



CITY OF
HAYWARD
HEART OF THE BAY

**COUNCIL ECONOMIC
DEVELOPMENT COMMITTEE
JUNE 3, 2013**

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CITY COUNCIL ECONOMIC DEVELOPMENT COMMITTEE MEETING
Monday, June 3, 2013
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 Council Economic Development Committee Minutes April 1, 2013, corrected and May 6, 2013

[CEDC Minutes April 1 2013](#)

[CEDC Summary Minutes for May 6 2013](#)

2. Residential Real Estate Update, David Stark, Government Affairs Director, BayEast Association of Realtors- **(Oral Presentation)**
3. Economic Development Ordinance overview- **(Oral Report)**
4. Business Visitation Reports – **(Oral Reports)**
5. Economic Development Activities for May 2013- **(Oral Report)**

[ED Activities May 2013](#)

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

ADJOURNMENT

NEXT REGULAR MEETING – 4P.M. MONDAY, JULY 1, 2013

****Materials related to an item on the agenda submitted to the Council Committee 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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June 3, 2013





CITY OF
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HEART OF THE BAY

COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING SUMMARY NOTES – April 1, 2013

CALL TO ORDER: Chair Sweeney called the meeting to order at 4:01 pm.

ATTENDANCE:

Committee Member	Present 4/1/2013	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Kanti Patel	✓	8	2* excused	6	2 excused
Chris Lam		6	4 (2 excused)	6	2 (1 excused)
Waseem Khan	✓	8	2 (1 excused)	6	2 (1 excused)
Vacant					
Mayor Sweeney (Chair)	✓	10	0	8	0
Council Member Jones	✓	10	0	8	0
Council Member Salinas	✓	7	3**	5	3**

****CM Salinas teaches a class on Monday that starts at 4:15 p.m.**

OTHERS IN ATTENDANCE:

- Kelly McAdoo, Assistant City Manager
- David Rizk, Development Services Director
- Sally Porfido, Economic Development Coordinator
- Mary Thomas, Human Resources Analyst I
- Cecilia Manzo, Administrative Clerk
- Kim Huggett, President Hayward Chamber of Commerce
- Jesus Armas, Armas Consulting
- Council Member Francisco Zermeno
- Jim McMasters, Colliers International, W.C.
- Guy Warren, Lee Associates

PUBLIC COMMENTS:

Council Member Francisco Zermeno commented that he is very pleased with the hard work of the CEDC committee's review of the development of the recently approved Economic Development Strategic Plan.

Kim Huggett reported on the following:

- Contractor workshop was a success with about forty attendees.
- The Restaurant Walk scheduled for April 18th has been postponed to a later date.
- The Chamber of Commerce is starting to recruit for the Summer Street Parties and 7,000 people are expected to attend.
- A meeting with the director of transportation and housing from California State University East Bay (CSUEB) resulted in a commitment to provide a shuttle from on-campus housing to the downtown area, Friday through Sunday.

Jesus Armas, on behalf of Auto Nation, commented that Bob Berndt, Senior Vice President SRS Real Estate Partners, was in the audience at the February 4, CEDC meeting. Mr. Armas noted that the February 4th meeting notes seemed to indicate support for option 2 (limiting the commercial overlay zone to 250'), and referenced relevant portions of the notes in support of his interpretation. On behalf of Mr. Berndt, he requested clarification on the options presented at that meeting.

1. APPROVAL OF MINUTES OF MARCH 18, 2013:

Mayor Sweeney asked that the March 18, 2013 minutes be changed to reflect that he would like the former Lucky site to be demolished instead of reconstructed. With that change, the minutes were approved.

2. CLARIFICATION ON COMMITTEE'S FEBRUARY 4, 2013 RECOMMENDATION TO CITY COUNCIL REGARDING A PROPOSED COMMERCIAL OVERLAY ZONE ON THE FORMER FORD SITE AT 25501 MISSION BOULEVARD:

David Rizk, Development Services Director presented the findings of the previous discussion on February 4, 2013 to the committee for clarification.

