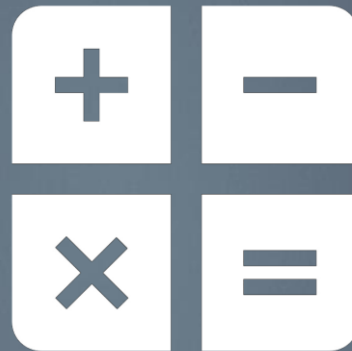


**CITY COUNCIL MEETING
TUESDAY, JULY 18, 2017**

PRESENTATIONS

Item #17 WS 17-037

Community Facilities District



Community Facilities Districts

Community Facilities Districts (CFDs)

- ▶ Created under the authority of the Mello-Roos Community Facilities Act of 1982
- ▶ Allows agencies to levy special taxes within defined geographical areas
 - ▶ Requires:
 - ▶ Two-thirds approval vote
 - ▶ Demonstration of clear benefits

Hayward CFDs



- ▶ **Eden Shores (CFD #1)**
 - ▶ Facilities CFD created to provide vital infrastructure
- ▶ **Cannery Place (CFD #2)**
 - ▶ Service CFD to provide public safety services
- ▶ **Community Facilities District, South Hayward BART TOD (CFD#3)**
 - ▶ Service CFD to provide public safety and ambulance/paramedic services

Path to the Future: Options for Creation

Option 1: 2 Year Moratorium on CFD Creation

Option 2: Creation of CFDs in developments with 100 units or more only

Option 3: Status Quo: Assess all possible developments for creation on an ongoing basis

Questions & Discussion



Item #18 LB 17-036

Commercial Cannabis Businesses in Hayward



CITY ATTORNEY'S OFFICE

DEVELOPMENT SERVICES DEPARTMENT

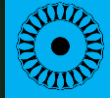
PROPOSED COMMERCIAL CANNABIS REGULATIONS

July 18, 2017

Michael S. Lawson, City Attorney

Stacey Bristow, Acting Development Services Director

Review of March 21, 2017 Work Session



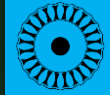
- (1) Should cannabis businesses be permitted, or prohibited in Hayward?;
- (2) If cannabis businesses are permitted, should those businesses include both medical and adult recreational products?;
- (3) If cannabis businesses are permitted, how many should be permitted, and where should those businesses be located, and within what type of regulatory framework?; and
- (4) If cannabis businesses are permitted, how should transactions be taxed under Hayward's voter-approved measure EE (15%)?

Council Direction



- ▶ Cannabis businesses should be allowed in Hayward.
- ▶ Both medical and recreational cannabis businesses.
- ▶ Limitations on number of businesses.
- ▶ Located in industrial areas, not Downtown or residential.
- ▶ Measure EE authorized tax should be imposed but consider tax rates of neighboring jurisdictions to determine tax Hayward's tax level.

