

CITY OF BURLINGAME

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Burlingame, California 94010-3997



COMMUNITY DEVELOPMENT DEPARTMENT

Economic Development Division

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Economic Development Subcommittee Special Meeting

Wednesday, July 13, 2022, 8:15 a.m.
Zoom Conference Call

On September 16, 2021, Governor Newsom signed into law AB 361, which allows a local agency to meet remotely when:

1. The local agency holds a meeting during a declared state of emergency
2. State or local health officials have imposed or recommended measures to promote social distancing
3. Legislative bodies declare the need to meet remotely due to present imminent risks to the health or safety of attendees

On June 20, 2022, the City Council adopted Resolution Number 078-2022 stating that the City Council and Commissions will continue to meet remotely for at least thirty days for the following reasons:

1. There is still a local state of emergency
2. County Health Orders require that all individuals in public spaces maintain social distancing and wear masks
3. The City can't maintain social distancing requirements for the public, staff, Councilmembers, and Commissioners in their meeting spaces.

Pursuant to Resolution Number 078-2022, Conference Room A will not be open to the public for the July 13, 2022 Economic Development Subcommittee Meeting.

Topic: Economic Development Subcommittee Meeting
Time: Jul 13, 2022 08:15 AM Pacific Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/86097999366?pwd=SzdKSkZ2ck00OW80Y3JFUWE2TGsxQT09>

Meeting ID: 860 9799 9366

Passcode: 339815

One tap mobile

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AGENDA

CALL TO ORDER – 8:15 a.m.

READ AND APPROVE MINUTES FROM JUNE 9, 2022 MEETING

DISCUSSION ITEMS

1. Update on Commercial Linkage Fee Study
2. Update on Projected Revenues for Bayfront Commercial Development
3. Future Agenda Topics

Public Comments

The next regular meeting of the City Council's Economic Development Subcommittee will be held on August 10, 2022, via Zoom



City Council Economic Development Subcommittee

MINUTES (DRAFT)

Via Zoom

Wednesday, June 9, 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

Members of the Public Present: Susan Baker (President/CEO of Burlingame/SFO Chamber of Commerce)

READ AND APPROVE MINUTES FROM MAY 11 MEETING

- Approved.

DISCUSSION ITEMS

Update on Commercial Linkage Fee Study

EDS Sanfilippo introduced the topic, providing an overview of the commercial linkage fee study performed by Century Urban. This report examined three different prototype office projects of various sizes to determine project feasibility based on a variety of different commercial linkage fees that could be assessed by the City for the project.

In the analysis, projects were assumed to be targeting a 6.5-7% return on costs. Under all linkage fee scenarios for all development prototypes, this return equated to approximately 4.5%, indicating that the projects would not be feasible. Councilmember Colson noted that even if the fees were set at \$0, the return on cost would be “too low” for the projects to be feasible. She asserted that developers are still interested in developing on the Bayfront regardless of higher construction costs. She suggested that perhaps the assumptions about land value in the study are too high.

Vice Mayor Brownrigg expressed interest in staff meeting directly with developers to potentially incorporate more concrete cost estimates into the analysis. Councilmember Colson still supported exploring increasing the linkage fees after receiving an updated analysis, though she is concerned about legal requirements that call for linkage fees to be spent within five years.

She also requested data on what other cities were charging (both for linkage fees and total fee burden). Both Subcommittee members listed several jurisdictions for comparison: South Francisco, Redwood City, San Mateo, San Bruno, and Millbrae. Vice Mayor Brownrigg and Councilmember Colson supported working as an ad hoc subcommittee to discuss using linkage fees for some sort of

workforce housing.

Vice Mayor Brownrigg expressed interest in looking at increasing the City's affordable housing requirements (currently at 10% moderate). CDD Gardiner mentioned that there are several consultants that could perform this work and noted that the same concern had been raised during the Housing Element Update.

Councilmember Colson mentioned two additional items to discuss with Century Urban as part of their analysis: 1) Are developers typically running an Internal Rate of Return (IRR)?; 2) Is the 6.5-7% return on cost too high of an assumption?

Once this report is updated and the fiscal revenue analysis is completed, the Subcommittee supported using the reports to demonstrate if linkage fees can be increased without deterring development. Then, the Subcommittee can discuss how to use the linkage fees and provide the full Council a range of options for increasing affordable housing in the city.

Update on Fiscal Revenue Analysis

CDD Gardiner introduced the topic, explaining that this analysis would be examining three actual development projects under review to determine the amount of funds the City would collect, both on a one-time basis and a recurring basis. These can then be used as prototypes for evaluating future developments. Century Urban will be ready to make a presentation of this report at the next meeting (July 13).

Miscellaneous Discussion

There was no miscellaneous discussion.

Action Items

- EDS Sanfilippo and CDD Gardiner will provide the feedback from this meeting to Century Urban to update the linkage fee study with comparisons to other jurisdictions and incorporate real project data
- CDD Gardiner and EDS Sanfilippo will meet with consultants to begin work on an affordability requirement analysis, likely to include a holistic view of various development bonuses granted by State or Federal laws
- CM Goldman will inquire with Mayor Ortiz about creating a separate ad-hoc Subcommittee to discuss usage of linkage fees

FUTURE AGENDA TOPICS

The July meeting will discuss the completed studies from Century Urban related to potential commercial linkage fee updates and revenue projections.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Meeting adjourned at 9:00 a.m.

Respectfully submitted,

Joseph Sanfilippo
Economic Development & Housing
Specialist