



COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING MINUTES – May 1, 2017

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

ATTENDANCE:

Committee Member	Present 5/1/17	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Michael Ly		3	3	3	3
Didacus-Jeff Joseph Ramos	✓	5	1	5	1
Mayor Halliday (Chair)	✓	5	1	5	1
Council Member Márquez	✓	6	0	6	0
Council Member Mendall	✓	6	0	6	0

OTHERS IN ATTENDANCE:

Kelly McAdoo, City Manager; David Rizk, Director of Development Services; Stacey Bristow, Deputy Director of Development Services; Micah Hinkle, Economic Development Manager; Paul Nguyen, Economic Development Specialist; Ramona Thomas, Economic Development Specialist; Jeremy Lochirco, Principal Planner; Jay Hagglund, Morey Greenstein, William Lu, and Jeff Starkovich, representing 4150 Point Eden Way; Kim Huggett, President and CEO, Hayward Chamber of Commerce; Sid Hamadeh, Owner, Eko Coffee Bar and Tea House; Mark Taylor, East Bay Regional Park District; Angela Andrews; Suzanne Philis, Senior Secretary

PUBLIC COMMENTS

Hayward Chamber of Commerce President and CEO Kim Huggett noted the Chamber of Commerce Business Directory was in production and accepting advertising. He also announced upcoming events including “What Restaurants Need to Know in 2017” on Monday, May 8th at City Hall, and an International Trade Luncheon with the Commercial Counselor Yihang Yang from the Consulate-General of China in San Francisco on May 18th at the Golden Peacock Banquet Hall. He reported that 150 people attended the Biomedical Manufacturing Network event held at City Hall on March 30th.

Sid Hamadeh, owner of Eko Coffee Bar and Tea House, 1075 B Street, requested a comparison of the Downtown Specific Plan and Economic Development Strategic Plan, both currently being updated.

When asked for clarification, Mr. Hamadeh explained that he wanted to see goals and pending tasks side by side in one document or chart. Council Member Márquez pointed out that the EDSP was for the entire city, not just downtown. Member Ramos asked if he wanted a list of accomplishments and Mr. Hamadeh said he only wanted a list of next steps specifically for downtown retail.

1. APPROVAL OF MINUTES OF REGULAR MEETING FEBRUARY 6, 2017

A motion to approve minutes was made by Council Member Márquez with a second by Council Member Mendall. Minutes from the December 5, 2016 Regular Meeting were unanimously approved with Member Ly absent.

Mayor Halliday mentioned that she saw the Steph Curry advertisement that was mentioned in the minutes. Filmed at the Hayward Plunge, she said it was a really cool advertisement for Kaiser.

2. ECONOMIC DEVELOPMENT PRELIMINARY CONCEPT REVIEW: 4150 Point Eden Way - Former Oliver Salt Works

Economic Development Manager Hinkle introduced the item noting the site was one of the most visible locations in Hayward at the eastern entrance of Hayward off Highway 92. The site was comprised of approximately 40 acres along the shoreline, of which eight acres were developable. A previous planning application had been processed by Planning staff and was recently withdrawn possibly because of technical and remediation issues due to its location off the bay and the existing building was determined historical. Manager Hinkle explained that since there is no formal application in process for the City, the project was eligible for the CEDC Concept Review process, Manager Hinkle highlighted the CEDC Concept review was a high-level feedback that allowed the CEDC Members to provide upfront comments on the proposal that would help the developer determine if they are on the correct course related to the project proposal. He then introduced Senior Vice President and project lead William Lu with CenterPoint Properties Trust who gave a presentation of the project concept plan.

Member Ramos said the historical interest of the site was more about its location next to the Oliver salt flats rather than the building itself and a plaque commemorating the site's historical significance would be enough for him. Without turning the site into a park, Member Ramos said he didn't know how the existing building could be incorporated into any development.

Member Ramos asked Mr. Lu if the building would support a single tenant or multiple and was told multiple. Member Ramos asked if solar panels would be installed and Mr. Lu said the building would be silver Leed Certified with the roof solar-ready if a tenant so desired. Member Ramos suggested green walls to control building temperatures. Mr. Lu said he would have his Leed consultant consider the idea.

Member Ramos also mentioned the City was conducting a shuttle study and if the site could be included in the route the amount of parking associated with the development could be reduced as well as traffic to the area. After being told there were no plans to create direct access to Highway 92 from the site, Member Ramos asked if any improvements to Clawiter were scheduled and Mr. Lu said some were already underway.

