



**DATE:** January 24, 2017  
**TO:** Mayor and City Council  
**FROM:** City Manager  
**SUBJECT** Economic Development Strategic Plan Update and Annual Report

## **RECOMMENDATION**

That Council reads and accept this report.

## **BACKGROUND**

In 2013, the City of Hayward adopted an [Economic Development Strategic Plan](#) (EDSP) in order to create a purposeful and concentrated effort to further establish Hayward as a desirable place to conduct business and to grow the City's economic base. The EDSP features three focus areas: 1) Branding and Marketing; 2) Industrial Sector; and 3) Service and Retail Sector. Each focus area includes a number of work tasks that staff is executing to achieve the plan's goals and objectives.

Economic Development staff presented an annual update on the EDSP to City Council on December 1, 2015. The annual update identified program accomplishments and acknowledged the completion of the baseline foundational data. Significant time and effort has been dedicated to understanding Hayward's business community in order to assist in business retention, attraction, and expansion. In addition, through coordinated efforts, staff has been working on development opportunities within the City and customer service enhancements to facilitate business investment. City Council requested that the EDSP be updated by staff and revised to reflect and address strategic approaches and activities of the Economic Development Division. The following outlines the recommended updates to the EDSP and is followed by the annual update on economic development activities.

## **DISCUSSION**

### **Economic Development Strategic Plan**

In order to update the EDSP, staff focused separately on each of the three core focus areas: 1) Branding and Marketing; 2) Service and Retail Industry and 3) Industrial Sector. The update process involved reviewing each section's goals and work tasks. Actions included identifying completed tasks and formulating task modifications and task updates to reflect economic development activity. Staff provided updates and solicited input on recommended modifications from the Council Economic Development Committee (CEDC)

on the Branding and Marketing program on April 4, 2016, Service and Retail Industry program on September 7, 2016, and Industrial program on October 3, 2016. A status update and recommended modifications of all EDSP tasks are included in Attachments II, III and IV. In addition, background and highlighted modifications to the three core focus areas are included in the following respective sections:

## **Marketing and Branding**

The EDSP recognized the City's fractured and somewhat diffuse brand identity and called for a extensive brand assessment and the development of a cohesive, focused identity that could be effectively communicated to market the City to businesses, developers, residents, and travelers. Pursuant to the objectives set forth in the EDSP, the City contracted with Brainchild Creative, an award-winning, local advertising firm deeply experienced in the area of complex branding initiatives to carry out the assessment and subsequent creative development, including key messages, graphic standards, and a prototypical marketing plan designed to demonstrate cost effective ways to extend the reach and penetration of the City's messaging.

The Economic Development Team was the first to be given the new marketing/branding identity and helped shape the content of marketing material geared toward business recruitment. The marketing material coupled with a new City website (award winning) delivers effective messaging and quality not typical of standard governmental websites. The Economic Development Team has been testing the marketing material at various meetings and trade shows and for the most part, the material is well received and gives a sense of quality that the City as a whole strives to achieve. Many tasks prescribed in the EDSP have been completed related to establishing a branding identity.

The continuing evolution of Branding and Marketing efforts coupled with the ever-changing Economic Development landscape has given us a unique opportunity to identify areas to focus on as the EDSP update is brought forward. Recommendations from staff and the CEDC are to focus efforts in the following areas:

- **Targeted Marketing Material for Desired Businesses and Sectors** – The City has been effective in generating a fresh look at Hayward by prospective businesses. Now we need to further enhance our marketing efforts by providing unique data that can be used to bolster standard data points. An example of unique data would be the development of information related to a typical Cal State University East Bay student or a Chabot College student. The City has a unique student population that is not fully captured within standard demographics and industry standard information. By diving deeper into this consumer population within the Hayward community, we would have an additional “selling point” to better tell the characteristics of the Hayward market. We also see the potential for developing unique prototypes for Advanced Industry workers and Government workers as they also make up the Hayward workforce population that is not necessary captured in standard demographics.

