General Plan Update Task Force Meeting

January 10, 2013

7:00 pm to 9:00pm; City Hall, Conference Room 1C

Meeting #4 – Economic Development

Agenda

I. **Call to Order - 7:00 pm**

II. **Roll Call/Introductions - 7:05 pm**

III. **Comments/Approval of Meeting #3 (Public Safety) Summary Notes**

IV. **Economic Development - Existing Conditions, Plans and Policies – 7:10 pm**
- State General Plan Guidelines for Economic Development Elements
- Overview of Current Economic Development Element of the General Plan
- Overview of Existing Programs
- Overview of Draft Economic Development Strategic Plan

V. **Group Discussion – 8:00 pm**
- Identify Assets, Challenges, and Opportunities
- Ideas for Economic Development in Hayward

VI. **Public Comment Period – 8:40 pm**

VII. **Review List of January Outreach Meetings – 8:50 pm**

VIII. **Adjourn – 9:00 pm**

General Plan Update Task Force

Meeting #3 – December 13, 2012: Summary Notes

I. Call to Order

II. Roll Call

Task Force Members:	Present	Absent
Alan L. Parso	X	
Alex Harmon	X	
Dana Caines		X
Daniel B. Goldstein	X	
Diane Laine	X	
Edward W. Bogue	X	
Heather Enders	X	
Julius C. Willis Jr.	X	
Justin D. King	X	
Lory Hawley	X	
Monica M. Schultz	X	
Pedrito C. Gella	X	
Ryan Fernandez		X
Stacy Snowman	X	
Veronica Martinez	X	

Others in Attendance: Erik Pearson, Senior Planner; Jason Martinez, Lieutenant, Police Department; Lashon Earnest, Public Education Officer, Fire Department; Jason Jones Jones Planning + Design; Dan Amsden, MIG; and Ted Holzem, Mintier Harnish; Mayor Michael Sweeney

III. Introductions: Task Force Members and City Staff

City staff, consultants Task Force Members, and members of the public were introduced.

IV. Comments/Approval of Training Session # 1 and Meeting #2 Summary Notes

Regarding the Meeting # 2 summary notes, Heather Enders submitted the following comments:

- Parks: look for opportunities to connect parks with trails: The idea was more complex than "connect parks with trails." The idea was to utilize open space/green "parks" that can function and have a purpose: we could connect greenbelts throughout the City to make more comprehensive bike paths and we could make grassy areas more functional by supporting and promoting community farms on City park lands.
- Improve Downtown Parking: OR alternatively, make it fast, easy and reliable to not need a car when visiting Downtown: Is Downtown walkable? Not yet. Better public transportation? We need better infrastructure to get people Downtown.
- Create an entertainment district: clubs, music/noise, no residential allowed, draw college students out to eat and party: In relation to "no residential allowed", this idea was not favored by Heather. She would like to see a more dense and diverse Downtown: mixed-use of residential and business with less need to travel.

Regarding the Meeting # 2 summary notes, Heather Enders noted a typo on Page 10 of the summary notes: Change "food book" to "good book".

V. Presentation of Outreach Toolkit

Purpose:

- Allow additional input building upon the Series 1 Community Workshops through the use of a simplified toolkit packet.
- Gather additional input for the vision, background reports, and policies.
- More community members will learn about the project through the use of the tool kit.

Roles for Task Force: guide and materials

- Task Force Members can facilitate workshops
- Workshops can be flexible
- Inform/update people about the process
- Two workshop exercises: individual exercise and group exercise

Toolkit Contains:

- Folder: Sign-in sheet, newsletter, comment cards, tape, markers, and pens
- Tube: Assets, challenges, and opportunities poster

Agenda for Toolkit Exercise:

- Welcome and Overview: Sign-in sheet, briefly review the newsletter
- Overview of Workshop Exercises: Explain the purpose of the workshop, provide a summary of the workshop exercises (3 stations from workshops on one comment card), and one map exercise
- Workshop Exercises
  - Individual exercises: 20 minutes (maybe shorter)
  - Group Exercise: should last about 20 minutes. Map: color coded pens on the poster Hayward's assets, challenges, and opportunities
- Summary and Wrap Up: discuss the big ideas from the exercises. Mention how the input will be used: vision and background reports and General Plan policies

Facilitator Tips:

- Keep the discussion and participation balanced
- Remain objective and neutral
- Follow the lead of your group
- Don't be afraid to say "I don't know"
- Take photos: bring your camera
- Have fun

Next steps:

- Contact Erik to request Outreach Toolkit
- January 31st is the end date
- Return all materials to Erik

Questions/Comments:

- There is not much time to do the additional outreach. Response: We do not expect that people would do this in December. We essentially have one month (January) to do the meetings.
- Will this toolkit be different than the next round of workshops? Response: Yes, this toolkit is a continuation of the first round of workshops. The next round will be about the vision and guiding principles.
- Can we get an email template to invite people? Response: Yes, we could prepare an email template.
- Email would be helpful to get people excited.

- How should we handle this if we get a lot of people? Response: Ask people to RSVP so we can know how many people to expect. Let Staff know if you have a large group and we can help.
- How are we engaging with the Neighborhood Watch Groups? Is there a way to contact the Block Captains to get the groups involved? Response: Yes, Block Captains meet regularly. Task Force members could possibly come as guest speakers.
- Staff: how many people on the task force would be willing to do this? Task Force member responses:

    - Prospect Hill Neighborhood Association
    - Cotter Way Block, Hayward Senior Center, Lavender Seniors
    - Chabot College: Associated Students wants to host (need to organize quickly at start of spring semester), Renaissance HOA
    - HOA: Grand Terrace HOA, St Joachim's School, cub scout troop
    - Highland Boulevard Neighborhood Watch group
    - Photo Central (HARD)
    - Southgate HOA
    - Eden Shores HOA
    - Small gatherings of friends
    - Jackson Triangle: no HOA looking for suggestions
    - Woodland Estates HOA
    - Fairway Park HOA
    - Arthur Murray Dance Studio

    Also, several members mentioned they will be available to help out at additional meetings if assistance is needed.

- There is a course at Chabot on changing community. Could we work with the students of that course? Response: This could be integrated into the course as a case study. Interesting to have class involved and we could have them present to the Task Force
- What about the Downtown Merchants Association and the Chamber of Commerce? Response: Erik can take the lead on coordinating with these groups.
- We should spend some time identifying the groups that we could present to and get organized. Schedule the meeting as soon as possible (in December). Deadline will approach very quickly.

VI. Public Safety

Lieutenant Jason Martinez, from the Police Department and Public Education Officer Lashon Earnest from the Fire Department are here to answer questions.

Overview of Existing Conditions and Policy/Regulatory Framework

- Four main documents that address public safety: General Plan: Conservation and Environmental Protection Element, General Plan Public Utilities and Services Element, Local Hazard Mitigation Plan, and Comprehensive Emergency Management Plan
- Conservation and Environmental Protection Element:
  - Ground Shaking and Fault Rupture: Geotechnical studies required in fault zone and 50' setbacks are required from fault lines
  - Liquefaction: most of flatlands.
  - Slope Instability: Hillside areas
  - Policies: Minimize risk, strengthen existing structures, and public awareness
  - Flood Hazards: Storms and rising sea levels (coastal flooding)
  - Flood zones mapped by FEMA for flood insurance and regulations.
  - Sea Level Rise: Maps provided by the National Oceanic and Atmospheric Administration. BCDC data is going to be available soon.
  - Current flood policies: work with state and county agencies and implement federal requirements for building in flood zones.
  - Hazardous materials: Fire Department does inspections of businesses, and there are drop-off centers for household hazardous materials,
  - Hazardous Materials Policies: Fire Department programs, education, evacuation routes, and awareness
- Fire Protection and Emergency Response:
  - Structural fires, medical, emergency, and urban-wildland fires
  - Policies for Fire: building code, education, training, urban-wildland interface guidelines, and disaster preparation
  - City Hall Room 2A would be the emergency operation center in a disaster.
  - Fire Programs: Community Emergency Response Training (CERT), Map your Neighborhood, Emergency Volunteer Centers (library)
  - Police Programs: Community Academy (learn about the department and how they work), Neighborhood Alert, Volunteer Opportunities (ambassador program, reserve officers, office work)
- Local Hazards Mitigation Plan (LHMP):
  - Association of Bay Area Governments: regional plan with Hayward component.
  - Required for FEMA funding.

- Identifies all the hazards and improvements to be make to prepare for disasters.
- Addresses earthquake and weather hazards

Overview of Disaster Preparation and Response Plans and Policies

- Comprehensive Emergency Management Plan: Details how the City would respond in an emergency.

California State Legislation Related to Safety

- State Guidelines for General Plan:
  - Focuses on natural hazards
  - Hayward will consider Police and Fire in the General Plan Update
  - The current General Plan does not really discuss Police. This is a major gap in the General Plan.
- AB 162: State law that requires flooding to be addressed in multiple chapters of the General Plan

Questions/Comments:

- How did the Hayward Fault get its name? Response: not sure. Maybe from the big earthquake in the 1860s?
- What if a building is destroyed? It cannot be replaced if it is on the fault. Does that mean that the Mission Boulevard could be abandoned? What happens to the tax base? Response: According to State law, you cannot build a new structure on the fault. Not sure if there any exceptions.
- Can we create policies related to permeable paving and pervious surface? Response: Yes, we do have county-wide requirements for storm water retention and filtration to avoid creek contamination.
- For driveways, we should encourage blocks that allow water to permeate (instead of concrete).
- Today was a peak tide day because of the alignment of the sun and moon: There were really high tides today (9.1' tides) and water was on top of the levees. The levees were built for salt ponds (not engineered levees designed for flood protection).
- Could Hayward be affected by a Tsunami? Response: Yes, they are possible, but not very likely. The other scenario is that waves are generated in the bay from an earthquake.
- When was the last time our emergency response plan was tested? We need testing to make sure it works. Response: It has not been tested for a few years. However,

we recently participated in the "shake out drill". City has been given a lot of recognition for its participation in this effort.