Manager Hinkle noted multiple improvements were being considered for the Clawiter/92 overpass and on-ramps including the Whitesell reliever route that had already been completed. He said any CalTran improvements would be based on identifying funding for a new overpass and free-way on/off-ramps. Member Ramos asked if that meant about five years and Manager Hinkle said probably longer. Mr. Lu said he knew of some minor improvements that had already been funded and Manager Hinkle confirmed the shoulder would be widened. Mr. Lu said they would be happy to pay for their fair share of any improvements, but he expressed doubt that one project would trigger any required improvements.

Council Member Márquez said she appreciated the due diligence already completed for the site and the planned connectivity to the shoreline. She suggested using the color green to tie in with the City's branding efforts and creating a partnership or right-of-way to allow for City signage that referenced the history of the area and welcomed travelers to Hayward.

Regarding eCommerce and retail-oriented tenants, Council Member Márquez asked for examples of what companies would be targeted. Mr. Lu deferred the question to Mr. Jay Hagglund and Mr. Jeff Starkovich, brokers with Cushman & Wakefield.

Citing examples of companies that were actively looking for space, Mr. Hagglund said that just that morning he had met with a plumbing/HVAC company in Menlo Park that handled major projects, was union, had a lot of employees, and was looking for 25,000 square feet of office space. On the retail side because of its location next to the highway, Mr. Hagglund said he imagined a distribution center with a retail showroom outlet or eCommerce like Amazon. He agreed with Mr. Lu that Hayward wanted a use with more than ten employees and he said there were plenty of them out there. He said the location was too sexy and too expensive for a traditional distribution center.

Because of the high velocity of the market, Mr. Starkovich said there was a broad spectrum of businesses looking for space including food options like energy bars and craft brewers or assembly, light manufacturing that would be attracted to the marquee location. He pointed out that Mr. Lu owned the site and wanted to build something to stay there a long time. Mr. Starkovich said now was the time to combat people like the governor of Texas who spent a lot of time in the Bay area trying to woo away small manufacturers.

Mr. Hagglund added the Menlo Park company he met with wanted to stay in the Bay area. They didn't need the high visibility, but they wanted the image, the parking, and the proposed building design.

Council Member Márquez said for her, the priority was the employee count and the sales tax generation. Although the concern would probably be mitigated through CEQA (California Environmental Quality Act), she suggested checking in with the mosquito district before bringing more people to the area and adding connectivity to walking paths. She also reiterated her request to partner with the City regarding consistency with branding efforts.

Council Member Mendall said he didn't see a significant historical value to the existing building and its removal was a non-issue for him. He said the appearance of the new building was critical; he wanted a sexy building that made a statement with premium features that cost more to build and demanded a higher rent. Council Member Mendall said the perfect tenant would be office headquarters, but he deferred to staff for a recommendation.

Mr. Starkovich commented that adjacent to the proposed site was an existing two-story office building that they offered at a deep discount and it remained unfilled for years. Specialist Nguyen announced that Motor Coach Industries, a private motor coach manufacturer (private shuttles used by Google, Facebook and Apple), had leased the space for a service center that would employ 30-40 mechanics.

Mr. Hagglund added that the building next door to the office building had millions of dollars of biotech improvements made to it and it had also stood empty. He acknowledged the market had changed since then, but pointed out that the use proposed for the Oliver Salt Works site was a good compromise being in demand and not generating high levels of traffic.

Council Member Mendall said he had preferred uses, but was willing to be flexible. He said appreciated the extended glazing (glass) on the proposed design, but asked if more could be added on the west side of the building so people could see it was a beautiful building as they approached the City. Mr. Lu said the main angle articulation would show from the west, but on closer inspection Council Member Mendall pointed out it could be even more visible if it was rotated a bit more and encouraged Mr. Lu to consider doing so. Mr. Lu mentioned there would also be landscape screening, but said he understood the request.

Mayor Halliday agreed that how the building looked from the highway was very important and wanted a more interesting exterior on the side facing Highway 92. She said it was unlikely anyone would want to restore the existing historic building and noted the East Bay Regional Park District had done a good job of highlighting the history of the area.

Mayor Halliday said the proposed building was described as a hybrid structure and she asked what that meant. Mr. Lu explained that the front glazing of the building had a steel frame like an office building that tied into the concrete walls.

