

Council Economic Development Committee

March 4, 2019



Approval of Minutes from February 4, 2019
Regular Meeting

City of
Hayward

Economic Development Committee
March 2019

Doug.Jensen@MuniServices.com
800.800.8181 x 76212



Regional Comparison – Sales through Sept '18

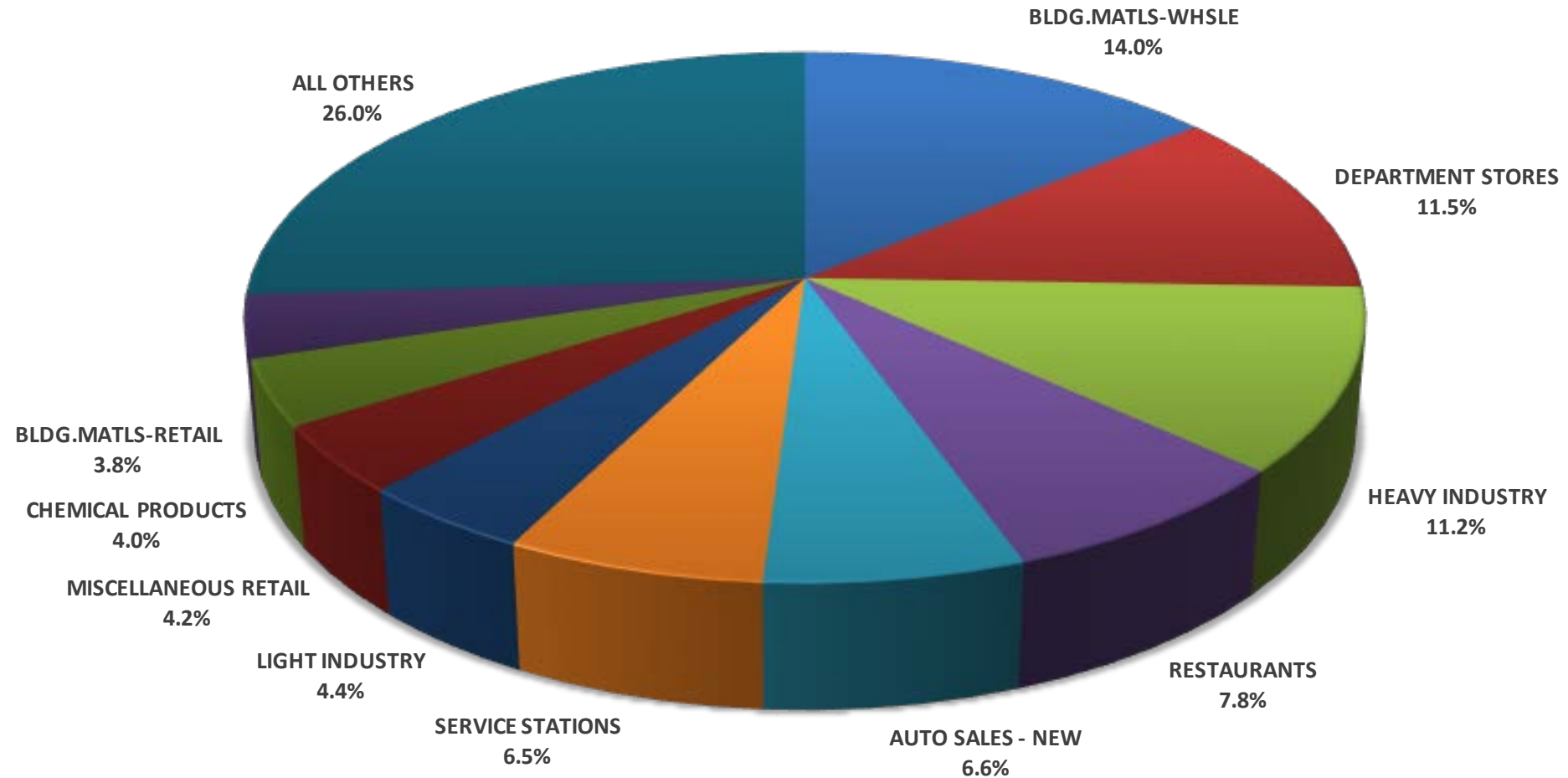
| Business Activity | | | | | | |
|----------------------|----------------------|---------------|------------|----------------|---------------|------------|
| | Quarter over Quarter | | | Year over Year | | |
| | Hayward | S.F. Bay Area | California | Hayward | S.F. Bay Area | California |
| TOTAL | -0.4% | 6.1% | 2.5% | -0.2% | 6.6% | 5.0% |
| GENERAL RETAIL | -2.3% | -1.0% | -1.5% | 0.3% | 1.7% | 1.8% |
| FOOD PRODUCTS | -0.7% | 1.6% | 2.5% | 1.3% | 3.7% | 5.0% |
| TRANSPORTATION | 2.8% | 16.3% | 6.2% | -6.8% | 11.7% | 5.0% |
| CONSTRUCTION | 11.0% | 8.8% | 4.5% | 19.8% | 13.3% | 13.7% |
| BUSINESS TO BUSINESS | -8.4% | 5.9% | 2.0% | -6.4% | 7.0% | 5.2% |
| Bldg.Matls-Whsle | 17.0% | 13.3% | 8.6% | 20.8% | 10.6% | 11.7% |
| Department Stores | -4.2% | -2.9% | -4.3% | -0.7% | 1.5% | 0.4% |
| Heavy Industry | -11.9% | 0.8% | 2.2% | -6.2% | 5.5% | 6.0% |
| Restaurants | -0.2% | 1.4% | 0.9% | 0.8% | 3.7% | 3.6% |
| Auto Sales - New | 0.3% | 24.4% | 7.6% | -1.5% | 12.6% | 3.2% |
| Service Stations | 13.6% | 10.1% | 9.0% | 10.8% | 15.4% | 11.4% |
| Light Industry | -7.5% | -8.8% | 0.4% | -8.0% | -2.9% | 2.9% |
| Miscellaneous Retail | 5.5% | 2.9% | 3.8% | 2.3% | 3.0% | 3.2% |
| Chemical Products | -11.7% | 8.1% | 5.4% | -12.9% | 4.1% | 6.8% |
| Bldg.Matls-Retail | -11.7% | 2.3% | -1.1% | 16.4% | 17.0% | 16.4% |
| Auto Parts/Repair | -0.2% | -0.7% | -1.9% | -49.7% | -0.1% | -1.4% |
| Apparel Stores | -10.4% | -2.7% | -1.2% | -5.4% | -0.6% | 1.0% |
| Food Markets | 5.3% | 0.7% | 8.5% | 4.6% | 3.4% | 10.9% |
| Auto Sales - Used | -8.3% | 5.6% | -0.2% | -16.1% | 3.6% | -1.2% |

