



CITY OF
HAYWARD
HEART OF THE BAY

**COUNCIL ECONOMIC
DEVELOPMENT COMMITTEE**

MAY 7, 2012

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CITY COUNCIL ECONOMIC DEVELOPMENT COMMITTEE MEETING
Monday, May 07, 2012
Conference Room 2A
4:00 PM

CALL TO ORDER

ROLL CALL

PUBLIC COMMENTS: *(The Public Comment section provides an opportunity to address the City Council Committee on items not listed on the agenda. The Committee welcomes your comments and requests that speakers present their remarks in a respectful manner, within established time limits, and focus on issues which directly affect the City or are within the jurisdiction of the City. As the Committee is prohibited by State law from discussing items not listed on the agenda, your item will be taken under consideration and may be referred to staff.)*

1. Approval of Minutes of March 5, 2012

[**CEDC Minutes**](#)

2. Community Promotions Applications Review

[**Staff Report**](#)
[**Attachment I Applicants Summary**](#)

3. Alameda County Workforce Investment Board Update (**Oral Report**)
4. Business Visitation Reports (**Oral Report**)
5. Economic Development Activities for March and April 2012 (**Oral Report**)

[**ED Activities for March**](#)
[**ED Activities for April**](#)

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

ADJOURNMENT

NEXT REGULAR MEETING – 4 P.M. MONDAY, JUNE 4, 2012

****Materials related to an item on the agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office, City Hall, 777 B Street, 4th Floor,*

*Hayward, during normal business hours. An online version of this agenda and staff reports are available on the City's website. All Council Meetings are broadcast simultaneously on the website and on Cable Channel 15, KHRT. ****

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AUGUST 2, 2011





CITY OF
HAYWARD
HEART OF THE BAY

COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING SUMMARY NOTES – MARCH 5, 2012

CALL TO ORDER: Chair Sweeney called the meeting to order at 4:05 pm.

ATTENDANCE:

Committee Member	Present 3/5/12	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Kanti Patel	No	4	3	4	3
Chris Lam	✓	7	0	7	0
Waseem Khan	✓	6	1	6	1
Terri Swartz	✓	7	0	7	0
Mayor Sweeney (Chair)	✓	7	0	7	0
Council Member Halliday	✓	7	0	7	0
Council Member Zermeño	✓	5	2	5	2

OTHERS IN ATTENDANCE:

Fran David, City Manager
 Kelly Morariu, Assistant City Manager
 Sean Brooks, Economic Development Manager
 David Stark, Public Affairs Director, Bay East Association of Realtors
 Kim Huggett, President, Hayward Chamber of Commerce

PUBLIC COMMENTS:

Kim Huggett, President of the Hayward Chamber of Commerce, informed the committee members that the next Hayward Downtown Restaurant Walk event will be April 19, from 5 to 9 p.m.

- 1. APPROVAL OF FEBRUARY 6, 2012 MEETING NOTES:** The February 6, 2012 Minutes were approved.
- 2. RESIDENTIAL REAL ESTATE UPDATE:**

Sally Porfido introduced Mr. David Stark, Public Affairs Director for the Bay East Association of Realtors. He works with elected leaders and government staff in the development of housing policies and manages the Association's media relations and political activities. Mr. Stark also serves on the Board of Directors for the Pleasanton Chamber of Commerce and is on the Government Relations Committee for both the Pleasanton and Hayward Chambers of Commerce. He holds a BA in Political Science and English from the University of California, Riverside and a Master's Degree in City and Regional Planning from Cal Poly, San Luis Obispo.

Mr. Stark reviewed Central Alameda County (Castro Valley, Hayward, San Leandro, San Lorenzo) real estate sales activity as follows:

- Residential housing prices were going steadily up in 2004 through 2007.
- In 2007, the prices began to spiral downwards.
- In 2011, we are back to 2001 real estate prices.
- Hayward residential real estate is on average \$100,000 less than Castro Valley largely due to respective school performance.
- Residents are also experiencing difficulty in qualifying for first time home purchases due to lenders' tighter credit standards.

Mr. Stark reviewed the differences between a short sale and a foreclosure: a short sale is when the property owner sells the home for less than what they owe on it. A foreclosure is when the owner defaults on the mortgage payments and the bank takes ownership of the property.

In 2011, single family residence (SFR) housing sales in Hayward were represented by 38% normal sales (non-distressed) and 62% troubled property sales (26% short-sales and 36% foreclosures). Respective days on the market for sales were: normal – 50 days; short-sale – 66 days; and foreclosures – 48 days. The average prices for SFR were: normal \$294,000; short-sale \$253,000; and foreclosure \$229,000.

The market is influenced by the sales price of troubled properties. These properties are setting the market because more than half of the sales are from short-sales and foreclosures. Appraisers are basing their appraisal values on the lower prices of these troubled properties, thereby keeping the prices of normal sale properties lower as well.