Mr. Rizk indicated that towards the end of the meeting it was clear that Option 3, that would have the commercial overlay zone extend over the entire area of parcels that front Mission Boulevard, is what the committee recommended.

Council Member Jones referred to the minutes from the February 4th meeting and indicated that he felt it reflected his thoughts correctly. CM Jones is not opposed to going vertical for residential and keeping commercial and retail on the ground levels.

David Rizk reiterated that the plan is not to ban residential use of the space completely, just on the ground floor of the building. Residential would be allowed on the second floor and above.

Mayor Sweeney reaffirmed that staff's summary was correct regarding its February 4th action that recommended the entire Ford Site be subject to a commercial overlay zone Option 3, which would not include any ground floor residential.

3. RETAIL UPDATE—JIM MCMASTERS, SR. VICE PRESIDENT & RETAIL DIRECTOR, COLLIERS INTERNATIONAL (ORAL REPORT)

Jim McMasters, Sr. Vice President & Retail Director of Colliers International reported on the retail environment in Hayward. He has heard negative comments from retail tenants about the Carpenters Union in Hayward.

There is very little spec development currently and he does not expect to see any in the near future. Mr. McMasters explained that it will be two to three years before retail recovers.

There is growth in grocery stores such as Sprouts and Walmarts are moving into existing supermarkets, looking for approximately 40,000 sq. ft.

There is also growth in discount stores. Their growth is stimulated by the frugal shopping habits of the public due to the poor economy. The public continues to struggle with job loss and lack of pay increases.

Increase in the Asian and Hispanic populations has stimulated growth in the Asian and Hispanic retail market. Also there is growth in the health club industry.

Mr. McMasters stated that the greening of America, with California leading the charge, has caused retailers to not want to do business in California.

Member comments:

Mr. McMasters responded that this is because consumers are currently in a frugal mode. Mr. McMasters spoke about a recent International Council of Shopping Centers event in Oakland that reviewed the growing Hispanic community and their retail shopping habits. The Hispanic market is different than any other market. With the growing Hispanic population in Hayward it is a good idea to understand this market. He also remarked that the retail industry is the largest employer in the State of California.

Mayor Sweeney asked about the Carpenters Union Lawsuit. Mr. McMasters explained that the Carpenters Union Lawsuit was brought up at his office and he decided to mention it to the CEDC members. He further commented that the unions are strong in the community and this does push retail away from Hayward.

4. BUSINESS VISITATION PROGRAM REPORTS: (ORAL REPORTS)

Sally Porfido, Economic Development Coordinator, introduced Wassem Khan to report on a business visit to Communication Supply Company, located off of Huntwood Ave. The company moved three years ago from Newark and is very happy doing business in Hayward. Managers from this company are involved in the community. The only item noted for improvement is the lighting around the building because employees leave late from work and need adequate light to safely walk to their cars. Aside from that they are very happy to be in Hayward.

CM Jones and Morad Fakhrai visited Olive Garden located on Hesperian Boulevard. This location is the third highest performing Olive Garden Restaurant in the Bay Area. Olive Garden is going to be remolded in the next four months. The managers from this location reported security concerns. A few times a week cars are broken into and they would like more security and lighting in the surrounding areas. Their highest customer base is coming from Oakland, Union City is second and Hayward was third. Safety was the main concern for patrons and employees.

Mayor Sweeney requested a follow up on the lighting issues presented in this business report.

5. ECONOMIC DEVELOPMENT ACTIVITIES FOR MARCH, 2013 (ORAL REPORT)

Sally Porfido reported that she met with the Southland Interim Mall Manager, Alan Clark. Mr. Clark indicated that Rouse Properties is open to review Southland Mall improvements.

Staff also met with the East Bay Economic Development Alliance, to review a group action plan to develop a regional effort to attract advanced technology companies into the East Bay.

Staff attended the East Bay Economic Development Alliance Director's Council bi-monthly meeting. At this meeting five sub-committee groups were formed.

Sally gave an overview of the businesses and commercial brokers that were provided staff assistance in the month of March.

COMMITTEE MEMBER ANNOUNCEMENTS:

Council Member Salinas asked if the City had a policy for abandoned buildings.

