



Attachment I

COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING MINUTES - February 3, 2020

CALL TO ORDER: Mayor Halliday called the Regular meeting to order at 4:01 p.m.

ATTENDANCE (September 2019-July 2020):

Committee Member	Present 2/3/2020	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Mayor Halliday (Chair)	✓	4	0	4	0
Council Member Mendall	✓	4	0	4	0
Council Member Salinas	✓	4	0	4	0

OTHERS IN ATTENDANCE:

Kelly McAdoo, City Manager; Jennifer Ott, Deputy City Manager; Laura Simpson, Director of Development Services; Paul Nguyen, Economic Development Manager; Molly Almeida, Management Analyst I; Catherine Ralston, Economic Development Specialist; Marcus Martinez, Associate Planner; Suzanne Philis, Senior Secretary; Kim Huggett, Chamber of Commerce; Paul Hodges, HARD; Patrick Orosco, Armando Guido and Matt Nohr, Orosco Group; Rajiv Pottabathni, Jiva Life; Hector Villasenor

PUBLIC COMMENTS

Hayward Chamber of Commerce President and CEO Kim Huggett announced the 76th Annual Awards Gala honoring the Business Person, Educator, Police Officer and Firefighter of the Year happening Saturday, Feb. 8th at CSU East Bay, and the International Trade Luncheon with the Consul General of Mexico at The Golden Peacock Banquet Hall on Thursday, March 15th.

1. APPROVAL OF MINUTES OF REGULAR MEETING DECEMBER 2, 2019

A motion to approve minutes from the December 2, 2019 Regular Meeting with one deletion was made by Council Member Mendall and seconded by Council Member Salinas. The motion was approved.

2. CONCEPTUAL REVIEW OF A CONDITIONAL USE PERMIT APPLICATION FROM JIVA LIFE FOR A PROPOSED COMMERCIAL CANNABIS RETAIL DISPENSARY AT 22701 FOOTHILL BOULEVEARD AND 1055 C STREET IN DOWNTOWN HAYWARD

Associate Planner Martinez introduced the item noting Jive Life, LLC had applied for a conditional use permit to operate a commercial cannabis retail and delivery business from the Hayward Fishery location at 22701 Foothill Boulevard and 1055 C Street. He then introduced Rajiv Pottabathni, principal and managing director of Jiva Life, LLC, who noted the company would:

- have a medical-first approach with a dedicated medical counter
- pay an additional 1% in sales tax to Hayward
- have a soft opening to give neighbors the opportunity to check them out and express any concerns about safety and security
- hire former Hayward Police officers for security
- prohibit any on-site consumption with all packaging sealed and child-proof
- expect delivery service orders at approximately 20% of sales
- expect express online orders for pick-up also at approximately 20% of sales

Mr. Pottabathni introduced the property owner, Mr. Patrick Orosco.

Representing a second-generation retail development company, Mr. Orosco said his goal was to provide a convenient, consistent retail experience no different than stopping by a local CVS. He said his company looked at 40 different sites and chose this location because it was within downtown but not too close to too many neighbors and the location was well suited for shopping trips. He noted the building was severely blighted but would be cleaned up to provide a well-lit environment with a traditional retail façade, with the second floor abandoned and windows removed to improve security, and non-conforming uses eliminated.

Council Member Salinas asked how long the building had been empty. Mr. Orosco said his company purchased the property in 2017, but staff noted the building had been vacant for at least 10 years.

Council Member Salinas asked if a dispensary was the highest and best use at that location. Mr. Orosco said yes and noted that although traffic went by the site both day and night, the lack of cross-shopping at the corner and the inability to add a drive-thru eliminated other retail uses. Mr. Orosco said he would be investing almost the same amount of money to fix up the building as it would be to knock it down and start over.

