

December 30, 2021

City of San Leandro
835 E. 14th Street
San Leandro, California 94577
E-Mail: c/o
amogensen@sanleandro.org

Re: Applicant Statement in Support of 1919 Williams Street Project

Dear Honorable Members of the Library and Historical Commission:

Duke Realty is pleased to be working with the City of San Leandro on this application to build a new state of the art warehouse at 1919 Williams Street ("Project" and "Project Site").

The project has been designed to provide a highly flexible space that can cater to various industries. Flexibility has become a key issue as companies upgrade their technology and transform their business operations- the current industrial building stock is inadequate for this increasing pace of change. Once redeveloped, the subject property will provide large, modern, unobstructed spaces to accommodate many types of activities and that support changing operations in a rapidly shifting business landscape.

From a design standpoint, the proposed building will provide an architectural style that resonates with corporate headquarters and high identity. Two story lanterns of glass accentuate the office corner of the facility creating a play of solid and void in the massing of the facility. Clearstories of glazing occur high on the concrete tilt up panels between the corners providing natural light deep into the building offices and footprint. Brick, metal plate siding and black mullion elements are used as main accents to break down the scale of the concrete tilt up walls. The overall design will provide a distinctive image for corporate users, and generous setbacks with thoughtfully designed landscaping along Merced and Williams will provide consistent visual identity for the Project site.

The Project aims to improve economic vitality of the Project site by creating a modern warehouse that contributes to the aesthetics of the City of San Leandro in order to facilitate the evolution of a transforming industrial workplace and attract Fortune 500 tenants. This new, modern, and efficient warehouse will encourage the highest and best use of the City's industrial land and maintain the City's overall inventory of larger-scale industrial sites with easy access to freeways, rails, airports, and seaports. It will support and retain industrial uses and employment in the industrial sector.

Project Description

The project would involve the demolition of the existing office and warehouse mixed-use building and associated surface parking followed by the construction of a 220,495 square-foot industrial warehouse and associated site improvements and landscaping. The proposed warehouse structure would have a maximum height of 47.5 feet and include 4,200 square feet of speculative ground floor office space and 4,200 square

feet of speculative office space on the second floor, with the ability to expand if a future tenant desires. Additionally, the project would include the construction of 31 dock high loading doors and surface parking. Surface parking would be comprised of 73 standard parking stalls, 59 compact parking stalls, five accessible standard stalls, one accessible van stall, one accessible standard electric vehicle stall, one accessible van electric vehicle stall, 15 electric vehicle charging stations, and 14 clean air/vanpool stalls. The project requires a Conditional Use Permit and Site Plan Review.

The existing Project Site is vacant and has been vacant for over twenty (21) months.

The Project Site is being developed on a speculative basis and there is currently no proposed tenant for the Project. We anticipate potential uses could include manufacturing, cleantech assembly, digitization/technology, fulfillment and wholesale trade distribution. Duke's national relationship with users and brokers enables us to explore a variety of uses at this site. There has been no leasing activity for the proposed development at this site, however, once the new building is complete we believe that the project could attract tenants similar to those that have leased industrial properties along the I-880 corridor in the last 3 years, which include a variety of uses such as Advanced Manufacturing Research to Food & Beverage Production.

To date, Duke, with the help of our leasing agent, Cushman & Wakefield, has fully marketed the existing building for immediate occupancy for more than 21 months. Duke, as the applicant, ultimately decided to submit a planning application to the City of San Leandro for redevelopment of the property due to lack of tenant interest for the existing improvements. Several tenants toured the building over that time and the feedback was unanimous and consistent. The building has too many internal structural walls that make it difficult for potential users to layout their ideal operations. Tenants look for newer Class A, state of the art buildings, which have large floorplates, modern amenities, and ample power to accommodate modern operations- flight to quality affect. Tenants like a blank canvas allowing them to build out their space to suit their needs.

