City of San Leandro

Economic Development Strategy and Work Plan

December 2013

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Introduction

Six goals were adopted by the San Leandro City Council for 2013, including the following:

> Undertake programs and advance projects promoting sustainable economic development, including transforming San Leandro into a center for innovation.

This document provides a summary of ongoing and planned efforts undertaken to further this goal and strengthen the local economy. Although several years have passed since the adoption of the San Leandro Economic Development Strategy and Work Plan ("Strategy") in 1997, the four major program themes outlined in that document are still relevant to our efforts today. Those themes are:

- Sustaining Economic Growth;
- Reinvesting in San Leandro;
- Enhancing the Local Tax Base;
- Improving Community Life.

In general, economic development initiatives are designed to create a positive environment for investment in the local economy. Balanced and targeted investment in appropriate growth-inducing activities can leverage limited public sector resources to promote quality jobs and foster a sustainable high quality of life for the people of San Leandro. Additionally, successful economic development generates revenue for the public sector to meet future community needs. The ideals and goals of the 1997 Strategy have since been embodied in the General Plan and in the Redevelopment Implementation Plans that, until last year, served as the economic development work plan for San Leandro's three redevelopment project areas.

Although many aspects of the Strategy are still relevant, several significant changes have impacted the City's economic foundation and its ability to provide economic development services in recent years. Those economic drivers include:

- The adoption in 2007 of an award-winning Transit Oriented Development Strategy that provides a blue-print and environmental clearance for higher-density, walkable, and sustainable mixed-use development in Downtown San Leandro.
- A severe economic recession beginning in 2009 which greatly reduced private sector investment in almost all economic sectors for several years.

- The elimination of the City's Redevelopment Agency, which will ultimately result in a loss of over $10 million in annual revenue for economic development programs and severely limit the City's ability to make large-scale infrastructure improvements.
- The implementation of Lit San Leandro, a groundbreaking public/private partnership that is providing ultra-high-speed fiber optic communications to businesses in San Leandro. Lit San Leandro gives the City an extremely valuable competitive advantage for modernizing traditional industrial activities, retaining and growing existing San Leandro businesses, and recruiting innovative, high-tech businesses.

The challenges have forced the City to adapt our ways of doing business, while the TOD Strategy and Lit San Leandro have created a multitude of opportunities and great optimism in San Leandro. Several planned or in-progress projects have the potential to bring about immense positive economic change. An organized approach to advancing these projects and continuing to provide excellent day-to-day service to the business community will help San Leandro take maximum advantages of these opportunities.

This work plan is intended to inventory and categorize ongoing and planned economic development projects and programs in San Leandro. Many of these projects are likely to change and evolve over time. Therefore, this document is in many ways a snapshot of our current environment and will evolve over time.

For the sake of organization, economic development activities are categorized into one of nine initiatives. In reality, programs and projects overlap and generally further more than one objective. The main initiatives are as follows:

1. Support and Retention of Existing Businesses
2. Marketing and Business Attraction
3. Completion of Strategic Development Projects
4. Downtown San Leandro
5. Development of Infrastructure Critical to Business Activity
6. Lit San Leandro and Broadband
7. Development of a Healthy Tech and Innovation Ecosystem
8. Regional Coordination and Policy Development
9. Successful Completion of Redevelopment Agency Unwinding

Initiatives are developed to fulfill both Council goals and the adopted San Leandro Economic Development Strategy goals. Maximizing staff resources and available external partnerships is integral to the successful implementation of the work plan. San Leandro will compete successfully in the marketplace for investment and business activity by working to ensure that it has:

1. Excellent physical infrastructure
2. Available, suitable and affordable business and investment locations (sites)
3. A highly qualified local workforce
4. Excellent access to business support services
5. Excellent access to capital
6. A City bureaucracy with which it is easy to do business
7. Access to financial incentives where needed to seed catalytic investments

It is the City's goal to make strategically targeted improvements in order to improve San Leandro's competitive advantages as a place to invest and do business. We also seek opportunities to market San Leandro's competitive advantages and friendly business climate locally, regionally, nationally and internationally.

Prioritization of these initiatives will be fluid and often driven by market conditions outside of the City's control. This document also categorizes projects and programs in terms of ongoing activities and activities that have been identified but not yet funded or scheduled due to staff limitations and/or lack of financial resources.

Ongoing Partnerships

The elimination of the San Leandro Redevelopment Agency has made it impossible for the City to maintain dedicated economic development staff and resources at previous levels. With this in mind, it is now more critical than ever that the City's Business Development team forms partnerships with other entities to help advance economic development objectives. Partnerships can be used to supplement staffing resources or to facilitate to procurement of outside funding sources. The list of San Leandro's business development partners is always expanding, but the following groups are particularly significant (additional regional organizations are detailed under initiative #8):

San Leandro Chamber of Commerce – The San Leandro Chamber is an organization which believes in innovation, continual reinvention and remains focused on its member's needs." The Chamber works with the City in numerous ways, but two particularly important functions are to help City staff keep pace with the changing needs of the business community and to facilitate the dissemination of information and resources out to our businesses.

San Leandro Downtown Association – Downtown San Leandro is one of our most important economic engines and the Downtown Association plays an invaluable role in supporting

downtown business, marketing opportunities and producing community events. The mission of the San Leandro Downtown Association is to create a positive, cooperative, and inclusive atmosphere in the Downtown area that encourages and promotes commerce. The Downtown San Leandro Farmers' Market, the Sausage & Suds Music Festival, the "It's a Wonderful Night" Holiday Celebration, and Bike SL would not be possible without the Downtown Association.

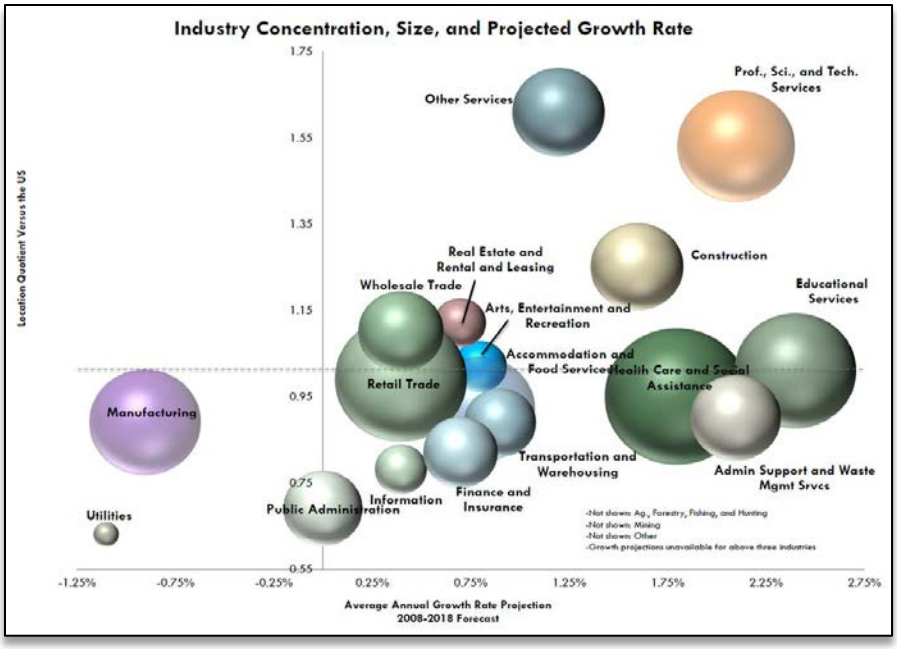
San Leandro Improvement Association/Downtown Benefit District – The San Leandro Improvement Association is the official name of the management corporation that will run the newly formed Downtown San Leandro Community Benefit District. This District was formed by property owners in 2013 and will generate an ongoing funding source to support maintenance, security, marketing, and events in Downtown San Leandro. The Benefit District will work in close coordination with the San Leandro Downtown Association to maximize the effectiveness of both organizations.

Advisory Boards and Citizen Committees – San Leandro citizens who volunteer their time play a key role in supporting economic development in San Leandro. For example, the Shoreline Citizens Advisory Committee worked over several years and dozens of public meetings to help develop a Conceptual Master Plan for the Shoreline Area. The Board of Zoning Adjustments and the Planning Commission are continually charged with interpreting policy directives and regulatory requirements to ensure that development in San Leandro is advanced in a manner that is consistent with community goals.

City Departments – Business development can no longer be considered the responsibility of one small component of the City staff. All City departments are working cooperatively to provide support for the business community through efforts such as expedited permitting, transportation infrastructure, public utilities, and public safety.

San Leandro's Local Economy

Understanding the broader economic trends in the East Bay Area and more specifically in San Leandro is important when prioritizing finite economic development dollars and initiatives. The East Bay's economy is much stronger than most large metropolitan areas nationwide. Advantages include a highly educated workforce, advanced infrastructure, innovation centers and excellent quality of life. The top employment sectors are manufacturing, wholesale trade, retail trade, health care and social assistance. Innovation is driving the East Bay's economy with the fastest growing sectors in the professional, scientific and technical services (PSTS) category followed closely by health care, social assistance and education services. Annual growth of 2-3% in these sectors is projected for the next five years. The chart below outlines the growing importance of PSTS businesses in the East Bay versus the rest of the nation.