Council Member Salinas asked Mr. Orosco if he had properties in other cities. Mr. Orosco said he had developments in Monterey and Santa Cruz Counties (that included Home Depot and Target), the Central Valley, Antioch, and as far north as Lake County. Council Member Salinas asked if he had proposed cannabis at any of those locations. Mr. Orosco said the City of Fresno, usually very conservative, had recently voted to allow 20 dispensaries. Council Member Salinas asked under what zoning would dispensaries be allowed. Mr. Orosco said Fresno was allowing a certain number of dispensaries in each district under the same zoning that would allow a corner Walgreens or CVS.

Council Member Salinas commented that dispensaries were being allowed in cities along the I-880 corridor but not east of the Castro Valley hills. He said these areas tended to be lower income areas with people of color. He pointed out that per the discussion, the target market for the dispensary was women and new users. Council Member Salinas said new users would be the young people living in these areas with low-income people of color. Mr. Orosco said as cannabis use became more

accepted, the areas east of the Castro Valley hills would eventually have dispensaries too. In the meantime, he said, Hayward would profit from being the first to open a dispensary.

Council Member Salinas confirmed with staff that there would be four dispensaries within a two-mile radius of downtown Hayward. Associate Planner Martinez said Hayward Station at B and Main had been approved, Aunt Honey's at Foothill and D was pending Council approval on March 3rd, Jiva Life was getting ready to resubmit an application, and Garden of Eden on Foothill near the 580 off-ramp was in unincorporated Hayward. Council Member Salinas questioned the number of dispensaries and asked staff what they were doing to attract quality retailers to such a marque location.

Economic Development Manager Nguyen said staff was actively engaging, or trying to engage, property owners in the downtown to understand their vision, desired rents, and what constraints were on each property for desired uses (for example ADA access and needed infrastructure improvements). He noted that other restaurant uses had been directed to the site, but the total cost of improvements was prohibitive and circulation (getting to the site) wasn't as easy as it looked.

Council Member Salinas said the complaint he heard the most was the duplication of retail types in the downtown and now the City was considering a third dispensary. He asked if dispensaries were concerned about duplication. Manager Nguyen acknowledged the duplication but noted each retailer had a specific niche and they wouldn't invest the time and money if they didn't think there was enough business to go around.

Deputy City Manager Ott said the vacant property ordinance was the stick and the new Economic Development Specialist would be the carrot targeting the users the City wanted to fill vacancies. Manager Nguyen noted that staff had been actively marketing available spaces for years, but property owners were both non-responsive and/or targeting unrealistic lease rates.

Council Member Salinas said he wasn't blaming staff and that his main concern was that Council was neglecting to understand what neighborhoods wanted and needed to thrive. City Manager McAdoo said staff was only implementing the direction they received from Council.

Mr. Pottabathni said Walnut Creek, Redwood City, Mtn. View, Napa and Carmel were all considering cannabis uses in their cities. It will happen eventually, he said.

Council Member Mendall confirmed that the site was recently rezoned under the Downtown Specific Plan for a higher density and that it was currently a legal non-conforming use. Associate Planner Martinez said the use was fine, it was the structure that was legal non-conforming. Council Member Mendall asked if the proposed remodel would cause any problems. Associate Planner Martinez said no, they would just have to conform with current side and front yard setbacks. Council Member Mendall asked about Green requirements and was told, for example, solar requirements only applied to low-rise residential. Council Member Mendall suggested that the Orosco Group go above and beyond requirements to make it easier to gain his approval.

Council Member Mendall acknowledged the site and process had been a challenge. He said he was glad they hadn't walked away from the project and noted it was a good location for cannabis and he was pleased to see them moving forward.

Mayor Halliday asked if the 110-year-old building had any historic value and Association Planner Martinez said no, a study determined the structure had low historic integrity.

Mayor Halliday said her main concern was circulation, traffic and parking. She asked how many parking spaces were available. Associate Planner Martinez said they were only required to have five, but the existing 19 parking spaces would be grandfathered in. She commented that Garden of Eden in unincorporated Hayward always had cars lined up to get in and she didn't want the Cinema Place parking garage to be impacted. She confirmed with staff that the existing amount of parking spaces was enough.