Hayward has been affected by higher unemployment and under-employment rates as well. People experiencing a job loss or who are unable to find a higher paying job are not able to keep up with their house payments and are forced into a short-sale or foreclosure.

To summarize, the real estate market is driven by fixed supply, school district performance, access to purchase money financing, federal lending policies and programs, and the creation of jobs. The challenge for Hayward is to improve school district performance, increase the

number of jobs, and lobby for government easing of access to finance capital.

3. BUSINESS VISITATION REPORTS:

Sally Porfido, Economic Development Coordinator, reported on the business visit to Impax Laboratories, Inc. with Miriam Lens, City Clerk. They met with David Huettig, Vice President of Engineering, Don Kline, Facilities Manager, and Mark Fitch, Sr. Vice President of Global Operations.

Impax Laboratories is a manufacturer of over 100 generic pharmaceuticals, tablets and capsules. They are also active in research and development of new drug applications. This business has made a major investment in Hayward, currently occupying 8 buildings in the industrial area, many of which they have purchased. They have 700 full-time employees and 70 part-time employees.

During the course of this informative visit, there were some issues raised that were brought to the attention of Development Services and Public Works staff for appropriate follow up action with the company. Staff will continue to work with Impax Laboratories for solutions to accommodate their future growth and product development in Hayward.

4. ECONOMIC DEVELOPMENT ACTIVITIES FOR FEBRUARY – SEAN BROOKS

Sean Brooks gave an overview of the economic development activities for February with highlights as follows:

- A. Staff attended a presentation at the Alameda County Workforce Investment Board (ACWIB) office on February 1, 2012. The ACWIB offers employment training, education, and economic development services to job seekers and employers in Alameda County. The presentation provided an overview of the ACWIB Layoff Aversion Project with Manex. Manex is a niche consulting firm that provides a broad array of solutions and resources exclusively to manufacturers and their supply chains, enabling them to compete on a global scale.
- B. Manex was approved for a proactive “Layoff Aversion” program funded by ACWIB with a project start date of September 2011 and a completion date of June 30, 2012. The project’s goal is to assess 50 “at risk” manufacturers in Alameda County. The manufacturing companies must have between 25 and 100 employees. To determine if a company is at risk, they must have one or more of the following issues:
 - Decline in sales
 - No shop floor metrics / International Organization for Standardization (ISO)
 - No formal Standard Operating Procedures
 - No “green” sustainability programs
 - No written business or strategic plan

- Workforce English language and math deficiencies
- Financial difficulties

Letters were sent to 50 partners such as CPA firms, banks, law firms, economic development groups, requesting any insight into companies that could use this complimentary assessment service. The comprehensive business assessment is completed at no cost to the manufacturing business and is geared to:

- Enhance competitiveness in the marketplace
- Prioritize improvement projects
- Set performance targets
- Quantify opportunities to reduce costs, maximize profitability and improve customer satisfaction.

The fair market value cost of this assessment is \$5,000, which the ACWIB is underwriting. Staff will review the Hayward manufacturing companies and make recommendations for this program.

C. International Council of Shopping Centers Northern California Alliance Program Event:

Staff attended and participated in panel discussions at the International Council of Shopping Centers Northern California Alliance Program at the San Ramon Marriott on February 23. The program included:

Vertical Mixed Use Gone Sideways – Panel discussion:

Discussion included a review of mixed use development projects that were successful in some cities, such as Santana Row in San Jose, but not successful in other communities where small retail stores were constructed at the bottom of a professional office complex on heavy vehicle trafficked streets that provided little accessible parking. The retail tenants that did open eventually went out of business and the sites still remain vacant. Understanding the dynamics of the population that will be served by the development is critical. Realistically, the retail market concedes that the Silicon Valley region, as a whole, can only support one “Santana Row.”

Compromising Your Way to Success ... How to Preserve Commercial Space While Maintaining Active Retail Districts. Panelists reviewed different types of retail concepts and the type of customers they attract:

Active Retail – retail where pedestrians interact with the space even if they do not go in to buy something. Examples include: a karate studio, an art gallery, or a real estate agency

Non-Active Retail – retail where the flow of the retail district is broken so that pedestrians do not interact with the built environment or there are limited hours so the spaces become dark during non-office hours. Examples are medical facilities and auto repair shops.

Commodity Retail – A retailer selling goods and services which are consumed without emotional connection by the consumer and the consumer’s motivation is price and convenience. Examples would be grocery/drug stores, mass merchants, office supply stores and electronic stores.

Specialty Retail – Retailers sell goods and services which are consumed on a discretionary or emotional basis, using discretionary funds and where experience is a prime motivator. Examples are clothing, luxury items, books, and music.

The key question is does the existing retail address the consumer’s needs? Panel suggestions include:

- Encourage natural retail evolution and do not force retail where it does not meet the basic retail criteria.
- Relax zoning standards on spaces or uses that do not merit strict standards.
- New, emerging uses that do not fit into zoning definitions (i.e. food trucks, temporary or pop-up uses).