Source: East Bay Economic Development Alliance, "Building on our Assets" Presentation.

San Leandro's economic base industries consist mainly of retail, personal and professional services, contracting, wholesaling and manufacturing businesses. Top employment sectors include retail, manufacturing, health care and construction. Together, these top employment industries represent half of all employment in the City. Though not a top employer, the PSTS sector represents the highest paying industry in San Leandro. There is a higher concentration of wholesale trade, transportation, warehousing, construction, and manufacturing in the City than the State. With the exception of manufacturing, these industries are forecasted to grow in the range of 0.5-1.5% in the next 5 years.

Specific to San Leandro's industrial areas, a Next Generation Workplace District Study, completed in 2013, identified three main clusters of high value-added industries: Food Processing, Metals and Machining, and Instruments and Process Controls. These sectors represent a logical outgrowth of San Leandro's legacy as a manufacturing hub. Although mass-produced manufacturing operations have largely been outsourced to foreign countries, precision and specialty manufacturing and production still provide significant growth opportunities. A major component of the City economic development initiatives in the near-term future will involve supporting these types of businesses and working to develop larger clusters of industrial innovation in San Leandro. This approach is designed to build on San Leandro's historic strengths while also leveraging new advantages such as the Lit San Leandro fiber optic network.

While the number of San Leandro businesses & employees decreased by 9.5% and 13.5% respectively between 2005 and 2011, businesses and employment are currently growing again. The City tracked nearly 160 new business starts in San Leandro since last year. The unemployment rate for San Leandro has also shown substantial improvement, recently dropping below 7.0% down from a high over 11% in 2010. Finally, property values have been rebounding strongly, with residential values jumping more than 25% in the past year.

To provide a snapshot of the local economy, the following is a list of other important economic indicators for San Leandro (arrows = directional trend):

- Unemployment: ➡ **6.9%**
- Warehouse Vacancies: ⬇ **5.5%**
- Manufacturing Vacancies: ⬇ **7.4%**
- Median Home Price: ⬆ **$407,000**
- Building Permits: ⬆ **8.7%**

Sources: City of San Leandro and Business License database, California Economic Development Department, Cassidy Turley/ BT Commercial, 2010 Census, California Association of Realtors - 2013 Forecast.

Targeted Industries and Growth Opportunities

San Leandro is a choice Bay Area location with unlimited potential for entrepreneurial companies, precision and specialty foods manufacturing, clean tech and just-in-time distribution/warehousing. Below are the major economic development strategic advantages and challenges facings San Leandro:

Strategic Advantages:

- Centrally located in Bay Area with shoreline redevelopment potential
- Fiber optic infrastructure via Lit San Leandro
- Numerous transportation/freight options:
    - Oakland International Airport
    - Port of Oakland
    - AC Transit
    - BART
    - San Leandro LINKS
    - Union-Pacific rail
    - I-880 and I-580
- Available property for small to large businesses
- Business friendly city government
- Workforce that is diverse, skilled and educated
- Successful retail and strong shopping destinations

- Competitive real estate costs
- Home to numerous successful business headquarters
- Dynamic Marketing Communications: Branding, PR, Web, Advertising
- Kaiser Medical Center locating in city

Challenges:

- Existing Commercial & Industrial building stock is older than many surrounding cities especially southern Alameda County and geared to a previous manufacturing era.
- Lack of Class-A office space (although planned projects will add to this inventory)
- Lack of restaurant options

Fostering Innovation and the High Tech Economy

The East Bay Economic Development Council projects the highest growth in PSTS industries during the next five years. San Leandro is strategically preparing itself to accommodate these growth industries. Strategic projects, such as the approximately 350,000 square foot Tech Campus next to BART, mixed-use shoreline development, Lit San Leandro, reinvention of the industrial areas (Next Generation Workplace District Study) and Kaiser all point to attracting and fostering PSTS businesses in the City.

San Leandro's well established industrial areas feature large warehouse and manufacturing buildings that may be converted to foster innovative, high tech businesses. For example, the second floor of Westgate Center could be converted into "Maker Spaces," scale up business incubators, hacker spaces with machinery, offices, and labs.

Initiative #1: Support and Retention of Existing Businesses

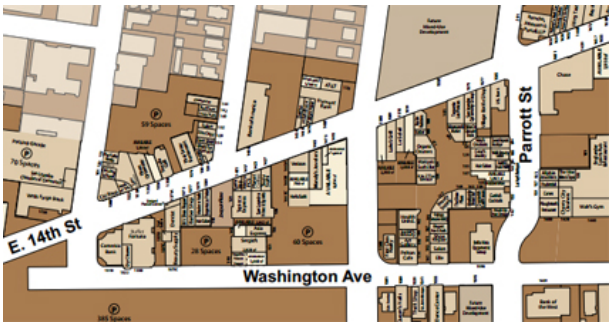
The first priority of the City's economic development team is to support existing businesses so that they can stay and grow in San Leandro for the long-term. These services include permitting assistance, business incentives to encourage new investment, and site location assistance to help businesses remain in San Leandro when they outgrow their existing facilities.

Ongoing Activities

Provide Timely Customer Service – San Leandro prides itself on a business friendly approach. Permit and application processing is considerably faster in San Leandro than in many neighboring communities. The City's One-Stop Permit Center provides an efficient, streamlined approach to assisting businesses with the expansion and development processes. Because timely customer service is an ongoing priority, Office of Business Development staff consistently makes time and re-shuffles priorities when an existing business needs assistance.

Accomplishments To-Date: On October 1, 2012 the City Council adopted the Open for Business Pledge, re-affirming San Leandro's commitment to providing timely, transparent business-friendly service to existing businesses and developers.

Site Location Assistance – Business Development staff maintains positive working relationships with local property owners and real estate brokers. When an existing or prospective business needs to find a location in San Leandro, the Office of Business Development is frequently their first call. In addition to leveraging personal relationships and local knowledge, the City subscribes to a leading property search tool.



Accomplishments To-Date: Recent successes include:

- *Energy Recovery, Inc.*: Moved to 1717 Doolittle, keeping over 100 jobs in San Leandro

- *Mi Rancho*: Reviewed real estate options and ultimately renewed lease, keeping over 125 jobs in San Leandro
- *KWW Kitchen Cabinets and Bath*: Moved to 1251 Doolittle Drive
- *Thermo King*: Moved to 2161 Adams
- *US Superior Stone*: Moved to 2050 Williams and saw sales increase by 30%

Business Incentive Programs – Although public funding for economic development was severely constrained by the elimination of Redevelopment Agencies in California, the City of San Leandro has budgeted $180,000 annually for business incentive programs. The City presently offers three categories of financial incentives:

1. **Commercial Façade Improvement**: The City of San Leandro maintains two programs aimed at commercial façade improvement: the Commercial Rehabilitation Program and the Awning Sign and Paint Program. These programs serve to stimulate investment and improve the exterior appearance of businesses in order to make commercial districts more attractive.

   The Awning, Sign and Paint Program provides forgivable loans of up to $10,000 in matching funds and the Commercial Rehabilitation Program provide forgivable loans of up to $50,000 in matching funds. Projects are required to significantly contribute to improving the appearance of a business.

   The City also offers design assistance, providing business and property owners with professional architectural and design services to explore options for improving their properties. The process of re-imagining commercial spaces to be more attractive and inviting ultimately leads to the community embracing higher standards for the appearance of buildings and public spaces.

2. **Broadband Connection Program**: The City of San Leandro provides matching funds (in the form of a forgivable loan) of up to $10,000 to reduce the cost of connecting a commercial or industrial building to broadband infrastructure. The program includes, but is not limited to, connection to the Lit San Leandro fiber optic network. Projects are evaluated based on their ability to stimulate high-tech business activity, innovation, and job creation.

3. **Energy Efficiency Program**: To advance policy objectives related to business assistance and greenhouse gas emissions reductions, the City of San Leandro has initiated an Energy Efficiency Program to facilitate energy efficiency improvements at industrial facilities. The program offers matching funds up to $50,000, in the form of forgivable loans.

Accomplishments To-Date: A small sampling of recent successes includes:

- Mi Rancho Tortilla Factory saved over $35,000 per year, by taking advantage of the Energy Efficiency Program and installing energy-efficient lighting throughout their facility. The City is currently working with F.H. Dailey Chevrolet on a lighting project which will reduce their electricity use and result in savings of $16,000 annually.
- Downtown San Leandro was enhanced through façade improvements at DC Dance, The Englander, Mike's Feed and Pets, the Sergio's/Wing Fiesta/Yogofina building, outdoor dining at Los Pericos and Tapioca Express, among others. Staff is currently working with Eden Center at East 14th Street and 146th Avenue, East Bay Flowers on East 14th Street and State Farm Insurance on Juana Avenue.
- The office building at 400 Estudillo Avenue recently connected to the Lit San Leandro fiber network through participation in the Broadband Connection program. The building subsequently attracted a new anchor tenant, and has seen its occupancy rate increase substantially.