- We need to teach people how to use radios and make sure houses have supplies for disasters.
- Do the emergency response plans include terrorist attacks? Response: Yes.
- What about the gas line hazards like in San Bruno? Does Hayward have gas lines? Response: Yes. Pipeline maps are available. Testing has been done in Hayward. Tests involve filling lines with water to test for leaks.

VII. Group Discussion

Input from Workshops:

- Assets: Fire Department, Fire Stations, accredited Police Department, City Hall is an Emergency Operations Center
- Challenges: Crime Rates, crime between 238 and 580, Police Staffing, Fire, Gang Violence, Fault, flooding, climate change, earthquake fault, graffiti, downtown safety, blighted neighborhoods, hospitals leaving and closing down.

Questions/Comments:

- You can look at crime statistics on-line
- The City is collecting better crime data, so it may look like crime has significantly increased this year, when it probably has not.
- Crime is more about fear and behavior. What can we do to give people confidence that Hayward is safe and crime is being addressed. We need an approach to mitigate fear and perception (a public relations approach to address fear).
- Neighborhood Associations can invite Police Department to speak after incidents.
- A website called nextdoor.com can be used for neighborhood issues and crime issues.
- Crime is PR issue. We want people to move here and start businesses.
- Crime is an economic issue. Very little crime occurs in areas where the economy is good. We need good crime prevention programs. The root cause is the economy and poverty. Fixing the economy is key to crime prevention.
- There have been a lot of home break-ins in good neighborhoods. There is less crime in nice neighborhoods, but nice neighborhoods are easier targets.
- The City website has a live police blogger. The Police Department is exploring the use of a new program called Nixle, which sends out notifications about serious incidents.
- Chabot College uses a similar program.

- Does the Police Department use social networking? Response: No, but this new program would do that.
- How fast is the crime mapping program? Data is updated within less than a week.
- There is a digital divide. Lots of people do not have smart phones or computers to get all these crime statistics and notices.
- The General Plan needs a policy about how the City should communicate with residents.
- How does a City that wants a newspaper get a newspaper? Responses:
    - People need to show support for a newspaper. Newspapers need to show readership interest to get advertising revenue.
    - Delivery costs are high. Newspapers are going on-line.
    - Open communication: knowing what is happening in the City eases fears and addresses problems. City could use on-line tools, phone messages, and text messages.
    - Establish better communication with newspapers to get more information published.
    - Let the community know where they can go for more information.
- City planning: Jane Jacobs was a famous activist that prevented a freeway from crossing her neighborhood. In order to have safe streets, you need to have "eyes on the street." Hayward is a city built on the American Dream: we are spread out and everyone drives, so we cannot really see what is going on. Mixed use provides more uses and activity and provides "eyes on the street." We need to make neighborhoods and streets better so that there are "eyes on the street," which will reduce crime. We need more of a downtown and more dense places with a mix of uses.
- We need wider sidewalks with planting strips. Foothill sidewalks are too narrow and traffic is speeding by. It needs to be more pedestrian friendly.
- We need multi-use neighborhoods and compact neighborhoods, which are also easier to provide City services.
- We need to consider building design and street design: windows facing streets, activity to encourage walking.
- Many street corners are to smooth (large turning radius), which allows cars to speed through intersection.
- City is interested in expanding Crime Prevention Through Environmental Design program (reviewing applications to make sure spaces are visible and not targets of crime).
- More trees lead to diminished crime.

- How do we address blighted areas? Response: Loan programs to address blight. Grants and loans to improve homes (funded by Community Development Block Grant (CDBG) funds).
- Implementation needs checklist and accountability.
- The City gives at least $300,000 every year for home improvement loans.
- The City has great graffiti removal and mural programs.
- The City will give you paint to cover graffiti. You can use Access Hayward to report graffiti.
- We need to expand communications to include Spanish.
- We need crime prevention programs targeted to youth: Boys and Girls Club, YMCA, programs at the Matt Jimenez Community Center, address gangs, etc.
- Tagging is a result of boredom.
- Police Department has an outreach programs for youth, but agree that more programs are needed.
- Police Department has a gang investigation unit
- Gang Injunctions: court order that says you cannot associate with a gang in certain areas of the city. City has found these are not very effective.
- We need more organizations to keep kids out of mischief.
- We could use a multi-use sports facility such as Newark's Silliman Center (swimming, basketball courts, teen center, computers). We need two or three of these centers located throughout the City.
- Hayward does not have many places for older kids to go to.
- We need community centers. Do not call it crime prevention because that has a bad connotation.
- Work with schools to provide more activities for kids
- Education: schools are not controlled by City of Hayward.
- Middle-class families are not going to move here until the schools are better.
- We need to set the goal to improve the schools. Improving schools is key to turning Hayward around. Set high goals for educational system and get it done.
- The City must insist that the School Board improve schools.
- City does not have legal ability to force the School District to change.
- Could we do subsidized housing for teachers or provide housing for teachers near schools? Response: not sure about funding.
- Could we create more Charter Schools or develop policies to encourage charter schools?
- We need a better working relationship between City and District. Work together rather than tell each other what to do.

VIII. Public Comment Period

No public comments.

IX. Next Meeting

Staff stated that we need to reschedule the January 3rd meeting to the 10th or 17th. Task Force members voted on their preferences and there was a tie. January 10th was selected by staff because the lead staff person on the Economic Strategic Plan is available on the 10th.

X. Adjourn

General Plan Update Task Force Meeting

January 10, 2013

Meeting #4 – Economic Development

Memorandum

TO: General Plan Update Task Force

FROM: Erik Pearson, Senior Planner

SUBJECT: **Economic Development**

In preparation for the January 10 meeting of the General Plan Update Task Force, the following materials are provided to provide the context our discussion on Economic Development. Attached for your review are:

- An excerpt of the State Office of Planning and Research's General Plan Guidelines – Chapter 6, Required Elements of the General Plan – Optional Elements.
- An excerpt of Hayward's existing General Plan – the Economic Development Element (Chapter 4). Please note that the existing Policies and Strategies begin on page 4-17 of this document.
- An excerpt of the Draft Economic Development Strategic Plan.

- Pursue loan programs specific to the rehabilitation of existing neighborhoods.
- Foster new development that is consistent with the type, intensity, character, and scale of the area.
- Encourage higher-density housing near transit. (L)
- Adopt historic preservation ordinances to preserve and protect historic and cultural resources.
- Adopt development guidelines for central commercial and shopping areas that encourage compact (as opposed to strip) form, pedestrian access, and increased pedestrian traffic. (L)
- Design focal points and architectural features into the development or rehabilitation of existing neighborhoods.
- Establish siting and design criteria for public buildings and parks to enhance spatial definition, create focal points, and provide landscaping and trees.
- Design and install entry landscapes at the major entrances to the community and along transportation routes.
- Encourage cooperative efforts to provide art in public buildings and private businesses permanently or as part of a rotation of works of art.
- Streamline permit processes for the addition of public art and landmarks to existing locations. Provide incentives for development with provisions for the display of art and favorable structural design.
- Amend or adopt a sign ordinance that regulates size, type, material, height, location, and lighting consistent with the policies and objectives of the community design element. (L)
- Finance and construct gateway structures at the major entrances to the community that are reflective of the community.
- Assist private business in the aesthetic improvement of buildings in the downtown business district.
- Preserve and protect natural land forms and features, such as rivers, ridgelines, and their viewsheds, that contribute to the identity of the community. (CO, O)
- Encourage new development projects to incorporate natural amenities (i.e., landmark trees and rock outcroppings) into their design.
- Require connections between neighborhoods, parks, and open space areas for bicycle and jogging paths. (L, CI)
- Incorporate flexibility in design and architectural features into development standards.
- Encourage and assist in the placement of overhead utilities underground.
- Adopt a cellular tower ordinance that promotes flexibility and creative design for placement on existing public and private buildings and structures (e.g., light poles).

For references on this topic, see the Bibliography under "Transportation and Circulation" and "Urban Design."

ECONOMIC/FISCAL DEVELOPMENT

The structure of a city's or county's economy plays an important role in the physical development of the planning area and the stability of the local tax base. The purpose of adopting an economic/fiscal development element varies by jurisdiction. However, most are based upon a desire to maintain and enhance the economic character of the community while providing for a stable annual budget. An effective element will establish a consistent set of policies that provide general direction to local government on how the community can focus resources to retain local business, attract new industries, support the tax base, and sustain the ability to provide public services for current and future residents.

Economic development elements can function beyond mere statements of policy. An effective element may be used as the basis for a more specific economic development strategy. Consideration should be given during the preparation of the element to the cumulative effectiveness of the integration of policies central to land use, circulation, and public facilities.

Relevant Issues

The contents of an economic/fiscal development element may vary widely between jurisdictions. The element may include any locally or regionally relevant issues and must take into account those issues identified in the other elements. The following is a list of general issues that may be covered:

- Business Retention and Development by Sector: The needs, limitations, and alternatives to existing businesses and potential improvements and strategies to encourage business retention.
- Employment Development: Areas of employment growth, shortages, and needs.
- Business Recruitment: The types, number, and

success of existing and potential recruitment strategies. Identification of businesses that would be compatible with the objectives of the general plan and consistent with the carrying capacity of the land and infrastructure.

- Fiscal Stability: Existing and potential revenue resources, costs of services and facilities, and economic forecasts.
- Budgetary Structure: Existing outlays to departments, services, and comparable revenue recoupment mechanisms and levels. Comparison of facilities and services versus efficiency of providing the programs.

Ideas for Data and Analysis

Background analysis

- Historical Perspective on the Local Economy: Identify the major developments and trends in the local economy over time to provide a basis for future growth projections.
- Current Economic Conditions: Identify economic trends by sector to identify strengths, weaknesses, and opportunities. Use this information to formulate policies and objectives for the retention and attraction of business and employment.
- Projected Economic Conditions: Identify growing sectors of the economy to facilitate and plan for future development. Inventory weak sectors to plan for change or allocation of low-interest funding or other assistance for viable enterprises.
- Employment Characteristics/Demographics: Analyze existing and predicted employment characteristics and demographics. An economic development strategy must be based upon the internal capacity of the population to provide labor in different stages and sectors of the economy.