- **Quality of Life Marketing Materials for Decision-Makers** – While real estate costs and predictable development timelines are often the primary drivers in business attraction, site selectors are looking for more specific information about the City’s quality of life. The ED Team’s business attraction efforts over the past year found that prospective businesses regularly ask for more information on housing options, new construction, neighborhood profiles, retail and recreational opportunities, and educational amenities. Owners understand Hayward is a good fit from an operational standpoint due to location and value, but they also want to be sure the City offers owners, employees and their families the amenities they want. Businesses have stated that they need to be located near vibrant places and amenities to attract and retain talent. We see the need to develop new, more specific content and marketing material about the Hayward community to provide to prospective businesses.
- **Targeted Event Marketing** – Since we now have marketing materials, the ED Team is now able to attend trade shows, regional events, and host our own targeted outreach events. In 2016, staff attended the International Council of Shopping Centers (ICSC) regional meeting held in Monterey. Developers and retailers within the market attend this and other ICSC events looking for potential development opportunities and lease space. We presented well and received interest from various developers and retailers looking for space and our marketing material. Discussion topics of Hayward were well received. City staff attended Bio International 2016, a large biotech industry conference in San Francisco, along with a national conference on Advanced Industries. Based on the feedback from those conferences, we will be able to continue to improve our marketing materials and talking points.
- **Media** – With the continued reduction of daily newspapers, local coverage of newsworthy development activity in Hayward is becoming more challenging. We need to better inform media outlets and specific trade magazines of the tremendous development and progress Hayward is experiencing in order to generate more exposure to others who may have interest in Hayward. In addition, we need to better inform the Hayward community of accomplishments and positive changes within Hayward. To meet some of these approaches, staff had undertaken activities with the San Francisco Chronicle, San Francisco Business Times, and the newly created East Bay Times.

## **Service and Retail Industry**

In order to understand our retail and service market, staff developed a baseline profile of businesses in Hayward’s retail corridors. The baseline covers demographics, sales tax generation, categorized goods and services, building types, and potential retail opportunities. This information helped provide context for what exists in the City, barriers for new businesses, and the overall condition of our retail and service space.

The City's role in retail development is layered and fluid given that factors for successful retail development change over time. The City has strived to find a balance of providing needed goods and services for the community while capitalizing on our regional market strength. Hayward's central location to major retail markets is both an asset and a liability. Surrounding communities with goods and services not offered in Hayward have been able to draw Hayward's retail purchases. As part of the review process for new development, staff has been advocating that projects provide quality development that brings in retailers to meet the community needs. The Retail focus of the EDSP has taken the majority of staff efforts to date, but retail is a subcategory of commercial which includes other land use types such as hospitality (hotel, entertainment, and dining) and office.

Economic Development staff has been very active in development and recruitment of commercial space within all commercial corridors. Staff has been successful in facilitating development applications and new commercial businesses within the Downtown, Mission, Southland Mall, and Hesperian Retail Corridors. Through the process of understanding space availability and outreaching to the brokerage community, Hospitality and Office have been identified as key land use types that have a place in our community. However, they are not mentioned within the Economic Development Strategic Plan and are recommended to be included as key components to a vibrant Commercial sector.

Staff and the CEDC view of the strategic plan for retail and services is that it is too narrowly focused and should be recast with a broader "Commercial" category with retail, hospitality, and office as subcategories in which staff can expand the EDSP to include. Retail is driven by market demand for goods and services, by promoting additional development in the hospitality and office markets, vibrant retail could be established. The Service and Retail focus is generally on task, and a simple modification to broaden the targeted activity to "Commercial" is the recommended modification.

## **Industrial Sector**

Much of the City's economic development program activities in the industrial sector are driven by the research and analysis set forth in the Industrial Technology and Innovation Corridor Baseline Study published in March 2015. This study provided detailed information on the type, location, and employment levels of industrial businesses, identified the economic development benefits of targeting "Advanced Industries," and outlined key issues that needed to be addressed to attract and support this sector's growth. Armed with this new set of data and tools including modern marketing materials and formal Business Concierge, Business Ombudsman and Business Visitation programs, staff is prepared to continue making data-driven resource allocations to maximize the City's impact on attraction, retention, and expansion of targeted industries.