Improve Multilingual Resources – Changing demographics have made San Leandro one of the most diverse communities in California. As of the 2010 U.S. Census almost a third of the San Leandro population is Asian and more than one fourth of residents are Hispanic/Latino. The business community has mirrored these trends and it has become increasingly important for the City to provide information in multiple languages. Whenever possible, staff seeks to provide translation services for customers that do not speak English. The City has also increasingly produced printed materials in multiple languages although this is not always possible due to limited resources. At this time multilingual resources are identified on an as-needed basis.

Accomplishments To-Date: The City actively maintains a list of staff member who can provide translation services. Services are available in 14 languages and American Sign Language.

LINKS Shuttle – The LINKS shuttle provides free transportation from the Downtown San Leandro BART station to San Leandro's industrial areas during commute hours, Monday

through Friday. Ridership averages 200,000, annually. The service is funded by a Business Improvement District and grants. As San Leandro repositions some industrial properties for high-tech and advanced manufacturing uses, the LINKS shuttle will become increasingly important to servicing employees in these areas.

The San Leandro Transportation Management Organization, a 501 c3 which oversees the management of LINKS recently submitted a successful proposal to operate the Kaiser LINKS shuttle which will provide transportation to and from BART to the 2,500 employees and clients of the new Kaiser Medical Center scheduled to open in 2014.

The LINKS Business Improvement is up for renewal in 2014 and the SLTMO and City staff are jointly exploring options to enhance the shuttle service to best meet the needs to of today's industrial businesses.

Accomplishments To-Date: In recent years, City staff, working in partnership with the San Leandro Transportation Management Organization, has secured grants from the Bay Area Air Quality Management District and the Alameda County Congestion Management Agency to assist in the ongoing funding of the LINKS shuttle.

Unfunded Activities and Programs to be Developed

"Shop San Leandro" Campaign – Numerous cities have employed Shop Local campaigns to promote local merchants and encourage local residents and employees to spend their money locally In general, San Leandro is a sales tax importer, meaning that taxable sales within the City exceed the spending generated by local residents alone. Put another way, this indicates that San Leandro is a regional draw for shopping and retail sales. Nevertheless, a Shop San Leandro campaign could increase local spending and limit leakage of sales to neighboring communities. In 2013, the City provided funding to the Chamber of Commerce for the development of a Shop Local campaign or something similar.

Initiative #2: Marketing and Business Attraction

With an improving economy and the excitement being generated by major developments such as the Shoreline project, the Kaiser Medical Center, and Downtown Transit-Oriented Development projects, San Leandro has a great story to tell and a strong opportunity to recruit new businesses. In order to capitalize on these opportunities, it is essential to get the story out in general, and reach out to specific desired companies and retailers. In 2013, the City Council approved a one-year Business License Tax Holiday which will waive the first year of the Business License Tax for businesses that are new to San Leandro. This program will reduce costs for businesses that either locate or start operations in the City and send a clear signal that San Leandro is eager to welcome new businesses.

Ongoing Activities

Retail Recruitment – Business Development staff works with property owners and developers to find desirable tenants for new and vacant retail spaces. Often, this entails direct communication with retailers to help them understand the opportunities available in San Leandro. A survey of residents, completed in 2008, has provided input on the types of businesses residents would like to bring to Downtown San Leandro. Staff regularly takes representatives of retail businesses on tours of the city to show them available properties.

Accomplishments To-Date:

- For the past several years, Business Development staff has had a table at the ICSC Northern California Idea Exchange.
- As a result of direct staff outreach, several desired retailers, including Peet's Coffee and Tea, the Habit Burger and Chipotle, have indicated a desire to locate in Downtown San Leandro.
- BevMo!, long identified as a desired retailer by the community, recently opened at Fashion Faire Place in 2013.

Facilitate Transactions Between Real Estate Professionals, Property Owners, and Businesses – When opportunities present themselves to assist a new or expanding business, Business Development staff stands ready to assist real estate brokers, property owners, and

businesses in completing transactions that benefit all parties. In the past, this has included helping with lease negotiations, sorting through parking requirements, and navigating the zoning code. With an in-depth knowledge of the community, one of the most valuable services provided by City staff is often simply to make introductions between private parties that may be able to work together to assist a business.

Accomplishments To-Date: City staff is frequently in a position to make important connections to benefit the local economy. Recent examples include making connections between targeted retail or office tenants and the developers of strategic sites in San Leandro, such as Village Marketplace, the Shoreline, and the Kaiser Medical Center.

General Marketing Activities – General marketing includes the preparation of printed and digital materials to share information and tell the San Leandro story. Business Development staff maintains a section on the City website and the DowntownSanLeandro.com website. Printed materials include posters for trade shows and special events, promotional folders containing information and articles about San Leandro, and brochures for San Leandro's opportunity sites. Business Development staff also prepares frequent press releases to provide updates to the community on developments in town and to more widely publicize success stories about San Leandro businesses.

Accomplishments To-Date:

- In 2012, Business Development staff prepared the "Get Connected!" video to showcase Lit San Leandro and emerging opportunities in San Leandro for high-tech businesses.
- Promotional efforts related to Lit San Leandro secured coverage in the Wall Street Journal, the San Francisco Business Times, and the Atlantic, to name a few.
- A "Creating Great Places" brochure, created in 2011 and subsequently updated, has been used by staff, the City Council, citizens, and the Chamber of Commerce to promote the large array of exciting projects currently in the works in San Leandro.
- A branding and marketing effort, conducted with a community working group in 2010 and 2011, resulted in the creation of a Marketing Communications Plan.
- In summer 2013, the City's Community Development Department launched San Leandro Next, a blog, Facebook, and Twitter presence designed to promote San Leandro

businesses and provide updates to the community on economic development and innovation in San Leandro.

Attraction of Foreign Investment – With a growing international population and easy access to a major sea port and two international airports, San Leandro is a great location for international businesses. Business Development staff participates in regional efforts to attract international investors through partnerships with the Bay Area Council and the East Bay EDA and has frequently hosted visiting delegations from other countries.

Accomplishments To-Date:

- In recent years, staff has hosted multiple delegations of Chinese businesses and/or investors to connect them to development opportunities in San Leandro.
- In April 2013, staff hosted a delegation from Portugal specifically interested in learning what innovation means to San Leandro, what a Chief Innovation Officer does, and how this role is intended to create economic growth.
- In partnership with Lit San Leandro and the U.S. Department of State, plans are in place to host a series of delegations representing businesses in Turkey who are seeking opportunities in the United States.

Unfunded Activities and Programs to be Developed

VisitSanLeandro.com Website – A key recommendation of the 2011 Marketing Communications Plan is the design and development of a search-optimized website, separate from the official City website that is targeted to visitors and focuses on San Leandro's assets. The new site would serve as the hub or the primary marketing instrument for increasing awareness of San Leandro and for driving the public to events, business establishments, recreational activities, historical sites, etc. Resources to create and maintain such a site have not been identified at this time.

Develop and Implement Strategy to Attract Clusters of Ethnic and International Businesses – As noted above, efforts to attract international businesses have been ongoing in San Leandro for several years. Development of a strategy to more systematically attract and develop clusters of ethnic and international businesses would further this goal. As an example, San Leandro has been cited as an ideal location for a major regional, Asian shopping center.

Initiative #3: Completion of Strategic Development Projects

In terms of time and resource commitments, one of the biggest Business Development priorities is to support completion of major development projects. The active projects described in this section are expected to have a transformative impact on San Leandro, creating jobs, shopping and new housing opportunities.

Ongoing Activities

Shoreline Mixed-Use Development – With plans in place for a 200-room hotel and conference center, 150,000 square feet of Class-A office space, roughly 300 residential units, restaurants, and numerous community amenities, the development of 50 acres along the San Leandro shoreline presents a phenomenal opportunity for San Leandro. Working with a 30+ member Citizens Advisory Committee and master developer Cal-Coast Development, the City developed a Conceptual Master Plan in 2011. Staff has begun the approximately 18-month Environmental Impact Report process and upon EIR certification, staff will work with Cal Coast on detailed design drawings, obtaining the necessary permits and negotiating a Development Agreement. The office and hotel component of the development will create highly desirable, high quality waterfront offices in San Leandro positioning, the City to capture one or more premium business tenants.

CITY OF SAN LEANDRO
SHORELINE DEVELOPMENT PROJECT DRAFT EIR
NOTICE OF PREPARATION

Source: Cal Coast Companies, LLC, 2013.

FIGURE 3
CONCEPTUAL MASTER PLAN

Accomplishments To-Date:

- Held over 50 public meetings to develop and review the Conceptual Master Plan
- Approved an updated Exclusive Negotiating Rights Agreement with Cal-Coast in 2012
- Initiated work on the Environmental Impact Report.