OPTIONAL ELEMENTS *IN ACTION*

One example of the development and implementation of an economic/fiscal development element is Marin County's Economic Element in its 1994 Countywide Plan. The intent of the element is to "promote a sustainable local economy which will benefit present and future generations without detrimentally affecting resources or biological systems and which will result in balanced communities where residents have opportunities to enjoy the components of a high quality of life: employment, housing which is affordable, transportation services, and physical development..." As part of plan implementation, the Board of Supervisors established the Marin Economic Commission which facilitates economic activities and provides a forum for cooperative economic development in the cities and the county.

Land use

- Land Use Inventory and Analysis: Analyze the type, location, and intensity of land uses designated by the general plan and the ability to support existing and proposed uses consistent with the economic development strategy.
- Infrastructure Analysis: Analyze the capacity of existing and planned infrastructure to accommodate growth, which will directly affect the viability of economic development. Determining the ability of existing systems to support current and future demands and planning for future increases in capacity and extensions must be based on accurate, up-to-date information.

Financing

- Capital Improvements Financing: Analyze the viability, estimated costs, and potential funding sources for each project prior to its submission for approval. Identify effective programs for the replacement of structures and equipment.
- Fee Studies: Conduct comprehensive fee studies to identify the relative amount of recovery for the service provided as compared with other jurisdictions. Prepare long-term comprehensive fee structures and proposed changes, consistent with Proposition 218 of 1996.

Fiscal analysis

- Fiscal Stability: Identify programs that will maintain a diverse and stable revenue system. Evaluate the viability of revenue sources in order to identify those that enhance or limit tax burdens on residents and businesses.
- Historic and Projected General Fund Trends: Identify past, current, and future general fund revenue sources to plan for effective asset management and revenue collection. Provide for the cost-effective supply of services and recovery of costs.
- Balanced Budget: Identify current and prospective sources of revenue to establish funding programs in anticipation of future capital outlays. Identify the

steps necessary to maintain a balanced budget to ensure that future obligations can be met by adding to reserves. Evaluate services to identify cost-cutting measures and efficient delivery systems.

Economic development and implementation

- Economic Objectives: Identify objectives for the local economy and develop economic indicators to measure the success of the implementing programs and policies.
- Economic Strategy: Identify a general strategy (process) for accomplishing economic objectives and a local agency with the ability to procure funding and implement the strategy.
- Business Recruitment: Identify areas that could support a variety of industrial, commercial, and professional businesses (consistent with the land use element), keeping in mind the desirability of mixed-use districts and also the need to keep certain industrial businesses away from other uses, such as residences, schools, and parks. Identify areas within older, established business districts that could similarly support new businesses.
- Business Retention: Identify strategies that include provisions for adequate infrastructure, qualified employees, funding resources, and regulatory policy designed to foster the competitiveness of existing businesses.
- Welfare-to-Work Programs: Develop strategies to encourage the business community to form partnerships with state and local efforts for job placement opportunities and training for welfare recipients.
- Influencing Factors and Trends: California's economy is in a period of transition, which is redefining the role of the workforce. The change is being influenced by an evolution in the perceived value of quality of life and an emphasis on child welfare and family time. Consider the increasing trend towards more home-based offices, telecommuting, and flexible work schedules. Consider designing flexibility into zoning and land use designations to encourage alternative office/living space arrangements. Policies and programs may directly influence the assumptions made in the housing and circulation elements of the general plan.

Ideas For Development Policies

The following is a laundry list of ideas that may lead to useful economic development policies:

- Develop and maintain public facilities and infrastructure to encourage business recruitment, support future demand, and ensure an adequate future supply.
- Encourage long-term partnerships between local government, businesses, and business organizations and the educational, arts, and environmental communities.
- Enhance recruitment and retention factors that draw employers, such as ambiance and educational, cultural, recreational, and environmental resources.
- Encourage the development of housing of types and at prices that are consistent with the housing requirements of workers in the community's various employment sectors.
- Develop a business recruitment program that includes permit assistance and other incentives.
- Hire or retain an economic development coordinator.
- For older, established business areas, hire an economic development coordinator, provide support for merchant organizations, and promote business district marketing strategies.
- Apply for inclusion in the California Main Street Program to develop a public/private strategy for revitalizing older downtowns through design, economic restructuring, organization, and promotion. (Contact the California Technology, Trade and Commerce Agency for more information, www.commerce.ca.gov.)
- Recover the cost of new facilities and infrastructure necessary for new development.
- Apply for and establish an Enterprise Zone. (Contact the California Technology, Trade and Commerce Agency for more information.)
- Maintain a stable revenue base that is promoted by a diversified economic base.
- Adopt a balanced budget.
- Establish an assistance program to aid businesses in the fulfillment of their employment objectives.
- Avoid short-term borrowing and long-term debt.
- Promote cultural amenities and facilitate community-based events.
- Develop incentive programs for business retention and recruitment in targeted areas.
- Encourage mutually reinforcing businesses to locate near one another.
- Adopt an economic development strategic plan. Consider smaller-scale strategic plans for older business areas.

- Aggressively pursue grants from state and federal sources.
- Achieve sustainable economic development by limiting growth to that which is compatible with the carrying capacity of the environment and the service infrastructure.
- Identify and implement ways in which workforce preparation can be improved and create training programs for welfare recipients to meet employers' needs.

For useful references on this topic, see the Bibliography under "Economic Development and Redevelopment."

ENERGY

Energy production and consumption are inextricably linked with the physical development of land. As the overarching policy document that guides the physical development of a city or county, there are important energy implications in the general plan. Choices about land use patterns and transportation systems greatly affect the need for and use of energy, which in turn affect the economy and the environment. For example, the density, mix, and spatial arrangement of land uses prescribed in a general plan result in either a large or a limited set of travel options and, therefore, commit the jurisdiction and each business and citizen to a level of gasoline consumption and tailpipe emissions. Setting policy with an awareness of the level of energy consumption it prescribes will help local governments see the interrelated benefits of conserved energy resources. These benefits include more dollars in the local economy, reduced air pollution, and enhanced economic viability for area businesses.

"You know you are on the right track when your solution to one problem . . . solves several others. You decide to minimize automobile use to conserve fossil fuels, for example, and realize that this will reduce noise, conserve land by minimizing streets and parking, multiply opportunities for social contact, beautify the neighborhood, and make it safer for children."

Michael Corbett, Developer

Communities may address energy production and consumption in the mandatory elements of the general plan or consolidate energy policies in an optional energy element. An energy element can help integrate the economic and environmental effects of energy costs and benefits into a city's or county's long-term growth planning. In this way, an energy element can be a useful component of a sustainable development strategy.

Planning for the efficient use and generation of energy is a good strategy for simultaneously accomplishing other general plan goals, including:

- Affordable Housing: Lower heating, cooling, and transportation-related costs increase the eligibility for home financing. The housing element requirements include "an analysis of opportunities for energy conservation with respect to residential development" (§65583(a)(7)).
- Greater Mobility Options and Reduced Traffic Congestion: Energy-efficient travel options, such as walking, biking, and public transit, can reduce automobile dependence. Improved land use patterns can reduce the number and length of automobile trips. Strategies to increase automobile occupancy can further reduce traffic congestion.
- Improved Air Quality and Reduced Greenhouse Gas Emissions: Fewer automobile trips and more efficient houses and businesses result in significantly fewer air pollutants and lower levels of greenhouse gas emissions.
- Reduced Cost to Provide Public Services: Policies that favor urban infill, redevelopment, and a better mix of uses in the urban core also reduce the length of water, sewer, natural gas, and electric lines needed to serve a community. Reduced length means a potential for significant savings in the construction, operation, and maintenance of lines, booster pumps, etc.

Energy Efficiency vs. Energy Conservation

Although many people use these terms interchangeably, it is useful to differentiate between energy efficiency and conservation. Energy efficiency means using less energy/electricity to perform the same function. Conservation connotes "doing without" in order to save energy rather than using less energy to do the same thing. For example, turning off lights, turning down the air conditioner, and making fewer vehicle trips are all conservation measures. Installing lighting that uses less electricity, installing additional insulation, and switching to a vehicle with better gas mileage are energy efficiency measures.

4. ECONOMIC DEVELOPMENT

Introduction

The purpose of the Economic Development Element is to identify the current economic conditions, constraints and opportunities in the City of Hayward and to establish policies and strategies that:

- Support economic growth;
- Maintain a healthy balance between economic growth and environmental quality;
- Provide the necessary support to businesses;
- Eliminate cumbersome and unnecessary regulations;
- Prevent the wasteful underutilization of physical resources;
- Encourage businesses that create permanent, higher wage jobs to locate and/or expand in Hayward; and
- Assist City residents to acquire skills so that they may fill the jobs of the future.

Although the Economic Development Element is not a state-mandated element of the General Plan, it provides an important statement of the policies and goals of the City relating to economic development. As such, it serves as a source of information and a statement of public policy to aid residents, businesses, other agencies, and city officials in making recommendations or decisions on matters relating to economic development. The Element is closely linked to other elements of the General Plan, including Land Use, Circulation, and Housing. This Element provides guidance to the Planning Commission and the City Council when considering specific projects and calls for an analysis of benefits and disadvantages in order to provide decision-makers with information regarding long- term impacts. It is expected that over time this Element will be amended to adapt to changing needs and economic conditions.

The Economic Development Element is a framework that will allow the City to be proactive and respond to opportunities in the environment more quickly and efficiently to ensure Hayward's long-term economic health and vitality. It must be recognized that the environment in which the City functions is primarily a regional economy. Within that context, the City must continually monitor the range and type of change that takes place and be prepared to respond appropriately. The Bay Area is a vibrant, competitive economic environment, providing continuous opportunities and challenges for the City. Keeping abreast of and acting upon changes which may impact our local economy is a vital part of the framework for economic development.