Mayor Halliday asked Mr. Lu about the 32 acres of the site that could not be used. Mr. Lu said he had some preliminary concepts pending approval with the Army Corps of Engineers and that he would follow their direction regarding mitigation and restoration. Mr. Lu said he would share the biological report with the City staff when it became available. Mayor Halliday commented that Hayward had a population that cared very much about the shoreline and the natural habitat.

Regarding the use of the building, Mayor Halliday said the options proposed sounded reasonable. She had also questioned eCommerce thinking it was a warehouse use, but now understood there was a new model. Mr. Lu mentioned that he just finished an eCommerce warehouse that had zero racking for "just in time" delivery. The Mayor commented that the eCommerce option became more attractive when the potential sales tax generation was mentioned. Economic Development Manager Hinkle noted that eCommerce sales tax went into the Alameda County-wide pool of which Hayward received 11%; only the tax from direct sales went directly to Hayward.

Mr. Hagglund mentioned that adding more glass to the building design could create a hazard for shoreline birds. He recommended keeping glazing on the highway side of the building. Member Ramos suggested painting windows on the building. Mayor Halliday said she liked the look of glass, but these were considerations.

Mayor Halliday said once formal plans were submitted she thought the project would move fairly quickly through the approval process. Mr. Lu said his plan was to submit everything at the same time to the City and Army Corps of Engineer to create a timeline for potential tenants.

Economic Development Manager Hinkle said pathways for approval would be found and most issues had been identified with the previous project. He said the technical studies would be key and because the site was historical an EIR (Environmental Impact Report) would likely be required. He noted the loss of a historical resource could not be mitigated. Mayor Halliday said the existing building was an eyesore and asked at what point was a historic building not considered redeemable. Manager Hinkle said Council could weigh-in on the EIR and talk about the value the project brings to the City versus the loss of the historic resource.

On behalf of HASPA (Hayward Area Shoreline Planning Agency) Council Member Mendall mentioned that while they preferred that no development occurred at the site, they recognized it was zoned Industrial and entitled for development. He said concerns included appearance, trail configuration around the site, and a vista point; amenities from a naturalist's point of view.

Council Member Mendall noted for Mr. Lu that other projects that received CEDC review before submitting formal plans had successfully navigated the approval process and been met with a 7-0 vote from Council. That wasn't a guarantee, he said, but having the CEDC preview major developments was a new process that seemed to be working.

Mayor Halliday reviewed the considerations posed by staff to Committee member as they reviewed the project and reiterated her hope that any future tenant would pursue solar energy. She spoke in favor of connecting to the shoreline trail system to provide natural amenities for workers and the creation of commemorative signage related to the history of the area. Council Member Márquez suggested collaboration with the Hayward Area Historical Society (HAHS).

Robert Sakai, representing Morey Greenstein, the manager of Oliver Properties, noted the Historical Society and Eden Church were the beneficiaries of the property. Mr. Sakai said he just met Mr. Lu, but he was pleased that Mr. Lu was planning on being a long-time owner of the property, unlike other potential buyers who planned to build and leave. Mr. Sakai said he hoped that Council would recognize the commitment and allow the project to move forward.

Mr. Lu thanked the Committee for reviewing the project and said his next step was to submit the site plan package and technical study.

3. POP-UP PROGRAM UPDATE

Economic Development Specialist Thomas gave the presentation highlighting the timeline of the program, the role of the outside consultant, and participating downtown property owners. She noted the Small Business Week Pop-Up Program launch was happening that Wednesday, May 3rd, in the vacant bank building (a potential pop-up site) located at B and Main Streets.

Regarding why downtown buildings remain empty, Council Member Mendall said the findings confirmed what City staff had suspected: lease terms were too long and property owners were unwilling to make building improvements.

Specialist Thomas indicated that over 50 people had registered for the pop-up launch event, that included a panel discussion, and Mayor Halliday asked staff to make sure it was on her calendar.

Because Sarah Filley, the outside pop-up program consultant was unavailable to attend the meeting, Specialist Thomas showed a promotional video as an introduction to her and the successful pop-up program in Oakland.

