

# **CITY OF HAYWARD**

Hayward City Hall  
777 B Street  
Hayward, CA 94541  
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**HAYWARD**  
HEART OF THE BAY

## **Agenda**

**Monday, February 6, 2017**

**4:00 PM**

**City Hall, Conference Room 2A**

**Council Economic Development Committee**

**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 as well as items 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, any comments on items not on the agenda will be taken under consideration without Committee discussion and may be referred to staff.)

**APPROVAL OF MINUTES**

1. [MIN 17-017](#) Approval of Minutes of the Council Economic Development Committee Meeting on December 5, 2016

**Attachments:** [Attachment I Draft Minutes of 12/5/16](#)

**REPORTS/ACTION ITEMS**

2. [RPT 17-023](#) Gateway Marker Project

**Attachments:** [Attachment I Staff Report](#)  
[Attachment II Potential Marker Locations](#)

**3. Development Services Project Update (Oral Report Only)**

4. [RPT 17-026](#) 2016 Passport to Downtown Update

**Attachments:** [Attachment I Staff report](#)

**FUTURE AGENDA ITEMS**

5. [RPT 17-025](#) Future Meeting Topics

**Attachments:** [Future Meeting Topics as of Feb. 2017](#)

**COMMITTEE MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS**

**ADJOURNMENT**



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**File #:** MIN 17-017

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Attached is a copy of the Draft Minutes of the Regular Council Economic Development Committee Meeting on December 5, 2016.



## COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING MINUTES – December 5, 2016

**CALL TO ORDER:** In Mayor Halliday's absence, Council Member Mendall called the Regular meeting to order at 4:00 p.m.

**ATTENDANCE:**

Committee Member	Present 12/5/16	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Michael Ly	✓	3	1	3	1
Didacus-Jeff Joseph Ramos		3	1	3	1
Mayor Halliday (Chair)		3	1	3	1
Council Member Márquez	✓	4	0	4	0
Council Member Mendall	✓	4	0	4	0

**OTHERS IN ATTENDANCE:**

Maria Hurtado, Assistant City Manager; Stacey Bristow, Deputy Director of Development Services; Micah Hinkle, Economic Development Manager; Paul Nguyen, Economic Development Specialist; Ramona Thomas, Economic Development Specialist; Representing Mission Seniors Development Project: Chu Rao, Pantéa Khoshnevis, Curtis Eisenberger, Glen Simmons, and John Thatch; Kim Huggett, President and CEO, Hayward Chamber of Commerce; Angela Andrews; Suzanne Philis, Senior Secretary

**PUBLIC COMMENTS**

Angela Andrews, resident of Palma Ceia/South Hayward, thanked Economic Development staff for providing updates on what was happening in the City especially economic activity in South Hayward on Tennyson, Hesperian and Mission Blvd.

Hayward Chamber of Commerce President and CEO Kim Huggett reported on the Light Up the Season holiday event that happened on Saturday, Dec. 3<sup>rd</sup>. He thanked the City for funding the event and indicated it was very well attended. He said kids and families enjoyed the ice rink, Santa arriving on a fire truck, and the traditional tree lighting ceremony, while downtown businesses enjoyed the additional foot traffic generated by the event and the Passport to Downtown shopping program.

1. APPROVAL OF MINUTES OF SPECIAL MEETING NOV. 7, 2016

A motion to approve minutes made by Council Member Márquez with a second by Member Ly. Minutes from the November 7, 2016 Regular Meeting were unanimously approved with Mayor Halliday and Member Ramos absent.

2. ECONOMIC DEVELOPMENT PRELIMINARY CONCEPT REVIEW: Project Concept Update – Market Rate Senior Housing Development at 29312 Mission Boulevard

Economic Development Manager Hinkle introduced the item noting the Committee had first reviewed the project concept in December of 2015. Since then, developer Pristine Homes, working with the Dahlin Group architectural firm, had produced drawings for the Mission Seniors project and was now requesting feedback before submitting plans, he said.

Developer representative Chu Rao introduced Dahlin Group Senior Principal John Thatch who gave the presentation. Mr. Thatch mentioned some of the considerations of the site including the density of the project, required parking, slope of the hillside, and neighboring single family homes. Of the three main buildings, he said Building A would be the welcoming building, Building B would house most of the community amenities, and on the hillside, Building C would be smaller to not impact neighboring views and spaces.

Mr. Thatch explained that based on earlier feedback, the number of smaller units had been increased, raising the total number of units from 170 to 200. Ms. Rao noted the increased density was also based on the acquisition of another half-acre of land. Mr. Thatch explained that density was necessary to support the level of amenities that would be offered.