With the demise of Redevelopment, cities are trying to balance their budgets and looking for high value retail to bring in sales tax revenue. Some possible solutions would be:

1. Allow poorly functioning retail to evolve into non-retail uses.
2. Encourage clustering of non-active uses.
3. Work with the property owners directly rather than through restrictions.
4. Shorter lease terms for non-active uses.
5. Cities should identify their strong retail nodes, defend those as retail, and allow other areas to evolve through market forces.
6. Create and fund programs to help owners analyze available opportunities and execute the strongest alternatives.

Keynote Speaker, Don Wright, Senior Vice President of Real Estate and Engineering, Safeway and CEO of Property Development Centers (Safeway’s Development Company)

Mr. Wright explained that Safeway owns 50% of the properties in their chain. He gave an overview of the projects in Northern California. They plan 10 to 14 new store openings within the next three years. In the Bay Area, these will be in Pleasant Hill, Petaluma, Berkeley, and other communities.

Safeway retail fundamentals:

1. Acceptable retail footprint
2. Parking quality and quantity
3. Pedestrian interface
4. Road uses
5. Exterior signage
6. Vertical transportation
7. Amenities
8. Partner with Safeway in dealing with third party agencies
9. Avoid imposing conditions which overwhelm new development projects

Round Table with Table Topics –

1. Your City is Off My Radar: How Tenants See the Region. In 2012, retailers say they will be expanding selectively in the Bay Area and to highly selective sites in Northern California. City and County staff want to do their best to attract any new business, but much of the retailer's decision-making is beyond their control.
2. Zoning From Another Planet: Form-Based Confusion? National retailers approach cities expecting a standardized package of regulations and a menu of typical citizen concerns. Local tenants are less sophisticated about regulations and citizen concerns. Public sector people want to do their best to attract desirable new businesses, but also have responded to citizen concerns about urban form by innovative zoning.
3. One Stop is Not Enough: Solving Building Permit Issues. When considering new store locations, most retailers have limited flexibility for the physical boxes and sites. Public sector people want to do their best to attract desirable new businesses but can only do so much with what they have in terms of sites and buildings.
4. Why Not Cooperate? Regional Approaches to Retail Development. With retailers being so highly selective, there are fewer opportunities to attract business. Because of staff and budget cuts, there is too much work, so staff can only be in a reactive mode. There are opportunities to collaborate with other cities to attract business.

Overall, 125 private and public sector professionals attended the forum and expressed appreciation for the program. Events like these help cities to understand the retail market and practicality behind business decisions. The retail sector is improving but the model is changing. Hayward is well-positioned to meet the changing demand and to provide residents with various viable retail options.

D. Staff attended the Hayward Chamber of Commerce Ribbon Cutting ceremony for

Vintage Alley, a hair salon and clothing boutique, at 1037 B Street. The owners, Alicia and Alfredo Rodriguez have been in business for many years and decided to open a new location in a former antique store. They transformed it into a stylish and unique store featuring fine, new “vintage” clothing and accessories, as well as a full-service hair salon. The 80 attendees enjoyed a tempting array of appetizers and beverages while listening to the Arenot Sisters sing songs from the 30’s and 40’s. Mayor Sweeney officiated the ribbon cutting ceremony.

E. Small Business Revolving Loan Fund Activities:

Three start-up businesses 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 mobile contractor, a home care provider, and a clothing manufacturer.

Eight businesses were provided information and assistance by staff.

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

F. Staff facilitated a class with the Small Business Development Center on “E-Commerce.” The February 2, 2012 class gave the 27 attendees the fundamental concepts of e-commerce as well as how to use e-commerce technology, tools, and strategies to improve their business marketing, sales activities, and enhance their bottom line. The class instructor, Cynthia Mackey, brings over 19 years of comprehensive corporate and start-up experience in technical management, process development, internet strategy, telecommunications, and business development, as well as product marketing and sales.

G. Fresh and Easy pulled back on its aggressive expansion into California’s competitive grocery business, according to the Inland Valley Daily Bulletin. The British-owned grocer plans to temporarily close 7 underperforming stores across the state, including locations in Ontario, Hemet, Anaheim, Fountain Valley, Bakersfield, Baldwin Park, and Fresno. The company expects to reopen when the economy improves. Meanwhile, store closures are also planned in Las Vegas, Nevada and Phoenix, Arizona. The supermarket chain entered the U.S. market in 2007 while other supermarkets were struggling to stay in business and laying off workers. Now in its fifth year, the chain’s expansion plan has stalled and they have only opened half of the stores originally planned. In 2010, the chain closed 13 stores, mostly in Las Vegas, and never opened the doors of a new store built in Loma Linda, California. However, Fresh and Easy continues to invest in the California market with plans to open 11 stores in 2012, 4 of which will be express stores that are smaller than standard stores.