Mayor Halliday said the existing building was an eyesore and she was glad that it was being improved. She agreed the location was off the beaten path and really wasn't conducive to other types of retail. She asked staff for confirmation on allowed hours of operation and was told by Associate Planner Martinez that Hayward Station had been approved for 9am-9pm so for monitoring purposes, Hayward PD was requesting that all dispensaries be held to those same hours.

Mayor Halliday asked Mr. Pottabathni what he preferred, and he said they'd like to stay open until 10pm but would comply to whatever the City requested. Mayor Halliday also confirmed with Mr. Pottabathni that the second floor would not be used.

Mayor Halliday acknowledged the building had been unused for a long time and the site had challenges being surrounded by one-way streets, but Council had established policy regarding this type of business, she said, and the use fit at this location. She thanked the applicant for bringing the project forward.

Hayward Chamber of Commerce President and CEO Kim Huggett pointed out that Jiva Life was proposing to clean up the site and engage with the community which previous property and building owners were either unwilling or unable to do.

Mr. Orosco told members to not be shy about telling them anything they could do to make the project better.

Mayor Halliday asked for next steps and Associate Planner Martinez said after Jive Life resubmitted their application the project would go to the Planning Commission for a recommendation to Council.

3. REGULATION OF SIDEWALK VENDORS IN ACCORDANCE WITH SB 946

Management Analyst I Molly Almeida introduced the item noting in January 2019 State legislators passed Senate Bill 946 establishing new laws associated with street vendors and general provisions by which they can operate. She explained that until the City Council formally updated regulations that align with SB 946, the City could not regulate, cite, fine or prosecute a sidewalk vendor for a violation of any rule or regulation that was inconsistent with the statute. She noted that food vendors would still have to follow County Health regulations and items such as tobacco, alcohol and cannabis would not be prohibited for sale. Whatever violations the City did establish, she said, would only be

punishable by an administrative fine and fines would be capped by the State and pursuant to the vendors ability to pay. Council Members were asked to respond to three question regarding the policy approach staff should take.

Council Member Mendall said he supported a permissive policy toward street vendors, but he didn't want to encourage the activity. He wasn't sure how it could be done, but he wanted to discourage, for example, ice cream vendors from stopping in front of an ice cream store. He suggested creating a non-trivial fee (\$400-\$500) that could be waived if they agreed not to stop in front of a competing businesses. Analyst Almeida said other cities had what was called a "good neighbor" policy that addressed this concern.

Council Member Salinas expressed concern that an outside company would hire an army of street vendors and release them onto City streets. That said, he supported local entrepreneurs, like tamale vendors, and wanted them to have an opportunity. Council Member Salinas suggested an entrepreneurial permit or sticker that identified them as a participant in the program and an agreement to follow a set of related rules.

Council Member Salinas asked if all food vendors had to have a County health permit and was told yes. He asked if the City would know they had a health permit before issuing an entrepreneurial permit. Analyst Almeida said the County was in the process of reviewing their regulations and City staff was going to meet with them to discuss.

Council Member Salinas asked if vendors would need to have insurance. Analyst Almeida said some cities requirement it, but because of the cost it could be a barrier.

Council Member Salinas asked about timeline. Analyst Almeida said the next step was to work with the City Attorney's Office to draft an ordinance which will be presented to the Downtown Hayward Improvement Area and then the Planning Commission on March 2nd. The final ordinance should go to Council in April, she said.

Council Member Salinas asked what the City should do about outside companies coming in releasing carts all over city streets. Chamber President Huggett said during the Summer Street Parties when thousands of people come downtown, he's had people try to sell stuff like chocolate milk and hot dogs from the back of their trucks. The vendors that have been invited have insurance and health permits and probably paid a fee to participate, so he tells these other vendors they must leave because they are not listed on the encroachment permit. Analyst Almeida said there were regulations that prohibited street vendors in the vicinity of certified farmers markets, swap meets, or temporary special permits. There were also special carve outs for parks where the aesthetic scenery could be impacted or there are already confectioners.

