



## City Council Economic Development Subcommittee

### MINUTES

Conference Room A  
City Hall, 501 Primrose Road – Burlingame, California  
Wednesday, June 12, 2019 – 8:15a.m.

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#### **ATTENDANCE**

**Members Present:** Vice Mayor Emily 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), Assistant to the City Manager Nil Blackburn (ACM)

**Members of the Public Present:** Ryan Guibara (property owner), Mark Hudak (attorney), Ron Karp (property owner), Jenny Keleher (President, Downtown Business Improvement District (DBID)), Greg Terry (broker)

#### **READ AND APPROVE MINUTES FROM MAY MEETING**

Approved.

#### **DISCUSSION ITEMS**

##### *Ground-Floor Office Space in Downtown Zoning Districts:*

CDD Gardiner presented an overview of the topic. The issue is whether to consider allowing non-retail uses (such as office) in the rear portions of ground floor spaces in the Burlingame Avenue Commercial and Howard Mixed Use zoning districts. There are some large vacant storefronts in the 1400 block of Burlingame Avenue which could be difficult to market for retail use, but could be subdivided to create smaller retail spaces in the front of the storefronts and non-retail/office uses in the rear. Subdivided spaces would still need to be able to provide accessible egress per building code requirements.

Members of the public expressed concern that amendments may be focused only on particular blocks, rather than more broadly, so would be too restrictive to be effective.

Subcommittee members noted that the middle blocks on Burlingame Avenue are more active, whereas the outer blocks (particularly the 1400 block) are less active and could benefit from a wider range of uses. Subcommittee members also inquired how office uses would affect parking and commercial vibrancy, how rear spaces would be accessed, and if there would be sufficient interior lighting.

Members of the public offered the following comments:

- Subdividing spaces with different uses could make the retail spaces more viable. Many spaces are narrow and deep, in a “bowling alley” configuration, but retailers only want to lease the front portions.

- Offices should be exempt from providing parking since the parking requirements are less intense than restaurants or commercial recreation.
- Office staff go out for lunch, go out for breaks, and pick up items for dinner. Parking demand is complementary to retail and restaurant demand; offices use less parking in evenings and weekends, which is when retail and restaurant parking demand increases.
- Could result in retail space in the front being leased quicker.
- It is difficult to lease out the largest spaces. The City should be open to changes for the largest spaces that might sit unleased for an extended period of time.
- Offices could have skylights, windows in the back, and other investments that would not otherwise happen if the space was limited to storage or retail.
- WeWork and other transient uses want a place to come in and work, take clients to lunch, and get coffee. Such a use could be ideal for the back of a J. Crew or Anthropologie space. Should be more open and nimble and flexible to keep up with the environment.
- There could be cut-throughs or corridors from the front to access the spaces in the rear.

Subcommittee members inquired how allowing office uses at the rear of large spaces could be allowed without it being considered “spot zoning,” and how to ensure the total amount of office space is kept to a reasonable amount. CDD Gardiner responded that options could include specifying that regulations apply only to spaces of a particular minimum size, and that there be minimum depths for the retail portion of the spaces.

Members of the public offered the following comments:

- One broker mentioned that he has a space measuring 53 feet wide by 190 feet deep, and that it would be difficult to subdivide into parallel halves. Each space would measure 25' x 190' which would be unmarketable.
- Concern that the retail market is saturated, and subdividing retail spaces into smaller retail spaces will create competition with other vacant small storefronts. One broker mentioned that he has a vacant 700 square foot space being marketed, but all inquiries have proposed businesses that would duplicate others already on Burlingame Avenue. Concerned this would cannibalize the market.
- It takes time for businesses to build up their customer base. Takes one to 1 ½ years lead-up for a business to develop a customer base.

Subcommittee members asked what uses are in demand irrespective of zoning, and what options do property owners want to see that are not available currently.

Members of the public offered the following comments:

- There needs to be a more cosmopolitan mix of uses to support each other.
- There should be an attempt to mix up viable uses. Retail demand drops after 6:30 or 7:00 p.m. regardless. Some office staff would still be working, so it could actually be a benefit.
- The trend in retail is wider storefronts with less depth. The shade store on Burlingame Avenue is the perfect size shop. Stores are becoming more like showrooms, with less stock on site.
- Office could use the space that is underutilized in the back. It is not displacing productive retail space; it is replacing storage space, or vacant space.