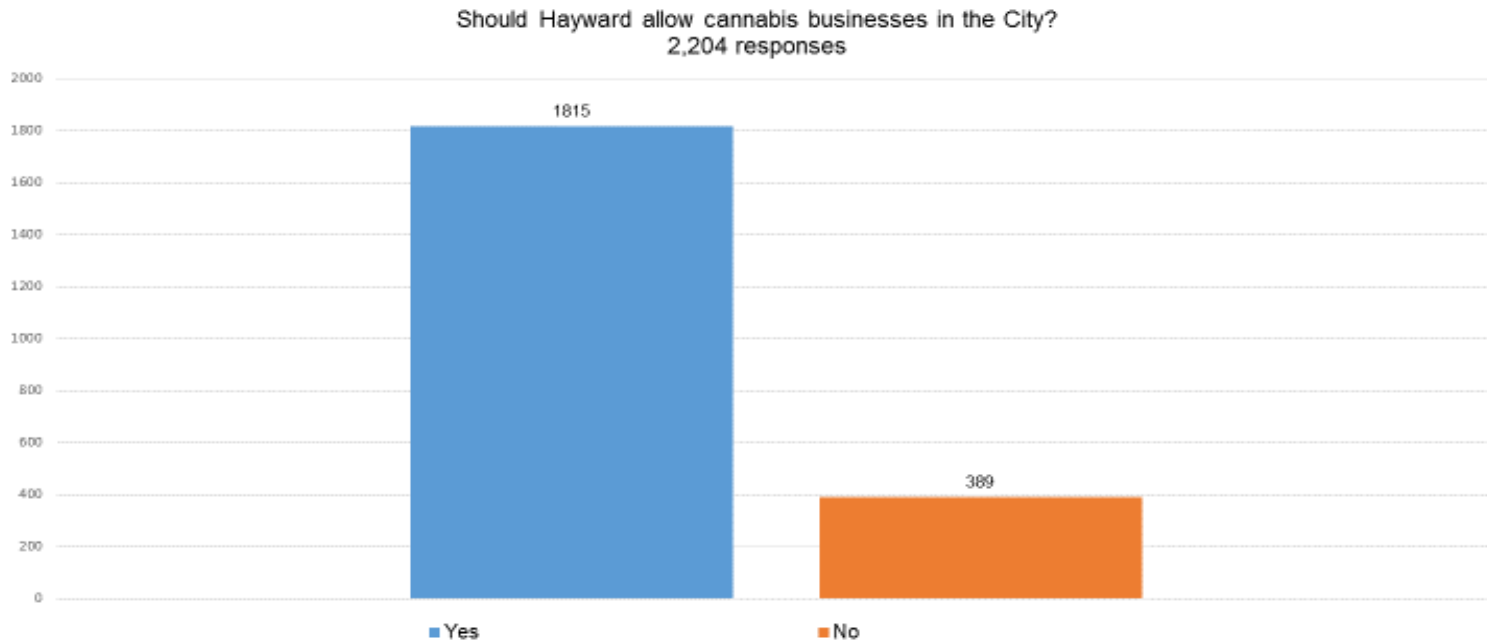
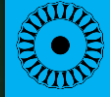
PUBLIC OUTREACH SUMMARY



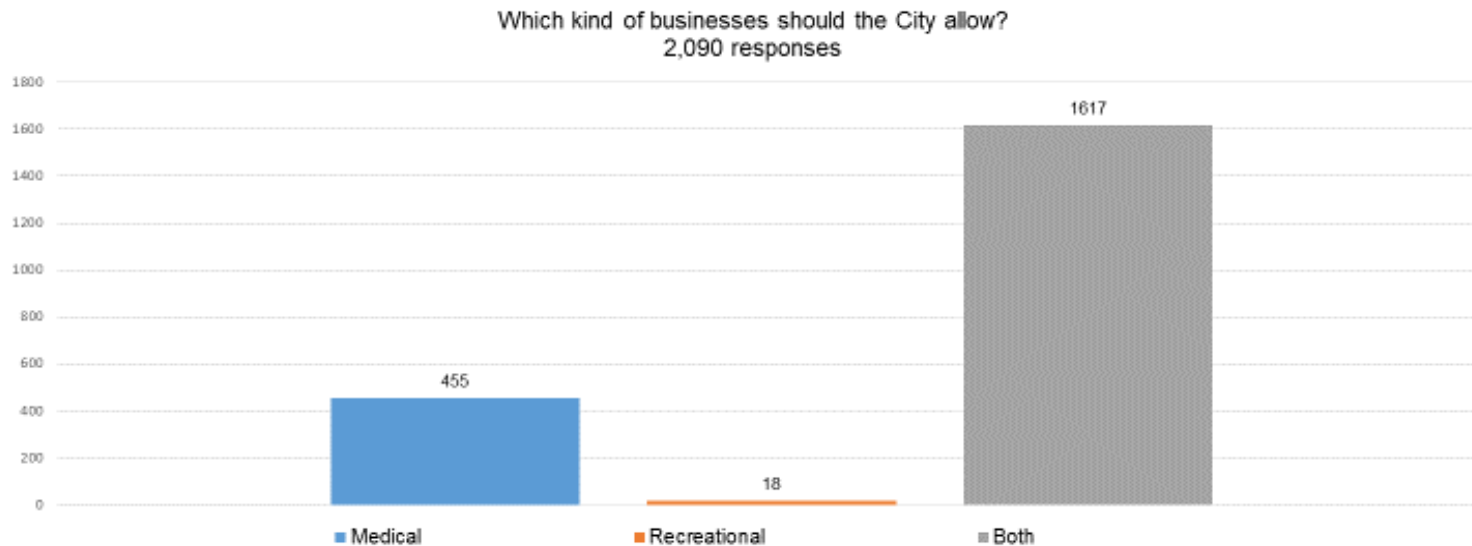
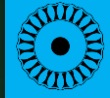
- ▶ March 2017 Lean Empathy Interviews
- ▶ April 2017 On-line Survey Created
- ▶ May 2017 Chamber of Commerce Meeting
- ▶ June 2017 Webpage with FAQ Created
- ▶ June 2017 *The Stack* newsletter article