Regarding the slope of the project site, Mr. Thatch noted the roofline of Building C would be at the same height as the foundation for the three single family townhomes on Overhill Drive.

No retail is being planned for the site, Mr. Thatch said, but providing guest lodging is being considered. He noted that all buildings would have two elevators and that the amenities in Building B would be accessible by pedestrian bridges and covered pathways from Buildings A and C.

Based on previous feedback from members, Mr. Thatch noted pedestrian pathways were incorporated into the design and could be connected to future surrounding developments. He also mentioned that Buildings B and C would have rooftop amenities with incredible views. The style of the buildings, he said, would be contemporary Spanish, with more color and a circular driveway in front of Building A for fire access and a nicer approach.

Mr. Thatch concluded his presentation noting the goal was to make this a model project from which residents would never need to move again.

Economic Development Manager Hinkle explained that some of the design modifications were based on substantial fault line studies. He commented that the fault line running between Buildings B and C was also the reason why the Valle Vista project had to be modified. He mentioned that a 50-foot buffer had to be maintained on a known fault.

Manager Hinkle noted the project wasn't a full development application yet and that staff review was still pending, but feedback on the concept was beneficial to the developer.

Council Member Mendall asked about the parking ratio and Ms. Rao said currently, 1.3-1.4 spots per unit. Mr. Thatch noted they were also looking at car lift systems.

Member Ly asked if the price had changed since the last time. Ms. Rao said units would sell for between \$500,000 and \$750,000.

Member Ly commented that the three townhomes at the top of the property seemed a little out of place. Ms. Rao explained that the zoning was different for that parcel and that the owners of the three townhomes would approach from Overhill Drive while the rest of the community would enter and exit from Mission Blvd.

Member Ly asked if the project was still 117 units for residents 55 and older. Ms. Rao explained that the number of units had been 170, now 200, and that she had purchased another half-acre for a total of 5.6 acres including the parcel with the three townhomes. She also confirmed the project was for seniors 55 and older.

Member Márquez said she was concerned about the fault line and asked Mr. Thatch to show her where it was in the project. Mr. Thatch explained that they were comfortable with their plan to put a road along the fault line between the two buildings, but that they'd be working with geologists and staff to determine everything they needed to do.

Council Member Márquez asked if the residents of the three townhomes had access to the main buildings and Mr. Thatch said no, walkways were being considered, but noted they would have to meet accessibility requirements. Council Member Márquez confirmed residents of the townhomes could use the amenities if they wanted to and Mr. Thatch said yes.

Council Member Márquez asked if there would be Home Owner Association dues and was told yes. She asked if there were similar projects she could visit and Mr. Thatch said not many, but that he would get her addresses of developments on the Peninsula and in Marin County. Council Member Márquez asked about staffing ratio and Mr. Thatch said he would have to get back to her with that information.

Ms. Rao noted all units were single level. Council Member Márquez said she appreciated the universal design and the ability to age in place. Ms. Rao noted that single level, multi-family senior housing was very uncommon. Council Member Márquez confirmed units would have wide doorways, grab bars, etc. and Ms. Rao said absolutely.

Council Member Márquez said overall she liked the design and the landscaping, but would like to see more studios. Ms. Rao said 15% of the units would be 3-bedroom, 2-bedroom would be the most common at 50%, and 35% would be studios. Council Member Márquez said she also wanted to make sure neighboring views were not obstructed by the project and Mr. Thatch said they were very conscientious about being a good neighbor.

Council Member Márquez asked staff if under the form-based code the project was required to have retail and staff said no, not in this area. Council Member Márquez said that she liked that parking was

hidden within the project, that the project was well-thought out and the high level of amenities. She said she would like to see connectivity between the townhomes and the main community and she hoped the front parcel (currently a used car dealership) would become available for purchase and brought into the development.

Council Member Mendall said he liked the overall concept, and the density along Mission was fine, but he was a little uncomfortable with the level of density against the hillside. He said it was going to be more visible and would be more likely to block the views of the existing homes. Regarding connectivity, Council Member Mendall said ideally, this and all future projects would be connected by walkways and potentially, a road. Since the fault required a 50-foot buffer, he said he would like to at least keep open the option of a road. He also agreed with Council Member Márquez that there should be some connection between the townhomes and the main community.

Council Member Mendall commented to staff that a senior housing development would definitely generate the need for a grocery store nearby. He suggested that staff keep that need in mind and rezone a nearby parcel to allow the use.

Council Member Mendall also encouraged the developer and staff to considering unbundling the parking so residents would have the option of paying for a second parking spot and an incentive to have only one car would be created.

Council Member Mendall said he loved the rooftop amenities and appreciated having two elevators in each building and the bridges and covered walkways.