County Comparison

| | General Retail | Food Products | Transportation | Construction | Business To Bus | Miscellaneous | Jul - Sep 2018 (2018Q3) | Jul - Sep 2018 (2017Q3) | % Chg | Gain | Gain | Decline | Decline |
|-----------------------|----------------|---------------|----------------|--------------|-----------------|---------------|-------------------------------|-------------------------------|--------------|----------------------|----------------------|----------------------|----------------------|
| ALAMEDA COUNTY | | | | | | | | | | | | | |
| ALAMEDA | 21.9% | 1.2% | 16.1% | -2.3% | -9.2% | -45.1% | 2,472,523 | 2,351,670 | 5.1% | Food Processing Eqp | Miscellaneous Retail | Electronic Equipment | Miscellaneous Other |
| ALBANY | 2.5% | 7.5% | -11.1% | 8.9% | 8.8% | -0.4% | 586,482 | 584,901 | 0.3% | Heavy Industry | Energy Sales | Auto Sales - Used | Business Services |
| BERKELEY | 2.7% | -3.2% | 10.4% | 4.9% | 4.2% | 8.5% | 4,153,181 | 4,058,922 | 2.3% | Heavy Industry | Miscellaneous Other | Auto Sales - Used | Electronic Equipment |
| COUNTY OF ALAMEDA | -1.0% | 1.9% | 11.5% | -1.7% | -8.4% | 3.0% | 2,479,715 | 2,433,468 | 1.9% | Electronic Equipment | Energy Sales | Chemical Products | Heavy Industry |
| DUBLIN | -1.2% | 5.0% | 30.3% | 9.9% | 14.6% | -11.7% | 5,316,136 | 4,598,808 | 15.6% | Biotechnology | Electronic Equipment | Misc. Vehicle Sales | Miscellaneous Other |
| EMERYVILLE | -4.8% | -1.4% | 21.8% | 26.0% | 7.3% | -42.2% | 2,040,422 | 1,983,737 | 2.9% | Biotechnology | Auto Sales - Used | Auto Sales - New | Electronic Equipment |
| FREMONT | 0.2% | 4.1% | 129.6% | 17.3% | 6.6% | -4.4% | 17,503,778 | 11,643,027 | 50.3% | Auto Sales - New | Leasing | Green Energy | Electronic Equipment |
| HAYWARD | -2.3% | -0.7% | 2.8% | 11.0% | -8.4% | -6.9% | 7,192,338 | 7,222,213 | -0.4% | Biotechnology | Furniture/Appliance | I.T. Infrastructure | Energy Sales |
| LIVERMORE | -2.2% | 1.1% | 2.0% | 28.8% | 6.2% | -18.7% | 7,481,308 | 7,262,660 | 3.0% | Bldg.Matls-Whsle | Business Services | Florist/Nursery | Drug Stores |
| NEWARK | 2.9% | 1.1% | 4.5% | 21.5% | 33.3% | -13.0% | 3,208,554 | 2,803,433 | 14.5% | Misc. Vehicle Sales | Electronic Equipment | Miscellaneous Other | Auto Parts/Repair |
| OAKLAND | -7.5% | 4.1% | 0.3% | 10.1% | 8.9% | 4.5% | 12,571,029 | 12,222,405 | 2.9% | I.T. Infrastructure | Food Processing Eqp | Biotechnology | Green Energy |
| PIEDMONT | 60.9% | -1.1% | -6.6% | -3.3% | 167.3% | 82.0% | 45,524 | 40,334 | 12.9% | Electronic Equipment | Office Equipment | Apparel Stores | Furniture/Appliance |
| PLEASANTON | -5.5% | 5.3% | 0.3% | -3.1% | -6.8% | -17.7% | 5,061,764 | 5,188,856 | -2.4% | Chemical Products | Biotechnology | Green Energy | Light Industry |
| SAN LEANDRO | -2.5% | 0.5% | 1.2% | 4.5% | 7.5% | 15.1% | 6,717,130 | 6,585,851 | 2.0% | Miscellaneous Other | Leasing | Misc. Vehicle Sales | Office Equipment |
| UNION CITY | -7.3% | 9.4% | 0.5% | 12.4% | 1.5% | -13.8% | 2,461,233 | 2,387,397 | 3.1% | Electronic Equipment | Leasing | Auto Sales - Used | I.T. Infrastructure |

Top 10 Segments

6



MUNISERVICES

Discover. Recover. Prosper.

Top 25 Sales Tax Generators (Alpha Order)

7

ALAMEDA ELECTRICAL DISTRS

AUTONATION TOTYOTA HAYWARD

BOMBARDER TRANSIT CORPORATION

CALPLY

CENTRAL CONCRETE SUPPLY CO.