Kaiser Permanente San Leandro Medical Center – With over 2,500 high-quality jobs and almost $1 Billion in investment, the Kaiser Medical Center will be the biggest, most expensive project ever constructed in San Leandro. Construction is well underway and the first phase of the project will open in early 2014. In addition to supporting the development of the project itself, Business Development staff will play an active role in reaching out to Kaiser and their employees to ensure that they are well-positioned to take advantage of the opportunities to live, shop, and dine in San Leandro.

Accomplishments To-Date: Business Development staff played a key role in negotiating the Development Agreement with Kaiser Permanente that was approved in 2010 and has since worked to generate estimates of the economic impact of the Medical Center. More recently, the Next Generation Workplace District Study provided a framework for the transformation of the surrounding industrial areas, envisioning a future that includes increased services for workers and high-tech companies in the areas around the Kaiser facility.

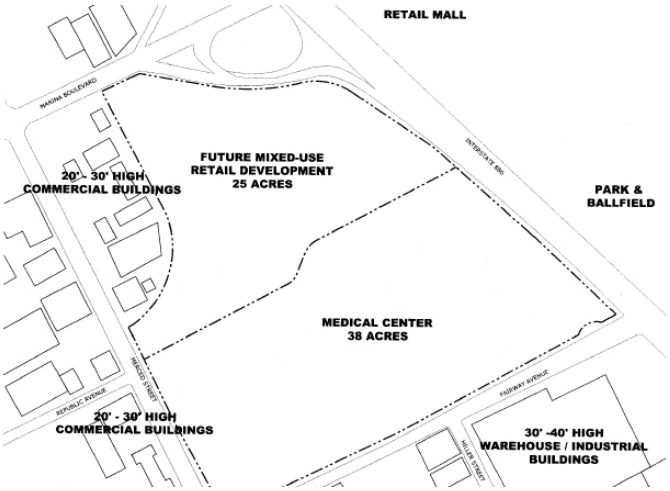
Village Marketplace – Located on a 1.7 acre site on East 14th Street in Downtown San Leandro, the Village Marketplace holds the potential to be a catalyst project for Downtown San Leandro. The location was identified as a strategic Opportunity Site in the City's Transit Oriented Development Strategy. Current plans include roughly 28,000 square feet of new retail space, as well as public plazas and outdoor dining opportunities.

Tenants identified at this time include CVS, Peet's Coffee, The Habit Burger, and AT&T. The property is owned by the San Leandro Successor Agency. A disposition and development agreement to sell the property to the developer was approved by the City, Successor Agency, Oversight Board, and State of California in 2012.

Accomplishments To-Date:

- Approved an Exclusive Negotiating Rights Agreement with Innisfree Ventures II in 2009
- Approved a Disposition and Development Agreement with Innisfree in 2012 (subsequently approved by the Oversight Board and State).
- Approved a Planned Development and zoning for a 27,500 square-foot quality retail center in 2012.

Kaiser North Parcel Retail – Adjacent to the Kaiser Medical Center is a 26.5-acre parcel that is slated for a major regional, retail development. No specific plans have been developed for the site at this time. City staff is actively engaged with Kaiser Permanente, which owns the land, and interested developers to expediently explore opportunities for development.



Accomplishments To-Date: The 2010 Disposition and Development Agreement, Environmental Impact Report, and entitlement approvals associated with the Kaiser Medical Center contained a limited approval and environmental clearance for the retail development (additional approvals will be required once a specific project is defined).

Downtown Tech Campus – Westlake Development Partners is working on plans to develop up to three new multi-story office buildings on the long-vacant 6-acre parcel west of the Downtown BART station. This project will bring a minimum of 350,000 square feet of new Class-A office space to San Leandro. Westlake is working with OSIsoft to determine if they can meet their need for office space in a landmark high tech campus in Downtown San Leandro.

The project will include a welcoming paseo from the development to the BART station as well as a greenway between the site and BART to encourage walking and biking and attractive and inviting outdoor areas.

Accomplishments To-Date: Staff continues to work with the project partners on development concepts and negotiations are underway for a Development Agreement that will clear the way for a smooth and efficient development process. The Development Agreement and Planned Development Permit are expected to be brought to the City Council for approval in early 2014.

Cornerstone/San Leandro Crossings – The Cornerstone building, which is part of the San Leandro Crossing development project at the San Leandro BART station, will consist of 200-unit affordable housing rental units. The updated Cornerstone affordable rental housing project represents the first residential development to occur under the Downtown TOD Strategy. The Cornerstone will enhance downtown with its attractive architectural design, increase public transit use and the number of people patronizing downtown businesses. The Cornerstone has leveraged over $30 million in public funding ($9.1 million loan from the former Redevelopment Agency and over $22 million in Proposition 1C grant funding from the State,) and will help the City meet its State and federal affordable and workforce housing goals. Construction is expected to begin late in 2013.

Accomplishments To-Date: An Owner Participation and Loan Agreement (OPLA) was executed with developer BRIDGE Housing in 2009. Since that time, the City and the developers have successfully revised the project plan to reflect changing market conditions and successfully resolved a dispute with the California Department of Finance over funding for the project.

1595 Washington Ave (Former East Bay MUD site) – The City and Successor Agency own two adjacent parcels at 1595 Washington Avenue and 268 Parrott Street in Downtown San

Leandro. The parcels total slightly less than half an acre and, under the Transit Oriented Development Strategy, are zoned for a mix of retail and residential development. 1595 is owned by the Successor Agency and will need to be sold in the reasonably near future in accordance with State law. To the extent possible, Business Development staff will work to transfer the properties to a developer that is prepared to actively move forward on development plans consistent with the current zoning. Plans for the site will be incorporated into the Successor Agency's Long Range Property Management Plan, expected to be completed in late 2014.

Accomplishments To-Date: In 2009, the Redevelopment Agency approved an Exclusive Negotiating Rights Agreement with Langon Homes, which has since expired.

Town Hall Square – The site bounded by East 14th, Hays, and Davis Streets in Downtown San Leandro is commonly referred to as Town Hall Square. Identified as a key opportunity site in the Transit Oriented Development Strategy, this location has been burdened by challenges related to the acquisition of needed parcels. Both the City and the Successor Agency own parcels in the project area. The current Chevron and Union Bank locations have to-date not been available for acquisition or interested in participating in developing this project as originally envisioned. The parcels are owned by the Successor Agency and will need to be sold in the reasonably near future in accordance with State law. To the extent possible, Business Development staff will work to transfer the properties to a developer that is prepared to actively move forward on development plans consistent with the Transit Oriented Development Strategy. Current zoning calls for a mixed use project with ground floor retail and between 35 and 70 residential units per acre (the project could be as large as 1.2 acres, depending the ability to acquire adjacent parcels).

Accomplishments To-Date: In 2009, the Redevelopment Agency approved an Exclusive Negotiating Rights Agreement with Innisfree Ventures II, which has since expired. Planning is now underway to incorporate this site into the Redevelopment Successor Agency's Long-Range Property Management Plan.

Initiative #4: Downtown San Leandro

Downtown San Leandro is in many ways the heart of the community. Supporting the downtown area, therefore, has always been a leading priority of the Business Development team. The City's first redevelopment project area, formed in 1960, was devoted to establishment of the Downtown Plaza. Current activities focus on supporting the existing downtown business community, assisting in operational and aesthetic improvements downtown, marketing opportunity sites, and supporting special events.

Ongoing Activities

Community Benefit District – Prior to its elimination in 2012, the San Leandro Redevelopment Agency made a significant annual contribution to Downtown San Leandro, supporting maintenance, security, marketing, and events. With the loss of redevelopment funding, the downtown business community and the City worked together to form a Community Benefit District (CBD) which will provide an ongoing funding source to support enhanced services to the downtown area. Beginning in 2012, the City, a consultant, and a downtown steering committee have been working cooperatively on this effort. The District was approved by property owners and the City Council in July 2013 in time to have the first assessment placed on the 2013-14 property tax rolls.

Accomplishments To-Date:

- In 2012, the City hired New City America to assist in the development of a CBD Management Plan and the formation of the District.
- Meetings were held with the Steering Committee and San Leandro Downtown Association throughout 2012 and 2013 to determine the level of services to be delivered and assessment methodology which are detailed in the Downtown San Leandro CBD 2013 Management District Plan approved by the Steering Committee and City Council in April 2013.
- In July 2013, ballots from property owners were tallied and found to be in support of the District formation.
- In August 2013, an interim Board of Directors for the District was formed and work is underway to set up its organizational structure. The first revenues are due in December 2013.