Regional Economic Outlook

The term “new economy” generally refers to the transformation of our manufacturing-based economy to an information-based economy. This transition is reflected in the growth in employment in certain job sectors. A recent report issued by the Bay Area

Economic Forum, *Leading the Transition to a Knowledge-Based Economy,* focused on those industry clusters that drive innovation, economic growth, and job generation in the region. An industry cluster is a group of businesses that tend to locate and grow in close relation to one another. By examining these clusters, researchers can anticipate growth and contractions in a regional economy. In 1995, more than 480,000 people in the Bay Area were employed in one of seven knowledge-based industry clusters. These include the computer and electronics industry, telecommunications, multimedia, movie/TV production, biotechnology, environmental technology, and travel and tourism. The number of Bay Area jobs in these clusters is projected to grow by 59 percent between 1995 and 2020, as compared to 45 percent for all jobs in the region. The computer cluster alone will add more than 70,000 jobs ranging from high-wage engineering jobs to low-wage stockroom clerks. By 2020, the Bay Area's knowledge-based clusters will employ approximately 770,000 people, or about 18 percent of the region's workforce.

According to the Association of Bay Area Governments (ABAG), the Bay Area job outlook is undergoing a transformation that is significant in both types of jobs available and their location. The Bay Area is moving away from the perception of the regional economy being based only on high-tech manufacturing jobs based in Silicon Valley, to the reality of a much more broadly-based economy that will see growth in an array of job sectors offering employment throughout the Bay Area. While there will be appreciable job growth in the South Bay between 2000 and 2020, many other subregions will see strong growth as well. If Hayward is to share in this growth, policies must be developed to accommodate the anticipated growth in a manner that will be of the greatest benefit to the city (see section on Transformation of the Industrial Corridor in the chapter on Land Use).

The New Economic Reality Facing California Cities

The 1990s ushered in a new reality for every city in California: fiscal self-reliance. A self-reliant city's ability to fund public safety, infrastructure and other vital municipal services is determined by its economic base and revenue structure. Faced with permanent cutbacks in federal spending and the loss of local property tax revenue, which was taken from cities and counties by the state, each locality is now dependent upon the revenue generated from its own economic base to define the level of services it can afford to provide.

The economic base consists of land, buildings and other structures and personal property of commercial, industrial, residential, institutional and government users. The revenue structure consists of non-discretionary taxes which a city does not have the authority to directly control --such as property tax, sales/use tax and state subventions --and discretionary taxes which are revenue sources that a city has the authority to directly control --such as business license tax, transient occupancy tax, utility users tax (where applicable) and franchise fees.

Cities experience changes in their business base at an average rate exceeding 20% per year, due to business openings, closings, expansions, consolidations, relocations,

mergers, acquisitions and other events. Not only do cities' economic bases change, but their revenue structures change as well, due to legal decisions, legislation, regulation, deregulation and emerging technology .In order to survive, Hayward has reduced costs and improved efficiency by restructuring and reorganizing service delivery. Reducing costs and improving efficiency are important, but they are not the only strategies that will assure Hayward can continue to provide residents, businesses and their customers and suppliers with quality services. Strategies that encourage land use, development and businesses that generate sufficient revenue from non-discretionary taxes (sales/use and property taxes) to pay their way *and* meet the needs of Hayward residents and businesses are important. Equally important, since developable land is limited, are strategies that discourage land use, development and businesses that do not generate sufficient revenue to pay their way without creating a public good. As the City of Hayward approaches build-out, the challenge will be how to ensure productive re-use of existing resources to create a healthy, self-sustaining city. Issues addressed in this Element include the following:

- *physical development*, including land availability and infrastructure;
- *resources*, including firms doing business in Hayward, employed residents, and the education system; and
- *financial capacity*, including the revenue structure, and sales tax and property tax trends.

Land Availability and Relationship to Markets

Hayward's central location in the Bay Area has attracted a wide variety of businesses. Hayward remains a very attractive location for manufacturers and distribution outlets where proximity to the entire Bay Area is important. The vast majority of businesses visited as part of the City's Business Retention Program have customers located in the Bay Area. Approximately 15% have customers located throughout northern California while 10% have customers located throughout the state or internationally. Experience with new business attraction activities has shown that, when a business is interested in locating in the Bay Area because its center of business is here, Hayward is very competitive. However, when that business' sphere of operations is northern California, almost all firms will choose to locate in the North Bay or even Sacramento County, where land prices and labor and housing costs are lower and congestion is somewhat reduced. Likewise, firms whose sphere of operations are statewide, or not dependent upon the Bay Area, have moved to locations within the Central Valley where land and labor are cheaper and access to major north-south transportation routes is excellent.

<u>Land Prices and Availability</u>

The City's location, land availability, and relatively low land prices have been valuable components in the growth and development of the industrial and retail markets. The City's location and relatively low land prices remain favorable conditions encouraging economic development. Land prices for industrially zoned land with appropriate infrastructure in Hayward compare favorably with nearby areas, including Oakland, San

Leandro, Union City, Newark and Fremont. Once a favorable condition, land availability has become a constraint due to the relatively small number of larger vacant parcels that are available for development.

Land prices will most probably rise as the supply of vacant developable land declines, reducing Hayward's competitive advantage. The cost of development can also be projected to increase if the remaining parcels are smaller infill parcels that must be assembled prior to development and the existing structures demolished before construction of new development can begin. The large number of small, vacant industrially-zoned and commercially-zoned parcels in the City and the small number of vacant parcels of any significant acreage remain one of the most significant issues that affect future development.

There are several ways that a city can increase the amount of land available for development. It can zone or rezone properties in appropriate areas for development; it can annex land within its sphere of influence and, if appropriate, zone it for industrial development; and it can create redevelopment areas in order to acquire and assemble small, relatively uneconomic properties to create parcels that can attract the type of development desired by the city.

Industrial/ Business Park Land Availability

Land availability is a primary issue for the City of Hayward. The amount of vacant land available for business expansion and new development has become quite limited. There are approximately 300 acres that are vacant and planned for industrial development. With the exception of the proposed Eden Shores complex, there are very few large parcels. Another 300 acres may be considered as underutilized with the potential for more intensive development.

Cities to the south of Hayward have much more vacant land available. For example, approximately 800 acres in Fremont are included in a planned development. New business parks have opened in Union City and Newark. Several Hayward businesses seeking to expand have relocated because of the lack of available land and facilities in Hayward.

The Hayward/Union City industrial market has been one of the last Bay Area markets to experience single digit vacancy rates due to the tremendous amount of warehouse space built in the 1980s, when this market area essentially doubled in size. Surrounding cities (Fremont, Livermore, Oakland, San Leandro) and Peninsula cities typically experience lower vacancy rates. The Hayward/Union City market experiences spillover from these surrounding cities, producing additional demand for warehouse facilities. Increased demand is projected to continue into the foreseeable future.

Commercial/Retail Land Availability

Vacant commercial retail properties face similar constraints to industrially-zoned land. There are only 13 acres vacant and planned for commercial development. Another 55 acres, consisting primarily of very small parcels, may be considered as underutilized. Very few of the vacant parcels are larger than one acre (between one and three acres). This poses a serious problem for attracting "big box" retail and other similar retail stores. A major chain store, which would attract customers within a five-mile radius, requires a site of at least four acres. While small parcels can be utilized for the type of upscale specialty retail desired by many Hayward residents, specialty chain stores (such as Starbucks) make locational decisions based primarily on disposable income, educational level and the distribution of similar flourishing specialty stores in the market area.

Relationship to Industrial and Commercial Markets

Industrial and Warehouse Market. Since Hayward's industrial area provides an excellent central location with access to suppliers and markets in the East Bay, Silicon Valley and San Mateo County, the area has been able to attract traditional manufacturing/distribution activities and high-tech related manufacturing and service industries. Realtors and brokers specializing in industrial and distribution space have indicated that Hayward is seen as an attractive place to expand or relocate by firms in northern San Mateo County (within proximity of the Hayward-San Mateo Bridge) and northern Alameda County. This suggests that Hayward will continue to see a strong demand for warehouse space even as the city seeks more light manufacturing and research and development companies.

Although Hayward is accessible to Silicon Valley, these firms perceive Hayward as being too far away. Nonetheless, due to low lease rates and the availability of appropriate space, Hayward continues to be attractive to relatively small high-tech and biotech firms that do not need to be located near Silicon Valley or the Berkeley-Emeryville area. The majority of business parks in Hayward are less expensive than similar business parks in Fremont, Dublin and Alameda, while Union City rates are similar to or slightly higher than Hayward, depending on the age and type of property on the market.

Quality research and development space in the East Bay has been increasingly difficult to secure and this trend should continue in the foreseeable future. The strong demand throughout the Bay Area will force tenants located in the higher-priced Peninsula and South Bay regions to expand their geographic search areas. In comparison, the more reasonable pricing in the East Bay market will continue to attract tenants from the surrounding markets while options for conversion to higher and better uses broaden purchasers location alternatives.

In recent years, Hayward has benefitted from a central location, available land and relatively inexpensive sales and lease rates as businesses from San Francisco, South San

Francisco, Brisbane and from the East Bay cities of Berkeley, Emeryville and Oakland have relocated to Hayward. However, when price has not been a significant factor in decision-making, some Hayward businesses, seeking to expand, have relocated to Fremont and Pleasanton in order to build or purchase new facilities with more of an upscale image. Other businesses that have relocated from Hayward to Union City, Newark, and Livermore have cited the current lack of available vacant land for new facilities, business and industrial parks as a key factor in these decisions.

Office Market. Hayward does not have an established reputation in the Bay Area office market. Most firms looking for office space in Hayward are serving a local market and seek newer space, expanded space or a more convenient location than their current offices within the local area. Although Hayward is well situated for the administrative functions of firms doing business throughout Alameda County and the Bay Area, Hayward's lack of reputation as an established office market means that most large firms will look elsewhere for space, and financing is not available for speculative office development. The few times that Hayward has been identified as an appropriate site for larger office uses looking to expand or relocate, available office space has been insufficient to meet the need.

