



CITY OF
HAYWARD
HEART OF THE BAY

Council Economic Development Committee
Hayward City Hall – 2nd Floor Conference Room 2A

777 B Street, Hayward, CA 94541-5007

October 4, 2010

4:00 p.m. – 5:30 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 3 minutes each; organizations represented by more than one speaker are limited to 3 minutes per organization. All public comments are limited to this time period on the Agenda.)
3. **Approval of July 12, 2010 Summary Notes**
4. **Council Economic Development Committee Introductions**
5. **Business Visitation Reports:**
 - **Visit to Food Max, Sally Porfido, Economic Development Coordinator**
 - **Visit to Bayshore international Trucks, Council Member Zermeño**
6. **Review and Discussion: Foothill Boulevard Retail Attraction Loan Program Terms. Gloria Ortega, Redevelopment Project Manager**
7. **Agenda Review – Council Economic Development Committee Members**
8. **Economic Development Activities Update – July, August, September 2010**
9. **Committee Member Announcements**
10. **Adjournment**



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Office of the City Manager

Department of Economic Development

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CITY OF
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HEART OF THE BAY

ECONOMIC DEVELOPMENT COMMITTEE

REGULAR MEETING SUMMARY NOTES – JULY 12, 2010

1. CALL TO ORDER: Chair Baines called the meeting to order at 4:10 pm.

ATTENDANCE:

Committee Member	Present 7/12/10	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Landon Baines (Chair)	✓	1	0	1	0
Chris Lam	✓	1	0	1	0
Council Member May	✓	1	0	1	0
Avtar Singh	✓	1	0	1	0
Terri Swartz	✓	1	0	1	0
Mayor Sweeney	✓	1	0	1	0
Jim Wieder (Vice Chair)	✓	1	0	1	0
Council Member Zermeño	✓	1	0	1	0

OTHERS IN ATTENDANCE:

Fran David, City Manager
Alex Ameri, Deputy Director of Public Works
Vera Dahle-Lacaze, Solid Waste Manager
David Rizk, Director Development Services
Sean Brooks, Economic Development Manager
Sally Porfido, Economic Development Coordinator
Gloria Ortega, Redevelopment Project Manager

2. PUBLIC COMMENT: None

3. APPROVAL OF JUNE 7, 2010 SUMMARY NOTES: The June 7, 2010 Summary Notes were approved.

4. BUSINESS VISITATION REPORT: ROSS DRESS FOR LESS, BY MICHAEL LAWSON, CITY ATTORNEY

Michael Lawson reported on his recent Business Visit to the Ross Dress For Less Store at Southland Mall. He met with Daniel Guitores, General Manager. He likes the diversity of the Hayward customer base. Ross is pleased with the Southland location and has no plans to leave. In fact, Daniel believes that Ross may have an interest in expanding their stores in Hayward. Staff will follow up with Ross headquarters regarding any expansion plans.

5. PRESENTATION AND DISCUSSION: RETAIL UPDATE. SPEAKER: CHRISTINE FIRSTENBERG, MANAGING DIRECTOR, METROVATION BROKERAGE –

Christine Firstenberg has been a retail broker for twenty three years and is the Managing Director for Metrovation Brokerage in Oakland working with retailers and retail landlords. Ms. Firstenberg began her retail update with a brief overview of the U.S. retail economy. There are good (G) and bad (B) indicators of the economy:

- ICSC national retailers meeting May 2010, down from 2009 = B
- Active tenants at the ICSC were extremely busy = G
- Deals getting done, just fewer and slower = G
- Tenant meetings were active and somewhat aggressive = G
- Discount tenants are moving into higher-end economic areas = G & B
- Even higher-end tenants reducing merchandise pricing = G
- Concern over rise in Bank's treatment of distressed assets – pretend and extend = B
- According to the Wall Street Journal, there is between \$200-300 Billion in commercial real estate loans that will come due between now and 2014, with no likelihood of re-financing = B
- Likely to see many more commercial property owners enter into bankruptcy or give commercial properties back to the banks = B
- We are likely to see hundreds more banks be taken over by the FDIC, or sold to another bank before the recession is over = B
- In early July, the International Money Fund declared that the world's economies will grow only 2.5% over the next 5 years. We need a 5% growth to get all the unemployed back to work = B

The Index of Consumer Sentiment number indicates how consumers feel about the economy overall taking into consideration both the present and future. It is considered to be a key economic indicator for the U.S. retail industry. While Consumer Sentiment was up for the first quarter of 2010, with unemployment unchanged, sentiment has started to fall in June 2010.

Retailers are expanding, but cautiously. The deal time is now about 70% longer than in the immediate past. Slower deals mean slower money flow to property owners, architects, brokers, suppliers, and communities. Ultimately this keeps economic growth at a slower pace, currently 2.5%

Why is this happening?

