



COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING MINUTES – September 17, 2018

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

ATTENDANCE:

Committee Member	Present 9/17/18	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Michael Ly	✓	6	2	6	2
Didacus-Jeff Joseph Ramos	✓	7	1	7	1
Mayor Halliday (Chair)	✓	8	0	8	0
Council Member Márquez	✓	8	0	8	0
Council Member Mendall	✓	8	0	8	0

OTHERS IN ATTENDANCE:

Kelly McAdoo, City Manager; Jennifer Ott, Deputy City Manager; Laura Simpson, Director of Development Services; Micah Hinkle, Economic Development Manager; Sally Porfido, Economic Development Consultant; Catherine Ralston, Economic Development Specialist; Colleen Kamai, Executive Assistant; Michael Berne, MJB Consulting; Kim Huggett, Hayward Chamber of Commerce; Surina Piyadasa

PUBLIC COMMENTS

Mayor Halliday acknowledged that this meeting was the last with outside representatives and would be Council-only moving forward. She said the City appreciated the input from citizen members and with their terms expiring, thanked Members Ly and Ramos for their participation.

Mayor Halliday noted that she and Council Member Márquez would have to excuse themselves early from the meeting.

Hayward Chamber of Commerce President and CEO Kim Huggett also thanked outside members, in particular Member Ly for donations from Sugar Bowl Bakery. Mr. Huggett reviewed participation in the Biocom Workforce Resources event held at City Hall the previous week, announced the 33rd Annual Business Expo on Oct. 10th in the Grand White Tent at St. Rose Hospital, and noted Erik's Deli

Cafe was opening soon on B Street. Mr. Huggett also noted the Chamber had signed a partnership agreement with Eden Area One-Stop to assist Chamber-member businesses recruit local employees.

Council Member Márquez thanked the Chamber for organizing the 9th Annual Mariachi Festival, a huge, free, family-oriented local event. She also thanked sponsors.

1. APPROVAL OF MINUTES OF REGULAR MEETING JUNE 4, 2018

A motion to approve minutes was made by Council Member Mendall with a second by Council Member Márquez. Minutes from the June 4, 2018 Regular Meeting were approved with one minor correction.

2. APPROVAL OF 2018-2019 REGULAR MEETING SCHEDULE

A motion to approve the Regular Meeting Schedule was made by Council Member Mendall with a second by Council Member Márquez. The motion was unanimously approved.

3. RETAIL CORRIDOR STUDY – FINAL PROJECT UPDATE

Economic Development Manager Hinkle introduced the item noting Mr. Berne had provided an overview of the project at the June 4th CEDC meeting and today would provide the findings.

Mr. Berne summarized his earlier report and then focused on specific sites where retail was most viable and should be protected within Hayward's three primary retail and commercial corridors: Mission Boulevard, Industrial Parkway Southwest (near Whipple Road and I-880), and Tennyson Road.

General Comments

Mr. Berne noted that in his report he focused on larger national and regional brands not because he preferred them or recommended them, but because those retailers were the anchors that would help to underwrite redevelopment of commercial areas and spaces. He said the brands mentioned in his report had been filtered through criteria that indicated they would be a good fit for Hayward both in terms of demand by residents and expansion opportunities for the retailers.

Council Member Mendall said he found Mr. Berne's presentations educational and noted they had evolved his thinking of the different corridors, which were so different from one another. If he had to choose directions for the corridors he would "reimagine" Whipple as a regional retail attraction, "redevelop" the sites along Mission Boulevard for general and neighborhood commercial, and "rehab" what's on Tennyson Road. Council Member Mendall said he was disappointed there wasn't more opportunity for redevelopment on Tennyson, but the reasons provided by Mr. Berne were logical and no developer would invest in the area if Mission was a better option.

Council Member Mendall asked if demolition of an existing building was a good way for the City to spur redevelopment of a site. Mr. Berne said the cost of demolition wasn't insignificant and noted a lot of the existing buildings could be reworked if there was enough revenue potential. Council Member Mendall concluded it wasn't a go-to move and Mr. Berne agreed, unless the property clearly didn't have a reuse.

Council Member Mendall said it had been pointed out that Hayward already had enough tobacco and liquor-only stores and there were very few exceptions why he'd want to encourage more. He asked if it would hurt development if the City changed its zoning to eliminate tobacco and liquor-only stores. Mr. Berne said besides impacting businesses like Total Wine, which would want to be located near a freeway, he said in the near-term he didn't see anything the City would be missing out on. Council Member Mendall recommended the City consider a zone change even as a moratorium. City Manager McAdoo said her only concern was the impact on the downtown if a wine bar or cigar lounge wanted to come in. Council Member Mendall suggested the change for Neighborhood Commercial zones or at least not allowing them by-right.

Council Member Márquez asked for direction on next steps and who should undertake them. Manager Hinkle said Mr. Berne's report was educational for everyone and the feedback provided by members would help determine next steps. He said the Form-based code along Mission Boulevard was coming up for review and perhaps a commercial overlay should be considered to protect prime retail locations. Council Member Márquez asked when the Form-based code would be reviewed, and Director of Development Services Simpson said the Downtown Specific Plan was scheduled for fall with the code following in winter.

