

E D A B
ANNUAL
REPORT
FOR
FISCAL
YEAR
1997-1998

**ECONOMIC DEVELOPMENT
ALLIANCE FOR BUSINESS**
BUILDING Resources, Businesses & Quality Jobs



The East Bay - The Bright Side of the San Francisco Bay



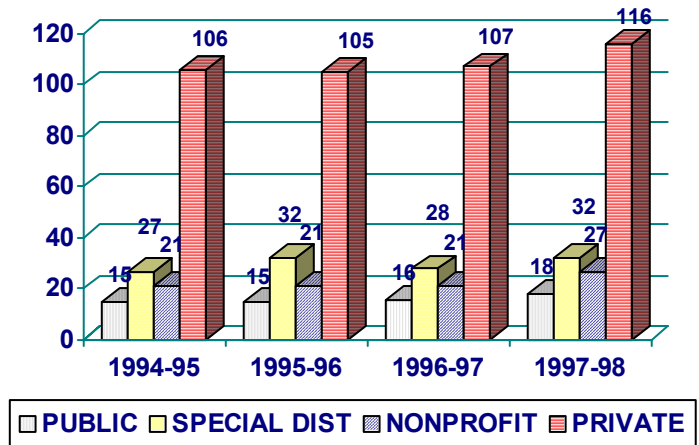
The East Bay's Economic Development Alliance for Business

Fiscal Year 1997-1998 (July 1, 1997 - June 30, 1998)

Annual Report

The Economic Development Alliance for Business (EDAB) is the regional, public/private economic development organization established to promote the economic prosperity of the East Bay. EDAB accomplishes its mission by working with member cities, chambers of commerce and businesses to improve the business climate and develop and enhance resources, businesses and quality jobs.

Fiscal Year 1997-1998 was the first year of EDAB's five-year Strategic Plan, designed to guide EDAB in its efforts to attract investment, retain and create jobs, and address obstacles and opportunities for economic vitality. This plan evaluates the East Bay's strengths and weaknesses in twelve key areas from which a set of performance objectives were established that constitute EDAB's workplan

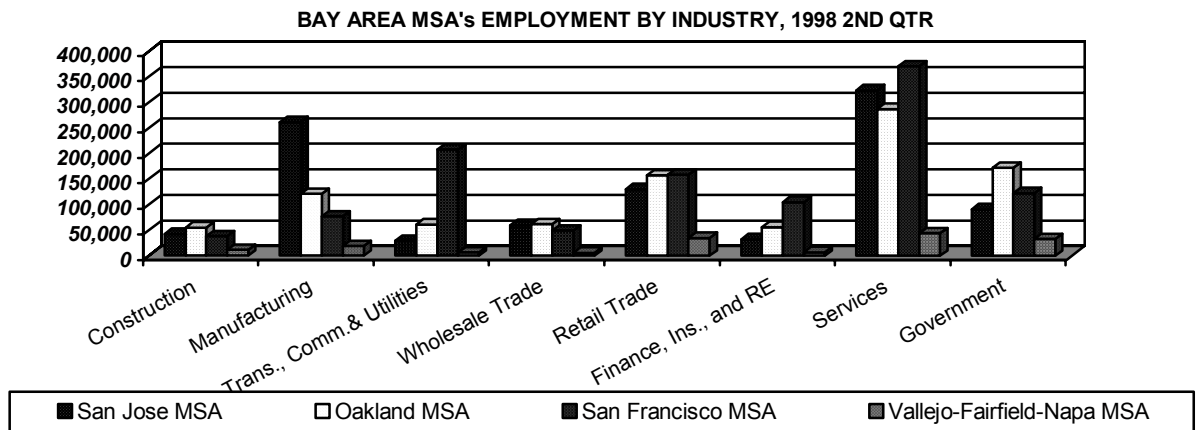


ECONOMIC INDICATORS - HOW WELL IS THE REGION DOING?

EDAB continually updates, analyses and publishes economic and demographic information on the East Bay and comparative regions that indicate economic strengths, weaknesses and trends.

Employment

One of the most useful economic indicator is employment. The following chart shows employment by industry sectors in the Bay Area's Metropolitan Service Areas (MSAs).

