



DATE: June 4, 2012

TO: Council Economic Development Committee

FROM: Sean Brooks
Economic Development Manager

SUBJECT: Updated June CEDC Packet

The June CEDC Packet has been updated and replaced with the revised one that is attached. Please disregard the previous packet and materials.

Prepared by:



Sean Brooks, Economic Development Manager



CITY OF
HAYWARD
HEART OF THE BAY

**COUNCIL ECONOMIC
DEVELOPMENT COMMITTEE**

JUNE 4, 2012

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CITY COUNCIL ECONOMIC DEVELOPMENT COMMITTEE MEETING
Monday, June 04, 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 May 7, 2012

[**CEDC Minutes**](#)

2. Review of "Off the Grid" Gourmet Mobile Food Market, Proposal and Discussion (**Staff Report**)

[**Staff Report**](#)
[**Exhibit A**](#)

3. Review and Discussion of the Role and Responsibility of the CEDC, and the expectations of Council regarding the Committee's contribution to the Council's decision-making process (**Oral Report**)
4. Economic Development Activities for May 2012 (**Oral Report**)

[**Economic Development Activities**](#)

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

ADJOURNMENT

NEXT REGULAR MEETING – 4 P.M. MONDAY, JULY 2, 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 – MAY 7, 2012

CALL TO ORDER: Chair Sweeney called the meeting to order at 4:04 pm.

ATTENDANCE:

Committee Member	Present 5/7/12	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Kanti Patel	✓	5	3	5	3
Chris Lam	✓	8	0	8	0
Waseem Khan	✓	7	1	7	1
Terri Swartz	✓	8	0	8	0
Mayor Sweeney (Chair)	✓	8	0	8	0
Council Member Halliday	✓	8	0	8	0
Council Member Zermeño	✓	6	2	6	2

OTHERS IN ATTENDANCE:

- Fran David, City Manager
- Kelly Morariu, Assistant City Manager
- David Rizk, Development Services Director
- Sean Brooks, Economic Development Manager
- Alma Cadena, Economic Development Intern
- Roy Bertuccelli, Alameda County Workforce Investment Board
- Marybeth McCarthy, Alameda County Workforce Investment Board
- Kim Huggett, President, Hayward Chamber of Commerce
- Lolita Morelli, Hayward Municipal Band
- Ronnie Stewart, Hayward Russell City Blues Festival
- Rich Essi, Hayward Zucchini Festival
- Reese Essi, Hayward Zucchini Festival
- Thomas Gratny, Annual Memorial Day Event
- Bob White, Resident

PUBLIC COMMENTS:

Lolita Morelli, representing the Hayward Municipal Band, spoke to the Council Economic Development Committee (CEDC) members about the importance to the community to continue funding the band. Mayor Sweeney explained that the CEDC no longer reviews the Hayward Municipal Band Community Promotions Application but rather the Community Services Commission (CSC) now reviews the art and music related applications. Ms. Morelli said she was aware of this but thought she also needed to bring it before the CEDC.

Mr. Rich Essi, representing the Hayward Zucchini Festival, spoke to the CEDC members about the importance of this annual festival to the Hayward community and to the local businesses that benefit from the attendees spending money in the City.

Mr. Ronnie Stewart, Executive Director, representing the Russell City Blues Festival, spoke about the benefit to the City of Hayward to continue providing support for this annual Blues Festival.

1. APPROVAL OF MARCH 5, 2012 MEETING NOTES: The March 5, 2012 Minutes were approved.

2. COMMUNITY PROMOTIONS APPLICATIONS REVIEW:

Sean Brooks, Economic Development Manager, summarized the May 7, 2012 Staff Report recommending a reduced allocation of the \$11,000 for the Community Promotion Program for FY 2013 for three applicants that applied for grants to support community related events. Mr. Brooks explained that the allocation of \$11,000 factors in a 65% reduction in available funding from the Redevelopment Agency since it was eliminated by the State of California in February 2012.

In March of 2012, an on-line application procedure and instructions were sent to previous funding recipients. By the deadline of March 16, 2012, eleven applications were received and eight applications representing art, music, and cultural diversity were assigned to the Community Services Commission for review. The remaining three applications (Blues Festival, Zucchini Festival, and Memorial Day celebration) will be considered by the CEDC members.

