



City Council Economic Development Subcommittee

MINUTES (DRAFT)

Via Zoom

Wednesday, September 14, 2022 – 8:15 a.m.

ATTENDANCE

Members Present: Vice Mayor Michael Brownrigg, Councilmember Donna Colson

Members Absent: None

Staff Present: City Manager (CM) Lisa Goldman, Community Development Director (CDD) Kevin Gardiner, Parks & Recreation Director (PRD) Margaret Glomstad, Finance Director (FD) Helen Yu-Scott, Deputy Director of Public Works Operations (DDPWO) Michael Heathcote, Economic Development & Housing Specialist (EDS) Joseph Sanfilippo

Members of the Public Present: Leo Ma and Jake Kraft (Century Urban representatives), Riyadh Salma, Janet Martin

READ AND APPROVE MINUTES FROM JULY 13 MEETING

- Approved.

DISCUSSION ITEMS

Discussion of the Future of the Parklet Program

EDS Sanfilippo introduced the topic, providing an overview of the discussion. As the current Pilot Parklet Program is set to sunset on December 31, 2022, staff provided a list of recommendations to the Subcommittee for enhancing maintenance and aesthetics if the program is to continue. The intent was for the Subcommittee to deliberate on the future of the program and provide a recommendation to the full City Council.

EDS Sanfilippo provided preliminary results from a community survey distributed on this topic, noting that 70% of the 506 responses were in favor of extending the program or making it long-term.

Vice Mayor Brownrigg and Councilmember Colson discussed the program, agreeing that the program is generally successful. Councilmember Colson offered two alternatives: keeping the parklets in their current iteration along with staff recommendations to enhance maintenance and aesthetics; or removing parklets in designated blocks and experimenting with street closures on those blocks. She noted that discontinuing the program and removing the parklets entirely was least desirable.

Councilmember Brownrigg raised some concerns with committing the City to a long-term program before restaurants are able to gauge the demand for parklets during the colder winter months. The Subcommittee had some brief discussion over whether to close the 1200 and 1300 blocks of Burlingame Avenue and/or Park Road, but they agreed with CM Goldman to focus on parklets for now

and return to a street closure discussion at a later date.

Janet Martin (a small business owner) supported an extension of the parklets, but she noted that the rent for parklets should be market-rate to maintain equity between businesses with parklets and businesses without. Riyadh Salma (a downtown property owner) noted that parklets offer a sense of vibrancy to the business districts and encouraged finding a way to designate an equitable rent, while still acknowledging the benefit that parklets can bring to all businesses.

DPPWO Heathcote discussed the staff recommendations for the program, noting the importance of parklet owners providing access to utilities and allowing adequate drainage. Most of the safety concerns were related to roadway visibility at intersections and ADA access. Councilmember Colson suggested that, should a long-term program be adopted, perhaps there should be a stipulation for parklet owners to remove their parklets once every 5 years for maintenance and cleaning beneath the parklet.

Vice Mayor Brownrigg questioned if there were fines for violation of ADA access on the sidewalk (namely related to providing adequate clearance for pedestrians). CM Goldman noted that the general administrative fines likely apply.

The Subcommittee members recommended an extension of 18 months (to June 30, 2024), with plans to examine the rent and fee structure to ensure equitability between parklet owners and non-parklet owners and/or providing some sort of other opportunity or benefit to non-parklet owners.

Update on Commercial Linkage Fee Study

EDS Sanfilippo introduced the commercial linkage fee study undertaken by Century Urban. Commercial linkage fees are used to fund affordable housing, and the Subcommittee wanted to examine if there was any room to increase these fees. The report initially examined three prototype office projects of various sizes and one hotel prototype to determine project feasibility based on a variety of different commercial linkage fees that the City could assess. After an initial presentation to the Subcommittee at the July 13 meeting, Century Urban conducted interviews with active Burlingame life science/biotech developers and added three new life science prototypes to the analysis.

Mr. Kraft of Century Urban noted that the developer interviews were generally consistent with the market analysis, though some cost estimates were perceived as low and the asking rents for office rents could be higher. Additionally, most developers indicated a desire for 10-year leases to provide more certainty for their return-on-cost estimates, rather than the 5-year leases in the initial analysis.

Ultimately, the conclusion was that raising the commercial linkage fees remains infeasible based on the analysis of the current market and the anticipated returns on cost (“ROC”). Most projects currently under development have been in progress for some time, and several developers noted that they would likely not pursue further projects in the immediate future due to land costs and rising construction costs. Lending conditions for new office projects has also become more challenging.

Councilmember Colson nonetheless supported increasing the fees to be in line with surrounding jurisdictions, noting that the fees are of minimal consequence compared to land and construction costs. Vice Mayor Brownrigg suggested that the full Council be apprised of the report, but that the cooling commercial market may not make this as immediate of a consideration as previously thought.

Miscellaneous Discussion

There was no miscellaneous discussion.

Action Items

- Century Urban will provide a final version of the commercial linkage fee report.

FUTURE AGENDA TOPICS

No future agenda topics were suggested in the meeting.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Meeting adjourned at 9:15 a.m.

Respectfully submitted,

Joseph Sanfilippo
Economic Development & Housing
Specialist