CHEVRON SERVICE STATIONS

COSTCO WHOLESALE

FERGUSON ENTERPRISES

FOUNDATION BUILDING MATERIALS

HAYWARD MISUBISHI

HD SUPPLY CONSTRUCTION SUPPLY

HD SUPPLY WATERWORKS

HEAT AND CONTROL

HOME DEPOT

HONDA OF HAYWARD

ILLUMINA

LINDE

LOWRY'S SPECIALTY DISTRIBUTION

MACY'S DEPARMENT STORE

ROSS STORES

SEARS ROEBUCK & COMPANY

TARGET STORES

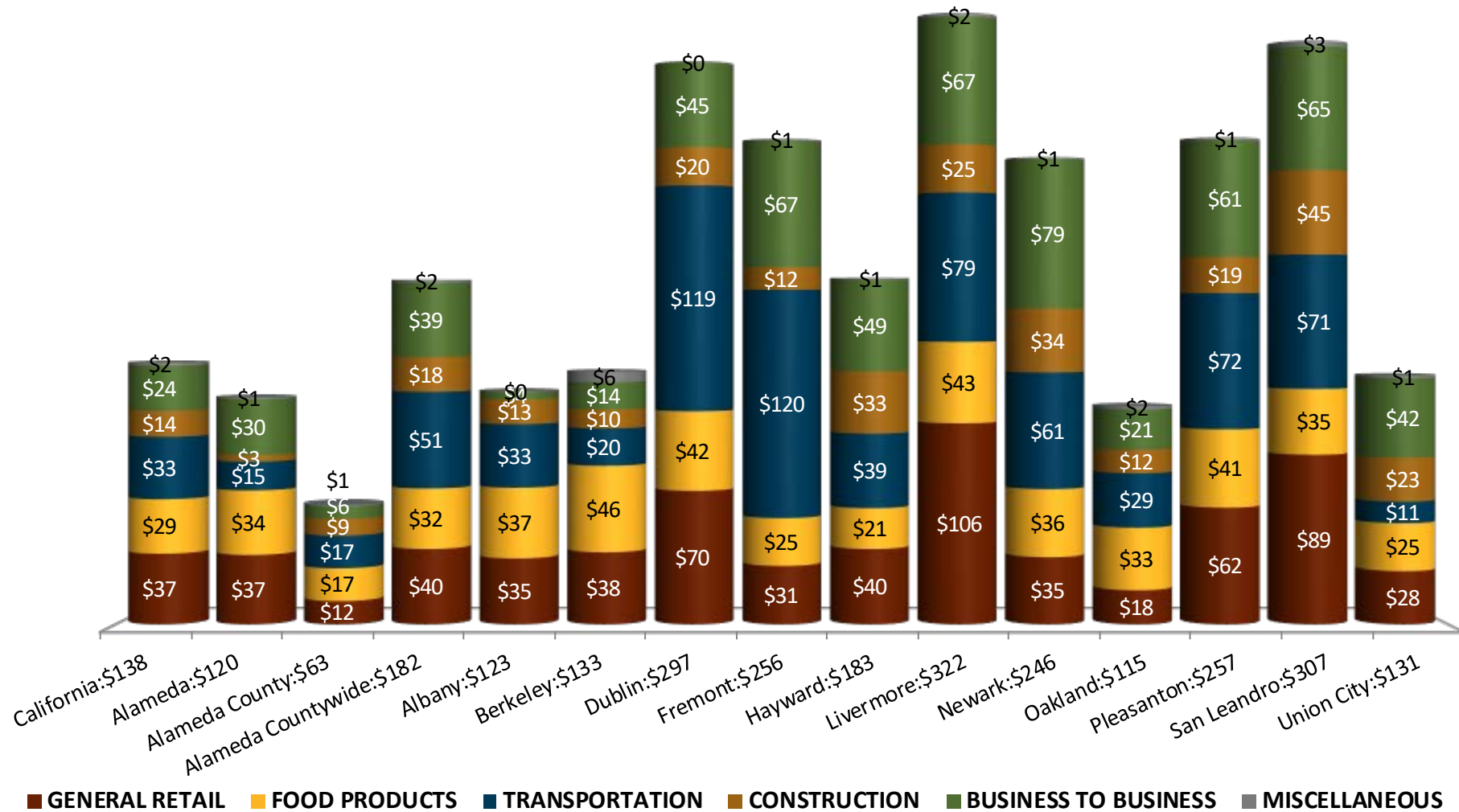
UNION 76 STATIONS

UNITED RENTALS

WESTERN STATE DESIGN

| Costco | Home Depot | Target |
|------------------------|------------------|------------------|
| 1. San Jose | 1. San Jose | 1. San Jose |
| 2. South San Francisco | 2. Colma | 2. San Francisco |
| 3. Hayward | 3. Emeryville | 3. Santa Rosa |
| 4. Concord | 4. Concord | 4. Hayward |
| 5. San Leandro | 5. San Rafael | 5. Walnut Creek |
| 6. Sunnyvale | 6. San Carlos | 6. Fremont |
| 7. Santa Rosa | 7. Richmond | 7. Oakland |
| 8. Fremont | 8. Campbell | 8. Colma |
| 9. Richmond | 9. San Ramon | 9. San Mateo |
| 10. Redwood City | 10. San Mateo | 10. Dublin |
| 11. Rohnert Park | 11. Rohnert Park | 11. Napa |
| 12. Livermore | 12. Hayward | 12. Antioch |

Annual Per-Capita Sales Tax









Note: Emeryville and Piedmont removed to allow better scale

| Segment | Actual Sales Tax | Potential Sales Tax | Capture / Gap | Rate |
|----------------------|------------------|---------------------|---------------|------|
| Apparel Stores | \$876,690 | \$928,085 | (\$51,395) | 94% |
| Department Stores | \$3,404,712 | \$1,351,419 | \$2,053,293 | 252% |
| Drug Stores | \$254,978 | \$249,960 | \$5,018 | 102% |
| Florist/Nursery | \$106,437 | \$105,250 | \$1,187 | 101% |
| Furniture/Appliance | \$452,686 | \$644,717 | (\$192,031) | 70% |
| Miscellaneous Retail | \$1,231,186 | \$1,300,387 | (\$69,201) | 95% |
| Recreation Products | \$114,345 | \$199,252 | (\$84,907) | 57% |
| Food Markets | \$870,848 | \$792,761 | \$78,087 | 110% |
| Food Processing Eqp | \$176,683 | \$195,837 | (\$19,154) | 90% |
| Liquor Stores | \$137,673 | \$163,956 | (\$26,283) | 84% |
| Restaurants | \$2,297,158 | \$2,995,676 | (\$698,518) | 77% |
| Auto Parts/Repair | \$949,458 | \$424,587 | \$524,871 | 224% |
| Auto Sales - New | \$1,940,273 | \$2,249,022 | (\$308,749) | 86% |
| Auto Sales - Used | \$812,184 | \$191,951 | \$620,233 | 423% |
| Misc. Vehicle Sales | \$726,043 | \$116,103 | \$609,940 | 625% |
| Service Stations | \$1,932,568 | \$1,256,366 | \$676,202 | 154% |
| Bldg.Matls-Retail | \$1,137,430 | \$816,404 | \$321,026 | 139% |
| Bldg.Matls-Whsle | \$4,150,021 | \$1,083,042 | \$3,066,979 | 383% |
| Biotechnology | \$13,857 | \$14,319 | (\$462) | 97% |
| Business Services | \$204,832 | \$339,196 | (\$134,364) | 60% |
| Chemical Products | \$1,189,544 | \$133,437 | \$1,056,107 | 891% |
| Electronic Equipment | \$499,951 | \$273,189 | \$226,762 | 183% |
| Energy Sales | \$46,248 | \$191,878 | (\$145,630) | 24% |
| Green Energy | \$0 | \$15,552 | (\$15,552) | 0% |
| Heavy Industry | \$3,310,673 | \$562,807 | \$2,747,866 | 588% |
| I.T. Infrastructure | \$12,891 | \$114,157 | (\$101,266) | 11% |
| Leasing | \$688,581 | \$567,344 | \$121,237 | 121% |
| Light Industry | \$1,308,963 | \$572,821 | \$736,142 | 229% |
| Office Equipment | \$585,305 | \$1,138,219 | (\$552,914) | 51% |

When effective buying income for Hayward is compared to that of the Bay Area, we see that opportunities exist for expanding the tax base in segments that are not saturated.