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

Committee Member Comments:

- Council Member Zermeño suggested that the Community Promotions applicants begin soliciting corporate grants.

- Mayor Sweeney requested that the Memorial Day event be put into the General Fund budget to assure annual funding. The committee members recommended that the previous \$800 allocation to the Memorial Day event be split equally between the Zucchini Festival and the Blues Festival.
- Council Member Halliday expressed that we need to address the difficult position of what events we fund and whether or not they are sustainable if the funding allocation is reduced.
- Committee Member Swartz agreed with Council Member Halliday and stated that across the board cuts are not appropriate. She requested financial statements be obtained from the applicants moving forward in order to assess the viability of the applicant's sustainability at the current level of available funding.
- Committee members discussed the split of the review of Community Promotions Applications with the CSC reviewing Art and Music applications and the CEDC reviewing Community Event applications. Also discussed was the possible allocation of a portion of the Transfer Occupancy Tax monies to the Community Promotions funding, as well as reviewing other potential funding sources.
- Mayor Sweeney explained that we need to make the hard decisions about the Community Promotions funding. City Manager Fran David suggested we bring this broader process discussion back to the CEDC in January 2013.

3. ALAMEDA COUNTY WORKFORCE INVESTMENT BOARD UPDATE:

Sean Brooks, Economic Development Manager, introduced Roy Bertucelli, Workforce Development Specialist, and Marybeth McCarthy, Business Services Representative, with the Alameda County Workforce Investment Board (ACWIB). Mr. Bertucelli gave an overview of the ACWIB which offers employment training, education, and economic development services to job seekers and employers in Alameda County.

Mr. Bertucelli gave an overview of a "Layoff Aversion" program funded by the ACWIB using Manex, a niche consulting firm that provides a broad array of solutions and resources exclusively to manufacturers and their supply chains. The start date of this program was September 2011, with 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

This assessment is at no charge to the company and would normally cost approximately \$5,000. The goal of the assessment is to:

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

To date, 41 companies have been assessed and six of them are Hayward companies. The six Hayward companies have a total of 312 employees.

Ms. McCarthy spoke about the Alameda County Social Services Agency (AC HIRE) subsidized employment program. Alameda County now has funding for a limited number of subsidized employment positions through their CalWORKS program.

If a company hires a qualified job seeker from the Alameda County CalWORKS program they can receive reimbursement for 50% of the employee's wages for the first 6 months of employment. Ms. McCarthy then distributed a flyer with the program specifics and contact information.

Committee member Patel asked if there was any limitation to participate in this program. Ms. McCarthy explained that they have to be eligible for the program and to call the contact people on the flyer to assure eligibility.

Council Member Halliday requested staff assure the Chamber of Commerce has the program specifics for their members. Sean Brooks, Economic Development Manager, replied that staff will get the information to Kim Huggett, President, Hayward Chamber of Commerce.

4. BUSINESS VISITATION REPORTS:

The three 2nd quarter business visitation reports were presented by the visitation teams as follows:

- 1) Committee member Waseem Khan, and David Rizk, Director of Development Services, visited Walgreen's on Jackson Street. This store has been in Hayward since 1995 and has 15 full-time and 20 part-time employees. Mr. Emerick Ustare, Store Manager requested more assistance from the Police Department in handling their reports. He explained that they are losing \$440 per day due to shrinkage (theft). Mayor Sweeney asked Assistant City Manager Kelly Morariu to speak to the Chief of the Hayward Police Department

about providing more support for public safety incidents.

Mr. Ustare would also like to see an extension of the duration for a temporary permit for banners and signs, such as their annual flu shot signs.

- 2) Council Member Halliday and Kelly Morariu, Assistant City Manager, visited the Walgreen's on Foothill Boulevard. Mr. George Sharp, Store Manager explained this store has been in Hayward since 1991. Eighty percent of their 14 full-time and 5 part-time employees reside in Hayward. His main areas of concern are with shoplifting, and vagrant activities within the parking lot. He requested more assistance from the Hayward Police Department with these concerns. Mayor Sweeney explained that panhandling issues are a priority for this year.

