



COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING MINUTES – May 7, 2018

CALL TO ORDER: Mayor Halliday called the meeting to order at 4:01 p.m.

ATTENDANCE:

Committee Member	Present 5/7/18	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Michael Ly	✓	4	2	4	2
Didacus-Jeff Joseph Ramos	✓	5	1	5	1
Mayor Halliday (Chair)	✓	6	0	6	0
Council Member Márquez	✓	6	0	6	0
Council Member Mendall	✓	6	0	6	0

OTHERS IN ATTENDANCE:

Kelly McAdoo, City Manager; Stacey Bristow, Interim Director of Development Services; Micah Hinkle, Economic Development Manager; Ramona Thomas, Economic Development Specialist; Chuck Finnie, Communications & Marketing Manager; Suzanne Philis, Senior Secretary; from Tarlton: President & CEO John Tarlton, COO Ron Krietemeyer, and VP of Operations Elizabeth Krietemeyer; Debbie Leong, Cross Point Academy; Susan Ojeda-Cobos and Diane Laine, Hayward Chamber of Commerce; Hassan Fallah, Marriott Hotels; Paul Hodges, HARD; and Julia Lang, Downtown Streets Team

PUBLIC COMMENTS

None

1. APPROVAL OF MINUTES OF REGULAR MEETING APRIL 2, 2018

A motion to approve minutes was made by Member Ramos with a second by Council Member Márquez. Minutes from the April 2, 2018 Regular Meeting were approved.

2. PRELIMINARY CONCEPT REVIEW – 25800 CLAWITER ROEAD (FORMER GILLIG SITE)

Economic Development Manager Hinkle introduced the item explaining that five months after joining

the City of Hayward as the Economic Development Manager, he was told Gillig (bus manufacturing) was relocating to Livermore. Gillig, he said, was Hayward's largest employer and sales tax generator, and one of the City's oldest companies. Almost immediately a strategy was developed to position one of the best and biggest catalyst sites in the City, he said, with the goal to exceed the number of jobs and the investment to the community left behind by Gillig. Manager Hinkle said all the hard work had paid off with the following proposal from Tarlton. He introduced Board of Directors President and Chief Executive Officer John Tarlton, and Chief Operating Officer Ron Krietemeyer, who gave the presentation.

Mr. Tarlton explained that they were there because they won an extraordinarily competitive bidding process for the site. He said the project they were proposing was very different from their competitors' and he hoped CEDC members would see their project as an opportunity to revision that area of Hayward and build on the success of existing life science businesses with a first-class life science innovation center similar to their cornerstone property in Menlo Park.

Mr. Tarlton also noted that his father started Tarlton Properties in 1980 after he was asked to step aside as the real estate development arm of Mervyns because the owner's son had come of age and was ready to work. Since then, he said, Tarlton had developed over four and a half million square feet of building space in the Bay area and currently owned a million and a half. For the past 30 years, he said, their Menlo Park life science portfolio has had three of the top 25 sales tax generators for the city, and for much of that time, the number one sales tax generator.

Mr. Krietemeyer provided information on past and present projects including Green initiatives, alternative transportation options and charging stations, and general amenities. He then introduced the Clawiter project noting the site was 26 acres comprised of six parcels that included a rail spur to Dupont. The project would have two phases, he said, totaling approximately one million square feet of building space. Phase I would have three buildings totaling between 470-530,000 square feet on eight and half acres south of the rail spur. Mr. Krietemeyer noted plans were still conceptual, but they anticipated constructing four, possibly five-story buildings 70-90 feet tall with each floor approximately 17 feet high. Phase I would include a reutilization of the Gillig facility to provide income (pro forma) during entitlement and construction. Currently, 23 percent of the site was open space and landscaping, but he said they were working to increase that to 25-30 percent.