The amount of office space has increased in Hayward's industrial area. A review of recent building permit data shows that most of the tenant improvements in the industrial area were for conversion of a portion of warehouse space to offices. This trend is expected to continue as uses intensify.

Retail Market. Hayward' s central location in the Bay Area has been a key factor in the success of the retail sales market. In the past, Hayward's retail establishments attracted most of the trade generated by local residents and captured business from outside the primary market area. In particular, new and used auto sales, auto supply establishments and general merchandise stores attracted customers from a wide market. More recently, there has been a significant increase in the number and type of retail establishments in surrounding cities. While Hayward still draws customers seeking to purchase automobiles, retail sales from general merchandise stores has declined during the past decade.

In recent years, Hayward has been in the top ten percent of all California cities in retail sales. In comparison with other cities in the I-80/880 corridor, Hayward ranked second in total sales in Alameda County, behind Oakland and ahead of Fremont. This is quite remarkable, considering the fact that Hayward is two-thirds the size of Fremont. San Leandro was first in average sales per outlet and average sales per capita, followed by Hayward. Average sales per outlet in six major retail categories (apparel, general merchandise, specialty, food and beverage, building materials and auto) are relatively high for the state as a whole and the other cities in the 1-80/880 corridor. This is a useful fact for recruiting businesses in these categories since retailers want the highest possible sales per outlet.

Infrastructure

Infrastructure consists of transportation and communications networks and water, sewer, wastewater and storm drain systems. Major upgrades of existing communications networks such as cable television and telephones are occurring throughout the Bay Area and high technology communications companies seek to install the latest equipment. Sound infrastructure planning has allowed Hayward to have very competitive rates and facilities fees (also see chapter on Public Utilities and Services).

Water and Water Rates

Hayward has the highest quality water in the San Francisco Bay Area. Unlike other cities, whose water contains a mixture of reservoir, well and surface waters, Hayward does not mix water from other sources with the water received from Hetch Hetchy Reservoir in the Sierra Nevada. Hayward's agreement with San Francisco's Hetch Hetchy Water System allows the City an unlimited supply of water. Hayward' s water rates are among the lowest of local water agencies in the Bay Area.

Waste Water and Waste Water Rates

Hayward's sewer system is one of the most efficient systems in the Bay Area with enough capacity to meet the City's needs over the next several decades. The City of Hayward provides wastewater collection and treatment services to residents within the city limits as well as several adjacent unincorporated areas. The collection system includes over 300 miles of sewers, including trunk lines of up to 48 inches in diameter, as well as 2.5 miles of force mains. The collection system also includes two major lift stations and five smaller lift stations. Most mains were constructed within the last 40 years.

The City's Water Pollution Control Facility provides primary and secondary treatment of the influent wastewater. The plant currently has a rated capacity of 16.5 million gallons per day (mgd), with a current average dry weather flow of about 11.0 mgd. The City's ultimate dry weather flow with full development as envisioned in the General Plan is projected to be around 16.5 mgd as well. Hayward's monthly sewer charges are among the lowest in the East Bay, and connection fees are also very reasonable with no hidden assessment charges .

Storm Drain System and Rates

The major part of Hayward's storm drain system is maintained by the Alameda County Flood Control and Water Conservation District. The County charges users a fee based on the flood control zone in which they are located. Property owners are charged a fee by the City (on the property tax bill) to cover pollution prevention and control, cleaning of catch basins and storm drain lines. Hayward's storm drain system has enough capacity to support future business development.

Transportation Network

Three railroad lines run through Hayward with connecting rail spurs to many industrial sites. Hayward is also a scheduled passenger stop on Amtrak's Capitol Corridor line between Sacramento and San Jose. In addition, over 100 truck lines and carriers provide service to Hayward. Hayward has excellent access to markets within the Bay Area and to major routes extending through northern and southern California. Interstates 880, 580 and State Highways 238 and 92 converge in Hayward. The Hayward-San Mateo Bridge provides access to Silicon Valley to the south and San Francisco to the north. This transportation network makes Hayward an excellent location for reaching vital markets throughout California, the United States, and the Pacific Rim.

The road network in some parts of the Industrial Corridor needs to be upgraded and expanded. In the past, an Industrial Assessment District has been proposed as a way of financing needed improvements, but the cost of the assessments to make the improvements was higher than most property owners wanted to pay. This funding mechanism may warrant renewed attention in the future, particularly since the reauthorization of Measure B provided partial funding for several improvements.

Traffic Fees

Almost all cities in Alameda County have traffic impact fees to provide funds for continual improvement of local roads. While Hayward does not have a traffic fee, the Supplemental Building Construction and Improvement Tax for new construction has been very competitive with traffic fees in other cities in the County.

Telecommunications Network

The City is very supportive of the creation of state-of-the-art technological infrastructure for business and educational uses throughout the city, particularly in the industrial areas, downtown, and the Chabot College and California State University-Hayward campuses. Fiber optic installations are very important to continued development of the Industrial Corridor and overall economic competitiveness of the city. The City has worked with various telecommunications companies to wire the city utilizing a fiber optic backbone to allow modern forms of high speed voice and data transmission. There are seven different companies that have existing or planned routes. Existing routes extend to all parts of the Industrial Corridor. Two of the existing routes serve the Downtown area and California State University-Hayward. Other major routes follow the Union Pacific Railroad tracks and the PG&E transmission lines. Major proposed routes would extend along Upper B Street, Mission Boulevard, and West A Street.

Employment Base and Local Resources

Hayward's economic development resources consist of its businesses, its employed residents, its training and education systems, and the local business climate.

Sales Tax Generators

Hayward has an exceptionally diverse array of sales tax generating businesses. This diversity has been a key factor in Hayward's economic health throughout the boom and bust of California's economic cycles. In recent years, studies have shown that Hayward received approximately 50% more sales tax in total dollars than the average California city.

Hayward has a relatively balanced retail base. Nine business sectors are represented among the top 20 sales tax generators. Light industry, new autos, office equipment, department stores, and manufacturing materials are the sectors represented among the top ten sales tax generators.

Approximately 40% of Hayward's taxable sales are from business-to-business transactions. This is one of the highest rates for cities in Alameda County. Business to business sales include office equipment, electronic equipment, business services, energy sales, chemical products, heavy industry, light industry, and leasing.

Employment Generators

According to the City's business license database, there are approximately 9,000 businesses in Hayward. Firms in Hayward represent more than 124 business sectors. This diverse economic base enabled Hayward to sustain itself during the recession in the early 1990s. Continuing changes in the health care industry are reducing jobs throughout the entire system; from hospitals to skilled nursing facilities. Mergers have eliminated jobs throughout the financial services industry. Job losses in department and variety stores were due to the California recession, intense competition from big box retailers and mergers between department stores.

Regional Job Growth

According to the employment forecasts as contained in the *Projections 2000* report by the Association of Bay Area Governments (ABAG), job growth should slow somewhat through the year 2005 as state and regional economies experience a period of adjustment. Beyond the next few years, the rate of job growth is expected to increase steadily by 2010, and then remain relatively stable through 2020. Projections for the Hayward area generally reflect trends and expectations for the region as a whole. The assumptions regarding the supply and availability of land are consistent with local data as well as policies of the General Plan.

The total job gain for the 20-year horizon period for the Bay Area is almost one million new jobs. The largest Bay Area growth sector is anticipated to be in the Services sector, with over 52% of the total job growth. It should be noted that the Services category includes business services, which encompass computer software firms, internet service providers, and related high technology services. Computer hardware manufacturing is included in the Manufacturing sector. The three remaining sectors are Manufacturing

and Wholesale (19 percent), Retail (11 percent), and Other (19 percent). In terms of growth at the county level, Alameda County is expected to capture 23 percent of the total Bay Area growth with nearly 220,000 new jobs. In the Manufacturing/Wholesale sector, County growth will comprise about 22 percent of the total growth within the Bay Area. The County Service sector growth represents 21 percent of Bay Area growth. This sector represents the largest amount of net new jobs, almost 110,000. Overall, Hayward should account for 8 percent of the total job growth within Alameda County with almost 22,000 new jobs to be created by the year 2020.

Table 4-1.

Change in Job Demand: 2000-2020 *(Note: All numbers are in addition to existing jobs)*

Sector	Bay Area	Alameda County	% of Bay Area Job Growth	Hayward	% of County Job Growth
Manf/Whls	186,660	40,740	22%	5,220	13%
Retail	105,820	23,000	22%	650	3%
Services	521,400	109,980	21%	13,950	13%
Other	186,710	46,010	25%	2,040	4%
Totals	1,000,590	219,730	23%	21,860	8%

Source: ABAG *Projections 2000*

Hayward Employment Trends

According to ABAG, total employment in Hayward was 90,080 in 2000, with 43,696 (48%) of these jobs located in the Industrial Corridor. Total employment in the city increased 18% over the 76,440 jobs in 1990, while employment in the Industrial Corridor increased 32% above the 33,041 jobs in 1990. The Industrial Corridor accounted for 43% of the total employment in 1990. Employment was relatively stable in the early 1990's, even while significant job losses were occurring elsewhere in the Bay Area due to military base closures and the California recession, because of Hayward's diversified industrial base. Employment growth during the latter part of the decade can be attributed to the economic resurgence at the regional, state and national levels. According to ABAG, employment in the Hayward area is expected to increase by almost 22,000 (24%) over the next twenty years, with an increase of 12,673 jobs (29%) anticipated in the Industrial Corridor. If these forecasts are realized, the Industrial Corridor would account for 58% of the growth in jobs, increasing its share of total employment within the city to 50%.

Employed Residents By Industry and Occupation

According to available Census data, there has been an increase in the number of Hayward residents employed in the following industries: finance/insurance/real estate, wholesale trade, communications/public utilities, transportation, and construction. The number of residents employed in manufacturing durable goods has decreased. In general, Hayward residents appear to be employed in the same industries that do business in Hayward, although, residents may work for firms that are not located in Hayward.