Mr. Sharp would also like a reader board sign advertising various store events and health care information in order to attract people into the store. Council Member Zermeño asked Development Services Director David Rizk if the Sign Ordinance allows for electrical signs.

- 3) Sally Porfido, Economic Development Coordinator, gave the business visitation report about the visit to Walgreen's on Tennyson Road. The visitation team consisted of Matt McGrath, Director of Maintenance Services, and Council Member Zermeño. Council Member Zermeño was unable to attend this visit. The Store Manager, Dharendra Kumar, explained this store has been in Hayward since 1990 and has 21 full-time and 8 part-time employees. Ninety-eight percent live in Hayward.

Mr. Kumar also expressed concern about store theft and panhandling. Mayor Sweeney suggested that the City of Hayward and the Hayward Chamber of Commerce partner to provide a retail workshop addressing the issues of store leakage and panhandling.

5. ECONOMIC DEVELOPMENT ACTIVITIES FOR MARCH & APRIL – SEAN BROOKS

- A. Sean Brooks gave an overview of the economic development activities for March and April with highlights as follows:

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 your 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 which 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”, and “Growing Your Own – Entrepreneurs & Your Community”, as well as others. Each of these sessions really highlighted what businesses were looking for in terms of expansion and growth and how cities can facilitate these needs. Staff were encouraged to hear that its’ 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 are going to 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 as healthy and sustainable.

- B. 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 the 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.

- C. 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.

- D. 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
- 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 Apetitto (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.

- E. 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, and 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 have 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 Callenders. 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 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.

F. Small Business Revolving Loan Fund Assistance:

Four 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 business, food truck, health care provider, and landscape business.

Nineteen businesses were provided information and assistance by staff.

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

COMMITTEE MEMBER ANNOUNCEMENTS:

Council Member Halliday commented that she spoke to a business that would like to give out coupons at the Saturday Farmers Market. She asked what are the promotional guidelines at the Farmers Market for businesses wanting to do some promotion. Staff will respond to this question after discussion with Gloria Ortega, Redevelopment Project Manager, as she handles the Farmer Market contract with the Marin Agricultural Institute.

Council Member Zermeño asked how we can market the City of Hayward. Assistant City Manager Morariu stated that the City has recommended a new position of Community and Media Relations Coordinator be added in the new budget.

Mayor Sweeney pointed out there is a nexus between media and public relations information, and marketing and economic development.

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



DATE: June 4, 2012

TO: Council Economic Development Committee

FROM: Economic Development Manager

SUBJECT: Off the Grid – Weekly Gourmet Mobile Food Market

RECOMMENDATION

That the Committee reviews this report and provides input regarding the proposed “Off the Grid” weekly gourmet food market.

BACKGROUND

Cities throughout the United States, such as Portland, Austin, and San Francisco, have successfully used attractive and eclectic gourmet food trucks as an interim use for vacant parcels and to attract people to under-used or under-serviced commercial neighborhoods. Portland, Berkeley, and other cities have found that appropriate food trucks can complement existing businesses by attracting pedestrian traffic with a non-traditional, communal eating experience, where customers can intermingle and interact directly with chefs. This current phenomenon is growing as new and innovative culinary entrepreneurs are utilizing stylish food trucks to launch cuisine that is appealing to a variety of palates.

Locally, in the East Bay, the cities of Berkeley, Oakland, Pleasanton, Alameda and several others have created special weekly, off-street events utilizing a group of gourmet food vendor trucks at one location. (Berkeley’s “Off the Grid” is Wednesdays from 5:00 to 9:00 pm on Shattuck Avenue at Rose Street; Pleasanton’s “Food Truck Mafia” is Fridays from 11:00 am to 2:00 pm at Stoneridge Mall; Oakland’s “Bites off Broadway” is Fridays from 5:30 to 8:30 pm at 365 45th Street; and Alameda’s “Off the Grid” is scheduled to begin on Saturday, June 2 from 1:00 to 5:00 pm at the Alameda Towne Center.)