- Corporations can't read Consumer Sentiment because it changes rapidly. Retailers have, therefore, slowed the pace of store openings, to make certain they are not too far ahead of the market.
- Inefficiencies of the Marketplace with more work being done by fewer employees.

Retail property pricing:

- Three billion dollars of retail properties priced at \$5 million or more were sold in the U.S. during quarter 1, 2010. This is up 40% from 1st quarter 2009 but much lower than 1st quarter 2007 when \$19 billion was traded.
- Average price per square foot for 1st quarter 2010 was \$147, down 18% from 1st quarter 2007.
- This allows landlords to give the demanded lower rents and more tenant improvements.

Other reasons for lower rents:

- No new development- land prices still too high and rents are too low for new development costs.
- Too much vacant product.
- Fewer tenants = less demand
- Lots of commercial real estate defaults expected.

Anchor Tenants are generally over 15,000 sq. ft. and up to 200,000 sq. ft. and create activity and critical mass for smaller shop tenants. Anchor tenant rents have dropped significantly since 2008. There are a lot more requests for tenant improvement dollars and anchor tenants are pickier about locations and demographics.

Shop Tenant rents are where landlords made most of their money. These rents have dropped 20 to 40% in parts of the Bay Area since 2007.

Blockages to Economic Development:

- Budget cuts in City and Agency budgets;
- Infrastructure issues and need to replace infrastructure;
- New regulations, i.e. Air Quality Board and County Health Department;
- Anti-Formula ordinances;
- Can't build new due to low retail rents;
- Lack of funding from banks for development;
- Oversaturation zoning requiring certain uses on ground floor, even when there might be no market for them;
- Disconnect between Economic Development and other departments;
- Expensive and long permit processes;

- Unrealistic value from land sellers;
- Vertical mixed use no longer affordable or leasable but cities still say they want it;
- Developers using parcelization that causes problems for cities later;
- Big differences in policy maker's understanding of retail.

What can be done?

- Setting realistic market based retail goals;
- Setting a 20 year retail vision and holding firm on it through different City Councils;
- Focusing remaining dollars for Economic development on projects that will create the biggest bang, i.e. Big 5;
- Be aware, and try to remove political pitfalls for Council so they can support retail;
- Education of Planners and Council on the how's and why's of retail expansion;
- In general plans, identify parcels for retail only, not mixed use. This keeps land values realistic.

6. FARMER'S MARKET UPDATE: GLORIA ORTEGA, REDEVELOPMENT PROJECT MANAGER

Ms. Ortega summarized her conversations with the current operators of the Hayward Farmer's Market. Currently there are 51 vendors at the Hayward Farmer's Market and many travel long distances to participate. There is a saturation of farmer's markets in the Bay Area. The current operators do not think having a Sunday Farmer's Market is a good idea but would like to extend the Saturday Farmer's Market by one hour.

7. PROPOSED POLYSTYRENE FOAM ORDINANCE UPDATE: VERA DAHLE-LACAZE, SOLID WASTE MANAGER

Solid Waste Manager Dahle-Lacaze referred EDC members to the memo attached to their meeting packets regarding the proposed ban on polystyrene foam food service containers. The attachment describes the scope of the proposed ordinance, the environmental review conducted by staff, the economic and fiscal impacts, and staff's efforts to solicit comments from the public regarding the proposed ban. The proposed ordinance would apply to all retail establishments located in Hayward that provide prepared food or beverages, and would apply to the City of Hayward and its facilities, including permit holders, though would not apply during emergencies. As with most other ordinances, the Hayward Unified School District will not be subject to the ordinance.

Dahle-Lacaze explained that, based on retail prices charged by some stores in the City, paper containers cost about twice as much as polystyrene containers. Business owners may choose to absorb the additional cost to buy recyclable containers or pass along the additional cost when selling the food and beverage items. She also indicated that staff would continue to promote the recycling services available to businesses under the City's contract with Waste Management of Alameda County. Those programs could reduce a business' garbage bill and

mitigate the additional costs to buy biodegradable food service ware. City staff offers free assistance to implement recycling programs, including indoor storage containers and posters indicating acceptable materials.

Council Member Zermeño stated that he supports the proposed ban but would like to see it postponed for one year.

Alex Ameri, Deputy Director of Public Works, reported that the cost difference to buy compostable containers would be about 2% - 3% of the total cost of the product sold. Many other cities, including Fremont, Oakland and Richmond, have adopted a ban on polystyrene containers in favor of more sustainable containers. Staff surveyed about 100 Hayward restaurants and has summarized those comments in the report. Staff also invited over 300 Hayward restaurants to attend meetings to discuss the proposed ban.

Mr. Ameri further noted that, after the adoption of the ordinance in September, the ban would not be effective for nearly 12 months to allow businesses to deplete their existing inventory. He does not advise waiting for the state legislature to consider a ban.

