archival documentation of the extant structures and installation of interpretive signage was incorporated into the MMRP and as a condition of approval for the project, but the impact will remain significant and unavoidable. Therefore, the Planning Commission will be asked to adopt a Statement of Overriding Considerations to approve the proposed project.

BACKGROUND

In September 2016, a development permit application was submitted to construct a large-scale industrial shell building on the subject site. During the review period, staff identified major areas of concern including poor building design, impacts to wetlands and biological and cultural resources, and conflicts with Bay Trail access through the site. The applicant withdrew the development permit application.

In July 2017, the property was sold via online auction and purchased by Amerco Real Estate Company based in Phoenix, Arizona. On February 25, 2019, U-Haul submitted Site Plan Review Application 201901039 for two concrete tilt-up buildings to house the U-Haul Corporate Maintenance Facility and a speculative warehouse. In the first application status letter, staff expressed significant concerns related to the proposed building and site design, impacts to wetlands and biological resources, and conflicts with Bay Trail access, similar to comments provided in May 2017.

Public Outreach. On February 28, 2019, an initial Notice of Application Receipt for the project application was sent to 82 addresses including property owners, tenants, and businesses within a 300-foot radius of the project site.

On November 10, 2020, the City released a Notice of Preparation (NOP) with an accompanying Initial Study (IS) to the public and posted the NOP on the City's website and provided notice in The Daily Review.

On December 10, 2020, the City held a public scoping meeting to receive additional public comments. Concerns raised in response to the NOP were considered during preparation of the Draft EIR.

On June 25, 2021, a Notice of this Public Hearing for the Planning Commission meeting was sent to property owners, residents, and businesses within 300-feet of the project site as well as published in The Daily Review newspaper. To date, staff has not received any public comments, concerns or questions related to the proposed development except as described in the CEQA section below.

Council Economic Development Committee. In May 2017, the Council Economic Development Committee (CEDC) considered a preliminary concept design by CenterPoint Properties, which proposed a 98,000 square foot speculative industrial building that would house biotechnology uses on the site. The CEDC was supportive of the proposed development; however, the developer did not move forward with the proposed project.

On April 1, 2019, the CEDC considered the first U-Haul submittal which included two separate concrete tilt-up buildings with stucco exterior and minimal glazing and included a corporate maintenance yard for U-Haul. The CEDC was not supportive of the building as designed and

recommended significant upgrades to the site and building design to eliminate the maintenance yard, and to increase design complexity along the Route 92 frontage by breaking up the building massing and adding a variety of building materials. The CEDC did not support the proposed U-Haul use or the corporate maintenance yard but said that the use may be acceptable if the building and site is very well designed. Overall, the CEDC expressed a desire to see a state-of-the-art gateway building on the site regardless of the use. There was some discussion of retaining and building around the Oliver Brother Salt Works historic structure, but the CEDC as a whole did not express a desire to retain the building. Following this meeting, the applicant eliminated the maintenance yard and redesigned the site and building as described further in this staff report.

Hayward Area Shoreline Planning Agency. In April 2019, the proposed development was presented to the Hayward Area Shoreline Planning Agency (HASPA) which is composed of members from the Hayward City Council, the East Bay Regional Park District and the Hayward Area Recreation and Park District. Members of HASPA recommended that the building be redesigned to have a high-tech, high quality aesthetic; that the building incorporate art features reflecting the natural setting and historic salt production on the site; that the Bay Trail be relocated to the western edge of the property; that the height of the building be minimized; and, that the foundation of the building be raised to accommodate future sea level rise. The applicant redesigned the building and site in accordance with staff and HASPA comments and resubmitted on January 29, 2020.

Chamber of Commerce. On March 5, 2021, City staff presented the updated proposed development at the Chamber of Commerce Government Relations Committee (GRC). Committee members expressed a desire to see more intense office or biotechnology uses similar to development and uses on the west side of the San Mateo Bridge in Foster City; however, the group understood that the site was environmentally sensitive, which constrained the development on the site.