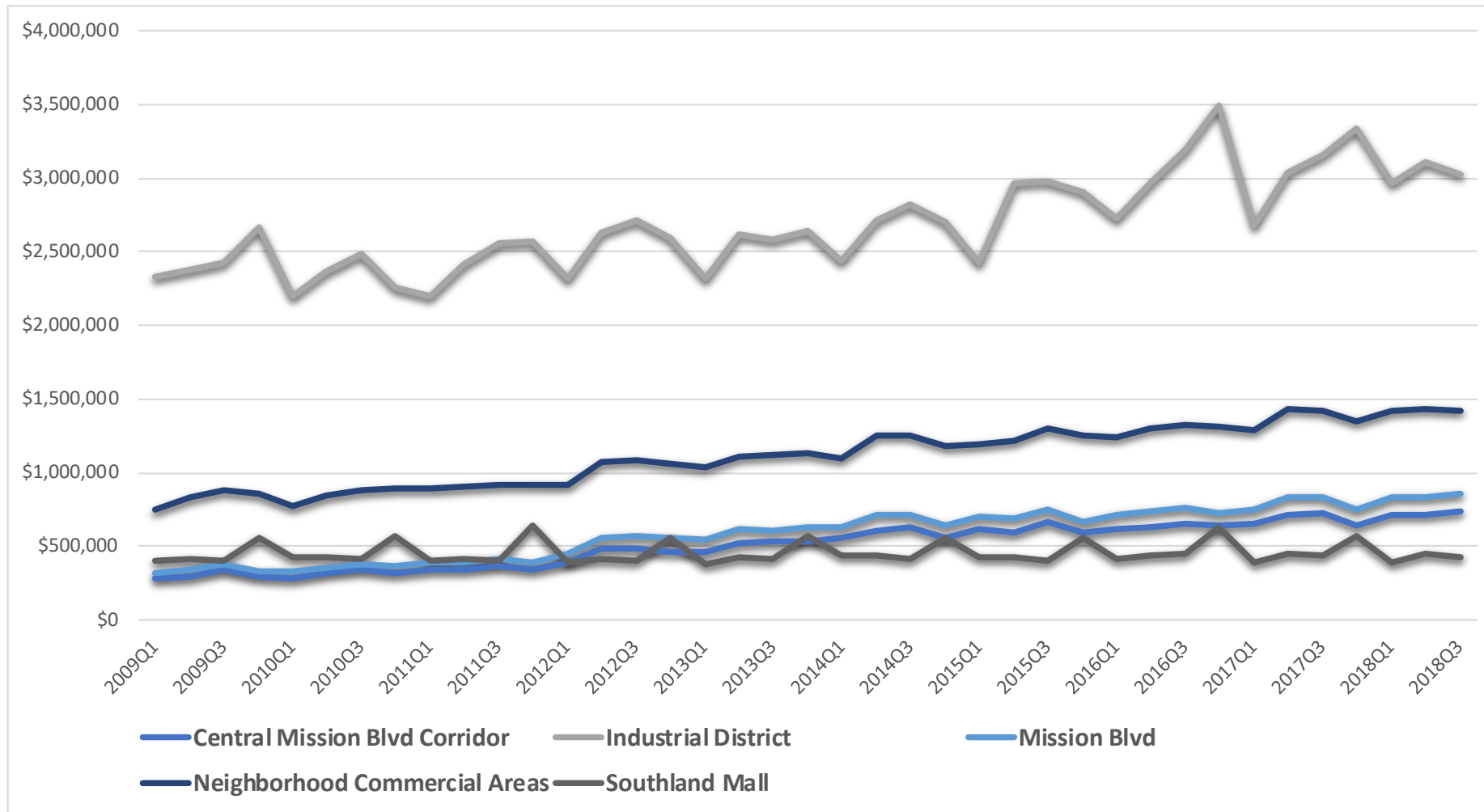
Hayward % of Change Over Prior Year (BMYE 3Q18/3Q17)

| Business | Storefront (Point of Sale) | Dot.com (County Pool) |
|---|-------------------------------|--------------------------|
|  Amazon | n/a (yet) | 25.6% |
|  Macy's | -4.2% | 50.9% |
|  Nordstrom | -2.9%* | 23.0% |
|  Wal-Mart | -1.8%* | 39.4% |
|  Target | 5.2% | 49.0% |
|  Costco | flat | 3.4% |

*not in city. Using statewide avg for illustrative purposes.