Economic Development Committee (EDC) member Terri Swartz, indicated that an ordinance implemented in mid-2011 would help to ensure that Hayward is viewed as a sustainable city. Mayor Sweeney added that the City has adopted a Climate Action Plan that proposes banning polystyrene foam so this is a reasonable step forward, and more cities are adopting such bans.

EDC Member Landon Baines asked whether staff would work with businesses experiencing an economic impact as a result of the ban. Ms. Dahle-Lacaze explained that City staff will work with businesses in order to implement the change to more sustainable products over a period of time.

Mayor Sweeney noted that food packaged within the city limits must comply with the ordinance and that staff has no control over foods pre-packaged outside city limits. He also reiterated that the proposed ordinance is similar to bans implemented by other cities.

EDC member Wieder made a motion that the EDC recommends the proposed ban on Polystyrene Foam Containers become effective January 1, 2012; members voted 6 to 2 to support the motion.

8. ECONOMIC DEVELOPMENT ACTIVITIES UPDATE (JUNE 2010):

Staff met with Mr. Jim Cunningham, the owner of Adamson Police Products, the recipient of the July Business Recognition Award. This year, Adamson Police Products is celebrating its 30th anniversary in business. It was started by Mr. Cunningham's parents and is now overseen by him. In 2007 they doubled their office space after acquiring the adjoining office building. They have also grown from 8 employees in 1980 to 33 in 2010.

SMALL BUSINESS REVOLVING LOAN FUND ACTIVITIES:

One loan was approved in June for funding in July. This loan will assist a downtown restaurant/lounge concept to purchase their equipment and furnishings.

Two start-up business requests were provided information about the Small Business Administration's (SBA) and the Lenders for Community Development loan programs. Additionally, information regarding the Hayward Chamber of Commerce's free business counseling program and handouts regarding other services for start-up businesses were distributed. The start-up businesses were: a food cart and a restaurant.

Seventeen additional businesses were provided assistance in obtaining various City services and information:

Two Commercial Brokers were provided assistance with Hayward sites that they are representing.

OTHER ECONOMIC DEVELOPMENT ACTIVITIES:

June 18 marked the 3rd concert of the City of Hayward's Summer Concert Series, featuring "Gravity" at 5:30pm and "The Other Guise" at 7:00pm. Both bands featured a plethora of material ranging from rock music to classic Beatles tunes to modern jazz.

Friday, June 25 featured another local artist, Jennine Grigsley, who performed several R&B renditions which was followed by the family fun movie "*Cloudy With a Chance of Meatballs*" at 8:15pm. The Hayward Area Recreation Department ("HARD") in partnership with the City of Hayward will be featuring 4 movies this summer on the Plaza. All movies will show at 8:15pm on the 4th Friday in the months of June, July, August, & September.

On June 24, 2010 the Northern Silicon Valley Partnership ("NSVP") sponsored a Career Strategy Forum at the Crowne Plaza Hotel in Union City from 8:30 a.m. to noon. The Northern Silicon Valley Partnership consists of the cities of Hayward, Fremont, Newark, Union City, and Alameda County Workforce Investment Board. This free event was geared to assist job seekers in cultivating new skills as they relate to the career development process. Certain trends were identified such as using on-line networking to boost the job search. This was the second annual NSVP Career Strategy Forum.

The forum had over 150 attendees that took advantage of the workshop schedule that included:

- Introductions to One Stop Career Center Services & Job Search Toolkit
- Career Transition: Discover Your Ideal Job
- Fast Track career and Job Search Using Online Networking
- Starting A Small Business or Consulting Firm: How to Convert Your Skills

At least 40 attendees benefited from the expertise of 5 professional resume reviewers at this event. The resume review was set up in a separate room and all 15 minute appointment slots were filled, with a waiting list of 7.

In addition, resource information was available to attendees at 13 resource exhibitor booths. Overall, the attendees expressed appreciation for the forum and left with another perspective on how to locate opportunities within this current marketplace.

Economic Development Staff coordinated five City of Hayward assigned spaces for the four upcoming, monthly Chamber of Commerce Street Parties. The first Street Party was held on June 17 and was well attended by appreciative residents. Representing the City of Hayward were the Police Department, Animal Control, Library & Neighborhood Services, Public Works, and the Keep Hayward Clean & Green Committee.

9. COMMITTEE MEMBER ANNOUNCEMENTS:

Council Member May announced this would be her last EDC meeting as her term ends.

Landon Baines announced he has joined Morgan Stanley.

10. ADJOURNMENT: Meeting was adjourned at 6:00 p.m.



CITY OF
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DATE: October 4, 2010
TO: Council Economic Development Committee
FROM: Redevelopment Director
SUBJECT: Retail Attraction Program - Foothill Boulevard Façade Improvement Loans

RECOMMENDATION

It is recommended that the Council Economic Development Committee reviews and comments on this report, and on the proposed modifications to the terms of the Retail Attraction Loan Program for the Foothill Boulevard Initiative.