PROJECT DESCRIPTION

Existing Conditions. The proposed project site is comprised of six separate parcels with an eastern component (APNs 461-0085-019-00, 461-0085-020-01, and 461-0085-020-02) and a western component (APN 461-0061-001-00, 461-0090-001-00, and 461-0090-002-00). The eastern component at 4150 Point Eden Way is the location of the proposed development project while the western component has no public road access. The Figure below is taken from the DEIR prepared for the project and shows the western and eastern components outlined in yellow.

Figure 2-3 Project Site Boundary



The 32-acre western component of the project site is generally flat and covered in salt ponds that were used as evaporation ponds for salt production, intermittent grasses and shrubs. The approximately 6.8-acre eastern component of the project site is generally flat. The site has a 12,350-square-foot wooden structure that was previously used as a processing plant for salt production for the Oliver Brothers Salt Company which operated in the first half of the 20th century. The structure is dilapidated, vandalized and has been used by squatters over the past several decades.

The project site is bordered by State Route 92 on the north, the Bay Trail and industrial development on the eastern property line, and publicly owned and maintained bay lands to the west and south of the project site. The project site is not currently served by public transit and is nearby the Hayward Regional Shoreline recreational area.

Proposed Project. The proposed project would involve construction of a new industrial building on the eastern component of the project site and preservation of an open space/wetland preserve on the western component.

Eastern Component: The proposed industrial building would be located on the approximately 6.8-acre eastern component. The building would be approximately 116,844 square feet in size and would include approximately 114,059 square feet of warehouse space and a 2,785-square-foot office. The office space would be provided at the north end of the building, facing State Route 92, and would house regional corporate offices for U-Haul. The warehouse portion of the building would house U-Haul storage pods, materials and trucks. When operational, approximately 20-25 employees would be on-site. The building would reach approximately 50 feet in height to finished roof.

The proposed architecture would feature varying rooflines and a projecting, glass encased office area at the front of the building and visible along State Route 92. The building would have a mix of architectural materials and colors and vertical and horizontal scoring to break

up the building massing. The northern (facing State Route 92) and western (facing the Bay) elevations building would also feature artistic elements including bird sculptures and green accent metal panels reflecting surrounding wildlife and grasses.

Access to the site would be provided at the terminus of Point Eden Way. A total of 79 parking stalls would be located along the northern and western property lines and would be buffered by an approximately 20-foot-wide landscaped setback along the northern and eastern property lines and 10-foot-wide landscaped setbacks along the western and southern property lines. Approximately 16% of the site would be landscaped and an 830-square-foot employee amenity area with meandering pathways, a shaded dining area, portable seating areas and landscaping features would be located at the front of the building.

The San Francisco Bay Trail is currently located on the eastern edge of the eastern component of the project site. The proposed project includes a land swap for East Bay Regional Park District (EBRPD) to relocate the Bay Trail from the current location along the eastern property line (between two industrial properties) to meander along the northern property line and then to turn south to run along the western property line until meeting its current location on Point Eden Way. The realignment would provide views to the Bay, and the trail would be designed to EBRPD standards.

Western Component: The 32-acre western component of the project site, which is primarily composed of abandoned salt evaporation ponds, would be preserved in perpetuity via recordation of a deed restriction or other appropriate legal mechanism, ensuring that the salt ponds are permanently preserved as open space in perpetuity. No conservation easement or conservator endowment would be provided, and no management plan or improvement plan is proposed.

Sustainability Plan. The proposed development will follow the City's recently adopted Reach Code for new commercial buildings¹. The project will make provisions to meet the California Public Utilities Commission (CPUC) California Long-Term Energy Efficiency for commercial construction to be zero net energy and will not include natural gas. A total of two electric vehicle (EV) charging stations and four bicycle parking spaces will be provided on site.