Overall, the industrial sector economic development program is successful. Driven by the competitive Bay Area real estate market and supported by the City's new suite of enhanced customer service programs, Hayward continues to benefit from new business attraction, expansion, and construction activity. According to CoStar, a real estate data provider, as of September 2016, the vacancy rate for industrial and flexible space in Hayward is 2.8

percent. This represents a 10-year low. The lack of modern space is driving redevelopment and new construction. Selected major new industrial construction projects underway include:

- Hayward 92 Industrial Center (3596 Baumberg Avenue), a 333,365 square foot building preleased to Federal Express; and
- Hayman Distribution Center (31775 Hayman Street), a 378,720 square foot building leased to LA Specialty, a wholesaler of food products to restaurants.

While successful, the industrial sector work program in the EDSP can be refined to continue to maximize the City's economic development impact. Attachment III outlines the status of programmed activities and presents staff recommendations for Industrial Sector activities. Staff carefully formulated revisions to the EDSP to reflect feedback from the business community, recognition of where staff activities made the most impact, and real-world experience working toward the plan's work tasks and overarching goals.

A selection of key proposed Industrial Sector Work Task revisions are as follows:

- **Expansion of Business Visitation Program:** Onsite visits are a vital part of business retention and expansion efforts. Meeting with business owners to discuss their needs and assess their industry enables staff to: A) identify key issues that the City may be able to address; B) learn more about the business' products, which enhances our ability to connect businesses to one another; and C) uncover business expansion plans, which feeds directly into the Business Concierge Program. Using the business sector and employment statistics database, staff identified the City's major employers by sector and major revenue generators. Discussed below under the annual report is a summary of business outreach. Staff proposes to allocate additional resources to expand the visitation program in order to develop and expand relationships with the top sales tax generators and employers. Cultivation of these relationships is critical for achieving other EDSP goals that call for increased business partnerships of Hayward schools and job development initiatives.
- **Expansion of Marketing Efforts to Advanced Industries and Other Targeted Businesses:** With new polished and data-driven marketing materials, refined messaging themes and several examples of successful business expansions and attractions, the ED Team is looking to magnify the City's visibility through trade shows, regional events, and host our own targeted outreach events. Staff recommends allocating resources to more proactively recruit advanced industries. To achieve this, we would continue to leverage our partnerships with state, regional and national economic development organizations such as the East Bay Economic Development Alliance, Team California, Select USA, and Governor's Office of Business and Economic Development. These organizations secure space at events and often extend an offer to the City to participate for free or at a reduced cost. This work will also include creation of new industry-specific marketing materials as discussed above in the Branding and Marketing section and seek out digital and print marketing opportunities to draw interest from site selectors and business representatives.

- **Development of Place Making Programs:** Goal IS3 of the EDSP is to maintain and expand public infrastructure that businesses need to thrive. Staff and the CEDC recommend revising Work Task I3A, which included an assessment of infrastructure deficiencies in the industrial area. This work was completed by Public Works and was reflected in the current adopted FY 2017-FY 2026 Capital Improvement Program (CIP). The revised task would explore the development of place making programs in the Industrial Corridor to attract new business investment. This work, which will carry forward through 2018, may include identifying potential locations, types, costs and funding sources for gateway markers and other wayfinding elements and amenities to create a sense of place in the industrial area.
- **Expand Current Zoning Allowances for Desired Uses:** Goal IS4 directs staff to aid in creating proactive, site-specific land use policies that clearly convey information to potential businesses. Development Services and Economic Development staff have initiated a project to update the Industrial District Regulations. The goal is to revise the zoning ordinance to encourage the establishment and expansion of knowledge and innovation-based industry clusters, advanced and specialized manufacturing businesses, and promote a desirable and attractive amenity-rich industrial environment with minimum detrimental impacts to surrounding community and properties. This work, which will carry forward to 2018, will require additional staff/consulting resources to complete comprehensive public outreach, research and analysis.
- **Expand Support to Other Hayward Workforce Development & STEM Career Pathways Initiatives:** Goal IS6 seeks to improve Hayward’s education-to-job bridge through an active community partnerships. Work Task IS6.A directs staff to “encourage and support HUSD efforts to develop a mentoring/internship/skill-development program for students.” Staff is supporting HUSD efforts and works to connect local businesses to Hayward educators and classrooms. However, to maximize the City’s impact, staff is recommending expanding support levels for skills training and workforce development programs at Chabot, CSU East Bay and the Chamber of Commerce’s Work Based Learning and Career Pathways Program. This work, which will carry forward to 2018, may include additional in-kind and financial support of events, marketing and employer engagement efforts.