Phase II would demolish the Gillig facility and replace it with three more four- to five-story structures along with structured parking for 2,000 cars on 17.5 acres, he continued. The two phases would be connected with green belts and landscape buffers, Mr. Krietemeyer said, and most likely they would reactivate Seal Street to create another point of access. Phase II would add another approximately 500,000 square feet of building space. For life science uses, Mr. Krietemeyer anticipated two employees per 1,000 square feet or approximately 800-1,000 employees per phase. Building tenants would include bio pharmaceuticals, medical device companies, or diagnostics companies, he said.

Regarding the proposed incubator, Mr. Krietemeyer said it would serve a well-spring of products. At their Menlo Park campus, the incubator was 75,000 square feet and was occupied by about 50 companies. He commented that the life cycle of life science companies was long because various approvals got tied to the site and companies used the campus as their main address while they built out their portfolio. Mr. Krietemeyer concluded the presentation by noting tenants at the Menlo Park campus had made more than \$250 million in sales that generated tax revenue for the City of Menlo Park.

Looking at the proposed site plan, Council Member Mendall confirmed the location of the parking structure. He then asked for more information about the estimated 10-year timespan between the buildout of the two phases. Mr. Tarlton said that the incubator would be set up rather quickly in Phase I with approximately 20 businesses, mostly coming from local universities, occupying the space. He said it would take about a year to completely tenant the space. Mr. Tarlton explained they needed to reutilize the Gillig facility to satisfy lenders; they needed the income while Phase I was constructed. He said they would need to lease the facility for an industrial use for at least five years. After that term expired, he said the tear down and build out of Phase II would take about two and half years, therefore they were estimating seven to eight years between phases.

Council Member Mendall said he loved the proposal and that it was exactly what he wanted. He was fine with the proposed height and said they could go even taller. Mr. Tarlton said height was somewhat limited by the soil and they were trying to access samples from the seller. Council Member Mendall said they should not be worried about getting his approval for this project.

Council Member Mendall said this project should look great, set a higher standard, be visible and eye-catching, and make people say "Wow" when they saw it. Although he wished it could be faster, he said the timing of the phases was acceptable.

Member Ly asked when Phase I construction would start. Mr. Tarlton asked Manager Hinkle how fast he could receive his approvals. Interim Development Services Director Bristow said there were a lot of expedited opportunities. Mr. Tarlton said they did everything fast. Mr. Krietemeyer said entitlements aside, it would take 16-18 months to get the building shells off the ground. He explained that they do everything at-risk and construction would parallel escrow; any delays would not come from them.

Member Ly confirmed the estimated number of employees for Phase I (800-1,200) and asked where they would be coming from and how many employees working in Menlo Park also lived there. Mr. Tarlton said at the Menlo Park campus the mix was about a third each for the north, south and east bay. Mr. Tarlton said the mix would probably be the same at the Hayward campus but then would shift and become increasingly more local as new housing options became available.

Mr. Krietemeyer said they liked the site because of its proximity to UC San Francisco, UC Berkeley and Stanford, which were the three largest intellectual property generation engines in the Bay area. He also noted other life science companies already in Hayward were the start of a competitive ecosystem.

Member Ly asked how many companies would occupy the space when fully built out. Mr. Tarlton estimated 40 businesses in the incubator and an additional 40 businesses in the park. Mr. Krietemeyer said it could also be just one business noting there were companies looking for the equivalent space of Phase I. Mr. Tarlton said it is their pattern to build a core, and this would be their East bay core, and purchase additional properties around it to grow the portfolio over time.

Council Member Márquez said it was a very impressive presentation and thanked them for being there. Regarding the type of people who would be hired to work at the center, she asked the level of education most employees would have and if there would be any opportunity for someone with only a high school education or an Associate degree.

Mr. Krietemeyer said it would depend on the company doing the hiring and noted in Menlo Park they now had a fairly broad array of educational backgrounds. He noted that the smaller the company footprint the more likely the workers would have advanced degrees while they flushed out their product line. Once a business had a product and grown their footprint, he said, then demand broadened to include employees from a variety of socioeconomic backgrounds. In his experience, Mr. Krietemeyer said, about 10 percent of employees had lower than advanced degrees.