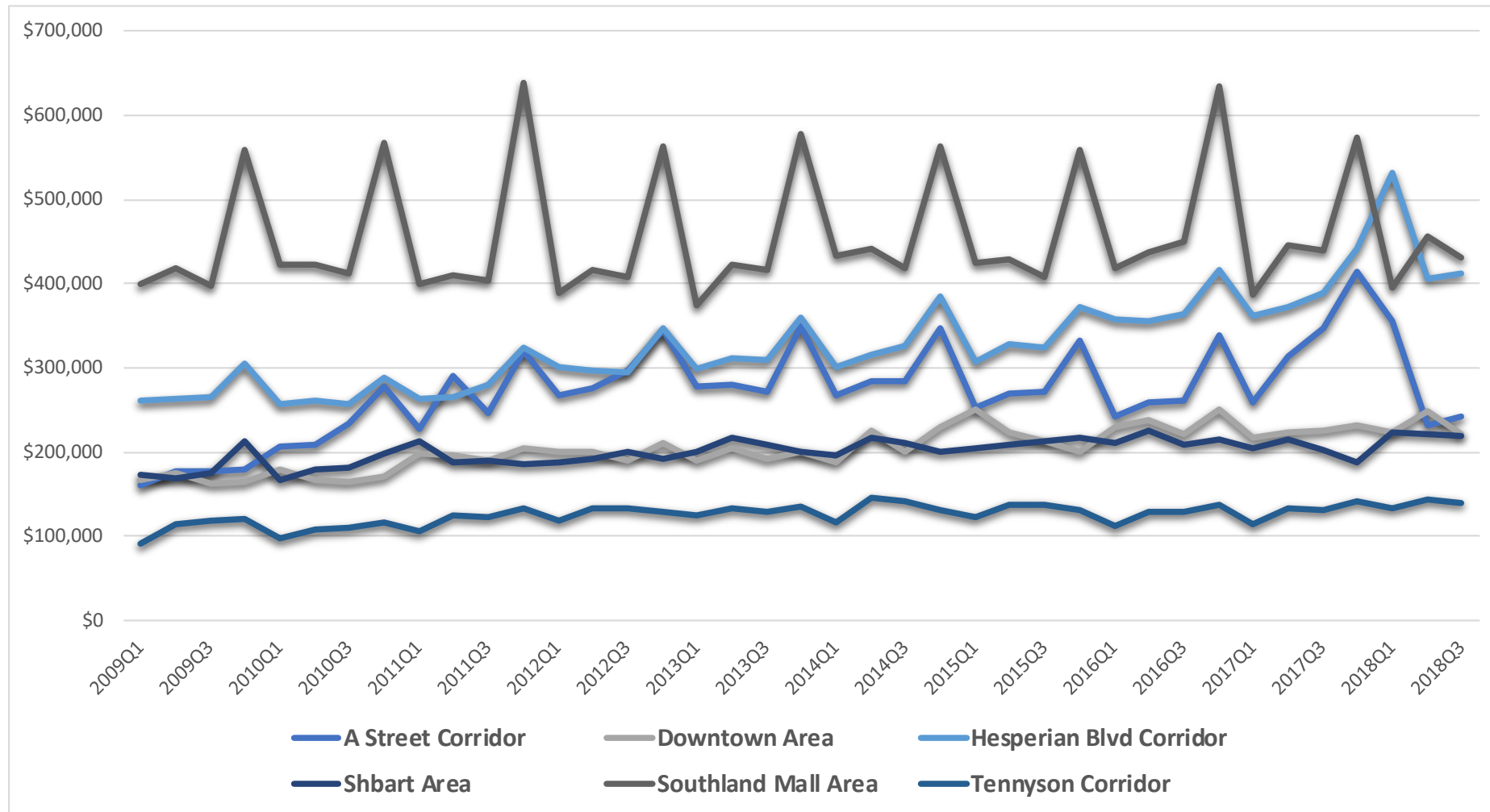
Sales Tax by Geographic Area

12



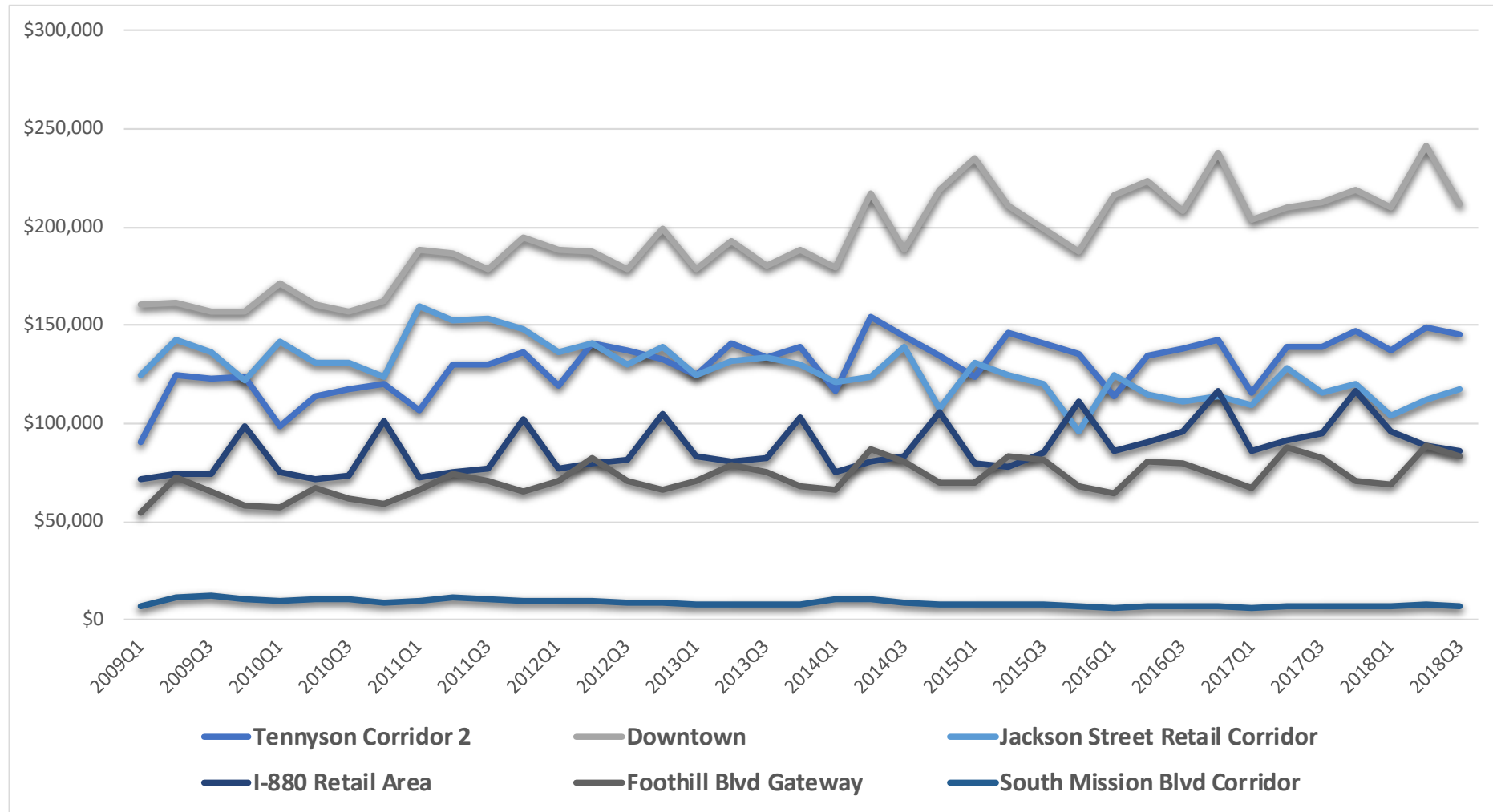
Sales Tax by Geographic Area

13



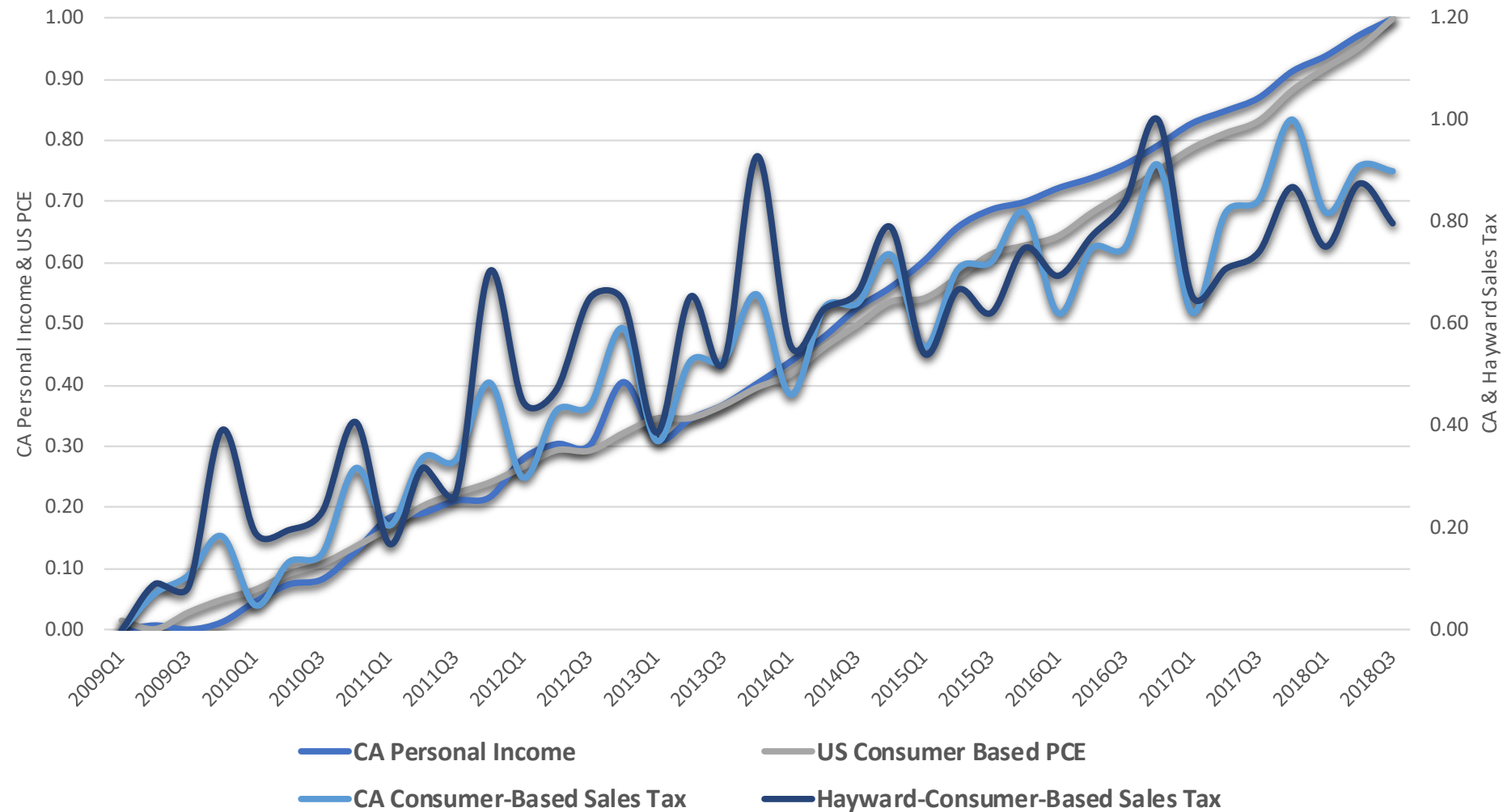
Sales Tax by Geographic Area

14



Sales Tax Revenues Compared to Income

15



Hayward's sales tax trend compares well with California statewide, but neither one's revenue has kept up with the trends in consumer income and spending.