Consistency with Zoning Code

The Project site is zoned as an Industrial General District. According to the San Leandro Zoning Code, areas zoned as Industrial General Districts are allowed to contain the following uses: accessory uses, other than entertainment events, when in conjunction with a permitted use; adult-oriented business; emergency and non-emergency ambulance services; artists' studios; automobile parts sales; building materials and services; business services; business and trade schools; catering services; communications facilities; emergency health care; equipment sales; retail financial institutions; general and limited food processing; government offices; health and fitness centers; home improvement and interior decoration; custom, general, limited, and research and development industry; laboratories; maintenance and repair services; marine sales and services; medical supply stores; nurseries; offices, business and professional; parcel processing and shipping centers; preexisting residential uses; big box retail sales; telecommunications, architecturally-integrated antennas and/or co-locations on existing tower structures; minor utilities; new vehicle/heavy equipment dealers; and storage and wholesale/retail distribution warehouse. The Project also seeks a conditional use

permit to allow for warehouse and distribution uses to allow for maximum flexibility for the final user.

Consistency with General Plan and City Goals

The Project's General Plan land use designation is General Industrial. The City of San Leandro's General Plan Land Use element states that General Industrial areas may contain a wide range of manufacturing, transportation, food and beverage processing, technology, warehousing, vehicle storage, office-flex, and distribution uses. A limited range of commercial uses is also permitted in areas designated for General Industrial land use.

The Project would advance the City General Plan's Land Use Element's goal to evolve San Leandro's industrial areas to meet the demands of the Bay Area economy and to seeks ways to use its industrial lands more efficiently. The Project would help the City's stated goal for new industrial development to be more self sufficient (General Plan, page 3-7).

The General Plan recognizes that the character of the industrial workplace is evolving, particularly in high-value markets with strong innovation economies like the San Francisco Bay Area (General Plan, page 3-12). To adapt with this evolving demand for industrial workplaces, the General Plan recognizes that industrial sites might be repurposed for higher value employment uses (General Plan, page 3-7).

Additionally, recognizing that industrial activities have played an important role in San Leandro's economy since the 1860s, the General Plan included an Economic Development Element in its General Plan to help guide future change in its industrial areas (General Plan, page 3-70). Notably, the page 3-71 of the General Plan states,

“As noted in the Economic Development Element, the City will continue to facilitate the adaptive reuse of its industrial land and building supply to meet the needs of the regional economy. Adaptive reuse is not a new phenomenon in San Leandro. During the 1990s and early 2000s, the City facilitated the conversion of a former Caterpillar tractor assembly plant into retail space, the reuse of the vacant Kaiser Aerotech plant as airport parking, and the replacement of the Albertson's Distribution Center with Kaiser Permanente Hospital. Continued recycling and repurposing of the industrial land supply is expected in the future, with warehousing and underused production space replaced by new activities generating jobs, revenue, and businesses that strengthen and diversify the local economy.”

The Project would enhance the existing, permitted use of the Project Site, by allowing it to attract modern and innovative tenants, increase revenues and boost the economic viability of the Project site. As a result, the Project would also increase City tax revenue and by creating an activated site, the project will generate employment that supports businesses in the vicinity. Overall, the redevelopment of the site supports a strong industrial district that generates tax revenues, attracts new employers and builds upon the existing strengths of the industrialized area around the project site.

