



CITY OF
HAYWARD
HEART OF THE BAY

Department of Community and Economic Development

Economic Development Committee
Hayward City Hall - 4th Floor Conference Room 4A
777 B Street, Hayward, CA 94541-5007

January 7, 2008

4:00 p.m.

A G E N D A

1. **Call to Order**
2. **Public Comments:** (Note: For matters not otherwise listed on the agenda. The Committee welcomes public comments under this section, but is prohibited by State Law from discussing items not listed on the agenda. Items brought up under this section will be taken under consideration and referred to staff for follow-up as appropriate. Speakers will be limited to 5 minutes each; organizations represented by more than one speaker are limited to 5 minutes per organization. All public comments are limited to this time period on the Agenda.)
3. **Approval of December 3, 2007 Summary Notes**
4. **Presentation: PowerPoint Overview of the CSUEB Economic Indicators Report by Dr. Nan Maxwell, Executive Director, Human Investment Research and Education (HIRE), Professor of the College of Business and Economics at Cal State University East Bay**
5. **Presentation: Developing Hayward's Youth for Future College and Job Opportunities by Hayward Unified School District, Dr. Barry Schimmel, Assistant Superintendent**
6. **Discussion of Economic Summit Meeting Summary Notes**
7. **Economic Development Activities Update (December 2007)**
8. **Committee Member Announcements**
9. **Adjournment**



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ECONOMIC DEVELOPMENT COMMITTEE

**REGULAR MEETING SUMMARY NOTES
DECEMBER 3, 2007**

1. **CALL TO ORDER:** Chair Gutiérrez called the meeting to order at 4:08 pm.

ATTENDANCE:

Committee Member	Present 12/03/07	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Mayor Sweeney	✓	4	0	4	0
Council Member Ward	✓	1	3	1	3
Council Member Dowling	✓	4	0	4	0
Ed Mullins	✓	4	0	4	0
Manny Sawit	✓	4	0	4	0
Landis Lavell Graden (Vice Chair)	✓	4	0	4	0
Carlos Gutiérrez (Chair)	✓	4	0	4	0
Landon Baines	no	3	1	3	1
Avtar Singh	✓	4	0	4	0

OTHERS IN ATTENDANCE:

Greg Jones, City Manager
Susan Daluddung, Director of Community and Economic Development
David Korth, Neighborhood & Economic Development Manager
Sally Porfido, Economic Development Specialist
Gloria Ortega, Redevelopment Project Specialist

2. **PUBLIC COMMENT:** No public comments were made.
3. **APPROVAL OF NOVEMBER 5, 2007 SUMMARY NOTES:** The November 5, 2007 Summary Notes were approved unanimously as submitted.

4. ECONOMIC DEVELOPMENT ACTIVITIES UPDATE (OCTOBER & NOVEMBER 2007):

Staff met with Dan Bergen and Jim Morris of Colliers to discuss their client, Illumina, Inc., (formerly Solexa). Illumina, Inc. is a biotech genetic coding corporation, headquartered in San Diego. They are expanding rapidly and currently lease two buildings in Hayward. Mr. Bergen and Mr. Morris suggested Dr. Daluddung send a "welcome to Hayward" letter to the five Illumina executives in San Diego because they are being recruited to move to Newark's biotech campus. This letter was sent, along with information brochures about Stonebrae, our newest upscale housing community. Mr. Morris reported that Illumina has decided to renew their Hayward leases.

Staff attended the Grand Opening event for Pacific State Bank's Hayward Branch at 1253 A Street. Pacific State Bank is headquartered in Stockton and purchased this building for their Hayward branch. They recently completed extensive leasehold improvement work to ready the branch for opening.

Staff met with Bud Allan, Owner, and Rich Mugnolo, General Manager of Hayward Chevrolet to follow up on the September 19 meeting with Susan Daluddung, Director of Community and Economic Development, and Sally Porfido, the City's Economic Development Specialist. At the October 4 meeting, Richard Patenaude, Principle Planner and Mary Brown, Senior Community Preservation Inspector also attended to review proposed sign ordinance changes designed to allow more flexibility for Hayward's auto dealers. Possible locations for a reader board sign were also discussed.

Bud Allan of Hayward Chevrolet worked with staff to arrange for a follow-up meeting with all the auto dealers. This meeting was held at Hayward Ford on October 15. Staff continues to work with the Planning Department on the sign ordinance changes. A follow-up meeting will be held in December.