The above and attached EDSP program updates are a reflection of current and proposed activities from the Economic Development Division. However, it should be noted that the EDSP also covers multiple activities ranging from the core specific targets for business attraction, retention, and expansion to development of catalyst sites through the downtown, industrial and commercial corridors. The EDSP also includes staffing and resource allocation for program implementation. The success of the Economic Development Program is tied to resource allocation and staffing. Depending on Council priorities related to the Economic Development Program, additional staffing and program funding have been identified as a need for full program implementation. Requests for program support will be brought forward during the City’s budget review process in coordination with the City Manager.

## Annual Update on Economic Development Program Activities

The Economic Development Team activity is directly tied to the EDSP. After the plan adoption in 2013, there have been fits and starts of activity as the Economic Development Division experienced staff turnover and differing program approaches. The current Economic Development Team initiated plan implementation in September 2014 and the annual report covers activity in twelve month periods starting and ending in September. To monitor program performance and measure progress toward achieving EDSP goals, the Economic Development Division actively maintains a database that records all major activities. The data is used to maximize the economic impact of the City's business attraction, retention, and expansion programs. A summary of program activities is provided in the table below. This data compares recorded program activities from September 2014-2015 and September 2015-2016. In the past year, ED staff assisted 120 businesses and attracted 15 new businesses. These activities led to the addition of an estimated 569 jobs to the City's economy.

**Comparison of Economic Development Program Activities<sup>1</sup>  
(September 2014-2015 to September 2015-2016)**

Activity	2014-2015	2015-2016
Total Businesses Assisted	<b>123</b>	<b>120</b>
Industrial Business Assisted	<b>54</b>	<b>50</b>
Retail Businesses Assisted	<b>53</b>	<b>55</b>
Office Users Assisted	<b>7</b>	<b>3</b>
Total Residential/Other Assisted	<b>9</b>	<b>12</b>
Total Businesses Attracted	<b>20</b>	<b>15</b>
Total Jobs Created	<b>164</b>	<b>569</b>
Total Businesses Visited	<b>67</b>	<b>25</b>
Total Building Permits Valuation	<b>\$9,350,455</b>	<b>\$35,271,728</b>
Total Land Purchase Value	<b>\$21,390,000</b>	<b>\$16,845,500</b>

Source: Economic Development Division, Activity Database 2014-2015, 2015-2016

The monetary value of development activity assisted through the Business Concierge program skyrocketed this past year. The value of building permit valuations, defined as the estimated cost of a construction project that City permitting fees are based upon, totaled over \$35.2 million in 2016. Major projects include new construction and multiple large scale tenant improvement projects for biotechnology, commercial, manufacturing and specialty food companies. The value of land transactions assisted through Business Concierge program totaled nearly \$16.9 million. Major land transactions included two building purchases on Corsair Boulevard.

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<sup>1</sup> Note these statistics only represent business attraction, retention, expansion and visitation activities specifically attributed to efforts of the Economic Development Team. The figures do not capture or reflect the entirety of economic activities of the entire City. Also note that the dollar value of investment is from publicly available sources and employment counts are self-reported. These figures may not reflect the full amount of investment as that data may be confidential or unreported by a business.

## **Business Attraction Activity**

ED staff works to encourage investment from businesses and developers of all sizes and across multiple sectors. Our efforts include marketing the City's competitive advantages, helping businesses select the ideal location, and shepherding projects through permitting processes. A selection of new business attractions includes:

1. Arcus Biosciences, a biotechnology startup researching innovative cancer therapeutics located on Point Eden Way;
2. LakePharma, a biotechnology firm specializing in protein and antibody engineering that purchased a building on Corsair Boulevard;
3. Ampex Data Systems, makers of flight data recorders and "black boxes" for major aerospace firms and the United States Armed Forces located on Corporate Place;
4. N.A. Sales, supplier of specialty Japanese products and foods to restaurants located on McCone Street;
5. Transpak, a designer and fabricator of custom packaging supplies that purchased a building on Corsair Boulevard;
6. Hayward Mitsubishi, a new auto dealer located on Mission Boulevard; and
7. HD Supply Whitecap, a retailer of specialty construction supplies and equipment located on West A Street.

