



City Council Economic Development Subcommittee

MINUTES

Conference Room A
City Hall, 501 Primrose Road – Burlingame, California
Thursday, October 11, 2018 – 2:30 p.m.

ATTENDANCE

Members Present: Council Member (CC) Beach and Vice Mayor (VM) Colson

Members Absent: None

Staff Present: City Manager (CM) Lisa Goldman, Parks and Recreation Director (PRD) Margaret Glomstad, Economic Development Specialist (EDS) Cleese Relihan, Finance Director (FD) Carol Augustine, and Community Development Director (CDD) Kevin Gardiner

Members of the Public Present:

Chris Blom, John Britton, Nick Delis, Stephanie Delis, Clark Funkhouser, Ryan Guibara, Ron Karp, Riyad Salma, Julie Taylor, Silvia Wong, and Vierra Wong

DISCUSSION ITEMS

Burlingame Avenue Downtown Zoning:

EDS Relihan introduced the item. He said the interest originates from inquiries he and Planning staff have received for various businesses that would not be allowed under current zoning regulations. Given the changing nature of retail and commercial uses in downtown districts, it seemed appropriate to consider the range of uses desired for Burlingame Avenue and Broadway, and determine if amendments to the zoning regulations would be appropriate to accommodate uses that might not be allowed currently. Commercial property owners were invited to this meeting to provide input, including identifying potential tenants that may have inquired about leasing space that may or may not be able to be accommodated under current zoning.

Vice Mayor Colson provided further introduction, noting that the vacancy of the large J. Crew space on Burlingame Avenue had been part of the impetus for the discussion. Retail consultant Julie Taylor had been invited to the August 17, 2018 Economic Development Subcommittee meeting to share her thoughts on the issue. Ms. Colson noted that there will be further conversations in the community on this topic in the coming year. She added that commercial recreation and co-working businesses have been suggested as new uses not currently allowed on Burlingame Avenue.

Property owners in attendance had a number of observations and suggestions including:

- Suggestion to review the Burlingame Avenue Commercial (BAC) zoning chapter to look at which uses are permitted and not permitted, and how those fit with the 21st century. The current zoning lists a number of outmoded uses such as variety stores, drug stores, and travel agencies.
- The nature of banks has changed from decades ago; they should be allowed.
- There has been interest in commercial recreation, but it is not allowed in the BAC zone.
- There is a provision in the zoning that states that anything that is not listed is therefore prohibited. The property owners suggest changing this provision to allow more flexibility in the future.
- Does not need to have three different types of food service uses.

- Should consider the goal of Burlingame Avenue downtown retail and Broadway retail. The current regulations are very restrictive. Set a broad goal, a vision statement.
- The “retail” use is really restrictive downtown, and what is allowed varies from block to block. Different retail criteria for different locations, zoning is disparate.
- The CUP process does not work for leasing, creates risk for landlords. Needs a faster process for getting a decision. For example, staff-level review with a 48-hour turnaround, which could be appealed if there was disagreement with the decision.
- Soul Cycle or other commercial recreation would be a good tenant for Burlingame Avenue. It brings a lot of energy, particularly with the right instructor. It is a better location than Howard Avenue.
- There is still high demand for retail.
- Could consider allowing office on the ground floor provided the first 15 or 20 feet is retail. Could have office space behind, accessed through a hallway.
- Education uses bring foot traffic, and eating and shopping. Parents have to drop off kids and pick them up, and will shop and eat in the meantime.
- There appears to be increased foot traffic on Burlingame Avenue at the lunch hour. There needs to be more eating establishments. Young people with disposable income are coming to Burlingame, and they want to eat, but want to get in and out quickly. Needs more flexibility for a wider spectrum in restaurants.

Subcommittee members showed concern with the process to obtain permits and wanted to ensure they do not impose undue constraints on prospective businesses.