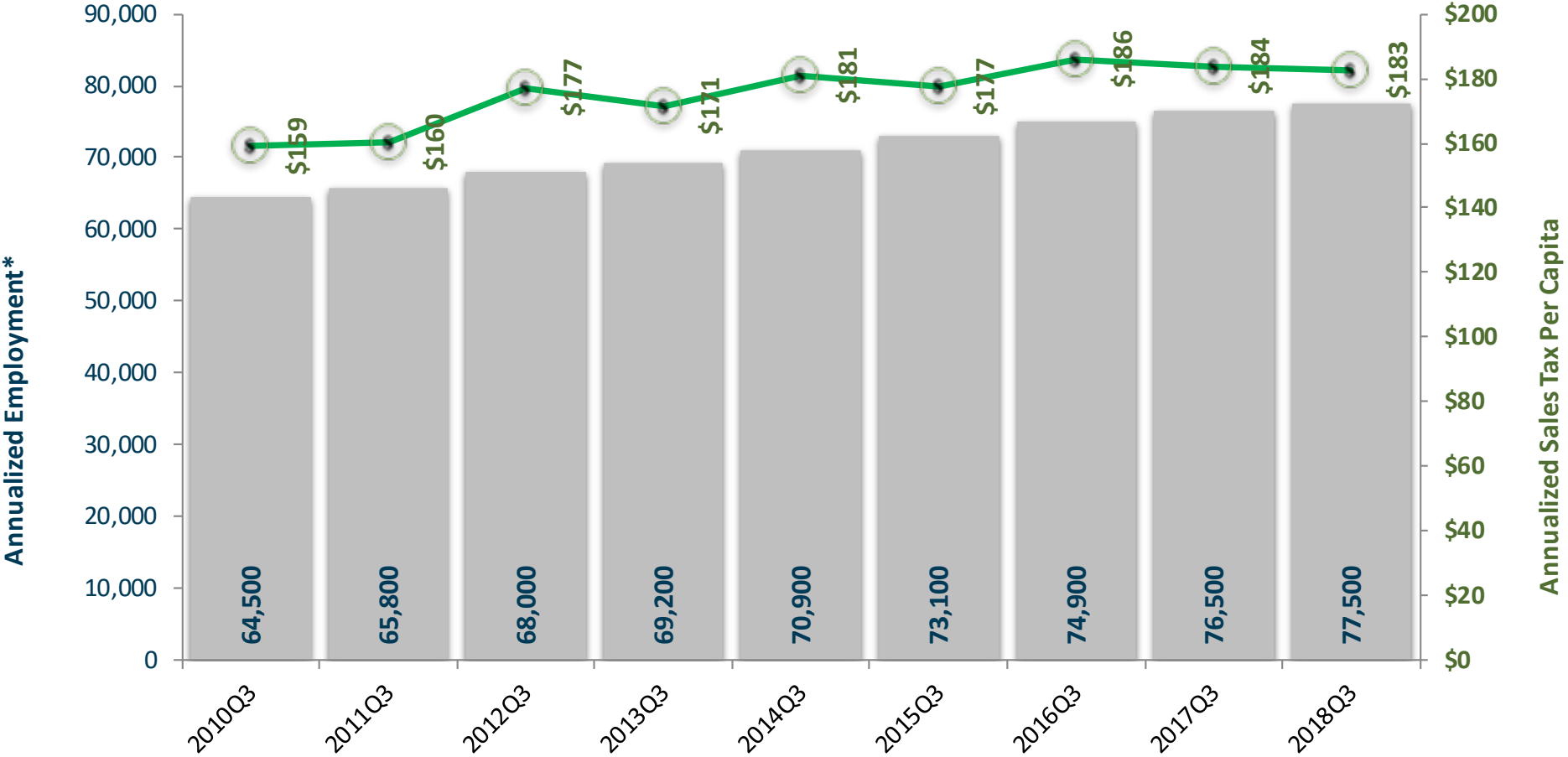
**Data is normalized to show trend.



MUNISERVICES

Discover. Recover. Prosper.

Employment Compared to Sales Tax Per Capita



Correlation Coefficient: 0.88

Correlation Coefficient: 0.70 with +1 being perfect correlation

Economic Development February Activities Update

March 4, 2019



Small Business Assistance Grants

A total of \$75,000 in CDBG funds was available to small businesses with five or fewer employees that were either minority or women-owned.
15 Businesses received funding through the program



Fink's Bakery



Golden Tea Room

Business Visitation Program

Allure Labs Skin Products Manufacturing



Located on Wiegman Street, Allure Labs offers customers both product development and manufacturing options for their clients seeking to produce skin care products. They have been located in Hayward since 1999 and have recently purchased their fourth building for a future expansion.

Southland Mall Regional Shopping Center



Staff met with the new owners/managers of Southland Mall to discuss their future development ideas for the Mall. Staff is working with the management team to identify potential users for the food court as well as the basement floor of the mall with a focus on active/entertainment uses.

Business Visitation Program

Sugar Bowl Bakery

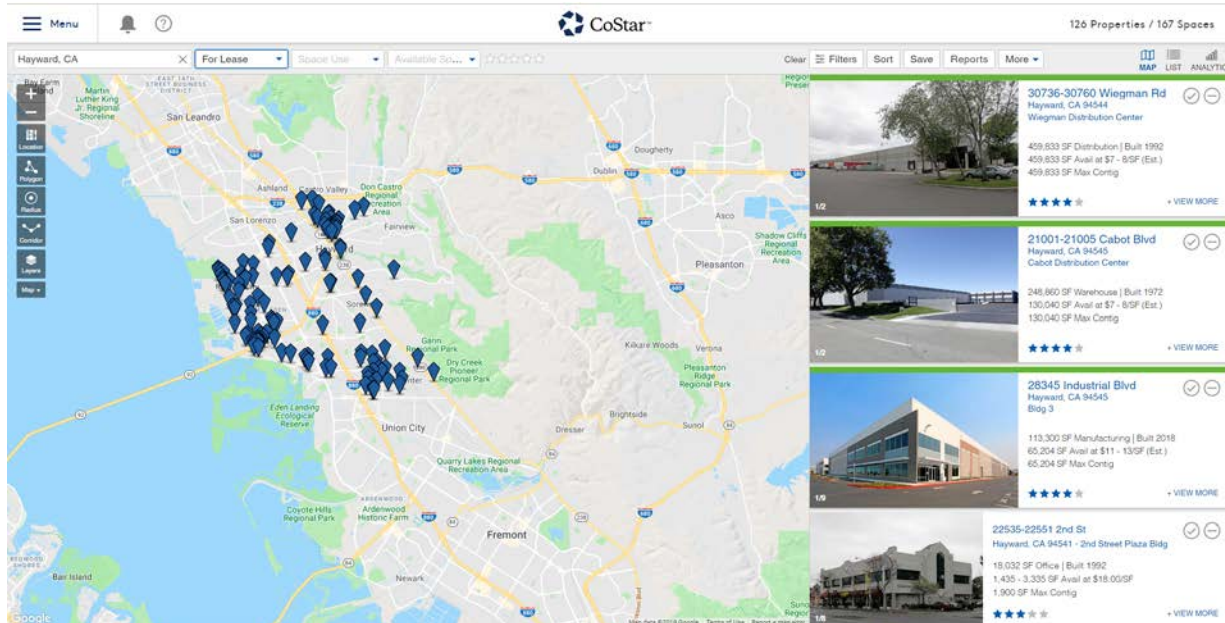
Commercial Bakery

Sugar Bowl Bakery, is the largest minority family-owned and operated commercial bakery in the United States. They provide baked products to retailers across the United States.

