



## City Council Economic Development Subcommittee

MINUTES (DRAFT)

Conference Room A  
City Hall, 501 Primrose Road – Burlingame, California  
Wednesday, December 11, 2019 – 8:15a.m.

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### **ATTENDANCE**

**Members Present:** Vice Mayor Emily Beach, Councilmember Ann Keighran

**Members Absent:** None

**Staff Present:** City Manager Lisa Goldman (CM), Community Development Director (CDD) Kevin Gardiner, Economic Development Specialist (EDS) Joseph Sanfilippo

**Members of the Public Present:** Riyadh Salma (Downtown property owner)

### **READ AND APPROVE MINUTES FROM SEPTEMBER, OCTOBER AND NOVEMBER MEETINGS**

Vice Mayor Beach motioned to approve, Councilmember Keighran seconded.

### **DISCUSSION ITEMS**

Downtown Business Improvement District: CDD Gardiner introduced the topic, explaining that the Subcommittee is interested in hearing from property and business owners about their ideas for the district or areas of improvement.

- **Zoning:** Vice Mayor Beach questioned when to expect the zoning ordinance update. CDD Gardiner said he expects the update in Q2 2020 as the consultant is delivering the zoning code as a full set, not chapter by chapter. Councilmember Keighran mentioned a previous discussion to make zoning more flexible to mitigate chronic vacancy problems. CDD Gardiner noted a local property owner has proposed rezoning a commercial recreation facility due to adverse market conditions.
- **Active Storefronts with Supplementary Office Use:** Councilmember Keighran reintroduced the discussion regarding repurposing the back portions of buildings as office space as long as the street-facing portion of the storefront is rented with retail or other such active uses. CDD Gardiner proposed that Planning staff will work on this in Q1 2020.
  - CDD Gardiner noted there is question as to how much of the store frontage has to be rented as retail (30 ft, 50 ft, etc.) before converting the rest to office. Mr. Salma mentioned that the retail space has to be large enough to incentivize property owners to rent the retail space. He expressed his support for allowing office use in the back but had concerns with requiring the front/retail portion of the property to be rented first, as office users in the back will generate commercial activity and make the retail spaces more attractive for businesses. Councilmember Keighran expressed concern that property owners may not

- want to try and rent the front portion as long as the offices are commercially viable by themselves.
- Vacancy Taxes: Vice Mayor Beach expressed interest in having the office rent potentially subsidize the retail space that may otherwise struggle paying rent on a space fronting Burlingame Avenue. She proposed a limited time frame that allows the office portion to be rented by itself and then imposing a vacancy tax if the retail portion is vacant beyond 12 months. Mr. Salma explained that San Francisco has a vacant property registration tax, but noted that renovations and vacancies are charged at the same rate, which is frustrating for property owners undergoing renovations and tenant improvements. Mr. Salma asserted that lost revenue of the vacant space would be a greater incentive, and that a vacancy tax may be redundant and unnecessarily punitive. Councilmember Keighran noted potential legal liability if someone does not pay the tax, and Mr. Salma questioned the legal basis of the tax. Councilmember Keighran indicated that she also does not support a vacancy tax as tenancy can take time, even if a deal is being brokered, but she is still in favor of requiring the retail space to be occupied first before the office space.
  - Mr. Salma and Councilmember Keighran discussed marketing issues, high rental rates, and how the differences in marketing efforts between property owners may exacerbate vacancy issues. Vice Mayor Beach hopes to support small business/boutique owners and again noted that office rents may be able to offset some of the costs to allow small retail to more easily access downtown retail space. Councilmember Keighran noted the necessity for anchor stores to allow smaller stores to thrive.
  - Redevelopment: Councilmember Keighran suggested a potential opportunity to redevelop the City parking lot next to the Burlingame Avenue AT&T building with residential units or a grocery store to generate activity on the 1400 block of Burlingame Avenue.
  - Expense of Doing Business: Mr. Salma indicated that small business owners have expressed concerns with utility fees. He theorized that subsidies to businesses with a small number of employees or few franchises would allow for more retail viability. He also noted frustrations with prolonged design reviews/tenant improvements. Vice Mayor Beach explained that the City has limited ability to change utility rates and CM Goldman suggested that bimonthly water bills may artificially raise concerns over expense.
    - CDD Gardiner noted a trend in potential tenants trying to avoid triggering Planning Commission Design Review of façade changes. He is not sure if it is a perception of Burlingame's planning process or if project applicants have had previous laborious experiences in other jurisdictions. Mr. Salma explained it is likely not a fear of having a project denied, but rather how long the process will take. CDD Gardiner proposed alerting potential tenants to let them know that design review is not an arduous process.