Staff met with Jim Morris and Chet Barney of Colliers who introduced their clients from Sugar Bowl Bakery, Andrew Ly, President; Michael Ly Assistant to the President; Kevin Ly; and Jason Chin, General Counsel. The bakery has been in business for 22 years. It is also noteworthy that Mr. Ly was recently voted CEO of the Year by S.F. Business Times. Sugar Bowl Bakery is a manufacturing plant currently headquartered in San Francisco. They are considering moving their headquarters from S.F. due to the high operating costs. In 2006 they purchased a facility in Hayward to expand their manufacturing business. They currently are in the process of purchasing another site in Hayward (the former Sara Lee Roasting Plant) to use as a warehouse and eventually use for manufacturing. The management team met with Margret Elliott, Hayward Building Official, David Rizk, Planning Manager, Richard Patenaude, Principal Planner, Marilyn Mosher, Public Works Administrative Analyst, and Sally Porfido, Economic Development Specialist to ask some general questions as they plan their expansion.

Tesco is a large British grocery chain that recently opened several stores in Southern California under the name Fresh & Easy. They are in the early stages of exploring possible expansion into

numerous locations in Northern California. Staff met with representatives from Bergman, the group that acquires the sites on behalf of Fresh & Easy Neighborhood Markets. Fresh & Easy is looking to develop approximately 14,000 sq. ft. of food market space at the Fairway Park Center in the old Albertson's site. They are also considering other locations in Hayward, including the new Target Shopping Center on Hesperian Boulevard near A Street. The representatives from Bergman will alert the City when the Fairway Park lease is finalized so that a Press Release can be disseminated.

The Mayor and City Council representatives, the City Manager, the Director of Community and Economic Development, and other City staff joined EDC member Ed Mullins and Hayward Chamber Executive Director Scott Raty and high ranking officials from CSUEB in co-sponsoring three Economic Development Breakfast Summit meetings on the CSUEB campus on November 6, 7 and 8. Also included were Hayward area business leaders from different sectors of the business community. Debrief meetings are scheduled to take place in January. First EDC members, along with other Planning Group representatives, are being asked to review the Breakfast Meeting Summary Notes, and provide feedback with regard to significant issues that need follow-up. Ideas for Key Note Speakers are also being requested for a Spring Economic Summit event that is being planned for April 17, 2008, to be held on the CSUEB campus. The goal of these Economic Summit activities is to create a sound local economy that attracts investment, increases the tax base, creates employment opportunities for residents and generates public revenues.

5. OVERVIEW & DISCUSSION: THE DOWNTOWN RETAIL ATTRACTION PROGRAM. PRESENTER, GLORIA ORTEGA, REDEVELOPMENT PROJECT SPECIALIST, CITY OF HAYWARD:

Chair Gutiérrez introduced Gloria Ortega, Redevelopment Project Specialist for the City of Hayward. Ms. Ortega gave a PowerPoint Presentation describing the new Downtown Hayward Retail Attraction Program. The focus of this initiative is to:

- Attract new business owners to fill available retail spaces;
- Improve building conditions so that retail spaces are lease ready & attractive;
- Enhance the Downtown environment as a "clean and safe" destination for entertainment and shopping;
- Increase visibility of Downtown and the City as a great place for business opportunities.

Ms. Ortega administers financial incentives in the form of low-interest loans available for building and tenant improvements. Ms. Ortega also serves a liaison between business and property owners and other City services (i.e., Planning and Building, etc.). She also coordinates with the Hayward Downtown Business Improvement Area Advisory Board (BIA) and the Hayward Chamber of Commerce to implement strategies designed to increase foot-traffic and shoppers Downtown Hayward.

Ms. Ortega indicated that all the elements are in place to meet the program's goal. Downtown Hayward has pedestrian friendly walkways, abundant free parking, a strong residential base, and a large college student population from California State University East Bay and Chabot Junior College, and the new Cinema Place Movie Complex scheduled to open in the latter part of 2008.

6. **DEBRIEF OF NOVEMBER 5 NOVO NORDISK TOUR:** Committee members expressed their appreciation for the on-site tour that enabled them to see how this important Hayward business operates. They expressed interest in participating in seeing other Hayward businesses and asked staff to arrange for similar tours in the future.
7. **DISCUSSION OF NOVEMBER 6, 7 & 8 ECONOMIC SUMMIT:**
Dr. Susan Daluddung, Director of Community and Economic Development provided a brief summary of the three Economic Summit Breakfast Meetings that took place in early November. She indicated that the summary notes of those meetings will be made available to Committee members prior to the January EDC meeting so that next steps can be discussed.
8. **COMMITTEE MEMBER ANNOUNCEMENTS:**
Ed Mullins invited committee members to the Hayward Chamber of Commerce Mixer to be held at U.S. Bank on Wednesday, December 12, 2007 from 5 pm to 7 pm.
9. **ADJOURNMENT:** Meeting was adjourned at 5:30 p.m.

California State University, East Bay • City of Hayward • Hayward Chamber of Commerce
Economic Summit Breakfast Forums • Discussion Notes
November 6, 7 & 8, 2007

All groups

Notes prepared by Deborah Baker and Jay Colombatto

Q: What motivates business leaders to locate and stay in Hayward?