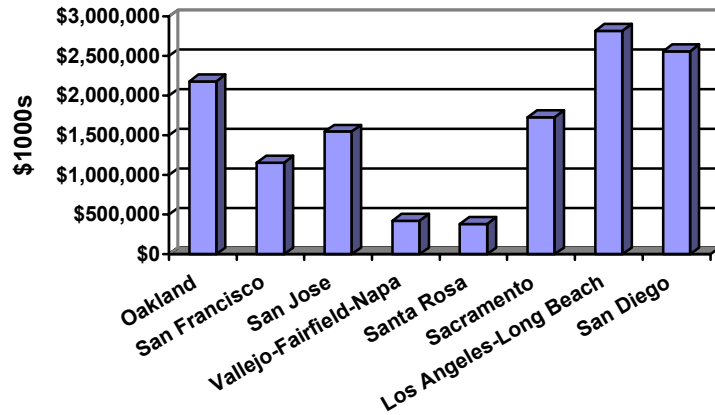


The Oakland MSA (the East Bay) experienced higher increases in construction and government (primarily in education) than the rest of the Bay Area over the last year. Overall, the East Bay increased total employment by 24,934 jobs from the previous year and 49,459 jobs over 1996. Meanwhile, the unemployment rate declined to a low of 3.7% in July 1998 (the lowest in three decades?) from a high of 6.4% (July 1995).

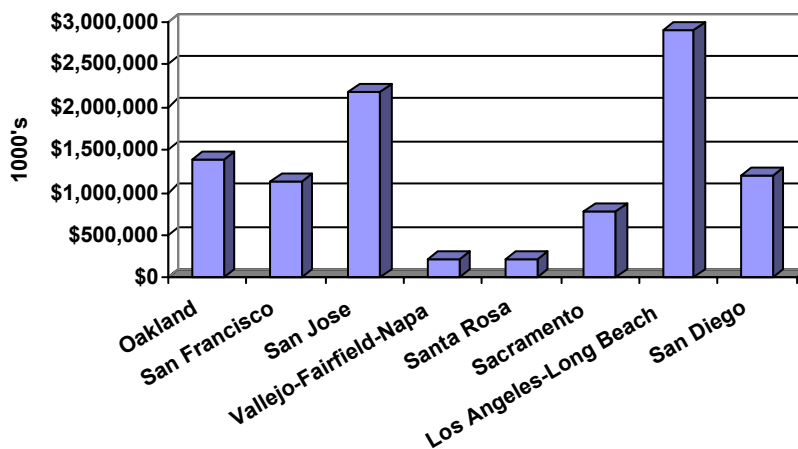
Building Permits

The East Bay led Northern California in the volume of residential building permits issued during the last year. East Bay residential building permits increased 27.4% from 1995 to 1996 and 45.2% from 1996 to 1997. According to the Association of Bay Area Governments, the East Bay has the potential to provide 42.5% of the Bay Area's future housing units.

Residential Building Permits by MSA (6/97-6/98)



NonResidential Building Permits by MSA (6/97-6/98)

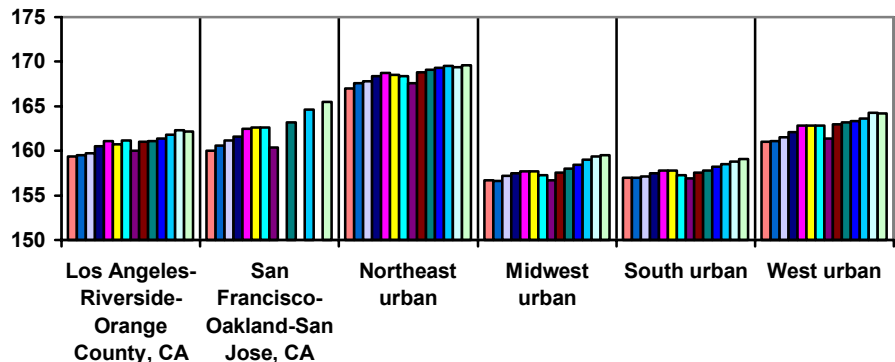


Non-residential building permits for the Bay Area MSA's reflected the continuing economic strength of the region. The East Bay experienced an increase in permit volume of 60.8% from 1995-1996 and 15.5% from 1996 to 1997. It is projected that it will increase by almost 20% between 1997 and 1998.

Consumer Price Index

The Consumer Price Index reflects the strong economy of the Bay Area. The cost of living has increased more rapidly than the rest of the nation over the last year and a half, led by housing costs that increased 7.9 percent from July 1997 to July 1998. The cost of living in the Bay Area is still lower, however, than the Northeast urban part of the United States.