While ED staff focuses on encouraging the attraction of advanced industries and development of new modern space, resources are also expended to assist small businesses and other enterprises that add to the community depth and breadth of amenities. Selected new and small businesses in this realm include:

1. Island Pacific Market—This specialty Asian foods grocery store located at the Skywest Commons Center on Hesperian reactivated a site vacated by Fresh & Easy and added a bakery and express hot foods deli.
2. Downtown Full Service Restaurant—Michael LeBlanc, owner of Pican Restaurant in Oakland, will open a to-be-named full service restaurant concept on B Street at the former Bijou location.
3. Russell City Distillery—Geoff Harries, owner of Buffalo Bill's Brewery, will be opening a micro-distillery on Foothill Boulevard.
4. Royal Kids Academy—This new pre-kindergarten student learning center will be locating to 30126 Mission Boulevard in South Hayward.
5. California Crosspoint High School—Following a CEDC Concept Review in December 2015, this private high school acquired the former Heald College site on Industrial Boulevard. The school received a U.S. Department of Education National Blue Ribbon School of Excellence Award in November 2016.
6. High Scores Arcade—A new family-friendly entertainment venue located in the downtown core. This is the second location for the business which got its start in Alameda.



## Business Expansion and Retention Activity

Retaining and expanding existing businesses is also a core economic development activity. This work involves supporting Hayward businesses seeking to increase their physical footprint or operational capacity by providing a variety of support services ranging from site selection and permitting assistance to referrals to partner workforce development and financing organizations. As shown in the table below, ED staff aided in the retention and expansion of 25 Hayward businesses this past year.

**Summary of Business Expansion and Retention Program Activities  
(September 2014-2015 to September 2015-2016)**

<b>Activity</b>	<b>2014-2015</b>	<b>2015-2016</b>
<b>Total Assisted</b>	<b>58</b>	<b>25</b>
<b>Total Industrial</b>	<b>24</b>	<b>17</b>
<b>Total Retail</b>	<b>25</b>	<b>8</b>
<b>Total Office</b>	<b>2</b>	<b>0</b>
<b>Total Residential</b>	<b>1</b>	<b>0</b>
<b>Total Other</b>	<b>6</b>	<b>0</b>
<b>Total Building Permit Valuation</b>	<b>\$6,573,105</b>	<b>\$605,910</b>
<b>Total Land Purchase Value</b>	<b>\$1,730,000</b>	<b>\$0</b>

Source: Economic Development Division, Activity Database 2014-2015, 2015-2016

Selected examples of retention and expansion assistance include:

1. Rayvio—Staff provided concierge service to this maker of ultraviolet LED technology to expand their manufacturing capabilities by facilitating permitting for the installation of new production equipment.
2. Impax Laboratories—Staff provided concierge service to this Top 10 employer and pharmaceutical company by facilitating permitting for a major facility expansion.
3. CogENT Therapeutics—This medical device maker received assistance with permitting for their new clean room and business incubator space.
4. Brews and Brats—This downtown restaurant received assistance in expanding and creating attractive outdoor seating.
5. United Foods, Mission Foods and Columbus Foods—These food manufacturers and major employers received workforce development assistance following referrals to our partners at the Alameda County Workforce Development Board to help recruit and fill open positions.

## Industrial Development Activity

As discussed in the “Industrial Technology and Innovation Corridor Baseline Profile” published by the Economic Development Division in 2015, staff actively pursues attraction of new investment and advanced industries by supporting the creation of new modern space. With industrial vacancy rates near all-time lows of under 3 percent, resources were allocated to provide concierge service to property owners and developers seeking to redevelop and invest. In 2015-2016, total development projects assisted by the Economic Development

Team were valued at over \$52.1 million; up nearly 70 percent from the \$30.7 million in 2014-2015. These figures include the sum of land purchase values and the valuation of new construction and tenant improvement projects. A selection of major construction and development activities include:

1. **Shea Center Hayward:** A 275,000 square foot light industrial business park being constructed by Shea Properties that targets advanced industry tenants.
2. **Hayman Distribution Center:** Constructed by real estate developer, Prologis, this brand new 280,000 square foot modern building replaces a previously vacant dilapidated warehouse. Construction is near completion and the building is preleased to LA Specialty Produce, a restaurant supplier.
3. **Hayward 92 Industrial Center:** Located on Baumberg Avenue, this new 330,365 square foot industrial building being constructed by Connor Commercial is preleased to Federal Express.
4. **Casa Sanchez Foods Production Facility:** Attracted to the City in 2015, this specialty foods manufacturer completed the build out of their modern facility in 2016.
5. **United Parcel Service Distribution Center:** UPS is completing major tenant improvements, including installing mechanical equipment, to a formerly vacant industrial building at 22290 Hathaway Avenue.

#### **Catalyst & Opportunity Site Activities**

A major component of the Economic Development Strategic Plan is the development of catalyst and opportunity sites throughout the City and to that end, cross-departmental staff have been working diligently on facilitating several major projects. Projects that have received development assistance and coordination activities that are currently in the entitlement review stage include:

1. **Lincoln Landing:** 476 units with 80,000 square feet of retail at the former Mervyn's Building at the gateway to the Downtown.
2. **Maple and Main:** 235 units with 40,000 square feet of floor mixed use development at the former Bryman College Site
3. **Mission Crossings:** 90 Room Marriott Residence Inn and 144 townhomes at the former Ford site in the Mission Corridor.
4. **Marriott Summerhill Suites:** 98 Room business stay hotel within the Mission Corridor creating a hospitality hub

#### **Other Economic Development cross-departmental support activities and projects:**

5. **Green Shutter:** This property recently sold and major internal renovations will convert the former single-room occupancy units and excess ground floor space into 42- studio units with major investment in upgrading the structural, electrical, and plumbing to this National Historic Landmark.

**6. Southland Mall:**

- Internal Mall improvements creating new shopping experience
- Cinemark – Five screen movie theater
- Dick’s Sporting Goods – major anchor retailer (former Kohl’s)
- Buffalo Wild Wings – new destination full service restaurant (former Mimi’s café)

**7. Caltrans 238 Acquisition and Development:** Due diligence and purchase of former Route 238 by-pass properties owned by the State of California targeted for development activities. Major project activities through the year include the Lyon Homes ENRA for the Valle Vista south Hayward properties.

**Small Business Support Activities**

The City is committed to supporting the establishment and growth of small businesses by providing concierge service, facilitating the transfer of technical knowledge and linking entrepreneurs to a broad pool of resources. As part of these efforts, the City retained the Alameda County Small Business Development Center (ACSBDC) to produce a series of business education seminars. These seminars, held at City Hall in the evenings and mornings throughout the year, feature presentations and discussion sessions led by business planning, financial and other subject-matter experts. ED staff resources expended to support these events include event funding agreements, payment processing, day-of logistics, marketing assistance, and welcoming remarks. As shown in the table below, during this reporting period, five workshops were conducted with an attendance of 120 individuals. Attendees included existing business owners within and outside Hayward and potential entrepreneurs.

**Summary of City Hosted Small Business Developed Workshops  
(September 2015-2016)**

<b>Date</b>	<b>Workshop Title</b>	<b>Attendees</b>
November 18, 2015	“Maximize Your Website Effectiveness”	29
December 2, 2015	“Business Law for Entrepreneurs”	17
January 20, 2016	“Getting Certified and Doing Business with the Government”	29
February 24, 2016	“Accessing Capital for Your Business”	19
March 16, 2016	“eMarketing to Create New Customers”	26
	<b>TOTAL ATTENDANCE</b>	<b>120</b>

Source: Data provided by the Alameda County Small Business Development Center

**Business Ombudsman Program Activities**

The City developed and began promoting the Business Ombudsman Program in July 2015. This program provides a single point of contact to address an existing businesses’ concern(s). The Business Ombudsman works as a liaison between businesses and the City and provides all the necessary support to make the local business prosper by offering any assistance within the City’s jurisdiction to facilitate growth. The Business Ombudsman works with the

appropriate department(s) to clarify requirements, identify a clear and expeditious pathway to problem resolution and provide predictability to the overall processes. This program is designed to enhance customer service and provide direct assistance to reduce time and potential frustration. Being responsive to the needs of the customer may also be the difference in attracting or deterring business investment. In 2016, which is the first full year where data is available, ED staff assisted 29 businesses. The Ombudsman Program is directly linked to our business visitation efforts as outreach activities typically turn into ombudsman cases requiring follow up for issue resolution.