Off the Grid has extensive experience in launching, permitting, and managing mobile gourmet food markets. (www.offthegridsf.com) The company utilizes a variety of mobile media marketing tools to advertise and publicize their events, which typically attract technology-savvy, working professionals between 25 and 50 years old. The focus of this weekly experience is, of

course, the variety and quality of food and the culinary experience of being directly involved with the chefs.

DISCUSSION

City staff has been working with Off the Grid, a mobile gourmet catering services company for the last nine months to establish a weekly gourmet food market in Hayward. Off the Grid operates in fifteen markets in the Bay Area serving more than 15,000 people weekly. After several meetings between operators and staff, Off the Grid has filed an application to create a weekly gourmet food market consisting of between eight to ten gourmet food vehicles located at the southeast corner of Mission Blvd and “D” Street, across from the Five Flags open space area. (See Exhibit A.) The market would be open once per week for one year on Monday evenings between the hours of 5:00 pm and 9:00 pm; and would close at 8:00 pm during winter months.

This type of application can be approved via an Administrative Use Permit (AUP). However, given both the unique nature of the mobile gourmet food concept and the proposed location, staff wanted the CEDC to review and comment on the proposed project. Staff is also planning on a short work session with Council on June 12 to assure that Council also has full opportunity to review and comment on the concept and the location before the AUP is considered for approval by staff.

City staff is proposing to allow Off the Grid to manage this mobile gourmet food market at their requested location via the AUP process on a one-year basis, with an option of being renewed by mutual agreement. The company has selected this location based on their market research. They noted this location is unparalleled when compared to other Hayward locations. All Off the Grid markets have at least two staff on site at all times (one market manager and one event staff person); the individual trucks are staffed by independent operators. The staff’s function is to maintain the space, problem solve if issues occur, and handle setup, breakdown, and cleanup of the space.

“Off the Grid: Hayward” would be an alcohol-free market, operating rain or shine, approximately nine to eleven months of the year. The market would rotate vendors on a consistent basis in order to maximize interest, as well as to offer an opportunity to maximize truck participation. The company believes that their markets become vital parts of any community, and they are committed to creating spaces that encourage neighborhood interaction, activation of outdoor eating spaces, and providing value-priced, high quality food items in a family-friendly environment. Off the Grid would function similar to a Farmers Market, but only focused on prepared foods.

Experience in other markets has shown that Off the Grid does not compete with existing brick and mortar restaurants, but complements them. Their current markets are located in places where restaurants are within close proximity and often in these cases, the market and the restaurants are synergistic and support each other. Staff and Off the Grid have determined Monday evenings as the appropriate night, which are typically one of the lightest nights of the week for the restaurant business, creating even less perceived competition with Downtown restaurants. It would also provide pedestrian activation and interaction on the streets of

Downtown Hayward on a historically slow night. Visitors to the weekly market would park primarily at the parking garage on Mission Blvd. between B and C Street as well as Watkins Street, Main Street, and other streets so invariably people would be walking throughout Downtown with the opportunity to patronize other open businesses. The visibility of the market and its attraction also provides exposure to Hayward and assists the branding and marketing efforts of the City.

Off the Grid is prepared to launch the market once construction on Five Corners Park is complete and the City has accepted the space from its contractor. Public Works staff has estimated that the park will be completed late July/early August. Staff is hopeful that the market could begin in early August if the construction schedule continues to progress at its desired space. The preliminary layout is attached as Exhibit A.

The proposed intersection and location is highly visible and is frequented daily by high volumes of vehicular traffic. The additional traffic that this market will bring is minimal as attendance is typically staggered at these weekly markets. Although overall attendance during a three-hour period is projected to range between 800 to 1,000 people, the average time that visitors spend at these respective locations is between 30 to 45 minutes.

Off the Grid and staff have identified several viable and supporting parking options such as the parking garage at B & Mission, which is less than a block and half away from the proposed Off the Grid site. Parking also exists along Main Street, C Street, Watkins Street, and other Downtown streets.

Staff has carefully reviewed these parking/walking options with Off the Grid staff. The Off the Grid operators firmly believe that the parking is in reasonable proximity to their desired location, allows walkable access to the trucks, and is consistent with similar situations in other cities that have proven successful.