- ▶ Over 2100 Survey Responses Received
 - Majority support cannabis businesses (83%)
 - Majority do not support limiting number
- ▶ Relatively unknown environmental, fiscal and public safety impacts with AUMA

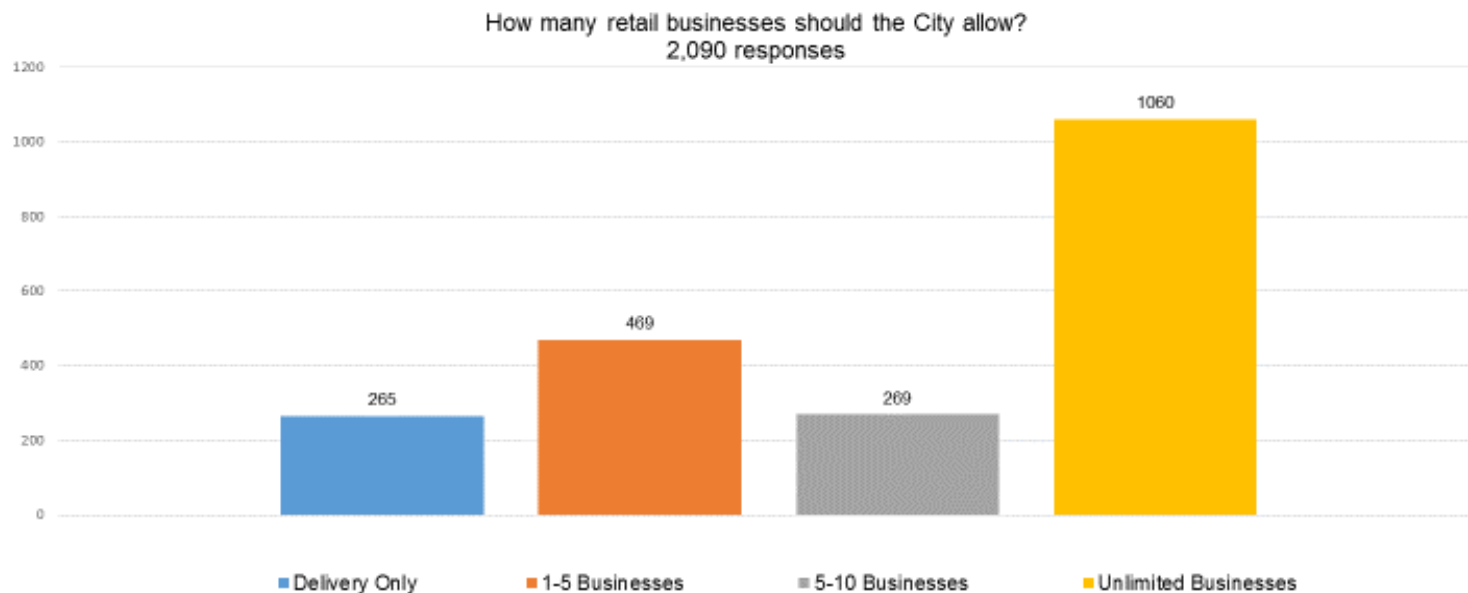
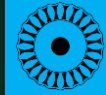
Community Survey Response: Should Cannabis Businesses be Allowed ?