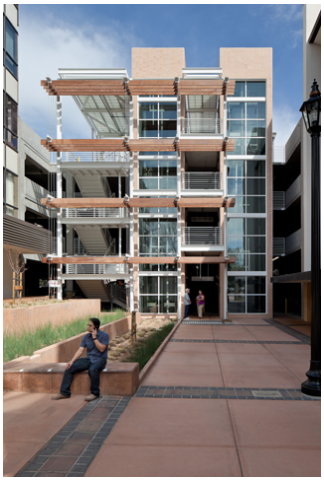
Downtown Farmers' Market – Now in its sixth year, the Downtown San Leandro Farmers' Market is one of San Leandro's most successful community events, drawing over 2,500 visitors

each week. Business Development staff works closely with market operator, Pacific Coast Farmers' Market Association, and the San Leandro Downtown Association to manage logistical issues related to the market, special event programming, and marketing. The market not only creates a great place for the community to gather, but also shows potential retailers that the San Leandro desires and supports specialty retailers.

Accomplishments To-Date: The City, in partnership with the Downtown Association, has produced six years of successful markets.

Parking Strategy – With the opening of the new Downtown San Leandro Parking Garage in late 2012, the City is now looking to develop a coordinated approach to parking regulations and enforcement throughout Downtown San Leandro. Although San Leandro generally has an adequate supply of affordable parking for employees and shoppers, improvements are needed to ensure that the most convenient parking spaces are available for shoppers, making visits to Downtown San Leandro easy and convenient. Planned developments around the Downtown San Leandro BART station will also need to be considered as the City develops an updated approach to parking.

Accomplishments To-Date:



- In November 2012, the new 384-space downtown parking garage opened. The LEED certified garage provides convenient parking for employees and customers and will allow for great density development downtown.
- In early 2013, the City secured funding for an assessment of parking in Downtown San Leandro. A detailed survey is scheduled to begin soon. The results of the survey will be used to refine parking policies.

TOD Strategy Implementation – In 2007, the City completed an award winning Transit-Oriented Development (TOD) Strategy for Downtown San Leandro. The Strategy provided a vision and environmental clearance for higher-density, transit-friendly development throughout

the downtown area. The Village Marketplace, the tech campus, and The Cornerstone housing project all fit within this vision. To date, the economic recession has slowed implementation of the Strategy, but improving real estate markets are likely to bring increased activity in the near future. In addition to supporting active development projects, Business Development staff is actively engaged with developers and property owners to continually assess the availability of opportunity sites and the economic viability of the TOD zoning.

Accomplishments To-Date: Business Development staff frequently meets with interested parties who are considering building TOD projects in Downtown San Leandro.

Public Art – Whenever possible, the City seeks to support the creation of public arts projects that can bring a sense of identity and place to public spaces. In the past, Business Development staff has worked to incorporate public art into Commercial Facade Improvement Program projects. A recent example is the tile mosaic constructed in 2011 at the Stepping Stones facility on MacArthur Boulevard.

Accomplishments To-Date: Staff has been working in early 2013 to identify locations for public art in the heart of Downtown San Leandro. Target projects are being defined and staff will work with property owners and the local arts community to bring them to fruition.

Holiday Lighting – For many years, the City and Redevelopment Agency provided holiday lighting at City Hall, along East 14th Street, and throughout much of the downtown area. Although funding restrictions have forced a reduction in the scope of the lighting projects, Business Development continues to budget and support lighting efforts each year.

Accomplishments To-Date: Holiday lighting for the 2012 season included decorative lighting in and around Joaquin Plaza in Downtown San Leandro. For 2013, the City was able to provide an increase in funding for holiday lights to expand the scope of the project.

Initiative #5: Development of Infrastructure Critical to Business Activity

Historically, the San Leandro Redevelopment Agency provided millions of dollars annually to support key infrastructure projects that encouraged business activity. With the loss of redevelopment funding, these projects have been drastically reduced. Nevertheless, some infrastructure projects have been identified as crucial in the support of economic development goals and will remain a focus of Business Development staff efforts.

Ongoing Activities

East 14th/Hesperian/150th Ave "Triangle" Beautification – In 2009, the Redevelopment Agency purchased the triangle-shaped property in the middle of the three-way intersection at East 14th Street, Hesperian Boulevard, and 150th Avenue. The primary objective of the project was to reconfigure the intersection to improve traffic safety and efficiency. With the site's former tenant relocated to another location in San Leandro, it is now possible to make aesthetic improvements to this location as well. The site serves as an important gateway to the south San Leandro business area.

Accomplishments To-Date: Preliminary designs for site beautification were completed in 2010. Staff is now working to confirm and secure funding for the project and refined project designs will be presented once that process is completed.

San Leandro Boulevard Streetscape Improvements – Work is underway along San Leandro Boulevard between Davis Street and Williams Street to reduce the number of travel lanes from six to four, add on-street parking, wider walkways, added landscaping, new street lights, sidewalk bulb-outs with enhanced crosswalk paving, and accessibility upgrades. This project compliments the Transit-Oriented Development (TOD) Strategy and makes the San Leandro BART Station and surrounding area more pedestrian-friendly to a better linkage to Downtown San Leandro. Funding for this project is provided through a federal grant from the MTC and its Transportation for Livable Communities program. Additional funds will be provided from the developer fees and the Measure B Streets & Roads and Bike & Pedestrian funds.

Accomplishments To-Date: Construction commenced on March 1, 2013 and will continue until early 2014.

Unfunded Activities and Programs to be Developed

Eden Road Construction – Eden Road, located near the intersection of Davis Street and Doolittle Drive in San Leandro's industrial area, is the last unpaved road in San Leandro. The condition of the road is a significant inhibitor to economic activity in the area and several adjacent parcels are blighted. Designs are in place to pave Eden Road and improve connectivity between Doolittle Drive and Davis Street.

Accomplishments To-Date: City staff has developed project plans and initiated a process to create an assessment district to fund a share of the project cost. However, in 2012 the State Department of Finance denied the validity of a Redevelopment Agency pledge of $1.5m for the project. Absent a resolution or new source of funding, the project will remain on hold.

Marina Boulevard and Merced Street Design and Improvements – With major projects planned at the Kaiser Medical Center and the Shoreline, Marina Boulevard will become an even more significant linkage in San Leandro. The Next Generation Workplace District Study identified both Marina and Merced as strategic "spines" that provide critical linkages and intersect to form the heart of the industrial area. Streetscape improvements will be needed to ensure that these strategic thoroughfares are welcoming and attractive. Streetscape improvements will also help to "humanize" the streets making them more amendable to pedestrian and bicycle traffic as well as transit. These improvements, combined with other Next Generation implementation plans, are part of a larger strategize to attract and retain innovative high-tech businesses to this part of San Leandro.

Accomplishments To-Date: Funding of the design work for Marina Boulevard has been identified as a future project through the City's CIP process. This project will likely be revised or expanded to include Merced. Upon completion, the design work will provide the information needed to identify the funding required to implement the improvements. Passage of a regional transportation funding initiative, such as Measure B-1, which failed by a very slight margin in 2012, will be essential to bringing this project.

Initiative #6: Lit San Leandro and Broadband

The fiber optic network known as Lit San Leandro, LLC (LSL), was enabled through execution of a License Agreement dated October 17, 2011 between the City of San Leandro and San Leandro Dark Fiber, LLC (SL Dark Fiber):

- LSL is registered as a utility company with the Public Utilities Commission (PUC) as a Non-Dominant Local Exchange Carrier and is a customer of SL Dark Fiber.
- SL Dark Fiber is the owner of the fiber and is not regulated by the PUC.

In summary, this license agreement permits SL Dark Fiber to install and operate fiber optic cables and related facilities in the City's existing conduit. The unique public/private partnership created by this license agreement provides the City of San Leandro with a trailblazing opportunity to transform its landscape into a 21st century ecosystem of innovation, collaboration, economic growth and job creation that will benefit all who live, work, visit and play in San Leandro.

The activities described in the LSL Initiative are intended to improve the effectiveness of Lit San Leandro as an economic development tool, ensure LSL's sustainability and continue the expansion of San Leandro's access to a fast-speed broadband network.

Ongoing Activities

Refine the Lit San Leandro Business Model – Lit San Leandro was created following execution of the original License Agreement between the City and SL Dark Fiber for the purpose of managing and expanding the fiber optic network and creating services for the San Leandro business community. As LSL did not formally exist prior to execution of the License Agreement, the working relationship and responsibilities between the City and LSL, and development of a specific business model designed to benefit the San Leandro business community, has yet to be defined.

In addition, the City's receipt of a $2.1 million EDA grant to expand the fiber optic network requires an amendment to the existing License Agreement to include this expansion.

Successful conclusion of this activity will result in the following:

- An amended License Agreement between the City and SL Dark Fiber. These changes will include: (1) addition of the new 7.5 mile fiber optic expansion, and (2) requirements for development of a Memorandum of Understanding (MOU) between LSL and the City.
- Development and execution of an MOU between LSL and the City of San Leandro that specifically (1) identifies the roles of each partner in developing LSL as an effective tool for business attraction, retention and expansion; and (2) identifies the required elements of "Standard Operating Procedures Manual."
- Development and execution of a Standard Operating Procedures Manual: this manual will differentiate and codify the various responsibilities of City staff (CIO, Public Works, Engineering, IT) and LSL staff in constructing and operating the network, including any financial responsibilities.