Council Member Márquez asked Tarlton's philosophy toward working with the building trades related to construction. Mr. Tarlton said they honored labor and although not all workers were union, most were. Mr. Krietemeyer said 80 to 90 percent of workers would be union (throughout both phases) with a few odd trades that weren't. Mr. Tarlton noted they had a good relationship with the mechanical trade unions because of the quality of work required for life science. Mr. Krietemeyer said the turnover of non-union trade workers was low so they must be paid well.

Council Member Márquez asked if the entrance to Phase I would be facing Highway 92. Mr. Tarlton said no and indicated they would be putting in a new street leading to the center of the park to improve access. Council Member Márquez emphasized that lighting would be key especially for employees working late.

Member Ramos asked if energy production for the center would mostly be solar. Mr. Tarlton said because of the energy demands of life sciences, coupled with venting and rooftop equipment, they hadn't been successful in incorporating photovoltaic (PV) solar into their projects. Member Ramos asked about solar glass. Mr. Tarlton said solar glass wasn't totally clear, it had a film, and there just wasn't enough room on the roof to utilize it. He said they could only generate five percent of the energy demand using rooftop PV.

Member Ramos said he would like to see synergy between the businesses and local schools to give residents better employment opportunities. Mr. Krietemeyer said they would work with tenants to create opportunities and incentivize the creation of programs that engaged local STEM students. Mr. Tarlton noted they had had the best success engaging high school students and getting them excited about taking life science courses in college.

Member Ramos asked if there would be eateries on site. Mr. Tarlton said yes and a conference center and a gym. Member Ramos asked if those amenities would be open to the public and Mr. Tarlton said the eateries would be open to the public as long as the Planning Department allowed the use.

Mayor Halliday said she had been on the job only a week when Gillig called to say they were moving to Livermore. She said she was also happy to have reached this moment with a very exciting prospect in front of them that would enhance the entire area.

Mayor Halliday agreed the buildings should not front to Highway 92, but they should be really interesting compared to what drivers see now. Council Member Mendall encouraged them to use a lot of glass. Mr. Tarlton said the buildings would make a 92-facing statement that this was where life science was happening.

Mayor Halliday said she met with Tarlton representatives the previous week to discuss the project including the rail spur. Mr. Tarlton explained the holder of the rail spur easement did not want to

give it up. When the Mayor asked if that was a problem, he said he would love to have it disappear so they could unify the campus, but in the meantime, they were working around it. Mayor Halliday said she thought Dupont was being swallowed up by Dow, and Mr. Tarlton said there was something at the site that was making a fair amount of revenue.

Mayor Halliday said the City's Fire Chief and Department was extremely concerned about safety, but she was happy to report to them that Tarlton was too. The Mayor said that during their meeting she also emphasized Green initiatives and community benefits including relationships with local schools and that she thought Tarlton would make great partners.

Mayor Halliday said Tarlton had heard a lot of excitement from the Committee which included three of the seven Council Members. She asked if they were going to Council for an early review and Mr. Tarlton said yes.

Council Member Mendall said he couldn't imagine anyone on the Council being opposed to the project and Mayor Halliday agreed.

City Manager McAdoo said they could discuss how preliminary concept review could parallel entitlement applications.

Mr. Tarlton said today's feedback from the Committee was incredibly valuable in assuaging investors' fears, who come from afar, and were already worried about California's Environmental Quality Act. To be able to go back to them, Mr. Tarlton said, and tell them how fantastically the proposal was received with all green lights was important.

He thanked Mayor Halliday for her comments and for reminding him to mention that the reason why he trusted Ron (Mr. Krietemeyer) with safety was because the United States Navy had trusted him with nuclear submarines. Mr. Krietemeyer assured the Committee that they do take safety seriously and would expect tenants to do so, too.

Mayor Halliday thanked Mr. Tarlton and Mr. Krietemeyer and said she looked forward to seeing them in the future.