- New uses should focus on experience and entertainment. Examples include Lucky Strike, or a music hall.

Subcommittee members suggested that they would like to keep the entertainment uses in mind, rather than relying entirely on offices. Terrapin Crossroads in San Rafael was mentioned as an example with indoor/outdoor food venues, a beer garden, and entertainment.

Subcommittee members also suggested that bringing more people downtown through housing could be more effective than offices given the timing of residents patronizing businesses.

CM Goldman noted that offices could help support retail, and that smaller office spaces would have less impact compared to large office parks. It can be part of an approach that emphasizes being able to live and work in the same community.

Members of the public made the following comments:

- Office tenants look for retail, food, and transportation to be nearby.
- Some office tenants are locating in Downtown San Mateo because there is office space available, and there are lots of restaurants nearby.

Subcommittee members noted that Downtown Redwood City has become a popular destination for offices. Redwood City is vibrant from offices as well as entertainment and housing, and has a good balance.

Members of the public made the following comments:

- There is 350,000 square feet of office space in Downtown Burlingame. That is much less space than Downtown San Mateo, Palo Alto, etc.
- \$4.00 per square foot is the lowest end of retail rents. At that rate, a 2,500 square foot store would have a rent of \$10,000 per month. You don't want rent to be more than 10% of gross sales, so the operation would need to be a \$1 million operation to work. It is hard to make the economics work with that rent.
- The more typical rents range from \$6.00 per square foot up. Even if rents came down 20% it would be hard for the economics of a business to sustain such rents.
- Concern that the post office project would add too much retail space, which could cannibalize retail space in the rest of Downtown. Would prefer to see entertainment uses on the first floor, rather than more retail.

Subcommittee members concluded by saying they were open to having the proposal considered by the full City Council. CM Goldman suggested a study session could be scheduled in September.

*Vacant Property Maintenance Document:*

EDS Relihan presented the revised Property Maintenance document. The reformatted document focuses on photos of well-maintained and well-presented storefronts. Captions below each photo provide explanations.

Subcommittee members were supportive of the revised document. They liked the visuals and that the emphasis was kept positive, and suggested that it should focus on good examples (rather than “what not to do” examples).

The document will be provided to property owners and managers in the future where there are maintenance issues.

*Façade Improvement Pilot Program:*

EDS Relihan will be presenting the Façade Improvement Pilot Program to the Broadway BID on June 20<sup>th</sup>. The intent is to receive input on the timing of soliciting and receiving grant applications.

*Burlingame Plaza Shopping Center:*

EDS Relihan reported that he had sent letters to invite the businesses and property owners to attend the EDS meeting, and had visited businesses in person. He noted that some businesses said it would be difficult for them to attend the EDS meeting given the time of day. No businesses or property owners from Burlingame Plaza attended the EDS meeting.

CM Goldman noted that there are no vacancies at Burlingame Plaza.

Subcommittee members noted that in the recent improvements installed in the southern portion of the shopping center, there are no bike racks. It was noted that Commute.org offers a 50% match up to \$5,000 for bike racks, lockers, and repair stations. Both the City and property owners are eligible. A member of the public suggested that this information could be included as part of a future invitation.

Subcommittee members suggested that the item be re-agendized with focus on land use and zoning changes that have been adopted for the North Burlingame Mixed Use area, which includes Burlingame Plaza. The focus should be on the land owners. If the time of the meeting is an obstacle, the suggestion is to look at holding the meeting at a different time of day.

**FUTURE AGENDA TOPICS**

There will be separate meetings for the Downtown BID and Broadway BID, followed by a meeting that includes both BIDs. Subcommittee members suggested that the meeting with both BIDs follow up on the BIDs working together on a joint Shop Local campaign.

EDS Relihan noted for reference that the DBID meets on the second Tuesday of each month, and the Broadway BID meets on the third Thursday of each month.

**PUBLIC COMMENTS**

There were no further public comments.

**ADJOURNMENT**

Meeting adjourned at 9:26 a.m.

Respectfully submitted,

Kevin Gardiner  
Community Development Director