



City Council Economic Development Subcommittee

MINUTES

Conference Room B
City Hall, 501 Primrose Road – Burlingame, California
Wednesday, February 13, 2019 – 8:15a.m.

ATTENDANCE

Members Present: Vice Mayor Beach and Councilmember Ann Keighran

Members Absent: None

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

Members of the Public Present: Chris Blom (Cushman and Wakefield), Nicole Byers (Manager, Sephora Burlingame), Terry Horn (property owner and broker), John Kevranian (Nuts for Candy), Stanley Lo (property owner and broker), Patrick Plawner (Shop Local), Riyadh Salma (property owner and broker)

READ AND APPROVE MINUTES FROM JANUARY MEETING

Meeting Minutes approved.

DISCUSSION ITEMS

Business Community Meeting:

This item was intended to allow merchants and commercial property owners an opportunity to share input on what they believe are important priorities for the Economic Development Subcommittee and City staff to focus their efforts. In particular, there was focus on a retail summit being planned in April, and wanting to identify trends to be aware of when looking at the Downtown Burlingame and Broadway retail districts. Subcommittee members noted that there may be a need to look at uses, and see which uses the community may want to change and which to try to keep as shopping and retail habits change.

Feedback from members of the public in attendance included the following:

- There are concerns with vacancies. Right now on Broadway there are four vacancies, and the Business Improvement District (BID) doesn't know how these vacancies are being marketed to attract prospective tenants.
- There is interest in seeing if there are opportunities to work with the City to find prospective tenants for vacant spaces. For example, there could be signs on the windows where prospective tenants can call the Planning Department or the Building Department to learn what the requirements are to open a business, and what the zoning allows. Most vacancies just have a "for rent" sign, but that could be supplemented with the City's phone number and information on the zoning.

- The City does a great job beautifying the streets, but if there is not enough foot traffic it won't be as helpful. There needs to be more density around Broadway. During the day, homeowners and residents are out working. All the side streets are empty, and at lunchtime, the restaurants and retailers are hurting.
- Restaurants in particular are having a really hard time finding employees, in part because of the economy and low unemployment. People who want jobs have jobs, to the extent that restaurant employees are getting poached by other restaurants. People are afraid to ask their busboy to work an extra shift, or they're afraid to discipline them for not showing up because they fear they'll just leave and find another job somewhere else. Restaurants compete with San Francisco for employees; those restaurant employees get paid a higher minimum wage and make more in tips.
- Some restaurateurs think there are too many restaurants in Burlingame and they are suffering as a result of what they see as too much competition.
- To be more viable, restaurants are changing operations to rely less on employees. They're moving toward quick-service models, with more over-the-counter service, and relying less on skilled staff. They can have more turnover because they don't have to train for as long.
- It is unclear whether a higher minimum wage would help attract and retain employees, because the competition is already driving the wages.
- It is challenging for the retailers to retain employees, even with paying above minimum wage. Some employees take rideshare to get to work because of challenges with parking.
- The issue with vacancies is marketing, low demand, and overly restrictive zoning.

Subcommittee members suggested that the upcoming Oculus campus offers opportunities. Oculus will be promoting commuting in modes other than single-occupancy automobiles, so they will be utilizing shuttles to the rail stations. Hopefully, some of the employees will have time to come for lunch, or spend time at the end of the workday. In addition, the Broadway Caltrain station is expected to re-open with the Caltrain electrification in 2022.

Additional feedback from members of the public:

- Appealing to employees after work could be useful. Right now there is a big lag time between the end of the work day and dinner, and there is not a strong happy hour market. In comparison, in Redwood City, there are a variety of choices, people stay after work, and that blends into dinner. So if people are coming to the train station, maybe sometimes they'll decide to take a later train to go to happy hour or spend time downtown.
- It will be more difficult to attract Oculus employees at lunch because of their work philosophy; the company wants to keep employees on campus. So the focus should be on the after-work hours.

Subcommittee members asked those in attendance what they believe is causing vacancies in Downtown Burlingame. Members of the public responded:

- It's risky and expensive to build restaurants; it's much cheaper to buy an existing restaurant than build one.

- Retail hasn't figured out how to deal with the internet. A lot of the spaces in Downtown Burlingame are designed for old retail with deep storage rooms, but nobody has storage rooms nowadays. There is not demand for large spaces.
- There is no demand for retail right now; retail sales are dropping.