They recently were awarded a scholarship for a free membership in the Alameda County Employer Advisory Council (EAC) for Sugar Bowl Bakery for 2019 funded by the East Bay Economic Development Alliance.



Business Location Services



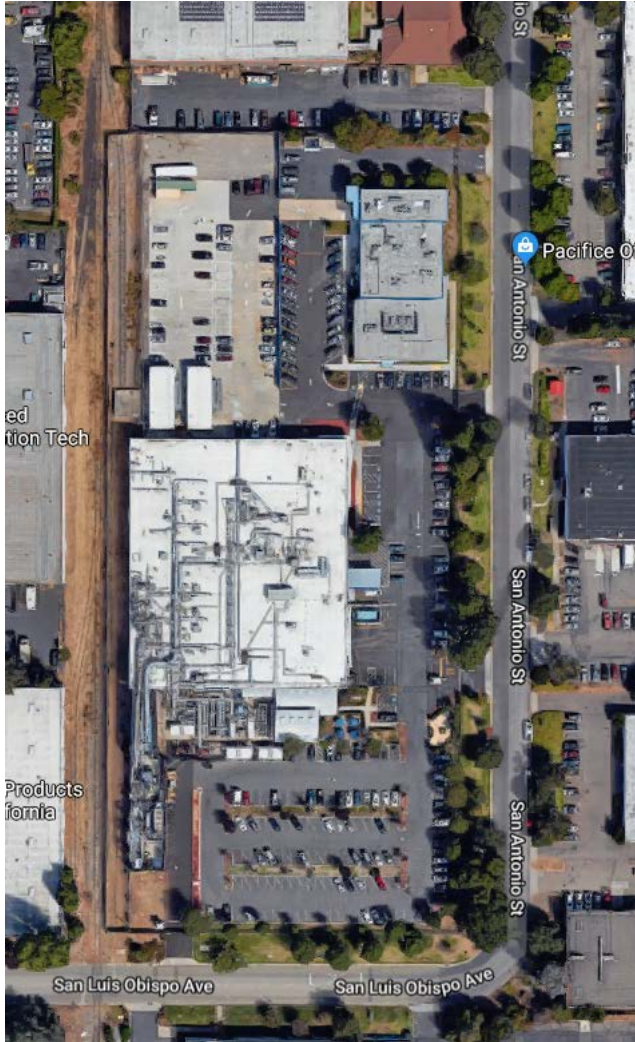
Using the CoStar real estate system, staff performs searches of available property for prospective businesses and those wishing to expand

During the month of January, staff performed property searches for 8 companies looking to either locate in Hayward as a new business or expand their operations as an existing business. Including an Ambulance Provider and a Roller Derby Operator.

| Building Type | Feb. Rate | Jan. Rate | Rent per sq. ft. |
|------------------|-----------|-----------|------------------|
| Industrial Space | 2.8% | 3.1% | \$11.14 |
| Office | 1.5% | 1.5% | \$28.93 |
| Retail | 1.5% | 1.5% | \$26.91 |

Concierge Meetings

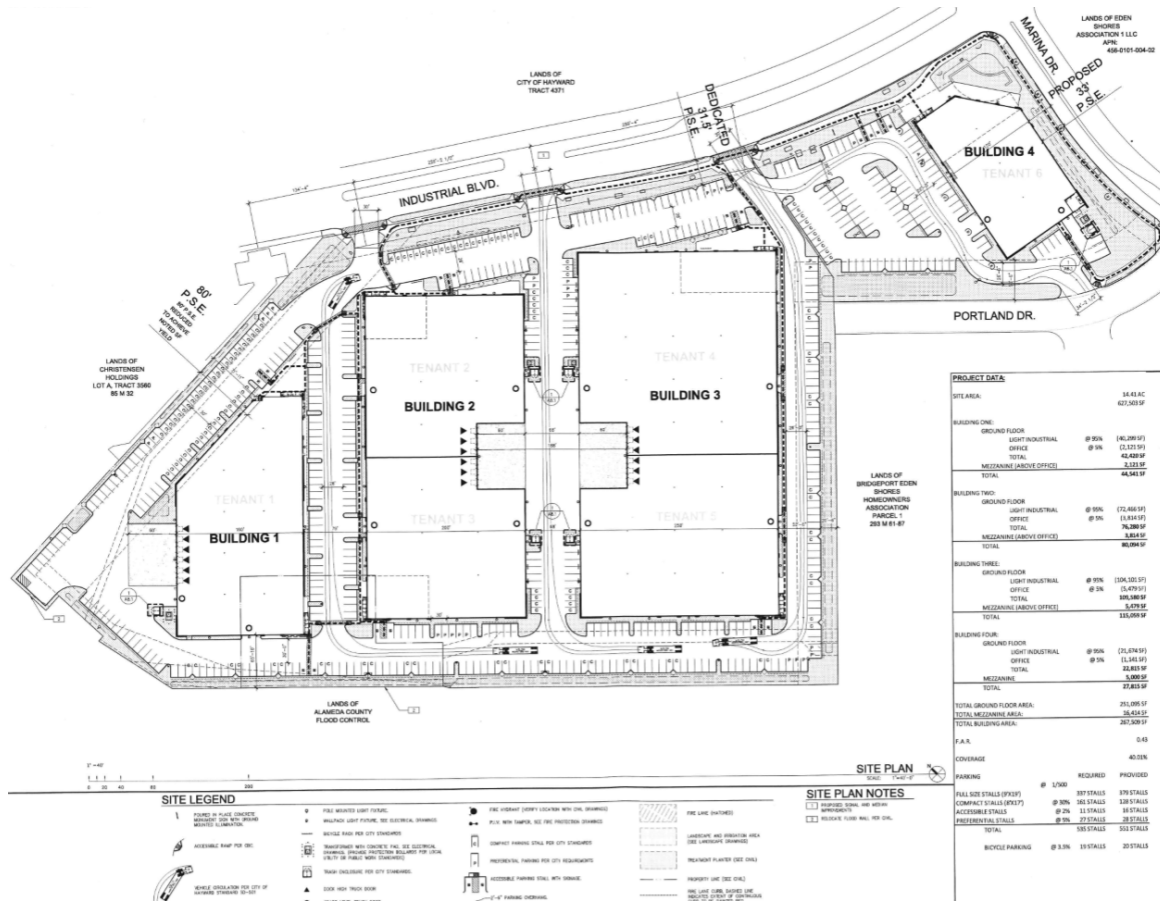
Tarlton Group – Former Impax Lab Site



- Tarlton Group has purchased the Impax lab property located at San Antonio and San Luis Obispo Streets
- Proposal to demolish the small 20,000 sq. ft. single-story office and replace with 80,000 sq. ft. three-story office building
- Buildings will be used for life-science companies
- Currently has four of the Impax properties and is working to acquire two others that were under separate ownership