Ms. McAdoo stated that she would look into gathering more information from previous reports.

ADJOURNMENT: Meeting was adjourned at 5:14 p.m.



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COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING SUMMARY NOTES – May 6, 2013

CALL TO ORDER: Chair Sweeney called the meeting to order at 4:01 P.M.

ATTENDANCE:

Committee Member	Present 5/6/2013	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Kanti Patel	✓	8	2 excused	7	2 excused
Chris Lam	✓	6	4 (2 excused)	7	2 (1 excused)
Waseem Khan	✓	8	2 (1 excused)	7	2 (1 excused)
Vacant					
Mayor Sweeney (Chair)	✓	10	0	9	0
Council Member Jones	✓	10	0	9	0
Council Member Salinas	✓	7	3**	6	3**

****CM Salinas teaches a class on Monday that starts at 4:15 P.M.**

OTHERS IN ATTENDANCE:

- Fran David, City Manager
- Kelly McAdoo, Assistant City Manager
- Lori Taylor, Economic Development Manager
- Sally Porfido, Economic Development Coordinator
- Cecilia Manzo, Administrative Clerk
- Kim Huggett, President Hayward Chamber of Commerce
- Jesus Armas, Armas Consulting
- Al Mendall, Council Member
- Paul Mueller, Cornish & Carey Commercial

PUBLIC COMMENTS:

Kim Huggett reported on the following:

- The Hayward Chamber of Commerce joined the San Leandro Chamber to put on an informational event regarding New Health Care Laws on June 13, 2013.

- Downtown Shuttles from California State University East Bay (CSUEB) are currently running Friday, Saturday and Sunday every half hour. A large group of international students are using the shuttle and were seen walking into Peet's Coffee & Tea. Statistical information is still being collected, but in early 2013 an average of 1,700 riders per day (Monday-Thursday) and 1,000 riders per day on Fridays are using the transportation services. The increase is attributed to having the second shuttle run all day, instead of peak morning and afternoon times.
- The Marketing & Entrepreneurship class from CSUEB has been working with ten local businesses in the downtown area and are creating business and marketing plans. Teams of students are to provide the best solution to business problems by the end of the quarter.
- A discount coupon book is in process for the 1,400 students in the student housing.
- A new Business Directory, to be completed by October, will list approximately seven hundred businesses.
- The Chamber is currently taking sign-ups for the summer street parties. The Chamber is expecting 7,000 people per event.

1. APPROVAL OF MINUTES OF APRIL 1, 2013:

Jesus Armas handed out a correction sheet for the April 1st minutes, indicating he did not believe that the minutes accurately reflected what was said. In the correction, Mr. Armas noted that the February 4 meeting notes seemed to indicate support for option 2 (limiting the commercial overlay zone to 250'), and referenced relevant portions of the notes in support of this interpretation. On behalf of Mr. Berndt, he requested clarification on the options presented at that meeting.

A second correction was called in by Mr. Kanti Patel, indicating he was not part of the business visitation with Council Member Jones to the Olive Garden, that it was Mr. Morad Fakhrai. The correction was located on page 6.

Lastly, Council Member Salinas referenced page 6, and asked that the paragraph about Fast Food restaurants in Hayward be removed.

Mayor Sweeney requested the April 1, 2013 minutes be modified to reflect the corrections and be brought back to the June 3, 2013 meeting for review and approval.

2. COMMERCIAL/ INDUSTRIAL UPDATE, PAUL MUELLER, SENIOR VICE PRESIDENT, CORNISH & CAREY:

Paul Mueller, Senior Vice President, Cornish & Carey Commercial presented on the Hayward Market Overview, Current Market Overview, Trends, Opportunities and Challenges and Outlook for 2013.

Mr. Mueller mentioned that Hayward is the transportation hub of the west. Businesses locate in Hayward because of its central location.

The industrial inventory in Hayward consists of 50% warehouse, 42% industrial and 8% research & development. The vacancy rate trend is going down with a current industrial vacancy rate of 9.56%

The asking rates for Warehouse and Research & Development space are going up and have leveled off for Industrial space.