Council Member Márquez noted the City had a paratransit shuttle and encouraged staff and the developer to create a stop at the site.

Resident Andrews said she was supportive of a grocery store near the site.

Member Ly asked the target date for opening and Ms. Rao said she wanted to submit the application in January, target the end of next year for ground breaking, and fall of 2018 for opening. She acknowledged it was an aggressive timeline, but she was hopeful CEDC feedback would eliminate any delays.

Deputy Director of Development Services Bristow commented that she appreciated Ms. Rao passion and commitment to overcoming challenges to make the project work for both her and the City.

Council Member Márquez asked the name of the consultant specializing in universal design and Ms. Rao said she'd been working with Eskaton for schematic design.

Ms. Rao thanked members and staff for their support.

### 3. CONCEPT REVIEW EFFECTIVENESS

Related to the previous item, Economic Development Manager Hinkle said members had requested a report back on the effectiveness of providing concept review feedback on potential projects. He listed projects that the CEDC had reviewed including: Mission Hills Middle School, Mission Crossings, Shea Industrial, California Crosspoint, Mission Seniors, and Maple & Main. He noted that



all projects had continued to move forward except for Mission Hills Middle School. Manager Hinkle introduced Dominic Dutra, who had presented two of the above-listed projects to the CEDC, and who gave his perspective from a developer's standpoint.

Council Member Mendall added the Holiday Bowl site to the list and Manager Hinkle noted that project was reviewed by Council, not by the CEDC. Council Member Mendall also mentioned Council had also recently reviewed the development of CalTrans property in south Hayward.

Mr. Dutra said Hayward was at a tipping point and was the city in the bay area with the best potential and noted having strong economic development was critical. He said it was all about competition with other cities and being able to bring projects to policy makers before submitting plans was a game changer.

Mr. Dutra discussed the advantages of receiving feedback for both Mission Hills Middle School project, which did not move forward, and California Crosspoint, which did. Members commented that they appreciated the feedback from Mr. Dutra.

Manager Hinkle mentioned a proposed development at the former Ford site that the CEDC had reviewed unfavorably and noted the negative feedback had proved just as valuable because it saved the developer time and money. He noted the same developer now had four other potential pending projects in the City.

Council Member Márquez mentioned that she had served on the City's Planning Commission before becoming a Council Member. She said that the review process was developed because of a project the Planning Commission rejected. Council Member Mendall added that the developer would have saved millions of dollars and a couple of years if the CEDC had provided feedback before formal plans were submitted.

Council Member Mendall said he hoped word was spreading and that Hayward's reputation was changing for the better. Mr. Dutra confirmed it was, noting the quality of staff, and the leadership of the Planning Department, was credible and competent. Hayward's reputation was always good, he said, now it was outstanding.

Manager Hinkle clarified that to have real value, feedback had to be provided before a formal application was submitted.

Council Member Mendall said he preferred that small and medium-sized projects came before the CEDC rather than Council because the setting was more informal, more intimate, and therefore, hopefully more helpful to the applicant.

Chamber President Huggett commented that the emphasis on customer service over the last three to four years had been stunning and the results spoke for themselves. Council Member Mendall asked Mr. Huggett to share those comments with the rest of Council.

#### 4. COMMERCIAL INCENTIVES PROGRAM UPDATE

Economic Development Manager Hinkle introduced the item noting the five incentives being presented were a mix of programs that worked in the past and per CEDC feedback, right-of-

way/public improvements programs complete with guidelines. He mentioned that a better approach had been suggested for the Sewer Treatment Capacity Bank Program included in the packet so that incentive had been put on hold for the time being.

Council Member Márquez said she appreciated the guidelines and liked that the Tennyson area was being included although she wondered how staff would approach such a large area. She asked when Members could expect updated information on the Sewer Capacity Program and Manager Hinkle said at the next regular meeting in February.

Council Member Márquez asked how the incentive programs would be marketed. Manager Hinkle said a combined effort of Economic Development and Public Works, plus website updates and flyers consistent with other marketing materials. Council Member Márquez confirmed staff had resource referrals for businesses that needed help developing things like a business plan and Manager Hinkle said yes.

Council Member Márquez asked if the City had a wish list of desired businesses for downtown, Mission Boulevard and Tennyson Road. Manager Hinkle said Economic Development Specialist Thomas had been conducting Business Engagement meetings with top employers and sales tax generators to find out who was looking to expand and where they would like to go. He noted the City still struggled with lack of available space and absentee property owners. He mentioned Specialist Thomas was also working with a consultant on a commercial pop-up program that would allow retailers to test demand before taking on the capital expense of improving private property. Manager Hinkle said staff would be providing a report on the pop-up program.