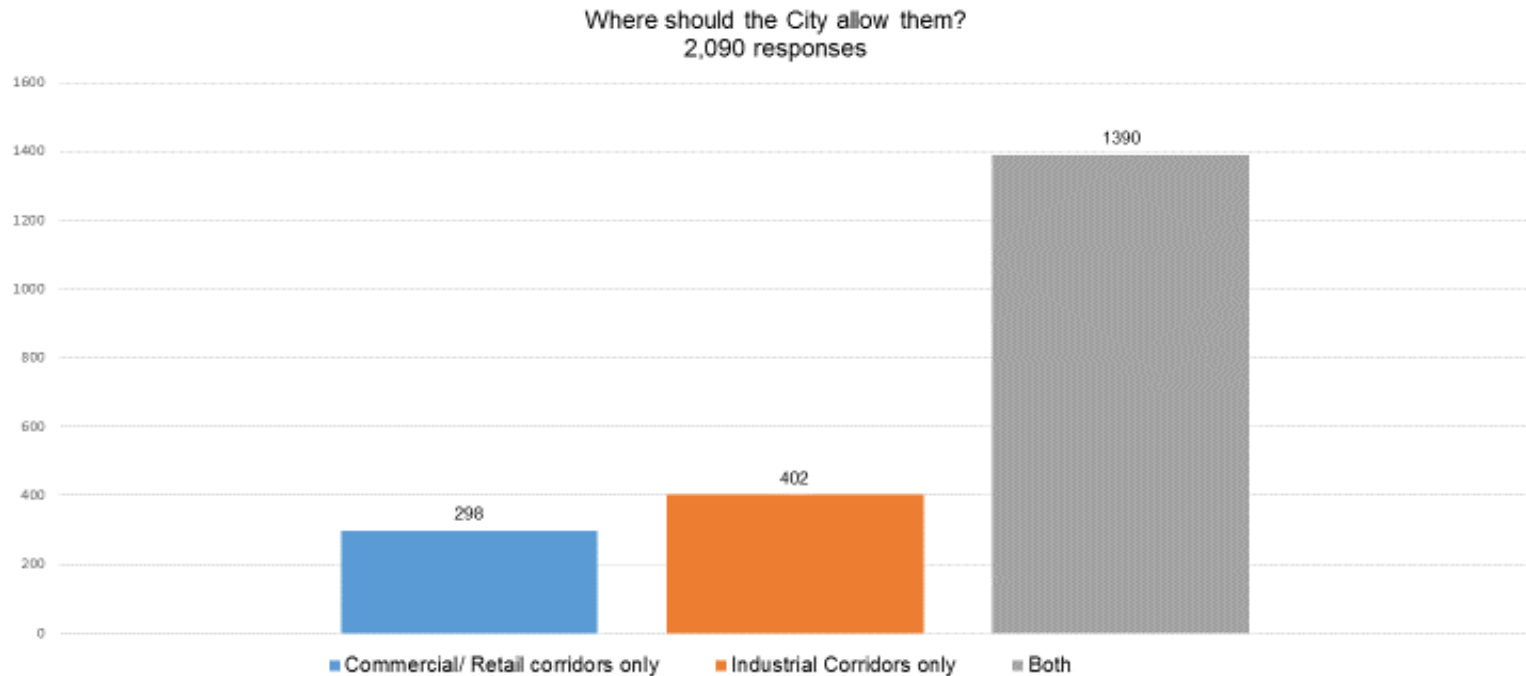
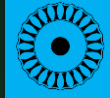
Community Survey Response: Medical, Recreational or Both?



Community Survey Response: How Many Should be Allowed?



Community Survey Response: Where Should They be Located?

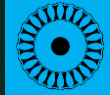


LEGAL UPDATE - SB 94



- ▶ SB 94 (Medicinal and Adult- Use Cannabis Regulation and Safety Act), June 15, 2017.
- ▶ Repeals the Medical Cannabis Regulation and Safety Act (MCRSA).
- ▶ Comprehensive regulatory system for medicinal and adult-use cannabis businesses based on Prop. 64/AUMA framework.

SB 94 Highlights



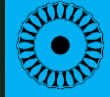
- ▶ Same license categories for medicinal and adult use cannabis.
- ▶ No limit on type/number of licenses that can be obtained, however, testing labs cannot hold other licenses.
- ▶ Residency requirement of Prop.64/AUMA repealed.
- ▶ State excise tax will be based on average market price not gross receipts.
- ▶ Regulates advertising methods.
- ▶ Applicant can obtain state license before obtaining local license.