Council Member Márquez asked if this report concluded the assignment. Staff indicated Mr. Berne would be giving a final report to Council that included the feedback from CEDC members and timing of next steps from Development Services if there were zoning changes. City Manager McAdoo suggested the report include a timeline with five or six recommendations. Mayor Halliday asked when the report would go to Council and Manager Hinkle said in the next month or so, but it depended on the work load for Development Services staff.

Mayor Halliday said the report gives staff a lot to work with, but while Mr. Berne was talking about cars, parking and traffic counts, the State was telling them to build lots of housing without parking because in the future people weren't going to own cars. She said there seemed like a real disconnect and wondered if they were really moving toward a non-car-based society.

Mayor Halliday also pointed out that commercial included a lot of businesses other than retail and noted demand was changing so fast. She mentioned daycare as a growing need, especially with all the new housing being built, and asked staff to assess the need and how the City could build it into the community.

Member Ramos said the City was going backwards and creating more sprawl by trying to infill these sites that were too narrow and lacked good access—he said the answer was still mixed-use. While Member Ramos agreed with Council Member Mendall about excluding liquor stores from zoning regulations, he said overall, the City's zoning was not ideal or functional and was doing harm. He said the City needed to start inventing a new toolkit.

Member Ramos said he agreed that demolition of a building didn't always make sense, but it did for the building at C and Main Streets. Council Member Márquez said that had already been approved for demolition. City Manager McAdoo confirmed the building would be demolished along with the first set of buildings in the 238 project.

Council Member Mendall said there seemed to be consensus about rezoning the properties discussed.

He said he wanted to rezone them to regional retail, and although he didn't want to exclude other options including mixed use, he also wanted to make sure undesired uses didn't slip in without also including retail or receiving specific permission from the City.

Member Ramos said the City's zoning codes list what the City doesn't want instead of focusing on City preferences. He said staff should stand by the codes and demand developers build the projects the City envisions and wants. Mr. Berne agreed, saying there were locations where the City should demand more creative solutions.

Mission Boulevard Corridor

Mr. Berne reiterated the main features of Mission Boulevard: localized draw, not located near a freeway, anchors tend to meet weekly and daily needs, and a relatively small trade area. If residents living in the hills (including Cal State East Bay students) were included in the trade area, he said, the population would be considered "underserved" and new retail, like a grocery store, on Mission may become more convenient than travelling to similar retail in Castro Valley or Pleasanton.

Mr. Berne said based on the type of retail that would do best on Mission Boulevard (food and beverage, grocery, and discount variety), there wouldn't be as much competition from e-commerce. Although auto dealerships were making a comeback, he noted they did not generate spin-off opportunities for other retailers.

Mr. Berne listed the following five sites as having the most potential on Mission Boulevard: west side, between Jack in the Box and Sycamore Avenue; south and northeast corners at Carlos Bee; southwest corner at Harder Road; southeast corner at Tennyson Road; and northwest corner at Industrial Parkway.

Council Member Márquez noted the Kmart property was on 11 acres but asked the square footage of the building. Mr. Berne and staff estimated around 80-100,000sf.

Member Ramos asked what was better: surface parking or parking structures. Mr. Berne said structures were expensive to build, so the land had to have enough value to justify the cost. Mr. Berne also noted that typically consumers, in particular women, didn't like parking structures except for at destination retail like downtowns, huge shopping centers, or movie theaters.

Council Member Mendall said, for the most part, the General Commercial zoning was correct on Mission Boulevard and any remaining residential parcels should be rezoned. He commented that the commercial strip behind Burger King (at Industrial) needed redevelopment and if that parcel was assembled with the vacant lot next to it would create a nice chunk of land.

Council Member Márquez asked about highest and best use for the intersection of Mission Boulevard and Carlos Bee. Mr. Berne's report indicated grocery and restaurant to attract hill residents and students, but she asked what his thoughts were about gas station/automotive uses at the corner. Mr. Berne said those sites were more than symbolically important. He said those corners offered the City a better chance of attracting a different caliber of tenant. He said a gas station on that site would be a bit of a disappointment.

Council Member Márquez asked if job creation was part of the analysis for the different sites. Mr.

Berne said those numbers could be computed based on how much retail would be included in a project.

Council Member Márquez said he raised a good point about signage and noted existing businesses on Mission Boulevard had expressed some concerns. She suggested staff take a closer look at possible programs or assistance including wayfinding signage for parking near Mission and the downtown.

Mayor Halliday commented that a lot of people thought of Mission Boulevard as a freeway and noted that while majority of the traffic was local, there were also a lot of people just passing through.

Member Ly said leakage numbers were really high and he asked if there were particular stores Mr. Berne was recommending. Mr. Berne listed the following stores noting any would work except Stein Mart (because they weren't in expansion mode): TJ Maxx, Marshalls, Nordstrom Rack, DSW, and then off-price home goods. For grocery stores on Mission, Mr. Berne recommended Sprouts or H Mart (he noted they just opened their third location in San Francisco). Another was Aldi, a German grocer that belonged to the same family as Trader Joe, he said.