Current commercial trends in Hayward include:

- Same day shipping
- Food production
- Facility automation
- Clean tech companies
- Rising building sales
- Residential rebound
- Low cost capital
- Consumer confidence returns

Opportunities include:

- Values will rise and boundaries blur
- Scarcity spurs migration
- Location
- Port and airport access
- Access to diverse employment base
- National institutional appeal

The challenges in Hayward are redevelopment potential, the need for additional quality office space, and limited large scale construction opportunities.

CM Salinas asked what types of industries are moving into the larger vacant spaces. Mr. Mueller stated that logistics companies and air freight businesses.

CM Salinas also inquired on what Mr. Mueller thought about available office spaces and what impact that would have if they were located near warehouse type buildings. Mr. Mueller explained that he thought it was important for the two to be relatively close to each other, he also mentioned that it would be best to have the new office spaces located near the Freeways or Highway 92, so that it could be accessible from the Peninsula or South Bay.

Mayor Sweeney asked about percentage trends and if they are changing. Mr. Mueller stated that Hayward trends have not changed at all because Hayward is a largely built out market. Most of the business parks are 80% leased out.

Waseem Khan asked if any developers were interested in locating their business in Hayward because of its central location and if so, what the level of interest would be. Mr. Mueller responded that he believes their interest level would be high, but that there has been a scarcity of sellers. He noted that Gillig just acquired more land for their own use. At some point there may be an opportunity with the bay shore where the salt works property is located. Restoration Management is interested in purchasing the Point Eden building but they want it for warehouse. It could have been converted to some type of higher use.

Mr. Mueller concluded by handing out presentation packets for members to review.

3. ECONOMIC DEVELOPMENT ACTIVITIES FOR APRIL 2013 (ORAL REPORT)

Sally Porfido, Economic Development Coordinator, reported that staff continues to meet with the team responsible for the Lit Hayward project that will result in bringing fiber optic cable to the

Hayward industrial areas and other key areas. This will be an excellent tool for business attraction and retention in Hayward.

Staff met with the broker and principals of Mission Linen. They are planning to put an operating facility in the East Bay and considering Hayward because of its central location. Staff is continuing to follow up on this opportunity.

Siemens Industry hosted a Green Corridor event on April 19th that staff attended. Siemens' engineers discussed how they evaluate companies in their industry. Six clean tech companies gave presentations for evaluation by the Siemens group.

Staff participated in the Hayward Chamber of Commerce Tabletop Mixer at La Quinta Inn & Suites.

The City of Hayward continues to work on opportunities for partnership projects and events with Cal State University East Bay (CSUEB) and the Hayward Chamber of Commerce.

COMMITTEE MEMBER ANNOUNCEMENTS:

None.

ADJOURNMENT: Meeting was adjourned at 4:51 P.M.



DATE: June 3, 2013
TO: Lori Taylor, Economic Development Manager
FROM: Sally Porfido, Economic Development Coordinator
SUBJECT: **Economic Development Activities for May 2013**

BUSINESS DEVELOPMENT:

- 1) Staff continues to meet with the team responsible for the development of a Lit Hayward project that will eventually provide high speed cable access throughout the industrial areas of Hayward. The team is currently working on mapping the commercial areas in phases. The goal is to formally present the results of these meetings to City Council by September 2013 for approval.
- 2) Staff met with the new Southland Mall Manager, Jennifer Duarte and the interim Mall Manager Alan Clark of Rouse Properties. Mrs. Duarte has many years of experience in managing malls, most recently in Southern California. She is anxious to establish a good working relationship with the City of Hayward and assist in meeting the needs of the community.

Current vacancy rate at Southland is 10%. The Mall's star performers continue to be the restaurants. Famous Dave's is projected to open at the old Marie Callender's site by September 2013. L. A. Fitness is being constructed where the old Lucky Store site was in the Convenience Center area of the mall. Their intent is that a grocery store can co-exist with the fitness club.

Lori Taylor will continue to meet with Ms. Duarte on a bi-monthly basis and work on recruiting a grocery store into the mall to meet the community demand. The next meeting is scheduled for July 10, 2013.