Locally, the two Fresh & Easy's in Hayward – (Fairway Park @ Mission & Rousseau & Skywest Commons @ A & Hesperian) are both achieving sales targets and meeting company expectations. The Fairway Park Store is consistently a top performer in the Bay Area region that includes stores in San Francisco, Pacifica, San Jose, Mountain View, and Sunnyvale. Like most retailers, the Fresh & Easy model will be successful in some markets and not as successful in others. However, they are filling a niche and are excited to be in Hayward.

COMMITTEE MEMBER ANNOUNCEMENTS:

Council Member Zermeño invited the committee members to the 136th anniversary of the City of Hayward Sunday, March 11, 2012.

Committee Member Chris Lam informed the committee that another food manufacturing company he knows is concerned with streamlining the City's permitting process. Staff will follow up with Mr. Lam on this.

Mayor Sweeney requested a verbal update on how to solve the problem. He also requested a public safety update on retail shoplifting activity and copper theft in the industrial area.

ADJOURNMENT: Meeting was adjourned at 5:08 p.m.



DATE: May 7, 2012

TO: Council Economic Development Committee

FROM: Economic Development Manager

SUBJECT: Community Promotion Program Recommendations

RECOMMENDATION

That the Committee reads and comments on this report, and provides a recommendation to the City Council related to a reduced allocation of \$11,000 proposed for the Community Promotion Program for FY 2013 for three applicants that applied for grants to support community related events. This allocation is subject to Council approval and may be subject to elimination altogether given the City's \$14 million budget deficit in FY 2013.

BACKGROUND AND DISCUSSION

Historically, the Community Promotion Program has provided grant funding for events and activities that benefit Hayward residents. Over the past several years, the Council has allocated between \$112,000 and \$180,000 annually to local groups. Council approved \$118,851 for FY 2012, which included \$75,000 in funding from the Redevelopment Agency. Individual grants have been provided in amounts from \$200 to \$33,300 to fund various organizations and activities. As part of this year's State budget, the Legislature adopted, and Governor Brown signed, legislation that eliminated all Redevelopment Agencies throughout the State effective January 31, 2012. As such, the reduced funding proposal recommended at this time is \$44,000, with \$33,000 being devoted to the applicants that relate to the arts and music and \$11,000 devoted to applicants that are classified as true community promotions. Program funding will be provided from the City of Hayward's General Fund and subject to City Council's final approval. Staff recommends that the Committee review a reduced funding proposal that allocates \$11,000 for Community Promotions. The remaining \$33,000 will be allocated to the Community Services Commission (CSC) for consideration with the overall arts and music funding requests. This reduction reflects the loss of Redevelopment funding and may be subject to further reductions or elimination altogether depending on the outcome of the City's budget preparation process this spring.

The established eligibility criteria require that the community organizations describe how their organization promotes Economic Development in Hayward via:

1. Promoting the arts,
2. Celebrating cultural diversity, and/or
3. Other Community Promotions efforts

In March 2012, on-line application instructions were sent to previous funding recipients. The deadline to submit the on-line applications was March 16, 2012. Eleven applications were received and eight applications representing, art, music, and cultural diversity will be reviewed by the Community Services Commission, while the remaining three applications (Blues Festival, Zucchini Festival, and Memorial Day celebration) will be considered by the Council Economic Development Committee.

An applicant summary is provided as Exhibit A. The exhibit provides a summary of each application and staff's recommended funding level. Copies of the three Community Promotions Program grant applications are provided as Exhibit B.

Staff requests that the Committee review the recommendations for the FY 2013 grant awards. Representatives of each of the three organizations requesting Community Promotions Program funds have been notified of the time and location of the May Council Economic Development Committee meeting and have been invited to attend. Additionally, applicants will be notified of the City Council public hearing on the FY2013-2014 budget, which is scheduled for Tuesday, June 12, 2012.

FISCAL IMPACT

As indicated, the overall amount proposed for Community Promotion Program funding is \$44,000 for FY 2013. Out of this amount, \$11,000 has been allocated for distribution to three applications related to community events. The remaining \$33,000 has been allocated to the CSC for distribution to the remaining eight applicants that relate to the arts and music. The recommendations made by the Council Economic Development Committee are subject to Council approval as part of the adoption of the City-wide Operating Budget, which may require significant budget reductions if the City is unable to close the estimated \$14 million deficit for FY 2013.

SCHEDULE

Based on the Committee's comments, staff will provide a revised summary of applications to the Council, noting the recommended award amounts for each organization. The recommended funding will be submitted to the Council for review and approval with the FY 2013 Operating Budget at a public hearing on Tuesday, June 12, 2012.