POLICY CONTEXT AND CODE COMPLIANCE

Hayward 2040 General Plan. The project site is in an area designated as Industrial Technology and Innovation Corridor (IC) in the *Hayward 2040 General Plan*². The Corridor is expected to grow as an economic and employment center and evolve to achieve a healthy balance of traditional manufacturing, warehousing and logistics as well as newer information- and technology-based uses. Allowable uses include professional offices, corporate campuses, research and development, warehousing and logistics, manufacturing, and biotechnology.

The proposed development would meet *Hayward 2040 General Plan* goals and policies related to expanding the economic and employment base in Hayward (Land Use Goal 6); enhancing the visual character of the site with the removal of a dilapidated structure currently located at the gateway entrance to the City (Land Use Policy-6.6); and, in employing building and site

¹ City of Hayward Reach Code Initiative: <https://www.hayward-ca.gov/reach-code>

² Hayward 2040 General Plan: <https://www.hayward2040generalplan.com/>

design strategies and employee amenities to create an attractive development (Land Use Policy-6.7 and 6.8).

Zoning Ordinance. The project site is located in the IP (Industrial Park) sub-district³. The proposed warehouse and office use is permitted in the IP District, provided buildings and site development are designed with an office appearance from the right-of-way. Further, the proposed development meets the IP District development standards as shown in Table 1:

| | Required | Proposed | Consistent |
|--|-------------------|---------------------------------|-------------------|
| Minimum Lot Size | 1.5 acres | 6.83 acres | Yes |
| Minimum Lot Frontage & Ave. Lot Width | 250 feet | 429-440 feet | Yes |
| Maximum Floor Area Ratio | 0.8 | 0.39 | Yes |
| Maximum Height | 75 feet | 50 feet | Yes |
| Minimum Yards | | | |
| Front | 20 feet | 20 feet to parking | Yes |
| West Side (abutting Open Space) | 10 feet | 10 feet to parking | Yes |
| East Side (abutting industrial development) | 10 feet | 50 feet to face of building | Yes |
| Rear (abutting Open Space) | 10 feet | 72 feet to the face of building | Yes |
| Minimum Landscaping | 15% | 16% | Yes |
| Parking | 59 parking spaces | 79 parking spaces | Yes |
| Minimum Employee Amenity Area | 300 sq. ft. | 830 sq. ft. | Yes |

Historic Resources Ordinance. The extant structure located on the project site was used in salt production and processing that occurred on the site in the first half of the 20th century. The site and structure are listed on the California Register of Historic Resources (CRHC) and deemed eligible for listing on the National Register of Historic Resources (NRHR). Pursuant to HMC Section 10-11.070, all projects that require modification or removal of a designated historic resource shall obtain a Historical Resource Demolition Permit from the Planning Commission following environmental review. Please see the Staff Analysis and Environmental Review sections of the staff report below, Section 4.2 of the DEIR⁴ and related Cultural Resources Assessment Report (Appendix B to the DEIR)⁵, for additional information and analysis related to this topic.

Hayward Shoreline Adaptation Master Plan & Flood Plain Management Ordinance. On February 16, 2021, the Council adopted Resolution No. 21-024 approving the Hayward Regional Shoreline Adaptation Master Plan⁶. The Master Plan provides background and existing conditions along the Hayward shoreline; assesses sea level rise and flood risk impacts; and provides adaptation strategies and design strategies for the Hayward shoreline.

According to a Sea Level Rise Mapping Report prepared for the Master Plan, portions of the parking lot would experience periodic inundation during king tides and storm surges with two feet of sea level rise within approximately 30 years. However, the proposed building is

³ Hayward Municipal Code Section 10-1.1600, Industrial Districts. https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1ZOOR_S10-1.1600INDI

⁴ Draft EIR for the U-Haul Development Project at 4150 Pt Eden Way. <https://hayward-ca.gov/sites/default/files/4150%20Point%20Eden%20Way%20Industrial%20Project%20Draft%20EIR.pdf>