Accomplishments To-Date:

1. Connection of the following buildings to LSL (Total RBA: 294,851 sf):
   777 Davis Street - OSIsoft
   800 Davis Street - FH Dailey Chevrolet
   300 Estudillo Ave: San Leandro Main Library
   400 Estudillo - Gateway Properties
   1330 E. 14th Street - Kerry & Associates
   151 Callan - Kerry & Associates
   1032 E 14th St. - Community Fund LLC
   2950 Merced St - Merced Park Properties
   14860 Wicks Boulevard - DocuStream
   Bayfair Shopping Center – Madison Marquette (Total RBA: 836,166 sf)
   Westgate Shopping Center – SKB Westgate Investments (Total RBA: 574,093 sf)

2. $2.1 million award from the U.S. Economic Development Administration to build 7.5 miles of broadband network expansion.

3. Hiring of Chief Innovation Officer, Deborah Acosta: February 4, 2013

4. Active partnership between CIO and Westgate property owners to convert branding and marketing of property from an industrial center to a tech center (announcement pending).

5. FCC Chairman Julius Genachowski's visit to San Leandro/Lit San Leandro on February 27, 2013 at the invitation of Mayor Stephen Cassidy.

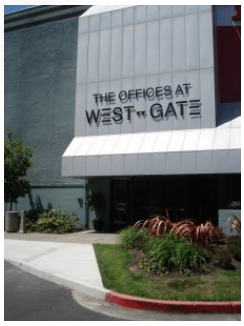
6. CIO participation on an economic development panel, representing Lit San Leandro, in the 2013 Broadband Communities Summit in Dallas, Texas (April 2013).

Open Trench Policy – One of the policy recommendations contained in the City's 2012 Commercial Broadband Strategy is the development of an Open Trench Policy. According to the Strategy:

> A formal notification procedure coordinated with regional and statewide programs should be implemented for street cuts. The goal of placing conduit any time a street or right of way is dug into should be established. Conduit could be installed by telecommunications service providers or the City. The cost of doing so is relatively low, involving staff time and inexpensive materials. Similarly, information regarding construction or upgrading of wireless facilities should be shared widely to encourage joint use.

Accomplishments To-Date: City staff has conducted comparative research to identify examples of Open Trench Policies used by other cities and regional entities. Staff has also begun internal coordination efforts to explore how broadband expansion goals will coexist with infrastructure development plans.

Business Attraction, Retention, and Expansion – LSL provides the City with a new and still unique tool to use in its efforts to attract, retain and expand business and new investment into the City.



- **Attraction of new business and investments** will focus on three opportunity sites. Two of the three are existing sites under contract with LSL; and the third site will be newly constructed tech office space:
    1. *Westgate Shopping Center*: Rebranding and remarketing the 350,000 sf 2nd floor space as a Tech Hub specifically suited for Advanced Manufacturing, Video, Cleantech and other Maker Space type of business activities.
    2. *Bayfair Shopping Center*: 47,000 sf, 2nd floor space in the retail mall is being repositioned as space uniquely suitable for software companies.
    3. *Westlake Development Partners* new construction of approximately 400K sf tech office development adjacent to the San Leandro BART station. Development of this

site is included in the Downtown TOD strategy and has entered the entitlement phase.

Lit San Leandro provides the City with a unique resource to add to the potential value of its real estate sites throughout the City. Using its relationships with the Commercial Real Estate Broker Community, staff will coordinate the identity and availability of suitable real estate sites with new business development opportunities.

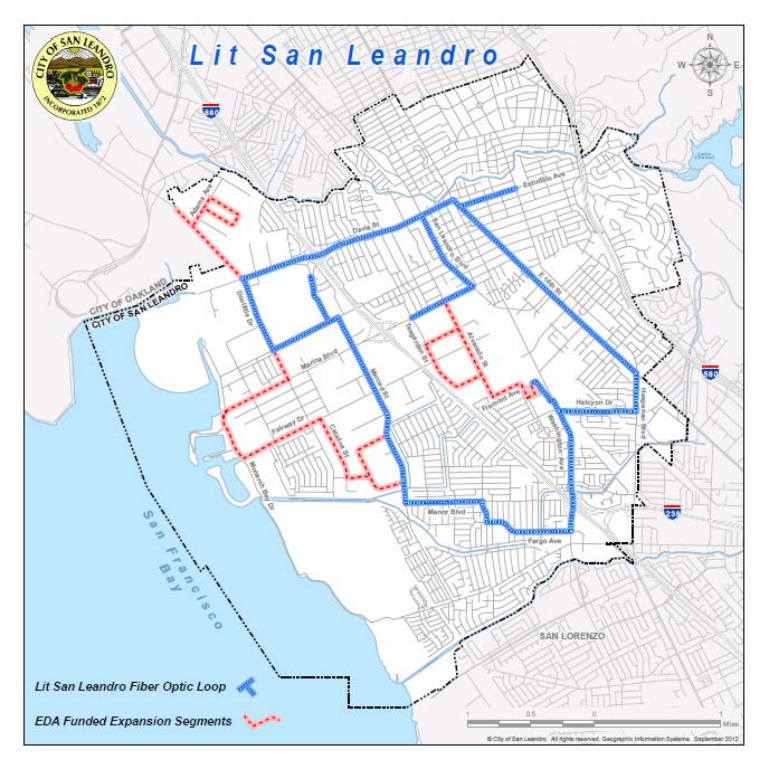
- **Retention and Expansion of Existing Businesses:** Staff, in collaboration with its public and private partners, will develop a methodology for rolling out the fiber optic network sales team in a manner that is most likely to result in businesses connecting to LSL. At present, the "team" members have not been clearly identified, and marketing to existing businesses would benefit from a more cohesive, collaborative approach. Development of an effective marketing plan will follow execution of an MOU between the City and LSL that clearly delineates each party's responsibilities.

  The following would likely be included in the development of an effective plan to reach existing San Leandro businesses:

  - Identify industry clusters and the internet and broadband services required by businesses in these sectors. Survey these businesses for services needed.
  - Identify large users most likely to need/want access to the LSL network (top 100 employers, already done). Survey these businesses for services needed.
  - Identify gaps in services and ISP providers able to provide these services. Work to add these services to the LSL network.
  - Focus sales efforts in geographic clusters as the network is expanded and new laterals are constructed.

Accomplishments To-Date: In 2012 the City Council adopted a Commercial Broadband Strategy that includes an assessment of currently service availability and deficiencies and provides recommendations for improving broadband services in San Leandro. Implementation of the Strategy is underway and these efforts relate directly to the business expansion and attraction goals detailed above.

Fiber Network Expansion – In June 2012, the City of San Leandro applied for a $2.1 million grant from the U.S. Economic Development Administration to expand Lit San Leandro's fiber optic network an additional 7.5 miles (in red).



Accomplishments To-Date: In October 2012, the requested grant was awarded. The grant is a matching grant, with the EDA contributing up to 50% of the cost of the project. The entire project cost is estimated to total $4.3 (rounded). The City's contribution includes the value of the land (street rights of way), architectural and engineering services and some absorption of cash expenses.

- Appraisal was completed in April 2013.
- Site survey contract approved by City Council on May 20th.

Construction is anticipated to begin in early 2014.

Regional Expansion – It is Dr. Patrick Kennedy's intention to expand Dark Fiber LLC throughout the Bay Area Region. While staff is not directly involved with those discussions, we recognize that the San Leandro and the East Bay has a brief window in time before high speed internet is universally available. Accordingly, San Leandro is in a unique leadership position to demonstrate how to use high-speed internet access to drive economic, social and cultural growth. As other cities are added to the SL Dark Fiber network, it will be important for us to

find ways to work together in unprecedented ways, with a commitment to collaboration, innovation and technology that will cross jurisdictional boundaries.

Accomplishments To-Date:

- The LSL loop is connected to telecoms, long haul carriers and data centers via BART Telecommunications–a solid back bone infrastructure that is carried between the BART tracks.
- The fiber loop is also connected to the Digital Realty Data center in Oakland's Jack London Square.
- Discussions are underway to connect the SL Dark Fiber loop to a variety of locations throughout Alameda County.
- Both the SkyDeck business incubator and NextSpace co-working facility in Berkeley are presently receiving high-speed connectivity through Lit San Leandro.