Prepared by: Sally Porfido, Economic Development Coordinator

Recommended by: Sean Brooks, Economic Development Manager

Approved by:

Fran David, City Manager

Attachments:

Exhibit A – Summary of Applications

Exhibit B – Copy of Community Promotions Applications

FY 2009-10 Community Promotion Program
Summary of Applications

Program Name	Sponsor	FY 2008 Adopted	FY 2009 Requested	Difference FY 2008	FY 2010 Requested	Difference FY 2009
1 Art Education and Exhibition Facility	Hayward Forum of the Arts / Sun Gallery	\$37,000	\$37,000	\$0	\$37,000	\$0
2 Hayward-Russell City Blues Festival	Bay Area Blues Society	\$30,000	\$30,000	\$0	\$30,000	\$0
3 Hayward Concert Series	Hayward Municipal Band	\$18,509	\$18,509	\$0	\$18,509	\$0
4 Music Education	Pacific Chamber Symphony	\$10,191	\$10,191	\$0	\$10,191	\$0
5 Dr. Martin Luther King, Jr. Birthday Celebration	Dr. Martin Luther King, Jr. Celebration Committee	\$2,000	\$2,000	\$0	\$2,000	\$0
6 Memorial Day Celebration	Allied Veterans Memorial Day Committee	\$800	\$800	\$0	\$800	\$0
7 Veteran's Day Observance	Allied Veterans Parade Committee	\$300	\$300	\$0	\$300	\$0
8 Admission Day Celebration	Native Daughters and Sons of the Golden West	\$200	\$200	\$0	\$200	\$0
9 Art Promotion	Hayward Arts Council and Honor Band	\$31,678	\$43,390	\$11,712	\$39,871	\$8,193
10 Fourth of July	South Hayward Lions Club	\$6,464	\$8,250	\$1,786	\$8,250	\$1,786
11 Music Program	The Youth Orchestras of Southern of Alameda County	\$5,901	\$7,000	\$1,099	\$7,000	\$1,099
12 Cinco de Mayo / Mexican Independence Program	La Alianza de Hayward	\$3,111	\$4,000	\$889	\$4,000	\$889
13 Hayward Volunteer Recog and Awards Dinner	Hayward Volunteer Recog and Awards Dinner	\$3,000	\$3,000	\$0	\$3,000	\$0
14 Hayward Zucchini Festival	Hayward Zucchini Festival	\$1,846	\$20,000	\$18,154	\$20,000	\$18,154
15 New Uniforms	Hayward Municipal Band	\$0	\$11,000	\$11,000	\$0	\$0
	Subtotal	\$151,000	\$195,640	\$44,640	\$181,121	\$30,121
	Amount Available	\$151,000	\$135,000		\$135,000	
	Difference	\$0	(\$60,640)		(\$46,121)	

**FY 2013 Community Promotion Program
Summary of Applications**

Applicant	Eligibility Criteria	Exhibit B Applications	Total Attendance of Hayward residents	Total Organization Budget	Percent of program cost requested of the City	Attendees	FY 2012 Approved Grant	FY 2013 Request	FY 2013 Staff Recommendation
2 Blues Festival	Cultural Diversity	II	2,000	\$97,800	25%	Adults, low income, youth	\$24,300	\$24,300	\$8,900
8 Zucchini Festival	Celebrate Hayward	VIII	8,500	\$123,347	16%	Youth, adults, senior citizens, low income	\$1,300	\$20,000	\$1,300
10 Memorial Day	Community Promotion	IX	1,175	\$11,065	9%	Veterans, Hayward community	\$800	\$1,000	\$800
Total							\$26,400	\$45,300	\$11,000



DATE: May 7, 2012
TO: Sean Brooks, Economic Development Manager
FROM: Sally Porfido, Economic Development Coordinator
SUBJECT: **Economic Development Activities for March 2012**

BUSINESS DEVELOPMENT:

- 1) The City of Hayward's Economic Development Department was one of five statewide winners for the Annual CALED (California Association for Local Economic Development) Award under the category of Economic Development Promotions. Economic Development Staff focused on Hayward's Fun Festivals and Events and made the direct and indirect economic correlations between such promotions and events as Shop Hayward, Taste of Hayward, Restaurant Walk, Third Thursdays, and Summer Concerts and Movies.

The 32nd CALED Annual Conference and Awards Luncheon were held on Wednesday, March 21st from 12:20pm-1:50pm at the Woodlake Hotel in Sacramento. U.S. Treasurer, Rosie Rios was the keynote speaker and Speaker of the Assembly, John Perez, was also in attendance. Accepting the Award of Merit on behalf of the City were: Councilmember Mark Salinas; Economic Development Manager Sean Brooks; Economic Development Coordinator Sally Porfido; and Economic Development Intern Alma Cadena. Councilmember Salinas also recognized the award and Economic Development contributions at the March 27 City Council Meeting.

The overall conference noted the ever changing Economic Development landscape and the need to stress the value of Economic Development to local constituents. During the recession, over 8.8 million jobs were lost and over 14 million people remain unemployed today. A tightening of credit for small businesses has also inhibited recovery. These economic challenges have resulted in City budget deficits that have been further exacerbated by the loss of redevelopment agencies. However, the conference speakers stressed that now is the time to devote resources to Economic Development and not decrease them. As the economy improves, Economic Development professionals will be needed to leverage community assets to attract, recruit, and retain businesses.