Between 1980 and 1990, the number of Hayward residents in various occupations increased as follows: executive/administrative/managerial, professional (65.4%), professional and technical services (43.5%) , sales (41%) , and personal services (20.4%). This change has resulted in increased demand for housing for professional and managerial employees. The one occupation in which the number of Hayward residents declined was machine operatives (-12.8%). This appears to be consistent with the decline in manufacturing jobs and the decrease in the number of Hayward residents employed in manufacturing that occurred during this time period.

Occupational Outlook

The State Economic Development Department (EDD) projects openings by occupation, based on survey data collected from employers. In recent years, in Alameda County, occupations with the most openings have been in relatively low wage fields such as retail salespersons, cashiers, clerical, waiters and waitresses, janitors, food preparation workers and many different types of clerks. Out of the 25 occupations with the most openings, only three--general managers/top executives, computer programmers, and accountants/auditors--were higher wage jobs that require a college or technical education. The occupations with the highest growth rate are not the occupations with the most openings. In general, those occupations require higher education and are relatively high wage jobs such as tax examiners, computer engineers, technical writers, and data processing equipment repairers.

Elementary and Secondary Education System

Hayward Unified School district serves over 20,000 students of varied cultures, languages, and backgrounds. The district's diversity, openness to change, and commitment to student learning have led to its recent involvement in several major school reform projects. In addition, increased revenues are resulting in higher teacher salaries and lower class sizes, which benefit classroom programs and help improve student learning.

Problems do remain. Many schools still have relatively high transiency rates and many are now close to physical capacity. In recent years, the District’s high schools have had approximately the same college attendance rate as the New Haven and San Lorenzo school districts and Alameda County as a whole. However, the rate is lower than the San Leandro and Fremont districts. The District’s dropout rate is higher than surrounding

districts; however, new programs have been implemented which focus on at-risk students and these programs are beginning to show some positive results. There have also been coordinated efforts to improve educational achievement including Healthy Start (with city, county, and nonprofit organizations) and the School-To-Career program (with Chabot College and Cal State Hayward).

Post-Secondary Educational Opportunities

Hayward is unique among East Bay cities in having an educational system that takes students from kindergarten to college graduation. Hayward is home to Chabot College, a community college, and to California State University at Hayward (CSUH). CSUH is a leader in multimedia studies. It has one of the top business schools in the State system and has been a training ground for entrepreneurs from Russia and China. Both Chabot and CSUH work closely with employers to tailor training programs for employees. The University of California, Berkeley; the University of California, San Francisco; and Stanford University are nearby. In addition there is a myriad of other educational resources located in Hayward, including the Hayward Adult School, business colleges, technical training programs, a Regional Occupational Program, and a Career Center for displaced workers.

Local Business Climate

According to past surveys of Hayward firms, the most important factors attracting them to Hayward were access to markets, relatively low lease rates/building costs, access to transportation facilities, proximity to owner's residence, and labor availability. Local commercial and industrial brokers have indicated that these same factors, with the exception of proximity to the owner's residence, remain important today.

Streamlining city government, particularly the development process, continues to be an important issue for businesses and realtors. The City has made significant progress in improving the development review and permitting process. As Hayward has improved its development process, so have surrounding localities. Cities have begun to compete for certain types of new business and a streamlined regulatory process provides a competitive advantage.

In recent years, equipment financing and working capital financing were the most common forms of credit sought by the companies surveyed. Two critical problems were that access to capital was difficult for firms that had not been in business more than five years, and that many lenders found it uneconomical to fund loans below $100,000. As a result, the City developed a small business revolving loan program to provide financing for expanding credit-worthy businesses unable to obtain loans of less than $100,000 and to assist businesses in packaging Small Business Administration loans.

Financial Capacity and Development Incentives

Long-term political, legal, and economic trends impact the fiscal health of cities and counties. Political factors include: cutbacks in federal and state assistance; state preemption of City revenue by exempting select industries/businesses from local taxes; state efforts to balance its budget by changing the property tax distribution and new charges for county services as the County attempts to balance its budget. Legal factors include: voter-established limitations on cities' revenue-raising authority (Propositions 13 and 62); unfunded costs of federal and state mandated programs; and legal and legislative actions entitling major industries and businesses to exemptions, reductions, and tax refunds. Economic factors include: certain industries/businesses not covering their fair share of city services and competitive disadvantages leading to business defections.

Revenue Structure

In response to these factors, all cities, including Hayward, have changed the way in which the cost of development is allocated to ensure that new development pays its own way as much as possible. The typical business expects the city in which it is located to provide police, fire, infrastructure and other services to support and protect its business operations, including its customers, suppliers, and employees. In return, the city expects each business to pay for its fair share of services provided. Cities today are aware that if a business generates insufficient revenue to fund its fair share of municipal services, the residents and other businesses located in the city wind up subsidizing the difference through reduced services and/or additional taxes.

There are a number of different sources of General Fund revenue. These sources are described in the City of Hayward Budget and summarized below. Revenue calculations are based on the Comprehensive Annual Financial Report for FY1999-2000.

Sales Tax. Hayward receives $0.01 (12%) of the $0.0825 tax collected per dollar of taxable sales. The sales tax provided approximately 38.2% of the City's total General Fund revenue.

Property Tax. Hayward receives less than 20% of the property tax generated locally. Alameda County receives 35%, the public schools receive 23%, and special districts receive 22%. The property tax provided approximately 18.0% of the City's General Fund revenue.

Motor Vehicle License Fees ("In-Lieu Tax"). These are special license fees established by and received from the State designed to compensate local agencies for the impact of vehicles in their communities. The in-lieu tax is based on individual vehicles' market value and depreciation rates and is allocated to cities and counties on the basis of population. The in-lieu tax provided approximately 8.1% of General Fund revenue.

Property Transfer Tax. This tax, currently assessed at the rate of $5.60 per thousand dollars, is levied on the value of the sale of real property. Of this amount, $4.50 goes to the City and $1.10 is the documentary stamp tax levied by the County. This is a volatile

revenue source, since it is based solely on the frequency and magnitude of local real estate transactions. The property transfer tax provided about 5.0% of General Fund revenue.

Transient Occupancy Tax (TOT). This tax is levied on each guest's hote1/motel room bill. The TOT is 8.5% per dollar. The transient occupancy tax provided about 1.8% of General Fund revenue.

Business License Tax. The City requires all firms doing business in Hayward to obtain an annual business license. Business license taxes provided approximately 2.3% of General Fund revenue.

Gas Tax. The State distributes gas tax revenue to cities and counties on the basis of population. The gas tax accounted for approximately 1.1% of General Fund revenue.

Franchise Fees. The City charges franchise fees to utility companies doing business in Hayward, including Waste Management of Alameda County, PG&E, TCI (cable TV), and the City's Water and Sewer Fund. Franchise fees accounted for approximately 2.0% of General Fund revenue.

Supplemental Building Construction and Improvement Tax. The City has established a tax on new development based on square footage and type of use. This tax contributed 2.3% of General Fund revenue.

All other sources accounted for the remaining 21.3% of the City's General Fund revenue.

Fiscal Condition

Overall, Hayward is in a relatively healthy condition in comparison with many California cities. However, permanent property tax take-aways by the State have had an impact on Hayward. More recently, Hayward's General Fund revenue has increased significantly with the economic boon and now appears to be stabilizing as the economy slows down. The challenge facing Hayward is to develop strategies to ensure that revenues continue to increase over time as the amount of vacant land available for development declines.

Development Incentives

Since sales and property tax revenues are the major components of General Fund revenues, methods by which the City can increase these revenue sources will have a substantial positive impact. Hayward can increase these revenues by encouraging land uses, developments and businesses that generate sufficient revenue to pay their way from non-discretionary taxes, such as sales/use and property taxes.

Sales tax revenues are the biggest portion of Hayward's budget. Although they are somewhat volatile, due to changes in the economy, sales tax revenues can be increased through business attraction and retention activities that build on Hayward's strengths.

Hayward's central location has been a significant factor in attracting manufacturers and warehouse/distribution outlets, some of whom generate business-to-business sales. The balance between retail sales to businesses and sales to individual consumers has provided Hayward with relatively reliable revenues throughout most economic cycles.

Business-to-business retail sales are typically larger in dollar volume than are sales to individual consumers and may draw from a wider geographic area. The business- to-business retail sales category is one of the largest components of Hayward's sales tax revenue, accounting for approximately 33-40% of total annual revenues in this category.

From the Alameda County local government perspective, the most effective non-financial incentives include direct contact with potential or existing businesses, ombudsperson services and fast-tracking development projects. The most effective financial incentive programs in recent years remain use of redevelopment agency funds, tax-exempt bonds and community development block grant loans.

In recent interviews with businesses, the firms were asked to rank the importance of criteria considered in their location decision. The top three criteria were as follows:

1. Availability of an appropriate size site.
2. Service by regional highway systems and transit systems.
3. Proximity to labor force with desired skills.

Businesses said that the most important non-financial incentives from government were assistance with the permit process and fast-tracking projects. The most important financial incentives from government were low-cost loans, assistance with employee recruitment and retention, and incentives associated with state enterprise zones.

Hayward currently offers the following incentives, depending on the business type:

Financial assistance. Types of assistance include CDBG loans, assistance with SEA loan packaging, deferral of some City fees for high priority projects, assistance with land assembly and land-write downs in the redevelopment area, construction of infrastructure, and tax-exempt and taxable industrial bond financing.

Non-financial assistance. Types of assistance include pre-application meetings, fast-track development processing, and meetings with architects, engineers, and contractors on an as-needed basis. No site plan review is required within the Industrial District as long as the project meets design guidelines.

Since sales tax revenue is an important element of Hayward's fiscal health, identifying and utilizing incentives that will encourage businesses to generate the maximum sales volume from a Hayward location is very important. The City should make it as "painless" as possible for *existing* manufacturing and warehouse/distribution outlets to expand their Hayward-based sales force or become points of sale. Incentives include:

- Making it fast and easy to move through the development process to obtain a final inspection and/or a Certificate of Occupancy;

- Deferring, reducing or waiving appropriate discretionary development taxes/fees for tenant improvements that create sales office space. The amount and type of financial incentive would depend upon the amount of sales tax expected to be generated over the lease term.