FISCAL IMPACT

Each food vendor is required to remit food sales data and is responsible for remitting sales tax to the local jurisdiction. There are also fees in processing the yearly Administrative Use Permit and other associated fees, such as business licenses. Combined estimated preliminary direct revenues are approximately \$5,500. (Compromised of Sales Tax based on an estimated annual amount of \$3,200; Administrative Use Permit Fee = \$1,500; and Business License Fees from various Food Vendors = \$800) Additionally, estimated attendance at these weekly markets will range between 800 and 1,000 people. By having more pedestrians on the streets with an opportunity to shop and patronize other businesses, the likelihood of ancillary revenues is highly probable.

PUBLIC CONTACT

Over 250 public notices were sent out to all businesses and residents within 500 feet, and also to restaurants within the Downtown core on May 18, 2012. The initial responses from restaurants such as Buffalo Bills, Bijou, and Restaurant Me have been positive. Venues that utilize social

media, offer fun experiences, and cater towards entertainment are excited about the opportunity. Staff is still in the process of receiving comments from the business community and residents as the ten-day response period has not expired yet at the time of drafting this report. Staff can share the responses at the CEDC meeting.

NEXT STEPS

Staff will incorporate the Committee's comments into the staff report for the Tuesday, June 12, 2012 City Council work session, and will continue to work with Off the Grid to process the Administrative Use Permit, incorporating input from City Council and the CEDC members into the AUP conditions of approval. Staff will also work closely with Public Works to ensure that the market will begin once all construction work is complete and the site is deemed to be safe to be occupied.

Prepared and Recommended by: Sean Brooks, Economic Development Manager

Approved by:



Fran David, City Manager

Attachments:

Exhibit A – Preliminary Map of Off the Grid Layout



DATE: June 4, 2012
TO: Sean Brooks, Economic Development Manager
FROM: Sally Porfido, Economic Development Coordinator
SUBJECT: **Economic Development Activities for May 2012**

BUSINESS DEVELOPMENT:

- 1) Hayward based company, C3Nano, has raised \$6.7 million in Series-B funding led by Phoenix Venture Capital, with participation from existing investor, GSR Ventures. C3Nano is an early stage venture startup company that has developed a new transparent electrode material for applications. The transparent electrode is sustainable and consists of proprietary hybrid carbon nanotube (CNT) based electrode ink and film, for the use of touch screens, solar cells, smart windows and much more. This promising startup was founded in 2010, and has concurrently focused on green and clean energy, as it has won the 2010 MIT Clean Energy Prize, and the 2010 NASA Game Changer Technology Award.

According to Cliff Morris, chief executive officer of C3Nano, “C3Nano’s revolutionary inks and films are poised to meet the industry’s growing demand for a viable, low cost alternative to the predominantly used—but increasingly scarce—indium tin oxide (ITO).” C3Nano productions will deliver a cost effective and robust remedy to the scarcity of ITO.

C3Nano’s \$6.7 million came from Phoenix Venture Partners (PVP), a firm that invests and partners with entrepreneurs to commercialize breakthrough materials and science innovations. The firm’s expenditure strategy is flexible and predicated on assisting entrepreneurs with customer and supply chain partnerships, business development, as well as strategic and operational support. PVP is based in Silicon Valley with satellite offices in Singapore and Cambridge, MA.

Formerly, C3Nano locked \$3.2 million in Series-A funding from their existing investor, GSR Ventures. GSR Ventures is a venture capital fund focusing primarily in high-tech start-up companies with significant operations in China and serving the worldwide market. To date, C3Nano has raised in excess of US \$10 million, as well as significant market acceptance with several industry leaders in Asia.

The City of Hayward is pleased to be the home of C3Nano’s headquarters and its leaders, with aspirations for future growth in our City. The City remains excited about this new business and the influx of companies focused on clean-tech and sustainable energy. This is

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also well timed in light of the City's recently developed partnership with the East Bay Green Corridor.

- 2) Staff attended an event in celebration of "World Trade Week" presented by the U.S. Commercial Service in partnership with i-Gate and Manex. i-Gate (Innovation for Green Advanced Transportation Excellence) is a public private partnership dedicated to helping small clean technology companies grow. This partnership between local government, federal research laboratories, and the business community is focused on job creation through supporting technology business startups.