### **Business Engagement Program Activities**

Business engagement is a vital part of the City’s retention and expansion efforts. One facet of this program is conducting meetings with owners at their place of businesses. These meetings serve as a forum to discuss their needs and enables staff to: A) identify key issues that the City may be able to address; B) learn more about the business’ products, which enhances our ability to connect businesses to one another; and C) uncover business expansion plans, which feeds directly into the Business Concierge Program. The table below provides a summary of program activity. In 2015-2016, staff conducted 25 visits; down from 67 visits completed in 2014-2015.

**Summary of Business Engagement Program Activities  
(September 2014-2015 to September 2015-2016)**

<b>Activity</b>	<b>2014-2015</b>	<b>2015-2016</b>
<b>Industrial Visits</b>	<b>27</b>	<b>15</b>
<b>Retail Visits</b>	<b>40</b>	<b>10</b>
<b>TOTAL</b>	<b>67</b>	<b>25</b>

Source: Economic Development Division, Activity Database 2014-2015, 2015- 2016

The number of business visits fell significantly in 2015-2016. The root cause is the lack of staff resources to consistently reach out to businesses and address their concerns in a timely fashion. In 2014-2015, Economic Development staff had more opportunity for pro-active outreach as we were developing our development pipeline and ombudsman activity. This trend comes in the context of an increase in complex and resource consuming business attraction, expansion and real estate development support cases. In order to maintain a high-level of responsiveness to existing open cases, staff reduced business outreach efforts. Proactively engaging businesses regularly leads to the generation of new concierge or ombudsman activities and we want to ensure we can deliver on what we promise in terms of service level.

### **Community & Special Event Activities**

As part of the EDSP’s Branding and Marketing program activities, staffing and financial resources are expended to support community promotions and events which include Downtown Summer Street Parties, Hayward/Russell City Blues Festival, Zucchini Festival, Web.com Ellie Mae Classic at Stonebrae, Rubics Rumble, and the Vintage Ally Car Show. In addition, staff led events include: Wine Walk; Movies on the Plaza; and Light Up the Season.

The table below summarizes the events supported by ED staff. While staff has emphasized an approach where local businesses and organizations take the lead, ED staff still plays a major role in facilitating each event. ED staff resources are expended drafting and processing event funding agreements, payment processing, planning and day-of logistics, and marketing assistance.

In this reporting period, the ED program supported 24 different events and promotions, which drew participation from approximately 57,402 people. City funding of these events totaled \$173,940.

**Summary of Special and Community Events Program Activities  
(September 2015-2016)**

#	Name of Event	Date of Event	Funding Amount	Estimated No. of Attendees*
1	2nd Annual Vintage Alley Car Show	9/12/2015	\$9,000	6,000
2	Business Appreciation Event	9/25/2016	\$24,900	60
3	Mariachi Festival	10/2/2015	\$500	3,250
4	Manufacturing Day	11/5/2015	\$0	400
5	ACSBDC Business Seminar (1 of 5)	11/18/2015	\$800 for 5	29
6	Passport to Downtown	11/27-12/21/16	\$3,350	75
7	ACSBDC Business Seminar (2 of 5)	12/2/2015	\$0	17
8	Light Up the Season	12/3/2015	\$16,500	1,400
9	SantaCon	12/5/2015	\$1,500	250
10	ACSBDC Business Seminar (3 of 5)	1/20/2016	\$0	29
11	ACSBDC Business Seminar (4 of 5)	2/24/2016	\$0	19
12	STEM Business & Education Mixer	4/7/2016	\$1,500	65
13	Tennyson High School Business Pitches	4/29/2016	\$0	45
14	Chamber of Commerce Bike Rodeo	5/14/2016	\$7,500	2,100
15	ACSBDC Business Seminar (5 of 5)	3/16/2016	\$0	26
16	June Downtown Summer Street Party	6/16/2016	\$8,000	5,400
17	3-D Design Challenge Innovators Showcase	6/16/2016	\$5,000	30
18	Passieo do Vinho (Wine Walk)	6/25/2016	\$40,000	360
19	Russell City Blues Festival	7/9-10/16	\$33,000	7,635
20	Winter in July	7/15/2016	\$1,200	1,000
21	July Downtown Summer Street Party	7/21/2016	\$8,500	6,000
22	WebWise Small Business Workshop	7/28/2016	\$0	30
23	Zucchini Festival	8/13-14/16	\$5,000	16,042
24	August Downtown Summer Street Party	8/18/2016	\$8,500	7,100
	<b>TOTAL</b>		<b>\$173,950</b>	<b>57,362</b>