Consumer Price Index 6/97-6/98 (Monthly)



ISSUES AFFECTING REGIONAL GROWTH

The balance of this report provides an overview of the issues identified in the Strategic Plan and some of the projects and highlights that were initiated and/or accomplished to address them.

Transportation

The number one issue of Bay Area residents and the East Bay over the last two years has been transportation congestion. During the past year, EDAB promoted businesses prioritization of regional transportation improvements that were incorporated in the Transportation Plan authored by the Alameda County Transportation Authority.

Education/Workforce Preparation

Another primary concern of most businesses is to secure a well trained/educated workforce. EDAB continued its efforts to involve businesses in education improvements through its leadership in Alameda and Contra Costa County's school-to-work partnership, the Bay Area Industry Education Council and Bay Scan. In addition, EDAB promoted employer initiatives to increase the performance of worker skill training and assisted in the development of one-stop career centers to improve access by residents and businesses to job training and career information throughout the East Bay.

Facilitating Knowledge-Based Growth

Two of the East Bay's most valuable resources are a concentration of research institutions and a strong business support system. In the Tri-Valley area EDAB is supporting an important undertaking, called the Lab Bridge Project, that will facilitate business access to research and help speed commercial development of technology. EDAB has also facilitated the development of industry clusters and the speed of information flow by hosting or cosponsoring workshops and seminars in medical instruments, and food processing. Foreign trade and financing are important concerns for rapidly growing companies in emerging industries. EDAB has provided business-to-business opportunities with venture capital, inbound and outbound foreign investment missions and industry organizations to assist the growth of local knowledge-based companies. Several reciprocal agreements have also been signed with organizations that will provide business assistance to local companies in foreign markets.

Regulatory Streamlining

EDAB facilitated the preparation of permit guides for the cities of San Leandro, Berkeley and Richmond, assisted businesses with regulatory issues (both technical and non-technical) and promoted and actively participated in the state's efforts to further streamline the permit process through its on-line information system, CalGold (www.calgold.ca.gov). EDAB also worked with food processors and regulators on wastewater issues to improve the efficiency of this industry sector.

Conservation and Recycling

The feasibility study for a resource-recovery based Eco-Industrial Park (EIP) in the East Bay was completed under EDAB's leadership. The project is now focusing on identifying possible locations, the economically desirable mix of businesses, private and public partnership opportunities, financing sources and strategies for permitting. The intent of an EIP is to co-locate businesses where one business' waste can become raw material for another business, thus reducing what goes into the waste stream. EDAB also worked with the Green Business Program to promote and recognize businesses (auto repair shops and printers) that go beyond environmental compliance in areas of resource conservation and pollution prevention. EDAB also supported and provided technical assistance to the Bay Area Alliance for Sustainable Development and the city of Oakland's Sustainable Development Initiative working group.

Redevelopment and Reuse

A total of eight businesses were referred to or provided site tours at Alameda Point (the former Alameda Naval Air Station), two of which located there. EDAB has taken a lead role in establishing the State's \$50 million dollar Infrastructure Bank, which could provide a source of financing for community development projects. In addition, EDAB has continued to work on Brownfields in the East Bay to facilitate the reuse of these properties.

Welfare Reform

EDAB has been instrumental in the development of the State of California’s Job Creation Investment Fund legislation and subsequent funding to address welfare reform issues. EDAB was designated as the lead economic development organization by Alameda County to secure job commitments and address barriers to the placement of CalWorks job seekers. This program will also provide support to employers hiring CalWorks job seekers.

Retaining Existing Businesses

Retaining existing businesses is the number one priority of EDAB and it is addressed on a number of fronts. Businesses and industries that are identified as being at risk are contacted or referred to their respective cities or other resources. The food processing industry was targeted during this fiscal year as part of EDAB's cluster advocacy efforts. Direct advocacy assistance was provided on behalf of a number of individual businesses. EDAB also worked on a number of legislative proposals designed to improve the business climate for existing businesses.

Encouraging Business Investment

One of the most important functions of EDAB is the acquisition, analysis and distribution of economic and demographic data on the East Bay and its businesses - information needed by businesses as well as local governments and other organizations to make critical decisions. This information is provided via response packets and EDAB's homepage (www.edab.org). A variety of methods are used to let people/businesses know of the markets, resources and opportunities to be found in the East Bay. They include the aforementioned homepage, participation in tradeshow and advertising in regional and national publications.