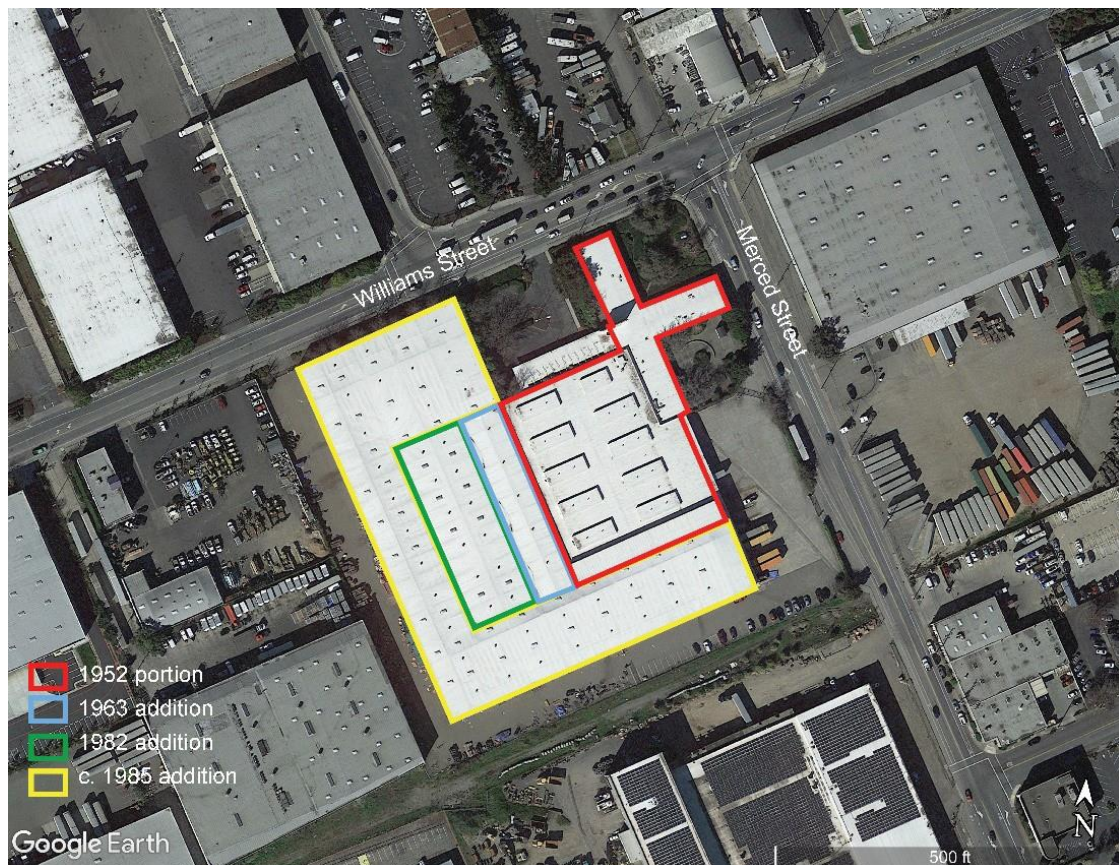
Existing 1919 Williams Street Building

The “Historic Resources Evaluation” (HRE) completed in April 2021 by MacRostie Historic Advisors, LLC was submitted by Duke Realty to the City for consideration. The HRE includes a review of the existing building’s history, as well as its current and potential historic status.

In 1952, the original one-story 1919 Williams Street building was constructed with two connected uses: an office and a warehouse (See Figure 1 below). In 1963, 1982, and 1985 respectively, additional sections were built to expand the footprint of the warehouse use of the building (See Figure 1 below).

The documentation shows that the historic integrity and eligibility of the existing building is partial and limited, given the subsequent additions to the building structure, but ultimately finds the building is qualified for listing on the local and State register under Criteria 3 (Architecture) only. The historical structure (the T-shaped 1952 building shown in red in Figure 1), significant for its architecture, has been shielded from public view on several sides by the addition of new structures in 1963, 1982, and 1985 (shown in blue, green, and yellow in Figure 1, respectively).

Figure 1: Site Development History



Environmental Process

Pursuant to the California Environmental Quality Act, Public Resources Code §21000 et seq. (CEQA) and the State CEQA Guidelines, Title 14, California Code of Regulations §15000 et seq. (CEQA Guidelines), the City of San Leandro is undertaking the preparation of an Environmental Impact Report (EIR) for the Project, focused on the potential impacts related to cultural and historic resources. A Notice of Preparation (NOP) of an EIR was circulated publicly on August 27, 2021 (SCH # 2021080547). The Draft EIR has not yet been circulated for public review. The NOP stated the City anticipated the Draft EIR to be available for public review in the spring of 2022.

Based on the information contained in the HRE completed in April 2021 by MacRostie Historic Advisors, LLC, we understand the City is evaluating the existing building on-site as a historic resource for the purposes of CEQA.

CEQA requires that an EIR describe feasible measures which could minimize significant adverse impacts. CEQA also requires that there must be an essential nexus (i.e. connection) between the mitigation measure and a legitimate governmental interest, and that mitigation measure must be “roughly proportional” to the impacts of the project (§15126.4(a)).

