



**DATE:** November 19, 2024

**TO:** Mayor and City Council

**FROM:** City Manager

**SUBJECT:** Response to Council Referral: StackPass: Education Discount Program

## **BACKGROUND**

On November 19, 2024, Council Members Syrop and Andrews submitted a Council Referral Memorandum regarding establishing and maintaining a new program to offer students discounts from participating businesses called "StackPass." This referral seeks the Council approval of the following:

1. Formally establish the Stackpass Education Discount Program under the Community and Media Relations Division of the City Manager's Office before the end of FY 2025.
2. Create a dedicated City webpage showcasing discounts from participating businesses.
3. Regularly promote the StackPass through channels including City newsletters, social media accounts and with City educational partners. Additionally, the program would feature printed stickers and collateral to promote the program.

This memo provides staff analysis and recommendation in response to the above requests.

## **DISCUSSION**

### **Staff Capacity**

Based on experience from the Together for Hayward Gift Card program, staff estimates the following hours would be needed to roll out an Education Discount Program:

- 80 hours in initial outreach to recruit eligible businesses and clarify discounts and specific terms.
- 80 hours to select and onboard a vendor to build and maintain the web platform.
- 120 hours to train and guide business on rules around verifying student eligibility and troubleshoot initial challenges to ensure consistency and fairness.
- 40 hours to advertise the program online and through collateral.
- After rollout, 10 hours monthly to onboard new businesses and audit the list to keep the information current.

The Community Partnerships team, housed in the Community and Media Relations Division, comprises two staff members. These staff members are currently working on rolling out the City's updated Special Events Grant Program and planning marquee events like Light up the Season (Strategic Roadmap Project NP4). In addition, this team implements ongoing programs like Mock City Council, State of the City, and Sister Cities. This team is also responsible for the maintenance of public art and, starting in January, will be pulling together an interdepartmental team to prepare for a Council work session on a possible Art Impact Fee (Strategic Roadmap Project NP7).

The Community Partnerships team does not have capacity to take on new programs. If Council elects to prioritize an Educational Discount Program for this spring, the tradeoff would be to postpone the work session on an Art Impact Fee and to reduce support for spring Marquee events. It would also have an ongoing impact on the Neighborhood Services team's capacity to support special events and art. For this reason, staff recommends postponing this referral until the annual Strategic Roadmap retreat in February to consider it alongside all priorities for FY26.

### **Potential Business Impacts**

When successful, student discount programs can help build a business's brand and customer loyalty. Staff's understanding of this referral is that it seeks to reduce retail "leakage" to neighboring cities by encouraging Hayward students to shop in Hayward.

However, there are instances when a long-term and broad-based discount program can hurt economic growth. If a program does not notably increase the customer base in an economic district, new discounts can erode profit margins, especially for businesses whose primary customers are students. Businesses may feel pressure to join a program if their competitors are participating, even if they cannot realistically afford it. There is also the potential for creating a price-sensitive customer base. As customers become more price-sensitive, they may be less willing to pay full price for products and services that others receive discounts for, and non-students may be incentivized to use outdated or false identification cards.

Prior to the pandemic, staff conducted outreach with downtown business to explore the demand for this type of program. At that time, businesses shared that the [CSU East Bay Pioneer Discount Program](#) was rarely used. Also, some businesses stated that they were struggling to the point that they could not afford to offer discounts. This concern could be compounded if the discount eligible population were expanded to include students at all grades and educators in a moment when state and local minimum wages have scheduled increases.

Staff appreciates that Council has identified a list of businesses that are interested in this type of program. If Council elects to pursue an Educational Discount Program for all Hayward students, staff recommends first collecting more data from businesses and students to understand the overall demand for this type of program and any possible concerns. The Hayward Youth Commission may be an effective partner to collect a student perspective.

### **Potential Conflict of Interest**

Staff in the City Manager's Office have an internal policy to not ask businesses for discounts or donations outside of a declared emergency. This policy is to avoid a situation where a business feels compelled to participate when asked by a City official, despite potential impacts to their bottom line. The City is a source of grant funding and a regulatory body for businesses, so staff recommends being cautious about creating any scenario that might be interpreted as "pay to play," even in a program that is voluntary.

If Council elects to pursue an Educational Discount Program, staff recommends instituting guardrails to avoid any perceived conflicts of interests. In particular, staff recommends that the program not use the City's domain to host a webpage, which could appear as the City endorsing certain businesses over others. Instead, staff recommends using an outside vendor like the City's gift card vendor (Yiftee) to administer the program and host the site.

If a program is established, staff does not have concerns about promoting the program through City channels like the Stack newsletters and social media accounts.

### **Potential Alternatives**

As an alternative to establishing a new branded program, Economic Development staff could explore the following actions, with the goal of achieving the referral's goals and objectives:

*Partner with the student body organizations and/or local business associations* – Staff conducted research into similar programs in other college communities and found no instance where a city agency establishes and oversees this type of program. Most colleges and university student organizations run their own programs, including CSU East Bay's Associated Students Inc. (ASI). Other examples include CSU Sacramento, San Francisco State University and Fresno State University. Staff could meet with student organizations at CSU East Bay and Chabot College to support their efforts to update and potentially reconstitute their existing student discount programs. These organizations already have established brands and communication networks that explicitly target students. Staff could also engage the Hayward Chamber of Commerce to explore if they could take on this effort as it could be seen by the Chamber as an avenue for them to add value to members and a tool to engage non-members.

*Leverage the existing Together for Hayward Community Gift Card Program* – Over the past three years, the City has managed a digital gift card program via a vendor called Yiftee. This program includes an existing website that featured recruited participating businesses. This program is well established as a brand and is already used by the City for small business support promotions including previous gift card purchase incentives and "Restaurant Month" related promotions. Businesses that would like to offer a student discount can be featured on the front page of this webpage via the image carousel that runs across the top. This feature is already available to highlight special promotions from participating businesses. The list of businesses included in the Referral Memo can be contacted by staff and their promotions can be posted to the [Gift Card webpage](#) as a featured merchant.

## Summary of Staff Recommendations

To summarize the analysis above, staff recommends:

1. Postponing this referral until the annual Strategic Roadmap retreat in February to consider it alongside all priorities for FY26.

If Council elects to pursue this referral this spring, staff recommends:

2. First collecting more data from businesses and students to understand the overall demand for this type of program and any possible concerns from businesses.
3. Using an outside vendor like the City's gift card vendor to administer the program and host the website, to reduce staff administrative burden and to maintain neutrality.

*Prepared by:* Chuck Finnie, Communications and Marketing Officer  
Paul Nguyen, Chief Economic Development Officer  
Mary Thomas, Assistant to the City Manager  
Zach Ebadi, Neighborhood Services Manager

*Recommended by:* Regina Youngblood, Assistant City Manager

*Approved by:*



---

Dustin Claussen, Interim City Manager