Specialist Thomas mentioned she had been attending community meetings in the Tennyson area organized by the Police Department to meet with as many business owners as possible at one time. She confirmed that many property owners lived out of the area so focus would initially stay with business owners. Council Member Márquez liked the personal approach and that the City was demonstrating it cared about small business. Specialist Thomas noted most business owners were being contacted for the first time.

Member Ly asked if the financial cap mentioned in the staff report was total funding for all the programs and Manager Hinkle explained the cap was the available funding per business. If the programs were successful, he said, more funding could be requested in the future.

Member Ly asked if some of the incentives were loan-based programs and Manager Hinkle said yes, but for the façade program if improvements were maintained per the guidelines, the loan became forgivable.

Member Ly asked what was the total amount of funding being requested and Manager Hinkle said two million to start, but last year's allocation from Council was \$300,000. Member Ly asked where funds came from and Manager Hinkle said Community Development Block Grant funds and General Funds.

Member Ly asked how loans were underwritten and Economic Development Manager Hinkle explained that the City had a loan committee with members with banking and financial expertise who evaluated the risk to the City. He noted that most loans were tied to real property or other business assets. Member Ly asked if interest was charged and Manager Hinkle said prime. He also mentioned

that the City wasn't competing with banking institutions and would only provide gap funding.

Member Ly said he hired a consultant to find incentive programs and complete the required applications. He encouraged staff to direct small and medium business owners to take advantage of these programs as they became available. Manager Hinkle said staff had been making referrals as part of business outreach efforts.

Council Member Mendall questioned why the report said the façade improvement program and micro enterprise grant were limited to businesses in the downtown core. Staff said that was an error and guidelines would be corrected to indicate these programs were available to all qualifying businesses in Hayward.

Council Member Mendall said location should not determine eligibility for incentives. He also encouraged staff to use incentives and guidelines to attract desired businesses to a particular area, for example, a bank on Tennyson or a grocery store in south Hayward.

## 5. FUTURE AGENDA ITEMS

Council Member Márquez requested that a list of desired businesses be added to the list of future agenda items and be included in the Downtown Specific Plan. Council Member Mendall agreed that desired entertainment uses both city wide and in the downtown should be included.

Chamber President Huggett mentioned that Chalk It Up was reopening this week. He also announced the ribbon cutting on Dec. 15<sup>th</sup> from 6-8pm for the new Meridian terminal at the Hayward Executive Airport and noted the Planning Commission would be reviewing the Maple and Main development at 7pm the same day.

Council Member Mendall asked Specialist Thomas to forward the information for the next meeting between Tennyson business owners and PD to Council.

Members confirmed the January Regular Meeting would be cancelled.

Council Member Mendall asked staff if they needed any more topic suggestions and Manager Hinkle mentioned there could be two potential projects coming for concept review in February.

Council Member Márquez asked if the CEDC would receive an update from the Downtown Specific Plan Task Force and Deputy Director Bristow said she could provide an update in February. Manager Hinkle said Development Services was also coming in with an Activities Update in February. Deputy Director Bristow noted the Activities Update would include empathy and community outreach efforts by staff using Lean Innovation approaches. Members agreed that if an item goes to Council, the CEDC doesn't need to review after the fact.

## COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

Senior Secretary Philis gave a recap of the Light Up the Season tree lighting holiday event that happened this year on Saturday, December 3<sup>rd</sup>, from 3:30-6:30pm, rather than the traditional first Thursday of the month. She said feedback was positive for the new day with participants reading

about the event on Facebook, in the Tri-City newspaper or just seeing activity as they passed by. She also noted participants reported eating at downtown restaurants, which was the goal and reason why food trucks and outside food vendors were not at the event. She mentioned downtown merchants organized a Passport to Downtown shopping program with the assistance of Specialist Thomas and that the Chamber did an excellent job of tying merchants in with the event.

Specialist Thomas said winners of the Passport program drawing were announced that day and that although merchants reported good participation in the Program they had changes for next year. Specialist Thomas noted this was the first time the merchants handled the logistics of the program. She also mentioned that the Hayward Farmers Market merchants had expressed interest in organizing their own Passport Program.

Council Member Márquez said the feedback she received was that people loved the Passport Program but wanted it to last longer than a week. Regarding the holiday event, she also heard from participants that they preferred Saturday, she suggested growing the event, and she expressed concern about the lack of lighting and activities between Mission and Main. She asked the cost of rides and staff said one to two dollars per ride.

Council Member Mendall suggested moving the Farmers Market to the space between Mission and Main on B Street to add activity. He said he liked the Passport Program and found it less confusing than last year's. He noted the restaurant he went to after the holiday event reported strong earnings that day because of the crowds and lack of food vendors.