BACKGROUND

The Council Downtown Committee approved the initial Program Guidelines for the Downtown Retail Attraction Loan Program on July 24, 2006. Since that time, the Program has evolved, and on February 22, 2010, the Council Downtown Committee endorsed the reservation of Retail Attraction Loan funds for the Foothill Boulevard Initiative and leasing of Cinema Place. The Foothill Boulevard Initiative has shifted the focus of the Program from filling vacancies to improving facades with the goal of improving the image of the downtown's retail gateway. This shift will result in making loans to building owners rather than tenants, and in concentrating improvements in two blocks rather than throughout the program target area.

DISCUSSION

The Foothill Boulevard Initiative proposes façade improvements on eight buildings on Block 1 and five buildings on Block 2. Owners have expressed the desire to financially participate in the Initiative, based on the unique opportunity to collaborate with each other, and to realize the potential for a greater impact in revitalizing the two blocks. Extending the loan term to fifteen years, with loan deferral for full loan term will offer greater incentive to building owners that currently have spaces leased, and are therefore less motivated to make the improvements. (See Attachment I: Façade Improvement Program Underwriting Criteria).

The following describes the differences between the proposed façade improvement loans compared to the current terms of tenant improvement loans.

Terms	Proposed Modification- Façade Loans	Tenant Improvement Loans (no change recommended)
Loan Amount	\$100,000 maximum Based on a required dollar-for-dollar match	\$100,000 + as needed* Based on a required dollar-for-dollar match
Interest Rate	3% simple interest	3 % simple interest
Term	15 years	10 years
Repayment	<p>Payments deferred for 15 years unless the loan defaults (as defined in the Loan Agreement), in which case the deferred loan shall be due and payable. The loan becomes due and payable if the building is sold prior to the conclusion of the loan term.</p> <p>The Loan becomes a Grant at the conclusion of the 15-year loan term if the Borrower continues to meet the terms of the Loan Agreement.</p> <p>After Year 10, beginning in Year 11, the loan balance shall be reduced by 20% of original amount each year.</p>	<p><u>For loan amounts below \$50,000:</u> Payments deferred for 10 years unless the loan defaults (as defined in the Loan Agreement), in which case the deferred loan shall be due and payable. The loan becomes a grant if the Borrower continues to meet the conditions of the Loan Agreement.</p> <p><u>For loan amounts above \$50,000:</u> No payments shall be applied for the first three years of the loan term, provided that no "Events of Default" has occurred. Payment of principal and interest shall begin at end of year 3 and continue until year 10.</p>
Collateral	<ul style="list-style-type: none"> • Deed of Trust on building • Personal Guarantee 	<ul style="list-style-type: none"> • UCC1 Filing • Personal Guarantee • Deed of Trust (for loans above \$50,000)
Events of Default	<ul style="list-style-type: none"> • The building is sold or transferred. • The building is utilized for any purpose not constituting a retail use. • The borrower becomes insolvent or ceases to pay it debts and files a petition seeing reorganization, bankruptcy, etc. • The building owner fails to maintain the building improvements. 	<ul style="list-style-type: none"> • If the business owner sells the business or relocates. • If the building is utilized for any purpose not constituting a retail use. • If the borrower becomes insolvent or cease to pay it debts and files a petition seeing reorganization, bankruptcy, etc. • Failure to maintain the building improvements.

*Bijou Restaurant & Bar received \$150,000 based on project costs of 1.2 million dollars.

The intended purpose for reducing the value of the loan after ten years is to adjust for the declining value of the façade improvements. Should owners sell buildings at any time during the loan term, the loan amount shall become due and payable with declining loan amounts over the course of the fifteen year loan term.

By limiting façade improvement loans to \$100,000 per building, the total commitment of Retail Attraction Loan funds is estimated to be \$1,018,000 based on preliminary projected cost. This will allow staff to maintain a program fund “contingencies” balance. Not all buildings will require the maximum \$100,000 loan amount. Building owners will be given a “menu” of upgrades they can select, based on their individual budgets. Staff is also coordinating with the Opportunity Fund for building owners who need access to additional loan funds.

The following presents a preliminary estimate of costs to undertake identified improvements.