3. BUSINESS ENGAGEMENT PROGRAM STRATEGY

Economic Development Specialist Thomas introduced the item noting the Business Engagement Program was the pro-active branch of the Business Concierge Program by focusing on retention and business growth assistance. She explained that staff worked to get in front of businesses to introduce themselves, build relationships, gain an understanding of needs and concerns, and then provide assistance and access to resources.

During the presentation, Specialist Thomas reviewed the four-step engagement process that concluded with Engagement Success. She introduced Julia Lang, Project Manager for the Hayward Downtown Streets Team (ending homelessness by restoring the dignity and rebuilding the lives of unhoused men and women), who described the assistance she received in successfully placing one of her team members with Mission Foods and connecting to Sugar Bowl Bakery. Ms. Lang thanked the City for their assistance and said she was grateful for their partnership.

Specialist Thomas said she had also worked with the Hayward Adult School to create a successful partnership with Casa Sanchez and between Hayward Unified School District and Sugar Bowl Bakery. She noted that workforce development continued to be a common need among businesses.

Moving forward, Specialist Thomas said program goals included increasing annual engagements to 50 businesses, assisting 20 existing businesses, attracting 25 new businesses, and creating new initiatives like letters of welcome to new businesses, online surveys to gauge business satisfaction, and generation of a mission statement for Economic Development.

Council Member Márquez said it was good work connecting students to local businesses.

Member Ly suggested the survey include a question about the biggest challenges businesses faced (noting his continued to be finding employees), and then relay the results to Council or City staff for possible solutions or mitigation.

Council Member Mendall said he was not impressed by the proposed Program and had heard the exact same presentation from the previous economic development team. He said the City had been doing this for years, Council had expressed dissatisfaction and asked for a change. He said he expected more and was disappointed.

Mayor Halliday asked him what he would like to see and Council Member Mendall said he wasn't sure, but this wasn't it. He said the City had seen success on the Industrial side of business assistance and attraction with programs that were different and new and effective. He said he didn't have hope that the proposed Program would be effective in moving the needle.

Member Ramos said he was an Economic Development Specialist and the proposed program was what he did 10 years ago. He said although it wasn't new, the Program was the lackluster, but necessary, part of the job. He asked if the Industrial Specialist was going to be replaced and noted that even with three people, Hayward was a large area to cover. Member Ramos said the key word from the presentation was "pro-active," and it would be commendable if staff could outreach businesses before they came to the City with a complaint.

Member Ramos said contracting with the County to provide workshops and online trainings was not enough. He said Hayward residents should be in a better position to get local jobs and to do that the City needed to have relationships with businesses.

Member Ramos said he wasn't disappointed that staff was doing the same thing as five years ago; he was disappointed that the level of success was still low. He said 25 or 50 engagements was not enough when there were over 10,000 businesses in Hayward, but that was a personnel issue more than anything. Member Ramos said in his opinion, Economic Development was one of the most important, if not the most important, departments in the City.

City Manager McAdoo noted staffing was expensive and by doing things differently, maybe by utilizing technology, staff could increase the number of touchpoints. She said the incentive programs Specialist Thomas mentioned in her presentation were another way to increase outreach.

Member Ramos said businesses needed a point of contact at the City and asked who Specialist

Thomas was taking to the outreach meetings. She explained that at the initial meeting she would determine who was the most appropriate to bring in. She said sometimes it was the entire ED Team or an Executive Team member, but most often the explicit need was workforce so that's why she brought in representatives from the County Workforce Development Board.

Member Ramos suggested a series of forums to get in front of more businesses at one time. Specialist Thomas pointed out that the recent Business Appreciation Event brought over 70 businesses together, and events like ribbons cutting and partnerships with the Hayward Chamber of Commerce also provided opportunities for businesses and City staff to meet with owners. On a day-to-day basis, she said, contact was also made when customers called staff, referrals came from other departments, and businesses used Access Hayward. She noted the Engagement Program was how the City outreached targeted businesses including the Top 100 sales tax generators.