Specialist Thomas said next steps included exploring an incentive piece that could include a two-part façade improvement program that provided a matching grant or reimbursement up to \$5,000 for initial planning and then up to \$35,000 to make improvements. Council Member Mendall asked how the program would be funded and Specialist Thomas said through Economic Development. Member Ramos asked how many improvements were needed for each building. Specialist Thomas said it varied by building and the amenities needed by the potential pop-up business. She mentioned there were already applications online for both the property owner and potential business owners and the outside consultant would match up the two. Member Ramos confirmed with Specialist Thomas that the Medicine Chest location on B Street was the first property to sign up.

Council Member Mendall asked why the grant program was focused on façade improvements rather than general improvements. Specialist Thomas explained that the City wanted the property owner to take more responsibility for infrastructure improvements.

Economic Development Manager Hinkle added that the incentive program was still being formulated and part of the delay was waiting for property owner participation. Now that one had signed up, he explained, the consultant would work to find a pop-up business partner and the nature of that business could influence the necessary improvements. Manager Hinkle said the total ask for incentive funding was still being determined based on these match ups.

Council Member Mendall said the pop-up program was a cool idea, but encouraged staff to focus on the underlining problems of why downtown buildings were vacant and not just the façade.

Council Member Márquez asked if any of the vacant sites on B Street would be equipped for a pop-up restaurant. Specialist Thomas said the first property to sign up was previously a restaurant, but didn't have a full commercial kitchen. She added that the former donut shop owner was willing to negotiate free rent for a potential restaurant pop-up, but would not fund any tenant improvements.

Council Member Márquez asked staff if only properties on B Street were being considered. Specialist Thomas said a lot of changes had taken place since the seven vacant properties were first identified as possible pop-up locations. Based on the success of the program, she said, the boundaries of the program could be revisited. Council Member Márquez encouraged her to expand the scope because of the number of restaurant sites on other downtown streets. Specialist Thomas mentioned that the Cannery Café (on Foothill Boulevard) was already hosting a pop-up dinner.

Council Member Márquez said it made sense to build the pop-up program based on the knowledge gained with each partnership, but she encouraged staff to explore other options noting the success of the pop-up program in Oakland was based on the popularity of the First-Friday artist event that brought lots of people to the area. Council Member Márquez suggested exploring shutting down B and Main Streets and other creative ideas that might entice potential businesses to the downtown.

Council Member Márquez clarified for Mayor Halliday that she meant closing B and Main Streets to traffic not permanently, but as part of a pilot program, maybe starting with a Sunday.

Mayor Halliday pointed out that Hayward was smaller, the downtown more contained, with a lot of good stuff going for it including downtown events and foot traffic. She asked staff about a previous pop-up business downtown and Specialist Thomas explained that due to family issues and irregular business hours that pop-up wasn't as successful as it could have been. Specialist Thomas said typical pop-ups stayed open for three to six months, but to give them enough time to test the market, she was targeting keeping pop-ups open for six-months.

Mayor Halliday said keeping regular business hours was important even for brick and mortar businesses. She said she preferred more shops and less food, noting she was concerned about creating competition for existing restaurants. Specialist Thomas said the feedback she'd received was that people wanted more diverse food choices.

Economic Development Manager Hinkle mentioned a second benefit to the pop-up program was marketing to a different audience, engaging the property owners by bringing businesses to them, and showing everyone how B Street could look.

Mayor Halliday reiterated her desire for retail and noted the popularity and success of showing local artwork at Cinema Place before the permanent tenants moved in. She suggested working with the Hayward Arts Council noting there was very little foot traffic at their location on Foothill Boulevard to see the artwork available for purchase there. Mayor Halliday also noted artists could take advantage of second floor living spaces along B Street.

Mayor Halliday asked if boomerang funds could be used for the grant incentive program. City Manager McAdoo explained that this year the money had been used as matching funds required by the fiber grant. She confirmed money would continue to come in and could be used for incentives in the future.

City Manager McAdoo pointed out that with the approval of the Maple & Main project, and the pending Lincoln Landing development, the growing demand for retail could also influence what happened downtown both in terms of shops and restaurants.

Council Member Márquez said downtown needed a Gymboree and Mayor Halliday agreed that any shop for kids was needed.

Deputy Director of Development Services Bristow mentioned that during empathy interviews conducted at local school campuses, as part of the Downtown Specific Plan update, the number one request of the first 55 interviewees was for food, music, and events downtown—even over student housing.

Mayor Halliday confirmed the date and time of the pop-up event and said she was looking forward to attending.