Foothill Blvd Façade Improvements - Preliminary Costs

BLOCK I: COST SUMMARY*

Owner	Building	Costs	Owner Equity	RA Loan
WEINSTEIN	1A Furniture Express	\$ 211,000	\$ 111,000	\$ 100,000
	1B Casablanca Bridal & Selix Formal Wear	\$ 208,000	\$ 108,000	\$ 100,000
	1C Top 2 Beauty Supply, For Lease, Hot Box Yoga	\$ 201,000	\$ 101,000	\$ 100,000
	1D Higgins Jewelry, 2 Vacant Spaces, The Cobbler, Arthurs Murray	\$ 178,000	\$ 89,000	\$ 89,000
	1E Reboot, Ballroom Supplies, Round Table Pizza, Duane dance, Bay County register's Anna's Novelties, Kraski's Nutrition	\$ 290,000	\$ 190,000	\$ 100,000
	1F Montero's market	\$ 141,000	\$ 70,500	\$ 70,500
SHAMCO	1G For Lease, Downtown Consignments	\$ 85,000	\$ 42,500	\$ 42,500
SINGH	1H New York Pizza, Eden's Liquor & Deli	\$ 192,000	\$ 96,000	\$ 96,000
	Subtotal:	\$ 1,506,000	\$ 808,000	\$ 698,000
	Estimated Construction contingency, overhead & profit at 20%	\$ 301,200	\$ 301,200	\$ 0
	TOTAL	\$ 1,807,200	\$ 1,109,200	\$ 698,000

*Excludes maintenance, repairs, seismic upgrades, interior improvements, design, engineering & permit costs

BLOCK 2: COST SUMMARY*

Owner	Building	Costs	Owner Equity	RA Loan
SHAMCO	2A True Value	\$ 120,000	\$ 60,000	\$ 60,000
SCHENG	2B Cyclepath	\$ 06,000	\$ 53,000	\$ 53,000
CHABARA	2C For Lease, Sunn Hunan	\$ 147,000	\$ 73,500	\$ 73,500
	2D For Lease (3 spaces), Salon, Chalk It Up Billiards, Dance Studio	\$ 325,000	\$ 225,000	\$ 100,000
CHEN	2E For Lease (2 spaces), Crepes De Art, Akaihana	\$ 139,000	\$ 69,500	\$ 69,500
CHEN	2F Bridal Shop, For Lease (2 spaces)	\$ 108,000	\$ 54,000	\$ 54,000
	Subtotal:	\$ 945,000	\$ 535,000	\$ 410,000
	Estimated Construction contingency, overhead & profit at 20%	\$ 189,000	\$ 189,000	
	TOTAL	\$1,134,000	\$ 724,000	\$ 410,000

*Excludes maintenance, repairs, seismic upgrades, interior improvement, design, engineering & permit costs

Total Retail Attraction Loans:	\$ 1,108,000
Total Matching Dollars	\$ 1,833,200
Total Est. Project Cost	\$ 2,941,200

ECONOMIC IMPACT

The impact of undertaking the proposed façade improvements is expected to be very positive for the Hayward community, as Foothill Boulevard is a heavily travelled gateway to the downtown. It is hoped that the timing of the proposed façade improvement initiative will give businesses a boost right at about the time the Route 238/Downtown Mini-loop improvements get underway.

FISCAL IMPACT

The Retail Attraction Program was included in the Agency's FY 2011 budget and the Program is currently funded in a total amount of \$1,708,000. Of this \$1,708,000 budget amount, \$250,000 has been reserved for future Cinema Place tenant improvements.

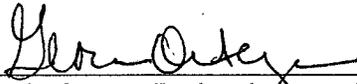
PUBLIC CONTACT

Building owners have reviewed preliminary costs, but have not been given specific loan terms, pending review by the CEDC. The Foothill Boulevard preliminary designs were reviewed by the Council Downtown Committee on June 28, 2010.

NEXT STEPS

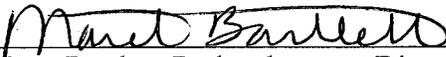
Staff will incorporate input provided by the CEDC into its loan offerings to the Foothill Boulevard property owners, and begin to process loans as feasible.

Prepared by:



Gloria Ortega, Redevelopment Project Manager

Recommended by:



Maret Bartlett, Redevelopment Director

Approved by:



Fran David, City Manager

Attachments:

Attachment I: Façade Improvement Program Underwriting Criteria Title

ECONOMIC DEVELOPMENT SUGGESTED TOPICS 2011:

August 2, 2010 (NO CEDC MEETING IN AUGUST)

September 14, 2010

1. New Council Economic Development Committee Members sworn in at City Council Meeting

October 4, 2010

1. Review Foothill Blvd. Retail Attraction Loan Program Terms
2. Business Visitation Reports from July visits
3. Agenda Planning

November 1, 2010

1. Business Visitation Reports from October visits
2. MuniServices Sales Tax Revenue Update, Jerry Peeler

December 6, 2010

1. Presentation and Discussion: Hayward Airport Update, Lloyd Partin, Airport Manager

January 3, 2011

1. Presentation & Discussion: Southland Mall Update, Veronica Curley, Manager

February 7, 2011

1. Presentation & Discussion: Hayward Unified School District, API Scores
2. Business Visitation Reports from January visits

March 7, 2011

1. Presentation & Discussion: Commercial/Industrial Market Update, Jim Morris, Cushman & Wakefield

April 4, 2011

1. Review Community Promotions Applications – Requests for Funding

May 2, 2011

1. Business Visitation Reports from April visits

June 6, 2011

1. Agenda Planning

Topics suggested by EDC Committee Members at the May 3, 2010 meeting and Redevelopment Agency:

- Buy Hayward First Campaign Update
- Update on the Hayward Unified School District, API Scores
- Real Estate Updates (Commercial, Residential, and Retail)
- Alameda County Workforce Investment Board (new training & employee assistance programs)
- Southland Mall and General Growth, Owner, Update: Veronica Curly, Southland Mall Manager
- Downtown Hayward Update – i.e. promoting downtown events, Street Parties
- Joint Meeting with Business Improvement Area Advisory Board (review downtown events evaluation: Street Parties, Summer Jazz, Movies, Light Up The Season)

Dated: September 16, 2010

- Foothill Boulevard Update – Façade Improvement Designs, Relocation of Historical Society
- Electrical Transformers Project (Redevelopment and Public Works)
- Downtown Safe and Clean Efforts Update
- Mural Program Update
- City Center Update
- Recreational Uses in Downtown Area – Identification and Future Planning; Invite HARD representatives
- Proposed Future Library Update
- Discussion regarding other Downtown Cultural Venues (Arts Venues, Former Historical Society Building, Veteran’s Building, etc.)
- Review of Municipal Code “Smoking Pollution Control” provisions as they effect downtown clubs and restaurants

Dated: September 16, 2010



CITY OF
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DATE: July 31, 2010

TO: Fran David, City Manager

FROM: Sally Porfido, Economic Development Coordinator
Sean Brooks, Economic Development Manager

SUBJECT: **Economic Development Activities for July 2010**

BUSINESS DEVELOPMENT:

1. Staff met with Mr. Dennis Mack, the owner of Western State Design, Inc., his Chief Operating Officer, and Mr. Keith Sutton of East Bay Economic Development Alliance to review their upcoming new Hayward expansion project. The City and County will work on combining their Recovery Zone Financing Bond allocations to support the Western State Design, Inc. project.

SMALL BUSINESS REVOLVING LOAN FUND ACTIVITIES:

2. **Two** start-up business requests were provided information about the Small Business Administration's (SBA) and the Lenders for Community Development loan programs. Additionally, information regarding the Hayward Chamber of Commerce's free business counseling program and handouts regarding other services for start-up businesses were distributed. The start-up businesses were: a food cart and a restaurant.

Ten additional businesses were provided assistance in obtaining various City services and information:

- ME Restaurant & Lounge
- Hayward Chamber of Commerce
- Small Business Development Center
- Alameda County Workforce Development Agency
- Big 5 Sporting Goods
- New York Bagel
- Montero's Market
- Western State Design, Inc.
- East Bay Economic Development Alliance
- Yogurt Express

Office of the City Manager

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Two Commercial Brokers were provided assistance with Hayward sites that they are representing:

- Christine Firstenberg, Metrovation Brokerage
- Jason Ovadia, with Jones, Lang, & LaSalle

OTHER ECONOMIC DEVELOPMENT ACTIVITIES:

3. July 2 marked the 5th concert of the City of Hayward's Summer Concert Series, featuring "Spider Monkeys" at 5:30pm. Friday, July 23 featured the Chabot College Jazz Orchestra which was followed by the family fun movie "*Monsters vs Aliens*" at 8:15pm. The Hayward Area Recreation Department ("HARD") in partnership with the City of Hayward will be featuring 4 movies this summer on the Plaza. All movies will show at 8:15pm on the 4th Friday in the months of June, July, August, & September.
4. Economic Development Staff is coordinating the five City of Hayward assigned spaces for the four upcoming Chamber of Commerce Summer Street Parties. The second Street Party was held on July 15 and was well attended by appreciative residents. Representing the City of Hayward were the Fire Department, Police Department, Animal Control, Library & Neighborhood Services, Public Works, and the Keep Hayward Clean & Green Committee.



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DATE: August 31, 2010

TO: Fran David, City Manager

FROM: Sally Porfido, Economic Development Coordinator
Sean Brooks, Economic Development Manager

SUBJECT: **Economic Development Activities for August 2010**

BUSINESS DEVELOPMENT:

1. Staff met with Mr. Dennis Mack, the owner of Western State Design, Inc., his Chief Operating Officer, and Mr. Keith Sutton of East Bay Economic Development Alliance to review their upcoming new Hayward expansion project. Since that meeting, the City of Hayward and County have received approval to combine their Recovery Zone Financing Bond allocations in the amount of \$10.5 million to support the Western State Design, Inc. project.
2. Startup Primus Power, a maker of utility-scale batteries, is moving into a new home at the Britannia Point Eden Business Park located at 3967 Trust Way. The year-old company is moving from Alameda and will be leasing 22,000 square feet of office and research and development space. Primus is scheduled to be fully operational by December 2010 and ideally would like to expand within two to three years, according to their Founder & CEO, Rick Winter.