Member Ramos asked if other cities were doing something else that Hayward could emulate. Manager Hinkle said the City of Fremont was a good example.

Manager Hinkle said the biggest difference between the success of business visitation programs was knowing what to do with the results of the visit. Maybe it wasn't presented well in the report, Manager Hinkle said, but the cornerstone of business retention was meeting with companies to create relationships, discover upcoming challenges and generate trend analysis so results could be addressed with future programs.

Council Member Márquez said it was extremely valuable to have the face-to-face interactions and pro-active contact because people typically only reached out when they were upset. She said the presentation was good, but besides workforce development, what were the top two or three issues the City could plan for and the Council could respond to with policies. Specialist Thomas said a recap was prepared for each outreach, calls were tracked and an overview of the meeting saved so that information could be provided.

Member Ly commented that the City of Hayward had always been supportive of his business. Mayor Halliday asked who reached out when he was having employee parking problems. Member Ly said he reached out to Economic Development Manager Hinkle and the City's response had been fast.

Member Ly said his biggest challenges now were workforce development and wages and he thought those were caused by the housing crisis. He asked what the realistic expectation was of the Economic Development Committee to solve these issues. He suggested surveying employees of Hayward businesses and present the results to Council. He said he brought in automation to supplement his workforce, but would still need more employees as his business continued to grow. Member Ly said the United States had improved the workforce by having a great immigration policy. He suggested mayors advocate immigration policies to the state to avoid gentrification and a Bay area consisting of only high-tech, high pay workers.

Mayor Halliday said she participated in the Business Visitation Program and the proposed Program sounded a bit like that. She emphasized the need to prioritize the businesses that had already engaged the City over new outreach efforts. She said events like the Business Appreciation Event brought together business representatives who had already received assistance and were happy with the City, but also created a place to build community both with each other and the City. Mayor Halliday said those relationships should be strengthened first.

Mayor Halliday said she was tired of surveys and just ignored them. She pointed out that businesses that weren't responsive to outreach efforts probably didn't need any assistance. She suggested concentrating on marketing pieces that let businesses know about services available and training all City staff to share information when contact with a business had been made and tracking the reason for the visit to identify patterns.

Mayor Halliday said the Program seemed overly bureaucratic and instead of setting goals of a specific number of visits, instead do as many visits as possible while maintaining other job duties and building on any positive momentum already generated.

Mayor Halliday commented that several of the survey questions seemed intrusive and she recommended asking if there was anything the City could do to help them instead. She did like that a record of the visit was kept for future reference and background information.

City Manager McAdoo said feedback was good and staff would continue to think about how they could do things differently and take advantage of trend analysis opportunities.

Mayor Halliday said just don't send a survey asking business owners to rate the visit.

4. FUTURE MEETING TOPICS AS OF MAY 7, 2018

Mayor Halliday asked what was slated for June and Manager Hinkle said the agenda was still in development. Council Member Mendall recommended another project similar to Tarlton.

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

Mayor Halliday said the Cinco de Mayo event was a great success with an even higher turnout than the Downtown Street Parties with participants streaming in all day including from out of town. She also noticed that people were going into local businesses to buy food and make purchases. She asked if there had been any problems reported and City Manager McAdoo said no.

Council Member Márquez thanked City staff for their assistance with the event and Member Ly for his business sponsorship. She said she had not heard one negative comment about the event, that everyone loved the music, vibe, and family fun, and she recommended they prep for an even bigger turnout the next year.

Member Ramos said having the event on B Street rather than just City Hall Plaza, was a thrill. People enjoyed the number and quality of cars, he said, and having a good, happy, safe time. He said having music at the crossroad of B and Main Streets was fantastic.

Council Member Márquez noted the proceeds from the event would benefit the Commemorative Room at the new library. She said the goal was \$75,000 but she didn't know how much was raised. She said scholarships were also given to local youth.

ADJOURNMENT: The meeting was adjourned at 5:58 p.m.