The event featured resource panels discussing manufacturing's impact on our overall economy and job creation. Certificates of Export Achievement and Certificates of Appreciation for their work with assisting manufacturing businesses and start-up, new technologies were given to the following companies:

Certificates of Export Achievement presented by:

- Congressman John Garamendi, CA 10, to James Consolidated, Inc. (W.C)
- Congressman Jerry McNerney, CA 11, to Hannah Nicole Vineyards & Winery (Brentwood) for their progress in exporting to Asia. Also to Adept Technology, a U.S. made robotics manufacturing company, for their exports to China.
- Congressman Pete Stark, CA 13, to Sugar Bowl Bakery (Hayward) for using the U.S. Commercial Service to help them export their products to Canada. The U.S. Commercial Service successfully assisted with their qualifying documentation. Accepting the award were Michael Ly, Vice President & General Manager, and Mark Ly, Sales Manager. This is a family run business with two locations in Hayward and they celebrated their 27th anniversary in business on this day.
- Peter Perez, Deputy Assistant Secretary for Manufacturing, U.S. Department of Commerce's International Trade Administration, presented a Certificate of Appreciation, recognizing i-Gate for their work as an innovation hub and Manex for their assessment and training work with manufacturers to enable them to stay in California.

Mr. Perez also spoke about a growth of manufacturing jobs in California. The growth in manufacturing is attributed to the fact that many companies have decided it is not in their best interests to manufacture outside the United States due to quality issues, etc. He cited Calibowl, bowl manufacturing company (Corporate Headquarters are in Hayward), as a company that was manufacturing in China but decided to bring their manufacturing back to the United States.

Next, a panel discussion was held that gave an overview of U.S. Government Export Promotion & Finance Programs. The moderator, Rod Hirsch, U.S. Commercial Service, U.S.

Department of Commerce, Oakland Export Assistance Center, provides assistance to local companies in their efforts to export their products to other countries. Staff will follow up to meet with Mr. Hirsch about the types of assistance he can offer Hayward companies seeking assistance in exporting their products to other countries and to post export assistance information on the City's Economic Development website "Hayward Open For Business."

Other panelists included:

- Larry Sullivan, Bureau of Industry & Security, U.S. Department of Commerce, office in San Jose, (408) 998-8806 or e-mail: larry.sullivan@bis.doc.gov. Mr. Sullivan's office regulates exports of items subject to export administration regulations.
- Rob Guthrie, Senior Business Development Officer, Office of Renewable Energy & Environmental Exports, United States Export-Import (ExIm) Bank. The U.S. Ex-Im Bank is the principal government agency responsible for aiding the export of American goods and services through a variety of loan, guarantee, and insurance programs. The Bay Area is serviced by Mr. Jim Lucchesi, Senior Business Development Officer, S. F. Branch (415) 705-2285 or e-mail: jim.lucchesi@exim.gov.
- Richard Berndt, Regional Economic Development Representative, Economic Development Administration, U.S. Department of Commerce in Seattle, Washington, (206) 220-7682, or e-mail: richard.a.berndt@eda.gov. Mr. Berndt's department provides grant based investments to state and local governments. Their focus is on projects that create well-paying jobs.

Staff will follow-up with Mr. Berndt regarding areas of opportunity for City of Hayward to obtain funding assistance on a collaborative basis.

The final panel discussion was on Innovation, Manufacturing Competitiveness in America and Reshoring Jobs. The panelists included Rob White, reviewing the successes of i-Gate, and Hank Holzapfel, the CEO of Manex reviewing their programs for working with manufacturers. Mr. Rich Strump, with Calibowl in Hayward, reviewed their decision to bring the bowl manufacturing back to the United States from China. This decision was based on improving product quality control and delays in product shipments.

The program ended with an overview of the Lawrence Livermore National Laboratory (LLNL), Industrial Partnerships Office and adjourned with wine tasting from Hannah Nicole Vineyards & Winery, paired with sweets provided by Sugar Bowl Bakery.