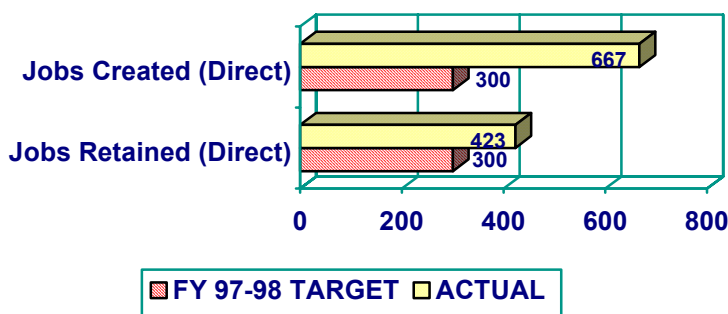
The Industrial Development Bond (IDB) financing program for manufacturing businesses is one of EDAB’s primary business development resource tools. Five Industrial Development Bond projects totaling \$22,500,000 were completed, making Alameda County/EDAB again the largest local government issuer in the State (receiving 18% of the statewide IDB allocation).

The projects approved are: P&C Pacific Bakeries expansion in Oakland; BayCorr Packaging expansion in Livermore; Spectrum Label (building a new facility in Hayward); HTB Inc. (consolidating its operations in Fremont); and A-1 Plating (expanding into a new facility in Hayward). These projects will retain 423 jobs and are projected to create 667 additional jobs over the next two years.

The total employment impact from these projects, using a multiplier of 1.72, is 1,878 jobs.

International Trade and Foreign

EDAB Generated Direct Employment



Investment

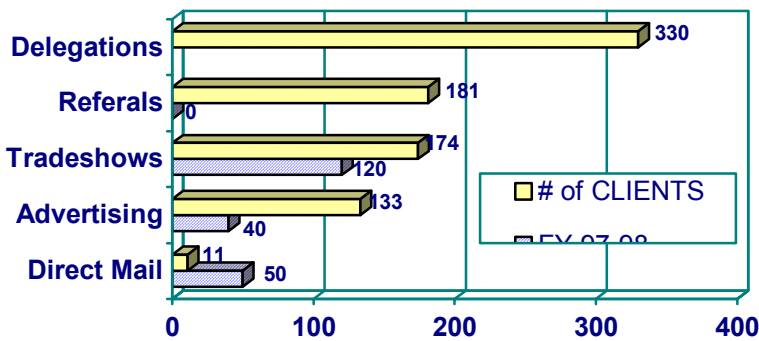
EDAB and its member cities have been working with its resource partner, the Greater Oakland International Trade Center, to identify international trade services needed by local businesses. To increase awareness of the importance of trade and to publicize the trade resources available, EDAB also helped organize and

cosponsor the Northern California International Business Exposition. The annual reception for the Directors of California's ten International Trade and Investment Offices has grown steadily each year and helped to connect local businesses to this valuable resource. Working with the Institute for International Studies at UC Berkeley EDAB several seminars were held that led to the launching of the East Bay Metropolitan Global Issues Forum to promote the East Bay as an emerging center in today's global market. EDAB's Asia Trade mission to Hong Kong, Taiwan and Japan resulted in strong commitments from several foreign organizations to establish reciprocal programs to boost foreign investment and reciprocal trade.

CLIENT SERVICES

The following charts illustrate how prospective clients were contacted and the services that were provided over the last fiscal year.

How EDAB Clients Were Contacted

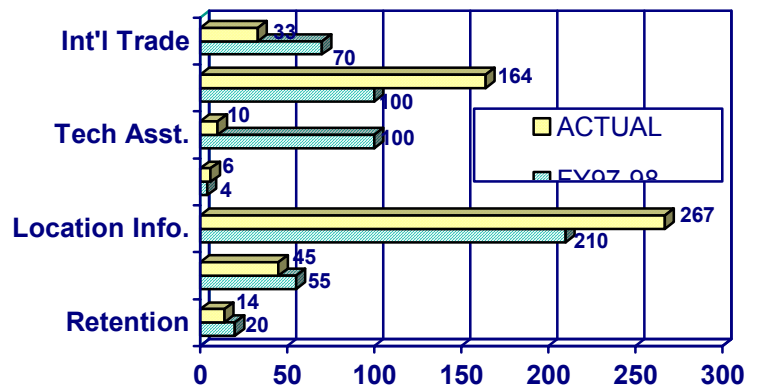


EDAB hosted or co-hosted seven international trade delegations that led to 330 client contacts. 181 other clients were obtained through city, state, real estate broker or commercial bank referrals. EDAB generated 174 client contacts through a booth at the WESCON tradeshow in San Jose and participation in TeamCalifornia booths at NACORE, WESTPAC, IDRC AND MDM tradeshows in Southern California. In addition, 133 contacts were obtained through advertisements in San Francisco Business Times publications and the California

Strategies, Business Expansion and Site Selection magazines.