According to the SF Business Times, "the growth of renewable power like solar and wind is driving the need for better and larger devices that can store electricity when needed." Therefore, Primus Power plans to capitalize on this trend as it believes it is able to produce electricity at low costs. The company in November 2009 received a \$14 million grant from the Department of Energy to build a 25 megawatt battery to test with the Modesto Irrigation District.

Hayward was ideal due to its location and the ability to grow in the City once Primus develops further. The company currently employs approximately 20 people and when their production component is fully operational, they plan to expand their workforce to approximately 150 people. The City is excited about this new business and the influx of companies focused on clean-tech and sustainable energy.

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3. Staff attended the grand opening of Montero's Market on August 2, 2010. Owner Jose Juarez moved expanded and moved Montero's Market from their original site at 21616 Mission Blvd. to 22487 Foothill Blvd. The market has a full service taqueria, a grocery store featuring many Hispanic specialties, and will eventually have a bakery located on the bottom level of the building.
4. Staff attended the Northern Silicon Valley Partnership (NSVP) Investor Roundtable event on August 23, 2010 at the City of Union City. The NSVP (Fremont, Hayward, Newark, and Union City) sponsors these free quarterly pitch opportunities for entrepreneurs to pitch their product and business ideas to investors for feedback. The investors provided feedback to the entrepreneurs regarding their presentations and ideas. There were 70 attendees, 4 entrepreneur pitches, and 2 members on the investor panel from Keiretsu Forum which is the world's largest angel investor network.
5. Me Restaurant & Lounge is officially open. After months of building out their tenant improvements, the establishment opened last weekend. They are planning an official grand opening/ribbon cutting event in late September. The restaurant and lounge will feature several dining themed nights coupled with entertainment, with Sundays serving as a talent showcase evening featuring poetry, light music, and family friendly activities. They are currently open for dinner and will begin serving lunch within a few weeks.

SMALL BUSINESS REVOLVING LOAN FUND ACTIVITIES:

6. Two start-up business requests were provided information about the Small Business Administration's (SBA) and the Lenders for Community Development loan programs. Additionally, information regarding the Hayward Chamber of Commerce's free business counseling program and handouts regarding other services for start-up businesses were distributed. The start-up businesses were: a bakery and a bagel shop.

Twelve additional businesses were provided assistance in obtaining various City services and information:

- ME Restaurant & Lounge
- Hayward Chamber of Commerce
- Small Business Development Center
- Alameda County Workforce Development Agency
- Levy's Bagel
- Montero's Market
- Western State Design, Inc.
- East Bay Economic Development Alliance
- Yogurt Express
- Sun Gallery
- Gimbell's Fine Candies

- Sugar Bowl Bakery

Two Commercial Brokers were provided assistance with Hayward sites that they are representing:

- Christine Firstenberg, Metrovation Brokerage
- Anna Winters, with Colliers

OTHER ECONOMIC DEVELOPMENT ACTIVITIES:

7. The City of Hayward hosted the August Chamber Mixer at the City Hall Rotunda on August 11, 2010. The Economic Development staff in partnership with the Chamber of Commerce organized the festivities. Mayor Pro Tem Francisco Sweeney welcomed the Mixer attendees and recognized all of the elected officials. There were several City of Hayward staff in attendance as well which aided in fostering a community atmosphere. Most importantly, several news businesses were recognized and demonstrated the strong networking that exists within the Hayward business community. Overall, the Hayward Chamber reported that there were 185 attendees who enjoyed the Mixer and were impressed by the City Hall venue and the effort that went into making this a successful event.
8. Economic Development Staff continues to coordinate the five City of Hayward assigned spaces for the monthly Chamber of Commerce Summer Street Parties. The third Street Party was held on August 19 and was well attended by appreciative residents. Representing the City of Hayward were the Police Department, Animal Control, Library & Neighborhood Services, Public Works, and the Keep Hayward Clean & Green Committee.
9. On August 13, 2010 the 8-piece Mariachi Mexicanisimo band played to an enthusiastic crowd of over 200 attendees. This group was recruited through the Latino Business Roundtable of the Hayward Chamber Commerce and co-sponsored by the City of Hayward. This free event included a Margarita Bar staffed by the Hayward Chamber of Commerce and 9 vendors as follows:

Two Jewelry Vendors
 Acapulco Taqueria
 Arnolds Barbeque
 Arthur Murray Dance Studio
 Toy & Balloon vendor
 City of Hayward Fire Dept.
 Hayward Area Recreation Department
 Hayward Historical Society
 Day Laborer Group

This local favorite brought excitement to the Plaza and they look forward to being involved next year as well.

10. On August 27, 2010, the full ensemble of the Chabot College Jazz Orchestra performed at the Summer Concert Series followed by the family friendly movie, "Up", which drew an attendance of approximately 300 people.