- Supportive climate; improvements in the industrial area; helpful staff
- Location: near BART, easy to get in and out
- Lower land prices
- Finding skilled workers can make the location even more attractive
- Affordable housing

- An “advantageous location” including:
 - access to ports and other distribution and transportation hubs and networks
 - proximity to Bay Area and Nor. California population centers, markets, and customers
 - workforce availability
 - water availability
- Cost consideration is “foremost,” and low square-foot rates are attractive in Hayward.
 - Hayward is a space- and central location-“best value.”
- Affordable expansion space and availability offers business the “opportunity to grow.”

- Convenient, central Bay location — “an hour from everything,” airports, ports, and housing
- Good transportation and distribution access
- Availability of labor (especially for manufacturing)
- Alternative to densely developed, expensive S.F. Peninsula — a business migration destination
- Attractive start-up/business incubation environment
- Proximity to a “higher education cluster,” including universities
- Attractive cost structure, including permitting costs — important as “cost is king” to start-ups

Q: What might prevent companies from locating and staying in Hayward?

- Clear consensus that the biggest concern was the problem with the perception and the reality of a low quality of life which includes a poor school system, particularly middle schools and high schools; need for further improvements for the industrial area to make it safer and more attractive
- Need a more highly skilled workforce; however, a highly educated workforce does not want to raise their families in Hayward because of the poor educational system
- Downtown does not have anything to attract people to visit and to spend money; it is a tired downtown with no movie theater, limited retail stores; perception that crime is increasing; need to take advantage of location near BART; consider having a conference center; redevelop Centennial Hall area
- Need to find out if there are any regulatory issues forcing businesses to move out of Hayward and the Bay area
- Need to distinguish between the issues that affect all Bay area cities and Hayward

Educational climate has a “major impact” on business decisions to locate and stay or move.

— Hayward school system, with low test scores and severe “K-12 problems,” is “not advantageous” — and has business deeply concerned about:

- Low community and cultural appreciation of value of education and relationship to economic opportunity
 - Community inability to take advantage of exceptional higher education assets, including a community college and a state university
 - Community “unattractiveness” to employees concerned about poor schools — making it difficult for business to attract and retain skilled employees
 - Community reputation for “Poor test scores and high crime rates” that discourage employees and managers who are also parents from residing or staying in Hayward
 - Low education level of parents that is a problematic predictor of future educational success of their children — and thus the availability of a qualified workforce
 - Noted that new industries that the city is cultivating, such as biotechnology manufacturing, require “at least some college education.”
 - Poor schools that “threaten the future of the middle class” in Hayward — and thus the future economic and social health and stability of the community
 - School board that is unable to grasp implications of failure of local school system and the need for a fundamental, systemic rethinking and revamping of system.
- Large Hispanic population with limited English language skills not only presents challenge in schools and for teachers, but also for business, affecting on-the-job performance of workers.
 - The City of Hayward is not business friendly.

- Not as “easy to get things done,” nor as “business-friendly” as San Leandro
- Lack of cooperation has a negative impact on time and cost factors for businesses seeking to expand in a “smooth, rational” manner — causing businesses to leave
- Long-standing problems with permitting process:
 - Residual, old fear at City Hall that businesses will “trample over everything” affects attitude toward business
 - City (permit and planning) staff “not empowered to say ‘yes’ to business,” due to excessively “top-down” culture and systems under previous administration
- Situation improving:
 - New city manager and planning department head are changing culture.
 - More flexibility is now seen at “lower levels” in city hall.
- Overemphasis by city on residential development versus manufacturing threatens the preservation of adequate future expansion space.

- Lack of Data-Driven Insights
 - More data needed to understand special industry needs and why they cluster in an area.
 - Recognize that although there is a high failure rate among life science/biotech start-ups, cultivating a “critical mass” of like-kind companies will keep attracting new ones.
- Legacy Zoning:
 - Hayward should “retrofit” its manufacturing zones to meet needs of new industry versus “legacy zoning” designed for old-style heavy industry, separated from other uses.
- Lack of Amenities
 - Areas that are developing manufacturing plus mixed use are real competitive draws because they are so appealing to employees who “work hard/play hard.”
 - Employees seek amenities such as biking/walking/hiking trails, as well as transportation/commute options other than driving, such as buses and shuttles

Q: What are the opportunities to attract and keeping companies in Hayward?