There were several interesting sessions and forums that staff participated in, such as: "Keeping Existing Business Healthy with Retention & Expansion," "Making Sustainability a Reality: Insert 'Green' in Every ED," "Jumpstarting Your ED Program," "Translating Industry Clusters into Strategies," "The Comeback Kid: Are You Ready for Manufacturing,"

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and “Growing Your Own – Entrepreneurs & Your Community,” as well as others. Each of these sessions highlighted what businesses were looking for in terms of expansion and growth and how cities can facilitate these needs. Staff was encouraged to hear that the City’s activities, such as clustering (i.e. Food Manufacturing & Biosciences), Business Visitation, Monthly Business Awards, Small Business Revolving Loan Fund Programs, and others, are critical to attraction and retention efforts. The City will continue to focus on these efforts as well as provide additional outreach to our large employers and sales tax producers.

Overall, the over 400 attendees noted that Economic Development alone does not create jobs, but it does create the environment where jobs are created. Cities that focus on customer service and are flexible and adaptable will be the ones well-positioned for new industry and high growth opportunities. Although there are still economic challenges ahead, cities that place a concerted value on Economic Development will be the ones that emerge healthy and sustainable.

- 2) The International Council of Shopping Centers (ICSC) hosted their annual Northern California Idea Exchange event at the Monterey Convention Center on March 14 and 15, 2012, which was attended by Economic Development staff.

The session opened with an overview of the Leasing Trends under the segment “Retail Rebranding and Growth Strategies for 2012.” This session emphasized that, within our current economic cycle, grocers and supermarkets are aggressively making deals to develop new stores. A lot of the growth is due to the backfilling of such spaces as former Circuit City’s, Mervyns, and Borders, but there is also new construction when the right opportunity is present. Conventional grocers, discount grocers, ethnic grocers, specialty grocers, healthy grocers, convenience grocers, odd lot grocers, superstores, small stores, and non-grocery general merchandisers are all vying for market share in an unprecedented manner. Representatives from Safeway and ULTA Salon talked about their changing models and growth strategies. In a nutshell, leasing activity is increasing and commercial deals are coming to fruition after a few somber years.

The mood of the conference was upbeat as real estate transactions are starting to pick up within the last few months. The respective Bay Area sub markets appear to be settling down and the absorption rates are increasing. There are several retailers that are looking for space within specific areas, such as: Michael’s Arts & Crafts, Chipotle, Freebirds, Chick-Fil-A, Corner Bakery Café, The Melt, Tomatina, Total Woman Day Spa, Grocery Outlet, Peet’s Coffee & Tea, Starbucks, T-Mobile, Panda Express, Great Clips, Anna’s Linens, Big Lots, LA Fitness, 99cents only, CVS, McDonald’s, and others. However, by far the industry sector that is experiencing the most growth is food. As alluded to earlier, the grocery market is growing as well as the restaurant industry. Consumers will continue to spend money on food related products.

On a local level, the City of Hayward continues to experience strong interest from sit down restaurants who want to locate within the I-880/Winton/Hesperian corridor. There should be some additional options in this category within the next 12 months.

Overall, the industry sentiments are that the most difficult retail times are behind us and, as consumer confidence keeps growing and the employment outlook enhances, retail spending will increase right along with it. Forecasters predict that consumers will go back to their old spending habits as there are already signs of pent up demand for some consumer products.

3) SMALL BUSINESS REVOLVING LOAN FUND ACTIVITIES:

Two start-up businesses 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: an insurance agency and a food truck.

One new loan request was submitted to the Small Business Revolving Loan Fund Committee and was approved for the expansion of Parker's Crazy Cookies, LLC.

Nine businesses were provided information and assistance by staff:

- R. F. MacDonald Company – regarding March Business Recognition Award interview;
- Carmen and Family BBQ – regarding April Business Recognition Award interview;
- Buon Appetito – Working with the owner on Restaurant Walk event and assisting with business license renewal questions;
- The Golden Tea Garden – Working with the owner regarding issues with new neighbor;
- Western State Design – regarding upcoming expansion and Access Hayward issue;
- R. F. MacDonald Company – regarding business visit and March Business Recognition Award;
- Le Paradis & La Patisserie Vietnamese Restaurant – regarding new loan request through the Small Business RLF program;
- Parker's Crazy Cookies – regarding upcoming manufacturing expansion;
- Chef's China Bistro – regarding new loan request through the Small Business RLF program.

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

OTHER ECONOMIC DEVELOPMENT ACTIVITIES:

- 4)** Economic Development staff attended the Hayward Chamber's interactive lunch event with UC President Mark Yudof on March 8, 2012 at the Golden Peacock Banquet Hall in Hayward. Mark Yudof is the 19th president of the University of California. He leads a university system with ten campuses, five medical centers, three affiliated national laboratories, a statewide agriculture and natural resources program, and over 220,000 students.

Mr. Yudof served as chancellor of the University of Texas System from 2002 to 2008 and as president of the four-campus University of Minnesota system from 1997 to 2002. Before that, he served as dean of the law school at the University of Texas at Austin from 1984 to 1994 and as the university's executive vice president and provost from 1994 to 1997.