EDAB provided international trade assistance to 33 clients through its trade missions, delegations and events. Information and/or referrals were provide to 164 clients. Ten clients made requests that required EDAB staff research, skills and/or resources (Technical Assistance). Site location information and tours were provided to nine clients and 267 clients requested information packets and general location information. Most of the 45 expansion clients came as a result of the IDB marketing program, and 14 businesses were assisted with permitting issues and other forms of advocacy.

EDAB Assistance to Clients

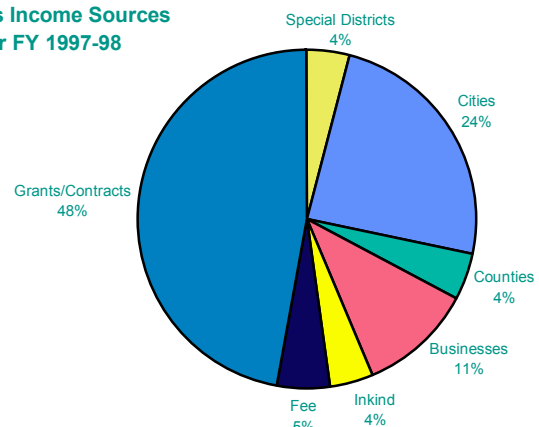


A total of 539 clients (businesses, non-profits, educational institutions and cities) have been provided assistance this fiscal year.

EDAB'S INCOME

A report on EDAB's income is included to illustrate the financial support EDAB has

EDAB's Income Sources for FY 1997-98



generated to address the problems and opportunities of the future.

EDAB's income for Fiscal Year 1997-1998 totaled \$1,256,810. Contract income supported the final year of the Minority Business Opportunity Committee, the Bay Area Regional Technology Alliance, the Eco-Industrial Park study and Workforce projects.

The Industrial Development Bond Program generated most of the fee income. EDAB's 15 city members, Alameda County and the special districts provided 32% of EDAB's financial support. Private sector participation continues to increase and further efforts underway to engage more private sector involvement and financial support.

PREPARING EDAB FOR THE FUTURE

EDAB continues to seek ways to enhance its effectiveness as a regional economic development organization that is responsive to government, its members and the business community. EDAB also continues to focus on strengthening its working relationships with partnership organizations so that we may work more efficiently and effectively to address the challenges of the future. Four partners that EDAB worked closely with towards this end were: The Bay Area Regional Technology Alliance (emerging technologies); The Bay Area Industry Education Council (connecting business with education); The Corporation for Manufacturing Excellence (competitive business practices); and The Greater Oakland International Trade Center (International trade and investment). EDAB also works closely with chambers of commerce to provide local businesses with information and access to resources.

Fiscal Year 1997 - 1998 has been a great year for EDAB, but much remains to be done and new challenges and opportunities continually arise. If you are interested in participating in this dynamic effort please call (510) 272-3897 or refer to our homepage at www.edab.org.

EDAB OFFICERS, EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS

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Vice Chair: Mark E. Mathews, Controller & Gen. Mgr, Gen. Affairs, New United Motor Mfg., Inc.
2nd Vice Chair: Edward Del Beccaro, Senior Vice President, Grubb & Ellis Company
2nd Vice Chair: Thomas Wornham, Senior Vice President, Wells Fargo Bank

EDAB Executive Committee

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Stephen Brooks, Executive Director, Tri-Valley Community Fund
Bob Canter, Manager, Government Relations, The Clorox Company
Roberta Cooper, Mayor, City of Hayward
Ellen Corbett, Mayor, City of San Leandro
Rosemary Corbin, Mayor, City of Richmond
Shirley Dean, Mayor, City of Berkeley
James Falaschi, Chairman, Summit Medical Center
Charles Foster, Executive Director, Port of Oakland
George Granger, Public Affairs Dir., Alameda Co., Pacific Bell
Tim Hamann, President, UFCW, Local 120
Earl Hamlin, Member, Sierra Club
Wil Hardee, Public Affairs Manager, Pacific Gas & Electric
Cheryl Hightower, Sup't. of Schools, Alameda County Office of Education
Guy Houston, Mayor, City of Dublin
Peter Marana, Executive Director, Nat'l Electrical Contractors Assoc.
Judith Pacult, Exec. Ass't to Sr. V.P., Bus. & Finance, University of Ca. Office of the President
Bill Pease, Councilmember, City of Fremont
Paul Piraino, General Manager, Alameda County Water District
Norma Rees, President, Calif. State University, Hayward
Ron Rosequist, President, Crosby, Heafey, Roach & May
Dick Spees, Councilmember, City of Oakland
J. Bennett Tate, Vice-President, Human Resources, Summit Medical Center
Zack Wasserman, Attorney at Law, Wendel, Rosen, Black & Dean