Unfunded Activities and Programs to be Developed

Develop and Implement a Lit San Leandro Marketing Strategy – The completion of an MOU with LSL will result in the need for a cooperative marketing strategy and implementation plan. The elements of an effective marketing strategy should include:

- **Goals:** Defining the realistic goals of an effective LSL strategic marketing plan.
- **Target Market:** Identify existing and potential LSL customers and their needs. With this information, LSL will work to address these needs more thoroughly or successfully than the competition.
- **SWOT Analysis:** Thoroughly identify LSL's Strengths, Weaknesses, Opportunities and Threats for each target market. The results of this analysis guide the marketing strategy.
- **Message:** The business should stand apart from the competition by communicating a consistent marketing message. This will convey LSL's unique stature as a business that will offer more and/or better service and a higher-quality product than the competition.
- **Activities:** Perform various tasks and activities to educate LSL's target market about its services. These activities, which will build on LSL's strengths and the needs of the target market, include advertising, public relations, Internet networking, exhibitions, or other events, and use of print media.

At present there is no budget to hire a marketing specialist to develop an effective and consistent marketing strategy, and there is no budget to perform the activities required by an effective marketing plan.

Accomplishments To-Date:

- March 2013: Lit San Leandro: San Francisco Business Times Real Estate Deal of the Year Award in the category of Public/Private Partnerships
- CIO participation on an economic development panel, representing Lit San Leandro, in the 2013 Broadband Communities Summit in Dallas, Texas (April 2013)

Initiative #7: Develop a Healthy Tech and Innovation Ecosystem

"It's about sociology, not technology.

"It's about becoming a connected, smart, innovative community.

"It's about how we organize ourselves to lead the way in the global economy.

"….we need people to behave like the Internet – navigating a new ecosystem of innovation, collaborating across new networks, building on each other's ideas and growing organically.

"High speed fiber is a game changer, but what we do with it defines the game."

From: ***Playing to Win in America's Digital Crossroads: A playbook for capitalizing on ultra-high-speed fiber in Kansas City, Kansas, and Kansas City, Missouri: May 22, 2012***

The arrival of Lit San Leandro provides this City with an opportunity, not a certainty. Our success depends on our ability to engage our diverse community into collaborating, sharing and creating new avenues of innovation. To fulfill our vision of a Smart Digital Community, we will continually seek ways to use this fast fiber optic asset that result in high performance and increased quality of life for its businesses, the City of San Leandro, and its citizens.

The following is a way of focusing on how San Leandro can begin to cultivate a healthy tech and innovation system, focused on commercial activities at this stage of development. This strategy touches on issues regarding Universal Access (Fiber-to-the-Home, Digital Inclusion), Education, Digital Arts and Culture, and Health, but only through the ***San Leandro Smart City Initiative***, which is today only a concept. Many of these activities are connected to other economic development initiatives referenced earlier in this report – all connected and collaborating to grow this new tech and innovation ecosystem. Tech companies look for a community that is a magnet for their employees, including walkable neighborhoods, vibrant downtowns with high quality food, drinks and entertainment, and civic engagement supported through technology and application development that eases access to government.

Other opportunities are being explored and will develop as staff and financial resources and/or public-private partnerships materialize to support initiatives.

Ongoing Activities

Physical Infrastructure - These activities, discussed in greater detail elsewhere in this Work Plan, ensure enable strategically chosen improvements in San Leandro as part of a healthy tech and innovation ecosystem.

Activities in Process:

- *Downtown Transit Oriented Development*: walkable communities, dense housing, new tech office space development
- *Marina Shoreline Development*: mixed use, hotel, conference center, shoreline recreation
- *LINKS:* Free bus shuttle that connects people to places. Expansion to include the Kaiser development is currently under development.
- *Fiber Network Expansion*: Connections to San Leandro property sites/businesses, EDA grant expansion, Open Trench Policy, Regional Expansion

Activities under Exploration:

- *Smart City Initiative:* Expansion of the Lit San Leandro network to connect to all public facilities, including schools, city facilities, open spaces and hospitals. This would enable greater access to the power of Lit San Leandro for all of our citizens and visitors. It would also enable greater access to live status updates on traffic patterns, public safety, pollution, parking spaces, water, power and light. This kind of information could improve the economic and environmental health of the city for residents, merchants, and visitors. It could also improve working conditions and productivity for the people who maintain the City of San Leandro.

Available, suitable and affordable business and investment locations (sites) - These activities enable increased and improved supply of available sites for tech business development.

Activities in Process:

- *Innovative development of existing sites:* Westgate and Bayfair Shopping Centers
- *List of Opportunity Sites:* Use of online tools and relationships with real estate brokers to identify opportunity sites. Communicate LSL advantage to both traditional industrial brokers and newer tech-focused brokers.
- *Co-working space*: Identify sites and operators to run affordable, personal space in an open, friendly working environment. Presents an opportunity to bring tech innovators and entrepreneurs together in a community environment.

Activities under Exploration:

- *Tech Incubators*: Tech startups are most often born in collaborative, community-oriented work environments that also provide business services and access to business funding opportunities.

Develop a Highly Qualified Local Workforce - These activities enable improvements in the quality of San Leandro's workforce and improved job opportunities in tech industries.

Activities in Process:

- *Library:* Connected to LSL, the library enables fast fiber access to residents. The new Millennial Academy will offer a wide range of free, engaging events and activities including career development workshops, technology related volunteer opportunities, gaming events, a homebrewing workshop, hands on "hacker/maker" 3D Printing and Arduino Programming workshops.

Activities under Exploration:

- *K-12 education*: Coordination with San Leandro Unified School District and San Lorenzo Unified School District to develop plan for connecting all schools to the LSL network

- *Technology education for adults*: Expand opportunities for new organizations, both non-profit and for-profit, to teach internet and web-based skills to individuals, including web-site development, blogging, social media, basic internet use, security, etc.

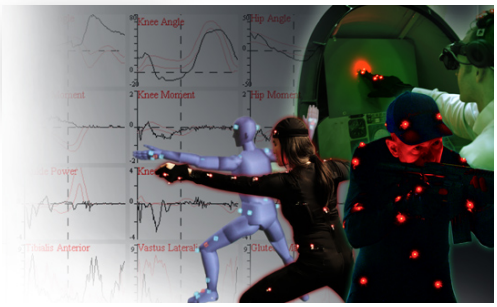
Provide Excellent Access to Business Support Services - These activities enable improvements in the supply, quality and availability of excellent internet / technology support services (internal and external) that businesses need to succeed.

Activities in Process:

- *U.S. Ignite* (**www.us-ignite.org**): San Leandro's participation in this federal initiative provides the opportunity to align the City with national partners who are exploring and developing innovative pathways to use fast fiber through the development of apps that will impact the way Americans live, learn, work and play.
- *Mozilla Ignite* (**www.mozillaignite.org**): As partner to U.S. Ignite, Mozilla and the National Science Foundation has invited San Leandro to take part in an open innovation challenge. The goal: show how next-generation networks can revolutionize healthcare, education, public safety, energy and advanced manufacturing. San Leandro's entry, *A Reliable Communication Protocol for Remote Process Control*, has reached the final round of Mozilla's first open innovation challenge.

- *San Leandro by Design*: In partnership with the San Leandro Chamber of Commerce, City staff is refreshing the San Leandro by Design initiative through creation of a tech-focused networking and educational forum to connect any company or person that wants to support or sell into the San Leandro tech ecosystem.

- *Technology education for small businesses*: Enabling for-profit or non-profit organizations to locate in San Leandro to provide internet and web-based skills to small business owners, including web-site development, marketing through social media, basic internet use, etc.



- *Referral to external services*: For example – Cleantech Open, Inner City Advisors, Alameda County SBDC, Tech Liminal, and others.

Facilitate Excellent Access to Capital - These activities provide access to capital, both equity and debt, that are the lifeblood for business growth.

Activities under Exploration:

- Build pathways to capital for business expansion, retention and attraction: (1) equity, crowd-funding, direct placement offerings, angel investment, venture capital, and (2) debt: ensure San Leandro businesses have access to both traditional and innovative forms of lending resources.

Access to Financial Incentives to Seed Catalytic Investments: These activities provide financial incentives that make a critical difference in attracting and retaining targeted businesses and investment, particularly as it relates to expanding LSL as an economic driver.

Activities in Process: Business Incentive Programs: The City offers three incentive programs to help stimulate targeted investments: the Broadband Connection Program, the Commercial Façade Improvement Program, and the Energy Efficiency Program. See Initiative #1 for more detail.

Civic Engagement through the Power of the Web – These activities engage San Leandro's staff and citizens to help government work better for everyone.

Activities in Process:

- *Code for Amer*ica (www.codeforamerica.org): San Leandro's CIO has become a founding member of the CFA Peer Network, a

professional learning network that is formally launching in June. This is a national network for local government innovators who share the common goal of taking innovation in their city to the next level. The focus is to leverage technology to innovate the way our cities work, accelerated by the exchange of ideas, solutions, best practices, and even software code between likeminded leaders.

- *NextDoor* (www.nextdoor.com): Online social network for San Leandro neighborhoods that keep residents safe through stronger connections to neighbors and the police.
- *Peek Democracy/Open Town Hall* (www.peakdemocracy.com): Online forums that will encourage the participation of San Leandro's constituents in civil issues and are civil, legal and cost effective for the City.