⁵ Draft EIR Appendix B, Cultural Resources Assessment Report. <https://hayward-ca.gov/sites/default/files/EIR%20Appendix%20B.pdf>

⁶ Hayward Regional Shoreline Adaptation Master Plan. https://www.hayward-ca.gov/sites/default/files/210510_Hayward%20Shoreline%20Adapataion%20Master%20Plan_Document_Pages.pdf

designed to be protected for over two feet of sea level rise at Mean Higher High Water and would be raised above the 100-year flood plain and therefore meets the City's Flood Plain Management Ordinance. The applicant is aware of the risks associated with sea level rise and is exploring options for adaptation across the site in the future.

STAFF ANALYSIS

Staff has reviewed the project application and believes that the Planning Commission can make the required Findings to approve the Site Plan Review, Historical Demolition Permit and to certify the Draft and Final EIR with MMRP including the Statement of Overriding Considerations for the proposed project (Attachment II).

The proposed development is compatible with on-site and surrounding structures in that it would result in the development of a well-designed, glass fronted building with variety of building planes, textures and sculptural elements that would enhance a key site located at the gateway entrance to the City along Route 92. The proposed development would include robust site landscaping, employee amenities, and other related site improvements. The proposed development would also require realignment of the Bay Trail to run along the western edge of the site between the proposed development and the Bay rather than between two industrially zoned sites. Overall, the proposed development is consistent with the applicable General Plan land use designation, the IP District standards and regulations and industrial design guidelines.

The development takes into consideration the physical and environmental constraints on the site in that the proposed development would occur on a small portion of the site to preserve environmentally sensitive wetlands and open space. To avoid the ecologically sensitive areas of the site, the applicant must demolish an extant structure that is a designated historic resource. It is important to note that while the structure is a designated resource due to its affiliation with the historic salt processing and production that occurred on the site, it is currently dilapidated, defaced with graffiti, and structurally unsound. Since 2015, over 20 complaints have been submitted to the City related to graffiti, trash, overgrown weeds, encampments, and general community appearance problems at the site. Staff recommends that the Planning Commission adopt the statement of overriding considerations related to demolition of the structure and issue the historical demolition permit to allow the proposed development to occur. Redevelopment of this site, which is the first development one encounters when traveling eastbound on State Route 92, will significantly improve the City's image and signal increased investment in the industrial sector.

Staff also recommends the Planning Commission adopt conditions of approval that require the applicant to enter into a land swap with EBRPD to allow realignment of the Bay Trail and design of the trail to EBRPD standards; that all building and site lighting be minimized and contained on the site to prevent spillover onto bay lands; and, that the 32-acre western component of the project site be preserved and maintained in perpetuity via recordation of a deed restriction. Further, all mitigation measures, including documentation and installation of an interpretive display commemorating the site's importance to historic salt production, will be included as conditions of approval of the proposed project. As conditioned, staff believes that the Planning Commission can make the findings to approve the proposed project as detailed in Attachment II.

ENVIRONMENTAL REVIEW

State Public Resources Code (PRC) section 21080(d) requires that a lead agency prepare an environmental impact report (EIR) for any project that it expects to have a significant effect on the environment. An EIR is an informational document intended to inform decision makers and the public generally of the significant environmental impacts of a project, identify possible ways to minimize significant impacts, and describe reasonable alternatives to the project.

On November 10, 2020, the City released a Notice of Preparation (NOP) with an accompanying Initial Study (IS). The IS prepared for the project found less than significant impacts or no impact in the areas of aesthetics, agriculture and forestry resources, air quality, energy, geology and soils, greenhouse gas emissions, hydrology and water quality, land use and planning, mineral resources, noise, population and housing, public services, recreation, utilities and service systems, and wildfire. The IS also found that the proposed project could potentially affect the environment in the areas of biological resources, cultural resources, hazards and hazardous materials, transportation, and tribal cultural resources. The NOP and related attachments were circulated to the public, local, state, and federal agencies, and other interested parties to solicit comments on the project. Following release of the NOP, a public scoping meeting was held on December 10, 2020 (held on Zoom), to receive additional public comments. Concerns raised in response to the NOP were considered during preparation of the DEIR.