Subcommittee members asked those in attendance if there are uses that would be beneficial in downtown that are not currently allowed. Members of the public responded:

- The City needs to change zoning to allow more office space. The lower level and upper levels should allow office without a Conditional Use Permit, as well as the deeper ground-floor spaces that have rear access. In San Mateo, the frontage is retained as retail but other uses are accessed from the back through the parking lots.
- Nobody wants a 75-foot deep store, so allow them to have a 25- or 40-foot deep store with offices in the back. Those offices will have employees that will shop in local businesses, eat in the restaurants, and stay after work. It will also help the retail tenants because it will allow those that can only afford to pay for a smaller space to find a viable space.
- Burlingame has been reluctant to allow more office space because of fear about the impact on parking, but that's a secondary problem to a dying street.
- Attendees do not want to have a large block of offices. They are supportive of models where there is co-working that also has a café component or something else that might create energy.

Subcommittee members discussed the changes offered by the updated General Plan and the upcoming Zoning Ordinance Update. CDD Gardiner noted that a challenge is that current zoning reflects prior sensibilities of what types of businesses people want in the community, but that the thinking that might have gone into the prior standards will need to be reevaluated given the changes in the retail market. There will be a need to have the community understand the changing dynamics, particularly if more uses are allowed without Conditional Use Permits, or allowing things that would have not been considered decades ago.

Subcommittee members noted the retail summit in April will allow the community to think about what the future of the downtowns will look like. The meeting will not just be for the property owners and business owners, it will also be promoted to the community at large. The hope is to balance the sentiments to keep things "just the way it always was" with creative solutions to move forward.

Subcommittee members also noted that additional housing can bring in more people to support businesses. The updated General Plan has a vision for additional density near transit, which includes Downtown and Broadway. When there is additional housing density, there is a need for additional services. The discussion should not just be between offices versus retail.

Furthermore, subcommittee members noted that services cannot be replicated on the internet as easily as retail goods. This includes commercial recreation. For example, in Redwood City there is a large daytime workforce, and after work many will patronize recreation businesses and then grab dinner before going home. Office and services such as commercial recreation could be good supplements to retail and restaurants.

The subcommittee members concluded this item by emphasizing that the City wants to engage and learn from business owners, property owners, and community members, and create policies that can support the economic viability of the commercial districts.

LiveShop:

This item was intended to provide a presentation of LiveShop, a business service that provides an e-commerce platform and product delivery services for local businesses.

Patrick Plawner, CEO of LiveShop, Inc., made a presentation to the subcommittee. Points in the presentation included:

- The changes to retailing are not just in Burlingame; they are happening all across the country and abroad.
- The opportunity for local businesses is to engage with local buyers who are otherwise shopping online. Technology is essential for this.
- A business having a website is not enough, nor is creating Google ads. The emphasis needs to be on the customer experience in terms of ease of use and services.
- Many local businesses do not have a good understanding of technology, and do not have the capacity to learn the technical skills of e-commerce. For some, they do not have the capital to fund an extensive e-commerce platform.
- LiveShop tries to learn from the big online retailers such as Amazon and Walmart to see what people like about online shopping, then apply it to the local cities and keep the personalized experience people care about. It combines e-commerce with local delivery.
- The value of online commerce is that it is easy to find what one is looking for, and have it delivered quickly. If you can mix this online experience while buying local, there is the benefit that delivery time can be shorter since it is local. The online retailers have warehouses far away, whereas the warehouse of local retailers is their shops themselves.
- Many businesses believe that once they've created an online platform, they're done. However there are benefits to marketing together with other local businesses in an online marketplace – for example, an event such as a “Burlingame Black Friday” of the season that is widely promoted. Technology can facilitate working together, in promoting to the local community.
- The local angle emphasizes giving back to the community. When people buy from a local store, portions of proceeds make their way back to local businesses and organizations. The point of ordering from local businesses through an online marketplace is it can be as easy as ordering from an online retailer, it is delivered much faster than an online retailer, and the money spent in local stores goes back into the community.
- The shortcoming of individual business websites is people do not have the time to comparison-shop across multiple websites. In an online marketplace such as LiveShop, people can find what they are looking for but also learn about all the other options in town that they would not have otherwise encountered. It enables an Amazon-style of shopping, but at the local level.

Members of the subcommittee acknowledged the possibilities of online marketplaces, and noted that a number of local businesses have enlisted LiveShop. There was a suggestion that delivery options could include environmentally-friendly approaches, such as bicycle delivery. While the City does not promote individual businesses or business services, subcommittee members suggested that the presentation

could be made to the Business Improvement Districts (BIDs) and Chamber of Commerce. These organizations could enlist a service such as LiveShop for joint marketing and commerce services.

PUBLIC COMMENTS

There were no further public comments.

ADJOURNMENT

Meeting adjourned at 9:45 a.m.

Respectfully submitted,

Kevin Gardiner
Community Development Director