- Clear consensus that the city seriously needs to change its image and that it is possible to change it; need a coalition to re-brand the city and improve the quality of life; need to eliminate the misperception that there is no economic base to sustain small businesses
- Hayward as a College Town; bringing the city up to the campus and the campus down into the city; more transportation between these areas; businesses along Foothill and Mission that creates the reality of a College Town
- Sustainability: Hayward as a city that offers an environmentally friendly place to live; a city that supports, promotes, and provides a good business climate for the growing industries related to Sustainability; Hayward as a city of young entrepreneurs; sustainability as a driving social and economic force which will improve the quality of life and will help to change the image of the city
- Hayward as a BioTech/Hi Tech city which is consistent with the image of it as a College Town
- Hayward remains a “growth area” with an accessible, central, “low-cost location.”
- New incentives such as fee reductions — a “proven strategy” — could help attract business.
- More city hall leaders and staff with “savoir faire,” who understand and appreciate “what it takes” will help keep and attract businesses.
- Solving the “K-12 problem,” would eliminate a “major drag” on business development.
- By preserving availability of expansion space in Hayward, some business will want to stay to “keep their operations under one roof” — even if taxes and other costs are lower elsewhere.
- Hayward could become a model for, and build a reputation as a location and hub of environmental technologies and businesses, green build, and sustainability.
 - Represents a long-term growth industry and a “major opportunity” for Hayward
 - City should consider a subsidy program to encourage solar-power installations (such as Berkeley), which could help attract businesses interested in sustainability.
- Improve employee experience with more access to, and choices of services and amenities — “a Googleplex.”
- Maintain low-cost and convenience of a Hayward industrial location
- Ensure expansion space by preserving availability of zoned manufacturing space
- “Retrofit “existing zoning for an “Emeryville” mixed use (manufacturing, commercial, and residential, which is extremely appealing to employees, managers, and executives.
- Provide more accessible higher education opportunities for employees to upgrade skills and degrees, such as more training centers and opportunities in addition to universities
- Address community image deficiencies by improving community income and education levels
- City of Hayward could encourage an a organization of life science and biotech companies “to share concerns, ideas, and common interests”

Q: What are local obstacles and external threats to companies locating in Hayward?

- Cost of doing business — “labor, land, and regulation” — versus out-of-state and overseas.
— Basic research” is done here — but “it’s a given” that the resulting manufacturing will be relocated to another state or overseas.
- Erosion of an well-educate workforce — California’s “traditional attraction” and strength — which has the entire state at a “tipping point,” including Hayward
- Failure of city leaders to consider “more than just taxes and education” and address the full spectrum of business needs
- Limited ability of the city — as a local government subdivision — to address overarching obstacles to competitiveness, such as lower out-of-state and overseas taxes and labor costs
- Lack of community “identity and engagement”
— “Hayward is just an address” — with too many “absentee” business leaders and managers living elsewhere and no incentive for community involvement.
- Insufficient land/space availability due to inability to balance housing versus industrial needs
- Lack of community environment and amenities (driven by community education and income levels) that appeals to new and potential employees
- Failure to recognize and respond proactively to the life science/biotechnology opportunity by not developing a clear understanding of, and responding to the needs of this industry
- Failure to develop community image associated with technology, innovation, and energy
- Failure to preserve water quality and availability
- Competition from other states aggressively soliciting California companies
- Failure to recognize that “the opportunity is in innovation and creation,” and that “there will always be other places that can produce more cheaply” — thus responding to globalization and outsourcing by developing new products that “keep innovation and creativity here”

Q: How can the University, the City, and the Chamber of commerce best support companies/sectors?

- Clear consensus about the urgent need for closer collaboration and working partnerships
- To develop a more highly skilled workforce who want to live in Hayward requires a close, working collaboration among all levels of education from middle school, to community college, through CSUEB
- Middle schools & high schools need more community involvement; community colleges need to examine how to get the best qualified students trained
- Many local resources in siloing institutions who are too territorial and do not extend themselves; need to break down the walls to build effective collaborations to help the community
- Collaboration and continuing conversations must continue on every level to create the broad visions to the implementation; people are not being served due to indecision which wastes time and money
- City needs to “incentivize” people who work for the city to consider living in the city; only 10% live in the city.
- New CSUEB leadership is a breath of fresh air and the opportunity for productive collaborations
- Provide a “massive infusion of energy, ideas, assistance, and commitment” to fuel “fundamental change” required to address and fix the failing Hayward school system.
 - Involve the school board in discussions such as these (forums) to provide much-needed “big picture” perspective and also to help board members grasp the sweeping, fundamental, and systemic nature of the required change.
 - Require CSUEB education students to assist in local schools.
 - Require CSUEB and city school systems students to perform committee service.
 - Model new K-12 paradigms through the College of Education and Allied Studies.
- Collaborate to recognize that the life science and biotechnology sector has special characteristics, needs and impact
 - University noted it wants to work with the life science and biotechnology industry to help meet workforce needs but needs data to inform its decisions
- Work to attract new amenities and improve the community environment
- Extend university offerings to alternative delivery method and locations
- Encourage the study of science and math — “all the way down” to elementary school
- Graduate more single-subject science and math teachers
- Collaborate to raise awareness of the economic opportunity that education can provide