Mayor Halliday asked if the City would receive sales tax for merchandise sales like sport memorabilia and was told probably not by staff. She said she agreed with the sentiment of the State law but felt allowing street vendors wasn't fair to competing local businesses. In response to the three questions from staff she said she preferred more regulatory controls, no incentives, and using the County health permit requirement as protection if there were problems. Mayor Halliday said street vendors should not block sidewalks and sales should be limited to daylight hours. Staff said they would have to check with the City Attorney's office about whether limiting hours was too restrictive.

Mayor Halliday said the City should do whatever they can to protect local businesses. She confirmed with staff that street vendors would be prohibited on private property like in grocery store parking lots. She liked the idea of a permit system as suggested by Council Member Mendall.

Council Member Mendall suggested not including the list of “please don’t do these things” in the new ordinance so it could evolve over time. City Manager McAdoo said the ordinance could reference a list of conditions and practices that could change over time. Council Member Mendall said if vendors agree to do those things then the fee could be waived. Analyst Almeida said they could be administrative guidelines.

4. FUTURE MEETING TOPICS AS OF FEBRUARY 3, 2020

Mayor Halliday said she thought the Committee was going to see something about vaping. Manager Nguyen added two items to the list of future meetings topics for March including an update to the tobacco/vaping ordinance and update to the Mission Boulevard Form-based Code.

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

Economic Development Specialist Ralston gave an update on social media marketing efforts. She said since April of 2019, she and Manager Nguyen had showcased local businesses, news and events in 70 posts on LinkedIn that had generated 64,000 impressions (views), 1,300 likes and 56 comments. She said 16 of the posts had over 1,000 impressions individually with two features on Kite Hill Foods receiving the top number of views (5,300 and 6,300). All posts included the hashtag #haywardupward so the postings will come up as some of the most popular when someone searches Hayward.

Over the last 10 days of the year, she and Paul posted a Top 10 Coolest Businesses Discovered in Hayward in 2019 posting each day. Those 10 posts alone had over 13,000 views, 185 likes, and 13 comments, she said. Businesses included Bell Plastics, OnQ Solutions, Fanale Drinks, Kite Hill, Kinestral Technologies, Amy’s Grill & Café, Bears for Humanity, Potrero Medical, C3 Nano, and RefleXion Medical. LinkedIn allows ED staff to see that views were coming from executive staff at Mars, General Mills, Smuckers, food service professionals, executive directors, business strategists, and founders (102 views), located in the Bay area, New York, Los Angeles, Minneapolis, and Chicago.

Economic Development Manager Nguyen said the ED Team used LinkedIn to demonstrate the value of City services to local businesses by posting their news releases and happenings in addition to our Concierge Program. By promoting businesses, he said, staff was creating connections with businesses that in the past hadn’t wanted a relationship with the City.

Specialist Ralston also noted that at their last meeting, the director of SVEDA (Silicon Valley Economic Development Alliance) gave a shoutout to Hayward as an example of how to use social media to promote the good news happening in the business community.

Mayor Halliday asked about Innovation Awards. Manager Nguyen said Hayward had two finalists: C3Nano (creates the coating for flexible touch screens for mobile devices) for Advanced

Manufacturing, and Porifera (an advanced water filtration company) under the Sustainability category. The award ceremony was March 26th at the Fox Theater in Oakland, he said.

Specialist Ralston mentioned the huge grand opening event on Saturday for Marley's Treats and Black & Gold East Bay. The event, which drew hundreds of people and topped \$10,000 in sales, exceeded expectations. Manager Nguyen said for hours the line wrapped around the corner of the Hayward Hardware store.

ADJOURNMENT: The meeting was adjourned at 5:32 p.m.