JANUARY 1, 2018

- ▶ Cannabis licensing scheme must be fully implemented by January 1, 2018
- ▶ State has indicated it will not begin issuing licenses before that date
- ▶ State has not yet issued regulations for implementing MAUCRSA/SB 94.

PROPOSED COMMERCIAL CANNABIS REGULATIONS



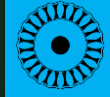
- ▶ *APPLICATION AND SELECTION PROCESS*
 - ▶ Request for proposals.
 - ▶ Submit operational/business plans, security plans, etc.
 - ▶ Background investigation.
 - ▶ Applicants with certain criminal convictions or open/pending regulatory cases will be disqualified.
 - ▶ Only cultivation, manufacturing and microbusiness considered.

PROPOSED COMMERCIAL CANNABIS REGULATIONS



- ▶ *APPLICATION AND SELECTION PROCESS – CONT.*
 - ▶ Permits will be issued pursuant to a lottery of all qualified applications.
 - ▶ No more than three (3) permits will be issued and each must be renewed after one year.
 - ▶ Testing laboratories will not count against the three permit limit.
 - ▶ Applicants still must obtain land use approval and pay all required fees.

PROPOSED COMMERCIAL CANNABIS REGULATIONS



- ▶ *PERFORMANCE STANDARDS*
 - ▶ Adhere to 600 foot buffer.
 - ▶ Only located in Industrial Zone.
 - ▶ No consumption or ingestion of cannabis on premises.
 - ▶ Provide point of contact for community complaints and 24-hour point of contact for City staff.
 - ▶ No nuisance conditions.
 - ▶ Adequate security measures.

PROPOSED COMMERCIAL CANNABIS REGULATIONS



▶ *ENFORCEMENT MECHANISMS*

- ▶ Subject to inspection of records and premises by the City.
- ▶ Violations of operating and performance conditions constitute a basis for potential revocation of a permit.

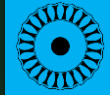
PROPOSED COMMERCIAL CANNABIS REGULATIONS



▶ *FEES*

- ▶ Tied to anticipated regulatory costs
 - ▶ Administrative costs of processing and issuing licenses/permits
 - ▶ Investigations/Inspections
 - ▶ Audits

CANNABIS TAXES



▶ *STATE*

- ▶ Excise tax of 15% added to retail sale of all marijuana products based on average market price
- ▶ Cultivation tax of \$9.25/ounce of dried marijuana flowers and \$2.75/ounce of dried marijuana leaves added to the commercial cultivation of marijuana

▶ *Exemptions*

- ▶ Marijuana sold for medical purposes (only excise tax applies)
- ▶ Marijuana cultivated for personal use.