Member Ly asked if staff should prepare a list of the top three desired retailers for the Carlos Bee site if Mr. Berne was recommending against approving a gas station. Mr. Berne said he didn't list particular retail recommendations because the market changed so quickly that what he said now may not hold true when the project was ready to tenant. Council Member Mendall said a list of Council's top three would at least give staff a starting point when recruiting potential retailers. Manager Hinkle said Mr. Berne's report gave staff better data points and storylines to attract new retailers. Mr. Berne agreed that staff outreach to desired retailers would produce the best outcome for Hayward.

Member Ly asked if the City should hold out before accepting a less desirable retailer and for how long. Mr. Berne said it depended on if the City controlled the site and could afford to wait.

Member Ramos asked if he was familiar with the village at USC and when Mr. Berne said yes, Member Ramos said that was what he was envisioning for the Carlos Bee corner. Rather than going with national brands, Member Ramos said Hayward should create its own brand.

Industrial Parkway SW/Whipple Road

Retail at Industrial Parkway Southwest, Mr. Berne explained, had a regional draw potential because of its proximity to the freeway and Union Landing (retailers like being near other retail). He listed off-price/cheap-chic fashion, "category killers" (stores that sell a lot of one type of good, for example Michael's or Big 5), furniture/home stores, daily/weekly needs retail, and entertainment venues, as best choices for the area.

Although the cost of assembling and redeveloping industrial parcels for retail use was expensive, Mr. Berne said developers still might consider it in this area because of the difficulty of finding alternative spaces large enough and because of the proximity to Union Landing. Member Ramos asked if industrial lands were being assembled and redeveloped for retail uses in other parts of the country and Mr. Berne said not many.

Council Member Mendall said the parcel with the 24-hour Fitness on Whipple (across from Target)

was correctly zoned as regional commercial, but the surrounding parcels were not. He said short term, all parcels should be rezoned for regional retail. He acknowledged there would be some non-conforming uses for a while, but the rezoning would signal to developers what the City ultimately wanted there.

Council Member Márquez supported Council Member Mendall's comments about the regional draw and zoning of the area, but also suggested looking at improving signage. She noted the City was investing a lot of money to improve the intersection and off-ramps so the timing of the information was good.

Tennyson Corridor

Mr. Berne explained that the Tennyson Corridor was a very small trade area with 20,000 people (in contrast to Industrial Parkway SW with 160,000), that would have less appeal for new retailers than Mission Boulevard. Even though traffic counts were high on Tennyson, Mr. Berne noted the lot sizes were relatively small and not very deep, so assemblage opportunities were limited. Retail on Tennyson was primarily neighborhood-serving, he said, and successfully meeting the needs of the area.

Council Member Mendall said the existing zoning seemed appropriate if the City wasn't focused on spurring redevelopment. He said efforts there should focus on things like façade improvement grants and loans to improve the area and help it evolve over time. He noted staff had already begun those efforts.

Council Member Mendall asked about the Kaiser site on Tennyson (at Hesperian) and suggested the City might want to approach that property differently from other parcels on Tennyson. Mr. Berne said his purview on Tennyson only extended to I-880, but he noted the parcel did have the benefit of being located across from existing retail and was of considerable size. Manager Hinkle also noted the site already had a parking structure. Council Member Mendall said whether it was Mr. Berne or staff, he would like a recommendation for the site and a change of zoning to support the use.

Mayor Halliday said Tennyson had a lot of neighborhood-serving retail, but the City should try to attract what it didn't have like banks and coffee shops. She mentioned the City was building a new youth center at Ruus and Tennyson and new retail spaces would replace the existing youth center. Mayor Halliday also noted Michael's was preferred over Hobby Lobby.

Member Ramos said he thought the Tennyson Corridor gave the City the most opportunity, not the least, but the City's thinking needed to be long-term and include mixed-use. He said single family homes around retail was okay, but retail should also have housing above it to improve access to retail without a car. He said Oakland (not San Francisco) was the best example of how to bring in alternatives like shared bicycles and scooters and start eliminating the need for owning a car.

4. FUTURE MEETING TOPICS AS OF SEPTEMBER 17, 2018

Council Member Mendall said he considered the Report on the Changing Demand for Retail complete and could be removed. He asked if the Downtown Specific Plan Update was coming to the CEDC and City Manager McAdoo said it depended on when it ready and the timing with Council. He mentioned he sat on other committees and asked staff to choose a couple that gave the greatest number of

Council Members the opportunity to review.

Council Member Márquez asked if the Committee would be revisiting the Economic Development Strategic Plan Update. Manager Hinkle said staff was working on a draft with other support departments and would be bringing it back for comment. Council Member Márquez asked if it could be added to the list.

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

None

ADJOURNMENT: The meeting was adjourned at 5:49 p.m.