Julie Taylor, Colliers International, provided comments on retail environments in general. She said that every category of retail property is trying to figure out how to replace the lost soft-good tenants. Shopping centers are replacing retail space with food; for example a Macy’s converted into an Eataly in Los Angeles. She suggested making the zoning as broad as possible to allow multiple types of uses. She said there should still be retail on the ground floor, but the City could expand the zoning to include fitness provided it has a retail component at the front. It is reasonable to tell a recreation use that it cannot obscure its windows, and must instead have an entry vestibule, perhaps with apparel, that is welcome and open during regular business hours. She also suggested co-working could be considered if it has a café presence at the front, particularly since co-working brings more businesspeople, which then brings better lunchtime traffic and cocktail hour traffic. On larger frontages, an option could be to have a significant portion of the frontage be occupied by retail, but have co-working occupy just 20 feet in front with a “throat entrance” leading to a larger space behind. However, she also suggested being cognizant that a single use such as co-working not dominate an entire block. She noted that the laws of supply and demand need to be recognized; some cities try to regulate the mix of uses through zoning, but it results in vacancies. The important consideration is how uses (whether they be commercial recreation or co-working) activate the window line, and how much window line do they have.

Property owners provided further remarks:

- It is a challenge to find a tenant for an old-style “bowling alley” storefront that is 35 feet in the front but extends 100 or 150 feet back.
- Ability to pay higher rents varies by type of tenant, as well as position of a tenant in their category. For example, Salt & Straw can afford a \$16,000 per month lease because it is a leader in the category, and can cover the lease cost with volume.
- There is less demand for table service restaurants.

Ms. Taylor added that restaurants can have a hard time expanding in the Bay Area because they cannot hire enough employees. The employees cannot afford the cost of living, and the wages are higher. Counter service lowers labor costs.

Subcommittee members inquired about providing housing downtown as a contributor to the commercial environment. There are plans for both market-rate and below-market units in Downtown Burlingame. However it can be hard to have conversations about housing in the community, given concerns over amount of building, parking, etc. The hope is that transit-oriented development can help the commercial environment.

Property owner comments:

- Development is helpful to the commercial environment. Restaurants need people during the day, as well as at night for dinner and happy hours.
- There is a parking issue because there is so much demand from people to be Downtown. In that sense it is a “high class problem,” or otherwise an indicator of success. Parking should not be required for retail uses.
- There needs to be speedier review of applications. It costs a lot of money to carry a project over time.

Subcommittee members asked those in attendance about their perspectives on the future of brick-and-mortar retail. It is important to Downtown, and in particular with the post office project having a sizable retail component. CDD Gardiner mentioned that the post office project proposes about 18,000 square feet of retail.

Property owner comments:

- 18,000 square feet of new retail is a lot of space to support. There is a risk of too much retail; they believe it will be a detriment to the project.

Ms. Taylor remarked that retail will survive, but only on the best blocks with the best architecture and streetscapes, and on the closest feeder streets. She cautioned against creating tertiary retail, where retail is required at the ground floor regardless of demand. The situation is compounded when floorplates are too large, ceilings are too low, spaces are too deep, and there are no provisions for venting. Attractive brownstones and stoops would be preferable to vacant storefronts.

Property owner comments:

- Office on the ground floor would also be preferable to vacant retail.
- Bay Meadows has had a hard time leasing the retail space, despite all the new housing.
- There is 300,000 square feet of office space in downtown Burlingame, which is a relatively small amount to support retail.

Ms. Taylor mentioned that there are different types of offices. Some offices are very private and have a fortress quality, but others have more of a presence such as graphics firms, architects, medical, or co-working which allow engagement. If it has to be a private office, it can be situated behind a throat entrance with retail in the front.

Property owner comments:

- Office on the ground floor has been taboo in Burlingame since the “dotcom,” but office on the ground floor with the kinds of qualities being described would be desirable.
- Could consider overnight hotels for animals, or doggie daycare.
- There have been a lot of inquiries for commercial childcare.

- Should not try to cherry-pick where the market is going. Will always be playing catchup. The City needs to think of the overarching goal, together with flexibility and predictability.
- Needs reliable decision-making, focus on the administration of the goal.
- The split between service and retail is not productive.
- The smaller retail uses benefit from the big retailers bringing in foot traffic. However the small retailers are struggling; they are surviving by putting in their own labor. They cannot provide the same level of service as the big retailers, such as ease of exchanges.

Subcommittee members asked for examples of communities that have done a good job of revising regulations.