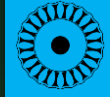
CANNABIS TAXES



▶ LOCAL

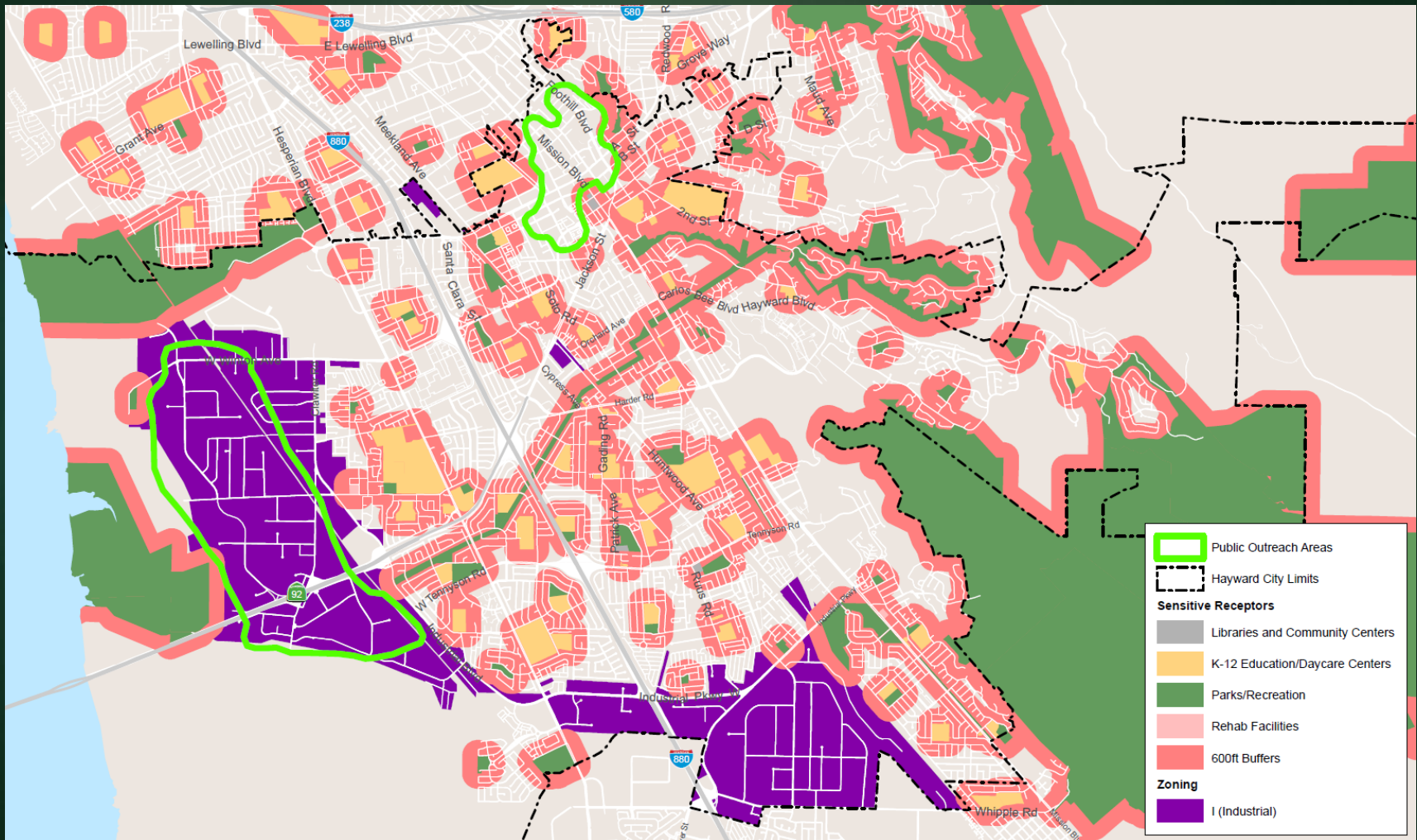
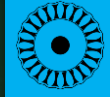
- ▶ Hayward Measure EE, up to 15%
- ▶ San Jose – 10%
- ▶ Pittsburg – 10%
- ▶ San Leandro – 6% through June 2019 ,
7% beginning July 1, 2019, 8% on July 1,
2021.
- ▶ Oakland – 5% (medical marijuana)
- ▶ Berkeley – 2.5% (medical marijuana)

LAND USE ORDINANCE



- ▶ Industrial Zoning District Only
- ▶ Conditional Use Permit (Planning Commission)
 - CUP Findings for Approval
 - Four “Cannabis-Specific” Findings Proposed
- ▶ Incorporates 600 foot buffer for sensitive land uses
- ▶ Development standards apply
- ▶ Additional amendments to Muni Code
 - Public Nuisance Ordinance
 - Smoking Ordinance
 - Home Occupations
- ▶ Personal Cultivation, Indoors Only
 - Regulations Not Proposed At This Time
- ▶ CEQA Exemption

INDUSTRIAL DISTRICT WITH LAND USE BUFFERS



REGULATION OF PERSONAL USE



- ▶ Indoor cultivation on Private Property
 - ▶ Up to six (6) plants.
 - ▶ Cities can impose “reasonable” regulations, cannot prohibit.
 - ▶ Staff will monitor and recommend regulations if necessary.
- ▶ Outdoor cultivation on Private Property
 - ▶ Cities can prohibit.

REGULATION OF PERSONAL USE



- ▶ Landlord can ban/restrict personal use on the landlord's privately owned property
- ▶ Local government can ban/restrict personal use on property owned, leased, or occupied by the local government
- ▶ Employers can restrict

LOCAL IMPACTS



- ▶ Demand for City services from:
 - ▶ Permittees.
 - ▶ Community members.
- ▶ Cannabis-related offenses such as:
 - ▶ DUIs
 - ▶ Property crimes
- ▶ HPD and HFD response to security/fire alarms at cannabis related facilities.