Activities under Exploration:

- *Telling the San Leandro Story:* Coalition of civic leaders organized to tell the San Leandro story and highlight individual citizens and businesses through the lens of culture and technology.
- *Bridging the Digital Divide*: Access to computers and the Internet and the ability to effectively use this technology are becoming increasingly important for full participation in America's economic, political and social life. At some point, San Leandro will need to address the issue of how to engage all of our citizens in accessing the power of the web.

Initiative #8: Regional Coordination and Policy Development

San Leandro's Business Development staff actively participates in numerous regional organizations. Often, the most effective economic development initiatives take place on a regional level. This approach avoids duplication of services and unnecessary competition to ensure that resources are deployed in the most effective manner possible.

Ongoing Activities

East Bay EDA – The East Bay Economic Development Alliance (East Bay EDA) is a public/private partnership serving the San Francisco East Bay including Alameda and Contra Costa Counties. The East Bay EDA works to establish the East Bay as a world-recognized place to grow businesses, attract capital, and create quality jobs. The East Bay EDA is also the vehicle through which the East Bay's public and private leaders collaborate to achieve our shared goal of a healthy, vibrant economy able to create and sustain quality jobs.

In pursuit of their mission, East Bay EDA has a four-pronged strategy:

- Shaping economic understanding
- Leading collaborative efforts
- Promoting the East Bay
- Serving our members

Accomplishments To-Date: City staff is actively involved in shaping the EDA's vision and participating in ongoing activities. In the past year, San Leandro has played an active role in the production of the first-ever East Bay Innovation Awards and is participating in an East Bay EDA subcommittee working to develop advanced manufacturing in the region.

East Bay Green Corridor – Home to UC Berkeley, Lawrence Berkeley National Laboratory, and a highly educated and entrepreneurial workforce, the East Bay Green Corridor is poised to lead California in the emerging clean technology economy.

The Green Corridor represents a commitment to build upon the region's existing strength as a center for emerging green technology, innovation and entrepreneurship.

Established in 2007 by UC Berkeley, Lawrence Berkeley National Laboratory, and the cities of Berkeley, Oakland, Richmond and Emeryville, the Corridor expanded in 2009 to include the cities of Alameda, Albany, El Cerrito and San Leandro; California State University East Bay and Peralta Community College District; and in 2012, added the city of Hayward. This has put the structure in place for broad regional collaboration.

Accomplishments To-Date: San Leandro staff participates on multiple Green Corridor committees and has successfully used the corridor to help market some of San Leandro's clean-tech businesses, such as Halus, Energy Recovery Inc., and OSIsoft.

East Bay Broadband Consortium – The East Bay Broadband Consortium (EBBC) was organized by three East Bay economic development organizations – the East Bay Economic Development Alliance (EDA), the Contra Costa Economic Partnership, and the Solano Economic Development Corporation (EDC), in partnership with the California Emerging Technology Fund and support from the East Bay Community Foundation and the Lesher Foundation. In January 2012, EBBC was awarded a three year grant from the California Public Utilities Commission to implement an Action Plan.

The EBBC's three primary roles in achieving the intended goals of the Action Plan are to convene, build consensus and organize the enabling network. The East Bay Community Foundation, East Bay EDA, Contra Costa Economic Partnership, and Solano EDC serve as the Consortium Steering Committee. Consortium Members, including San Leandro, provide advice and recommendations, as well as collaborate in implementing policies and projects.

Accomplishments To-Date: Having successfully completed and adopted a Commercial Broadband Strategy in 2012, San Leandro is well positioned to help with the development of a regional strategy. City staff has been involved in the effort, which most recently involved the creation of a regional broadband report card. The Consortium is also exploring the possibility of securing funds from the California Advanced Services Fund (CASF) to support future expansions of broadband infrastructure.

Bay Area Council – The Bay Area Council is a business-sponsored, public policy advocacy organization for the nine-county Bay Area. The Council proactively advocates for a strong economy, a vital business environment, and a better quality of life for everyone who lives here.

Founded in 1945, as a way for the region's business community and like-minded individuals to concentrate and coordinate their efforts, the Bay Area Council is widely respected by elected officials, policy makers and other civic leaders as the regional voice of business in the Bay Area.

Today, more than 275 of the largest employers in the region support the Bay Area Council and offer their CEO or top executive as a member.

Accomplishments To-Date: In 2012, San Leandro staff made a presentation about Lit San Leandro at the Bay Area Council's U.S. – China Smart Cities Symposium.

Foreign Trade Zone Expansion – A foreign-trade zone (FTZ) is a geographical area, in or adjacent to a major seaport, where commercial merchandise, both domestic and foreign receives the same customs treatment it would if it were outside the commerce of the United States. Merchandise of every description may be held in the Zone without being subject to Customs duties and other ad valorem taxes. This tax relief is designed to lower the costs of U.S.-based operations engaged in international trade and thereby create and retain the employment and investment opportunities that result from those operations. There are over 230 Foreign-Trade Zone projects and nearly 400 Subzones in the United States

Accomplishments To-Date: Presently, the City of Oakland is the grantee of a foreign trade zone license that is managed by Matson Navigation. The Oakland Foreign Trade Zone is headquartered at 9401 San Leandro Street in Oakland. San Leandro staff is actively exploring options to create a subzone in San Leandro (which could be limited to as little as one company) or participating in the expansion of the Oakland FTZ to include some or all of San Leandro.

Support Economic Development Financing Legislation – With the demise of redevelopment in California, funding for economic development and infrastructure has become extremely limited on the local level. Several bills have been introduced in the State Legislature to provide new tools for financing these efforts.

Accomplishments To-Date: Working with the League of California Cities and our representatives in the Legislature, San Leandro is working to monitor the progress of these bills. As bills move closer to adoption, staff will provide updates to the community and City Council, and the City may opt to officially support some of them.

Initiative #9: Successful Completion of Redevelopment Agency Unwinding

The elimination of the San Leandro Redevelopment Agency on February 1, 2012 began a process that will ultimately cost San Leandro more than $10 million in annual funds. Additionally, the process of unwinding the affairs of the Agency has been an extremely complex process, fraught with legal disputes, changing laws and regulations, and general uncertainty. Unfortunately, the process of winding down redevelopment and managing the affairs of the Successor Agency to the Redevelopment Agency has required a substantial share of San Leandro's business development staff resources. This process will continue for several years, although the time commitment is expected to subside considerably beginning in 2014.

Ongoing Activities

Bi-Annual ROPS – Consistent with State law, enforceable obligations of the former Redevelopment Agency can be paid using funds from the Redevelopment Property Tax Trust Fund, the pool of property tax revenue that former went to the Agency. Enforceable obligations include bond debt, contractual obligations, and legal settlements. Every six months, the Successor Agency prepares a ROPS detailing all projected enforceable obligation payments due for the upcoming period. The ROPS is subject to review by the Successor Agency Oversight Board and the California Department of Finance (DOF).

Accomplishments To-Date: Thus far, the City has prepared a ROPS for each six-month period beginning in February 1, 2012.

Resolve Disputes Over BRIDGE Housing and General Fund Loans – Several disputes have arisen between successor agencies in California and the DOF. Two very significant issues for San Leandro relate to The Alameda, a planned affordable housing project being developed by BRIDGE Housing. Although the DOF recognizes the Agency's $9.1 million loan agreement with BRIDGE as an enforceable obligation, they have demanded that the Successor Agency remit a $3.9 million fund balance reserved for this project. In an additional dispute, the State has consistently refused to recognize two loans made by the City of San Leandro to the San Leandro Redevelopment Agency in 2004.

Accomplishments To-Date:

- The Successor Agency filed a legal action against the State in March 2013, seeking to overturn a State demand for $3.9 million that had been allocated to the BRIDGE project.

That dispute was ultimately resolved via a settlement agreement that preserves all funding for the project.

- In April 2013, the Successor Agency began a meet-and-confer process with the State in the hope of reversing a DOF demand for $2.6 million in loan payments previously paid to the City's General Fund.

Long Range Property Management Plan – As noted under Initiative #3 ("Development Project"), properties previously owned by the San Leandro Redevelopment Agency are governed by a special set of restrictions. Except for properties designated of "governmental purpose" the Successor Agency will need to dispose of all real estate assets and remit the sale proceeds to the Alameda County Auditor-Controller for redistribution. State law requires the Successor Agency to prepare a Long Range Property Management Plan (LRPMP) to govern the disposal of these assets. The LRPMP will need to be approved by both the Oversight Board and the Department of Finance. It is the hope of Business Development staff that the LRPMP will provide an opportunity to structure the disposal of assets in an orderly manner that will support the development of these properties consistent with existing City goals and plans. To the extent possible, the City will discourage land-banking and speculative purchases, working instead to sell properties to developers who are prepared to invest in creating beneficial projects.

Accomplishments To-Date: To date, the Successor Agency has catalogued the Successor Agency parcels and is beginning to assemble data that will be required for the LRPMP. Staff is presently awaiting promised guidelines from the DOF on the specific requirements for the Plan.