Member Ly asked if staffing levels for Economic Development were going to be increased. He said activities were only going to grow as the economy improved and the business concierge program would be in demand. Manager Hinkle said the Economic Development Strategic Plan update was going before Council in January and included a report of activities and future staffing requests.

Specialist Nguyen announced that three Hayward businesses had been selected by the East Bay Economic Development Alliance for an Innovation Award. He said last year the city had two finalists: Motiv Power Systems and Inland Metal Technology. The three finalists for 2017 include Alphabet Energy, MDC Vacuum Products, and Microvi Biotech. Specialist Nguyen said winners would be announced in March at a big gala at the Fox Theater in Oakland.

Manager Hinkle noted that Hayward had the highest number of finalists of any city. Specialist Nguyen said there eight award categories and over 200 applications had been submitted. Council Member Mendall asked how many finalists or winners Hayward had had in before last year and staff said zero. Chamber President Huggett commented that one year Hayward had eight nominees, but none were selected. Those businesses were recognized with Business Appreciation Awards at a City Council meeting, he said. Members congratulated staff.

ADJOURNMENT: The meeting was adjourned at 5:52 p.m.



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**File #:** RPT 17-023

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**DATE:** February 6, 2017

**TO:** Council Economic Development Committee

**FROM:** Economic Development Manager

**SUBJECT**

Gateway Marker Project

**RECOMMENDATION**

That the Committee reviews this report and provides feedback on proposed gateway markers.

**ATTACHMENTS**

Attachment I Staff Report

Attachment II Proposed Marker Locations



DATE: February 6, 2017

TO: Council Economic Development Committee

FROM: Economic Development Manager

SUBJECT Gateway Marker Project

#### RECOMMENDATION

That the Committee reviews this report and provides feedback on proposed gateway markers.

#### BACKGROUND

At the request of Council Economic Development Committee (CEDC) members, Economic Development 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 aesthetics, Economic Development 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 markers at a variety of price points. At the October 3, 2016 CEDC Regular Meeting, the gateway marker project was included in the recommended updates for the Industrial Sector of the Economic Development Strategic Plan.

#### DISCUSSION

Spanning nine square miles along the western edge of the City, Hayward's Industrial Crescent is home to a thriving variety of businesses and manufacturers that bring in over 45,000 workers every day. Ranging from food and beverage manufacturers like Pepsi and Columbus Foods, to biotech companies like Impax Labs and Baxter Healthcare, to advanced manufacturers like RayVio and Inland Metals, the true strength—and revenue generating power—of the Crescent was confirmed when Economic Development staff generated the 2015 Industrial Technology and Innovation Corridor Baseline Profile and discovered not only the variety of businesses, but the growing caliber and prestige of the companies headquartered here.

Staff began surveying high impact intersections and developing a list of potential gateway marker locations based on traffic counts and factors such as land ownership considerations, existence of medians and sidewalks, visibility and general aesthetics. Many intersections in the Industrial Crescent have very little extra land that is highly visible to passing traffic or

setbacks wide enough to avoid truck turning radii, sidewalks are non-existent, and roomy medians are rare.

All these findings were forwarded to consultants at Gates + Associates who identified potential corner, overcrossing, median and corridor locations for a variety of designs throughout the Industrial Crescent at a wide range of price points. The following designs are the top four potential concepts for the Committee's review and feedback:

Option 1:      Paint On Existing Overcrossing:

Total Cost: \$15,000



Painted letters on overpass: Estimated cost \$15,000

The most economical of the choices, painted lettering on the side of the bicycle overpass ramp could convey a simple, impactful message that tens of thousands of commuters on Route 92 would see on their way into Hayward. Owned by CalTrans, the installation process would need to be explored; however once approved, installation could occur quickly and without any lane closures. Optional 4'-5' tall metal cutout panels placed in front of cyclone fencing for an additional \$15,000 for three, could be a repetitive shape representative of manufacturing in general, like gears, or an industry, like DNA strands.