- Councilmember Keighran suggested exploring potential ways to expedite the review process. She proposed that projects with less than a 50% remodel could be expedited by having City staff utilize the Planning Commission as a basis for a shortened Design Review. CDD Gardiner confirmed that staff will explore the possibility. Mr. Salma suggested a linear square footage threshold may be more beneficial than a set percentage with regards to whether a project is subject to Planning Commission review.
  - Mr. Salma and CDD Gardiner agreed that a handout with clear expectations and a shorter timeframe for design review would be useful to prospective applicants.
- Changing Retail Market: CDD Gardiner noted larger spaces are particularly vulnerable to chronic vacancy. EDS Sanfilippo explained the nationwide trend of major brands “rightsizing” their fleets (by shrinking their number of stores and reducing overall square footage) due to market conditions no longer favoring big box stores.
- December DBID Meeting Summary: EDS Sanfilippo noted that at the December 10<sup>th</sup> DBID meeting, members expressed concerns with limited parking availability during construction of the new parking structure. CM Goldman asserted that valet parking and the opening of the Caltrain lot have been beneficial. EDS Sanfilippo also noted DBID members had expressed concerns about the holiday lights on the tree at the Caltrain station due to an electrical short but that the DBID felt the enhanced lighting in the District was overall successful.
- Preparation for Agenda Planning in January: Vice Mayor Beach proposed that staff review Subcommittee meeting minutes from the previous 12 months for major talking points and action items to bring to discussion in January for agenda planning. Councilmember Keighran asked that physical packets of Subcommittee meeting minutes be distributed quarterly to all Councilmembers. CM Goldman mentioned that keeping a running list of major talking points and action items will be helpful for 2020. Vice Mayor Beach suggested that staff prioritize the agenda planning based on continuity/recurring themes. CDD Gardiner suggested that staff propose a work plan based on the action items in the meeting minutes. Councilmember Keighran suggested follow-up on matters raised in the Burlingame Talks Shop event, and CDD Gardiner noted that EDS Sanfilippo has prepared a summary of that event for review.
- Recurring themes to be looked at in January: Subcommittee members suggested that there should be a discussion of property maintenance, particularly of vacant lots that are not maintained (empty car wash, Bayfront lots, etc.). CM Goldman said the City Attorney’s office needs to be brought into the discussion as property maintenance and reduction of visual blight are in the realm of Code Enforcement. Councilmember Keighran said that this should be discussed on a future agenda in 2020. Mr. Salma mentioned that dilapidated awnings can also be a visual blight, but City staff is unsure if this is handled through Code Enforcement. CM Goldman noted awnings in disrepair spurred interest in creating the Façade Improvement Pilot Program, set to take place in the Broadway district in January. CDD Gardiner mentioned the success of the vacant

property maintenance checklist and property owners being generally agreeable in bringing their properties into compliance.

- **Façade Improvement Pilot Program:** Vice Mayor Beach said she hopes to explore targeted outreach for the Façade Improvement Program to help long-standing iconic businesses improve their appearances. EDS Sanfilippo explained that there are some concerns over triggering new building code requirements if façade improvements are implemented for older businesses. CDD Gardiner suggested that connecting applicants to Planning/Building staff to explore their options and offering consultation services may be useful to applicants. CM Goldman mentioned that the program is a pilot but, should the program be successful, City staff can potentially request additional funding to expand the program.
- **Action items:** EDS Sanfilippo will send Subcommittee members the notes from the November SVEDA conference and the Burlingame Talks Shop summary document. EDS Sanfilippo will look into attending the ICSC conference in May. EDS Sanfilippo will peruse the previous 12 months of meeting minutes for recurring themes to discuss at the January Subcommittee meeting. CDD Gardiner and Planning staff will explore expediting the design review process and creating a Design Review handout for prospective businesses.

### **FUTURE AGENDA TOPICS**

- January 8, 2020 – agenda planning

### **PUBLIC COMMENTS**

There were no further public comments.

### **ADJOURNMENT**

Meeting adjourned at 9:10 a.m.

Respectfully submitted,

Joseph Sanfilippo  
Economic Development Specialist