Mr. Yudof is a distinguished authority on constitutional law, freedom of expression and education law. A Philadelphia native, he earned both LL.B. and B.A. degrees from the University of Pennsylvania.

Mr. Yudof explained that just as there are myths about Hayward, there are also myths about the University of California.

Myth #1 is that students are being priced out of California. The cost of producing a degree has dropped by 15%. What is going up is the price to the students. This is because the State does not want to pay as much of the bill as they did in the past.

Myth #2 is that the costs are going up because the university is spending too much. In reality, the budget went down \$1 billion in four years.

Myth #3 is that the number of highly paid administrators is going up. Mr. Yudof explained that this is not so. However, they do have to compensate their top administrators for the work they do or they will lose them. They have a \$22 billion budget and only 10% of that comes from the State. Much of their budget comes from their own work through the medical facilities and R&D.

Myth #4 is that UC administrators are getting back raises. In fact, the UC system has ten Chancellors and none of them have received raises in the last four years.

Myth #5 is that UC is overrun with non-residents. The truth is only 6.6% of enrolled students are non-residents.

Myth #6 is that only the wealthy can afford U.C. Four out of ten UC graduates receive grants. The average tuition is \$4,400 and the UC system provides financial aid. The people who are compromised are the middle class that are too affluent for financial aid but not well off enough to just write a check. The average student is \$17,000 in debt for student loans upon graduation.

Myth #7 is that UC only serves the students who attend. In reality, they partner with other school districts.

In summary, Mr. Yudof believes that we need to look at California today. We are not the low wage state and not the lowest cost state for education. The state has to set priorities in order to get it right. The state should start by funding the community college system better so that the lower income residents can attend and eventually transfer to the university. The most important skills for college success are cognitive skills. The emphasis needs to focus on how to problem solve, read, write, and understand math.

This event was sponsored by the Hayward Chamber of Commerce, Pucci Foods, P G & E, Wells Fargo Bank, Kaiser Permanente, and the University of California, Office of the President. There were approximately 122 attendees.



DATE: May 7, 2012
TO: Sean Brooks, Economic Development Manager
FROM: Sally Porfido, Economic Development Coordinator
SUBJECT: **Economic Development Activities for April 2012**

BUSINESS DEVELOPMENT:

1) Fresh off a Honda Pilot commercial filmed in December 2011, another vehicle company has chosen Hayward as their location for filming. On Saturday, March 31, Gravy Productions LLC, in partnership with Harley Davidson, filmed a still shoot commercial in front of Casper's Hot Dogs, located at 951 "C" Street. The producers were looking for a vintage theme to showcase their illustrative bikes. Harley Davidson has been a long standing motorcycle company known for innovation and attraction.

These are exciting times in Hayward as the City is receiving unprecedented requests for these types of activities. Anytime you can have a commercial or an ad filmed in your City, it increases exposure and places you on the map for future productions. Hayward is becoming a popular Bay Area destination for filming, which is aiding in our efforts of attracting even more of these productions. The City looks forward to increasing its filming presence and becoming a permanent destination for these types of activities.

2) Back by popular demand, the City of Hayward in partnership with the Hayward Chamber of Commerce and the Hayward Public Library hosted the second annual "Restaurant Walk" on Thursday, April 19 from 5pm – 9pm, which showcased various restaurants within the Downtown corridor. The following restaurants participated:

- Shark Shack (871 B Street) – One Chicken Enchilada
- Me Restaurant & Lounge (926 B Street) – One Chicken and Vegetable Bruschetta
- Bijou Restaurant (1036 B Street) – One serving of Baby Back Ribs
- Something Sweet (1049 B Street) – One mini cupcake
- Buffalo Bills (1082 B Street) – One pint of world famous Buffalo Bills Beer

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- Sunflower Café 2 (1213 A Street) – Won Ton Soup: Pork Dumplings with Cabbage and Zucchini
- Chef’s Experience/ China Bistro (22436 Foothill Blvd.) - Two Items from Dim Sum Menu
- Snappy’s Café (978 A Street) – One Specialty Cup of Coffee or Tea
- Swiss Delices (978 A Street) – One Seasonal Dessert
- Buon Appetito (917 A Street) – One Bruschetta di Pomodoro or Eggplant Involtini Appetizer
- Taqueria Los Pericos (792 B Street) – One Bean & Cheese Burrito

The net proceeds benefit the Hayward Public Library’s After School Homework Support Center and Leadership Hayward.

- 3) Staff met with Veronica Curley, Manager of Southland Mall, to review the impact of the recent acquisition of Southland Mall by Rouse Properties, as well as to receive an update on existing and potential new tenants.

As the owner of 31 malls, Rouse Properties is a much smaller company than General Growth, the previous owner of Southland Mall. At this time, Rouse is starting their initial review and upgrade decisions on five malls, one of which is Southland Mall. The other four are outside of California. Southland is being reviewed for leasing and development improvements. An architect has met with Veronica Curley but there has not been any definitive improvement plans or implementation timeframe unveiled at this time. Sean Brooks will assist with setting up a future meeting with Rouse executives and City staff.