- 3) Staff attended the International Council of Shopping Centers Las Vegas deal making event and had meetings with Southland Mall owners and several retailers. This event had 35,000 attendees this year, the largest number seen since before the meltdown in 2008 when attendance crested at nearly 50,000. By 2009 attendance had dropped into the low 20,000 range. This increased attendance is considered an indicator of increased retail growth and optimism.
- 4) Staff attended the East Bay Biomedical Manufacturing Network (Bio-Network) event on May 21 at Ohlone College, Corporate Learning Center in Newark. Letters were sent to Hayward's Bio Science companies inviting them to attend this event sponsored by the new East Bay Biomedical Network. The program's featured speaker, Dr. Gregory Theyel, is the program manager for the Bio-Network.

Office of the City Manager

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He discussed the industry cluster development and the recently awarded federal grant focused on bio/advanced manufacturing that makes the Bio-Network possible. The grant will help with network building, providing business resources, facilitating technology transfer, and education and training to support the biomedical industry.

Mr. Theyel has put together a database of the 400 bio-medical companies in the East Bay that includes Alameda and Contra Costa Counties. Mr. Theyel will work with Bay Area cities to spread the word about this Bio-Network and share his database. He plans to schedule bi-monthly informative meet-ups with the next one in Concord the end of June.

5) BUSINESS ACTIVITIES:

Eleven businesses were provided information and assistance by staff:

- Aurora Algae – Staff attended business visit with Mayor Sweeney at their Corp. Headquarters in Hayward.
- Southland Mall – Met the new Southland Mall Manager, Jennifer Duarte.
- Off-The-Grid Mobile Good Truck business – regarding information on the Monday evening Hayward food truck events.
- Lit Hayward – Organized a follow-up meeting to review bringing high speed cable access to Hayward.
- The Golden Tea Garden – regarding issues with property owners and a new Internet Café that opened next door on Main Street.
- Airport Appliance – regarding upcoming business visit information.
- Hertz Penske Truck Rental – regarding upcoming business visit information.
- Creative Bus Sales – regarding upcoming business visit information.
- Toys r Us - regarding upcoming business visit information.
- Folger Graphics – regarding how to do business with the City of Hayward
- SA Recycling – Code Assistance Meeting to determine whether their used oil filter collection business is suitable for a Hayward location.

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

OTHER ECONOMIC DEVELOPMENT ACTIVITIES:

- 6) Staff is coordinating the participation of various departments in the upcoming Hayward Chamber of Commerce popular Street Party events. These are scheduled for the third Thursday beginning on June 20, through August. City participants include Fire, Police, Public Works, Hayward Animal Shelter, Hayward Library, City Clerk's Office, and the Keep Hayward Clean & Green Task Force.
- 7) Staff developed an events banner for upcoming Hayward Fun Events, including the Downtown Street Parties, Blues Festival, Mariachi Fiesta, Hayward's Walk of Wine, and H.A.R.D. Movies on the City Hall Plaza.
- 8) Staff attended the U.S. Department of Commerce's "Make it in America; Sell it to the World" Seminar on May 10th in Oakland. The event was designed to help local firms learn of the resources

available to them to start marketing their products in other countries. Hayward firm “Jupiter Systems” (which creates video walls and software/hardware for business in more than 50 countries) received an Export Achievement Certificate for their export activities and another Hayward firm, Global Supply Solutions Group, served on a panel for “Doing Business with Africa.”

- 9) Staff attended the East Bay Economic Development Alliance (East Bay EDA) Director’s Council meeting at University of San Francisco, Pleasanton Campus. An overview of International Trade was presented by Richard Soyombo, Executive Director of the Center for International Trade Development and Rod Hirsch, Director, Oakland Export Assistance Center. Mr. Hirsch to set up a meeting with Lori Taylor in the near future to review how he can assist Hayward businesses with their International needs.

The East Bay EDA reviewed their upcoming revised Business Resource Guide which is updated bi-annually. More information as to content and delivery of this business resource guide will be discussed at the next meeting on July 17.

Karen Engel, Executive Director of the East Bay EDA announced that her last day is June 7, 2013. On May 28 the East Bay EDA will announce an Interim Director.