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Staff Report for a Resolution Authorizing the City Manager to Execute a Contractual Services Agreement Between the City of San Leandro and Freedman Tung + Sasaki for a Planning and Economic Development Study ("Next Generation Workplace District Study") Around the New Kaiser Medical Center and the Lit San Leandro Fiber Optic Infrastructure in the Central San Leandro Industrial Area for an Amount Not to Exceed \$90,000

SUMMARY AND RECOMMENDATIONS

The pending completion of Kaiser Permanente Medical Center, which will be completed in 2014, and the installation of the Lit San Leandro fiber optic loop in the City's central industrial area will bring opportunities for significant jobs and economic development to the area. To ensure that the central industrial area is able to accommodate the expected and future growth and demands, staff proposes that the City contract with the internationally recognized urban design firm of Freedman Tung + Sasaki (FTS) to develop a planning and economic development study to create a vibrant, innovative and attractive 21st century workplace district. A budget for the new Kaiser Medical Center area planning study was presented at the City Council retreat in January 2013 and during the FY13-14 and 14-15 budget process.

Staff recommends that the City Council authorize the City Manager to execute a contractual services agreement with FTS for an amount not to exceed \$90,000 to prepare a Next Generation Workplace District Study: Central San Leandro Industrial Area.

BACKGROUND

Within the City's industrial areas, the Merced Street corridor (from approximately Williams Street to Burroughs Avenue) is where two transformational projects are occurring: the Kaiser Permanente

Medical Center and the Lit San Leandro fiber optic loop. Kaiser will bring thousands of new employees, clients and jobs, as well as greater regional visibility, to the central industrial area. Lit San Leandro brings cutting-edge fiber optic infrastructure unique to San Leandro and creates opportunities for repositioning some of the older buildings in the area to serve next generation businesses in technology and advanced manufacturing. Kaiser employees, as well as other future employees resulting from businesses that form to take advantage of Lit San Leandro, will also require services not currently available in the industrial area. Both projects represent key factors in the City's embrace of the innovation-driven economy and efforts to be a beacon of innovation and creativity in the Bay Area.

The City's industrial area is characterized by the mid-20th Century "superblock" pattern, aging building stock, auto-oriented access, scarcity of talent-magnet amenities (e.g., restaurants, cafes) for firms and employees, low activity and a generic or uninteresting image. Older East Bay industrial areas to the north (such as Berkeley and Emeryville) have undertaken significant changes to support a dynamic mix of information, advanced manufacturing and emerging sector businesses along with talent- magnet amenities. Areas to the south (such as Fremont and Union City) have become northeastern extensions of Silicon Valley business parks. Due to real and perceived obstacles to investment and change, San Leandro's industrial workplace areas have not similarly evolved in relation to its neighboring cities.

Analysis

The Next Generation Workplace District Study will seek to leverage the transformational impacts of Kaiser and Lit San Leandro with immediate and long-term measures to stimulate private investment, place-based activity, firm attraction and incubation and job creation in the industrial area and nearby vicinity. FTS will provide a focused examination of market, policy, and urban conditions and identify strategic opportunities and actions for public, private, and institutional initiatives in the targeted project area.

Key work products that will result from this study include:

- Targeted development scenarios
- Strategic placemaking/infrastructure recommendations
- Identification of targeted policy/regulation changes (e.g., Zoning Code)
- List of targeted business types
- Vulnerability of Change map/diagram
- A list of opportunity sites that will be helpful to the City in attracting potential businesses.
- A community-wide presentation summarizing the key findings and conclusions/recommendations of the study

FTS was chosen because of its unique experience with and understanding of San Leandro, which makes it especially qualified to prepare this specialized study. FTS has prepared the following key planning, urban design, and economic development projects and activities for the City:

- North Area Specific Plan & Revitalization Program (1989-1991, Plan adopted 1991)
- East 14th Street and MacArthur Boulevard Gateways (1992)
- Bayfair BART / Bayfair Mall / East 14th Street Linkage Recommendations and Meetings (1998-2000)
- Airport Gateway Area Urban Design Concept (1998)
- Presentations to the San Leandro Chamber of Commerce/San Leandro By Design (2009-

2012) including topics on re-shaping the suburban city, place-based business development and the 21st century workplace districts.

Given the fast approaching completion of the new Kaiser Medical Center and the installation of the Lit San Leandro fiber loop, FTS intends to complete the study by early Fall 2013.

Current Agency Policies

FY 12-13 City Council Goals

- Work with the community and all stakeholders towards completing major projects and programs for sustainable economic development.
- Support programs, activities and communication that enhance the quality of life in San Leandro and promote a sense of community and civic pride.

Applicable General Plan Policies

- **Goal 7: Industrial and Office Districts** - continue to develop a strong and healthy industrial and office employment base in the community.
 - Policy 7.01: Industrial Assets - build on the strengths of the City's existing industrial base, transportation infrastructure, and proximity to the Oakland International Airport in the City's business development efforts
 - Policy 7.01: Economic Diversity - promote economic diversity and the growth of new and emerging industries. Target businesses that will provide higher-paying jobs for San Leandro residents.
 - Policy 7.04: Tech Sector Recruitment - attract and retain technology ("high tech") companies by improving technology infrastructure, targeting such companies through marketing, supporting incubator and start up firms, and maintaining development regulations that facilitate the adaptive reuse of older industrial buildings.
 - Policy 7.06: Adaptive Reuse - encourage private reinvestment in vacant or underutilized industrial and commercial real estate to adapt such property to changing economic needs, including the creation of flex/office space.
 - Action 7.06A: Market-Oriented Zoning Review - regularly review the Zoning Code to respond to real estate market and development trends, as well as changes in technology.
 - Policy 7.10: South of Marina Business District - facilitate the gradual transition of the South-of-Marina (SOMAR) area into a cohesive light industrial district characterized by light manufacturing, office/flex, research and development, bio-medical, e-commerce, and similar uses, along with complementary business services and employee amenities.
- **Goal 10: Land Use Compatibility** - ensure that commercial and industrial projects are attractively designed and are sensitive to surrounding areas.
- **Goal 11: Business Image** - preserve and enhance the qualities that make San Leandro a desirable place in which to do business, while promoting a positive image of the City to the region and the world.

Fiscal Impacts

This General Fund project will cost \$90,000, which will be funded from FY12-13 Community Development Department salary/benefits savings. The \$90,000 is available in Account 010-41-001.

Budget Authority

See explanation above for “Fiscal Impacts”.

ATTACHMENTS

- Attachment 1: Project Area Map for Central San Leandro Industrial Area

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