

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, August 10, 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 078-2020 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 078-2020, Conference Room A will not be open to the public for the August 10, 2022 Economic Development Subcommittee Meeting.

Topic: Economic Development Subcommittee Meeting

Time: Aug 10, 2022 08:15 AM Pacific Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/85719603444?pwd=MGpRVEI4eTFkQnBQN25EMkFaanZjdz09>

Meeting ID: 857 1960 3444

Passcode: 308261

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Find your local number: <https://us02web.zoom.us/j/kcimlWo2muAGENDA>

CALL TO ORDER – 8:15 a.m.

READ AND APPROVE MINUTES FROM JULY 13, 2022 MEETING

DISCUSSION ITEMS

1. Update on Commercial Linkage Fee Study
2. Future Agenda Topics

Public Comments

The next regular meeting of the City Council's Economic Development Subcommittee will be held on September 14, 2022, via Zoom



City Council Economic Development Subcommittee

MINUTES (DRAFT)

Via Zoom

Wednesday, July 13, 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, Economic Development & Housing Specialist (EDS) Joseph Sanfilippo

Members of the Public Present: Leo Ma, Jake Kraft, Cameron Sardi, Griselda Blackburn (Century Urban representatives)

READ AND APPROVE MINUTES FROM JUNE 9 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 prototype office projects of various sizes and one hotel prototype to determine project feasibility based on a variety of different commercial linkage fees that could be assessed by the City for the project.

Mr. Ma and Mr. Kraft from Century Urban offered an overview of the methodology for the study.

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, and yet new projects are being proposed and built. CDD Gardiner noted that the office projects evaluated in the study are general office and not life sciences. Mr. Kraft agreed and explained that life science projects generally fetch higher rents and may have different projections. Century Urban is working on an amendment to this report that includes two life science project prototypes (to be discussed at the August 10 meeting).

Century Urban offered several theories as to why office projects continue to be built in the currently unfavorable market, including: pre-leased projects, a land purchase prior to the pandemic that would have lowered costs, desirability of Burlingame, lower targeted return, etc. They also noted a conversation with a developer from a previous study in a different city that had built a project that

would be considered infeasible based on their projections but anticipated much higher rents in the future.

The Subcommittee agreed that the report was useful to demonstrate that the linkage fees would have a minimal impact on project feasibility compared to land costs, labor, materials, etc. Therefore, the Council could choose to raise the fee without negatively impacting development.

Vice Mayor Brownrigg expressed interest in Century Urban meeting directly with developers to potentially incorporate more concrete cost estimates, and Councilmember Colson requested that staff examine surrounding jurisdictions for their fees.

Update on Fiscal Revenue Analysis

EDS Sanfilippo introduced the topic, explaining that this analysis examines three actual R&D/office projects under review to determine the amount of revenues and fees 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.

Mr. Ma, Mr. Sardi, and Ms. Blackburn provided a presentation discussing the methodology and results of the analysis.

Vice Mayor Brownrigg suggested that staff keep in close contact with the County Assessor for major projects to ensure that a fair valuation is being assessed for property tax and transfer tax purposes.

The Subcommittee agreed that the impacts of such large projects would necessitate an increase in fees to support City services. Vice Mayor Brownrigg requested that the school district fees be included in the final report, even though the revenues do not go directly to the City.

The Subcommittee suggested starting a speaker series (one on an evening, one on a weekend, etc.) for the full City Council beginning next year that would discuss the usage of the impact fees to fund community priorities such as sea level rise protection, and signal to the community that development is beneficial as a whole.

Miscellaneous Discussion

There was no miscellaneous discussion.

Action Items

- Century Urban will provide a final amendment to the commercial linkage fee report.

FUTURE AGENDA TOPICS

The August meeting will discuss the completed commercial linkage fee report from Century Urban. The September meeting will continue discussion of the speaker series concept.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Meeting adjourned at 9:15 a.m.

Respectfully submitted,

Joseph Sanfilippo
Economic Development & Housing
Specialist