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: a medical transportation service and a vehicle grid electricity business.

Three new loans funded in May. These requests enabled existing small businesses to expand, provided improvement funds for an existing restaurant, and assisted a local brewpub owner with the development costs associated with his new concept in Hayward. These three loans used all available FY2012 loan funds available. No loan funds were allocated for FY2013 (July 1, 2012 through June 30, 2013), although there is program income available that can be utilized for loans or other business assistance. In 2013, staff will submit an application for funding the Small Business Revolving Loan Fund Program for FY2014 as part of the CDBG funding process.

Fourteen businesses were provided information and assistance by staff:

- Big Joe – regarding possible Business Recognition Award interview;
- Buon Appetito – Working with the owner on Taste of Hayward event;
- Western State Design, Inc. – Ongoing conversation with owner/President regarding status of purchase of commercial facility in Hayward.
- Le Paradis & La Patisserie Vietnamese Restaurant – loan documents signed for Small Business Revolving Loan Fund program;
- Parker’s Crazy Cookies – loan documents signed & disbursed through the Small Business Revolving Loan Fund program;
- Buffalo Bill’s Brewpub – loan amendment document signed and funded through the Small Business Revolving Loan Fund program;
- Columbus Foods – regarding an issue with drag racing along their new facility late at night and their upcoming participation in the Northern Silicon Valley Partnership (NSVP) Career Strategies Forum on June 28, 2012;
- Impax Laboratories, Inc. – regarding participating in the Employer Panel at the NSVP Career Strategies Forum;
- FolgerGraphics regarding a site visit and ordering Taste of Hayward event wine glasses;
- Olivina Olive Oil regarding participation in the Taste of Hayward event;
- One Stop Engineering regarding a request for information about the Small Business Revolving Loan Fund Program;
- AdMail Express regarding the Small Business Revolving Loan Fund Program employment requirements;
- Metro Taquero regarding an update in the City of Hayward on-line restaurant guide; and
- Eden Area ROP regarding assistance with the Taste of Hayward event.

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

OTHER ECONOMIC DEVELOPMENT ACTIVITIES:

- 4) In staying abreast with the current retail trends, Economic Development staff attended the City of Fremont’s Annual Development Update at their newest one million sq. ft. retail development, The Block at Pacific Commons, Fremont. 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 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 from Gus Morrison, Mayor, and Fred Diaz, City Manager, City of Fremont. Ms. Kline presented a video “Think Fremont” advertising presentation 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 Economic Development Update and highlighted the following demographics:

- 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. Fremont will add a new BART extension to Warm Springs scheduled to be completed in 2015. Fremont is also projected to add 30,360 jobs from 2010 to 2040.

The new development further illustrates the competitive landscape that currently exists from a retail perspective and emphasizes the urgency for Southland Mall to keep up with the present market conditions. Economic Development staff looks forward to having further discussions with the City’s regional shopping center.

- 5) Southland Mall – Staff met with the regional representative of Rouse Properties, Mr. Steve Backman, Vice president of Development and Construction, and the Southland General Manager, Veronica Curley. The purpose of the meeting was to meet each other, and the conversation was generally around planned improvements to the Mall, timing of those improvements, status of leasing negotiations, and concerns the City has with the converging marketplace. It is clear that Rouse fully intends to upgrade the overall appearance and product mix of the Mall, but that Mr. Backman was still in the assessment phase of his decision-making. While they could not provide specifics on lease negotiations, both current and proposed, staff was assured that they were making good progress, and provided staff with some exciting confidential information to support their assurances.
- 6) Friday, May 18 was an ideal night to start the summer movie series at City Hall plaza. The City of Hayward and the Hayward Area Recreation and Park District (HARD), jointly hosted Movies on the Plaza at 8:15pm. The featured presentation for the evening was “Happy Feet

2.” Over 200 patrons of all ages brought their low-back chairs, blankets, and snacks and situated themselves around the plaza area. This free concert and animated film was one of many successful City events that families were able to enjoy for free. It gave families a chance for an enjoyable time with the convenience of delicious kettle corn, BBQ snacks and coffee steps away. The next movie “Kung Fu Panda” is scheduled for Friday, June 22.