In some circumstances, documentation of an historical resource, by way of historic narrative, photographs or architectural drawings, as mitigation for the effects of demolition of the resource will not mitigate the effects to a point where clearly no significant effect on the environment would occur (§15126.4(b)).

CEQA requires the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project against its unavoidable environmental risks when determining whether to approve the project. If the specific economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered “acceptable” (§15093).

Separate from the ongoing CEQA process, the LHC is asked to consider a motion to accept the “Historic Resources Evaluation” completed in April 2021 by MacRostie Historic Advisors, LLC, to recommend to the Board of Zoning Adjustments certain measures for potential archaeological, paleontological and Native American finds during grading/excavation, as well as Historic American Building Survey (HABS)-Level III documentation of the existing structure prior to demolition.

It is our understanding that should the LHC approve a motion to accept the measures for potential archaeological, paleontological and Native American finds during grading/excavation, as well as Historic American Building Survey (HABS)-Level III documentation, these measures would be included as mitigation measures in the Draft EIR.

Historic American Building Survey (HABS)-Level III Documentation

Duke Realty agrees with City Staff’s recommendation of the HABS-Level III

documentation measure. The Historic American Buildings Survey (HABS), is one of several Heritage Documentation Programs administered by the U.S. Department of the Interior – National Park Service. HABS is the Federal Government's oldest preservation program and the documentation produced through it constitutes the nation's largest archive of historic architectural documentation. In many instances, the documentation is ultimately housed at the Library of Congress in Washington, D.C. for public access and future generations' use.

The HABS collection at the Library of Congress comes from three sources:

1. A HABS Washington, D.C. Office that produces documentation in-house and via field teams all over the country.
2. HABS also receives documentation from the mitigation program satisfying Sections 106/110 of the National Historic Preservation Act.
3. Lastly, HABS accepts donated documentation from interested members of the public.

HABS recording combines drawings, history, and photography to produce a comprehensive, interdisciplinary record that reflects the property's significance. Only documentation for HABS meets the *Secretary of the Interior's* Standards for Architectural and Engineering Documentation.

Drawings and properly executed photographs provide future researchers access to information that may otherwise be lost. As per Number 2 above, HABS documentation is an appropriate and acceptable mitigation for demolition of both potentially historic and historically designated buildings.

In fact, under the provisions of Sections 106 and 110b of the amended National Historic Preservation Act of 1966, federal agencies are required to produce documentation to HABS standards on buildings that are listed or eligible for listing in the National Register of Historic Places to mitigate the adverse effects of federal actions such as demolition or substantial alteration. Mitigation documentation currently forms one-third of the entire collection.

There are three levels of HABS documentation that are applied, depending on the nature and significance of the building being documented. For example, Level I, which requires a full set of measured architectural drawings, would be appropriate for Louis Sullivan's Auditorium Building in Chicago, which is a nationally significant designated National Historic Landmark.

As a potential resource eligible at State and local levels only, Level III documentation is appropriate for the 1919 Williams Street Project.

Per HABS Guidelines, Level III documentation consists of the following:

1. sketch plan*
2. photographs
3. architectural data form**

*Level III documentation requires a sketch plan if it helps to explain the structure.

**The architectural data form supplements the photographs by explaining what is not readily visible.

Conclusion

We support the City Staff's recommended measures.

While it is too early in the CEQA process to determinatively conclude that demolishing the existing building would result in a significant and unavoidable effect, the forthcoming Draft EIR may identify that the Project would result in a significant effect in relation to cultural historical resources. The outlined measures presented for the LHC's consideration, if approved, should be considered by the City in the Draft EIR as potential mitigation measures to reduce any potentially significant impacts.

Duke looks forward to completing this project in coordination with the City of San Leandro, and we look forward to working with City staff on future projects as well. Duke is a long-term owner and sees this property as the first of many that it plans to acquire or develop in the City of San Leandro. We seek out partnership opportunities with Cities to help them achieve their goals for development and employment within their industrial districts. Based on our experience to date, San Leandro and its staff have been excellent partners that we look forward to working with again.

We look forward to answering any questions that you may have.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Jason Bernstein', with a stylized, cursive script.

Jason Bernstein
Director of Development Services
Duke Realty