The Notice of Availability (NOA)⁷ and the DEIR⁸ was published, noticed, and circulated for a 45-day public review period starting on April 9, 2021, and ending on May 24, 2021. Written comments were accepted throughout the comment period. Those comments and responses to those comments are included in the Final EIR⁹ prepared for the project. The Planning Commission must consider and certify the Final EIR and related documents for the project before acting on the necessary entitlements for the project.

The DEIR includes:

- Project description,
- Evaluation of required environmental topic areas including the setting, environmental impact analysis at both the project and cumulative levels,
- Other CEQA required discussions including growth inducement, irreversible environmental effects and significant and unavoidable impacts, and
- Alternatives to the project that address or incorporate characteristics to lessen or eliminate potential impacts that meet most of the project objectives.

The Final EIR includes:

- A list of commenters,
- Comment letters and responses to each of the comments received, and

⁷ Notice of Availability: <https://hayward-ca.gov/sites/default/files/NOA%204150%20Point%20Eden%20Way%20DEIR.pdf>

⁸ Draft EIR: <https://hayward-ca.gov/sites/default/files/4150%20Point%20Eden%20Way%20Industrial%20Project%20Draft%20EIR.pdf>
 Appendices to the Draft EIR: <https://hayward-ca.gov/content/projects-under-environmental-review-0>

⁹ Final EIR: <https://hayward-ca.gov/sites/default/files/4150%20Point%20Eden%20Way%20FEIR%20ORTC.pdf>

- Revisions to the Draft EIR necessary in light of the comments received and responses provided.

The DEIR identified one or more mitigation measures in the topic areas of Biological Resources, Hazards and Hazardous Materials, Tribal Cultural Resources and Transportation to reduce the impact's effects to a level of less than significant. However, in the topic area of Cultural Resources (Section 4.2), the DEIR identified significant and unavoidable impacts related to removal of an extant structure on the site that were used in salt processing and production for the Oliver Brothers Salt Company. As noted in the Historic Resources Section above, the structure is listed on the CRHR and deemed eligible for listing on the NRHR. Proposed Mitigation Measures CUL-1a and CUL-1b would require archival documentation of the structures be kept at the Hayward Historic Society and City of Hayward and require installation of an interpretive display at the site to commemorate the history of the Oliver Brothers Salt Company. While these mitigation measures would minimize project impacts, they would not reduce the significance of demolition of the structures to a level of less than significant. As such, this impact is considered significant and unavoidable and requires adoption of a Statement of Overriding Consideration for the project.

Required CEQA Findings and Statement of Overriding Considerations: To certify an EIR for a project, the Planning Commission must find that mitigation measures have been required or incorporated into the project to substantially lessen the potentially significant environmental effects identified in the EIR. For those impacts that cannot be fully mitigated to a level of less than significant, the decision makers shall adopt a Statement of Overriding Considerations finding that the economic, legal, social, technological, or other benefits of the project outweigh the project's significant and unavoidable environmental effects (CEQA Guidelines sections 15091 and 15093). Attachment II sets forth the requisite CEQA findings and a statement of overriding considerations related to significant and unavoidable impacts related to the proposed project.

Concurrent with the certification of an EIR, the deciding body must also adopt a Mitigation and Monitoring and Reporting Program (MMRP) (Attachment VII) that identifies timing and responsibility for mitigation implementation.

NEXT STEPS

If the Planning Commission approves the Site Plan Review and Historical Resources Demolition Permit and certifies the EIR, MMRP and Statement of Overriding Considerations for the proposed development, then a 10-day appeal period will commence from the date of decision. If no appeal is filed, then the decision will be deemed final. If an appeal is filed within the 10-day time frame, then the application will be heard by the Council for the final disposition.

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Approved by:



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