Property owner comments:

- San Mateo tried to regulate ground floor office during the “dotcom.” This has been revisited; a property owner believes the requirement is now retail in the first 60 feet, and a percentage of the windowline frontage.
- Office on the ground floor still involves people walking.
- Ancillary streets such as California Drive are not going to be able to attract retailers.

Ms. Taylor mentioned that childcare is a good use since it brings a parent twice a day. It creates repeat traffic that merchants can build upon. She also mentioned that Walnut Creek has created a real downtown with verticality, and residential is in very high demand. People downsize from their large homes and move to Downtown Walnut Creek to be near services. She suggests that Burlingame redevelop some of its parking lots with residential or office, noting that density sustains retail. She also remarked that parking garages are likely to be converted to something else as demand for parking decreases.

Property owner comments:

- The City needs to reduce parking requirements for residential development.
- The hotel parking reduction is an example of allowing something other than unused parking.
- Parking will be repurposed over time.
- Retailers will always ask for more parking, but that should not drive decisions.
- Parking is expensive to build. Does not make sense when it is right next to the train station.
- Would not suggest limiting the number of commercial recreation uses. The prior experience with limiting the number of restaurants to 36 allowed a few property owners to control what the restaurant rates were.
- There needs to be predictability in the planning approval process.
- Water and sewer add to costs, particularly if the tenant is paying for them.

CM Goldman asked CDD Gardiner to describe how the zoning ordinance update follows the update of the General Plan. Gardiner commented that the General Plan sets the policy direction and goals, and that the zoning provides the regulations that establish what is allowed and what is not. It will be a complete rewrite of the zoning code, not just tinkering. The new code can have more flexibility as is being discussed. There may also be options for a permit that is less involved than a Conditional Use Permit. It is also an opportunity to revise procedures as well as regulations. CDD Gardiner also said there are nearer-term options to make more limited changes to the existing code, such as adding commercial recreation as an allowed use in the Burlingame Avenue Commercial district. CM Goldman suggested the nearer-term items could be presented to the full City Council to provide direction as a work item.

Property owner comments:

- Changing the definition of retail may be a faster fix than some of the other concepts being discussed. If things like co-working can be made to fit within current definitions, the City may not be so far behind the curve with these changing types of businesses.

CM Goldman suggested to the group that if they have thoughts on what types of changes to make to the definitions, they can be submitted to staff. Staff will then convey the suggestions to the City Council.

Subcommittee members mentioned that next spring, there will be a “retail summit” to discuss these issues with the larger community. The subcommittee wanted to talk with property owners in this meeting beforehand to hear their perspectives. The thinking is to follow the “Burlingame Talks Together” format that was utilized for the housing discussions earlier this year. The public, retailers, and property owners will all be invited.

Draft Checklist on “How to Maintain Vacant Commercial Spaces”

EDS Relihan discussed examples he has collected showing different ways to present and market vacant commercial spaces. The emphasis is on presenting the spaces in a manner that appeals to potential tenants, and is attractive to the surrounding commercial district.

EDS Relihan has compiled a list of suggestions to property owners that are intended to help improve the appearance of vacant spaces. They are general strategies to improve the positive “curb appeal” of a property for prospective tenants.

CM Goldman said some of the vacant properties on Burlingame Avenue and Broadway are presented well, but others are presented very poorly. Properties are difficult to market when presented poorly, and in turn reflect badly on adjacent properties. The City wants to provide some “helpful hints” for maintaining a property while they are looking for their next tenant.

Property owner comments:

- Delays in permitting hinder investment in better construction materials. The longer the permitting takes, the fewer resources are available for making improvements. This is particularly difficult for smaller “mom and pop” businesses wanting to come in.
- There needs to be collective garbage facilities in the parking lots. It is difficult for the individual older buildings to have room for the bins on their own properties. San Carlos has done a great job with creating shared trash areas that the tenants and landlords pay for.
- Appreciates that staff and the City Council are listening to property owners nowadays and engaging in constructive conversations.

PUBLIC COMMENTS

There were no further public comments.

FUTURE AGENDA ITEMS

There were no future agenda topics suggested.

ADJOURNMENT

Meeting adjourned at 4:03 p.m.

Respectfully submitted,

Kevin Gardiner
Community Development Director