ECONOMIC DEVELOPMENT POLICIES AND STRATEGIES

Community Development

1. Utilize an economic strategy that balances the need for development with other City goals and objectives.

1. Preserve and enhance Hayward's assets and character, which make it attractive as a residential community and as an economic investment.

2. Undertake adaptive reuse of older commercial structures and create complementary and compatible new development of high quality.

3. Approve development opportunities that result in minimal adverse impacts to the City's environment.

4. Prior to approval, identify the full costs and benefits of individual new developments and appropriately attribute those between the public and private sectors.

Land and Infrastructure

2. Create a sound local economy that attracts investment, increases the tax base, creates employment opportunities for residents and generates public revenues.

1. Revitalize declining commercial and industrial areas and obsolete facilities through rezoning, redevelopment, rehabilitation and other available means.

2. Work cooperatively with local business and industrial associations to improve the general business climate and to stimulate new business investment.

3. Ensure that there is adequate infrastructure (electricity, water, sewer) to support existing and new development.

4. Work with the public and private sectors to ensure that the city is adequately served by fiberoptic networks and other telecommunications facilities.

5. Ensure that an adequate supply of land is zoned for industrial and business park uses; limit uses that would erode the integrity of the Business and Technology Corridor.

6. Improve traffic conditions in the Business and Technology Corridor by coordinating roadway and transit improvements, perhaps through the establishment of an Industrial Assessment District.

7. Promote and protect the appearance of the Business and Technology Corridor to encourage quality development.

8. Identify sites for expansion of existing commercial, business park and industrial uses and for new development.

Employment Opportunities

3. Facilitate the development of employment opportunities for residents.

1. Promote commercial and industrial development to create and maintain the maximum job opportunities for area residents.

2. Facilitate the entry of Hayward residents into job training programs to enable them to hold meaningful, well paying jobs.

3. Work with job training organizations serving Hayward residents to ensure that their programs are preparing residents for jobs in growth sector industries.

Business Climate

4. Continue to enhance the City's image in order to improve the business climate.

1. Publicize positive images of Hayward through placement of articles in the local media and business journals.

2. Publicize/promote Hayward as an excellent place to do business by building on Hayward's competitive advantages, such as location, sewer capacity and water rates.

3. Promote Hayward as a city that has a broad variety of occupations and family incomes, ethnic diversity, diverse lifestyles and housing accommodations, a broad range of commercial services, educational and job opportunities, and many recreational opportunities.

4. Promote Hayward as a destination for nonresidents.

5. Provide excellent customer service by demonstrating that government listens to its customers, and by continuing to improve the development permit process and customer service training.

6. Develop long-term plans and pursue other endeavors that serve to enhance the Hayward community.

7. Apply new technologies to the development process to better serve Hayward customers, including technological improvements to the City's provision of services and collection of revenue.

8. Place emphasis on major arterials, gateways to the City, the Downtown and the Industrial Area, in landscaping maintenance and improvements, street cleaning, graffiti removal, and enforcement of community preservation, building codes, zoning and sign ordinances.

Business Attraction and Retention

5. Attract new businesses.

1. Business attraction efforts should focus on sales tax and employment generators; high performance, fast-growing firms and community-serving retail as well as high technology and other industries that will enhance the local economy.

2. Conduct outreach activities to suppliers and purchasers to attract new business and expand existing businesses:

3. Inventory available land and available facilities (in cooperation with the commercial real estate sector) for new business development and business expansion for sales tax and employment generators.

4. Create opportunity zones within close proximity of major highway interchanges to attract large retail operations, discounters, and other regional-serving establishments (such as hotels with conference centers).

5. Conduct outreach to identify upscale retail (such as bookstores, coffee stores, gourmet food shops, etc.) that could serve the Hayward community, the surrounding region and commuters.

6. Attract and assist medium size firms (15 to 50 employees) in recognized growth sectors including retail trade and services and high-tech, biotech, and research and development firms.

7. Streamline the development process so that it works effectively and efficiently for the customer, through early identification of issues and expectations and application of the "spirit of the law," as well as the "letter of the law".

6. Retain existing businesses.

1. Identify fast-growing firms, complementary businesses, and others with potential for expansion, and develop programs to assist them to expand in Hayward.

2. Retain small businesses and facilitate their expansion efforts.

3. Expand small business revolving loan program.

4. Continue business retention visits and assistance.

5. Continue to provide technical assistance to businesses during the development permit process.

City of
Hayward

Economic Development Strategic Plan

FY 2014 – FY 2018

CITY OF
HAYWARD

Economic Development

VISION

The City of Hayward is recognized as the most desirable and business-friendly place in the East Bay in which to locate and conduct business.

Economic Development

MISSION STATEMENT

We will achieve our vision by:

1) Ensuring efficient and predictable business permitting processes;

2) Creating and sustaining a safe, clean, green, and fiscally sound business environment that benefits residents, businesses, and the region;

3) Promoting Hayward for its central location, prime business sites, great climate, and excellent transportation, water, and public safety services; as well as for other strengths that distinguish Hayward from other municipalities, such as its international community, civic participation, and history;

4) Actively recruiting and retaining businesses, especially supporting emerging sectors that create quality, good-paying jobs like biotech industries and food processing businesses; and

5) Fostering an educated and job-ready local workforce by driving the improvement of the academic performance of Hayward students and by connecting businesses, learning institutions, and community agencies.

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STRATEGY AT A GLANCE

Focus Area 1	
BRANDING AND MARKETING	
Goal A	Identify and develop a brand that showcases Hayward's strengths
Goal B	Develop and execute a comprehensive marketing program
Goal C	Strengthen and expand events and opportunities for community members, businesses, and visitors to engage with Hayward businesses

Sample of the Work Tasks

- Complete the recruitment process and hire the Community and Media Relations position
- Obtain consultant services to complete a brand assessment and identify opportunities to maximize the effectiveness of the City's communication materials (logos, website, brochures, signage, etc), as well as to create a marketing plan including development of specifics tasks to be included in the annual work plan
- Compile an annual communications portfolio of material utilized by all departments and measure how well the messaging and images reflect the City's brand
- Create and complete a biannual survey of brokers, developers and business organizations to measure awareness of Hayward and its attributes
- Conduct an effectiveness assessment of all City sponsored events and implement identified changes
- Develop mechanisms for measuring both event attendance and vendor sales during events
- Review the community promotions grant program and develop a strategy to direct money to the promotions that have the most impact on economic development
- Expand the events volunteer program to increase the number of events that are community led with staff support, rather than staff led
- Complete a comprehensive training program for key staff in marketing activities and on how to promote the brand through the everyday performance of duties
- Develop and execute a survey of key community consumer groups, such as student unions and parent organizations, to identify new events that would increase their exposure to Hayward businesses
- Increase advertising of City and community partner events in accordance with the marketing plan
- Identify and grow one or two signature events that the region associates with Hayward

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STRATEGY AT A GLANCE

Focus Area 2	
INDUSTRIAL SECTOR	
Goal D	Support existing business, especially in the area of safety
Goal E	Recruit and secure new businesses in priority locations/industries that are a good fit for Hayward
Goal F	Maintain and expand the public infrastructure that businesses need to thrive
Goal G	Create proactive, site-specific land use policies that clearly convey information to potential businesses
Goal H	Ensure a timely and predictable permit process
Goal I	Improve Hayward's education-to-job bridge through an active community partnership

Sample of the Work Tasks

- Complete a transit and amenity needs assessment for employees that are commuting to the industrial areas and create an implementation plan based on recommendations from the assessment
- Expand the business visitation program
- Develop a Bioscience Council and expand the Food Manufacturing Council membership
- Expand venture capital forums and investor round tables
- Design and offer incentives to new industrial businesses that offer good paying jobs
- Complete an assessment of infrastructure deficiencies in the industrial area, especially the quality of roads, as well as strengths that could be used for marketing, such as rail access and water supply
- Create and implement a plan to link and expand existing biking and walking trails in the industrial area
- Explore a public/private partnership to secure broadband/fiber optic network in the industrial area
- Assess opportunities for recreational uses in sections of the industrial area that are near retail areas
- Update the City's Hazmat policies to address advances in the biotech industry
- Develop preferential zoning areas that support the desired business types
- Develop an ombudsperson program to streamline industrial business applications and permits
- Streamline the bioscience permitting
- Create an annual award to recognize businesses that support schools
- Design and launch an annual Career Day at Chabot and Cal State that highlights the skills needed to work in Hayward industries
- Encourage and support HUSD efforts to develop a mentoring/internship/skill-development program
- Explore business sponsorships and volunteer programs to grow the City's existing afterschool programs
- Facilitate an adopt-a-classroom and employee volunteer program in partnership with HUSD, starting with the Promise Neighborhood middle and high schools
- Facilitate school tours of industrial businesses
- Complete an inventory of desired skills from Hayward industrial businesses
- Partner with the Chamber to incorporate a job fair element at the annual Business Expo

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STRATEGY AT A GLANCE

Focus Area 3	
RETAIL & SERVICE SECTORS	
Goal J	Support existing business, especially in the area of safety
Goal K	Recruit and secure new businesses in priority locations/industries that are a good fit for Hayward
Goal L	Maintain and expand the public infrastructure that businesses need to thrive
Goal M	Create proactive, site-specific land use policies that clearly convey information to potential businesses
Goal N	Ensure a timely and predictable permit process
Goal O	Improve Hayward's education-to-job bridge through an active community partnership