There are many exciting developments on the horizon including:

- Restructuring of the convenience center area, where the Rite Aid is located, and continuing discussion with a grocery store concept to meet proven consumer demand in the area.
- Continuing discussion and movement towards a new restaurant concept at the previous Marie Calendar site. Once finalized, the restaurant build-out will take approximately six months.
- Development of additional exciting new restaurants on the mall property and at the convenience center.

The Southland Mall retail stars that are doing quite well include: Macy’s, Victoria’s Secret, Echo, Forever 21, Crazy 8, and Robert Wayne Footwear.

Ms. Curley continues to support the City of Hayward and has agreed to be a sponsor for the Summer Concert & Movie Series as well as being the wine glass sponsor for the upcoming Taste of Hayward event on June 6, 2012 at the City Hall Rotunda.

4) SMALL BUSINESS REVOLVING LOAN FUND ACTIVITIES:

Two start-up businesses 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 health care provider and a landscape/maintenance service provider.

Three new loan requests are in various stages of processing and review. One has been approved for funding and will fund in early May. Two others are in the process of Loan Committee review. These requests will use all available FY 2012 loan funding. No loan funds were allocated for FY 2013 (July 1, 2012 through June 30, 2013). In 2013, staff will submit an application for funding the Small Business Revolving Loan Fund Program for FY 2014.

Ten businesses were provided information and assistance by staff:

- R. F. MacDonald Company – regarding March Business Recognition Award interview.
- Buon Appetito – Working with the owner on Restaurant Walk event and assisting with business license renewal questions.
- Western State Design, Inc. – Ongoing conversation with owner/President regarding status of purchase of commercial facility in Hayward.
- Le Paradis & La Patisserie Vietnamese Restaurant – regarding new loan request through the Small Business RLF program;
- Parker's Crazy Cookies – regarding upcoming manufacturing expansion;
- Buffalo Bill's Brewpub – regarding new loan request through the Small Business RLF program.
- Neopost USA – visit and interview for May 7 Business Recognition Award.
- Swiss Delices – reviewed Hayward expansion opportunities with the owner.
- Levy Affiliated – Meeting with property manager regarding equipment sale for former tenant at Cinema Place property.
- Pacheco Brothers Landscaping – George Pacheco regarding business financing options and consulting services.

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

OTHER ECONOMIC DEVELOPMENT ACTIVITIES:

- 5) On April 11 – April 15, TPC Stonebrae hosted the Nationwide Tour's Fresh Express Classic for the fourth consecutive year. This tournament received increased notoriety and media exposure due to the NFL Hall of Famer and Bay Area Legend, Jerry Rice. Mr. Rice was back again this year as the tournament host and a professional competitor in the event.

The City of Hayward was well represented at this year's tournament as the sponsor of Hole #10. The City also partnered with TPC Stonebrae by featuring advertisements on the I-880 Reader board at Southland Mall and the Clear Channel Billboard off the 92 freeway.

Overall, the tournament provides increased exposure for Hayward, highlighted by some remarkable views of the greater Bay Area from TPC Stonebrae. The event looks to grow in attendance from last year with the return of Jerry Rice and upticks in corporate sponsors and ticket sales. The City of Hayward looks forward to partnering with TPC Stonebrae this year and each successive year to make this venue a mainstay on the Nationwide Tour.

- 6) Economic Development staff attended the City of Fremont's Annual Development Update at their newest 320,000 sq. ft. retail development, The Block in Pacific Commons. The event was hosted at the new Century Theaters at The Block, celebrating the theater's grand opening that same evening.

The 150 attendees consisted of developers, commercial/retail brokers, local businesses, and City officials. Fremont City staff included the Economic Development Director Kelly Kline, and her staff, as well as Development Services, Planning Division, Building & Safety, and the Fremont Chamber of Commerce.

The event commenced with registration, a Panera Bread breakfast, and group networking. The new theater was used as the center stage for a welcome by Gus Morrison, Mayor, and Fred Diaz, City Manager. Ms. Kline presented a video advertising presentation ("Think Fremont") on the large, theater screen, highlighting all that the City has to offer businesses and residents alike.

Business testimonials were then presented by Catellus Corporation (a mixed use development company), Lexus of Fremont, and Robson Homes.

Next, Ms. Kline presented the Fremont Annual Development Update as a PowerPoint presentation on the large theater screen. The Fremont demographic profile consisted of:

- Population 214,000
- Daytime population 241,504
- Median Age 37
- Median Household Income \$114,000
- Average Home Listing Price \$699,630

The presentation continued by highlighting the rich diversity and many opportunities available in Fremont. Highlighted in the update was the new BART extension to Warm Springs to be completed in 2015. Fremont is projected to add 30,360 jobs from 2010 to 2040.