CITY OF
HAYWARD
HEART OF THE BAY

DATE: September 30, 2010

TO: Fran David, City Manager

FROM: Sally Porfido, Economic Development Coordinator
Sean Brooks, Economic Development Manager

SUBJECT: **Economic Development Activities for September 2010**

BUSINESS DEVELOPMENT:

1. Staff met with the President and General Manager of Sugar Bowl Bakery for a facility tour and interview for the Sept. 13 Business Recognition Award presentation. Sugar Bowl Bakery has moved their administration and manufacturing operations from San Francisco to Hayward.
They own both their Hayward facilities and have approximately 180 employees.
2. Western States Design, Inc. has completed the appropriate steps to be able to utilize the City of Hayward's Recovery Zone Facility Bond allocation of \$2,750,000 to finance the renovation and equipment needs of an approximately 50,000 square foot facility to be located at 1510 Zephyr Avenue. The new facility will be used for commercial laundry servicing large companies and institutions such as hospitals, hotels, and others who choose to outsource these functions. The company will utilize the most recent state-of-the-art technologies, equipment, and processes, and minimum water consumption. This project is estimated to create approximately 120 to 140 full-time employment opportunities once completed.

The company required \$10,500,000 for their project. To facilitate this total issuance, the County of Alameda partnered with the City and released \$7,750,000 of its allocation for a total bond amount of \$10,500,000. The City of Hayward authorized the assignment of its allocation on June 29, 2010 and the County designated its allocation on July 27, 2010. The California Industrial Development Financing Advisory Commission (CIDFAC) approved of the County of Alameda to issue a \$10,500,000 Recovery Zone Facility Bond (RZFB) on behalf of Western State Design, Inc. in the City of Hayward on August 25, 2010.

The closing of the bond issuance is anticipated to take place in early December 2010 with the renovation work to begin shortly after. The Western State Design, Inc. project will add jobs to the Hayward workforce, increase property value through improvements, and possibly add use tax as a result of purchasing new equipment. This project was made

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possible through the American Recovery and Reinvestment Act of 2009 ("ARRA"), which created several financing tools intended to aid in the economic revitalization of California counties and cities.

3. Me Restaurant & Lounge is officially open. After months of building out their tenant improvements, the establishment opened last weekend. They are planning an official grand opening/ribbon cutting event in late September. The restaurant and lounge will feature several dining themed nights coupled with entertainment, with Sundays serving as a talent showcase evening featuring poetry, light music, and family friendly activities. They are currently open for dinner and will begin serving lunch within a few weeks.

SMALL BUSINESS REVOLVING LOAN FUND ACTIVITIES:

4. **One** start-up business request was provided information about the Small Business Administration's (SBA) and the Lenders for Community Development loan programs. Additionally, information regarding the Hayward Chamber of Commerce's free business counseling program and handouts regarding other services for start-up businesses were distributed. The start-up business was: an inventor.

Fifteen additional businesses were provided assistance in obtaining various City services and information:

- ME Restaurant & Lounge
- Bijou Restaurant
- ConXtech
- Yogurt Express
- Hayward Chamber of Commerce
- Small Business Development Center
- Alameda County Workforce Development Agency
- Kokyo Sushi Buffet
- Montero's Market
- Western State Design, Inc.
- East Bay Economic Development Alliance
- Gimbells Fine Candies
- Sugar Bowl Bakery
- Bayshore International Trucks
- United Rentals

Two Commercial Brokers were provided assistance with Hayward sites that they are representing:

- John Stansberry, Cassidy Turley B.T. Commercial
- Anna Winters, with Colliers

OTHER ECONOMIC DEVELOPMENT ACTIVITIES:

5. Economic Development Staff coordinated the five City of Hayward assigned spaces for the monthly Summer Chamber of Commerce Street Parties, concluding with the fourth and final Street Party on Saturday, September 18. This was the first Saturday Street Party and was well attended by appreciative residents. Another first were the five wineries and dozens of artists selling their wares at this summer's final downtown street party. Two bands provided musical entertainment. Representing the City of Hayward were the Police Department, Fire Department, Animal Control, Public Works, and the Keep Hayward Clean & Green Committee.
6. On Friday, September 10 @ 5:30pm – Stay Away Joes (Rockabilly) & @ 7:00pm - Jack "Da Hat" Luna (Jazz) bands played to an appreciative audience.

The Hayward Summer Concert and Movie Series came to a close on Friday, September 24. The last event was filled with various activities beginning with the talented Youth Orchestra of Southern Alameda County ("YOSAC") performing from 4:30pm to 5:00pm. The regionally acclaimed Chabot College Jazz Orchestra then took the stage from 5:30pm to 7:00pm featuring various vocalists as well as multiple upbeat jazz sets.

After a brief intermission, the Hayward Area Recreation Department ("HARD") in partnership with the City of Hayward showed the movie "Princess at the Frog" at 8:15pm on a 12-foot high projected screen. There were several food vendors and a beer and wine garden throughout the concert.