Concierge Meetings

Shea Industrial Development



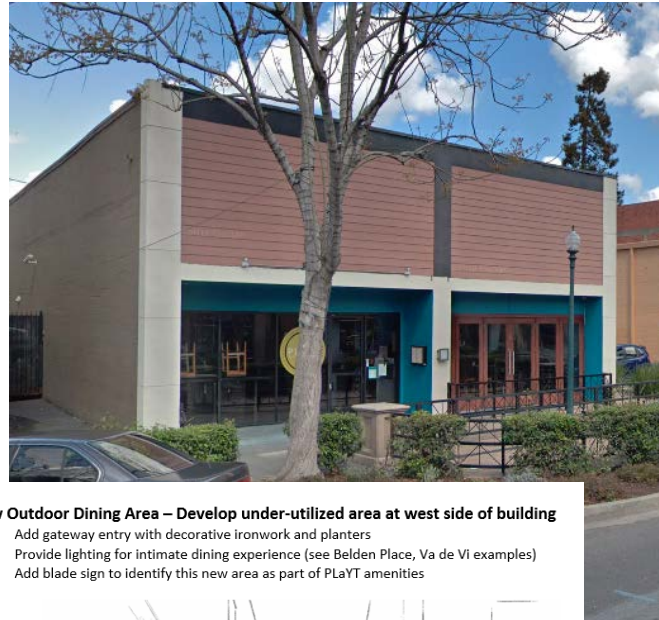
- All tenant spaces have either signed leases or Signed Letters of Intent
- Building 1 – Quartzzy
- Building 2 – Falk Ambulance (LOI), NNR Logistics (LOI)
- Building 3 – Lime, Uniformity Labs
- Building 4 – Iron Ridge

Façade Design Program

To assist those businesses participating in the Façade Rebate Program, Economic Development engaged a professional designer who works with business owners to get the greatest impact from the \$5,000 grant.

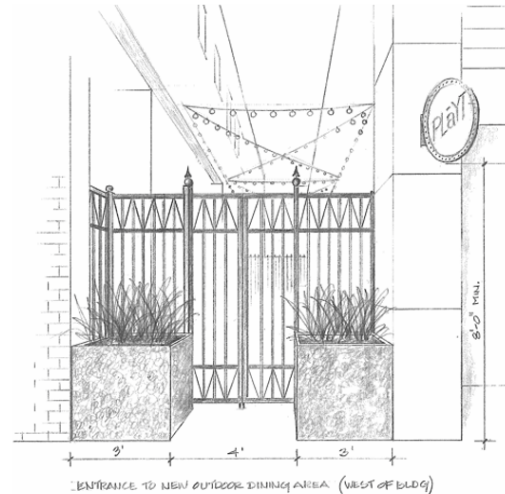
With a focus on elements that make the business more attractive to customers, possible improvements include paint, awnings and signage.

Playt's design has been completed



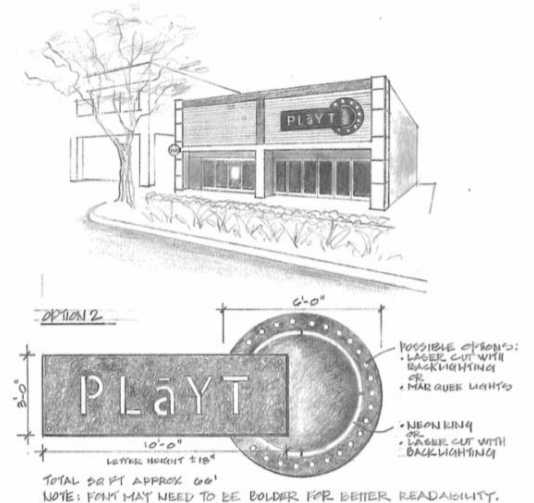
New Outdoor Dining Area – Develop under-utilized area at west side of building

- Add gateway entry with decorative ironwork and planters
- Provide lighting for intimate dining experience (see Belden Place, Va de Vi examples)
- Add blade sign to identify this new area as part of PLaYT amenities

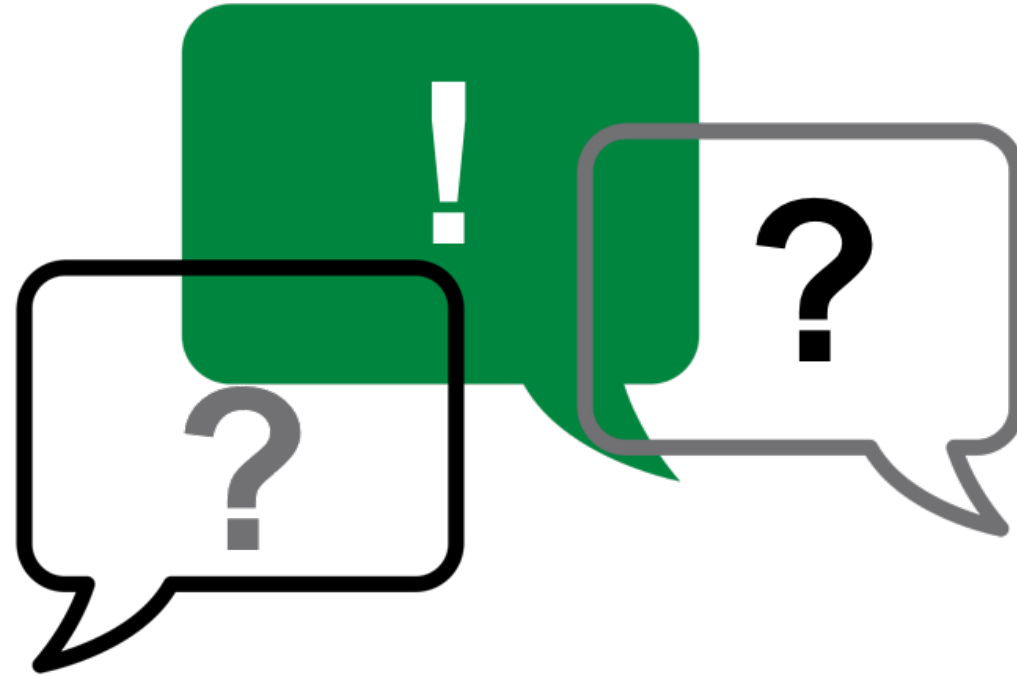


SIGNING OPTION 2 – Back Lit Laser Cut Panels on upper facade

- Laser cut metal panel (see examples below)
- Approximately 3' H x 10' L, with 18" letters
- Decorative disc optional
- Possible materials:
 - brushed alum. as in Kingston Place example
 - weathered iron look as shown in olive+iron
 - Corten, rusted metal look



Questions



Future Meeting Topics