Sample of the Work Tasks

- Assist the Chamber and BIA with starting a mentoring/consulting program for small businesses
- Identify key safety concerns and crime patterns in the retail areas and establish a retail crime prevention and property improvement program that will work with property managers to implement strategies based on the concerns identified
- Design and offer incentives to existing service/retail businesses for expansions and improvements
- Develop marketing material for the catalyst sites that can be used by brokers
- Increase proactive code enforcement efforts around catalyst sites
- Design and offer incentives to new retail businesses, such as small business loans and fee waivers
- Develop relationships with the property owners of the catalyst sites in the retail area
- Complete an assessment of infrastructure deficiencies in the retail area, as well as strengths that could be used for marketing, such as Hayward's unique downtown
- Complete the way-finding sign program by 2013
- Develop monument sign program
- Pre-install grease traps and other infrastructure to support restaurant development
- Complete parking study for downtown retail area by 2013
- Work with Southland Mall to identify and address infrastructure needs
- Complete the Downtown Plan update
- Revise the Sign Ordinance
- Modify/create dining entertainment districts that include owner accountability systems
- Identify desired uses for the catalyst sites with the CEDC and ensure that current zoning allows for the desired uses
- Update/review fire connection requirements, especially for restaurants
- Optimize the permit process by utilizing online technology and other available tools
- Develop an ombudsperson program to streamline retail business applications and permits
- Expand the adopt a classroom and employee volunteer programs to service/retail businesses

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KEY GEOGRAPHIC AREAS

The Strategic Plan includes two maps that identify and prioritize economic development areas as well as specific parcels. The purpose of the Key Geographic Areas is to focus limited city resources on the sites that will provide the most immediate positive results related to the City's business attraction and retention efforts. Both maps are fluid documents that may be modified from time to time, including the addition and removal of opportunity and catalyst sites based on circumstances in the economic development climate.

Focus Area 2

INDUSTRIAL SECTOR - Opportunity Sites

See attached map of **Opportunity Sites in the Industrial Areas**. The Opportunity Sites were selected using the following criteria. The list of sites is fluid and will be reviewed annually.

- Vacant parcel/building
- Greater than five acres
- Single ownership
- Proximity to major corridors/arterials
- Minimal CEQA concerns

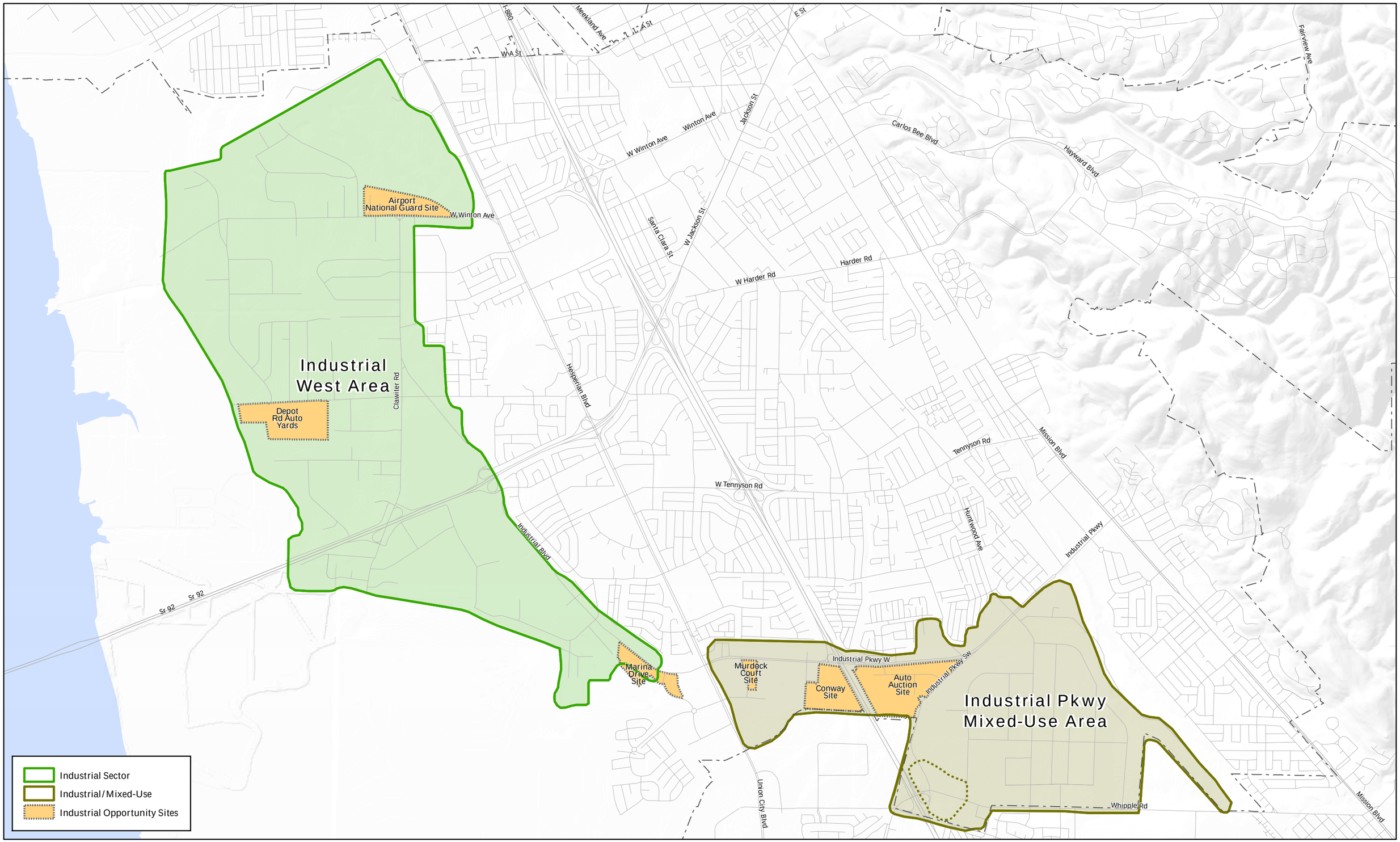
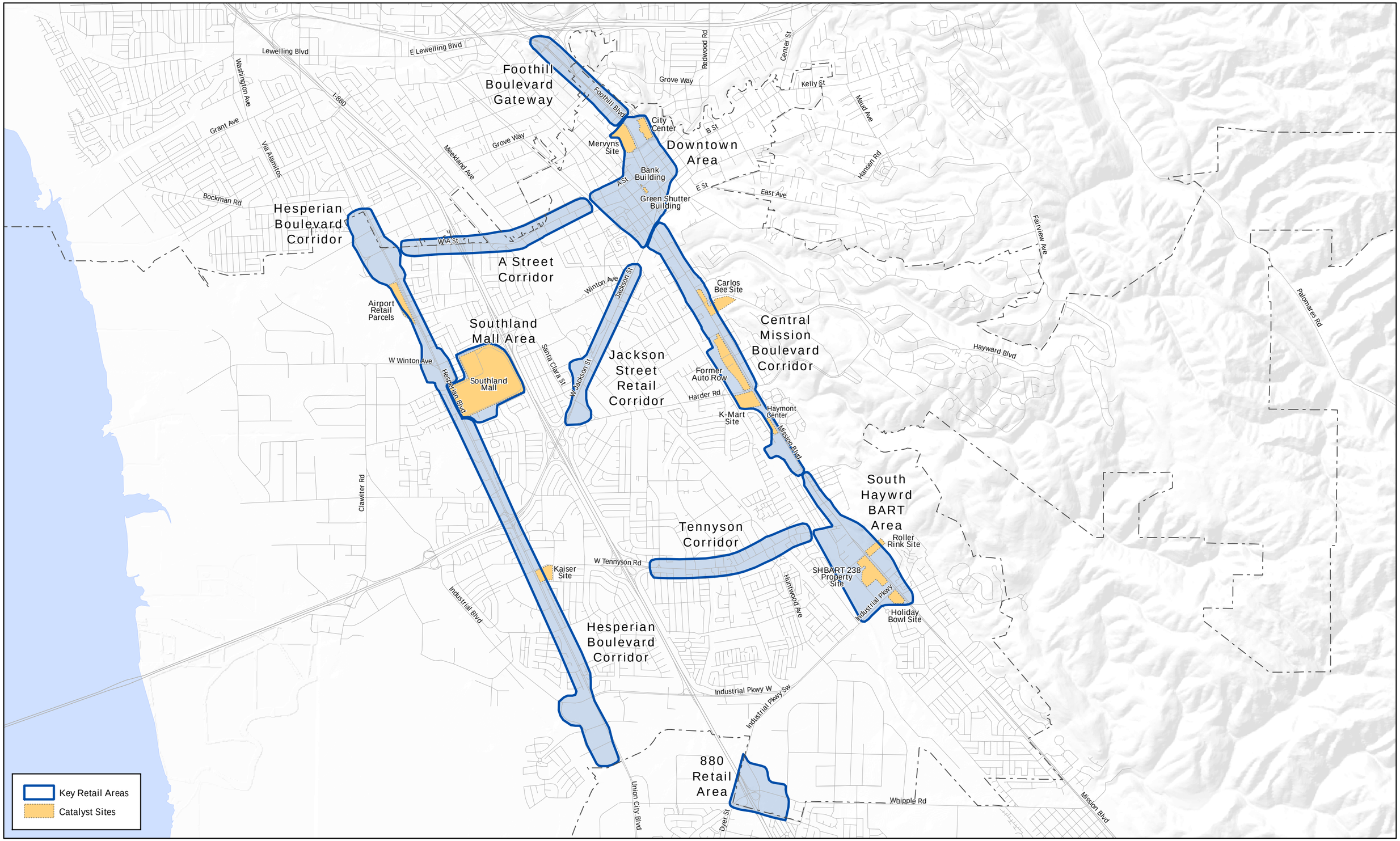
Focus Area 3

RETAIL & SERVICE SECTORS – Catalyst Sites

See attached map of **Key Retail Areas and Catalyst Sites**. The Catalyst Sites were selected using the following criteria. Again, the list of sites is fluid and will be reviewed annually.

- The potential impact on the associated retail area
- High visibility
- Vacant parcel/building
- Single ownership
- Acreage

Opportunity Sites in the Industrial Area DRAFT



Key Retail Areas & Catalyst Sites DRAFT