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Sharon Banks, General Manager, Ala.-Contra Costa Co. Transit Dist.
Ann Bauman, Comm. & Econ.Dev.Admin., City of Hayward
Robert Beebe, General Manager, Dublin/San Ramon Services Dist.
Douglas Bell, General Manager, Livermore Area Rec.& Park District
Cathie Brown, Mayor, City of Livermore
Ken Bukowski, Mayor, City of Emeryville
Nancy Bussani, President, Corporation for Manufacturing Excellence
Wilma Chan, Supervisor, Alameda Co. Board of Supervisors
Gregory L. Chan, Sr. Community Affairs Officer, East Bay MUD
Rosemary Corbin, Mayor, City of Richmond
Richard Denman, Vice President/Managing Director, Summerhill Homes
Ed DeSilva, Chief Executive Officer, The DeSilva Group, Inc.
Ann Draper, Economic Development Director, City of Fremont
Jose Duenas, Director, Greater Oakland Int'l Trade Center
Ted Fairfield, President, Ted C. Fairfield

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Darren Fields, City Administrator, City of Albany
John Flores, City Manager, City of Emeryville
Thom Gamble, Sr. V.P. Operations, Shea Homes
Ellen Garvey, Air Pollution Control Officer, Bay Area Air Quality Mgmt. Dist.
Bill Garvine, Executive Director, Alameda Chamber of Commerce
James L. Gebel, Chair, Board of Directors, Fairview Fire Protection District
Gail Gilpin, Economic Devel. Mgr., City of Pleasanton
Alexander Glass, Executive Director, Bay Area Regional Technology Alliance
Bob Goetsch, President, Bay Area Industry Education Council/SIB
Bob Good, Mayor, City of Albany
Mark Green, Mayor, City of Union City
Albert L. Greene, President/CEO, Alta Bates Medical Center
Geoffrey Grote, City Administrator, City of Piedmont
Lillian Hack, Community Development Manager, Fremont Bank
Vince Harris, Vice President, ICF Kaiser Engineers
Elihu Harris, Mayor, City of Oakland
Stephen T. Hayashi, General Manager, Union Sanitary District
Steve Heitel, Regional Vice President, Bank of America
Floyd Hogue, President/Superintendent, Ohlone College
Milt Kegley, Mayor, City of Piedmont
Bruce Knopf, Economic Development Manager, City of Alameda
Ronald Kong, Chancellor, Chabot/Las Positas Comm. Coll. Dist.
Bill Lambert, Mgr. of Econ. Devel., City of Berkeley
Karen Majors, Econ. Develop Director, City of Livermore
Thomas E Margro, General Manager, BART
Susan McCue, Econ. Dev. Director, City of Union City
John Melvin, Vice President, Muni. Finance, Goldman, Sachs & Co.
Christine Monson, Executive Director, Alameda County Trans. Authority
Gus Morrison, Mayor, City of Fremont
Elise Myers, Associate Partner, Andersen Consulting
Pat O'Brien, General Manager, East Bay Regional Park District
Tony Paap, President & CEO, Oakland Children's Hospital
Bill Parker, Senior Alliance Manager, PeopleSoft
Thomas P. Pico, Vice Mayor, City of Pleasanton
Yvette Radford, Community & Gov't Relations, Kaiser Permanente
Scott Raty, Executive Director, Hayward Chamber of Commerce
Jim Reese, Community Development Director, City of Newark
Greg Reuel, Economic Development Mgr., City of Dublin
Tim Rhein, President & CEO, American President Lines
Dave Richardson, Sr. Regional Mgr., CH2M Hill
Nelson Rising, President, Catellus Development Corporation
Ann Ritzma, Asst. to City Administrator, City of Albany
John Rusmisl, General Manager, Ala. Co. Mosquito Abatement Dist.
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Roman Stearns, Coordinator, Alameda County Office of Education
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