NEXT STEPS



- ▶ Staff will finalize ordinances consistent with Council direction this evening.
- ▶ *COUNCIL ACTION ITEMS*
 - ▶ Authorize City Manager to begin accepting applications.
 - ▶ Amend Master Fee Schedule to add commercial cannabis application processing fee.

Questions & Discussion



Thanks to San Mateo County Counsel for their Powerpoint slides

Item #19 LB 17-018

Adoption of Final Fiber-Optic Master Plan



Adoption of Final Fiber-Optic Master Plan

Report from City Manager McAdoo

John Stefanski, Management Analyst II

July 18, 2017

Background



- ▶ Initiated as a component of Work Task IS3.C of the Economic Development Strategic Plan.
- ▶ Developed following Spring 2016 Council approval of contract with CTC Technology and Energy.
- ▶ Draft presented to Council at a January 2017 work session and April CTAC meeting.

About the Master Plan



- ▶ Serves as a visioning document, similar to the City's General Plan.
- ▶ Provides information and data baselines on current broadband and city owned assets.
- ▶ Details fiber optic network routes and their impacts on existing infrastructure (i.e. streets, existing fiber).
- ▶ Presents an engineering study, network design, and deployment cost model and approaches to deliver the network
- ▶ Evaluates various business models to build, operate and make last mile connections.



Master Plan Recommendations

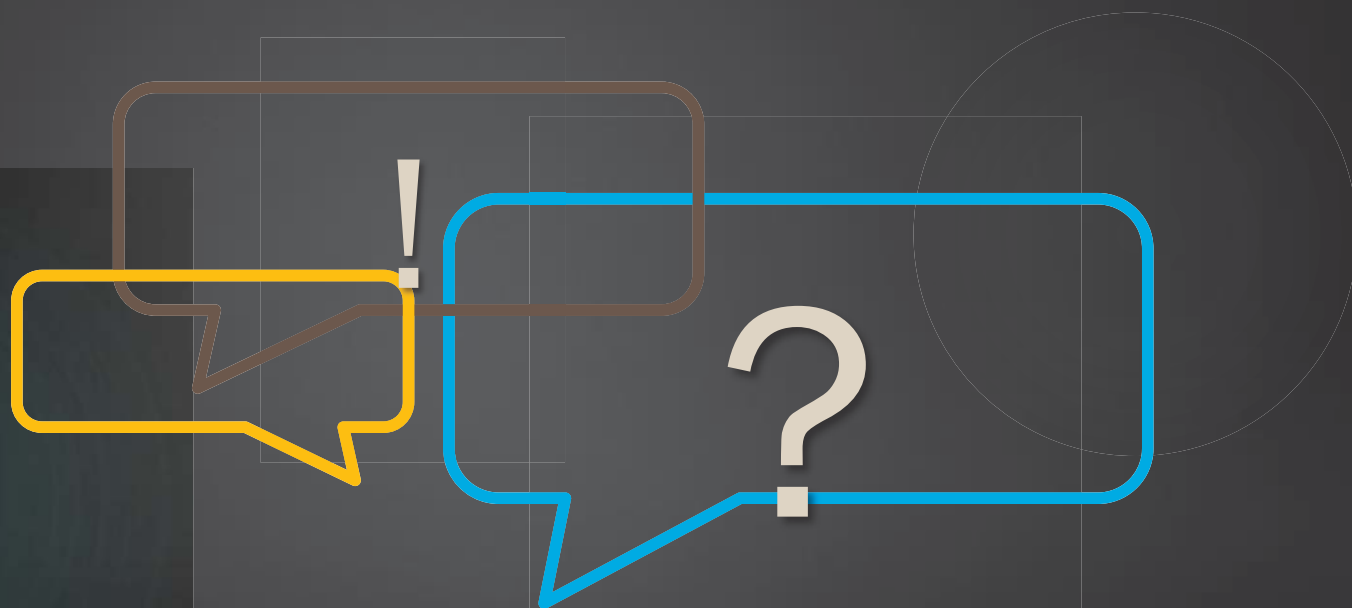
1. Adopt a Dark Fiber Business Model
2. Adopt a dig-once policy
3. Audit existing City fiber infrastructure
4. Implement a fiber records management system
5. Construct a fiber segment to connect an internet point of presence (Pop)
6. Expand Fiber to the Premises (FTTP) to select Industrial Corridor Areas.
7. Engage private sector through procurement process
8. Lease dark fiber strands to a private partner to “light” the fiber.