Source: Funding data from MUNIS Financial Report prepared by ED Staff, November 2016.

\*Attendance estimates provided by event organizers.

### **Special Projects – High-Speed Hayward Fiber Optic Network**

This year, ED staff made significant progress toward achieving EDSP Work task IS3.C – “Explore a public/private partnership to secure broadband/fiber optic network in the industrial area.” This progress occurred on two fronts: 1) spearheading the formation of a Master Plan to guide network design, route, and implementation plans; and 2) seeking and securing grant funding for the network’s construction.

The development of a fiber optic network is a complex process that requires strategic planning to ensure the system is well designed, subscribed to, and managed. In March 2016, the City retained a consultant, CTC Energy and Technology, to prepare a Master Plan. The Master Plan will be used by the City for the planning, budgeting and implementation of a fiber optic network infrastructure project. It will serve as a guiding document and provide recommendations for implementation to City Departments including: Public Works; Information Technology; Development Services; and Economic Development. This plan will detail potential network routes, specific technical requirements, estimated buildout costs and an evaluation of various business models to operate and maintain the proposed system.

ED staff is leading the inter-departmental team overseeing the development of the Master Plan. A draft plan was submitted to staff in late October. Staff presented preliminary results of the business survey and needs assessment to the Council Technology Advisory Committee on November 3, 2016. Staff anticipates releasing the draft plan for review and conducting a Council Work Session on January 24, 2017.

The development of a fiber optic network is a costly infrastructure project with the greatest expense associated with the installation of conduit within the street systems. In September 2016, the U.S. Department of Commerce’s Economic Development Administration announced a grant award of \$2,744,824 to the City for the construction of a fiber-optic loop. This grant will support the installation of 11 miles of fiber optic cable within the Industrial Corridor to provide businesses with access to high-speed internet. ED staff’s grant pursuit efforts spanned nearly two years from the original application submission in June 2015. Staff undertook extensive efforts to provide additional background documentation, including environmental notices, historical resource and tribal consultations, and multiple forms and letters completed by representatives of our business community.

### **Special Projects – Gateway Markers**

At the request of Council Economic Development Committee (CEDC) members, in 2015, staff began exploring the development of gateway markers for key intersections throughout Hayward’s Industrial Crescent. The markers would not only recognize and set-off the strength of the area but also create memorable points of entry and a sense of place. Based on traffic counts provided by Public Works – Transportation & Engineering staff, land ownership considerations, and area esthetics, ED staff identified a handful of potential high-impact locations. In July of 2016, Gates + Associates, a Bay-Area based Landscape Architecture,

Urban Design and Land Planning firm, was brought under contract to analyze and develop a series of potential signs, markers and panels at a variety of price points. In October of 2016, the gateway marker project was included in the recommended updates for the Industrial Sector of the Economic Development Strategic Plan. Ranging from painted words to large metal sculptures, staff has tentatively scheduled a presentation of options to CEDC members at their February 2017 Regular Meeting.

## **NEXT STEPS**

Economic Development staff remains fully engaged on many different activities related to business expansion, retention, and attraction. The EDSP modifications would update the plan to reflect current and proposed economic development activities for 2016-2017 and beyond. Economic Development staff is focusing efforts on delivering current development activity within the development pipeline and removal of barriers to the Hayward market. Staff recognizes that in order to accomplish the City's goals, coordinated efforts across the organization were required and the City's team approach has created a dynamic organization helping to deliver projects and businesses small and large.

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