4. BUSINESS APPRECIATION EVENT REVIEW

Economic Development Specialist Thomas noted the 2nd Annual Business Appreciation Event was

held at Stonebrae Country Club on March 2nd with approximately 65 attendees coming from a mix of Hayward-based retail and industrial businesses.

Economic Development Manager Hinkle added that it was a very positive event with many representatives staying until the end. Mayor Halliday agreed that the second event was more lively and better attended than the first. Manager Hinkle said he hoped to continue to grow the event and noted staff had assisted most of the businesses there with start-up or expansion plans.

Member Ramos warned of mixer overload and suggested a program that included musicians or an artist that were part of a theme. Council Member Márquez asked if he meant a keynote speaker and he said no, some other entertainment element that involved guests.

Economic Development Manager Hinkle said future events may include an award component and mentioned the Hayward Innovation Awards to be presented at the May 9th City Council meeting. He said programming was still being developed.

Council Member Márquez said she loved Stonebrae but it wasn't conveniently located and she wondered if turnout would be better if the event was held somewhere else. She suggested Skywest Golf Course and said doubling attendance would give the event more value. Specialist Thomas pointed out that Stonebrae sponsored the event. Council Member Mendall commented that Stonebrae was a special draw for business owners who had never been there or went there infrequently.

Mayor Halliday agreed that at some point other locations might want to be showcased and that staff should continue to develop new ideas to spice up the event.

5. FUTURE MEETING TOPICS

Council Member Mendall asked about an update on the Community Benefit District (CBD) and City Manager McAdoo said she would be giving a brief update under Committee Member Announcements.

Council Member Mendall mentioned the impact study of the minimum wage increase had been on the list for a while and he provided information that could be used as part of a report. He requested staff complete the table provided for an upcoming discussion. Mr. Huggett said the topic would be discussed at the upcoming What Restaurants Need to Know event on May 8th.

Council Member Márquez asked staff if a work plan for the Tennyson Corridor Initiative would be presented to the CEDC and what committee assignments it would address. City Manager McAdoo said she wasn't sure if the Tennyson Corridor was solely focused on economic development, but noted all work plans would go to Council for review in June and every six months thereafter.

Member Ramos requested Transportation staff provide an update on the shuttle study and how it could be used to better economic development in the City. Regarding the earlier project proposal, he said they missed his point; he didn't care about the number of parking spots, what he cared about was the number of employees and getting them to the places in Hayward where they could buy stuff.

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

City Manager McAdoo explained that the CBD would replace the Downtown Business Improvement Area Advisory Board (DBIA) and would shift the assessment from business owners to property owners. She noted that after the Redevelopment Agency ended the assessment on businesses didn't generate enough funding to make a difference downtown. The City hired an outside consultant, New City America, to develop the CBD and were now at the point where petitions were being sent to property owners for signature. She explained that 50% of property owners had to approve the District before Council would vote on it. City Manager McAdoo said staff had been waiting for two key developments to be approved and those were Maple & Main and Lincoln Landing. She said property owners for both had expressed support for the District and once they signed the 50% threshold would be reached. Once Council voted to approve the District, she said, balloting would start and the assessment would be levied. Because it had been a while, staff would conduct another round of outreach, she said, to show progress to the property owners who had been resistant. To be included on this year's property tax cycle, she said ballots would need delivered, counted and sent to the County Assessor's by the beginning of August. City Manager McAdoo said staff was pushing to make the tight deadline.

Council Member Márquez asked what was happening with the vacant lot between A and B Streets at Montgomery. City Manager McAdoo said BART owned the property and didn't know what they wanted to do yet.

Council Member Márquez asked about the property at A and Grand Streets, formerly a taqueria. Manager Hinkle told her a Mountain Mike's pizza restaurant was going in at that location. She asked how soon and Manager Hinkle said they had been moving slowly through the process.

City Manager McAdoo said she would check in with BART, but noted it was an opportunity site and the City would want to partner with BART to determine the use. Manager Hinkle noted staff had started that process during the update of the Downtown Specific Plan for that site and others downtown. Council Member Mendall asked staff to check in with Council before going too far down any path with BART.

Member Ramos commented that the site was a "reverse commute" and that the Hayward Station was the least used in the BART system. Manager Hinkle said BART wanted to create job centers at each stop to drive ridership. Council Member Márquez said she had a lead for office use.

ADJOURNMENT: The meeting was adjourned at 6:09 p.m.