Staff Recommendation



- ▶ Adopt resolution (Attachment II) adopting the Fiber-Optic Master Plan.

Questions & Discussion



Item #20 PH 17-071

Biennial Review of the Community Development Block Grant Program



Reallocation of One-Time Available CDBG Fund Balance in FY 2018 and FY 2019

City Council public hearing
July 18, 2017

Biennial Review – Background

- ▶ FY 2015 – Comprehensive 30+ year reconciliation of CDBG program
- ▶ FY 2015 – Council adopted CDBG Compliance Policy Manual, process for reallocating one-time funds
- ▶ FY 2017 – Biennial Review
- ▶ **July 11, 2017 - Council work session to review Biennial Review, project options and recommended reallocations**

2017 Biennial Review: Reallocation Requirements

- ▶ Funds may only be reallocated to “Community Infrastructure, Jobs and Economic Development” category projects and activities (not Public Services)
- ▶ Projects must be initiated in FY 2018 and completed within 24 months (FY 2019) to meet HUD spending requirements
- ▶ Projects must meet HUD National Objectives and directly benefit low-income Hayward residents and neighborhoods
- ▶ Provides Council flexibility and capability to rapidly respond to trending issues and critical community needs

| TIER 1 | Project / Activity | Estimated One-Time Fund Balance | |
|--------|---|---------------------------------|--------------------|
| | | FY 2018 | FY 2019 |
| | Recommended Reallocations | | |
| | Homeless Employment Program: Tennyson Corridor Expansion | \$150,000 | \$50,000 |
| | Permanent Supportive Housing: "Tiny Homes" Development | \$100,000 | \$100,000 |
| | Housing Rehabilitation: Targeted code corrections for income-eligible senior homeowners | \$75,000 | \$75,000 |
| | Targeted Blight Abatement /Commerical Façade Improvement in Tennyson Corridor | \$100,000 | \$75,000 |
| | Small Business Incubators and Job Creators in Tennyson Corridor and Downtown | \$100,000 | \$75,000 |
| | Affordable Housing Rehabilitation – Measure A1 Project Match Funding | \$100,000 | \$100,000 |
| | Emergency Care and Shelter Facility Rehabilitation | \$100,000 | \$89,000 |
| | Subtotals | \$725,000 | \$564,000 |
| | Estimated total use of one-time fund balance | | \$1,289,000 |

July 11, 2017 Council Work Session

- ▶ Council reviewed project options and offered helpful feedback and direction to staff
- ▶ Council expressed approval for process improvements and suggested additional improvements for future years, including:
 - ▶ Develop and distribute a project list to CSC and Council earlier in the biennial cycle
 - ▶ Integrate additional community input opportunities into the project development process
 - ▶ Present the project list to the CSC in a written staff report prior to the CSC meeting in addition to the visual presentation provided at the meeting

July 11, 2017 Council Work Session

- ▶ Council expressed some interest in:
 - ▶ Prioritizing demotion of Old Main Library, elevating it to Tier 1 in the current reallocation
 - ▶ Identifying vacant properties to potentially convert to housing for homeless persons in future reallocations
 - ▶ Prioritizing food access and economic development projects in future reallocations
- ▶ Council noted that blight abatement activities should achieve a high-quality aesthetic result
- ▶ Council suggested the DST program should coordinate with Police and Maintenance to achieve synergy and cooperation

Benefits & Impacts

Should Council authorize the “Tier 1” Recommended Reallocations, the following benefits and impacts will be achieved:

- ▶ Create permanent supportive housing for homeless persons;
- ▶ Create affordable housing for low-income Hayward residents;
- ▶ Abate blight and support façade improvements to commercial properties in the Tennyson Corridor;
- ▶ Stimulate small business development and create new jobs;
- ▶ Improve community resiliency and accessibility.

Next Steps

Staff recommends that Council:

- ▶ **Approve the resolution shown in Attachment II authorizing the reallocation of \$1,289,000 in one-time available CDBG program funds to eligible “Tier 1” projects in FY 2018 and FY 2019 as shown in Attachment III.**