Option 2: Metal Panel or Punched Metal Panel

Total Cost: \$30,000



10' tall

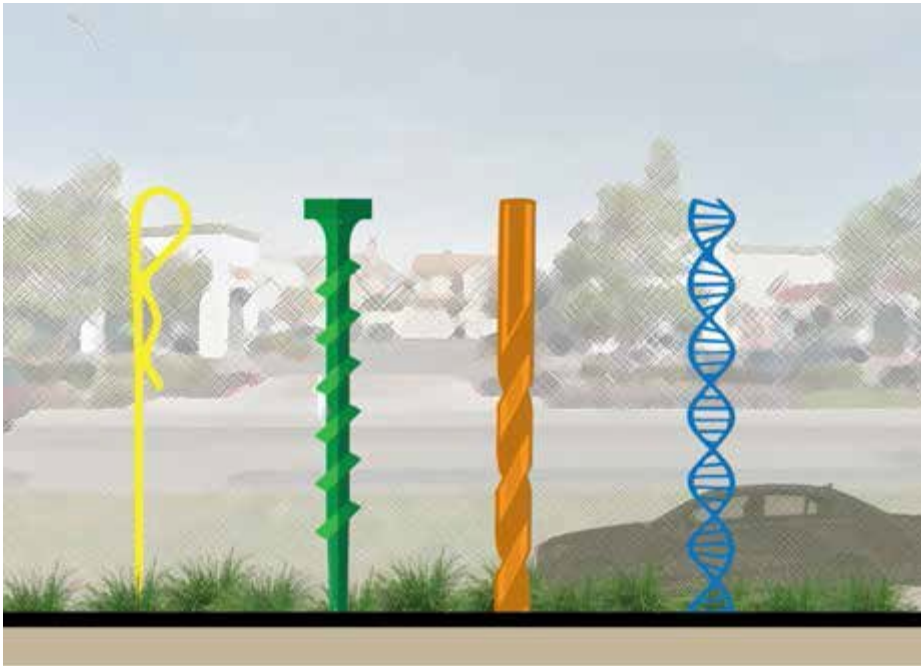
Estimated cost \$30,000 each

An innovative design in itself, this medium-priced option could feature a rotating H that spins with the breeze (representing green energy), or a cutout H that echoes the Hayward Sighting Guide marketing piece. Gates + Associates recommended locating this marker on Industrial Parkway West at the intersection of Interstate 880, but other possible locations include the median on Industrial Boulevard either just west of Hesperian (the third most heavily trafficked intersection) or just north of Highway 92 near the Mt. Eden Business Park (the sixth most heavily trafficked intersection) where aesthetics are generally more favorable.



### Option 3: Reinforced Fiberglass Sculptures

Total Cost: 120,000 (4 at average cost of \$30,000)



12' tall

Estimated cost \$25,000 to \$35,000 each

Varying in size and height, these reinforced fiberglass sculptures are colorful and eye-catching and could represent tools or objects reflective of the industries in the area. As shown in the smaller image, inspirational words like “Envision,” “Engage,” and “Connect” could be painted on the markers. Gates + Associates recommends locating these markers in the median on Industrial Parkway West in between Ruus and Stratford Roads (the fifth most heavily trafficked area). Another potential location for these markers is the newly constructed Whitesell Street reliever route which has landscaped medians, sidewalks, and excellent street lighting, all in the heart of the Industrial Corridor. Traffic counts for intersections along Whitesell Street aren’t available yet, but this new access route was highly anticipated by DuPont and recently-attracted chip and salsa manufacturer Casa Sanchez.

Option 4: Painted Metal, Punched Metal, 3 Form and Concrete Base

Total Cost: \$85,000



12' tall with at 2' tall base  
Estimated cost \$85,000 each

The largest and most dramatic of the four choices, this 3-prong H could be ideally located at the triangle-shaped, City-owned island at the intersection of Industrial Parkway, Industrial Parkway South West and Ruus Road (the fifth most heavily trafficked intersection) and could become a landmark representing the size and strength of the Industrial Crescent. Already lavishly landscaped with native, drought-resistant plants, this particular marker would serve not only as a gateway to the Industrial Crescent, but as public art.

#### FISCAL IMPACT AND NEXT STEPS

Total cost for all options shown is approximately \$250,000. This project is not included in the adopted FY 2017 budget and if recommended by CEDC, would be included in the FY 2018 CIP budget process for consideration. If the CEDC desires exploration of other alternatives at different price points, staff would work with the consultant team and return with different options.

Prepared by: Suzanne Philis, Senior Secretary

Recommended by: Micah Hinkle, Economic Development Manager

Approved by:

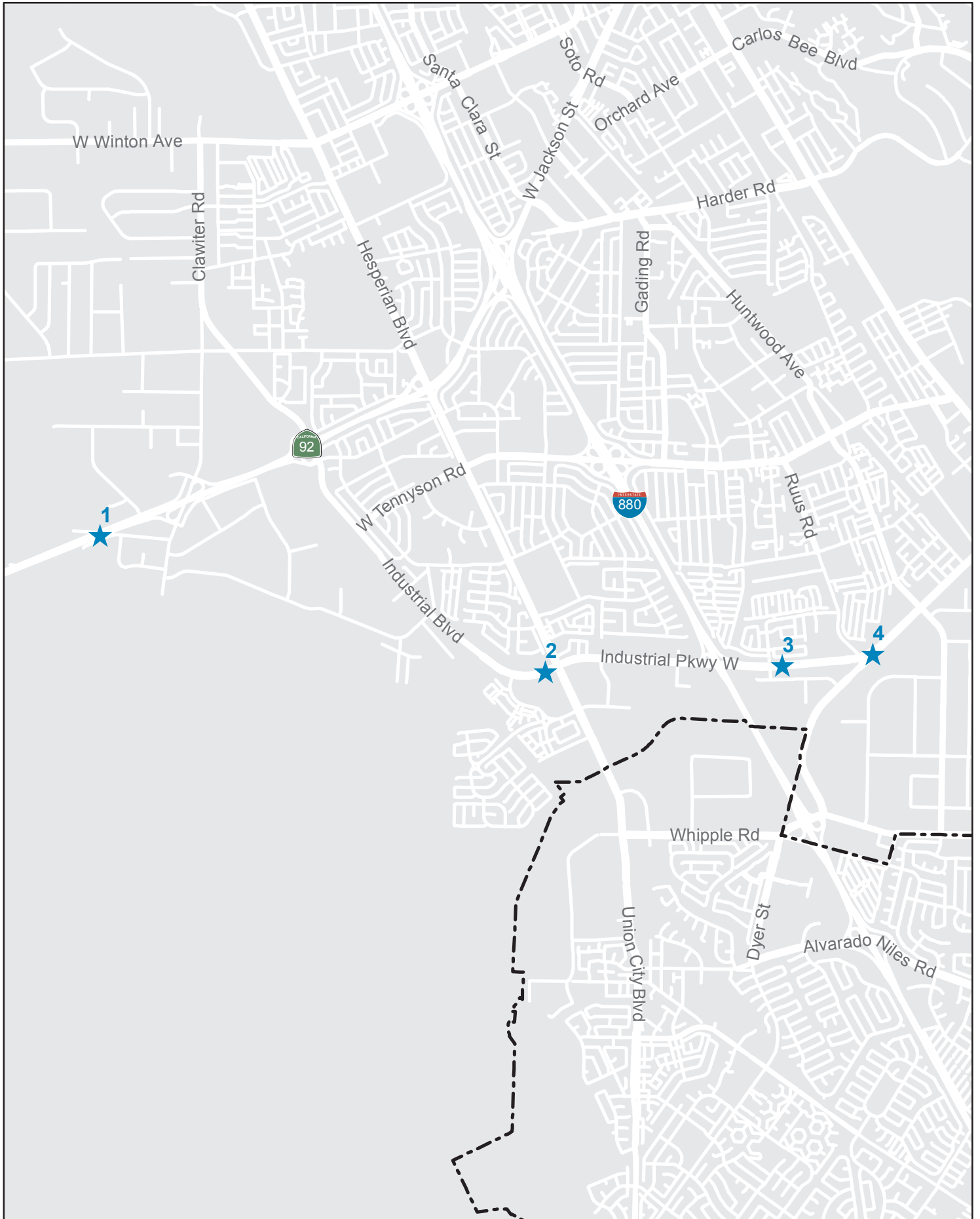
A handwritten signature in black ink, appearing to read 'K. McAdoo', written in a cursive style.

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Kelly McAdoo, City Manager

# Proposed Marker Locations

0 0.25 0.5 0.75 Miles





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**File #:** RPT 17-026

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**DATE:** February 6, 2017

**TO:** Council Economic Development Committee

**FROM:** Economic Development Manager

**SUBJECT**

2016 Passport to Downtown Update

**RECOMMENDATION**

That the Committee reviews this report and provides feedback to staff.

**ATTACHMENTS**

Attachment I Staff Report



DATE: February 6, 2017

TO: Council Economic Development Committee

FROM: Economic Development Manager

SUBJECT: 2016 Passport to Downtown Update

#### RECOMMENDATION

That the Committee reviews this report and provides feedback to staff.

#### BACKGROUND

The initial “Shop Hayward” program, created in 2009 to drive retail purchases in Hayward, focused on City-wide shopping. Shoppers who provided proof of spending \$100 received movie tickets purchased by the City and goody bags filled with donated merchandise including stuffed toy animals, books, cookies and candy. In 2014, the proof of purchase increased to \$150. Significant staff resources were required to solicit and collect donations and assemble giveaway bags. With the exception of providing discount coupons, vouchers and gift cards, local businesses had minimal involvement. The majority of proof of purchase receipts were from big box retailers, with shopper’s providing receipts for items they would have purchased regardless of the Shop Hayward program. This defeated the original purpose of the program, which was to drive increased purchases at smaller and local retailers, particularly in the Downtown.

#### DISCUSSION

In 2015, the program was reinvented to better engage our local businesses and create a shopping experience that rewarded repeat customers. The program design changed to better guide shoppers to the local small business community. While the launch of the new program focused on downtown, its formulation allows for replication in all City commercial corridors. The City partnered with our local United Merchants Downtown Association and they engaged the businesses participating in the program.

With the program format change, key initiatives were accomplished. The Shop Hayward program had limited merchant participation, as staff collected discount coupons, vouchers and gift cards from merchants and distributed them through giveaway bags. The new Passport to Downtown program engaged local merchants who took the lead on establishing business participants and assigning block captains for passport collection. ED staff initially planned the program to align with Small Business Saturday, a shopping day which emphasizes community and support of local businesses. Through merchant leadership a decision was

made to expand the program to include Black Friday, a day regarded as the first day of traditional Christmas shopping. Both are nationally recognized shopping movements. Staff time formerly utilized for soliciting donations and assembling goody bags was eliminated. Staff efforts could then be focused on advertising and marketing the incentive program and business engagement.

The transition from Shop Hayward to Passport to Downtown was successfully accomplished. The City no longer solely managed the shopping program. Engagement of the merchants was achieved. The next step was to increase merchant involvement, ideally building a program managed by merchants versus City staff.

In 2016, ED staff met with the representative of United Merchants Downtown Hayward to review the 2015 program and share the vision for a merchant led program. Following the meeting, merchants announced their willingness to control implementation of the shopping program but requested City staff support with advertising. The merchants made further modifications resulting in several advances. Distribution and collection of passports occurred at all participating locations and gift certificates from participating businesses were donated as prizes.

Merchants report that future plans will include expanding the program to other shopping occasions, such as Back to School, Spring Break, Mother's and Father's Day. Staff anticipates more merchants will take a leadership role and more businesses will participate in this marketing opportunity. Under the previous Shop Hayward program, receipts from service-based businesses were denied. Passport to Downtown was developed to encourage shopping small. To meet this goal, in 2015 the program was expanded to allow for receipts from service-based businesses such as real estate, personal care salons and farmers market vendors.

## FISCAL AND ECONOMIC IMPACT

The new improved shopping program enabled the City to achieve reduced program costs while increasing business participation and creating a new shopping experience. The Economic Development staff initiated these business activity modifications resulting in greater program success. Parties most likely to be positively impacted by the program increased. The business led program was stronger with marketing and advertising support from City staff.

In 2014, the "Shop Hayward" program cost the City \$6,378 with roughly fifty percent of the cost attributed to the purchase of movie tickets at \$3,200. In 2015, the inaugural year of "Passport to Downtown," the cost was reduced to \$4,806, a 25% decrease. The decrease in movie tickets purchased and reduction in staff time influenced the cost reduction. In 2016, the cost was further reduced to \$2,028, resulting in 68% total cost savings. The City contributed support through advertising in four newspapers. The purchase of movie tickets, prizes, and tote bags was eliminated.

The program has evolved into a merchant-led program with only minimal City support. The merchants reported that 500 passports were distributed and used. Of the 500 distributed, 102 were completed and entered for drawings. Each completed passport required a \$100 spend in downtown, equaling \$10,200 spent by participating shoppers. Merchants also reported that many of the shoppers spent in excess of the \$100 minimum.

#### NEXT STEPS

The program should continue to be merchant led with expansion to other business zones, shopping occasions and the farmers market. Merchants report the length of program will be expanded. The program is moving more toward a supported grass roots movement with businesses taking the lead and recognizing the benefits from the program.

Prepared by: Ramona Thomas, Economic Development Specialist

Recommended by: Micah Hinkle, Economic Development Manager

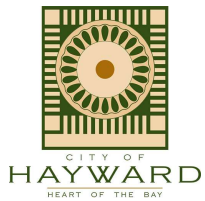
Approved by:



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Kelly McAdoo, City Manager





# CITY OF HAYWARD

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CEDC Future Meeting Topics as of February 6, 2017



**Council Economic Development Committee  
Future Meeting Topics as of Feb. 6, 2017**

RESPONSIBLE STAFF	FUTURE MEETING AGENDA ITEMS
Economic Development	Presentation from Southland Mall reps on the new theater and updates
Economic Development	Report on the changing demand for retail
Economic Development	Update on the Community Benefits District
Economic Development	Improve marketing of City events to local businesses to keep workers in town
Economic Development	Report on how other cities around the Bay Area were dealing with minimum wage requirements including those in Contra Costa and Santa Clara County
Economic Development	Report back on the impact of additional housing on property and sales tax revenues
Economic Development	Report back on workforce development activities
Economic Development	Have a Maker Space representative give a presentation or take a tour and hold a meeting there
Development Services	Update of Downtown Specific Plan Update